

# INTERNATIONALIZING ECONOMIC SOCIOLOGY<sup>1</sup>

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We had a lively session at ASA on “Economic Sociology in the Next Decade and Beyond.” In this short essay, I would like to share a couple of thoughts that I presented in that session: where economic sociology is today and my pledge to internationalize the field.

## *1. Where is economic sociology?*

The recently celebrated ASA’s 100th Annual Meeting puts economic sociology in perspective because even though the intellectual roots of economic sociology can be traced back to such classic sociologists as Marx, Weber, Durkeim, etc., the institutionalization of the field has occurred in the last few years through different mechanisms. Granovetter’s 1985 article was the spark that rekindled the fire among economic sociologists, reminding us that economic actions are embedded in broader social relations. Then, the publication of the *Handbook of Economic Sociology* by Smelser and Swedberg in 1994 defined the field and its salient issues. In 2000, economic sociology was formally created as a section within ASA, giving the field its official legitimacy. Further institutionalization of the field of economic sociology are, for instance, the second edition of the *Handbook of Economic Sociology* (2005), the publishing of several other edited economic sociology books (e.g., Biggart 2002, Dobbin 2004; Guillén et al. 2003; Nee and Swedberg 2005; to mention just a few), as well as the fact that five Economic Sociology paper sessions and two roundtables sessions were included in the program of the 2005 ASA Annual Meeting. Lastly, in terms of external accreditation, economic sociology is now one

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of the categories for the ranking of departments of sociology (*U.S. News and World Report*). Obviously, exciting developments in economic sociology also take place in other forums, outside the ASA. European scholars have been very active in this field, probably because of their relatively more extensive interest in culture and cross-national comparisons. An illustrative example of this activism is the Economic Sociology European Website (<http://econsoc.mpifg.de/>), which, since October 1999, has issued newsletters containing thought-provoking essays.

Naturally, the organized field of economic sociology continues to struggle, like any growing field, to find a common group identity and, most important, to differentiate itself from other well-established fields of sociology (i.e. “organizations” and “work”). I would argue that economic sociology is primarily concerned with the study of markets and, in particular, market behavior and market structure among organizations and individuals. For economic sociologists, relationships in their social and cultural context are key components of markets.

The largest contention among economic sociologists has been with its big brother discipline, economics. Hirsch, Michaels and Friedman’s (1987) essay on “Clean models and dirty hands” thoroughly covers this schism. In light of this ongoing tension, the best solution, as suggested by Fernandez, Castilla and Moore (2000) is to seek to conduct genuine interdisciplinary research by taking a “high road engagement” with economics. In other words, we need to stop the familial in-fighting between the two disciplines and cultivate fruitful exchanges by borrowing methods, understanding their rationales, and enriching their clean models with our sociological tool-kit.

## *2. The Centennial theme and Economic Sociology*

The ASA's centennial theme was "Comparative Perspectives, Competing Explanations," which is very appropriate to economic sociology as we look forward to the development of the field. The comparative perspective allows testing for the generalization and utility of economic sociology variables, constructs and relationships. One of our collective flaws has been the extrapolation of the U.S. theoretical paradigms and empirical findings to generalize to other national contexts. In these cases, a cross-national (or regional) comparative approach is useful to enhance falsifiability. For example, in the sub-field of corporate governance, the Anglo-American view that firms' primary goal is to maximize shareholder wealth is not entirely consistent with Continental European models or Asian emerging models, which tend to have a more stakeholder, long-term oriented view of the firm. In addition, other significant differences between the Anglo and the American sides of the Anglo-American variety of capitalism which shape the structure of markets in these two countries, and in turn the way firms operate are often dismissed. For example, while managers in the United States possess extensive tools to avoid managerial discipline through takeover bids, in the United Kingdom shareholders can benefit from a more robust and less regulated takeover market. In effect, in most cross-national comparisons, differences are typically a matter of degree as opposed to a matter of type as shown by the shareholder value trends in German corporate governance (Fiss and Zajac 2004) and in the transformation of Japanese capitalism (Ahmadjian and Robbins 2005).

Competing explanations might include a test of the axiomatic predictions characterizing economic studies and enlighten these predictions with *rich* (my bias), empirical sociological investigations. Of course, it is easier said than done, but economic sociologists should strive for multiple method studies (triangulation), while being as comprehensive as possible in designing multiple-level analyses.

Finally, competing explanations are suited to economic sociology research as economies change and become increasingly connected to the global arena. The example used by Jerry Davis is illustrative of the so-called “rootless cosmopolitan” multinationals: Tommy Hilfiger has its headquarters in Hong Kong, is incorporated in the British Virgin Islands, holds its shareholder annual meeting in Barbados, has manufacturing operations in Mexico and China, and is listed on the NYSE. Multinationals transcend national boundaries and are difficult to pin down within a given economic system. Do our existing theories continue to explain the new economic and social realities of the 21st century? Social life encompasses the new economy and even the post-new economy, the post-emerging markets era, and the post-Enron era. Another example is the song, “*Besame, besame mucho*,” which has been caressed by Nat “King” Cole, rocked by the Grateful Dead, jazzed by Carmen McRae, and thundered by the Red Army Choir, and yet all of these musicians give different meanings to the same musical notes. It is interesting that *Besame, besame mucho* has become a global song, clearly shattering stylistic borders, and yet we know little about who wrote it (Consuelo Velázquez) and where she comes from (Mexico). I would urge everyone to endorse a more transnational, international and comparative perspective of economic sociology since we live in a world of international labor, product and capital markets, where white-collar crime affects not only a given organization but their suppliers in the antipodes, and where not paying a living wage or polluting the rivers in the southern hemisphere impinges on sustainable firm growth in the industrialized world.