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## ”Cooperation among Competitors”: A Response to the Comments

(doi: 10.2383/29564)

Sociologica (ISSN 1971-8853)

Fascicolo 1, gennaio-aprile 2009

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# “Cooperation among Competitors”: A Response to the Comments

by Emmanuel Lazega

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I will start with Luigi Burroni’s comment because our outlooks have, in my view, much in common. The social discipline that neo-structural sociology locates at both the individual and collective levels is probably very close to what he calls ‘communitarian mechanisms.’ The latter are themselves a form of collective good (part of the ‘social capital’ of the community). The difference between our approaches is perhaps that neo-structural sociology measures social discipline and models the dynamic and multilevel processes that generate and sustain it. I am not aware of a true network study of Japanese keiretsus, Korean chaebols, and many other classical forms of coordination examined from the perspective of production markets, including Italian industrial districts (but I recognize that such a study would be easy to miss in the enormous literature that focuses on these entities). Measuring relational investments, mapping social exchange systems in detail, modelling social processes and discipline in ‘territorial’ clusters will provide a new understanding of the relationship between economic transactions and social exchanges among firms and entrepreneurs. Analysis of multiplexity is precisely designed to study Luigi Burroni’s “specific and diverse contents that pass through the cooperative relationships” [Lomi and Pattison 2006; Pina-Stranger and Lazega forth.]. Such measurements would, in my view, provide new insights into these ‘communitarian mechanisms’ and the capacity of clusters to build collective goods.

The issue of policy incentives crafted as a result of such studies is not addressed by this paper, but I do suggest at the end that a ‘regulatory architecture,’ to use Luigi

Burroni’s word, that does not take into account the existence and shape of such social processes and discipline – a policy that relies exclusively on political diktat and/or financial incentives, i.e. remote control, by the State, of local processes – is bound to fail.

At the end of her comment, Sophie Mützel rightly focuses on the issue of the connection between the structural and symbolic dimensions of action. She regrets, however, that the neo-structural approach “first and foremost thinks in terms of structural analysis.” She mentions the theory of appropriateness judgments as the theory that connects the two dimensions of action, only to state that “these diverse relational-cum-cultural elements capture only some aspects going on in exchange relations;” what about, then, “stories economic actors tell about relations and in particular their evaluations?” “How would an analyst capture value judgments?” “What would such a judgment then mean for the structuring of context amongst interdependent actors?”

There was indeed not enough room in this synthetic paper to spell out in detail this aspect of a neo-structural approach; and surely this is one of the most important theoretical issues in economic sociology, not to mention sociology in general. Yet the paper still offers some clear – not so vague in my view – leads that begin to answer Sophie Mützel’s questions. In effect, it is important to notice that her summary of the approach glosses very quickly over the connection between on the one hand structural forms such as social niches or heterogeneous and (more or less) inconsistent forms of status; and on the other hand analytically separate social processes (learning, solidarity, control, regulation, etc.). Empirical research shows that the former facilitate the latter, and hence cooperation among competitors. This is worth stressing, it seems to me, because stories and evaluations that Sophie Mützel (and Harrison White below) mentions next, are part of culture; as such they are, in my view, sophisticated and complex background indicators for the regulatory process. Cooperation is part of collective action; storytelling and evaluations, even when observed at the individual level, are both interactive and part of collective action. I would thus argue that they are mainly part of collective action as part of the regulatory process: at the collective level, culture is about rule-making, value assertion. Any language or discourse, whether explicit or implicit, carries investments in form, and such investments have a normative dimension.

Saying that does not reduce culture in general to a specific and narrow function; investments in form are indeed ubiquitous, multidimensional and multifunctional. But they are generated and mobilized as part of collective action – even when it is difficult for individualized and desolidarized actors, embedded in fragile niches at best, to keep track of the scope of this collective action. As stressed by Sophie Mützel, this connection between structure, culture and regulatory activity is captured

by the notion of appropriateness judgment (which underlies what we usually call value judgments). In such appropriateness judgments the three elements of identity (which draws in language and history), rules, and (political) representation or control are brought together. Appropriateness judgments themselves are observed and analyzed in controversies. This does not preclude stories we tell about relationships and value judgments since such stories and judgments are part of ongoing controversies. As shown by Gluckman [1963], this connection between structure, culture and regulatory activity in controversies is anthropologically universal.

Social processes, including solidarity, learning, or social control, are modelled by neo-structural sociology at different levels. They are differentiated only analytically. Culture and regulatory activity pervade human action and these social processes in general. Thus focusing on discourse and stories enriches neo-structural analysis; it may point to the limitation of contemporary neo-structuralists – and our very limited capacity to tease out the regulatory dimension of investments in form, whether discursive or not – not to a limitation of the approach itself. This is certainly also true for entrepreneurial activity, relationships and rhetoric on markets, which in my observations are embedded in discourse of threats and promises.

Harrison White also encourages more attention to discourse and ‘metapragmatic indexicality.’ But on behalf of a deeper critique: a neo-structural approach, because it pays too much attention to economic and social exchange interactions, is said to be unable to do two things. Firstly, to recognize that collective action (a march, for example) can happen without coordination, without social processes such as solidarity, control and regulation; without even individual and strategic agency that we assume to be present in relational investments. Secondly, to reach an institutional level of analysis: Harrison White argues that neo-structural sociology does not account for institutional phenomena as much as it accounts for individual strategic action.

Concerning the first critique, I would argue that social life is not as mechanical or routine as suggested by the example of a march. This is not simply an empirical issue, but a question of definition of ‘social mechanism.’ Individuals marching together are goal oriented; they behave conditionally; they are influenced by opinion leaders who structure the context of their interactions. Once uncertainty and dynamics are brought into the picture, we recognize that actors endogenize the structure, try (albeit most often unsuccessfully) to reshape their own opportunity structure, and very little happens without coordination efforts in an organizational society [Perrow 1991]. Indeed, rules institutionalized even in a very old past may be taken-for-granted and mobilized without reflexivity; but conflicts and duality in Breiger’s sense are everywhere [Breiger 1974], bringing the taken-for-granted back into actors’ discourse, as instruments for new contextualizations.

The second critique, in my view, underestimates the importance of rules. As already mentioned, the theory of appropriateness judgments assumes that there are multiple, conflicting, sometimes contradictory rules between identity and control. The institutional dimension is not absent from neo-structuralism, but cast in a dynamic and multilevel perspective insisting on rules, the regulatory process, the importance of heterogeneous and inconsistent forms status in this process, and the rhetoric of sacrifice (or false sacrifice) for the general interest that comes attached. An 'institutional' perspective is present in neo-structuralism because the link between the micro and the macro levels of analysis is called politics. Actors involved in politics try to regulate and institutionalize. For example, it is not idealistic to argue that law and other norms, to some extent, organize business and entrepreneurial activity. This does not mean, as already mentioned above in response to Sophie Mützel, that discourse (including stories and narratives) is taken for granted; rather it means that its regulatory dimension should be restored. All investments in form and in language deserve that kind of 'regulatory attention.' Naming is normalizing. For example, entrepreneurs are indeed able to mix various kinds of normative discourse: that of business law, of custom, but also that of more mundane threats and promises. Each kind of discourse has its own performativity precisely because there are rules between identity and control.

Politics, polynormativity and multi-level rule making may not be the only way to conceptualize a relationship between the micro and the meso levels, then between the meso and the macro levels. There may be other ways to reconcile strategic and institutional levels of analysis, to use Harrison White's labels. But in times of intense institutional redesign in modern societies, institutionalization as a complex, evolutionary, and regulatory process – whether formal and/or informal – is the key phenomenon for social sciences. Insofar as institutionalization is itself based on relational investments and social discipline, as defined here, investing in neo-structural sociology is one of the safest bets for social scientists.

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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.

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*Keywords: cooperation, competition, neo-structuralism, social processes, social exchange, network analysis.*

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