
In a recent article in Acta Sociologica, R. Swedberg (1997) presents a condensed critical assessment of what ‘New Economic Sociology’ has accomplished since the mid-1980s - the point in time when the term was first used, and the single most important article associated with it was published (Granovetter 1985). For reasons, which Swedberg makes admirably clear, this is not necessarily an easy task. Firstly, the term does not refer to one clearly distinguishable theoretical perspective, but is associated with works that refer to a few key theoretical concepts, such as ‘embeddedness’ and ‘social construction’, but which otherwise draw on rather different theoretical perspectives, of which Swedberg pays particular attention to networks theory, organisation theory, and cultural sociology. Secondly, the ‘flexibility’ of such key concepts as ‘embeddedness’ and ‘the social construction of the economy’ does not make it easy to use them as definitional criteria for what can be considered as ‘New Economic Sociology’ or not. Being aware of these problems Swedberg resorts to an institutionally oriented delimitation of ‘New Economic Sociology as a theory group’, and stresses that it is mainly a North American phenomenon (Swedberg 1997: 164-166).

This procedure seems perfectly sensible and legitimate, but given the flexibility of the key concepts pointed out by Swedberg, and the variety of theoretical traditions involved, it also seems legitimate to ask how new ‘New Economic Sociology’ really is, and/or whether there are not other works and traditions, before and after 1985, that share the basic orientation of this sociology, without using its ‘key concepts’, and thus deserves to be included in it, or - alternatively - to be seen as part of a possibly broader theoretical/intellectual reorientation in sociology which includes it.

The purpose here is not to elaborate this last possibility, although I think it would be worthwhile. Rather, I shall argue that there were reorientations in European sociology of work and organisation prior to the mid-1980s that have interesting similarities with that of the new orientation in North American economic sociology, and I will focus on one particular contribution to this reorientation - the 'societal approach' (Maurice et al. 1982). According to the outline of Heidenreich and Schmidt on the development of 'international comparative organisation research', the approach was one of several (European) attempts to break away from...
paradigms that had dominated the field up to the 1980s (Heidenreich and Schmidt (Hrsg.) 1991: 7pp.). It also anticipated the later debate over how the crisis of Taylorism and Fordism, new production concepts, flexible specialisation etc. must be related to particular historical and cultural aspects of different countries, and has stimulated e.g. the ‘business system’ literature (Whitley (ed.) 1994; Whitley and Christensen (eds.) 1995, 1997) which also has interesting parallels to ‘New Economic Sociology’. In the (European) field of organisation studies it has also stimulated new debates, e.g. over ‘contingency theory’ (see Sorge 1991). This does not mean that the approach (or any other of those suggested here) has created anything similar to the kind of ‘theory group’ that Swedberg associates with the ‘New Economic Sociology’ (for a reappraisal of the approach, see Maurice and Sorge (eds.) 1999, Korsnes 1997, 1999). It should also be stressed that these developments had quite different ‘points of departure’ and have resulted in rather different research approaches. I am therefore not postulating a new cross-country/continental ‘convergency thesis’, similar to that of the ‘marginalist revolution’ in economic theory (associated with the work of Walras in Switzerland, Stanley Jevons in England, and Menger in Austria) or the development of the foundation of a voluntaristic theory of action (based on Marshall in England, Weber in Germany, Durkheim in France, and Pareto in Italy) postulated by Parsons (see Joas 1996, ch. 1 for a critical assessment), and I do not pretend any assessment of ‘New Economic Sociology as a theory group’ similar to that of Swedberg. Rather, I shall argue that there are interesting differences between the ‘societal approach’ and the economic sociology which Granovetter proposes that deserve our attention, as this may contribute to making both strands better able to achieve their common goal: the development of better conceptual and methodological tools in the sociological study of economic institutions, actors and action. Also, and in particular, it may enhance the political relevance of such studies - a goal also stressed by Swedberg (Swedberg 1997: 172).

2. Common Adversary, but Different Implications - Theoretical parallels and contrasts between Granovetter’s program for ‘New Economic Sociology’ and the ‘Societal Approach’

As pointed out by Swedberg, the main theoreti- cal point in Granovetter’s ‘founding’ article is that he shifts...
...the critique of economics from its usual emphasis on the unrealistic (psychological) nature of the concept of rationality - people are not as rational as economists tends to assume, and so on - and instead focus on the failure of economists to incorporate social structure into the analysis. (Swedberg 1997: 162)

This theoretical point is also stressed when Granovetter explicates what sets the ‘new’ apart from the ‘old’ economic sociology associated with Parsons, Smelser and Moore:

In general, one of the main differences between the new and the old economic sociology has been precisely that it does not hesitate to attack neoclassical arguments in fundamental ways, whereas the older work kept its criticism rather muted, and almost never constructed alternative models at the same level of detail. (Granovetter 1985a - cited from Swedberg 1997: 163)

Granovetter thus starts his attack by using very general theoretical arguments: economic theory fails to grasp economic action in an adequate way because it fails to see that such action is ‘embedded’ in networks of interpersonal relations, and therefore cannot be explained by reference to individual motives only. Together with an assertion that social institutions (including the economy) are 'social constructions' (cf. Berger and Luckmann 1966, Granovetter 1992), this 'embeddedness' argument constitute the two fundamental sociological propositions his approach to economic sociology is based on (Granovetter 1990). Alternative models to neoclassical ones should thus be based on these propositions, and Granovetter's own prior model of 'The Strength of Weak Ties' (Granovetter 1973) could serve as an exemplary instance not only of how such models could look like, but also their rich potentiality.

The ‘societal approach’ is also, but in no way exclusively developed through a fundamental critique of neoclassical economic theory which is more concerned with its ability to grasp actual economic action than its ‘unrealistic’ concept of rationality, and which also contains very general theoretical arguments. However, in contrast to Granovetter, the critique is explicitly grounded in analytical problems arising from specific empirical research. This research started out in the 1970s as comparative
studies of differences in relative wage rates between blue and white collar workers in German and French industry. Realising that their findings did not conform with neoclassical theory, continued research demonstrated that these differences were related to and must be explained with reference to differences between specific societal configurations of social institutions (economic structures, systems of education and training, and systems of industrial relations in particular). However, their critique of neoclassical (as well as Marxist) theory is not that the observed differences cannot be ‘contained’ in models derived from such theory, but that such models are completely inadequate as heuristic tools in the generation of the research questions and agenda that they had found to be necessary to embark on in order to find good, adequate explanations. Their claim is that this has to do with the internal logic of neoclassical theory. In order to keep its internal logical consistency it must abstract from the social temporality in the construction of the actors. Whatever activities the actors have been or are involved in, they are equated by reference to the universal, abstract time dimension inherent in the concept of capital that is at the heart of the theory. This means that the economic agent in the theory is nothing else but the incorporation of capital (Maurice et al. 1982: 297). The theory thus excludes exactly the dimensions that turned out to be so crucial in Maurice et al. studies, and which made it necessary to ‘embed’ the actors in societal configurations of social institutions (the same argument applies to the transaction cost market/hierarchy paradigm).

Without using the term ‘embeddedness’ it is quite evident that this approach to the social construction of economic institutions and actors is about the ‘embeddedness’ of these institutions and actors in social structures - if not ‘networks of interpersonal relations’. Its focus is thus different from Granovetter’s, and perhaps closer to what he would call ‘the historical and structural embeddedness of relations’ or ‘structural aspects of embeddedness’ (Granovetter 1985: 486; 1990: 98). The core problematic of the approach is the mutual relationship between the social construction of actors and social spaces; how the actors are contributing to the shaping of social spaces that are constituting them as actors. The approach is thus elaborating one of the two main concepts of Granovetter’s program for ‘New Economic Sociology’, but rather than focusing on networks of interpersonal relations, it is focusing on structural properties of the social spaces such networks are constituting as well as being constituted by. It would therefore be wrong to see it as an alternative to Granovetter’s program. Rather, it offers a well-considered, comprehensive approach to a theme in this program which has a rather diffuse status (Swedberg 1997: 170-171).

Just as Granovetter’s use of networks of interpersonal relations must be understood on the background of his critique of fundamental properties of neoclassical theory, the spacial constructs (space of qualification, of work, of collective regulations, of industry etc.) of the ‘societal approach’ must be understood on the background of its critique of the same theory for only producing models that may serve as universal and flexible instruments in the ‘context of discovery’ (i.e. after the ‘facts’ are produced), but which are quite inadequate in the ‘context of justification’ (i.e. in discovering properties of the social reality that are not already inscribed in the instruments we are using to discover them, or in ‘the act of conceiving or inventing a theory’ (Popper 1959: 1975: 31)). Thus, the problem with ‘market’ models, is not that they lack spatial properties, or explanatory power, but their unidimensionality which makes them very little conducive to the exploration of real varieties in economic action, and the development of explanations which do not effectively exclude the fact that this variety is closely related to their social embeddedness. The spacial concepts are introduced precisely in order to stimulate such explorations and explanations, and are central in the kind of models that are proposed by the approach:

Our observations have allowed us to demonstrate a “model” for the structuration of spaces and actors that is peculiar to each society - the structuration of spaces and actors being mutually interdependent. If one in each case recognises the same basic elements of structuration (general education, occupational training, seniority, hierarchical position ...), differences between them spring from the relations that these elements have with each other, not in an isomorphic (or homologous) sense as is the case in systemic or functionalist models - in our approach it is not a question of functional equivalents that may be substituted with each other. In each “model”, the principle of structuration seems to be associated with some elements rather than others, thus giving them a certain legitimacy and relative autonomy. (Maurice 1986, own translation)
Two main contrasts with Granovetter should here be noted. The first one is that whereas Granovetter argues in favour of grounding the development of alternative models to neoclassical theories on some basic axioms derived from a general critique of such theories, the 'societal approach' arrives at a critique of the same theories in an attempt to develop alternative concepts and models capable of synthesising empirical observations (Maurice et al. 1982: 253). The second contrast is intimately related to the first one and concerns the logic of explanation. Whereas Granovetter seems to propose explanations referring to general, generative social mechanisms that are directly tied to networks of interpersonal relations (see e.g. Granovetter 1990: 105), the 'societal approach' suggests that explanations always must take account of the societal embeddedness of such generative social mechanisms. What implications these contrasts may have when it comes to empirical analysis, is my next theme.

3. Implications for Empirical Analysis

Considering the 'flexibility' of the basic concepts of 'embeddedness' and 'social construction' in Granovetter's program, and the inductively grounding and 'openness' of basic concepts in the 'societal approach', their possibly different implications for empirical research and analysis are not easily spelled out. Incidentally, however, Granovetter offers an example of how his perspective may be used, which makes an instructive comparison with the 'societal approach' possible. The example relates to a study of wage differences between skilled and unskilled workers which sets out to explain why this difference declined during a period of prosperity (Reder 1965). According to standard economic theory one would expect an increase in the demand for both types of labour in these circumstances, and it is difficult to predict the exact effect on the wage gap between the two. Reder proposed a different explanation. In such a situation the employers will not raise the wages of the skilled, but rather promote unskilled workers to the ranks of the skilled. This will increase the demand for workers at lower skill levels, and eventually the employer will have to demand new workers from the external market. The end result is that the wages for the less skilled will increase substantially, while the skilled workers' wages will only rise moderately. Granovetter suggests a generalisation of this argument: In sets of jobs where this type of substitution-chains is possible, wage differentials will be reduced. The substitution does not, however, occur automatically, and people are not promoted at random:

But I argue that in practice, which workers appear available to employers for upgrading into a particular job actually depends on the history and structure of employers' and workers' communications networks (Granovetter 1990: 101).

As indicated, the 'societal approach' originated from comparative studies of wage differentials between blue and white collar workers in Germany and France which (also) showed that observed wage differences were not easily explained by standard economic theory. These studies may clearly be used to substantiate and corroborate Granovetter's point that the upward mobility of workers depends on and varies with 'the history and structure of employers' and workers' communication networks', but they can also be used to demonstrate problems with the general argument about substitution chains. According to these studies, substituting workers the way Granovetter is suggesting is far less imaginable in German than in French factories, as promotions based on managers' assessment of personal qualities and relationships is far more common and legitimate in the French 'space of qualification'. The pervasiveness of the 'Beruf'-principle typical of the German 'space of qualification' suggests that such moves are far more dependent on certified qualifications. However, the wage differences between workers, independent of economic conditions, are smaller in German than in French industry - i.e. they are smallest where the kind of substitution Granovetter suggests is less probable.

What both approaches should convince us of, is that the social embeddedness of the actors must be taken into account in order to explain real wage differences, and differences in such differences. The two approaches may, however, seem to relate to differences in embeddedness between countries as those suggested above in rather different ways. From Granovetter's perspective, they may be viewed as one of several contingencies that must be taken into account in concrete analysis, but which - in the final analysis - can be explained as results of networks of interpersonal relationships, i.e. with reference to one, uniform principle of explanation. For the 'societal approach' they are much more than contingencies as they must be explained with the...
ence to different structuring principles in the actual space of interaction ('Beruf' in Germany vs. 'Enterprise' in France vs. (Korsnes 1997) in the 'space of qualification') and interrelationships between such spaces (cf. the 'models' referred to above).

This theoretical orientation of the 'societal approach' is explicable not only with reference to the critique of neo-classical theory. Also, it has to do with a critical stance towards main paradigms in organisation theory and (French) industrial sociology, and a 'critical dialogue' with the 'regulation school' (Aglietta [1976] 1979 - for later contributions see e.g. Boyer 1990, Boyer and Dracher (eds.) 1996, Hollingsworth and Boyer (eds.) 1997) as well as with Bourdieu (Maurice et al. 1982, ch. V). Simplifying, one could perhaps say that the approach tries to find some 'middle ground' between approaches that either overemphasise the integration of or the autonomy of relatively autonomous societal fields/spaces, and their concomitant neglect of the inter- or cross-spacial dynamics in the construction of actors and their social identities, as well as the social genesis of new actors.

4. Methodological Implications - relationism and middle-range theories?

From a methodological point of view, Granovetter's program for a 'new' economic sociology seems clearly in line with a more general tendency in sociology in the direction of a theoretical and methodological 'relationism' (see Emirbayer 1997, Ritzer and Gindoff 1994). Also in this respect there are interesting parallels with the 'societal approach', as economic actors and institutions' 'relationship to society' is its core theoretical problematic, and because it privileges explanations in terms of relations between actors and spaces.

Of course, this does not mean that the two approaches prescribe similar research strategies or designs, as 'methodological relationism' only urges us to search for explanations in the relationships between properties of the entities we are interested in, rather than the entities (e.g. actor vs. structure, or micro vs. macro) or their properties (e.g. rational vs. sentient actors, or 'small' vs. 'large' entities) themselves (see e.g. Archer 1995: 9, Korsnes 1997b). In fact, they are likely to invite and prescribe investigations of rather different entities and properties, and with different strength. Here it may seem that Granovetter's program is far more 'closed' than the 'societal approach', as it may be argued that it contains a 'pre-construction' of the object of knowledge in terms of 'networks of interpersonal relations' which may strongly narrow down the scope and scale of relevant entities and properties. Possibly, this is also one of the reasons why some 'adherents' of 'New Economic Sociology' are sceptical towards network theory (Swedberg 1997: 168). If so, it would be interesting to investigate what kind of relational alternative they are proposing, but this falls outside the subject of this article. What I want to point out, is that the 'societal approach' has a far less determinate pre-construction of its object of knowledge, and consequently also may be more conducive to the detection of new entities and properties, and new explanatory kinds of relationships.

This characteristic of the 'societal approach' is intimately related to its explicit aim to overcome a sterile opposition in debates over cross-national comparative research between those who see it as a means to generalise empirical propositions and/or testing universal models on the one hand, and those who see it mainly as a heuristic in the exploration of the cultural peculiarities of nations/countries/societies on the other. Whereas the former tend to de-contextualise the units of comparisons in order to make generalisations possible, e.g. substituting names of nations/countries with sets of variables (Przeworski and Teune 1970: 29), the latter contest the possibility and/or fertility of making generalisations with reference to the basic incomparability of cultural wholes. In Rose's view, the 'societal approach' is closer to the last position, but tries to avoid the 'Malinowski's Dilemma' it implies by seeking explanations based upon the construction of ideal types (Rose 1985: 78). However, considering the suggested 'models' as (Weberian) ideal types does not seem to grasp their 'logic' in an adequate way (see e.g. Maurice 1989; Maurice et al. 1992). Rose's comment that

But in so far as these 'logics' (in the construction of the employment relation in France and Germany, a.c.) can be equated with ideal types, then they are ideal types whose utility seems, at present, restricted to explication of empirically established relationships within two named societies. (Rose 1985: 78)

Question may well be pertinent, but when he goes on to ask if they could 'form satisfactory endpoints for a continuum upon which it would be not just possible but also illuminating to place other societies' if they were further developed, he actually
eral (North-American as well as European) tendencies in sociological theory and methodology which develop better theories and research strategies, but logical study of the economy.

area. And parallels between these approaches and more general deserve attention, in order to enhance the sociological study, as Swedberg says it does (Swedberg 1997: 172), there may also be interesting parallels between this sociology and the 'societal approach' in this area. And - this may again indicate affinities and parallels between these approaches and more general (North-American as well as European) tendencies in sociological theory and methodology which deserve attention, in order to enhance the sociological study of the economy.

This may be important, not only in order to develop better theories and research strategies, but also in order to increase the political relevance of the research, as one additional property of case-oriented approaches is that they offer good opportunities for maintaining meaningful connections between research, the historical specificity and complexity of the social context, and the theoretical, substantive and political concerns that motivate it (Ragin 1987). E.g. the debate over 'globalisation' may seem to invite, and has been addressed by very general, broad-sweeping theoretical speculations about and diagnosis of global trends and transformations, overlooking e.g. its origin in the specific North-American economic and political context (Fligstein 1997) as well as historical and contemporary varieties in capitalist developments (Scott 1996) and their links to processes of nation and state building and maintenance (see e.g. Boyer and Drachme (eds.) 1996). More case-oriented research may not only be an academic anti-dose to such sweeping diagnosis, but also produce knowledge about the phenomenon that is relevant to more local and real everyday contexts of politics.

5. Conclusion

Whereas I would agree with representatives of 'New Economic Sociology' that the study of economical institutions and phenomena is too important to be left in the hands of economists only, I also think the sociological study of the economy is too important to be left to only one strand of sociology. As indicated by Swedberg (1997) there are also quite different developments and theoretical orientations within 'New Economic Sociology', and this should not be judged negatively. In such a situation, I think it is important, however, to examine critically in what ways and at what level different approaches to the field diverge and/or complement each other. In this article I have attempted such an examination by comparing similarities and divergencies between Granovetter's program for a 'new' economic sociology, and the 'societal approach' to the study of economic institutions and actors. If the purpose of the comparison has been achieved, new aspects of both approaches should have become clearer, and - more importantly - the basis for further comparisons with other approaches improved. In conclusion, I want to point out one such aspect, which has to do with the relational qualities of the approaches. On the one hand, this seems to be a crucial, general aspect to consider in such comparisons, as it may relate to basic differences in
ontological and epistemological presuppositions (Emirbayer 1997). On the other hand, a focus on this aspect may also serve to scrutinise important interrelationships between conceptual and methodological elements within and between different relational approaches, as it both refers to questions about what should be studied, how it should be studied, and what kind of explanations we should search for. E.g. how is the relational quality of different approaches reflected in basic concepts, in research strategies and designs, in models and explanations, and how are these elements differently interrelated and emphasised?

Hopefully, examinations like the one presented in this article may contribute to filling 'the void created by mainstream economics' lack of interest in economic institutions' (Swedberg 1997: 172), and encouraging sociologists to do so. Of course, this is a question of allocating people and economic resources to the task, as Swedberg points out, but it is also a question of how they are used. It may be true that 'those who came first tend to crowd out latecomers is as much a fact in social science as in society at large' (Swedberg 1997: 172), but in this case it would be a pity if 'those who came first' (or think they did) become so preoccupied with crowding out people that they are unable to learn both from people who came before them and newcomers. If they do, it may make it even more difficult to induce changes in the allocation of resources that make it possible to 'fill the void'.

References


Korsnes, O. 1997 INDUSTRI OG SAMFUNN. Framlegg til et program for studiet av norsk arbeidsliv, Dr.philos.thesis, Dept. of Sociology, University of Bergen.

Korsnes, O. 1997b Problemer og utfordringer ved et
neglect the true (ideal-typical) nature
assumptions impede the construction of alternative theoretical models for their 'unrealistic' or 'untenable' aspects.


Notes:

1 There is a long tradition for criticising neo-classical theoretical models for their 'unrealistic' or 'untenable' assumptions—already Weber noted that this critique tends to neglect the true (ideal-typical) nature of the models and impede the construction of alternative ideal-types of economic rationality (Weber [1904] 1988: 189 pp.).

2 See, however, explicit reference to Granovetter 1985 in Maurice et al. 1992 which acknowledges the affinity.