Abstract

I propose to approach economic sociology as the application of social stratification, organizational theory, and the sociology of development to the study of the organization of economic activity. I begin by reviewing the growth of specialty fields in sociology during the postwar period. I then outline the origins and major tenets of a comparative economic sociology that breaks with specialization by looking at complex configurations of social and economic variables. I apply the logic of comparative economic sociology to the study of economic development, exposing the limitations of previous theories of development.

1. Introduction

Sociology emerged as a science geared towards providing an institutionally savvy and culturally rich understanding of economic life. The great masters of sociological thought—Durkheim, Weber, Simmel—made a dent in the field by exploring the relationship between the economy and the society during a historical period of intense transformation. The classics insisted on studying social stratification and organizations in the context of industrialization and economic development. Over the years, however, contemporary
sociologists created barriers between the increasingly compartmentalized and differentiated specialties of social stratification, complex organizations, and economic development. This specialization occurred in spite of the fact that both the Parsonsian project and the postwar Neoweberians formulated (somewhat competing) agendas for a more integrated economic sociology.

Economic sociology is staging a comeback at the turn of the millennium precisely because sociologists working on stratification, organizations and development have found it necessary to expand their horizons and integrate points of view. The numbers of publications, research centers, and teaching programs devoted to economic sociology are rising quickly. A section on economic sociology has recently been formed at the American Sociological Association. Sociology departments and professional schools are already advertising positions for economic sociologists and creating economic sociology research initiatives.

Various theoretical and methodological perspectives have attempted to reintegrate the fields of social stratification, complex organizations, and economic development. Most prominent among these are the Marxist approach and the now en vogue network perspective. Marxist scholars such as Frank Parkin, Michael Burawoy, and, especially, Immanuel Wallerstein, have more or less explicitly attempted to bring together the study of stratification, organizations and development. Their efforts have yielded a sizeable body of research that has enriched economic sociology. They have met, however, with considerable resistance due to the rigid theoretical assumptions underlying their work.

Network sociologists such as Harrison White, Ronald Burt and Wayne Baker have joined forces with theorists such as Mark Granovetter, Paul DiMaggio or Randall Collins to
propose network theory and analysis as the unifying paradigm in economic sociology. The network perspective has also generated a prodigious amount of empirical research and, unlike the Marxist approach, has benefited from a certain degree of theoretical agnosticism, ambiguity or polyvalence, depending on one’s feelings towards it.

I propose a third way of linking the study of social stratification, complex organizations and economic development under the roof of economic sociology. My approach implies a recuperation of the tradition of comparative economic sociology, a perspective that emerged in the mid-century out of the controversies between the Parsonsians and the Neoweberians.

2. Origins of the Comparative Approach to Economic Sociology

It is in the work of sociologist Reinhard Bendix, anthropologist Clifford Geertz, and political scientist Ronald Dore that I find the inspiration and the enthusiasm to revive economic sociology. Each of them brought his personal background to bear on his scholarship, and each interacts closely with his object of study and his research setting, namely, Britain, the United States, Germany, Russia, Indonesia or Japan. They are courageous and bold enough to exercise judgment when possible, and restrain and method when necessary. They challenged the premises of modernization and structural-functional theories and propose instead middle-range theories of social and economic change. They approached the exercise of comparison with theoretical sophistication, methodological flexibility, and enthusiasm for the phenomenon under investigation. And they studied social stratification, complex organization, and economic development as inseparable aspects of the sociology of economic life.
Methodologically, Bendix, Geertz and Dore follow a similar strategy. They start by formulating a research question that can be asked of different comparative situations. Next they choose cases for systematic comparative study that have the potential of illuminating each other. The cases yield comparisons that are either cross-national (Bendix, Dore) or within-national (Geertz), synchronic (Geertz) or diachronic (Bendix, Dore). Then they document historical particularity so as to be able to devise a sociological generalization based on the evidence and the theory. They iterate these steps, not always sequentially, until a satisfactory answer to the initial question is found.

As reflected in Table 1, the general structure of their comparative approach is strikingly similar. All three scholars distinguish between types of social structure. In Bendix it is liberal societies in which entrepreneurs and managers form an autonomous class (England, United States) versus autocratic societies in which they are subordinated to government control (Russia, East Germany). Geertz compares the individualism of Java to the group-based social structure of Bali, while Dore contrasts the market-orientation of English Electric to the organization-orientation of Hitachi. Each of them has a second conceptual variable in mind. In the case of Bendix and Geertz it involves the passage of time; in Dore’s case it is technology. Bendix makes both synchronic and diachronic comparisons between different pairs of his four countries so as to capture how the process bureaucratization of industry affects managerial ideologies. Geertz makes synchronic comparisons between Javanese and Balinese entrepreneurs to illustrate the partial shift from purely traditional to firm-type organization. Dore chooses two plants making products in small batches and two mass production plants so as to make sure that the contrasts emerging out of his comparison between England and Japan are not driven by technology. In each case
the comparative scheme is simple but powerful and directly tied to theory. And it always yields insights above and beyond what each individual case being compared can provide. At the end of the day, that is the golden rule of comparative economic sociology.

3. Fundamentals of the Comparative Approach to Economic Sociology

Comparison lies at the heart of the sociological enterprise because it enables the sociologist to control for variation and to obtain meaningful generalizations. Comparing countries, regions, towns, organizations or other social units was the way in which the classics advanced our sociological knowledge. Yet, very little of what passes today as sociological research in the fields of social stratification, complex organizations, and even economic development is comparative. It is precisely my frustration at this lack of attention to the comparative dimension that provides the impetus for trying to take economic sociology in a different direction.

The main postulates of the comparative approach to economic sociology are three. First, ideological change precedes or at least goes hand in hand with economic change. Therefore, it is the task of economic sociology to understand ideological transformations as explanatory variables. The underlying assumption here is that ideologies are, at least in part, exogenous to economic change. This postulate stands in sharp contrast with the proposals of rational-choice theories of action. Second, there is no one mode of organizing the economy or its various components that is utterly superior to all others under all circumstances. Thus, there are multiple solutions to the complex problem of economic performance, and it is a second task of economic sociology to establish principles of empirical variation among economic models or systems. And third, economic life—whether it has to do with
production, distribution or consumption—cannot be understood without paying simultaneous attention to patterns of social stratification, organization, and economic development. It is precisely the complexity of the interaction among those three realms that invites economic sociology to adopt a comparative approach, a theoretical and methodological perspective that seeks to control for variation and to establish generalizations without doing violence to historical particularity. It is also a perspective that calls for a multiplication of methods of research, under the coordination of a historically informed, comparative approach.

At the heart of comparative economic sociology lies the idea that there is no single rationality that governs economic action in such a way that it is optimal, either in its allocative or in its social welfare sense. As in the study of culture or ideology, it does not make any sense at all to talk about rationality in the singular. There are cultures, ideologies and rationalities in the world, each with its own logic, origins, and consequences.

4. Reconsidering Theories of Development

During the second half of the 20th century, scholarly and policy debates in the field of economic development were centered on five main approaches—modernization, dependency, world-system, late-industrialization, and neoclassical. Of these, the first three were eminently sociological in nature. From the perspective of the comparative approach to economic sociology, the theories suffer from three main limitations. First, development is about overcoming obstacles rather than building on strengths (other than those captured by the rather narrow concept of comparative advantage in the case of neoclassical theories). Tradition, dependency, peripheral status, right prices or wrong prices—depending on the theory—are constructed as stumbling blocks standing in the way of development. Thus,
countries must eliminate, surmount, or circumvent such obstacles so as to develop
economically (Bell 1987; Biggart and Guillén 1999; Evans and Stephens 1988; Portes 1997;
Portes and Kincaid 1989).

Previous theories of development assume not only that there are discernible, self-
evident obstacles to development but also that the policy prescriptions proposed to overcome
obstacles apply to most, if not the whole range, of developing countries. Thus, little, if any,
serious attention is paid to historical particularity or institutional variation when it comes to
extrapolating specific success stories into general policy recipes. As Haggard (1990:9) has
put it, development theories are intrinsically voluntaristic in their view of how to overcome
obstacles. For them, “policy is simply a matter of making the right choices; ‘incorrect’ policy
reflects misguided ideas or lack of political ‘will’,” and “economic successes can be broadly
replicated if only ‘correct’ policy choices are made” (Haggard 1990:21). This universality of
application and replication represents a second modernist feature of previous theories.

The third modernist feature is the intimate linkage that previous theories establish
between economic development and the modern nation-state, both as a geographic entity and
as an agent of change (Block 1994; Evans and Stephens 1988; McMichael 1996; Pieterse
1996). Development policies—as proposed and interpreted by modernizing elites, state
bureaucrats, or a cadre of neoclassical economic experts—are instruments designed to
accelerate the growth of the national economy.¹

In contrast to the main theories of the last fifty years—modernist each in its own
way—a comparative approach sees economic development as a process by which countries

¹ Perhaps world-system theory is to be exempted from this criticism, for it sees no possibility
of national development without change at the world-system level.
and firms seek to find a unique place in the global economy that allows them to build on their preexisting economic, social, and political advantages, and to learn selectively from the patterns of behavior of other countries and actors. A comparative institutional perspective on development sees globalization as promoting diversity and renewal (see Table 2). The reason lies in that globalization increases mutual awareness, and mutual awareness is at least as likely to produce differentiation as it is to cause convergence (Robertson 1992:8; Albrow 1997:88; Waters 1995:63). Although globalization has some of its roots in the tremendous expansion of trade, investment, communication, and consumption across the borders of nation-states over the post World War II period (Louch, Hargittai and Centeno 1998; Sklair 1991), it is not necessarily the continuation of the homogenizing consequences of modernity or modernization, as such social theorists as Anthony Giddens (1990:64, 1991:22) have argued. However, one does not need to go as far as Martin Albrow (1997:100, 101) and declare that globalization is the “transition to a new era rather than the apogee of the old.” From a comparative institutional perspective, it suffices to be noted that “globality restores the boundlessness of culture and promotes the endless renewability and diversification of cultural expression rather than homogenization or hybridization” (Albrow 1997:144; see also Mittelman 1996).

Unlike previous theories, a comparative institutional approach to development sees the social organization unique to a country not as an obstacle to economic action but as a resource for action (Biggart and Guillén 1999; Portes 1997; Stinchcombe 1983). Thus, countries and firms do not fall behind in the global economy because they fail to adopt the best policy available or to conform to best practice but because their indigenous sources of strength are not taken into account when policies are designed and implemented. Thus,
preexisting institutional arrangements are regarded in this book as the path-dependent context of action, as guiding and enabling socially embedded action (Douglas 1986; Geertz 1973:220; Granovetter 1985; Swidler 1986). Following a comparative institutional perspective, Biggart and Guillén (1999:725) have argued that “organizing logics vary substantially in different social milieus. For example, in some settings it is “normal” to raise business capital through family ties; in others, this is an “inappropriate” imposition and fostering ties to banks or to foreign investors might be a more successful or legitimate fund-raising strategy. Logics are the product of historical development, are deeply rooted in collective understandings and cultural practice, and resilient in the face of changing circumstance. Culture and social organization provide not only ideas and values, but also strategies of action.”

Social-organizational logics enable different types of actors to engage in different activities. They are sense-making frames that provide understandings of what is legitimate, reasonable, and effective in a given context (Barley and Tolbert 1997; Clegg and Hardy 1996; Nord and Fox 1996; Powell and DiMaggio 1991; Scott 1995; Smelser and Swedberg 1994). Only practices or organizational forms that “make sense” to preexisting actors are adopted. The comparative institutional literature has long documented that foreign models seen as a threat to preexisting roles and arrangements tend to be rejected (Arias and Guillén 1998; Cole 1989; Djelic 1998; Dobbin 1994; Guillén 1994, 1998a; Kenney and Florida 1993; Orrù, Biggart, and Hamilton 1997; Westney 1987).

If local patterns of social organization are resources for action, then successful economic development involves matching logics of social organization with the opportunities offered by the global economy. A corollary of this proposition is that there are multiple
institutional configurations or paths to development, that is, several ways of becoming part of
the global economy. A comparative institutional approach warns that it is futile to attempt
identifying the best practice or model in the abstract (Guillén 1998a, 1998b; Lazonick and
O’Sullivan 1996; Whitley 1992). Rather, countries and their firms are socially and
institutionally equipped to do different things in the global economy. Thus, German, French,
Japanese and American firms are justly famous for their competitive edge, albeit in different
industries and market segments. Germany’s educational and industrial institutions—dual
apprenticeship system, management-union cooperation, and tradition of “hands-on”
engineering or Technik—enable companies to excel at high-quality, engineering-intensive
industries such as advanced machine tools, luxury automobiles, and specialty chemicals
model of elite engineering education has enabled firms to excel at large-scale technical
undertakings such as high-speed trains, satellite-launching rockets or nuclear power (Storper
 improve, and integrate ideas and technologies from various sources allows its companies to
master most categories of assembled goods, namely, household appliances, consumer
electronics and automobiles (Cusumano 1985; Dore 1973; Gerlach 1992; Westney 1987).
And the American cultural emphasis on individualism, entrepreneurship, and customer
satisfaction enables its firms to become world-class competitors producing goods or services
that are intensive in people skills, knowledge or venture capital, such as software, financial
services or biotechnology (Porter 1990; Storper and Salais 1997:174-188). Trade economists
have demonstrated that countries’ exports differ in the degrees of product variety and quality
depending on their social organizational features (Feenstra, Yang, and Hamilton 1999). The
empirical chapters in this book further demonstrate that newly industrialized countries and their firms—based on their social organization—also excel at different activities in the global economy.

The argument about the diversity in institutional configurations, however, should not be used to deny the importance of theory and generalization. A balance between theoretical generalization and historical particularity needs to be struck, using “general principles, economic or sociological, not as axioms from which policies are to be logically deducted but as guides to the interpretation of particular cases upon which policies are to be based” (Geertz 1963:157). Even the most modernist development scholars and policymakers must take into account that “material progress [is] but a matter of settled determination, reliable numbers, and proper theory” (Geertz 1995:139). A comparative institutional approach to development is a “critique of conceptions which reduce matters to uniformity, to homogeneity, to like-mindedness—to consensus,” preferring instead to open things up “to divergence and multiplicity, to the non-coincidence of kinds and categories” (Geertz 1998:107).

A comparative institutional approach also differs from previous theories of development in that it allows for different actors and relationships, and in that it expects to find different proportions of business groups, small firms, and foreign multinationals across countries and over time (Table 2). While previous approaches to development and globalization predict the proliferation of the same organizational form in countries undergoing development—large-scale, bureaucratized firms and/or business groups—the comparative institutional perspective does not expect the dominance of any particular organizational form under all circumstances. Rather, it makes arguments about how the
interaction between sociopolitical patterns and state development policy affects dynamics among business groups, small firms, foreign multinationals, and other organizational forms.

5. Conclusion

Comparative economic sociology seeks to reunite the fields of social stratification, organizational theory, and the sociology of development so as to better understand patterns of economic organization. This approach seems especially appropriate to tackle the problem of economic development because it cannot be analyzed without taking social structure and organizational actors into account. Further work is necessary to show how comparative economic sociology can illuminate other questions in the field, including both production and consumption aspects of economic activity.
Table 1: Bendix, Geertz and Dore Compare

<table>
<thead>
<tr>
<th><strong>Bendix 1956</strong></th>
<th>Social position of entrepreneurs and managers:</th>
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<tbody>
<tr>
<td><strong>Timing:</strong></td>
<td>Autonomous class</td>
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<td>Subordinate to government control</td>
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<td><strong>Inception of industry</strong></td>
<td>England</td>
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<td></td>
<td>Russia</td>
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<td><strong>Bureaucratized industry</strong></td>
<td>United States</td>
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<td></td>
<td>East Germany</td>
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<tr>
<th><strong>Geertz 1963</strong></th>
<th>Social structure:</th>
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<td><strong>Organization:</strong></td>
<td>Individualist</td>
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<tr>
<td></td>
<td>Group-based (seka)</td>
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<tr>
<td><strong>Purely traditional</strong></td>
<td>Javanese bazaar (pasar)</td>
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<td></td>
<td>Balinese cooperatives</td>
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<td><strong>Firm-type</strong></td>
<td>Javanese stores</td>
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<td></td>
<td>Balinese business concerns</td>
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<tr>
<th><strong>Dore 1973</strong></th>
<th>Social structure:</th>
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<tr>
<td><strong>Technology:</strong></td>
<td>Market-oriented</td>
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<td></td>
<td>Organization-oriented</td>
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<tr>
<td><strong>Small-batch</strong></td>
<td>English Electric’s Bradford plant</td>
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<td>Hitachi’s Furusato plant</td>
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<td><strong>Mass production</strong></td>
<td>English Electric’s Liverpool plant</td>
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<td>Hitachi’s Taga plant</td>
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Table 2: A Comparison of Theories of Development and Globalization

<table>
<thead>
<tr>
<th>Features</th>
<th>Modernization</th>
<th>Dependency</th>
<th>World-System</th>
<th>Late Industrialization</th>
<th>Neoclassical</th>
<th>Comparative Institutional</th>
</tr>
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<tr>
<td>Solution:</td>
<td>Staged institution building, and gradual change of values.</td>
<td>Import substitution of not only consumer goods but also intermediate and capital goods.</td>
<td>Radical social &amp; political change at the world-system level.</td>
<td>Price distortions to stimulate economic activity, especially exports.</td>
<td>Swift move towards free markets, protection of property rights.</td>
<td>Match of logics of social organization with opportunities in the global economy.</td>
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<tr>
<td>Agents or actors:</td>
<td>Modernizing elites foster gradual change in stages.</td>
<td>Autonomous state imposes its logic on actors.</td>
<td>Internal contradictions trigger change.</td>
<td>Developmental state imposes its logic on large industrial enterprises.</td>
<td>Autonomous technocracy imposes its logic on actors.</td>
<td>Different actors and relationships allowed and enabled.</td>
</tr>
<tr>
<td>Expected organizational forms:</td>
<td>Large-scale, bureaucratized enterprises. Family firms, worker cooperatives, and other traditional enterprises are not viable.</td>
<td>Large, rent-seeking business groups with ties to multinationals and the state, state-owned enterprises, and subsidiaries of multinational enterprises (the ‘triple alliance’).</td>
<td>Business groups guided by state subsidies and tied to multinationals through arm’s length contracts.</td>
<td>Business groups while market failure persists; otherwise, efficient scale enterprises, “serviced” by smaller firms.</td>
<td>Social organization and government policy shape relative role and proportions of business groups, small firms, and multinationals.</td>
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Source: Adapted and expanded from Biggart and Guillén (1999).