

A Matter of Coordination, Knowledge and Temporality: Back to the Adoption of Embeddedness in the Literature about Clusters (1985-2015)

Florian Fougy¹ Sylvain Amisse²

¹University of Angers, France

²Universidad Catolica del Norte, Chile

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What is embeddedness?

- Individual actions are **embedded** in the social life of actors.
- Study of the economic life considering the influence of the embeddedness of actors in their respective social lives.
- avoiding the **under-socialized** and **over-socialized** visions of the individual behavior



What is embeddedness?

Under-socialized vision

- Individuals as autonomous and free to make their own choices.
- Guided by the search of their personal interest, individuals take their decisions alone and selfishly.
- Each individual is considered as an **atom of the system**.

Over-socialized vision

- Individual actions are exclusively influenced by norms and traditions of their environment.
- Individual is acting according to his (imposed) social status.
- Each individual is considered as an **atom of the system**.



Rethinking individual actions

- Inadequacy of the traditional concept of **economic rationality**
- Considering the embeddedness of actors has allowed the development of thoughts on thematics hardly ever considered up to then: coordination, co-construction of the environment, agglomeration phenomena, power relations, trust, etc.
- Important impact in the **literature about clusters**

How Granovetter's original definition has been mobilized and implemented by economists?

The literature emphasizes the difficulty to disseminate a concept from one discipline to another. (Ménard, 1981)

This leads us to present the errors of interpretation and operationalization generally committed during the mobilization of the concept in the literature about clusters.



Considering the organizational agreements as facilitating coordination and reducing opportunism

Granovetter's vision

Granovetter (1985) defends the thesis that social embeddedness allows the development of coordination capacities and trust, **it is not linked to the institutional and organization agreements.**

Thus social relations are non-intentional and spontaneous whereas organizational arrangements are intentional phenomena.

The relation between organizational agreements and the reduction of opportunism is **not systematic.**



Considering the organizational agreements as facilitating coordination and reducing opportunism

Economic literature

One argument in line with the theory of agency is largely spread in the literature based on Granovetter's hypothesis of embeddedness: **organizational agreements ease the coordination and reduce risks of opportunism in the economic life.**

This is a fundamental contradiction, which is however central in several works in economic geography and industrial economics, in particular in the studies relative to the models of industrial cluster.



Considering the analysis of the network structure as allowing the assessment of created, exchanged and co-constructed knowledge between actors

1. The limited exploitation capacities of relational networks.
2. The difficult understanding of individual representation systems.

Granovetter's vision

The study of the structure of social networks **does not presume the knowledge diffusion** in particular given the individual cognitive limits.

In this way, it seems impossible to model satisfactorily collaboration networks of any kind



Economic literature

Several authors emphasize the influence of relational characteristics in the coordination (Nooteboom et al., 1997; Nahapiet and Ghoshal, 1998; Inkpen and Tsang, 2005) such as

1. the capacity of actors to set a complex network of relations, depending not only on the number of personal ties but on the relational characteristics of the other actors belonging to the same relational network.
2. on the capacity for entities to built a network composed by other entities of which they know with confidence that they have access to high quality information and knowledge (Gulati, 1998).



Granovetter's vision

It is linked to the difficult understanding of individual identities and representation systems. **It is impossible to presuppose the result of an exchange of knowledge.**

Thus, the exchanged knowledge may be completely disconnected from the context.



Economic literature

It is argued that embeddedness encourages and develops exchanges of information and knowledge, and thus contributes to the rapid reinforcement of cognitive proximity.

It stands for the existence of overlappings in the mental categories and the cognitive structures of actors (Wuyts et al., 2005) (see for example the works of Staber, 2008)



The insufficient consideration of dynamic and the perception of temporal perspectives.

1. The absence of consideration to dynamic processes in the agglomeration effects of economic activities.
2. The difficult understanding of individual representation systems.

The absence of consideration to dynamic processes in the agglomeration effects of economic activities

Granovetter's vision

Many economists would agree that dynamics is the weakest part of modern economics (Granovetter, 1990).

The analysis of individual and collective dynamics would allow to understand territorial dynamics (Suire and Vicente, 2008).

The absence of consideration to dynamic processes in the agglomeration effects of economic activities

Economic litterature

Several studies in economic geography **do not consider the long term** construction of individual and collective localization, even if it appears necessary in the perspective of Granovetter's embeddedness hypothesis.

Many economists agree with this point (Becattini, Jones...)

The difficult understanding of individual representation systems

Few studies try effectively to question agglomeration dynamics of economic activities (Di Magio and Powell, Vicente, Waluszewski).

The study of these dynamics rests upon the attribution of temporal perspectives to individual actions.

These perspectives are defined by the length of contracts and the commitments which bind members in these relations.

We qualify this perspective as **objective**.



These approaches disregard the **subjective** temporal perspective, i.e. the temporal perspective perceived by the actors. This perception may be impacted by emotions (Ettlinger, 2004) and styles (White, 2011).

The subjective character of the environment perception is fundamental in Granovetter's work as it contributes to define the strength of ties between individuals.

- The concept of embeddedness has been **increasingly influential** in the literature about clusters and has allowed the development of several reflections on central issues.
- Thirty years later, we notice **without denying the significant advance** it has allowed, that **the literature based on Granovetter's hypothesis is the subject of three recurrent errors**, implying contradictions with the fundamental hypothesis.
- These errors represents as many **research perspectives which is necessary to take** to reach for the embeddedness concept, accurately to the original sociological proposal.

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