

3. Sociological reasoning

Introduction

We have now assembled all of the elements needed to assess one part of Etzioni's strategy. We have outlined the general features of **Cartesian Economics** and its application to entrepreneurial activities. In addition, we have seen how its motivational psychology, the rational actor theory of economic decision making, has itself been subjected to the Galilean tendency of indirect mathematization and formalisation. If, as we have seen some of its critics propose, much of contemporary economic reasoning and investigation leads only towards unrealistic theories, models and findings, is it necessarily the case that this tendency can be effectively countered by the incorporation of a broader framework, one which includes, significantly, the theories, findings and analyses of Sociology? That, in a nutshell, is what this chapter is about. It would be re-assuring to think that all we had to do was to run through a collection of appropriate findings and theories in Sociology and Social Psychology to show, indubitably, how they fitted the bill. But, naturally, things are never as simple or as straightforward as that. The claim made about Economics, it will be remembered, was that it had adopted a distinctive style, indirect mathematization, and a set of specifying assumptions, rational actor theory, which had led increasingly to a mismatch between economic depictions of economic activities and how such activities were viewed by individuals and were experienced in ordinary life. Philip Mirowski (1987b) has condensed the argument as follows.

The neoclassical school of economics.....adopted all the trappings of the Cartesian world view - mathematical formalism, axiomatization, derogation of literary narrative, and mimesis of natural science

terminology and attitudes - but had also endowed their mannequin of rational economic man with exclusively Cartesian powers and abilities: transparent individual self knowledge, mechanical algorithms of decision making, independence from all historical determination, and all social action ultimately explained by rational individual assent. (Mirowski 1987b, p. 70)

This mannequin, the economic actor in neoclassical theory, we called *Algy the Ready Reckoner*. What we now have to decide is whether *Morph the Plastic Man* who plays much of an analogous role in sociological thinking and Algy are really brothers under the skin. Are the principles on which their construction is based symmetrical? Are their modes of deployment reconcilable? If we decide they are not, then no amount of exhortation, no amount of critical exegesis and comparison, will make the synthesis of Economics and Sociology feasible. For without symmetry there can be no hope of reconciliation. And without that, the combination of sociological and economic theories, findings and models is likely to be less than adhesive.

In order to get a reasonable grip on the issues to which we are pointing, it will probably be best if we look first at the nature of sociological accounts of economic activities. Our task here is not quite as complicated as it was with our analysis of economic reasoning. Sociology's theories and descriptions are, by and large, much less formalised, much less abstract, more clearly substantive than those in comparable branches of Economics. While it is possible to represent sociological ideas by means of sets of formal apparatuses and then to apply modes of mathematical transformations to them, it is not essential to the style of analysis that this be done.¹ This is both helpful for a sense of immediacy and misleading for full comprehension. That Sociology talks about entrepreneurs, buyers and sellers, market makers, owners of capital, and so forth as if they were the ordinary inhabitants of our social worlds, can lead us to overlook their theorised nature. For Sociology no less than for Economics, the actor in the market place is a theoretical object.

Bearing this first caveat in mind, what does Sociology have to say about economic activities and economic actors? Obviously we do not have the space to survey the whole of what is sometimes called 'The Sociology of Economic Life'. We will concentrate, instead, on our own chosen area, namely studies of entrepreneurs. In addition, in order to help speed things along a little, we will look at just one or two instances of sociological analysis. We feel free to do this precisely because part of the argument we will develop is that the appearance of diversity and plurality of approach within Sociology is simply an illusion. While sociologists may differ radically over everything else - their conception of history, their view of human nature, their definition of their discipline, their methodology, when it comes to the sociologising, they are in almost complete accord. Or, at least, if one forgets what they say about their analyses and looks at what they do, how they argue sociologically, they are.

The overall approach has been one which looks to place the entrepreneur as a social role within a system of such roles. While, as we say, the precise details have been various, in all cases the concern has been with how performance of the entrepreneurial role contributes towards the stable reproduction and transformation of this system. Here, of course, the sociological analysis looks to be closely related to that offered within the approach known as "institutional economics" (Gunning 1986, Prendergast 1986). Both have a concern with the

temporal development of the system and the role which key actors might play in this process. The work of Schumpeter is central here since, for many, he straddles both disciplines. His analytic history of the development of Capitalism and the place which the entrepreneur holds within it, is taken to be definitive of one approach to the comparative sociology of economic systems.² The focal point of his analysis is, as we saw, the economic function performed by the entrepreneurial role in the transformation of Capitalism. As one element of a system of economic roles, the entrepreneur, by exploiting short-run opportunities, transforms markets and thus induces changes in the systems of production and distribution as a whole.

Leaving aside the moralistic implications which some have drawn from analyses such as those offered by Schumpeter, just how does the system of social roles reproduce and transform itself and just how does the entrepreneur contribute to this? In what has become a classic anthropological study which, alas, is all too little known outside that field, Frederik Barth described the role of entrepreneurial store-keepers in Northern Norway.³ The store-keeper stood at a significant nodal point of social and economic relations within the local community. By bringing socially valued resources, what Barth calls 'prestations', into the local economy, the entrepreneur frees the circulation of value within the system. Economic and social goods and services can be exchanged. In the terminology of the modern neo-classical economics of Casson (1982), the entrepreneur makes a market for the exchanges which are then transacted. In so doing, the entrepreneur introduces the mechanisms of the market place, price determination, the procedures of capital accounting, and so forth into what was only minimally a money economy. In consequence, this local economy becomes much more tightly connected to the wider market system. Valued goods flow in and out; credit systems come into play, novel developments in the division of labour are sponsored, and so on. The system of social relations is in orderly (but not necessarily conflict-free) transformation.

A similar theme of orderly transformation - what Schumpeter called market 'adjustments', is to be found in Scase and Goffee's (1982) (Goffee and Scase 1985) account of entrepreneurship in the modern British economy. Here, utilising the more conventional terminology of class determinations, Scase and Goffee seek to identify how entrepreneurial styles are responsive both to the transformations taking place in the capitalist economy and to the relative position such entrepreneurs stand in with regard to the class system associated with that economy. How are individuals inducted into specific sets of entrepreneurial roles and how are these roles then legitimated?

In all three analyses, different though they are with regard to the specifics and details, it is the overdetermination of the entrepreneurial role which catches attention and is the feature which makes the accounts distinctively sociological. The entrepreneur is defined as performing a specific transformative role which is, in its turn, the outcome of an array of socio-cultural forces shaping the patterns of opportunities available and the range of activities by which such opportunities might be realised.

In Scase and Goffee, the depiction of overdetermination takes the form of a typology of modes of entrepreneurial involvement. Each member of the typology plays out a distinctive role as a response to the patterns of forces within the social and economic spheres. Because, in this analysis, the key to understanding the pattern of entrepreneurship is taken to be the way in which the institution of entrepreneurship makes certain roles possible for actors,

thereby serving to legitimate both entrepreneurship, its correlates and the capitalist system which contains them, the thematic underlying Scase and Goffee's typology is what Weber (1978) might have termed rational-legal organisation. The groups are 'the self employed', 'the small employers', 'the owner controllers', and 'the owner directors'. These are collected as a gradation of size of organisation. Membership of one or other type is held to be determined by socio-cultural factors such as motivation, family and personal history, familial resources, and market opportunities, all of which are themselves class related. These factors account for the varying trajectories of entrepreneurial experience which the typology summarises. Thus membership of a type can be conceived as a sociological career in a certain socio-economic role. The relative stability of the entrepreneurial function, the riskiness of certain market places as opposed to others, the willingness to adopt a strategy of conservative innovation, and the general marginalisation of entrepreneurship within the British middle classes, are all seen as shaping the experience of entrepreneurs in the economy. The existence of such differential experience is, in its turn, used to account for the functionality of the entrepreneurial role within the system of class relations, since the possibility of success as an entrepreneur legitimates the acquisition of private property, the market system of distribution of goods, the existing channels of upward mobility, and the value systems associated with them. In sum, the entrepreneur instantiates the process of the reproduction of capitalist social relations and the strains inherent in it.

From the overly condensed and admittedly simplified account which we have given, we might think that not too much stands in the way of Etzioni's project. All that looks to be required is the development of a sufficiently flexible framework within which the economic and sociological accounts of activities in the capitalist economy can be interrelated. One possible contender, and this is the favourite of many of the contemporary critics of "positivist economics", is the behavioural functionalism which takes one form in Schumpeter and a very different one in "institutional economics", and which appears to be congruent with the sociological descriptions just summarised.

This appearance is, we think, misleading. It results from not following through carefully or systematically enough, the pre-suppositions of sociological reasoning. It is, therefore, a failure to engage with the groundings of sociological thinking, and especially what is involved in constituting social activities for sociological analysis. Obviously this is a deep matter. In other places we have attempted in various ways to draw out what we think is involved (Anderson et al., 1985). One thing which certainly can be said is that the conventional distinctions between economic theorising and Sociology are not sufficient to express what is at issue here. Claiming that Sociology is holistic while Economics is individualistic, gets part of what is involved but in an unfocussed way. So does the suggestion that sociological accounts feature an **oversocialised** social actor while economic ones are about an **asocial** calculator. Indeed, we have been using that theme ourselves thus far. What we have to do now is try to sharpen the focus considerably to see why sociology prefers the holistic, oversocialised approach to that implied within asocial individualism.

Theorising in Sociology and Economics

One fairly obvious way way to begin this task is by asking what Algy and Morph are designed to do. What are these two conceptual constructions for? What is their deployment supposed

to achieve? At the basic level, the answer is, or should be obvious. What Morph and Algy do is make co-ordination of activities possible within the theory. In Economics, populating the theory with Algies enables exchange to take place. The market place is the system of transactions among this population. In Sociology, what invoking Morph provides is the possibility of social action; that is, the co-ordination of meaningful social behaviour. In this sense, then, Morph and Algy are co-ordinating devices and little more. In a justly famous passage, Alfred Schutz (1962) describes the place which these devices are allocated in social science theorising.

How does the social scientist proceed? He observes certain facts and events within social reality which refer to human action and he constructs typical behavior or course-of-action patterns from what he has observed. Thereupon he co-ordinates to these typical course-of-action patterns models of an ideal actor or actors, whom he imagines being gifted with consciousness. Yet it is a consciousness restricted so as to contain nothing but the elements relevant to the performing of the course-of-action patterns observed. He thus ascribes to this fictitious consciousness a set of typical notions, purposes, goals, which are assumed to be invariant in the specious consciousness of the imaginary actor-model. Among these homunculi with which the social scientist populates his model of the social world of everyday life, sets of motives, goals, roles -in general, systems of relevances- are distributed in such a way as the scientific problems under scrutiny require. (Schutz 1962b, pp. 63-4)

Social Science models and their homunculi are, then, designed to be unrealistic in the sense that there is no attempt to ensure a direct symmetry between theoretical descriptions and those offered within the realm under scrutiny. The point is, to labour it once more, that Algy and Morph are unrealistic in entirely different ways and express entirely different relevances. We can see what this might imply is we look at a relatively uncomplicated (and unambitious) summary of what is involved for sociology.

At the point where individual and society intersect stands homo sociologicus, man as a bearer of socially predetermined roles. To the sociologist the individual is his social roles, but these roles for their part are the vexatious fact of society. In solving its problems, sociology necessarily takes social roles as its elements of analysis; its subject matter is the structure of social roles. (Dahrendorf 1968, pp. 6-7)

What Homo Economicus achieves is the possibility of an economic order simply in virtue of the fact that Algy is calculative through and through. Economic order, as it is theorised, is predicated upon the possibility of calculation and its universal applicability. In that sense, what for the sociologist is termed 'problem of meaning' is solved *ex cathedra*. There is no problem of meaning in the market place. Everthing is and can be couched in the terms of rational calculation. Morph, on the other hand, is social through and through. But what this implies is that the problem of meaning is the co-ordinating task which he is constructed to solve. Systems of meaning, systems of interpretation, are assumed to vary with social

organisation. No single universal rationality can be induced. This being the case, the sociologist populates his model of the social with Morphs as a solution to the problem of aligning interpretations. What things mean for the social actor, what the social actor is constituted as, varies from situation to situation and context to context. Morph's task is to read off and co-ordinate appropriate interpretations from any given social context. This is no problem for Algy since, in the theory, only a single mode of interpretation is possible. Where Algy is asocial, then, this is radical and stipulative asociality. Where Morph is interpretive social actor, this too is radical and stipulative. Algy can orient to the market place as a collectivity of calculating devices just like him. Morph, on the other hand, begins from the pre-supposition that other actors have reasons, goals, motives, relevances - in brief rationalities - which may or may not match his. Co-ordinating activity is, for Morph, a matter of lining up definitions of the situation and ensuring meaning structures match.

The techniques by which Morph is constructed are, as we have said, many and varied. It is not our intention now to lay them all out and evaluate them. Suffice it to say that in every case, the problem of problem of aligning meaning is taken to one one of social organisation. That is, it is presumed that resources are available to the actor within the social setting which provide for its interpretation. Definitions of who people are and what they are doing which actors can call upon, are socially distributed. One conception of the social organisation interpretive social action of is, of course, that contained within the constellation of concepts associated with role theory to which Dahrendorf referred. Here the social availability of conceptions of roles, norms, values, identities and so forth is provided through a theory of socialisation. Fully socialised individuals are defined as sharing meaning structures. The possession of shared meaning structures just is what being a social actor means. In a different vein, the social organisation which as we saw earlier, Scase and Goffee draw upon is that associated with concepts of class and class position, ideology and legitimation, class interests and class power.⁴ Both accounts could be used to show (and it is this which makes Morph a plastic man) that forms of rationality, forms of social behaviour, are not universal but context dependent. What any actor, (for example, a potential entrepreneur) might feel it rational, necessary, possible, desirable to do will depend upon how he or she views both his or her situation and that of others. And this will depend upon the social availability and indeed valuation of contending versions of what things mean and what it is felt should be done about them.

The central contrast then between economic and sociological reasoning turns upon the context relativity of rationality. Economics depends, necessarily, on a universally generalisable form of rationalisation, namely calculability. This is not a consequence of economic investigations but *a priori* for them. Sociologists seek to relate forms of rationalisation to social context, and thus relativise them. It is this which makes any attempt at a simple synthesis between Economics and Sociology essentially SELF DEFEATING. The conceptions of what it is to act in an economic situation are radically divergent, and as such the analyses built upon them are pulling in different directions. The failure to see this and to provide for an entirely distinctive conception of action, a new homunculus designed to solve the problems here adumbrated, is expressed in Etzioni's version of the constancy hypothesis. If Sociology and Economics use the same terms they must be talking about the same things. As we have just seen, they most evidently need not.

What we have called into play, yet again, is the contrast between calculation and social organisation. We have suggested that the synthesis of these two is not possible. This does not mean that nothing can be done. Rather, it implies the necessity of re-considering our investigative strategies and perhaps equally importantly our points of departure. Economics may be unrealistic in the sense we have described, but simply bolting some Sociology onto it is not going to help. What then can we do? The implication behind the criticism of a lack of realism concerns a lack of understanding about how economic structures in daily life really operate. Our suggestion would be to begin somewhat differently. Instead of segregating calculability and social organisation and then seeking to integrate them, why not look at the social organisation of calculation? This does not mean imposing a sociological conception of activities upon an economic one, thereby demoting the importance of calculation. Nor does it mean subjugating the social to calculative rationality. Rather we can look to see where, how far, and in what ways, economic actors when faced with actual choices manage the segregation of social and calculative rationalities. How do they rank the grounds of choice? How do they relate the various criteria? Under what circumstances do practical economic decision makers trade-off calculative rationality against managerial, organisational, personal and other social forms? In that sense, what we are proposing to look at is the social organisation of calculability. And, given the prominence which entrepreneurs are supposed to give to profits, markets and opportunities, where better to start than with calculation is an entrepreneurial firm?

In the next two Parts, we will introduce a number of exploratory studies. They are all concerned with this theme. We will look first in a more general way at the problems of managing the separation of the calculative and the social. The studies in Part Two, then, take up the generic place of calculation and its relationship to the problems of institutionalising the entrepreneurial role and as the thematic for project innovation and market determination. In the Third Part, we turn to more technical consideration of social organisation of calculability and the means by which actual economic actors reproduce the systems of calculability through which economic activities are related. We will look at calculability as a division of labour (Chapter 9), as a system of practical action (Chapter 7), and as an organisational feature of negotiation (Chapter 8). In each case, our objective is to show possibilities not to refute positions. We hope to indicate what order of materials are available for analysis if one begins from the social organisation of calculability and how they might most usefully be treated. Our ambition is, so to speak, to open the door on novel kinds of analyses not to delimit the field or circumscribe proprieties. If we are at all successful in this, what we will have achieved is the encouragement of both sociologists and economists to re-think the character of the arguments between them and to give at least house-room to the possibility that empirical investigations of mutual interest need not await theoretical unification. We do not say we have solved the problems which inhere in the disputation between Sociology and Economics. What we do say is that we are offering are different but equally interesting ones: problems that have their roots in empirical materials and not in the specifying assumptions of theoretical positions.

NOTES

[1] In fact, much of what is called mathematical sociology appears to proceed through a

kind of re-description of sociological ideas in formulaic ways. See for instance A. Stinchcombe. (1968), and J. S. Coleman (1964). A more recent instance from a somewhat different field is the use of graph theory in the analysis of technical and scientific change. See Callon et al. (1986).

- [2] Arguments for incorporation raised specifically from studies of entrepreneurs can be found in A. Kalleberg (1986).
- [3] See also Barth (1967) and Paine (1971).
- [4] One of the problems for the class determination account is to provide a theory of the acquisition of sociality which does not turn into a sub-variant of socialisation theory. In this respect, the social psychology (broadly construed) of class relations remains a somewhat under-developed field. Forays by those such as Foucault seem to have a surprisingly Durkheimian cast. C.f. M. Foucault. (1972).

PART TWO THE SOCIAL AND THE CALCULATIVE