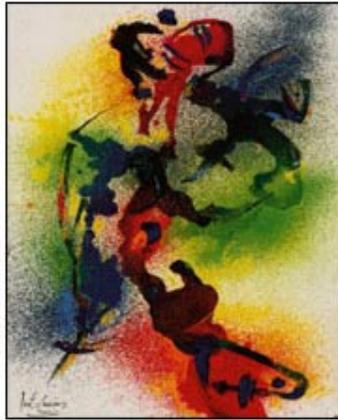


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**Economic Sociology**



*Economic Social Action and Social Network Influences. A discussion around  
Mark Granovetter sociology of economic life*

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Abstract

*This paper is a critical review of Mark Granovetter theoretical view on the sociology of economic life. Rather than a comprehensive record the content and evolution of Granovetter theoretical thought, the main intent is to contribute to the epistemological debate in Economic Sociology. First, I briefly review Granovetter's dual critique of Economic models involving only self-interest and of Parson's substantivism. Second, I examine the extent of the interactionist bias of Granovetter's theory of action. I show that beyond the interactionist claims associated with the role attributed to social network, Granovetter excludes the consideration of variables differentiating agents and conditioning their view of the world. This tendency is reinforced by the reference to Weber's concept of Economic Action and Economic Social Action. I discuss the limitation of this approach using the example of Bourdieu's ethnography of Algerian workers and I show that the inclusion of not network variables do not necessarily imply a view in which actors "adhere slavishly to a script written for them by the particular intersection of socio-cultural categories they happen to occupy". I conclude that the emphasis on interactions and the exclusion of non-network individual attributes on the basis of the reaction against substantivism is questionable and has probably encouraged the type "narrow sectarian work" criticised by Granovetter himself.*

## **Introduction**

This paper is a critical review of Mark Granovetter theoretical view on the sociology of economic life. Rather than a comprehensive record the content and evolution of Granovetter theoretical thought, the main intent is to contribute to the epistemological debate in Economic Sociology. First, I briefly review Granovetter's dual critique of Economic models involving only self-interest and of Parson's substantivism. Second, I examine the extent of the interactionist bias of Granovetter's theory of action. I show that beyond the interactionist claims associated with the role attributed to social network, Granovetter excludes the consideration of variables differentiating agents and conditioning their view of the world. This tendency is reinforced by the reference to Weber's concept of Economic Action and Economic Social Action. I discuss the limitation of this approach using the example of Bourdieu's ethnography of Algerian workers and I show that the inclusion of non-network variables does not necessarily imply a view in which actors "adhere slavishly to a script written for them by the particular intersection of socio-cultural categories they happen to occupy". I conclude that the emphasis on interactions and the exclusion of individual attributes on the basis of the reaction against substantivism is questionable and has probably encouraged the type of "narrow sectarian work" criticised by Granovetter himself.

## **A Snapshot of Mark Granovetter theoretical view on economic action**

In his first article on the embeddedness of economic action and in subsequent articles, Granovetter rejects theories of action associated with the work of Gary S. Becker and the sociology of Parson. First, Granovetter rejects "narrow utilitarian" or purely instrumental models ((Granovetter 1985), (Granovetter 1992a) : 30 and ((Granovetter 2002) :56 , note 5). "Narrow utilitarian" models, epitomised by Gary S. Becker's work, are not only inappropriate for the study of non-economic problems but also limits the understanding of economic action. But at the same time, Granovetter rejects sociological models in which actors "adhere slavishly to a script written for them by the particular intersection of socio-cultural categories they happen to occupy" ((Granovetter 1992a) p32)". Granovetter presents his view as a middle way between an oversocialised and undersocialised view of economic action (by reference to Denis Wrong (Wrong 1961)). This middle way view maintains, at the analytical level, self-interest and social norms as permanent factors conditioning economic action. "Ongoing concrete systems of social relations" are introduced as a third analytical factor

influencing economic behaviour. Accordingly, Granovetter explicitly refers to “three reasons why individuals might act in economic transaction as they are supposed to” (Granovetter 1992a). Hence, Granovetter considers that economic action is the result of “mixed” motives both instrumental and non-instrumental ((Granovetter 2002) p37-p38 and p55, (Granovetter 1992a) p25). Social networks both moderate self-interest and support the enforcement of “social norms” but at the same time “social norms” are a result of the purposeful action of social actors embedded in social networks. They are a proximate cause “shap[ing] its members, but (it is) also shaped by them” ((Granovetter 1992a) p31) and (Granovetter 2002)). In the next section, I examine the interactionist bias resulting from the Granovetter’s approach before discussing the associated theory of action and its limitations.

### **Granovetter and interactionism**

For Granovetter, social networks offset self-interest. He takes the example of an individual anticipating the consequence of cheating one’s friend on this friend and also on their mutual friends ((Granovetter 1992a) p. 44). In that case the conscious and calculative anticipation of the consequences determines the action of the agent. But in the example the overseas Chinese community in South-East Asia, “malfeasance is not only hard to conceal or execute, but often hard to imagine” ((Granovetter 1992b) p. 7). The action of cheating is not even considered by the actor. This cultural conditioning is “not an once-and-for-all influence but a ongoing process, continuously constructed and reconstructed during interaction, in part for their own strategic reasons” ((Granovetter 1985) p.491) and (Granovetter 1992a) (p.30-31)). Culture is the product of repeated interactions. Between two individual the same logic operates. Repeated successful interactions breed trust and emotional attachment. “In ongoing relations, human do not start fresh each day, but carry the baggage of previous interactions into each new one” (Granovetter 1992a). Although Granovetter rejects the idea that his theory is interactionist and point out that he has always considered that behaviours are influenced by “broad historical or macro-structural circumstances” (Granovetter 2000). But despite this qualification, the main way of differentiating between agents within a social system is the structure of the social network in which they are embedded. It is therefore justified to talk of an interactionist bias in Granovetter’s theory of action. In the next section I examine Weber’s concept of Economic Action and Economic Social Action and show how the inclusion of these concepts in Granovetter’s theoretical framework combined with its interactionist bias is conducive to the neglect or rejection of non-network variables differentiating between agents

and conditioning their behaviour. Bourdieu ethnography of Algerian worker provides a case in-point to show the limitation of such a view in the subsequent section.

### **Granovetter and Weber's Economic Social Action and an example**

In a later version on the embeddedness of economic action Granovetter cites Weber to define Economic Action (Granovetter 1992a). In the introduction to the second edition of the Sociology of Economic Life, Granovetter and Swedberg go further and refer to the more specific concept of Economic Social Action also defined by Weber (Granovetter and Swedberg 2001). Granovetter himself "affirms the affinity between his Weber's economic sociology and his own analysis of embeddedness" ((Swedberg 1998) p221 n4). It is therefore useful to consider Weber concept of Economic Action and Economic Social Action to understand better Granovetter theoretical view.

Weber defines an action is "economically oriented" if it is concerned with the satisfaction of desire for utilities. Utilities are defined as "specific and concrete, real or imagined, advantages or opportunities for present or future use as they are estimated and made of object of specific provision by one or more economically acting individuals." ((Weber 1978) p68). This definition encompasses any goods and services that are perceived of present or future value. Economic Action is concerned with "any peaceful exercise of an actor's control over resources which in its main impulse is oriented toward Economic end" ((Weber 1978) p68). Weber specifies that one can speak of economic action only "if the satisfaction of a need depends, in the actor's judgment, upon relatively *scarce* resources and a *limited* number of possible action" " ((Weber 1978) p339). The relationship between the concept of Economic Action and the concept of rationality is complex due to the various types of rationality defined by Weber ((Brubaker 1984; Swedberg 1998)).

The most basic opposition is between rational and non-rational action. Rational action involves the *conscious* reference to a meaning by the actor. Non-Rational action involves traditions and affection ((Brubaker 1984; Swedberg 1998) and ((Weber 1978) p24-25).

The Rationality of Economic action can be formal rational or substantive ((Weber 1978) p85 and (Swedberg 1998) p36). Formal rationality refers to the degree to which "the provision of needs (...) can be expressed in numerical, calculable terms, and so is expressed". Substantive rationality, which is "full of ambiguities", implies that "action apply certain criteria of ultimate ends, whether they be ethical, political, utilitarian, hedonistic, feudal, egalitarian or whatever and measure the result of economic action, however formally 'rational' in the sense of correct calculation they may be against these scales of 'value

rationality' or 'substantive' goal rationality" ((Weber 1978) p85). In the dichotomy between value rational (wertrational) and instrumental rational (zweckrational) defined by Weber to categorise social actions ((Weber 1978) p25), both formal rational and substantive of economic action are instrumental.

Economic action is differentiated from Economic Social Action by the absence of reference to the behaviour of others. Economic Social Action is a Social Action. For Weber an "action is 'social' insofar as its subjective meaning takes account of the behaviour of others and is thereby oriented in its course" ((Weber 1978) p4). For example the economic activity of an individual is social if "in relation the actor's own consumption the future wants of others are taken into account and this become one consideration affecting the actor's own saving" ((Weber 1978) p22).

Weber also makes a distinction of relevance in the analysis of economic action between "associative" and "communal" relationships. "<Communal relationship> entail a sense of belonging together whilst <associative relationships> has to do with rational agreement, typically involving interests" (Swedberg 1998). Weber contends that "no matter how calculative and hard-headed the ruling considerations in such an [associative] relationship maybe- as that of a merchant to his customers-it is quite possible for it to involve emotional values which transcend its utilitarian significance" ((Weber 1978) p41). This communal component is considered as close to the concept of embeddedness by Granovetter himself according to Swedberg ((Swedberg 1998) p221 n4).

Last, the sociological analysis of economic life, in Weber perspective, has a "rationalistic bias" and Weber warns that this bias is a methodological device and "does not involve a belief in the actual predominance of rational elements in human life, for on the question of how far this predominance does or does not exist, nothing whatever has been said. That there is a danger of rationalistic interpretations where they are out of place cannot be denied. All experience unfortunately confirms the existence of this danger" ((Weber 1978) p. 7).

Granovetter reference to Weber's Economic Action and Economic Social action in which the agent consciously refer to some objectives and values combined with the idea that non-network influences can only be observed at the broader historical or macro-structural level reinforce the idea that the inclusion of non-network variables differentiating between agents and conditioning their behaviour are equivalent to a regress to a substantivist sociology. I argue in the next sections that this is not the case. But before doing this some

observations from an ethnographic study realised by Bourdieu in Algeria in the 1960s provide a case in point to illustrate the limitation of Granovetter's approach (Bourdieu 1979).

## **Algeria 1960**

In an ethnography of Algerian workers completed at the end of the French Colonial period, Bourdieu observed that workers with the lowest paid and irregular jobs, "ready to do anything and conscious of being skilled at nothing", have inordinate aspirations which seems to be randomly distributed. When asked how much money they would need to live a decent life, their estimates are out of reach and very dispersed. When asked about their hopes for their children they resort to vague and idealistic projects. By contrast workers with a more regular and higher wage have adjusted their expectations both for themselves and for their children to their objective chances. Granovetter's view of self-interested actors with social networks moderating or offsetting their self-interest rings implausibly in this case. If one accepts that the dispositions of agents are the product of their interactions self-interest and shared norms, one is not capable of explaining the difference between the two groups. Agents can only be differentiated by the structure of their social networks and consequently any difference between agents involved in the same social system which cannot be explained with this variable is likely to be left unexplained.

To put it in another way, the interactionist view defended by Granovetter seems to neglect and reject the importance of the conditions of possibility of interactions by reducing it to the result of purposive actions by the agents according to some posited universal and homogeneous interests within a given historical and social context.

By contrast, Bourdieu contends that the dispositions of agents are conditioned by their relative position within a field of social activity. The possession of different forms of capital which are at stake in the social activity considered, such as economic capital and cultural capital determines the relative position and therefore the dispositions of agents. In this theoretical view, interactions are an outcome rather than a determinant. This is incompatible with Granovetter theory of action which involves the conscious choices of agents without any form of conditioning other than that "broad historical and macro-structural circumstance". The following section shows why the argument which would imply that the inclusion of non-network attributes is conducive to a regress to a substantivist sociology is unfounded.

## Free conscious actions and conditioned choices

Granovetter acknowledges the existence of “broad historical and macro-structural circumstances” influencing behaviours. But at the same time he adheres to Weber definition of Economic Social Action which puts the emphasis on consciously posited objectives or values. The emphasis on consciously posited motives of action is conducive to the idea that our intellect is at the origin of all our actions. In this Cartesian perspective, criticised by Gilbert Ryle, mind is opposed to matter (Ryle 1949). The exercise of intelligence is divided in two steps. An intellectual and hidden performance precedes each observable performance. First the subject refers to prescriptions or rules. Second, he acts accordingly. But, as Ryle points out, if for any operation to be intelligently executed, an intelligent theoretical operation had to be executed first, it would be logically impossible for anyone to meet this criterium. As a matter of fact, in accordance with the premise, the subject would to consider how best to reflect on how to reflect. And according to the rule he would have to regress indefinitely to the criteria used to justify each judgment at each level. Wittgenstein argues that even when we do refer to some explicit rules, such as mathematical rules, we rely on a pre-existing understanding of the rules we are applying. We cannot regress *ad infinitum* to the underlying underpinnings of these rules in an instantaneous way. We have to rely on intuition (Bouveresse 1999). Gilbert Ryle gives the example of a chess player. According to the logic of the *Cogito*, a chess player would have to consider the rules of chess before each move. This first assertion rings implausibly. Second the rules of chess rely on some implicit conventions. Players never consider these conventions and rely on their intuitive understanding.

The example of language is discussed both by Ryle and Wittgenstein. Speaking a language does not involve the hidden and mechanical observance of grammatical rules or style rules, prior to the utterance every sentence (Ryle 1949). According to Bouveresse, Wittgenstein makes a similar point when he critiques the supposition that when “anyone utters a sentence and means or understands it he is operating a calculus according to definite rules” ((Wittgenstein 1958) cited by (Bouveresse 1999)).

Michael Polanyi’s concept of *tacit knowledge* illustrates the point further (Polanyi 1966). Polanyi uses the results of two psychological experiments to define his concept. In the first experiment, individuals are presented with syllables and are administered an electric shock after certain syllables. In the second experiment an electric shock is administered at the utterance of associations between “shock words”. In both experiments the individuals are able

to avoid or predict the shocks but cannot tell how they are able to do so. In Polanyi's words, they attended from the "proximal term", the shock syllables or shock words, to the to the "distal term" the electric shocks. This tacit knowledge has functional, phenomenal, semantic and ontological aspects. The functional aspect of tacit-knowledge consists in attending from the elementary features to the global meaning. Second, the phenomenal aspect is the awareness of the proximal term in terms of the appearance of the distal terms. Modifications are observed in the perception of the syllables. The expectation of a shock, first vague and unceasing becomes sharp and fluctuating depending on the appearance of the syllables. Third, syllables signify the absence of occurrence of a shock. This is the semantic aspect of tacit knowledge. Last, objects exist through our tacit-knowing. This is the ontological aspect of tacit-knowledge. This framework is used by Polanyi to demonstrate that tacit knowledge is the foundation of all knowledge including scientific knowledge. In this view all knowledge is developed through an indwelling process such as a person exploring a dark cave with a probe. The meaningless feelings of the impact of the probe on his hands are transposed into meaningful ones. In the scientific field we use a theory as probe. We interiorise this theory. We attend from the theory to see things in its light. They are function of our tacit scientific knowledge. Thus, we have a tacit foreknowledge of yet undiscovered things such as a new theoretical model. This foreknowledge may prove to be a delusion, but in the opposite case they will be the foundation of the new scientific knowledge. In Polanyi's view, scientific knowledge always comprises a tacit-knowledge component.

If one is convinced by the argument that our conscious decisions, what Weber calls rational actions, comprise an unconscious component whereby we implicitly make choices without being fully reflective, it is possible to consider the idea that our view of the world is, to an extent, socially conditioned. Bourdieu posits the idea that interests orient many social activities. These interests are at least partly arbitrarily defined. Having made this assumption, social conditioning results from the engagement in a competition in which agents struggle for the appropriation of the form of capital at stake. Their respective positions are defined in opposition to other agents and influence their view of the world. Although it is possible to escape partly from conditioning, through a reflexive move, it is anthropologically impossible to escape from it completely, if one accept the reasoning presented at the beginning of this section, and the social scientist himself has a view influenced by his position of external observer with a particular view on the world resulting from his engagement in the scientific field.

This line of reasoning forms the foundation of arguments which support the idea that individual attributes other than network attributes are useful predictors differentiating between agents. It also questions the limitation of the interactionist view whereby what is considered as resulting from interaction is actually the cause of interaction and their contents.

But before concluding with this argument one can ask to which extent the idea of social conditioning is not bound to a theory of action in which of agents “adhere slavishly to a script written for them by the particular intersection of socio-cultural categories they happen to occupy” ((Granovetter 1992a) p32)” There is certainly a problem raising methodological issue for the social scientist involved in social analysis but at the same time there is no implicit denial of the notion of agency or freedom. It is perfectly possible to be both free and conditioned. A metaphor proposed by Denett illustrate the ambiguity of what we perceived as freedom ((Dennett 1984) quoted by Bouveresse (Bouveresse 1999) p48):

“Are you sure you are not in some sort of prison? Here one is invited to consider a chain of transformations, taking us from the obvious prisons to unobvious (but still dreadful) prisons, to utterly and undetectable (but still dreadful?) prisons. Consider a deer in Magdalen College Park. It is imprisoned? Yes, but not much. The enclosure is quite large. Suppose we moved the deer to a larger enclosure-the New Forest with a fence around it. Would the deer still be imprisoned? In the State of Maine, I am told, deer, almost never travel more than five miles from their birthplace during their lives. If an enclosure were located outside the normal unimpeded limits of a deer’s lifetime wandering, would the deer enclosed be imprisoned? Perhaps, but note that it makes a difference to our intuition whether *someone* installs the enclosure. Do you feel imprisoned on Planet Earth-the way Napoleon was stuck on Elba? It is one thing to be born and live on Elba, and another to be put and kept on Elba by *someone*. A jail without a jailer is not a jail. Whether or not it is an undesirable abode depends on other features; it depends on just how (if at all) it cramps the style of its inhabitants”

The opposition that might be raised by the idea that we might be unwittingly follow some rule or regular patterns of behaviour stems from an implicit view, which would put a rule, understood in the logical sense of the term, as the principle of our actions. If indeed we had mechanical rules at the principle of our behaviour this would be a denial of any possibility of freedom. However following unwittingly a regular pattern of behaviour does not imply the existence of a mechanical law governing our actions. If our actions are conditioned, although not mechanically, we are not strictly free, since our actions are not always the product of a deliberation, but neither are we strictly constrained (Bouveresse 1999).

Therefore the conditioning resulting from the inclusion of agent's attribute is not conducive to a regress to a substantive sociology. Consequently there is no basis for privileging network attributes and excluding social-categories as factors conditioning agents.

## **Conclusion**

Granovetter's theory of action relies essentially in the idea of purposeful action and involves interactionist claims reiterated over several theoretical articles during an extended period of time. This view does not accept conditioning resulting other than from shared norms and the broader historical and social context. Agents are mainly differentiated by the structure and history of their social network to the exclusion of other individual attributes. As a consequence it is difficult to explain difference of dispositions between agents if they cannot be explained in network terms. Moreover considering agents non-network attributes can also be used as alternative predictors of the likely behaviour of agents including the content and occurrence of interactions between agents. Granovetter's implicit rejection of this alternative view is encouraged by his reference to Weber which puts the emphasis on rational action as a deliberate action in reference to a value or an objective. This approach is neither desirable or necessary and has probably encouraged a form of methodological monotheism or "almost sectarian" work that Granovetter himself has criticised (Granovetter 2000)

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