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Comment on Emmanuel Lazega/2

(doi: 10.2383/29562)

Sociologica (ISSN 1971-8853)
Fascicolo 1, gennaio-aprile 2009

Ente di afferenza:
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Essays

Comment on Emmanuel Lazega/2

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doi: 10.2383/29562

In his "Cooperation among competitors: its social mechanisms through network analysis," Emmanuel Lazega presents an overview for a research program he calls "neo-structural economic sociology." The paper echoes and extends his earlier work on a particular form of collective action found in organizations, namely collegiality and its social mechanisms [Lazega 2001; Lazega and Mounier 2002; Lazega and Pattison 1999]. Originally developed for social phenomena at the intraorganizational level, Lazega now applies his insights about cooperation and competition to the interorganizational level. In addition, his work issues an important methodological call for the use of complete network data, capturing multiplex and multilevel network information and thus connecting different analytical levels, instead of dyadic network data on relations.

The seeming conundrum of "cooperation among competitors" as an integral part of economic production has captured scholars' attention before [e.g. Saxenian 1994]. Not surprisingly, then, Lazega starts with the observation that cooperation between competitors has become a fourth factor of production (after capital, labor, and natural resources). His contribution is to systematically parse out the complex forms of coordination that emerge from cooperative, collective action between competitors. Combining his methodological and theoretical interests, the paper thus proposes "a sociological theory of cooperation between competitors and of these complex forms of coordination based on a neo-structural approach and modeling."

Lazega's theoretical building blocks are organizational and economic sociology, which use network analytic methods, as well as insights stemming from symbolic interactionism and the convention school. In this combination, Lazega understands actors to possess a particular type of social rationality, which is structurally constrained but nevertheless allows actors to make *relational* choices and strategize in terms of their relational investments with exchange partners. An economic relation between interdependent actors is thus a channel for exchange of heterogeneous resources as well as of moral commitments.

Moreover, Lazega is also keen to point to the fact that actors politicize their social exchanges: economic actors try to structure their contexts to protect their relational investments and to turn them profitable. Such structuring of contexts to the advantage of interdependent actors can take two forms of coordination: social niches and status competition (Lazega refers to these forms of coordination also more generally as social discipline). These are Lazega's main conceptual building blocks.

Lazega's concept of a social niche describes a particular context that actors strategically build; at the same time it is less ecological and more relational than other current conceptions of niche. For Lazega, "an entrepreneur's social niche can be defined as the subgroup of the colleagues with whom he or she has particularly dense, multi-functional, and durable relationships linked, directly or indirectly, with his or her production activities. It then constitutes a pool of partners privileged in the exchange of these resources." A niche is analytically detectable as a cohesive group with the aid of network analytic tools; niche members experience the apparent similarities of the group as identity shaping. A social niche offers its members a protected space for multiplex barter, in which they can suspend short-term economic calculation and experience solidarity. The idea of strategic niche building brings to mind Harrison White's niche, which a single producer in market seeks to find in order to suspend competition temporarily [White 1981; White 2002]. Instead, though, Lazega focuses on a relational *set* of exchange partners forming a niche together.

Just as social niches result from actor's attempts to modify their opportunity structures, so does the strive for status. Whereas a social niche can be understood as a space of similars, which temporarily suspend market rationality, status is an attribution of importance bestowed by others as well as the representation of power based on a concentration of resources. The competition for status attainment rests on a multitude of dimensions related to power, advantage, and a proxy manifestation for quality. In Lazega's theory of cooperation between competitors, the grouping into social niches comes first and produces a fragmentation of the involved actors. In a second step, status allows competing actors to be "in a position of strength in negotiations (internal or external to their niche)." Further development of the concept status may prove fruitful for the larger project [e.g. Aspers 2006; Aspers 2009]. As it stands, the concept of social niche is confronted with structural, relational methods, while status appears much more difficult to grasp and then to analyze: at times, status is an individual attribute, then again a process of multirelational attribution.

Lazega shows how these forms of coordination arise from different, exemplary social processes: learning, particularistic solidarity, social control, and regulation. In accordance with his empirical work [Lazega and Pattison 1999], Lazega refers to these processes also as mechanisms, which drive collective action in economic partnerships. Lazega refers to a number of empirical studies, which use network analyses to show processes of coordination in markets.

I find Lazega's extension of the structuring of context from the intraorganizational to the interorganizational level an important contribution to structural analyses of markets, especially those, which seek to take actors from different levels and from different social realms into account. His quest to combine different analytical levels and to pay attention to multiple types of ties in multiplex network analysis is very compelling. It promises to overcome the limitations of dyadic analyses and contributes to the ongoing discussions on the limits of the embeddedness paradigm. Moreover, it provides a conceptual avenue into the structuring of context by interdependent, economic actors.

Yet it remains a "neo-structural" project. Although Lazega expands the structuralist universe by taking judgments into account, when he connects the relational with the "symbolic dimension," he first and foremost thinks in terms of structural analysis. To be sure, how cultural aspects relate to economic action is a decisive discussion in current economic sociology. It has been pushed throughout the last two decades by a variety of scholars from different theoretical directions in an attempt to overcome the structural heritage [e.g. Callon 1998; DiMaggio 1994; Levin 2008; White 2008; Zelizer 1988; Zelizer 2007]. For Lazega, the "symbolic dimension" refers to "symbolic activities such as appropriateness judgments, commitments and relational investments (based on boundary management and identity claims) and value judgments (negotiation of precarious values and norms)" [Lazega and Mounier 2002, 156]. These diverse relational-cum-cultural elements capture only some aspects going on in exchange relations. Stories economic actors tell about relations and in particular their evaluations also play a crucial role. Furthermore, these elements of the "symbolic dimension" remain vague in their implementation as developed in the paper. How would an analyst capture value judgments? Do judgments come prior to relations? Are they intermingled with relations or an analytical proxy for them? What would such a judgment then mean for the structuring of context amongst interdependent actors?

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Abstract: This paper argues that cooperation among competitors is facilitated by social processes (among others: learning, bounded solidarity, social control, regulation) that can be modelled using network analyses. Entrepreneurs get involved in social exchanges and these exchanges require relational investments, protection of these investments, social niche seeking and status competition – which trigger and drive these social processes. To illustrate this theory, I draw on sociological research using the analysis of social and organizational networks in business. These analyses model and substantiate the complex social discipline that helps interdependent, but competing entrepreneurs cooperate. Finally, I speculate about the implications of this knowledge of complex interdependencies and coordination, social discipline and social processes among entrepreneurs for public authorities involved in social control of markets.

Keywords: economic sociology, structural analysis, sociology of markets, context, culture.

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