

## ***A CRITICAL REVIEW OF DEVELOPMENT SOCIOLOGY: THEORIES AND POLICIES***

**Samira Bakhtiari**

*Islamic Azad University, Iran*

*E-mail: samira.bakhtiari@mail.com*

*Received October 2015; accepted February 2016*

### **Abstracts**

Development sociology is an attractive field of research, as well as an interesting philosophical debate which a series of well known philosophers have concentrated upon, such as Marx, Durkheim, and Weber. Faced with an impasse, historians and other social scientists set out on a novel journey to examine different aspects of this concept. Thus, this paper tries to elaborate the concept, to review the history, to discuss the main topics in mainstream research, and finally to make policy recommendations based on the discussions.

### **Research paper**

**Keywords:** Economic sociology, Critical review, Theories, Policies

**Reference** to this paper should be made as follows: Bakhtiari, S. (2016). “A Critical Review of Development Sociology: Theories and Policies”, *Journal of Entrepreneurship, Business and Economics*, Vol. 4, No. 2, pp. 150–162.

### **Introduction**

The word “development” is extensively used in several fields, such as economics, anthropology, human science, sociology, and the like. In fact, this concept brings a meaningful aspect to any field. Among these fields, development is combined with sociological concepts and led to emergence of “development sociology”. Due to its particular historical development, sociology as a discipline has gone through several stages around the Globe (Xiong, 2001). One of the main stages was introduction of development sociology. Scholars find in development sociology as well as environmental sociology, a focus on grounded analysis rather than on theoretical abstrac-

tion, on prescription rather than on interpretation (Baviskar, 1997). In fact, the sociology of development is said to be in an impasse (Skclair, 1988). Besides the sociology of organizations and social stratification, the sociology of development is another specialty that has devoted systematic attention to the study of economic processes, especially those having to do with industrialization and economic growth (Guillén et al., 2002).

Economic sociology is staging a comeback after decades of relative obscurity. Many of the issues explored by scholars today mirror the original concerns of the discipline: sociology emerged in the first place as a science geared toward providing an institutionally informed and culturally rich understanding of economic life (Guillén et al., 2002). Confronted with the profound social transformations of the late nineteenth and early twentieth centuries, the founders of sociological thought- Karl Marx, Emile Durkheim, Max Weber, and Georg Simmel- explored the relationship between the economy and the larger society (Kiely, 2014). They examined the production, distribution, and consumption of goods and services through the lenses of domination and power, solidarity and inequality, structure and agency, and ideology and culture. The classics thus planted the seeds for the systematic study of social classes, gender, race, complex organizations, work and occupations, economic development, and culture as part of a unified sociological approach to economic life (Guillén et al., 2002; Kaya, 2010).

In sum, economic sociology is controversial domain, about which a series of well known philosophers discussed (Viterna & Robertson, 2015). However, yet there is a long way to be able to reach a general consensus in this regard (Zafirovski, 2006). In this paper, theories and policies are discussed more clearly, in order to make a more clear contribution to the economic sociolo-

gy field, from a different lens of view. Thus, first, the emergence of this academic stream is reviewed, then, mainstream research is discussed, and finally, the paper concludes with some recommended policies.

### **The History of Economic Sociology**

As mentioned earlier, scholars such as Karl Marx, Emile Durkheim, Max Weber, and Georg Simmel, were among the first authors who implicitly challenged the concept of economic sociology which led to a unified sociological approach to economic life (Guillén et al., 2002). Subsequent theoretical developments led scholars away from this originally unified approach. In the 1930s, Talcott Parsons reinterpreted the classical heritage of economic sociology, clearly distinguishing between economics<sup>1</sup> and sociology<sup>2</sup> (Portes, 2015). Thus, sociologists were theoretically discouraged from participating in the economics-sociology dialogue<sup>3</sup>. It was only when Parsons's theory was challenged by the reality of the contentious 1960s<sup>4</sup> (see Granovetter 1985) that some of its inherent limitations were recognized and other theoretical models were seriously considered. Although in later work Parsons and Neil Smelser (1956) produced a more integrative sociological approach to the economy, many sociologists from the 1960s to the 1980s shifted to narrower research areas, devoting their attention to specific economic phenomena without making an attempt to arrive at a systematic sociological understanding of economic life. Throughout this period, different

---

<sup>1</sup> focused on the means of economic action, or what he called “the adaptive subsystem”.

<sup>2</sup> focused on the value orientations underpinning economic action.

<sup>3</sup> an exchange that, in any case, was not sought by economists.

<sup>4</sup> specifically, its emphasis on value consensus and system equilibration.

subfields within sociology<sup>5</sup> contributed important theoretical insights and empirical evidence related to the study of economic processes (Guillén et al., 2002; Portes, 2015).

In fact, the sociological study of economic phenomena related to (market) production thrived during the 1960s in the subfields of organizations and of work and occupations. These new organizational sociologists embraced the study of organizations qua organizations and relegated to the background the impact of organizations on group norms and solidarity. The new sociologists asked questions about the beneficiaries of organizations, the dominant control system, the impact of the environment on organizations, and the impact of technology. Still other sociologists pursued the Weberian agenda by studying authority and stratification systems from a cross-national, comparative perspective (Guillén et al., 2002; Farrington et al., 2005; Portes, 2015). Over the years, however, this organizational subfield drifted apart from sociology, in terms of both theoretical concerns and academic organization. While the Weberian scholars of the 1960s and early 1970s had something to say about society in general, the new organizational theorists of the 1970s and 1980s focused most of their research energies on for-profit organizations. Their theories established few connections with other sociological areas.

In addition to the sociology of organizations and social stratification, the sociology of development is another specialty that has devoted systematic attention to the study of economic processes, especially those having to do with industrialization and economic growth. Sociological studies of development have sought to understand the social and political bases of economic

---

<sup>5</sup> such as organizations, work and occupations, social stratification, professions, development, and culture

growth and development. Early students of development echoed the Parsonian approach in their emphasis on the shift from traditional to modern values and on the gradual transformation of authority structures, and they offered fairly optimistic forecasts of the prospects for development around the world (Guillén et al., 2002; Farrington et al., 2005; Portes, 2015). Others, by contrast, painted a bleaker view of development prospects in using Marxist theory to highlight the dependence of developing countries on the core industrialized and advanced countries (Viterna & Robertson, 2015).

### **Economic Sociology: The Mainstream**

In sum, economic sociology is the study of the social organization of economic phenomena, including those related to production, trade, leisure, and consumption. These phenomena, which are not necessarily mediated by monetary payments, can be observed at various levels of analysis—namely, the individual, the group, the household, the organization, the network, the market, the industry, the country, and the world system. Although economic sociologists differ in their theoretical emphases and empirical techniques, they share an interest in both processes and outcomes, and in inequality as well as efficiency (Sklair, 1988; Guillén et al., 2002; Portes, 2015).

In particular, economic sociology seeks to understand economic phenomena in their social and cultural contexts, without falling into the trap of three fallacies common to economic analysis. The first fallacy is that the social is a realm separate from the economic<sup>6</sup>. Economic sociologists argue that all economic activity is socially grounded and enabled (Swedberg and Granovetter 1992), and that no economic phenomenon can be assessed without the

---

<sup>6</sup> this fallacy was perpetuated not only by economists but by Parsons within the field of sociology

shared understandings (culture), institutional structures, symbols, and networks of inter-actor relationships that concretize it and give it form. The market is seen as a social and cultural product: market exchange is facilitated by social and cultural processes that provide market participants with shared understandings (in the forms of values, norms, and symbols) that help them to make sense of what goes on and how they should act. Economic sociologists also reject the notion that the social or cultural dimensions of society “interfere” with the smooth functioning of the economy (Guillén et al., 2002).

Generally, economists believe that individuals make conscious calculations about how to maximize utility, and that the preferences that determine their utility functions<sup>7</sup> are exogenous to the models of interest. Economic sociologists consider this view, however, a fallacy. Drawing on a rich variety of anthropological, ethnographic, social-psychological, psychoanalytic, linguistic, and sociological research, economic sociologists see both preferences and actions as fundamentally connected to and affected by cognitive biases, limited powers of reasoning, non-conscious and ambivalent feelings, role expectations, norms, and cultural frames, schemata, classifications, and myths (see, Portes, 2015). Hence, both utility maximization and the isolation of strictly economic variables are unacceptable to economic sociologists, since such reductionism necessarily hinders the understanding of economic phenomena. It is not just that these reductionist assumptions include the determination of preferences as part of what they seek to understand. Economic sociologists also recognize that social forces often affect reasoning in ways that defy a strict rationality assumption, and thus they dismiss

---

<sup>7</sup> that is, the sources and associated magnitude of their utilities

economists' belief that knowing an individual's preferences<sup>8</sup> and immediate constraints leads to unambiguous sequences of decision making or action (Guillén et al., 2002).

A final key theoretical difference is that economic sociologists reject the idea that the aggregation of individual-level behavior is straightforward and unproblematic. Drawing on previous research on social classes, social movements, social networks, power dynamics, and cultural blueprints, economic sociologists seek to improve our understanding of economic behavior at levels of analysis higher than that of the individual or the group (Farrington et al., 2005). To better explain aggregate processes and outcomes, they consider sociological concepts such as ideology, consciousness, collective action, neighborhood effects, trust, unintended consequences, decoupling, latent functions, and interaction rituals. Furthermore, a sociological approach to economic phenomena pays attention to how social class, gender, and race mediate in the process of aggregation of individual decisions and actions generating patterns of inequality. The sociological contribution here is that all action<sup>9</sup> results in outcomes that are shaped not only by the individual actor's motives but also by larger social, cultural, and institutional structures (Guillén et al., 2002; Viterna & Robertson, 2015).

In a nutshell, it is important to note that economic sociologists have produced theoretical insights about economic phenomena that represent either complementary or competing explanations to those proposed by the traditional rational-choice, utility-driven economic models. The following is an illustrative list of sociological contributions to key debates about economic action: (i) culture, (ii) networks and social capital, (iii) trust, and (iv) effort

---

<sup>8</sup> even if exogenous

<sup>9</sup> whether driven by interests, power, or trust

and motivation. These theoretical contributions have expanded the variables considered and led economic sociologists to recognize the complexity and interdependence of social and economic elements. They have also extended the type of economic activities studied. Scholars in this emerging field have called for more systematic attention to economic activity not done for money or in the market, including household work, gift giving, and volunteer work, as well as collectivist types of organizations. This interest is in keeping with the main sociological contribution to the study of economic phenomena: showing that economic action is, after all, a form of social action (Guillén et al., 2002).

### **Policy Recommendations**

Policy recommendations basically follow the four main aforementioned themes which are of paramount importance in economic sociology, which are: (i) culture, (ii) networks and social capital, (iii) trust, and (iv) effort and motivation.

#### ***(i) Culture***

Sociologists emphasize that economic action cannot proceed without shared understandings about appropriate behavior in a given social setting (Oxaal et al., 2013). Cultural understandings lie at the core of economic action because they provide stability and meaning; these shared understandings help actors make sense of the situation, develop strategies for action, and adjust their expectations and behavior as they interact with others (Guillén et al., 2002; Viterna & Robertson, 2015). Economic sociologists invoke values and norms, network structures, the state, and ideologies as factors creating

shared understandings among participants in the various arenas in which economic activity takes place, including markets, groups, organizations, and households (Evans 1979, 1995; Kiely, 2014; Salamzadeh, 2015). It is argued that the resultant social structure helps participants search for a niche in which they develop an identity and adopt a certain set of roles (White 1981, 2001).

***(ii) Networks and social capital***

Economic action can be facilitated or hindered by the actor's position in a network of relationships (Delgado-Wise, 2014). Many economic sociologists invoke the concept of social capital to explain why some actors are more successful than others at mobilizing resources or attaining their goals (Burt 1982, 1992; Coleman 1990; Salamzadeh et al., 2013; Levien, 2015). Scholars have defined and assessed social capital at various levels of aggregation, including the individual, the group, the organization, and the country (Guillén et al., 2002). Economic sociologists have also explored the interdependent mechanisms of this construct, pointing out that one actor's social capital may be another's social exclusion- an argument that brings power, interest, and discrimination into the analysis of economic action (Guillén et al., 2002; Viterna & Robertson, 2015).

***(iii) Trust***

Empirical evidence has shown that economic action is often not based on a self-interested assessment of incentives, as argued by economists (Schrank, 2015). Instead, it is often based on trust, which is historically developed and culturally specific, although not exclusive to any one culture (Dore 1983;

Mahutga, 2016). Economic sociologists are keen to point out that trust helps to explain the observed order, stability, and continuity in social life that occurs because of genuine emotional caring or norms of obligation that bind actors in spite of their incentives (Guillén et al., 2002; Zehr, 2015; Viterna & Robertson, 2015).

*(iv) Effort and motivation*

Economic sociologists have pointed out several key factors that shape commitment and effort at work apart from the traditionally considered structure of material incentives (Dietz, 2015). For instance, Bendix (2001) demonstrated that blind obedience driven by economic incentives is not sufficient for organizations to accomplish their work. Good faith and initiative are required if complex organizations are to respond to unforeseen circumstances and opportunities<sup>10</sup>, and these qualities are guided by a culture, ideology, or ethic of work and effort. More recently, economic sociologists have revisited this important topic, and there has been renewed interest in social-psychological processes and group dynamics, as well as a better appreciation of the complexity of human motivations to work hard (Guillén et al., 2002; Viterna & Robertson, 2015).

**Conclusion**

As mentioned in this paper, economic sociology came into existence after a challenging discussion among sociologists and economists. Although both parties insisted on their points of view regarding economics or sociology,

---

<sup>10</sup> subordinates must “comply with general rules as well as specific orders in a manner which strikes some reasonable balance between the extremes of blind obedience and capricious unpredictability” (Guillén et al., 2002)

hopefully a common sense is reached in this domain; however, there are lots of issues to be resolved or elaborated in this domain. Thus, this paper tried to review the extant literature on economic sociology, the mainstream, as well as elaborating some policy implications which were classified into four categories, i.e. (i) culture, (ii) networks and social capital, (iii) trust, and (iv) effort and motivation. These efforts are done to present a more clear view of the field for the researchers and to open new windows of opportunity for theoretical contributions. I hope the future research in this domain could lead to a fertile ground for presenting novel ideas in order to change the world.

## **References**

1. Almeida, P. (2015). Unintended Consequences of State-led Development. *Sociology of Development*, 1(2), 259-276.
2. Baviskar, A. (1997). Ecology and development in India: A field and its future. *Sociological bulletin*, 46(2), 193-207.
3. Bendix, R. (2001). *Work and Authority in Industry*. New Brunswick, N.J.: Transaction Press.
4. Burt, R. S. (1982). *Toward a Structural Theory of Action: Network Models of Social Structure*. New York: Academic Press.
5. Burt, R. S. (1992). *Structural Holes: The Social Structure of Competition*. Cambridge, Mass.: Harvard University Press.
6. Coleman, J. S. (1990). *Foundations of Social Theory*. Cambridge, Mass.: Belknap Press of Harvard University Press.
7. Delgado-Wise, R. (2014). A Critical Overview of Migration and Development: The Latin American Challenge. *Annual Review of Sociology*, 40, 643-663.
8. Dietz, T. (2015). Prolegomenon to a Structural Human Ecology of Human Well-Being. *Sociology of Development*, 1(1), 123-148.
9. Dore, R. (1983). Goodwill and the Spirit of Market Capitalism. *British Journal of Sociology*, 34, 459-82.

10. Evans, P. (1979). *Dependent Development*. Princeton, N.J.: Princeton University Press.
11. Evans, P. (1995). *Embedded Autonomy: States and Industrial Transformation*. Princeton, N.J.: Princeton University Press.
12. Farrington, J., Mosse, D., & Rew, A. (Eds.). (2005). *Development as process: concepts and methods for working with complexity*. Routledge.
13. Granovetter, M. (1985). Economic Action and Social Structure: The Problem of Embeddedness. *American Journal of Sociology*, 91(3), 481–510.
14. Guillén, M. F., Collins, R., & England, P. (2002). *Economic sociology is staging a comeback after decades of rela. The New Economic Sociology: Developments in an Emerging Field: Developments in an Emerging Field, USA: Sage publication*.
15. Kaya, Y. (2010). Globalization and industrialization in 64 developing countries, 1980–2003. *Social Forces*, 88(3), 1153-1182.
16. Kiely, R. (2014). *The Sociology of Development: The Impasse and Beyond*. UK: Routledge.
17. Levien, M. (2015). Social Capital as Obstacle to Development: Brokering Land, Norms, and Trust in Rural India. *World Development*, 74, 77-92.
18. Mahutga, M. C. (2016, July). Networks and Economic Development: A New Agenda. In *Third ISA Forum of Sociology (July 10-14, 2016)*. Isaconf.
19. Oxaal, I., Barnett, T., & Booth, D. (Eds.). (2013). *Beyond the sociology of development: economy and society in Latin America and Africa*. Routledge.
20. Parsons, T, & Neil J. Smelser. (1956). *Economy and Society: A Study in the Integration of Economic and Social Theory*. Glencoe, Ill.: Free Press.
21. Portes, A. (2015). The Sociology of Development. *Sociology of Development*,1(1), 20-42.
22. Salamzadeh, A. (2015). New Venture Creation: Controversial Perspectives and Theories. *Economic Analysis*, 48(3-4), 101-109.
23. Salamzadeh, A., Azimi, M. A., & Kirby, D. A. (2013). Social entrepreneurship education in higher education: insights from a developing country. *International Journal of Entrepreneurship and Small Business*, 20(1), 17-34.
24. Schrank, A. (2015). Toward a new economic sociology of development. *Sociology of Development*, 1(2), 233-258.
25. Sklair, L. (1988). Transcending the impasse: Metatheory, theory, and empirical research in the sociology of development and underdevelopment. *World Development*, 16(6), 697-709.
26. Swedberg, R, & Granovetter, M. (1992). Introduction. In *The Sociology of Economic Life*, edited by Mark Granovetter and Richard Swedberg. Boulder, Colo.: Westview.
27. Viterna, J., & Robertson, C. (2015). New Directions for the Sociology of Development. *Annual Review of Sociology*, 41, 243-269.

28. White, H. C. (1981). Where Do Markets Come From? *American Journal of Sociology*, 87, 514–47.
29. White, H. C. (2001). *Markets from Networks*. Princeton, N.J.: Princeton University Press
30. Xiong, B. (2001). On Qualitative Approach: Engendering Sociology. *Sociological Research*, 5, 1-16.
31. Zafirovski, M. (2006). Parsonian Economic Sociology. *American Journal of Economics and Sociology*, 65(1), 75-107.
32. Zehr, S. (2015). The sociology of global climate change. *Wiley Interdisciplinary Reviews: Climate Change*, 6(2), 129-150.