**Chapter Four**

**The Sociology of Market**

**4.1 Institutional Theory**

**Institutional theory** is "A widely accepted theoretical posture that emphasizes rational myths, [isomorphism](http://en.wikipedia.org/wiki/Isomorphism), and legitimacy.” Institutional theory focuses on the deeper and more [resilient](http://en.wiktionary.org/wiki/resilient) aspects of social structure. It considers the processes by which structures, including schemes; rules, norms, and routines, become established as authoritative guidelines for social behavior. Different components of institutional theory explain how these elements are created, diffused, adopted, and adapted over space and time; and how they fall into decline and disuse.

Institutions are social structures that have attained a high degree of resilience. [They] are composed of cultural-cognitive, normative, and regulative elements that, together with associated activities and resources, provide stability and meaning to social life. Institutions are transmitted by various types of carriers, including symbolic systems, relational systems, routines, and artifacts. Institutions operate at different levels of jurisdiction, from the world system to localized interpersonal relationships. Institutions by definition connote stability but are subject to change processes, both incremental and discontinuous.

Institutional arguments rely not on aggregations of individual action, or on patterned interaction games between individuals, but on “institutions that structure action”. Institutions are emergent, “higher-order” factors above the individual level, constraining or constituting the interests and political participation of actors “without requiring repeated collective mobilization or authoritative intervention to achieve these regularities”

**Sociological Institutionalism**

The two main sources of sociological institutionalism as applied to politics are from organizational and world society perspectives and developed as a response to the lacunae in state-centered and world system theories in political sociology and in neorealist theories in international relations, all of which attribute policies and actions to political actors’ purposive pursuit of self-interest.

The critique has three main parts. First, the instrumental, individualist assumptions of interest-driven theories, sociological institutionalist scholars have noted, predict a variety of policies, actions, and functional forms among states, whereas for many policy examples states instead display isomorphism, despite differences in relevant interests. Second, the ambiguity of the linkage between observed reality, political instruments, and policy goals may render impracticable a well-informed pursuit of interests. Third, interest-driven theories may prematurely dismiss the constitutive role of culture in politics or conceptualize culture as being an artifact of political structures or economic relations.

Responsible for policy and political structural isomorphism in sociological institutionalist explanations, then, are cultural institutions common to political actors: cognitive or normative constructs that define the conceivable and appropriate forms of political organization, policy goals, and policy instruments for attaining those goals.

The institution of interest is transnational political culture, not nation-specific configurations of political organizations. As Strang and Chang (1993: 237) observe, “This perhaps makes “institutionalism” a misnomer; the institutions of concern are the codified cultural constructions, not the organizations that mirror them.” Sociological institutional theories address policy innovation only insofar as they explain waves of conformity to newly emerging cultural institutions, or address the conditions under which extant institutions constitute the production of new policy forms. They conceptualize the process of policy adoption as being a matter of emulation and diffusion, emphasizing system-level and relational-level causes that are exogenous to actors.

Political applications of these theories have been developed and tested using empirical cases of transnational policy convergence such as education standards , environmental treaties, and citizen rights, as well as empirical cases of national macroeconomic policy stability and subnational waves of policy convergence Sociological institutionalists form a tightly self-identified school of thinking.

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Sociological institutional explanations vary in the mechanisms to which they attribute political stability and the organizational structures through which these mechanisms exert causal influence. Mechanisms constitute the micro foundations of sociological institutionalist theorizing and the hypothesized primary motivators of human activity. In one view, norms, rituals, models, and conventions establish what is appropriate. From this viewpoint, state actors are motivated by status concerns, particularly in world society theories. Seeking legitimacy among their peer states, they adopt and maintain the characteristics and forms of a parent, global polity or of those of peers they perceive as being more legitimate.

Alternately, cognitive schemas, scripts, and paradigms establish what is conceivable. In this view, actors are motivated by substantive policy concerns but the linkage between available means and desired ends is inherently ambiguous, and actors select available means based on an imperfect, bounded or “garbage can,” rationality.

Consequently, they address policy either by working from a shared available stock of professional expertise or by emulating peers – other polities or organizations in civil society – they perceive as being more successful. The latter emulation may derive from competitive motivations or be part of a bounded, heuristic learning process, though such mechanisms may be difficult to disaggregate.

Third, political actors might be epistemologically dependent upon other actors – either pools of expert or managerial personnel or innovating, early adopting peers – to develop and demonstrate the cognitive or normative feasibility of policy rationales and prescriptions.

Having delegated technical authority to expert bodies, actors create policy by enacting the recommendations of scientific or technical “epistemic communities” or by defaulting to the standards and regulations of “global governance”.

In sociological institutionalist theory, organizational structures constitute the hypothesized infrastructures through which normative, cognitive, and dependence mechanisms exert their influence. In some explanations, the penetration of the state by nongovernmental organizations causes state political stability. If legitimacy-minded, states may conform to a “world culture” as a function of the extent to which culture-carrying international NGOs have an organizational presence. If motivated instead by bounded rationality, states may adopt and implement policy standards as a function of the pervasiveness of professional associations and academic or private policy-producing organizations. If epistemologically dependent on experts or other innovators, states may defer to the judgments of salient “epistemic communities” or “global governors”. In other explanations, the state’s networks of communication and monitoring are the main mediating structures. States may be vulnerable to legitimacy “peer pressure” from neighboring states or states in the same region. States seeking substantive solutions may be constrained by the number of viable alternative models that are available and may be influenced more by peers that are more available or salient

Coercive explanations for policy stability, while not normative or cognitive institutions per se, have received brief mention in the literature. More powerful actors such as international bodies or development agencies (or, for subnational units, the nation-state) may impose policy expectations on less powerful units; they may also promote certain procedures such as legal frameworks or budget schedules to induce less powerful actors to interact with them. Transnational regulatory convergence due to the pervasive imposition of incentives and threats from multinational corporations or by hypothesized “races to the bottom” proceed from organizational structure propositions grounded in state penetration or state networks, respectively.

**4.2 Actor-Network Theory**

**Actor–network theory**, often abbreviated as **ANT**, is a distinctive approach to [social theory](http://dictionary.sensagent.com/Social%20theory/en-en/) and research which originated in the field of [science studies](http://dictionary.sensagent.com/Science%20studies/en-en/). Although it is best known for its controversial insistence on the [agency](http://dictionary.sensagent.com/Human%20agency/en-en/) of [nonhumans](http://dictionary.sensagent.com/Non%20human/en-en/), ANT is also associated with forceful critiques of conventional and critical sociology. Developed by [science and technology studies](http://dictionary.sensagent.com/Science%20and%20technology%20studies/en-en/) scholars [Michel Callon](http://dictionary.sensagent.com/Michel%20Callon/en-en/) and [Bruno Latour](http://dictionary.sensagent.com/Bruno%20Latour/en-en/), the sociologist [John Law](http://dictionary.sensagent.com/John%20Law%20%28sociologist%29/en-en/), and others, it can more technically be described as a "material-semiotic" method. This means that it maps relations that are simultaneously material (between things) and [semiotic](http://dictionary.sensagent.com/Semiotic/en-en/) (between concepts). It assumes that many relations are both material and semiotic.

Actor-Network Theory emphasizes and considers all surrounding factors — no one acts alone. Galileo’s past experiences, his colleagues, his connections with the Astronomer Royal, John Flamsteed, his use of Euclidean geometry, Kepler’s astronomy, Galileo’s mechanics, his tools, the details of his lab, cultural factors and restrictions placed upon him in his environment, and various other technical and non-technical elements would all be described and considered in his actor-network.

Actor-Network Theory does not typically attempt to explain why a network exists; it is more interested in the infrastructure of actor-networks, how they are formed, how they can fall apart, etc.

Actor-Network Theory incorporates what is known as a principle of generalized symmetry; that is, what is human and non-human (e.g. artifacts, organization structures) should be integrated into the same conceptual framework and assigned equal amounts of agency. In this way, one gains a detailed description of the concrete mechanisms at work that hold the network together, while allowing an impartial treatment of the actors.

Broadly speaking, ANT is a [constructivist](http://dictionary.sensagent.com/Social%20constructivism/en-en/) approach in that it avoids [essentialist](http://dictionary.sensagent.com/Essentialist/en-en/) explanations of events or innovations (e.g. explaining a successful theory by saying it is “true” and the others are “false”). However, it is distinguished from many other sociological [network theory](http://dictionary.sensagent.com/Social%20network/en-en/) for its distinct material-semiotic approach.

Although it is called a “[theory](http://dictionary.sensagent.com/Philosophical%20theory/en-en/)”, ANT does not usually explain “why” or "how" a network takes the form that it does. Rather, ANT is a way of thoroughly exploring the relational ties within a network (which can be a multitude of different things). As Latour notes, "explanation does not follow from description; it is description taken that much further." It is not, in other words, a theory "of" anything, but rather a method, or a "how-to book" as Latour puts it.

##   The Actor-Network

The most central concept in ANT is the actor-network. The term "network" is somewhat problematic in that it, as Latour notes, has a number of unwanted connotations. Firstly, it implies that what is described takes the shape of a network, which is not necessarily the case. Secondly, it implies "transportation without deformation," which, in ANT, is not possible since any actor-network involves a vast number of [translations](http://dictionary.sensagent.com/actor-network%20theory/en-en/#Translation). Latour, however, still contends that network is a fitting term to use, because "it has no a priori order relation; it is not tied to the axiological myth of a top and of a bottom of society; it makes absolutely no assumption whether a specific locus is macro- or micro- and does not modify the tools to study the element 'a' or the element 'b'."

Actor–network theory tries to explain how material–semiotic networks come together to act as a whole; the clusters of actors involved in creating meaning are both material and semiotic. As a part of this it may look at explicit strategies for relating different elements together into a network so that they form an apparently coherent whole. These networks are potentially transient, existing in a constant making and re-making. This means that relations need to be repeatedly “performed” or the network will dissolve. They also assume that networks of relations are not intrinsically coherent, and may indeed contain conflicts. Social relations, in other words, are only ever in process, and must be [performed](http://dictionary.sensagent.com/Performativity/en-en/) continuously.

Actants denote human and non-human actors, and in a network take the shape that they do by virtue of their relations with one another. It assumes that nothing lies outside the network of relations, and as noted above, suggests that there is no difference in the ability of technology, humans, animals, or other non-humans to act (and that there are only enacted alliances.) As soon as an actor engages with an actor-network it too is caught up in the web of relations, and becomes part of the “[Entelechy](http://dictionary.sensagent.com/Entelechy/en-en/#Entelechy_or_entelechia)”.

If taken to its logical conclusion, then, nearly any actor can be considered merely a sum of other, smaller actors. A car is an example of a complex system. It contains many electronic and [mechanical](http://dictionary.sensagent.com/Machine/en-en/) components, all of which are essentially hidden from view to the driver, who simply deals with the car as a single object. This effect is known as *punctualisation*, and is similar to the idea of [abstraction](http://dictionary.sensagent.com/Abstraction/en-en/) in [object-oriented programming](http://dictionary.sensagent.com/Object-oriented%20programming/en-en/).

When an actor network breaks down, the punctualisation effect tends to cease as well. In the automobile example above, a non-working engine would cause the driver to become aware of the car as a collection of parts rather than just a vehicle capable of transporting him or her from place to place. This can also occur when elements of a network act contrarily to the network as a whole.

##   Human and non-human actors

ANT is often associated with the equal treatment of human, as well as non-human actors. ANT assumes that all entities in a network can and should be described in the same terms. This is called the principle of [*generalized symmetry*](http://en.wikipedia.org/w/index.php?title=Generalized_symmetry&action=edit&redlink=1). The rationale for this is that differences between them are generated in the network of relations, and should not be presupposed.

###   Intermediaries and mediators

The distinction between intermediaries and mediators is key to ANT sociology. Intermediaries are entities which make no difference (to some interesting state of affairs which we are studying) and so can be ignored. They transport the force of some other entity more or less without transformation and so are fairly uninteresting. Mediators are entities which multiply difference and so should be the object of study. Their outputs cannot be predicted by their inputs. From an ANT point of view sociology has tended to treat too much of the world as intermediaries.

For instance, a sociologist might take silk and nylon as intermediaries, holding that the former “means”, “reflects”, or “symbolizes” the upper classes and the latter the lower classes. In such a view the real world silk–nylon difference is irrelevant — presumably many other material differences could also, and do also, transport this class distinction. But taken as mediators these fabrics would have to be engaged with by the analyst in their specificity: the internal real-world complexities of silk and nylon suddenly appear relevant, and are seen as actively constructing the ideological class distinction which they once merely reflected.

For the committed ANT analyst, social things—like class distinctions in taste in the silk and nylon example, but also groups and power—must constantly be constructed or performed anew through complex engagements with complex mediators. There is no stand-alone social repertoire lying in the background to be reflected off, expressed through, or substantiated in, interactions (as in an intermediary conception).

## Criticism

Actor–network theory insists on the [agency](http://dictionary.sensagent.com/Human%20agency/en-en/) of [nonhumans](http://dictionary.sensagent.com/Non%20human/en-en/). Critics maintain that such properties as *intentionality* fundamentally distinguish humans from animals or from “things” ANT scholars respond with the following arguments:

* They do not attribute intentionality and similar properties to [nonhumans](http://dictionary.sensagent.com/Non%20human/en-en/).
* Their conception of [agency](http://dictionary.sensagent.com/Human%20agency/en-en/) does not presuppose intentionality.
* They locate agency neither in human “subjects” nor in non-human “objects”, but in heterogeneous associations of humans and nonhumans.

ANT has been criticized as amoral. [Wiebe Bijker](http://dictionary.sensagent.com/Wiebe%20Bijker/en-en/) has responded to this criticism by stating that the amorality of ANT is not a necessity. Moral and political positions are possible, but one must first describe the network before taking up such positions.

Whittle and Spicer note that "ANT has also sought to move beyond deterministic models that trace organizational phenomena back to powerful individuals, social structures, hegemonic discourses or technological effects. Rather, ANT prefers to seek out complex patterns of causality rooted in connections between actors." They argue that ANT's ontological realism makes it, "less well equipped for pursuing a critical account of organizations ­that is, one which recognises the unfolding nature of reality, considers the limits of knowledge and seeks to challenge structures of domination." This implies that ANT does not account for pre-existing structures, such as power, but rather sees these structures as emerging from the actions of actors within the network and their ability to align in pursuit of their interests. ANT can be seen as an attempt to explain successful innovators by saying only that they were successful. Likewise, for organization studies, Whittle and Spicer assert that ANT is, "ill-suited to the task of developing political alternatives to the imaginaries of market managerialism."

Some critics have argued that research based on ANT perspectives remains entirely descriptive and fails to provide explanations for social processes. ANT—like comparable social scientific methods—requires judgement calls from the researcher as to which actors are important within a network and which are not. Critics argue that the importance of particular actors cannot be determined in the absence of “out-of-network” criteria.

**4.3 Performativity Theory**

The approach developed by Bruno Latour and Michel Callon for the sociology of science studies, called Actor-Network-Theory, also has been used by Callon to study the economy. The notion of performativity refers to the interplay between theories of the economy and the economy (“reality”). Callon says that his position “consists in maintaining that economics, in the broad sense of the term, performs, shapes and formats the economy, rather than observing how it functions”.

Performativity, according to Callon, means that economic actors, much like scientists who develop theories of the world, use these theories when interacting with the world, thereby shaping it according to their theories. In this way, they perform the economy, making the real economy more like the theories of it. Callon argues: “[The] economy is embedded not in society but in economics”. He also stresses the role of economics in explaining how the economy performs. A key idea of Callon’s is that the economy is produced in relation to increased codified economic knowledge. This knowledge includes neoclassical theory, as well as accounting techniques and marketing. Neoclassical theory has a special place in the discussion on performativity, although economics at large is the main issue.

There are two different types of markets, fixed-role markets and switch-role markets, and no existing theory can be used to explain both of them. In fixed-role markets, such as a producer market of garments, actors are identified as either sellers or buyers. In switch-role markets, such as the stock exchange market or currency market, actors are not identified with one role. The other distinction is between standard and status markets. In a status market, order is maintained because the identities of actors on both sides of the market are ranked according to status, which is a more entrenched social construction than the commodity traded in the market. In a market characterized by standards, the situation is reversed: the commodity is a more entrenched social construction than the social status of actors in the market.

**Performing Markets**

Callon argues that the sociological focus should be on economics, which today is largely identical with neoclassical theory. To make it simple, Callon claims that markets should be understood as consequences of theories, whereas most economic sociologists say that the theories must also reflect the variety of real markets. Markets can be performed using the neoclassical price mechanism as a paradigm. Thus, in switch-role markets with standard products, it is particularly likely that the market and the economy are quite similar.

A correlated point is that the neoclassical price equilibrium theory is the best theory when it comes to explaining what goes on in some real markets, and that Harrison White’s approach is the best we have for other markets. To be concrete: “economics” has essentially developed a price theory of switch-role markets, whereas the theories developed in new economic sociology are about fixed-role markets.