

# Introduction

One of the outcomes of the kinds of discussions and arguments we have reviewed in Part One is a reconsideration of the character of the economic actor in economic theory. In many ways, for economic theorising 'the economic actor' is taken to be a unitary concept. This is, of course, because of the application of a generalised ratiocinative psychology of calculation to matters of choice among preferences, etc. Actors in the market place, be they individuals shopping for the family or international conglomerates seeking to place contracts to supply are held to follow similar general patterns of rational action. That is, they seek to maximise utility. One could say that this conception of markets and their operation is a generalisation from street trading. Of course, while this idealisation is a theoretical postulate for economic theorising, economists know that as a matter of empirical fact, many if not most of the effective actors in the vast majority of markets are collective individuals in the sense that although they might be conceivable as unitary economic actors, they are in fact complex organisations. The extent to which once one recognises the endemic feature of this idealisation, one is forced to re-model notions of rational choice and so forth is, of course, a matter of deep dispute in economics.<sup>1</sup> It has also recently re-emerged in discussions of institutionalism in economic theorising.<sup>2</sup>

In the context of entrepreneurial activity, aspects of the entrepreneurial firm as a collectivity have been long known. They have been analysed in terms of the following classic sociological problems.

- (a) The routinization of entrepreneurial charisma and its incorporation within a hierarchy of office, responsibility and authority has been picked as one of the major problems of stabilisation for entrepreneurial firms. This depersonalising



of the entrepreneurial role has usually been studied either as a problem defined in the theoretical abstract or in relation to the organisational biographies of particular firms.<sup>3</sup>

- (b) The ethos of capital accounting, that is monetary calculation, which is taken to be the predominant grounds for action in entrepreneurial firms<sup>4</sup> is seen to be reinforced by sets of bureaucratic structures associated with rational organisation. Hence, the primacy of the "profit motive" is taken as given. What is rarely looked at is just how profit and profitability are actually perceived and defined.
- (c) The interpenetration of the economy and the state is seen to determine the character of what might be called the rhetoric of business life. Legal and political forms of legitimation are offered as underpinning the primacy of the profit motive.<sup>5</sup> The evidence which is cited, however, very rarely bears upon the relationships between the legal and business based explanations and justifications which actual businessmen offer for the lines of action they undertake.

In this second section of this book, we will try to show how the materials we have collected bear upon some of these issues. Through the analysis of particular cases and instances, we will try to show how these general issues appear when they are confronted at the level of the daily routines of people working within a changing entrepreneurial firm. Because this approach begins with the experience of individuals in their daily lives, we have described it as "bottom-up" to contrast it with the more usual "top-down" one associated with conventional sociological approaches.<sup>6</sup> Because it begins with individuals and how they orient to the organisation of activities and people around them, it is also egological.<sup>7</sup>

### The Egological Approach

The value of the egological approach is that it places "the actor's point of view" at the centre of analysis. But just what does this imply and what is to be gained from starting in this way? There are several inter-connecting themes here which need to be brought out. To begin with, the point is not merely to affirm that explanations of activities have to take the fact that the actor has a point of view into account. Were it to be just that, the "actor's point of view" could be summarised as a set of pre-determined norms and value orientations and then treated as merely another explanatory variable.<sup>8</sup> It is rather that the sociological task is to describe the actor's point of view. We do not start with the fact of subjectivity, but from its depiction.

Why? The interconnection and segregation of what we called forms of rationality is not something which we wish to presume. It is, rather, something which we wish to describe and analyse. But such interconnection and segregation can only be explored by looking at the ways that economic actors, people in daily business life, show that they seek to subjugate managerial rationales, say, to the profit motive, or identify the one with the other. When, where, and how, for them, does calculability enter into decision making? How do they determine the requirements of calculation and how do they achieve the successful practical

application of calculative procedures?

This, of course, raises a deep methodological question, one of which many have failed to see the significance. Sociological descriptions, like all theoretical accounts, are thematically constructed. They are, we might say, third person accounts thematised in various ways. The methodological question at issue here is simply (but crucially) that of providing a third person description of first person experience; what we once called a third person phenomenology. (Anderson et al. 1985). This does not mean (and this is the fallacy which many critics<sup>9</sup> fall into) the incorporation of first person experience into sociological depictions. It means, rather, the re-constitution of that experience as the transcendental phenomenon it is. We are not concerned with particular people's experience, but with the organisation of experience as that is encountered in the social world as readily available, known and shared schemes of interpretation. We propose to analyse these as aspects of consociation, that is the sharing of social experience. The character which this consociation takes is, of course, a reflection of the environment in which it occurs. Our interest is in the experience of consociation in the transforming entrepreneurial firm.

Consociation refers to our involvement in the social world. It is a particular kind of involvement or "gearing into" as Gurwitsch (1979) calls it. We can most readily appreciate what is being designated here if first we contrast it with the separation which is involved when we reflect upon or theorise about the natural and social worlds around us.

We have circumscribed the realm of "living in...." and contrasted it with the sphere of the cogitative attitude. Distance and freedom vis a vis objects are constitutive for the latter - objects to which the cogitatio is always directed. In the realm of "living in...." there is no freedom and distance from the situation in which we simply live. We do not stand over against this situation; we are rather incorporated into it, attached to it and we gear into it. I am furnishing, for example, my room, and am going to pound a nail in the wall; yet I do not stand over against the walls, the nails, the hammer, the pictures I am going to hang, and so forth; nor do I objectivate all of this in different modes of the cogitatio. I live instead "in the hammering," that is to say, within this specific situation which, in its terms, is classified within a whole course of events ("furnishing the room") and appears as moment of the whole situation with respect to it.....(Gurwitch 1979, p. 77)

Consociation is the form which gearing into the social world takes. Because this world is an intersubjective one, others are "co-included" in the situations in which the actor finds himself. Maurice Natanson has described the character of this co-inclusion as forms of anonymity.

"Anonymity" refers primarily (but not exclusively) to the typified structures of the "objective" aspect of the social world, that is, to the social world viewed as an interlocking complex of meanings which enable any actor to manage his affairs in the world of working and to find his way in other provinces of meaning. (Natanson 1986,



To post a letter (to use the example Natanson following Schutz uses), it is only necessary to follow a certain recipe - writing an address clearly, adding an appropriate stamp, putting the letter in a pillar box. It is not necessary to understand all the intricacies of the postal system.

If the letter reaches the addressee in a reasonable time, that is all that is wanted. The details of the postal service are typified into "what they do with the mail", and the particular individuals who are involved with the mail are and remain almost entirely anonymous. (ibid, p.21)

Here, of course, the others that are co-included in our gearing into the situation of posting a letter remain simply as anonymous instances of types. In other situations our gearing in takes account of an involves the typicalities of particular individuals. Thus involvement in the social world requires location at a point on a range from the anonymous to the familiar and with it through the typifications associated with that location, schemes of interpretation, ways of seeing and understanding what is going on around us.

### Schemes of interpretation as orienting devices

Possibly the best known exposition of the use of schemes of reference as orienting devices, certainly within the field of the sociology of organisational behaviour, is that of Egon Bittner (1974). In his analysis, Bittner argues that sociology's third person descriptions are premised in and make unacknowledged use of the concepts and schemes of interpretation which ordinary members of a culture have and use in going about their daily business. The idea, for instance, that the organisation of activities in a locale might be depicted by comparison to a formally constructed rational scheme, or the distinction between formal and informal organisation of activities, are both sociological and what he terms common sense notions. Both have their place in working theories of how the activities in a setting may be correlated. But, while these concepts may be common to both sets of accounts, sociology's second-order or "theorised" interpretations make no mention of the common sense first order ones. Were they to do so, Bittner suggests, then it would become readily apparent that those working in organisations routinely make sense of their own and other's activities in numerous ways. Some of these make use of a formal scheme, a concept of organisation, to locate activities. Further, if we look to see what uses the scheme of interpretation or account is put, these too will be variegated. He suggests, as an initial summary, that three are relatively obvious. They are the concept of organisation may be used as a gambit of compliance; as a device for achieving stylistic unity; and as a means of obtaining corroborative reference.

To see what Bittner has in mind here, we have first to understand the analytic backdrop against which it developed. This is a general approach associated with Harold Garfinkel (1967) to what in Chapter 3 we identified as sociology's essential pre-occupation, namely the alignment of frameworks of meaning. The problem of order as conceived by sociology is the problem of ensuring, in a theory, that such frameworks can be aligned. For Garfinkel, what the problem of social order appears as a problem of providing for the possibility that ordinary activities can be found to display an orderliness, that is a continuity, a predictability, a matter of factness, for those who are engaged in them. What precisely that orderliness might

be is the outcome the the particular methods which those in that setting use to collect together, thematise, or construct the orderliness. The orderliness which some set of activities has for them, then, is their accomplishment and the achievement of their methods. Garfinkel (1956) applies the same line of thinking to sociological constructions of the orderliness which activities display.

..the term "an organization" is an abbreviation of the full term "an organization of social actions". The term "organization" does not itself designate a palpable phenomenon. It refers instead to related sets of ideas that a sociologist invokes to aid him in collecting his thought about ways in which patterns of social action are related. (Garfinkel 1956, p. 181)

One of the consequences of Garfinkel's approach is to put sociological and common sense depictions of activities on the same footing. Furthermore, once we approach them in this way, it becomes more and more apparent that common sense accounts underpin sociological ones. That is to say, sociology's theoretical descriptions have their grounds in the lifeworld and the commonsense theories to be found there.<sup>10</sup> Bittner's analysis of the concept of organisation is a demonstration of how the sociological use of of the rational scheme as a summary of activities depends upon a number of commonsense uses of the self same notion. He describes how ordinary actors within organisations describe their activities in terms of a formal scheme in the ways which we summarised above.

In his account of these uses, Bittner summarises them as follows. To begin with, the formal scheme of organisation as a gambit of compliance.

When we consider the set of highly schematic rules subsumed under the concept of rational organization, we can readily see an open realm of free play for relating an infinite variety of performances to rules as responses to those rules. In this field of games of representation and interpretation, the rules may have the significance of informing the competent person about the proper form for doing things that could probably never be divined from considering the rule in its verbal form. Extending to the rule the respect of compliance, while finding in the rule the means for doing whatever needs to be done, is the gambit that characterises organisational acumen. (Bittner 1974, p 78)

Second, organisation as a model of stylistic unity. In many ways this is the most straightforward of the notions which Bittner offers since it mirrors almost exactly one of the standard uses which economists and sociologists give to the concept.

We are suggesting the possibility of a principle of discipline that derives from the formal style of the rational scheme and which works against centrifugal forces and heterogeneity. The resulting coherence will be in evidence as outwardly proper conduct and appearance. ( ibid, p.78)

The third notion, organisation as corroborative reference reflects another equally standard use.



When from the perspective of a fragmentary involvement the actual contingent outcome of one's work cannot be appraised, or appears senseless, then it can be understood and judged in terms of its overall functional significance by invoking the formal scheme. For example, mismanagement and waste could be defined as merely accidental or perhaps even justified, relative to the total economy of the enterprise. This consideration of the formal scheme not only persuades the participants of some correct or corrected value of their duties, but can also be used as a potent resource for enforcing prohibitions when interest dictates that such prohibitions should be justified. (ibid, p. 79)

In all three cases, what Bittner is drawing out is the use of the formal scheme of organisation as a global summation - an overall structure of activities. By locating specific ones within an organised environment of activities, the rational character of both individual activities and the scheme as a whole is made visible.

In the studies which we present in this Section, we focus on two different but closely related schemes of interpretation which are used by those working in LTC. These schemes provide a socially available resource, a body of "common sense knowledge" which anyone who works in the business knows, can call upon and orients to. We have selected these three to present here first because just like the concept of organisation they bear upon what have been central and abiding themes of sociological studies of the evolution of organisations; and second because they display the complex interweaving of calculation and social organisation. That, it will be remembered, was what we suggested might be an interesting and novel point of departure for analysis of economic activities.

## NOTES

- [1] See Arrow (1974), Kahnemann et al. (1982), Klant (1974), Klein (1983) and Mackrimmon and Wehrung (1985).
- [2] Cf the discussion in *Journal of Economic Issues* vol. 21, no. 3 Sept 1987.
- [3] Samples of this kind of work can be found in R. Kantor (1983), Kets de Vries (1985), W. Paulin et al. (1982), D.J. Storey (1982), A. Calvin et al. (1982), R. Hébert and A. Link (1984), J. Ronen (1985), E. Chell (1986).
- [4] C.f. M. Weber (1978). A good review of Weber's argument is to be found in R. Brubaker (1984). A somewhat different account is found in L. von Mises (1963).
- [5] See F. Bechoffer & B. Elliot (1986) for an introduction and review of the relevant literature.
- [6] A quick reminder is probably worth making here. This is a methodological and not an explanatory distinction. That is, we are proposing to be agnostic with regard to locus

of explanatory force in sociological accounts. All we are proposing is that studies could be mounted which begin in the lifeworld of ordinary members of the society. It will be soon enough to determine what the explanatory outcomes might be when we have a body of findings or materials provided by such studies.

- [7] The possibilities inherent in this approach have been surveyed in A. Schutz and T. Luckman (1974).
- [8] All of which is to say simply that socialisation contributes (somehow) to entrepreneurial success. This may be true but trivially so. Cf A. Khan. (1986).
- [9] A very good instance of just this misconception is Mary F. Rogers. *Ethnomethodology, Phenomenology and Experience*. London. Cambridge. 1983.
- [10] This is simply another instance of the proposal discussed with regard to Galilean Science in Chapter 3.