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### **Organizing Societal Space within Globalization: Bringing Society Back In**

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#### **Abstract**

The notion of 'society' is increasingly debated, recently, under the impact of 'globalization'. This debate is carried out in both sociology and business studies, and it also has implications in political theory. A theoretical grounding of society is provided following G.H. Mead, which bears sufficient regard to actors and avoids determinism. Society is conceptualized as 'societal space', open to layering in different forms. Incongruent layering is then put forward as a feature of societal evolution which has hitherto been neglected as an engine of modernization. This form of layering is also suggested to be important for current debates.

Following this concept, the business and organizational literature can be linked with social theory in a way which shows how 'provincialization' of identity, institutions and culture is pervasively linked with the extension of horizons of action under globalization. Various comparative findings are adduced to show how the dialectics of globalization and provincialization work, and how socio-institutional patterns interact with the evolution of enterprise strategies in order to fuel this dialectic. In such an evolution, society has an important part to play. But this is not because society re-asserts itself as a co-extensive entity on a higher plane. Instead, it is precisely the layering of societal space which makes societal effects a necessary concept.

#### **Contents**

- 1 Introduction and overview
- 2 Globalization of economic relations and societal institutions
- 3 A concept of societal space
  - 3.1 Critique of concepts of society
  - 3.2 An interactionist grounding of 'society'
  - 3.3 Subdivisions of societal space
- 4 The differential organization of societal space
  - 4.1 Sub-spaces and institutional domains
  - 4.2 Extension of action and societal horizons
  - 4.3 Focussing and layering of societies
- 5 The cross-societal division of labour
  - 5.1 Trade, division of labour and layering
  - 5.2 Parallelism and paradoxy

- 5.3 Possible conjoint effects of equivalence and fit
  - 6 Effects in incongruently layered societal space
    - 6.1 Specialization in societal space, business strategy and international trade
    - 6.2 Societal distinctiveness through cross-layer effects
    - 6.3 The viability and adaptive role of incongruent layering
    - 6.4 Cross-layer interactions in incongruent layering
  - 7 Characteristic outcomes and open issues
- References

## 1 Introduction and overview

*"Die Summe der heute einander berührenden, in gegenseitige Abhängigkeit voneinander gekommenen Volkswirtschaften nennen wir die Weltwirtschaft..."*

*Niemals werden tausende von Einzelwirtschaften, die verschiedenen Staaten angehören, als eine Volkswirtschaft vorgestellt und zusammengefasst. Nur wo Menschen derselben Rasse und derselben Sprache, verbunden durch einheitliche Gefühle und Ideen, Sitten und Rechtsregeln, zugleich einheitliche nationale Wirtschaftsinstitutionen haben und durch ein einheitliches Verkehrssystem und einen lebendigen Tauschverkehr verknüpft sind, sprechen wir von einer Volkswirtschaft.*  
Gustav Schmoller, 1900

There is a topical interest, in public debate and social science writings, in the issue of 'globalization'. This encapsulates questions and tentative answers about the interrelationships between the globalization of economic relations, travel, mobility and social contacts on the one hand, and the development of economic, social and societal institutions on the other. Salient actors, following this debate, are firms, governments, consumers and international bodies. But the suggested, recommended or predicted outcome of developments is different, ranging from convergence within a world society to maintenance or even increase of national or regional differences. Whichever position is taken, contributions are severely hampered by a flawed concept of societal evolution. We seem to have been led to see the evolution of society and economies as passing from fragmentation and disorder to consolidation upon large and unambiguously defined aggregates. The epitome of this consolidation was or is the 'nation state', as a collectivity which is politically sovereign, sociologically self-sufficient, and in control of the economic order, whether it be mercantilist or liberal.

Any deviation, at the present moment or in the future, from this consolidation of social, political and economic arrangements upon a collectivity then appears as inherently problematical. The consolidation of society is seen as an evolutionary achievement to which history built up. In British historiography, this is called a 'Whiggish view of history', which biases the interpretation of current and future developments: Crudely speaking, consolidation upon the nation state 'was a good thing', and what goes against this form of consolidation upon a higher level of aggregation probably cannot be 'a good thing'. The Whiggish view of history sees development towards greater universalism as driven by cumulation, which is summarized in one rule: You cannot have progress to universalization of society if you subtract from it.

The contention I wish to make here is that this view is seriously lopsided because it extends a flawed view of history into the future. The aggregation of larger societal collectivities which we have seen is only partly due to the cumulative development of universalism and the consolidation of society, or rule and domination, upon ever larger

aggregates. Processes of universalization have always been inter-linked with processes of particularization, or provincialization. Recently, this was put forward by Robertson and Khondker (1998: 28): 'What is involved in globalization is a complex process involving the interpenetration of sameness and difference - or, in somewhat different terms, the interpenetration of universalism and particularism ... . In sociology we have grown used to thinking in terms of a temporal, diachronic transition from particularism to universalism. But we now need to bring spatial, synchronic considerations firmly into our thinking and consider fully the spaciality of particularisms and differences'.

The debate involves different fields of the social sciences. The principal fields to be engaged are:

- social theory in a general sense, as a theory that informs on the fundamentals of social action, social systems and organized life in human societies,
- literature and research on nation-building, i.e. the emergence and functioning of political governance in relation to cultural orientations of human behaviour and language,
- theory and research on international trade,
- literature in comparative organization, management, human resources and industrial relations.

Such bodies of literature, of findings and interpretations, have come to be differentiated from one another. This specialization hampers an informed understanding of globalization phenomena. The treatment of 'society', in particular, has become the specialized object of general social theorists. This has perverted the original aim of societal theorizing, to bridge gaps between differentiated fields that are closely inter-related. The inter-relations of the social science fields mentioned above need to be deepened, in order to advance a better understanding. I propose to extend the Robertson and Khondker argument, here, into mainly two directions: a more actor-centric perspective of society, within a structurationist framework, and an economic, business and organizational analysis of globalization.

I develop this argument step by step. The second part of the paper, on globalization of economic relations and societal institutions, serves to sketch out the conceptual problem, in terms of received misconceptions over the role of society in the globalization of economic relations. The third part, which breaks with received misconceptions, then defines the nature of societal space and contrasts it with what may be called 'horizons of action'. By underlining the difference between the two, we can visualize societal space as more restricted than a wider horizon of human action. Through internal differentiation, it is also persistently complex, rather than necessarily focussed upon a singular level of social aggregation and integration. Societal effects have to be considered within a potentially complex societal space, rather than a singular societal entity.

The fourth part, on the differential organization of societal space, shows historical expressions of different constructions of societal space. Societal space may be reduced to one level of social aggregation and integration, but it may also be 'layered', such that local, regional or tribal societal identities co-exist, and are linked with more aggregate identities, without doubting the societal character of either identity. Layered societies may, in ideal-typical fashion, be divided into congruently or co-extensively layered societies, and incongruently layered societies. In the latter, salient societal functions are unevenly distributed across layers. This argument has a particular affinity with our knowledge of historical processes of nation-building and the emergence of states. It

proposes a classification of types of structuring and organizing societal space which is more manifold than the classical social theory understanding of society. In this, I have been inspired by Streeck (1999) and numerous earlier discussions with this author. But I also take up and use some his concepts in a different way.[1]

The fifth part then shows how the emergence of societal configurations is linked with the deployment of business strategies and the insertion of societies into the cross-societal division of labour. This division of labour includes the international division of labour through trade and specialization, but also any such division of labour between societal entities at any level of societal layering. This part thus extends the argument, to take root in the comparative organization, management and industrial relations literature, and in trade theory. This is central to any treatment of globalization, since the increasing movement of commodities, services, money, information and people between societies is closely related to the emergence of new political constructions, social relations and suggested changes of societal identities.

The sixth part discusses societal effects in globalization, in the situation of incongruently layered societal space. I focus on this situation because it is difficult to analyze and laden with practical policy problems. This situation is historically much more normal than the idealized nation-state, which is an example of focussed layering. It needs to be highlighted in order to correct the imbalance due to the lopsided Whiggish view of history, its current result and future possibilities. The analysis of actual developments and policy possibilities is straightforward, given the theoretical grounding adopted here. The crystallization of societal identities and effects is linked to the expansion of horizons of action beyond the reach of societies, and we have to appreciate that the development of societal layers and effects within them may be strengthened by the development of higher or lower layers. In layered societal space, societal effects necessarily are cross-level effects.

The last part summarizes the essentials of this paper. It reiterates that outcomes of globalization for particular societies depend on the development of their layered construction, and on the strategies of multiple actors and actor groups. Without pretending to explain here what societies will look like in hundreds of years to come, societal effects are analytically and empirically useful instruments in working out how precisely societies evolve, bearing particular regard to how they depend on and shape business and economic exchange between countries. This framework sketches contingent paths and possibilities. Whatever they will turn out to be in specific cases, they have to be seen as reconstructions of layered societal space by salient actor groups. They have been this through the ages, and there is no reason to suppose that this will change.

The reader may forgive me for mixing distant historical examples with topical events and evidence. The mixture should convey the following message: We can presumably learn more from societal constructions that pre-date the nation state; these are a noteworthy and fruitful parts of occidental heritage; and we can visualize futures more adequately by exploring some affinities and continuities between early or pre-modern and post-nation state society.

## **2 Globalization of economic relations and societal institutions**

Both a common-sense and a theoretical understanding of society view all aspects of life as being related to each other systematically. They are related in ways which are specific

for particular societies. Both a popularized and a social science debate about the phenomenon of 'globalization' ask the question, at which level of social aggregation it is that encompassing interrelations can be identified, at a time when economic relations, political authority and personal communication appear to be notorious for going beyond established societal identities.

Gustav Schmoller had already characterized the development of society and the economy as progressing from more restricted 'circles' of households, firms, governance, commerce and personal relations, to wider circles, extending the range of communities and horizons of action all the time. In a nutshell this is globalization *avant la lettre*. Its puzzle is widely debated today, as expressed by the quote at the beginning of this paper, which translated into English states:

"The sum total of national economies which today are in contact with each other and have become dependent on each other, is what we call the world economy...

Never will thousands of individual economies which come under different states be presented and lumped together as 'one national economy'. Only when people of the same race and the same language, tied together by common feelings and ideas, customs and statutory rules, at the same time have identical national economic institutions and are tied together by an identical system of traffic and transport, lively exchange and trade, only then are we dealing with a national economy." (Schmoller 1966: 222-223)

The quote exposes a fundamental inconsistency which is still unresolved. On the one hand, there is a progression from the household and family economy to the world economy of 'mutually dependent' - a strong but also realistic word in 1900 - national economies, which 'globalization' boils down to. This seems to require similar bounds and horizons for the economy and the society, at least in the longer run. On the other hand, the mechanism which Schmoller and subsequent commentators have sketched, of growing interdependence by a deepening division of labour being linked to the emergence of a culturally and institutionally homogeneous larger entity, appears to stop after the emergence of national states and economies. This treatment is paradoxical. It suggests a mechanism for linking the circles of economic exchange with the range of societal institutions, on the one hand. On the other, it suggests that this link somehow breaks, at a moment which somehow coincides with the establishment of nation states. Nowadays, some commentators think that the mechanism will carry on, and some say that it is not carrying on and this is the origin of problems.

Globalization denotes an inevitable extension of the horizons of both economic and other forms of human action. A mechanism of adaptation would imply that globalization, in order to occur without disturbances, requires adjustment of its different parts, such that the ranges of societal identities, political authority and the range of human and specifically economical exchange do not diverge too much. Our present-day societies, however, are pragmatically understood to be encapsulated in territorial polities, above all in Europe. This leads to the question of what happens to societies, under both the rise of international governmental institutions and the increasing importance of continental and worldwide economic interdependence. Without any doubt, polities are becoming more diffuse, and emergent supra-national entities are somewhere on a spectrum between treaties or alliances and stable confederations. The recent experience in Europe is that a number of states have been 'cancelled' and more have been created, and a number of

alliances are enduring and growing in importance, instead of the other way around. Looking at the whole world, there is a bewildering variety of views, ranging from the concept of an emerging 'world society' to the persistence of national societies and the emergence of societies which are regionalized or segmented in another way within nation states.

Social theory has not been well prepared for all this. There has been a tendency to shift attention away from macro-sociological approaches in the direction of individual actors or groups of actors, as if the structuring of larger societies was increasingly meaningless as a fundamental point of departure. Without quoting a stream of rational choice theorists and methodological individualists, it suffices to mention a book by Alain Touraine (1981) extolling 'sociology without society'. There appears to be an emerging majority opinion that society is empirically becoming an increasingly blurred and unwieldy notion whereas actors and the relations in which they are embedded are concrete and meaningful.

The 'societal effect' approach or 'societal analysis' has argued differently. It originated at *Laboratoire d'économie et de sociologie du travail* (LEST) at Aix-en-Provence and has been linked with the name of the town. Starting with the work of Maurice *et al.* (1977, 1982), it posits societies as constitutive of, and resulting from, inter-relationships between phenomena in work, organization, industrial relations, education and training, social stratification and others - potentially everything that goes on in social and economic life. I have not only come to contribute within this approach (for instance Sorge and Warner 1986) but also consider it as holding the key to a more satisfactory approach to globalization.

### **3 A concept of societal space**

#### **3.1 Critique of concepts of society**

Esser (1993: 324-326), following prominent classical authors, had suggested a specific '*constitution*', i.e. specific institutions and not only a constitution in the political sense, plus relative social '*self-sufficiency*' as the hallmark of society. Whereas self-sufficiency is not intended to denote economic autarchy, even its meaning in a sociological sense is anything but unproblematical. National societies as we have come to know them have been far from socially self-sufficient, even in the heyday of European nationalism. European national societies have never been self-sufficient purveyors of meaning but 'always' depended on horizons of social relations and meaning that cross-cut national or other borders.

Paradoxically, the idea of nationally sovereign society itself, in a territorial state, has become meaningful by international transfer. At the basis of German nationalism in the last century, for instance, we find among other things an idea of formal legal equality and citizenship which was a French import, whereas Central European traditions (including those of Germany) could not conceive of inclusion into the wider community and polity as anything but differentiated by estates and mediated by masters. Even in a strongly universalistic state such as the Soviet Union, nationality regulations distinguished between citizenship (USSR) and nationality (Russian, Ukrainian, Latvian, Jewish, German, etc.). More recently, as society supposedly becomes differentiated and blurred in an empirically new sense, what is the point of endowing it with empirical and explanatory value?

The de-coupling of society, as an analytical concept, from the variety of its empirical expressions opens up a highly interesting potential of research and theory-building. The richness of these empirical expressions in no way detracts from the pervasive salience of 'the societal'. This is why the notion of 'societal space' is introduced, as a space which is bounded by the analytical characteristics of 'society' and internally structured into sub-spaces and institutional domains. Sub-spaces of society, such as organizing the division of labour or socialization, are typically not encased within a more or less consolidated institution or body. Sub-spaces are abstract and pure references that transcend institutionalized bodies or authorities. Not even the most dedicated education system would ever be the same as all the socialization happening in a society. Institutional bodies or authorities typically address substantive domains which feature a particular emphasis on 'the economy', 'the polity', 'culture' or whatever. But such references are less functionally pure than Parsons would have made us believe. They are rich, ambiguous and idiosyncratically fashioned in different societies.

### **3.2 An interactionist grounding of 'society'**

Thus, what is 'society'? The purest and most actor-centric definition can probably be found in George H. Mead (1997: 218), certainly not a text known for its macro-sociological impetus. Interestingly, Mead has defined the 'self' and 'social structure' reciprocally: Structure immediately translates into social relations and processes. Structure is something that characterizes a process: 'The structure of the complete self is thus a reflection of the complete social process'. Mead also attaches notions such as 'the generalized other', the 'whole community', which encompass 'the complete social process'. This reminds us of self-sufficiency in a sociological sense as Esser probably meant it.

How does Mead arrive at a notion of completeness with regard to the social process? Much as he stressed it, he never gave a precise demarcation in geographical, ethnic, statist or cultural terms. Extending his reasoning, one would say that the individual Self, as it interrogates itself in dialogue with 'generalized others' about the meaning of types of behaviour, presumes and constitutes a fuzzy and yet finite space of all that is relevant within an all-embracing behavioural orientation. This orientation is all-embracing if it maps all the spheres of life an individual inevitably enters. It does not have to be the same for all the social circles found in a given society. It is not necessarily cognitively present, or consciously known, by all members of society at all times. Instead, it is constituted by what economists would call preferences and understandings 'revealed' in action. Although a small farmer may not share a number of orientations with those of members of a land-owning class, she or he will include an idea of them and what they mean within a societal landscape. The boundary of this space is therefore in the first instance pragmatic.

However, the completeness of the Meadean social process is not founded on a completeness of strata or other parts of a population. It refers to complete inter-relations between all the aspects of life in society. It is reflected in, and by, the individual Self. A societal identity is thus individually experienced and constituted. But, *pace* the methodological individualists, it is impossible to constitute without attaching to a notion of society as something that transcends individual volition and interpretation. Individuals thus paradoxically enact a collectivist bedrock. This is not an accidental accumulation of impressions and facets, despite its potentially vast and manifold substance, which is selectively adopted, emphasized and modified by actors. Societal identity is marked by relative integration, interdependencies, intertwining and therefore coherence. But coherence also includes coherence on the basis of contradiction. It is therefore a

coherence resting on what Karl Weick later called 'sense-making' and enactment. It is not simply 'there' in an objective way but constituted by an act of the Self which has an uncanny knack of inter-linking, concentrating and congealing at least momentarily, a welter of apparently disparate and even contradictory phenomena.

This then is the analytically pure definition of society we get, via a Meadean complete social process. Society is that space in which all the extant and salient references for human social life are concentrated, inter-linked and congealed - to the extent that they constitute all-embracing orientations. As members of society, we are able, or we pretend to be able, to place our own and other members' behaviour, within a context in which they appear as meaningful, and this context is a shared understanding which depends on constant interaction for it to originate and persist. Functional interdependency between individuals or groups of people does not constitute a societal context, by itself. Shared understandings may be situationally or sub-group specific, so that they by themselves are not constitutive of society. But 'societal' quality is inherent to the constitution and reproduction of shared understandings across very different sub-spaces, across all the aspects of life in society. A specific phenomenon is truly societal if its meaning and origin can only be realized, if it is cross-referenced to related phenomena in all the other sub-spaces of society. It is in this sense that society can be sociologically self-sufficient.

However, arguably, not every inspiration of social action arises from within the confines of a societal horizon which is 'complete' and consists of meaningful inter-linkages across sub-spaces. It may also arise from very punctual understandings which are not meaningfully integrated into a 'complete process'. Mead would have accepted that human action also attaches to reference points which are not bound up within a complete process. A dialectical view of human behaviour even makes this inevitable. A journeyman of the Middle Ages, for instance, may be led to seek employment far beyond the confines of the 'complete process' within which things are meaningfully inter-related to him. The motive for this behaviour may therefore be thoroughly societal. But the choice of the itinerary may be thoroughly unsocietal, i.e. based on very specific and decontextualized information.

Society can never be the sole provider of meaning, let alone commodities for all those in its ambit. It has no monopoly for conveying meaning, understanding and orientations, but it does have a quasi-monopoly for inter-linked and coherent meaning, across all the different aspects of human life in socially organized form. The monopoly price exacted, or gladly granted, tends to be a more or less intense existential allegiance, which is linked with identity. But in a dialectical twist, punctual motives and de-contextualized knowledge exist, and they are, such as in the case of our medieval journeyman, the other side of the same coin. One side has a societal face, the other one does not.

Now, precisely because society is constituted by individuals, they enact collectivities, as 'real' points of departure 'because they are defined to be real' points of departure. There is, therefore, another kind of interdependencies, parallel with the interdependencies constituted in the mind of individuals, but enacted and therefore existing on a higher plane. Sub-spaces of the 'complete process' of life in society are constructed in such a way that phenomena in sub-spaces are interdependent. In a societal context, there will not be any behaviour or structure emerging, in a specific sub-space, which is not 'held in place' by related phenomena in other sub-spaces. A change in one will be reflected in related changes in all the others.

For example, if more and more younger people go through selective secondary education,



the meaning of non-selective secondary education will change. Employers will bear regard to that in recruitment, and young people aspiring to a specific job and career range will in turn bear regard to that. If you want, this is a more 'macro' aspect of interdependencies, although Mead would not have used the term. For in principle, reciprocal constitution intertwines actors and 'the complete process' in such a way that a distinction between the micro and macro aspects is not workable. The governing principle of reciprocal constitution or construction, of actors and spaces, prevents it.

Institutional domains are different from societal analysis type sub-spaces. They are also interdependent to some extent, within a societal context. But theorists dealing with institutional domains, such as the polity, the education system, the system of industrial relations, etc. usually claim that such sub-systems of society become functionally differentiated and relatively autonomous. This is not disputed. But Aix-type sub-spaces are not domains. Domains may become 'loosely coupled'; sub-spaces continue to remain tightly coupled. It is not that concrete manifestations in different sub-spaces are tightly coupled with regard to one another, such that, say, job-enriched shop-floor work organization would need work socialization by apprenticeship training as a corollary. This approach to societal effects would be primitive. However, it would be impossible to conceive of changes in work socialization without conceiving of related changes in work organization. They are tightly coupled, whereas concrete manifestations in institutional domains may be loosely coupled indeed.

Parsons, on the other hand, saw societal evolution as progressing from messy and undifferentiated societal organization to a differentiated order in which systemically derived and abstract functions became represented by institutionally differentiated and established sub-systems: These institutional containers, in a way, captured purer versions of a respective substance, characterized by an abstract functional formula. Aix-type theory sees things differently: Institutionally differentiated containers go on receiving a mix of substances from different sub-spaces.

In social behaviour, there are also phenomena which are not fitted into a societal pattern with a shared understanding, but remain isolated. I may for instance know about the importance of bowing in Japan but still be unable to place it in context and act out the bowing in a 'natural' way, bowing as deeply and frequently as an alter ego requires, on the basis of status differences and situational requirements. There has not been any congelation because of lack of experience, above all lack of all-embracing experience across all the aspects of life in that society, and I lack the internalization and routinization which goes along with that. Thus, some habits and norms of the Japanese may well be part of my 'horizon of action', although I can neither place them in their context competently, nor enact them like a member of Japanese society. This difference, between knowledge of a societal horizon and acting within it, on the one hand, and knowing a possibly more extended horizon of action partially, on the other, is fundamentally important.

The congelation performed by the Self in society may arrive at somewhat arbitrary, short-cut typifications which in their clumsiness may remind us of foreign clumsiness with regard to bowing in Japan. Yet, it embraces a much more variegated world and is therefore better able to perform more or less competent 'interpolations'. The completeness of society, in an analytical sense, is therefore not brought about by political sovereignty or economic autarchy. In this picture, there is no need for higher 'values' as ultimate foundations. Values will certainly arise from the sense-making that social individuals engage in. They will also impinge on behaviour in turn. But in a pragmatist view, there is

no need for ultimate foundations. Doctrines may require them, and doctrines may be enacted, but value rationality is too specific a doctrine to be able to serve as a universal theoretical foundation. In addition, a social world of values can never be free of fundamental contradictions, inconsistencies, conflicts and arbitrariness. These imply the need for pragmatic resolution of inconsistencies with regard to ultimate values and the situations in which they are invoked. At this point, Weber the action theorist and Mead together prevail, admitting the co-existence and even coherence of fundamentally rival value structures because of their pragmatic and contradictory constitution, against Parsons with his one-sidedly value-rational constitution of societal community.

### 3.3 Subdivisions of societal space

The relatively integrated entity into which the acting 'I' and the reflecting Self congeal may well be meaningfully decomposed into societal sub-sets with blurred boundaries and identities that on closer inspection conflict. Most of the societies we know from the past and the present are certainly not distinctive for a concurrence of cultural symbols, media of exchange (money, language, power etc.), social norms and institutions, a singular polity, a particular type of economy, a homogeneous world of beliefs and world views, a specific territory or other properties. Societal space is normally highly decomposed into collectivities at different levels, with specific distinguishing features in idiosyncratic forms of amalgamation. Taken to a more modest and simple restaurant or pub in the Northern Netherlands, a Southerner may think that this conflicts with Southern standards of hospitality. But he or she will be able to place it in a specific context, of Northern modesty and sobriety. Conflicting norms can thereby be accommodated, on the basis of knowing their relative place and meaning. And the identity of Dutch society, its completeness, is totally undisturbed by such a discrepancy, because actors will know that it is a salient characteristic of society. Such characteristics do not only denote what is identical everywhere in society, but also how discrepancies are organized and distributed.

Societal identity has to do, then, with the well understood organization of discrepancies. The range of what is identical everywhere within a society and also specific for it, compared to others, may be quite small. This applies to ancient Greece, Indian peoples in America, old Israel, the society of different Roman, Arabian or Ottoman empires, and just about everywhere in the African and Eurasian land masses. In Europe, it almost appears as if the society which by popular referendum insists most keenly on its separate identity, Switzerland, has only one fundamental characteristic to found this identity and set it apart, a specific form of local self-government. Another nation which is keen not to join the European Union, Norway, is a relative late-comer to nation-building, having been integrated with the Danish or Swedish polities for centuries until the beginning of the century that will soon be ending. Its own national language (*nynorsk*) is as brand-new as the nation itself, and only marginally specific compared to others. Yet, such nations exemplify particularly strong aspirations to distinctiveness and separateness.

By both historical comparison and the analysis of present and future tendencies, the idea of the nation state as a particularly self-sustaining way of organizing societal space, through a maximal concurrence of culture, rule, norms and institutions in different spheres of social, economic and political life, in one sovereign polity, was short-lived, ideal-typical or an exception, rather than being a frequent and enduring real type. Even Europe, as the supposed home of the nation state, is marked by rather arbitrary constitution of nation states. Why would Belgium otherwise be united whereas Austria and Czechia, or Austria and Germany, are apart. Social theory has not come to grips with

such problems. A proper treatment has to reconcile the historical arbitrariness, ambiguity and complexity of societal entities with the idea of coherence and pervasive interrelationships within societal space. A distinctive culture may have evolved over time, but it was founded on a pragmatic acceptance, by actors, of demarcations that occurred for dynastic reasons or as the result of war and peace treaties. It resulted from the mutation of interpersonal and inter-group interdependencies into institutions. Interdependencies were usually set in motion by an imposed or chosen system of rule and domination. Thus, nation-building followed the extension or curtailment of rule at least as much as consolidation of states followed cultural, linguistic or institutional patterns.

Similarly, it is not true that, as is sometimes suggested, Europe and North America exported the nation state to the rest of the world. They may have exported the ideal and they did export the territorial state. But most of the Third World does not have nation states demarcated by a unique language and culture. How can we then look at society in a way which, despite the emphasis on interdependencies and interrelatedness, takes account of rifts or breaks in what is supposed to be a 'complete process'?

## **4 The differential organization of societal space**

### **4.1 Sub-spaces and institutional domains**

The organization of societal space is concerned with the integration that happens across differentiated sub-sets of that space. This implies a further development of Mead's principle of reciprocity between the human Self and social structure, which we also encounter in the structurationist approach of Giddens (1986) or Elias' (1977) figurational sociology. None of these have distinguished sub-spaces or domains of society in a systematic fashion. So, is there a need for it? Parsons offered a distinction in his AGIL scheme which was at times thought to be useful but has finally not been very consequential. Societal analysis as developed at Aix has put forward spaces such as: Organization, competence generation, industrial structuring and coordination, industrial relations, innovation. This typology was not derived in a principled fashion such as that of Parsons. It has emerged from generally accepted core spaces in the sociology of work and organization, i.e. the spaces of organization and of competence generation. Their interrelatedness and interaction have become a widely applied and powerful conceptual tool.

Another set of spaces is post-Parsonian, and scholars of very different theoretical orientations come up with it, but very pragmatically so. Both Smelser (1994), the structural-functionalist, and the more eclectic post-modernist Waters (1995) divide their treatment into three main parts: Economy (and society), polity (and society), and culture (or cultural and institutional processes in Smelser). This typology is more amenable to a macro perspective, whilst the Aix typology is geared to inter-link micro, sectoral and macro treatment and bears closer regard to the specifics of human work. However, societal analysis is not distinctive for a lasting nomenclature of spaces. It gladly accepts their pragmatic constitution and invites others to join in and suggest further spaces or dimensions to spaces. This is despite the fact that the ancestry of the 'organizational space' leads back to the Durkheimian notion of the 'division of labour', and competence generation to 'socialization'. Whilst this ancestry is systematic only in a pre-Parsonian way, it is nevertheless reputed.

The nomenclature as such is less important than what happens to any set of spaces we may come up with. This may be expressed following two different theoretical

philosophies. One of them is neo-functionalism, which tries to retain Parsonian achievements. In addition to a constitutive set of values (in the 'human condition') as founding societal identity, it has increasingly explored the principle of 'interpenetration' as one which makes up for coherence. Interpenetration of segments had already been conceived by Parsons, such that any segment of society had an internal differentiation of segments which replicated the differentiation of segments at the higher level. Every economy has a polity, a cultural subsystem etc. inside it just as every polity has an economy and a cultural subsystem inside it, and so on (Münch 1980). In this way, the larger societal subsystems interpenetrate each other, and this 'holographic' construction predisposes towards interactive rather than determinist interpretations of social processes. The Aix version of interpenetration, or another term for it found in LEST documents, is *encastrament*, similarly meaning that distinct spheres are also reciprocally part of each other. Neo-functionalism thus finishes close to where Aix-type societal analysis departs. For neo-functionalist society, through the functional interpenetration of institutional domains, also turns out to be an array of institutionally differentiated containers with functionally mixed and impure substances. Hence the need to insist on the ongoing difference between institutionalized domains, which may become partly autonomous, and theoretical sub-spaces which are always tightly coupled.

This has implied a narrowing of the gap that used to separate functionalist and interactionist schools in sociology. Indeed, interactionists had insisted all along that interdependencies and interaction are fundamental to all sorts of social processes. In contrast to the functionalists they insisted on the processual interpenetration of spheres to such an extent that their institutional distinctiveness appeared as meaningless. In consequence, Aix came to highlight 'spaces' as distinctive, rather than spheres or differentiated segments of society, which are functionalist terms. The distinctiveness of spaces was bounded by processual abstractions, such as organizing, competence generation and industrial structuring, as processes that transcended the 'architectural' institutional spheres of the functionalists.

As we saw in the development of Mead's approach to society, interdependency and interaction first and foremost apply to the nature of relations between all the aspects of social life that make up a 'complete' acting 'I' and reflecting Self. They therefore intertwine all the spaces of society to form a 'complete process'. In societal analysis, there are two fundamental interrelationships: Actors and spaces reciprocally constitute each other, and spaces of society are similarly interdependent in such a way that organizational characteristics will imply types of competence generation, and industrial structuring, industrial relations, etc.

An analytically complete society is enacted and maintained through typified patterns of interrelationships and interactions across spaces and across the actor-spaces link. Such links are not 'mechanical', for a mechanism presumes distinct parts. The 'shape of a part', instead, can only be grasped by referring to another 'part': Actors can only be qualified with reference to the construction of spaces in which they act, and vice versa. Similarly, the construction of a space has to be qualified with reference to those of all other spaces in order to be complete. This keeps us within the track of Meadean completeness. The consequence is that societal analysis underlines stable interdependencies, in the form of characteristic types of interpenetration, as fundamental to a society's identity. Such interrelationships are not conveniently grasped by robust nomothetic 'if-then' statements. As I tried to argue elsewhere, they are typically marked by historical and functional dialectics (Sorge 1999). Societal development implies distinction between different 'provinces of meaning' in which potentially opposed norms apply, and a particular

phenomenon may typically be interdependent with its opposite in a different province of meaning. A consequence is that any comprehensive statement of societal interdependencies cannot be but paradoxical (Maurice 1999).

#### **4.2 Extension of action and societal horizons**

Another fundamental paradox is inherent to the *extension* of societal space. This refers to an extension of societal horizons, as the empirical boundaries of what a 'complete process' or sociologically self-sufficient society is; they become extended from more circumscribed or restricted territories or people to larger aggregates. That is, everyone would agree, one of the fundamental tendencies of human development over a very long time, although periods of regression can also be found, such as the decomposition of Roman empire society under the onslaught of regional segmentation and the incursion of Germanic tribes from the East and the North. There is the problem that the extension may be ambiguous and may be reversed. First, the extension of a societal horizon has to be distinguished from the extension of a horizon of action. This latter horizon includes very distant phenomena such as wage structures in Malaysia, for, say, a Swedish enterprise making milking machines, if this enterprise is considering Malaysia as a location in which to set up a subsidiary production facility for Asia. This horizon is decidedly not societal because the Swedish manufacturer would not place individual phenomena within a context of interdependencies across all of Malaysian societal space. The extension into Malaysia is therefore not 'complete'; it does not imply shared understandings and institutions, except very specific boundary-spanning ones.

An extended horizon of action may certainly become societal. This might be the case when our Swedish manufacturer is considering setting up an establishment in Norway, a culturally and institutionally less distant society. However, the extension of such a reasonably 'complete' societal horizon tends to be counteracted by a 'provincialization' of space at another level, either subsequently or more or less simultaneously. The term provincialization is, here, used differently from any derogatory everyday meaning. Instead, it follows interactionist usage of the term 'province of meaning', denoting a local, group-related or situation-specific circumscription within which an understanding is meaningful and encompassing interrelationships between societal sub-spaces work. Provincialization of societal space means that a more circumscribed societal horizon emerges, either in addition to, or to substitute for, a more extended societal horizon. The best examples are both very topical and very historical, and very often, long history and topical interest coincide.

The Frankish empire in the early Middle Ages, for instance, brought a substantial extension of societal space, constituting a society marked by a feudal system of rule (as a largely Frankish invention), Christian doctrine and church-organized civilization and culture. In official world views, the Holy Roman empire began with the coronation of Charlemagne in 800, was held together by one church organization, one ruler and one Latin *lingua franca*. Co-extensive consolidation of rule and of the church, however, led on to subsequent provincialization. The Frankish empire was split after Charlemagne into three parts, in the treaty of Verdun (843). There were dynastic splits, a separation of languages (more Latin derivatives and more Germanic dialects), later came a church division, through the Reformation, and the Holy Roman empire saw an increase of the power of the princes and territorialities against the Emperor. This was entirely contrary to the consolidation of rule upon the king in the Western part of Charlemagne's realm, the old Frankish empire. Such provincialization of rule, culture and institutions happened although social and commercial linkages between the territorial states intensified.

Extension of societal space may well be partial only. This partiality needs clarification. Obviously, in this example, provincialization followed fragmentation of polities and dynasties, after a governing system of conquest and domination had extended societal horizons. The extension of societal space may thus be counteracted, by provincialization. This may lead to a coexistence of simultaneously more extended and more restricted, provincialized, societal horizons. In the example given, the more extended horizons were mainly those of 'international' religious doctrine and parts of culture, an aristocratic community of inter-marriage, legitimation and employment, and international communities such as the Hanse which combined trade and commerce with political domination. Such entities were not focussed on sub-spaces of society. They constituted communities of fate and shared understandings which cut across the polity, the economy, latent pattern maintenance and the fiduciary system, or any typology of sub-systems or sub-spaces one cares to think of. And they are again different from even wider horizons of action, such as the silk and the spice trade in the Middle Ages. Provincialization implies that a normatively, culturally or institutionally more specific arrangement or understanding emerges and prevails, although salient horizons of action and some societal horizons are widened.

Salient horizons of action, bounding all that is constituted to be relevant for social action, have a tendency to outpace societal horizons that comprise all that is integrated into shared and interdependent understandings. Extension of the space of action may thus be linked to a provincialization of societal space. And some extension of societal space may have overstretched the capacity for integration into a 'complete process' already, so that provincialization of specific spheres, or all of them, occurs. This is a fundamental paradox, by which extension of horizons of action and extension of societal horizons, are reciprocally interdependent with the provincialization of entities that are also societal.

Probably the best example is the paradox inherent to the emergence of some smaller European societies. The Netherlands, formally independent from the Holy Roman Empire since 1648, have had a potentially worldwide horizon, through free trade and colonization from the sixteenth century on, intensive exposure to using a foreign language and familiarity with foreign culture, substantial inward and outward migration and more recently, a high acceptance of international governance. European federalism, for instance, is not an issue in Dutch politics. This in no way prevents a particularly virulent sense of national identity. To quote Maartje van Putten, Dutch member of the European Parliament: "During my ten years of being a member of the European Parliament, I have formed the opinion that the Netherlands are the most nationalistic member state in the European Union" (VARA 1999).

Nationalistic sentiments and acceptance of federalism are interrelated. For the other side of the coin, of internationalization of horizons, is the increasing development of Dutch as a national language and of specifically Dutch institutions in politics, economical and social relations. Dutchness is a cultural and societal artefact which followed, and profited from, exposure to international economic relations. It also profited from successive development of European treaties and governmental institutions. The argument therefore is that extension and provincialization are interdependent, each possibly focussed on different institutional domains. For these are sub-systems capable of relative functional autonomy. Earlier on, the Dutch language became differentiated from other Low German dialects through the acquisition of independence, and a distinctive bourgeois-corporatist structure of interest organization and governance linked to trade emerged, whilst world views remained international (Calvinist and Catholic), as did maritime trade and the military apparatus.

Note that the same does not apply for a reasoning in terms of Aix-type sub-spaces of society. It is difficult to envisage extension of a specific space of organizing as counter-acted by provincialization of the space of competence generation. With the division of the Frankish empire in the treaty of Verdun, feudal organization of rule differentiated and evolved, in its different forms, interdependently with the socialization of individuals, the role of the church, modes of production and other things. Societal horizons emerge, at a more provincial or a more general level, only to the extent that they embrace interdependencies between different sub-spaces.

The widening of social horizons, and possibly also an extension of societal horizons, is thus intimately linked with provincialization. Universalization of institutionalized societal understandings and arrangements does not happen cumulatively, across the board. Provincializing societal horizons in the face of extension of horizons of action are not firmly paradoxical. But a provincialization of some societal horizons whilst others are extended is decidedly paradoxical. On the basis of this paradox of simultaneous extension and provincialization, societies typically become layered entities. Layering denotes the interacting superposition of extended and provincialized horizons within societal space. What is more, in European history the layering occurs such that layers 'specialize' to some extent in institutional domains, i.e. in religion or parts of it, in a measure of governmental sovereignty, in economic institutions, in language or other parts of culture. Since layers may specialize in the institutional domains to which they attach, so that these are not evenly 'held' or governed by layers, this state of affairs may be called incongruent layering.

#### **4.3 Focussing and layering of societies**

Let us start from the historical exception that has informed social theory: Societal identity is fully *focussed* on a single horizon in all the sub-spaces conceivable, and there is no competition or ambiguity involved about what society is. This situation may characterize some more primeval societies, which we have come to call simple or little differentiated into stable life-long roles after adolescence. But we also seem to underestimate the amount of layering in older societies that has occurred, through divisions and amalgamation. On the other hand, focussing also approximately seems to mark the modern nation state, to the extent that this truly exists. It appears as if focussed societies find their niches in secluded primeval and very modern situations. The latter are possibly best epitomized by Japan or France, although even France is doubtful in view of the uncomfortable place of Algeria in French society, at the time when the nation state reached a climax. France has also been marked by movements driving towards layering or even independence, such as in Corsica, Brittany and Savoy. Whilst Alsace has become indisputably French, note that this is also due to strong regional particularism: A position of the Catholic church different from the rest of France, a specifically Alsatian Lutheran church, and recognition of Alsatian and German in some media.

The more ambiguous but more frequent case of organizing societal space is that of *layered* societies. Here, competing horizons of societal integration exist. This applies to many European feudal societies, with ambiguous, conflicting and shifting allegiances. More recently, movements in Québec stylize this entity, either as a society within another one or a society different from 'the rest of Canada'. Belgium now is cast as a society with overarching norms and national quasi-sovereignty in Europe, but also segmented into three regions with increasing identity, autonomy and allegiance, plus three cultural communities that cross-cut the latter in the case of the Brussels region and through a German cultural community within Wallonia.

Without entering into even greater complexity of societal horizons in the Balkans, Africa or India, a further differentiation within the group of layered societies is necessary. On the one hand, layered societies may be formed such that horizons and institutions of governance, economic activity, world views, language and culture are *co-extensive*. This would typically occur when societies are federated into larger aggregates, whether this happened by force and domination or voluntary confederation. The history of medieval Germany is replete with examples for both: consolidation 'from above' with retention of particularistic law, religion, institutions and domestic economies, and confederacies (*Eidgenossenschaften*, Switzerland being the most prominent example, followed by the *Staten-Generaal* of the early Netherlands) and the looser *Landfrieden* as more or less voluntary associations 'from below' (König 1967: 127).

Probably the best example is the situation in the larger Roman empire of antiquity, where Rome as the dominant polity had its own citizenship, laws, institutions, language, culture and religion but the Empire consisted of many peoples which, whilst having to acknowledge and obey Roman language, law, politics, technology and the deity of the Emperor at a higher level, also had a more limited and particular horizon within the tradition of local peoples and their societies, retaining local law, religion, customs, rule and politics within this ambit. This is not to say that separate societal horizons existed side by side. They certainly influenced each other reciprocally. But this is not a story of assimilation alone. The assimilation of Roman and indigenous understandings, in the 'provinces', finally led to many more or less romanized and 'latinized' societies; but the accumulation of syncretic understandings happened in locally diverse forms. It went together with a gradual increase of economic independence, of local elites, for whom the more salient community of fate became the province, rather than Rome. Diverse assimilations thus led to subsequent separation of rule and culture.

In a layered organization of societal space, a larger number of institutional domains recur at different levels of societal integration; they are not individually concentrated upon a particular horizon, such as would occur if the emperor had monopolized religious deity and law-making but allowed linguistic fragmentation of the empire according to the popular vernacular prevailing in a province. This would have been the case of an incongruently layered organization of societal space, since the domains that would have demarcated the boundary of any layer would ideally not have overlapped. The Roman empire over time, as it left antiquity, changed over to greater incongruity of societal space, interestingly as emperors tried to stem centrifugal tendencies: Greater diversity and inward orientation of provincial economies, and war lord autonomy in the armies, were counteracted by the recognition and favourable treatment of the Christian religion, as one which recognized one deity only, after it had previously been suppressed for the same reason. This was a way of working towards monopolization of deity, not in the person of the emperor but in God. Incongruent layering of societal space may thus signify a step towards closer integration. Of course, in the case of emperor Constantine it was short-lived as far as stabilization of Roman rule is concerned. Yet, it formed the basis for the subsequent building of empires of a different configuration.

Fragmentation of societal segments and more distinctive identity of lower or intermediate layers appears to have occurred in this way: Rule imposed by foreign invaders that turn into a new aristocracy at first superimposes a conquering society on many more regional ones. But then, as the rulers adopt the language of the ruled and a more universalistic world view, as the Normans did in Normandy, the Franks in Gallo-Romanic Ile-de-France or the Burgundians in Burgundy, the differences between the creed, the language and the institutions of the ruled and the rulers diminish and new regional differentiations



emerge. Such differentiations were subordinated in history to a wider societal horizon defined by new empires, a more universalistic doctrine and an economy which was in some parts very extended, stretching from the fisheries of Norway to spice suppliers in Asia. In this way, the differentiation between horizons of action and societal ones, and within the latter between layers, was ever present. And the tendency has been to render the layering less conflicting, by allocating institutional domains to specific layers: One language to the United Kingdom (at the expense of Celtic tongues), but different legal and education systems to Scotland and England, for instance.

This serves to point out that societal layers appear to specialize in, or accentuate, institutional domains. To the extent they do, the incongruity of layering is reinforced. Thus, there has come to be an institutional division of labour between societal layers. Much as this phenomenon has been pervasively present and increasingly important, it is not adequately addressed in social theory.

Present-day European societal integration also strikes us as marked by incongruent layering. There is a proliferation of treaty organizations with very specific concerns, and they do not only embody alliances which are meant to be temporary and instrumental but more or less permanent societal integration. Not all international treaties and associations are a seed-bed of societal integration. To be that, they not only have to be vitally important, which functionally specific and instrumental associations may well be. But functional specificity implies that the range of functions is not societal. Treaties and international associations have to reach deep into the fabric of societies that otherwise consider themselves as perfectly sovereign, in order to span a societal horizon.

Whilst its governmental authority is limited, the Council of Europe functions, through allowing admission of countries, as a test and approval authority with regard to fundamental democratic and lawful governmental practice. Control of massive violence or war between societies is also to some extent withdrawn from national sovereignty and allocated to different federations, such as the United Nations, the European Conference for Peace and Cooperation in Europe, and NATO. This implies a disintegration of the classical monopoly of the European-type 'state' on the use of force, at least as far as force against outsiders is concerned. Some commentators who wondered at the persistence of NATO after the end of the 'cold war' have miscalculated its capacity to find a firm place in the oligopoly over external force. The most visible but more restricted horizon of European societal integration, in the European Union, remains very much devoted to the economic order, where it is advancing further, including the order of services which are not necessarily exported. But it is not making substantial inroads into social policy, education, and in fact most of the domestic orders and processes that exist.

Although European fundamental values and practices are often referred to, their geographical and popular horizon is contestable and ambiguous, and they have so far not led to the formation of a European society which has tendencies of focussing, or more modestly, of co-extensive layering. But if we do not marginalize incongruent organization of societal space as a temporary and problematical disequilibrium, then we can consider European (and North Atlantic?) society as something which does not go against the grain of other societal layers, nor against a proper notion of society. The most acute stimulus to an institutional specialization of societal layers, including emerging layers whose societal character may still be in doubt, appears to arise in the wake of the international economic division of labour. This is also interrelated with the emergence of supra-national government. It therefore needs closer examination.

## 5 The cross-societal division of labour

### 5.1 Trade, division of labour and layering

International division of labour in the wider sense means that economic activities go beyond national boundaries, for purposes of this paper societal boundaries. This merely presumes the existence of imports and exports or of multinational economic agents. In this sense, an international division of labour pertains to most of the societies we know, with the possible exception of most of the hunting and gathering societies when these lived in isolation. In a narrower sense, the international division of labour applies to a type of economic exchange across national or societal boundaries, in which a society is dependent on another one for the supply of the goods or services it imports, or in return dependent on the receipt of its exports.

A society in this situation is by that token not lacking in sociological self-sufficiency. Even a society more or less exclusively economically dedicated to making motor cars and receiving other products from abroad would be sociologically self-sufficient in the sense of providing a 'complete process' if it has strong interdependencies between all the spheres of society such as the polity, the economy, cultural reproduction, and others, and above all between spaces of organizing, competence generation, industrial relations, etc. Such a society can have highly provincialized societal horizons and highly extended horizons of social and economic action at the same time. There may very well be distinctive societies which do nothing else but make motor cars. But a society which does nothing else but generate competences, or engage in politics, is not conceivable. This serves to show that highly economically specialized societies may very well be very self-sufficient sociologically. And this self-sufficiency will go together with very extended horizons of action - cosmopolitanism, if you will.

The international division of labour in the narrow and the wider senses does mainly two things that affect the identity and extension of societies. Conceivably, the effect is larger in the case of the division of labour in the narrow sense. On the one hand, it brings people from different societies into contact with each other. The cultural and institutional ground rules of this intercourse, from *linguae francae* to international trade law and currency regulations, may be very different, and they may follow one societal practice more than another one. But whatever happens, this is potentially an at least partial extension of societal horizons. It leads to an observable emergence of an internationally mobile and oriented class of people, and to a cultural globalization at least in a restricted field. International *culturae francae* have emerged which stretch from downtown Manhattan to parts of Manila, from central Paris to parts of Rio de Janeiro, and also from the oil fields of Arabia to the suburbs of Rawalpindi. However, if cultural assimilation results, rather than emphatic seclusion of migrant groups in new milieus and inter-group antagonism, it is a very partial assimilation only. It does not concern the majority of the population but may lead to the formation of new societal segments, in short: layering. The majority may even react more strongly the more it occurs. The consequence may be that Third World societies become internally segmented to such an extent that new tribes emerge. If local creeds and practices, however, mix with cosmopolitan ones, the mixture usually implies syncretic forms of inter-mingling that are locally idiosyncratic in a new way, thus giving rise to new provincialization (Waters 1995: chapter 6; Smelser 1994: chapter 15).

Well known examples include, e.g., the Sikhs, a modern syncretic sub-society within India that, in a way, formed a societal layer in the Punjab. It emerged because of the exposition of India to trade and modernization, rather than being a traditional force that

counteracted extension of horizons. This is the same phenomenon as the re-provincialization of Roman territories, or of any colonial empire. Whatever happens, layering and segmentation thus occurs, and the only question is whether it is co-extensive or incongruent.

Division of labour in the narrow sense projects a society all the more acutely into a larger network of external interdependencies. This is tantamount to an extension of economic horizons but also horizons of action more generally. But again, this happens in a functionally specific form. Usually, an extension of societal horizons would not occur, or at least not in the form of co-extensive layering. Any emerging cosmopolitanism is pointed rather than pervasive, and concentrated on specific groups and typified encounters and provinces of meaning. This can be observed in a society such as the Netherlands, but also other smaller societies in Europe that combine specific institutions and identities with a high measure of exposure to the international division of labour: Whilst the outward image of Holland is that of the friendly, cosmopolitan and polyglot flower salesman, the inward model activated in the in-group is distinctive for robust and dour adherence to domestic specificities, and for seriously minded conformity. In that aspect, it will be virtually unintelligible, even to very close neighbours such as Germans.

The societal specificities of smaller societies or of societal segments below the national level are inadequately captured if addressed as more 'traditional' than those of larger ones. Instead, they are very much modern manufactures, in the way Scottish kilts are, too. 'Traditional' societal identities, in smaller societies or in regional segments of larger ones, have resulted from the modernization of such entities which happened with their insertion into an international division of labour.

## **5.2 Parallelism and paradoxy**

The international division of labour involves the re-structuring of established societies, economies and polities, notably their sectoral composition and their institutional orders. The more conspicuous relationship between the international division of labour and societal orders is discussed under the rubrics of loss of national regulatory competence, even regulatory incompetence of international entities such as the EU, and of international competition replacing societal - communitarian, state, collective agreement etc. - regulation. But there is also evidence for the strengthening of the national state vis-à-vis interest groups when it can bolster up its authority by recourse to international agreement and directives (Streeck 1999). Still, competition between all kinds of actors becomes more international. This is not only a competition between enterprises but also regulatory regimes - and by that token societal orders. Traditional theory would have predicted disequilibrium if regulatory and economic circles, the ambit of the polity and that of the economy, diverge.

A general formulation of this traditional doctrine, which I propose to call *parallelism*, would be that shifts in the salient levels of societal aggregation will involve the polity, the economy and cultural and institutional domains parallel to each other. In other words, a discrepancy between horizons in different domains would be problematical. The doctrine also seems to permeate fears about the loss of community and irrelevance of national actors when not only enterprises but societal regimes compete with one another, for investment, localization of enterprises and employment opportunities. It is of course true that in the absence of social regulation at whichever societal level, competition can always exist and will generally win out.

On the other hand, the use that is often made of the notion of competition is too liberal

and undiscriminating. There is an extensive literature on forms of competition, which vary substantially between free and perfect competition (accessible or contestable markets, little product differentiation and variation) and monopolistic and imperfect competition (barriers to entry or contestability, importance of product differentiation and variation). Market forms then imply corresponding enterprise strategies, which also vary inside specific product and service markets. Enterprise strategies furthermore require specific factor endowments and qualities. Among these are not only qualities of physical and human capital, but also a social infrastructure of rules and norms, normalized organizational practice, education and training processes, labour markets and occupational biographies, industrial relations, links and networks within and across the industrial chains, which in turn help to produce and maintain physical, financial and human capital (Van Witteloostuijn 1996).

Competitive advantage, notably in the markets which are away from the free and perfect ends of the spectrum, is only partly conditional upon pure entrepreneurial elasticity, will and ingenuity. Populations of entrepreneurs in societies exhibit elasticity, will and ingenuity in particular ways. Factor endowments and actor predispositions are therefore in the last resort inevitably societal in origin, relying as they do on forms of organizing, generating competence etc. which are factually targeted at specific economic problems or tasks. However, even behaviour and orientations which are 'functional' or suited to specific purposes are learnt as unspecific modes of behaviour, to be applied in general rather than when they appear suitable to a situation at hand (Whitley, ed. 1992). Arrangements which extend over the whole society can never be dedicated solutions towards solving specific problems. Only the hypothetical society which economically does little else but produce motor cars will feature societal arrangements possibly dedicated to making cars. But this society would still have to practice arrangements that do not stand in the way of socializing people into a lot of other roles. Still, the thought experiment shows that societal specialization tends to make the social definition of economic challenges and societal institutions almost two sides of the same coin. Inserted into the international division of labour in a highly specialized form, such a society will also be able to turn the highest degree of societal distinctiveness to productive use.

Societal arrangements and understandings constitute what in trade theory are called relative advantages and disadvantages of aggregate economies (Soskice 1997). They influence relative costs and benefits. But actors are not schematically constrained or enhanced by such resources. They make creative use of them, and as they do, they may also modify societal patterns. Differences between overall management systems in Europe to an important extent relate to differences in social stratification, along the old borders of the Roman empire, that date back to the time when the Romans set up local service classes in conquered territories (Hickson 1993).

Following the extension/provincialization dialectic mentioned earlier, there will always be an extension implied by any provincialization, and vice versa. *Ceteris paribus*, a society that extends its global economic involvement and horizons will do this in a specific form, deliberately or involuntarily building upon competitive advantages and matching the international involvement with the societal infrastructure that enables it. Extension of horizons of action, in the examples adduced, tends to create or reinforce societal layers. This then requires, or leads to, continuous provincialization of that society's institutional infrastructure, including culture and religious beliefs. If societal layers are not thereby instituted, it may be a new form of stratification which changes societal structures. In this respect, there is no difference between the present-day implantation of European or American multinationals in the Third World and the conquest of the Roman empire.

In a world where specialization in the international division of labour predominates, and where market forms are diverse and put different and differently sized premiums on different locational advantages, societies and actors with extended horizons of action will be led to seek out or construct a match between an evolving societal infrastructure and the perceived requirements in specific production or service niches. Provincialization of societies and their layered segments also implies that distinct varieties of the institutional capitalist order evolve (Streeck 1992; Soskice 1997).

Smaller societies will be more adept or more experienced at making use of this dialectic of extension and provincialization, inserting themselves into the international division of labour. One reason is that their internal capacity to co-ordinate various actors and overcome blockages is greater. For them, single-minded specialization is a more realistic and feasible option. The other important reason is that the international posture of a small society is less likely to lead to contrary moves of competing countries. Luxembourg could get away with positioning itself as a tax haven for financial investors in the EU, but it is doubtful if the same action in, say, the Netherlands would not have been counteracted by other countries. Note that very close economic integration between two societies does not reduce this effect but is likely to intensify it. The very close economic integration, even including a common currency, which Luxembourg has had with Belgium for decades has sharpened the dialectic. It helped to carve out a specific niche whilst extending horizons. Nothing could be more profitable for a country and, by specialization, supportive of its separate identity than to control inflation and keep public sector borrowing in check, pegging itself against the currency of a larger aggregate which is unable to do the same. This shows how basic economic mechanisms, through specific incidence and utilization, aid the conjoint development of relative advantage and societal uniqueness, in the midst of internationalization.

In summary, the topic of affinities between societal structures and enterprise strategies in specific types of markets, which has been discussed with regard to national societies and economies (Maurice *et al.* 1977; Sorge 1991; Porter 1990), does not stop at the point where regime competition comes in. Regimes do not compete *per se* but in a range of different markets which may, or may not, put a premium or a disincentive on specific forms of social regulation. This discussion then leads on to formulate a position contrary to the doctrine of parallelism, which could be called the doctrine of *paradoxy*: Shifts in the localization of salient societal levels and of horizons of social and economic action will be linked with incongruent layering of societal space. International economic integration is a necessary part of this development. As the example of Belgium and Luxembourg shows, the incongruency of layering may be very fine-grained. Here, it revolves around the differential attachment of such intimately related domains as the national currency on the one hand, and financial services and excise tax regulation on the other.

Rather than convergence of societal patterns within a larger world economic order, it is the increasing divergence of such patterns which would be promoted by an extension of economic horizons, through the specialization of national economies. The argument is built on the familiar theory of congruence or fit, which suggests that specific industrial or service tasks and markets require different factor constructions. As firms, sectors and economies specialize in such tasks and market segments, they will evolve 'appropriate' or congenial business recipes including organizing, training, industrial relations and other methods. This argument was present in societal analysis early on, for instance in the suggestion that French and German types of organizing, constructing competence etc.,

were related to different strengths of particular sectors (Maurice *et al.* 1977).

This argument is 'on the offensive' as far as societal divergence is concerned, because it considers greater divergence a more likely outcome. There is another argument, which is more 'defensive' about convergence-divergence. Where specialization of economies does not occur, enterprises and national societies will indeed learn from foreign practice and take over internationally 'dominant' recipes currently *en vogue*, but they will do so in a way which is adjusted to practices and traditions that are already established domestically. Indeed, there is by now a substantial literature to show how anything from specific engineering or product techniques to quality circles or other organizational methods, which are increasingly encountered as internationally de-contextualized recipes, are transferable into a large variety of societies. However, in the process of diffusion, they get adapted and modified so that they are, as it were, 'socialized' and re-contextualized into another society (Pot 1998). The receiving society will not be a passive recipient, and the transferred recipe will not remain the same. Societal actors actively fashion recipes in the process of diffusion and adoption, which then is also a process of inventive modification. Existing societal patterns, changing but non-identically reproduced nevertheless, maintain their relative specificity, despite and because of the diffusion of international techniques and methods. It is often said that societies provide 'functionally equivalent' approaches to handling similar tasks or problems, and different societal patterns will lead to the elaboration of 'functional equivalents' with regard to similar challenges or stimuli.

### **5.3 Possible conjoint effects of equivalence and fit**

Aix societal analysis argues neither on the basis of functional congruence nor functional equivalence but sees them paradoxically intertwined. The reasoning is that actors in societies reproduce the repertoire they have acquired, even in the midst of changing it, which amounts to reproduction of repertoires in non-identical fashion. Patterns that are obtained, are by that token neither functionally equivalent between societies, because there are no identical 'tasks' or 'problems' on which equivalence could hinge, nor are they properly apprehended as approaching a universally valid 'fit', because this is impossible to establish. In essence, societal analysis is distinctive for a dialectic unison of functional equivalence and congruence/fit, a unison which relativizes and compensates the deficiencies of both constituent principles. Therefore, cross-societal transfer and adoption of de-contextualized recipes - techniques, training or organizational methods - will have a result governed by the following effects:

- Where industrial structuring does not change, substantial adoption in a society will depend on substantial adaptation of the recipe to prevailing patterns - of interacting organizational, competence generation, industrial relations and technical characteristics.
- Where industrial structuring does change as part of the international division of labour, i.e. where societal specialization occurs, the institutional specificity of society will deepen.
- Quantitatively insubstantial straight 'import and imitation' of decontextualized recipes will always be possible, to the extent that it is infrequent: Even in corporatist Austria or Germany, one will always find infrequent cases of enterprises copying American style entrepreneurship and organization in a messianic free market spirit and without unions or works councils.

The first effect leads to a coalescence of partial 'convergence' and 'divergence', the second one to 'divergence'. The first effect emphasizes the continuous and non-identical

reproduction of Aix-type sub-spaces of organizing, competence generation, technical innovation and industrial relations, the second their interrelation with the restructuring of industrial space and the consequence this has for the provincialization of institutional domains. The third effect homes in on the intra-societal variety of practice which is equally undeniable. And finally, societal analysis sees these effects as inter-linked rather than isolated. The overall result is therefore contingent, and it depends on numerous conditions, in the field of how actors are constructed and which policies they will opt for.

Note that the doctrine of paradoxy does not exclude extension of societal space, quite the reverse. But it does underline that the extension is 'unbalanced'; it does not occur parallel across institutional domains, and extension of horizons will typically be related to the provincialization of other horizons and domains. Of course, the doctrine of paradoxy cannot prevail unchecked. If it did, there would have been an extremely polarized allocation of horizons and functions to levels of societal aggregation long ago. Paradoxy is counterbalanced by its opposite, parallelism. This is the ultimate and most fundamental form of paradoxy! Moreover, paradoxy is part of a more pervasive mechanism of societal differentiation. This concerns the differentiation of layers, and in addition the differentiation of opposed behavioural patterns. It has been suggested elsewhere (Van de Loo and Van Reijen 1990) that rather than proceeding from one pattern to its contrary, societal evolution proceeds paradoxically, by dialectical interaction. Parsons was influential in seeing social patterns move from the particular to the universal, from the functionally diffuse to the functionally specific, from the collectivity to the individual, from impulse to self-discipline. The quoted authors suggest differently: The establishment of collective rights and obligations in a generalized form liberates the individual, involvement in functionally specific roles promotes genuinely diffuse contacts in a different sphere, self-discipline in the work role is counter-balanced by impulsive exuberance at the disco or the 'love parade', etc.

Within this dialectical interdependency of opposites, the paradoxy of inter-linked extension and provincialization of societal space and the space of social and economic action is another powerful mechanism of differentiation. This applies, on the one hand, to situations which are provincialized and others which are universalized. But in a more fine-grained analysis, it also applies to universalized and provincialized aspects of a situation which the acting individual will not even need to experience as governed by conflicting and discrepant horizons. Whilst the point about the dialectics of extension and provincialization was made earlier, it focussed more on domains of culture and institutions. However, closer inspection suggests that it is very much supported by the socio-economic and business strategy aspects of the international division of labour.

## **6 Effects in incongruently layered societal space**

### **6.1 Specialization in societal space, business strategy and international trade**

Many other authors have considered societal effects to be stronger in co-extensively structured spaces, above all in the case of focussed societies but also co-extensively layered societies. After I submitted a subsequently published paper (Sorge 1991), two of the more fundamental comments of the anonymous reviewers were:

1. Societies tend to bring forth more than one mode of production, or generating services, with inter-linked organizational, competence generation, corporate governance and other patterns.
2. It is dubious whether societal effects can persist, such as in the continuing

development of the European Union, when emerging differentiation of layers of governance, institutions and collective solidarity and identification create a much more 'fuzzy' picture.

In response, I have tried here to clarify the nature of societal effects. Through their inherent paradoxicality, these may indeed accommodate more than one mode of production, and in the paper just mentioned, I had also argued that societal modes of production are in fact eclectic re-combinations of elements of 'purer' regimes as put forward in contingency theory. Furthermore, it is now possible to conceive of societal effects as conditioned by a logic that is different from that prevailing in focussed societies.

In focussed societies, which have very much informed social theory, in an idealized version, the focussing may indeed render societal effects sharp and distinctive. The focussing of horizons seems to make coherence between arrangements in differentiated domains and across tightly coupled spaces particularly exigent. And this would be the same for a primeval tribal society and for the modern nation state. But on the other hand, the social and economic differentiation of the modern nation state also entails a differentiation of modes of production in the full sense: artisanal production persisting next to industrial forms, sectoral models congealed into 'industrial recipes' (Spender 1989) and types of technical innovation (Nelson and Winter 1982), enterprise-size related models, infusion of 'foreign' models and other variation. I had argued that the 'portfolio' of such models in a society nevertheless is societally distinctive. So are the cross-relations between the models in a society through labour mobility, similar or different institutional grounding, combined or separate corporate and corporatist governance, supplier relationships and other networks.

The argument that social differentiation also implies a more differentiated portfolio of production systems and thereby reduces the distinctiveness of a society is still pertinent. But this only applies as long the economic and technical variety encapsulated within a society is increasing. This is questionable, in the course of the international division of labour. Recent issues also help to put an entirely different accent on the debate. *Ceteris paribus*, a larger society and economy is more capable of internalizing the variety of modes of production existing on a worldwide scale. This larger inhomogeneity will most likely not be compatible with a generalization of norms and practices in all spaces and all the dimensions. The homogeneity of societal patterns can, then, not be directly related to the focussing of spaces. Instead, it closely depends on the extent of specialization of a society and economy, which in turn is related to layering and above all incongruent layering. Therefore, smaller societies heavily implicated into the international division of labour are more likely to feature distinctive societal regimes.

Accordingly, the distinctiveness of effects that our European societies have acquired in the emergence of nation states is probably much more due to cross-societal influences and layering than imagined. These societal effects are impossible to conceive without considering wider horizons of action, and without bearing regard to layering. Societal focussing upon a national layer of economic and social institutions, along with the political consolidation of nation states, has been counteracted by intensified layering. In Eastern Europe, this reaction has even unsettled the integrity of some societies. Despite the emulation of relative autarchy and import substitution in earlier periods, societies have continually repositioned and specialized themselves in the international division of labour. This repositioning has worked against variety within and, in interaction with the emerging national or provincial regimes, increased the distinctiveness of societal modes of production. Similarly, the 'fuzziness' which appears to characterize layered societies



goes hand in hand with a fostering of the identity of specific layers. In this situation, societal effects become sharper, rather than fuzzier, when incongruent layering is on the increase. This happens because societal effects will always thrive particularly well when they are fuelled by economic repositioning. This seems to be a more potent force than the simple reproduction of societally specific patterns. But it tends to be with intimately interdependent with it.

In concrete terms, societal specificity is not sufficiently illuminated by national sectoral and industrial statistics. These are notoriously bad at capturing market segmentation, for instance. German car manufacturers have increasingly specialized in a particular market segment and export, as far as domestic production is concerned. Their international organization may indeed have all manner of production regimes starting from the cheap and standardized smaller passenger car to luxury cars. But their sites inside German society now have less variety. As enterprises multi- and transnationalize, they will internalize rather than smoothen societal differences, and the internal distribution of activities across societies will be linked to the differentiation of their product and production portfolio.

## **6.2 Societal distinctiveness through cross-layer effects**

On this basis, societal effects are becoming ever more distinctive and salient. This is because the interactive matching and adaptation of societal regimes within the international division of labour is not only an economic and business phenomenon, but one which requires and promotes far-reaching redevelopment of social institutions. Such institutions, under an intensifying international division of labour, are radically different from what they were under relative autarchy. Indeed, it is in an autarchic society which differentiates business, technical and social types internally that production regimes are manifold and 'contingent'. This is the type of society that is increasingly unidentical with itself and which will therefore be much less sovereign within than a romantic view of the nation state suggests. The Dutch Kingdom in the post-Napoleonic years, for instance, foundered on the issue of free trade (Northern interests) versus protection of domestic manufacture (Southern interests), and was after the uprising in Southern areas divided into Belgium and the remaining Netherlands (in 1839). 'Belgium' nicely illustrated the manufacturing of traditions by harking back to a Celtic tribe mentioned in *De bello gallico* by C. Iulius Caesar; but in its post-1839 meaning, it was as new as kilts in Scotland at roughly the same time. History maps show the *Belges* that Caesar mentioned to have lived in a substantial part of present day Northern France. The society that becomes internationally more specialized is the one which acquires, at a national or provincial level, a more distinctive identity and better chances of internal coordination, and it will then set up about manufacturing traditions which show its identity to have emerged more 'naturally'.

Probably the best example of such a type of societal effect in operation is Spain. I deliberately choose a society which, despite concentration of rule and domination under kings, dictators and republics has had a more doubtful track record as far as societal identity is concerned, by the criteria of social theory, being riven by different languages (Castilian, Catalanian, Basque and Gallego), very diverse regional industrial structures and recently increasing regional autonomy in government and culture. Clearly, the greater technical advancement, modernism and export orientation in the Basque country and Catalonia have furthered the resurgence of cultural identity in these regions. In addition, the Basque country has been characterized by a unique district of cooperative enterprises and networking around Mondragon. In this respect, cultural and governmental identities have developed in relation to industrial patterns. These in turn depended on a 'national'

system of governance that offered a larger market and institutions for trading within Spain and beyond, rather than within the ambit circumscribed by regional identities. And these specificities have become sharpened further, through integration into Europe, starting with the change-over from Franco to a - subsequently - democratic kingdom which prefigured the 'entry ticket' into a reconstructed European identity consisting of the rule of law, democratic foundations of government and conditions of life not too dissimilar from the circle of EC member states of the time.

Spain illustrates particularly well how societal effects reverberate through a societal space which is very incongruently layered. Such effects by no means presume some sort of decontextualized affinity between speaking Basque, technical advancement, cooperative economic and social organization and other things. The coalescence of these elements, which coincide, does not result from the continuous and relatively identical reproduction of such things as societal properties and social values. It is instead a coalescence brought about by a distinctive structuring of societal space, and the most intriguing effects originate from the incongruent layering of society. It does not take an arbitrary decision on whether Spain or the Basque country is closer to what constitutes a 'proper society' in order to analyze societal effects. Instead, the analysis would point out effects arising from the incongruent layering of Spanish and Basque society.

The intriguing property of societal effects in incongruent spaces is that they become more acute as the fuzziness of society increases, contrary to some widespread expectations. This is the result of, quite simply, *societal identity* - as a specific and interrelated construction across *all* the conceivable domains and sub-spaces - cross-cutting *systems of relations*, political, social and economic ones, within more extended horizons of action. It is the de-coupling of systems of peaceful and intensive social relations from salient societal horizons that seems to mark such societies. The idealized society which only makes motor cars, even if it conceivably has to be articulated with a complex societal layering, will be implicated in interdependency chains which cannot be societal most of the way.

The international management literature has brought forth slogans such as 'think global, act local'. As Hofstede has pointed out through the title of a recent book (1997), this slogan is largely misconceived. People 'act global', through the relations that intertwine them with markets, rules, governance, culture and other things on a worldwide scale, but they still 'think local'. Not only local concepts of worldwide phenomena, but also the Meadean 'Me' - the way actors seem themselves perceived and addressed by other and potentially far removed actors -, the way it is weighed by a reflecting Self and leads to transform an acting I, are inevitably local, although they reflect both proximate and very distant circumstances. The provincialization of local horizons is the corollary of the extension of social and economic relations. In a culturalist framework presented by Hofstede, this extension of horizons therefore demonstrably maintains and exacerbates value differences between societies, in an institutionalist framework societal layers will be distinctive, and in an Aix-type framework societal space will feature the non-identical reproduction of established interrelations between sub-spaces.

Consider the example of Britain over time from the end of the 1970s until the present. It is arguably a case of very pervasive economic, political and social change, which is why I chose to produce it as an example. With this change, it is not likely to make societal effects easy to demonstrate. In the wake of the collapse of domestic manufacturing industry, which was driven to a climax by the Thatcherite revolution, Britain became the favourite location for Japanese manufacturers wishing to establish production facilities in

Europe. The main reasons were low wages in Britain, a large pool of reserve labour seeking employment in the wake of de-industrialization, and British industrial relations and consultation and bargaining machinery not being statutorily standardized but enterprise specific to an increasing extent. Despite the union traditionalism with job demarcation and poorly integrated local bargaining practices, decentralization and absence of statutory regulation made it possible for new investors to change working and industrial relations practice in enterprises, by individual arrangement (see Smith and Elger 1999).

Such a constellation is marked by the impetus of Japanese investors to penetrate into the European Community in order to circumvent customs barriers, and also by a particular attractiveness of this location which is rooted in a singular phase of de-industrialization. This attractiveness was heightened but not triggered by the Thatcherite revolution which sought to weaken union bargaining power. In this play of forces, we find all the keywords that have come up so far. First, there is a clear extension of markets and increasing international division of labour. In this division of labour, Britain became *the* preferred location of Japanese large batch and mass producers in many industries, inside the European Community. Besides factor costs, the attractiveness lies in the potential for enterprise specific design of work systems and industrial relations, permitted in Britain, which creates greater leeway for the introduction of Japanese models, which are notorious for their enterprise specificity. In this way, it can be seen that what happened had historically peculiar as well as societally more general and longer lasting aspects. 'Traditional' working practices and industrial relations were overcome by one of their elements, as it were, overcoming others: Enterprise specificity and lack of focalization allowed more sweeping change to determined entrepreneurs at times when unemployment gave the employers comparatively more incremental power than in a nationally regulated system.

However, the change is less radical and links up with previous developments prior to the advent of the Japanese. Less traditional industrial relations, overcoming of restrictive practices and more coherent plant and enterprise consultation and bargaining machinery had occurred in new 'greenfield sites', such as new industrial estates in Washington in County Durham which date back to the 1960s and 1970s, and also under other foreign ownership, notably of American multinationals. But arguably the 'new investment' effect explained more than foreign ownership, at the stage prior to the 1970s. So, a historically unique constellation brought an earlier evolution to a peak. Also, there undoubtedly was an effect of practices in Japanese subsidiaries upon enterprises under different ownership. In this lasting drive to change round 'traditional' institutions, notably in the spaces of organizing and industrial relations, as societal analysis would predict, competence generation could not remain unaffected. Breakdown of job demarcation, 'responsibilization' of the workforce and other reforms could now be imagined following different stylized national models of the time. One would have been the Japanese pattern with high commitment of a core workforce, in well integrated enterprise industrial relations and under flexible use of the labour force segmented into a core, margins and vertically disintegrated suppliers. Another would have been the more German model of integrated work systems with a versatile labour force, built on training by generally regulated apprenticeship and a 'continuous space of competence generation'.

Interestingly, what Britain got was elements of both, in a new and original combination. There came a new system of National Vocational Qualifications (NVQ) which however is very modular in character and open to enterprise-specific configuration of occupational packages. Under a formal umbrella of accredited labels, specific combinations of skills

could thereby be implemented that diverge from one enterprise to another (see the articles in Vocational Training 1994). Loosely speaking, this approach is superficially German and substantively more Japanese, although of course the Japanese internal labour market did not emerge. Nor did the Japanese networks of corporate governance within larger groups and between large firms and their suppliers in the industrial chain, and their alliances for specific innovation ventures. It is the rather far-reaching breakdown of established corporatist machinery and networks which in Britain is striking, doing away with Industrial Training Boards, the Manpower Services Commission, sectoral Economic Development Committees and other institutions.

The eighties and nineties have above all seen the resurgence of coordination via markets, specifically share and financial markets, and simulated markets in larger conglomerates stretching across industries. And the new NVQ system was prefigured by the rise of what firms from the end of the 1970s on called 'company skills', in-between apprenticed trades and traditional 'semi-skills'. To that extent, British society has become ever more distinctive for what it already exemplified, compared to other European societies: The stock market, financial capitalism and an individualist enterprise construction (see Giddens 1984: 319-327).

Clark (1987) had made the point that 'Anglo-American innovation' was not only different between such societies of a similar Anglo-Saxon (which to be fair has to include Franco-Norman ingredients) origin, but also subject to a great deal of variation in a respective society. This would cast doubt on what precisely British innovation is. The counter-point to this argument, which extends rather than refutes it, is that social, economic and technical change starting in the 1970s and sharpened by the Thatcherite revolution has also selected out some socio-economic and socio-technical configurations and accentuated others. The piecemeal and customized adaptors of technology have withered away whereas these thrived at the same time in Germany, and the contrast between thriving high-tech developers and 'low or normal tech' large-batch producers has become sharper. This has increased the variety of production systems pointed out by Clark for Britain. But it has also made it an even more evident ingredient of society. Intra-societal variety is also a societal phenomenon; and both the amount and the quality of variety appear to interact with the emerging international division of labour.

Note how in this argument the sub-spaces and domains of society are inextricably linked. The change which has occurred is not restricted to a specific domain or sub-space. The demise of formal job territory demarcation (in organizing and industrial relations) was linked with the demise of generally regulated apprenticeship (instituted in the 1967 Industrial Training Act), which had of course been concentrated on specific job territories. It is certainly true that institutional changes did not have to occur precisely in the form that was observed. Politics does matter, as do specific strategies implemented by various actors. But on the whole, it is indicative of non-determinist societal effects that the range of changes that occurred in fitting Britain into a larger European and world economy in a new way exhibits the core of an internal coherence which goes beyond specific domains and spaces: A certain amount of change in one space does not occur without related change in another; and this occurs as suggested here although institutional domains are more autonomous than tightly coupled sub-spaces. Actors are naturally inventive about the precise ingredients of a new mix, but the ingredients of the mix are cross-referenced across domains and most of all sub-spaces, so that they form a larger meaningful entity. And this demonstrates the ongoing salience of societal references and effects even when actors in a highly and increasingly individualistic society are considered.

This argument certainly has its limits. It would for instance be difficult to make the point that the 'poll tax' was an inextricable part of the changes in industrial relations, training, work organization and capitalist governance. It may have been part of the same political package, but its absence would not have de-stabilized or even changed the emerging industrial system. This serves to underline that societal coherence across domains and spaces is not the same as a political programme or implemented package.

### **6.3 The viability and adaptive role of incongruent layering**

It is customary to consider the increasing complexification of societal space, notably by incongruent layering, as problematic. It creates ambiguous and divided loyalties, a number of coordination problems and possible inefficiencies across societal levels, lack of clarity in decision situations, difficulties of democratic decision making and other problems. Incongruent layering in this view appears to be problematic precisely because it abandons the situation of the sovereign nation state, in which a number of problems could supposedly be solved more easily. The counterpoint to this argument is that, without denying that the problem exists, on the whole there is no evidence that it is more severe than the coordination problems that focussed societies, notably if they are focussed upon a nation state, encounter. Smaller societies in particular, notably those for which the societal space they encounter is very complex indeed, have found ways of inserting themselves into an international division of labour and an international division of public authority which is, if anything, typified by unproblematic competitiveness of enterprises and of their social system, and by skilful focussing of the exercise of public authority upon a restricted range of parameters.

The Netherlands are a case in point (Visser and Hemerijk 1997). The authors show that coordination of aggregate actor groups allows a society to explore and develop courses of action that are deficient in larger societies which may retain greater sovereignty but are not able to use this sovereignty to the benefit of efficient internal coordination. Denmark is another example of a country that has improved its economic and employment performance, not by retaining sovereignty over a larger range of parameters but by de facto pegging the currency against another currency. This broke with the earlier practice in Scandinavian societies, which had previously solved internal inconsistencies of public action by accepting a higher rate of inflation and compensating this by devaluation of the currency in order to retain competitiveness. Restriction of public action parameters applies to Austria and Ireland *a fortiori*. Exposure to international competition, including competition between production regimes and social systems, appears related to an expansion and complexification of societal space, which restricts the autonomy of action of national and local actors as far as the range of the parameters at their disposal is concerned. But in return, because consideration of some courses of action is thereby suspended, the attention given to more viable ones under the premises of globalization is sharpened and leads to greater capacities of adaptation.

It is no accident that the discussion of ungovernability and *neue Unübersichtlichkeit* (new intransparency) built up, above all, in larger societies such as the USA, Germany and France. One reason is a failure, at a certain moment in time, to imagine and realize the introduction of market elements into the public domain. An at least equally important reason is a notorious *overestimation* of the potential for controlling national societies, and of the economic 'returns to focussing and sovereignty'.

Problems arising from incongruent societal space, for the coordination of domestic actors

and across levels of societal aggregation, are dependent on the specific architecture of institutions and policies, rather than the phenomenon as such. In general, the earlier a national society abandons a premise of focussing, autarchy and sovereignty, the more readily will it find a path that combines development of institutional specificity and identity with incongruent layering and exposure to international competition and regulation. Again, following the tradition begun by Stein Rokkan, we *should* look at the smaller countries of Europe as invaluable objects of comparison. They add a world which is to some extent different, and they afford better comparisons through a more varied multiplication of societal constellations.

Adapting to globalization presumes a high amount of interdependency between production regimes (enterprise strategies, organizing, competence generation, industrial relations, labour markets) and wider social systems (notably social security and stratification). In GDR times, it was captured in the slogan about the 'unity of economic and social policy'. Considering the German Democratic Republic does not exist any more and the 'unity' it achieved was precarious, the slogan is apt. This interdependency, which is also underlined in societal analysis under less political overtones, implies an increasing specificity of both production regimes and social systems, in the course of working out a path to integrate a more local societal order into a globalizing economy.

#### **6.4 Cross-layer interactions in incongruent layering**

Large societal aggregates appear to require incongruent layering. The United States is the best example: The issue of union sovereignty and indissolubility versus the 'states rights' doctrine was not settled until 1865, and even after this date, the authority of the Union is still relatively restricted, even excluding most of the penal law, large parts of civil law and certainly not going as far as the federal order in present-day Germany. In such a situation, societal effects do not exclusively operate within a logic of norms that are identical within society, governing its diverse elements. Instead, it is the differences between states and regions that trigger societal effects. The most prominent example is the migration of 'new' industries to states and regions favouring 'the right to work', i.e. exclusion of compulsive unionization of the work force. This has led to institutions of industrial relations, work organization and labour markets which are propagandistically not even called 'industrial' or 'labour relations' any more by those that have promoted them. Now, does such an effect need the qualifier of 'societal'? After all, such an effect also works between social aggregates which we would not lump together in one society. If a German camera manufacturer relocates manufacture of cameras to Singapore, for instance, we see a similar effect arising from different social and economic norms in different territories, and we would not need a notion of one society to explain it. And here, it would be very tenuous to use the qualifier, except in a very vague sense of both Germany and Singapore being part of 'world society' with some common regulation of human rights, international trade, air and maritime transport.

Yet, in other cases we do need the qualifier for a number of reasons. In the case of the United States just mentioned, the effect does not occur because of differences alone. Rather, the effect of the differences is exacerbated by the commonalities which exist: One medium of exchange in culture (the language) and the economy (the currency), and national institutions regulating similar corporate governance, trading and education arrangements and, last but not least, a national ideology explaining and prescribing the nature of the larger community, even if it is controversial between currents of opinion (Hollingsworth 1987). It suffices if it is intended to be national. In addition, there is a relatively clear-cut demarcation, by rules of exclusion and inclusion, of those who belong to this society and those who do not. Because of these governed similarities and rules of

inclusion, the effect of differences between segments is increased. The greater societal integration within a larger entity is, the greater the effect of differences between state or regional segments will be in attracting or repelling different production regimes. Thus does societal integration (at the national level), itself, amplify the differentiation of 'lower' layers and provide them with a more distinctive identity.

In the classical idea of a modern society, the exacerbated sorting effect of differences between societal segments within a 'lower' layer will in the long run lead to an enforced or voluntary adaptation of social definitions. This is one conceivable and real possibility. But it is far from being the dominant one. Elaboration of generalized standards presumes a limitation of competition, eliminating some criteria and thereby highlighting others. However, this may happen in different ways. One possibility is that actors converge upon similar rules and courses of action. The other possibility is that despite generalization of standards, actors evolve different courses of action. Where such differentiation attaches to societal layers and their segments, these will therefore be practising and limiting competition at the same time. They will by that token not follow generally prescribed parameters of competition but seek out a specific niche that offers comparative advantage and a specific mix of parameters of competition. In other words, differentiated niches in a wider and multidimensional spectrum of markets limit competition differently and potentially with an effectiveness equal to general norms. They will not do without norms, though. Experiential human capital on a wider scale will not emerge if there is no approximative normalization of occupational trajectories, knowledge and behavioural repertoires. But these norms then have to be interactively adjusted with a specific production regime, which requires a more economically specialized society, which in turn will go together with incongruent societal layering.

Just as 'purer' competition between enterprises leads to market segmentation, with more different respective sets of competitive advantages in market segments, so will the competition between production regimes be marked by a differentiation of niches with their own respective comparative advantages. This idea, which is quite familiar in the business literature, has not received enough attention in the 'regime competition' literature. Limitation of competition boils down to its specification and qualification, and this is a pervasive response to markets with more homogeneous goods. 'Industrial districts' are a specific instance of this mechanism. They are typically historical products of societal layering and where they occur, they very much affirm the continuing identity of societal segments in layers.

Thus, the fundamental conflict between competition on the one hand (the 'war of everyone against everyone else') with solidarity on the basis of standardized rules on the other, which tends to be seen as the core of societal community, gives a very partial opening into the relation between the two. Societal segments, whether these are called 'Württemberg', 'Southern California' or 'Mondragon', do not compete nationally or internationally on the basis of the same rules and the same competitive parameters. They develop their own competitiveness in seeking out specific niches and competitive parameters inherent to these. And to the extent that relative competitive advantages and disadvantages congeal into, and arise from, institutions encapsulated in societal interdependencies, they demonstrate societal effects. At this point, it can be seen how the more generic idea of 'resource partitioning', which has evolved in population ecology studies, helps to build a bridge, not only to the strategy literature but the more fundamental construction of society.

Resource and strategic partitioning of niches of existence relate to the construction of

societal specificity, at whichever level, in two ways. On the one hand, there is a societal effect occurring within the interdependencies that are specific for Württemberg, Southern California or Mondragon: a societal effect within a regional layer of societal space. But on the other hand and in addition, this regionalized effect is related to societal effects occurring through interdependencies across the full range of sub-spaces and domains in higher layers, such as Germany, the USA or Spain. There would naturally also be societal effects in European society, to the extent that Europe can realistically be envisaged embodying the full range of interdependencies across sub-spaces.

Next to regional or provincial layers, it is above all Europe that alerts us to cross-level effects. Presumably they are most marked when incongruent layering occurs. And they are most fascinating when they increase the distinctiveness of segments within one layer, not in a negative but positive relation to the standardization of norms and behavioural repertoire achieved in another layer. And this theory would lead us to predict that, if another parameter of action is standardized in Europe, such as the currency, societies will respond to this, not by further cumulative harmonization but amplified differentiation of structures or patterns.

Finally, to come back to the theoretical point of departure, how can we consider the complexities of effects in incongruently layered spaces as occurring within a universe which Mead called a 'complete process' which is present in the understanding of an individual actor? Do the complexities of the process not shatter its completeness and the actor's capacity of imagination and cognitive representation? Let me try 'no' as an answer, in a case which is not simple. Taylorized production systems had come to rely on migrant or refugee manpower, very often coming from outside the society which put them in place. They encapsulated an interaction between the construction of organization, competence generation and industrial relations spaces which transcended societies, or took place within layered societies, and sometimes contributed to extending societal space. We therefore see a cross-level effect in operation. It is a societal effect because there is interdependency between production and reproduction, organizing and competence generation, and any other sub-spaces into which we may choose to divide society. Furthermore, it is an interaction which despite its large geographical and cultural span becomes firmly anchored in the minds of actors. Whether for good or for bad, a practised societal understanding develops that particular jobs are 'right for Turks'. Furthermore, the interdependencies which are constituted do not arise from, but in this case help to constitute societal space. One part of this is the emergence of a new social type of people: German Turks and Turkish Germans. This indicates the possibility that an extended societal space may again be segmented, in this case along ethnic lines rather than territorial ones.

Such is the way we have to conceive of effects occurring in the extension of societal spaces along with phenomena of globalization. It brings such phenomena back into a conceptual world which is more familiar, and it thereby affords greater safety of analysis and prediction. Far from promoting deterministic predictions, it enables us to analyze courses of action while avoiding the pitfalls of both outdated social theory and the confusion arising from post-modernist 'anything goes' after the supposed end of societal modernity as we thought we knew it. Existing national societies, when they are large, already embody incongruently layered societal space. Extension of societal space in Europe and elsewhere then mainly implies incongruent layering, which generates particular cross-level effects. Such cross-level effects tend to reinforce the distinctiveness of societal segments in those layers which are not the object of a current extension.



## 7 Characteristic outcomes and open issues

The analysis presented here suggests how societal effects are a useful concept in explaining what happens in globalization. They are salient even if societies become much more complex and blurred assemblages. In view of the different paths that are conceivable, a more general statement is difficult, except that paradoxes within societal space are probably increasingly important to look at. They have always been with us, but their analysis has been obscured by a Whiggish view of the nation state. However, it is not possible to predict how concrete segments of societal space will position themselves in the future, how they will acquire and shed functions and identity. This depends very much on actors and action that takes place.

One thing, though, seems very likely. There is not going to be any world society or European society that adopts the configuration of the nation state, not even if we exclude the criterion of 'one language' or 'one culture'. A focussed societal space most likely overburdens the polity into which it is cast and which is meant to control it. However, this does not automatically signify the demise of recognized nation states. The smaller they are, the more viable they will remain; the better they achieve policy coordination of actors to work out niches in the international division of labour, the more will they retain identity and legitimacy. Societal constructions above the national level, on the other hand, may turn into something reminiscent of the construction of the Holy Roman empire between Charlemagne and Napoleon. Political scholars will criticize me for neglecting the evident differences between present-day Europe and that Empire, which is why I hasten to add that the comparison is to be metaphorically stimulating rather than scholarly exact.

A paradoxical perspective on the mechanics of societal layering helps to avoid 'either-or' questions which are often prominent in debates. It links societal analysis with a more viable approach to analyzing the evolution of societal patterns over a longer time span. In this perspective, development of societal identity (shared institutions, views and behavioural repertoires, sense of community of fate) is promoted by incongruent layering and the extension of horizons of action beyond the confines of societal entities. Identities may become clearer, precisely because the overall structuring of societal space, through the multiplication of layers, becomes more intricate. And it is the specialization of societal entities in dealing with specific parts of institutional domains that makes identities more robust. This institutional specialization is closely related to specialization in the international economic and political divisions of labour. It is very important not to confuse the completeness of sub-spaces of society, which makes up its 'self-sufficiency', with the completeness of institutional domains covered by a society. The latter is typical for focussed and congruently layered societies, but absent in incongruently layered societies. The type of society that is viable, alive and kicking in an internationalizing economic and political regime, however, is an economically and institutionally specialized societal entity, inserted into incongruently layered space.

Open research questions thereby emerge about the way existing societal entities position themselves in a paradoxical way. How, in the international division of labour and in relation to the changing spectrum of supranational alliances and associations, do they specialize or not, in which ways do they specialize, and what kinds of developments in the inter-relationships within and across societal layers are these processes founded on? Such questions would be fascinating to study. The existing literature is very much focussed on the sectoral composition of economies, which is a much too crude variable.

A more fine-grained analysis using market segments with specific business strategy characteristics is called for. Particular attention appears appropriate to the situation of smaller societies, and how these compare with the situation of larger ones. Conceivably, larger societies opt or have to opt for multiple specialization. Such questions and hypotheses may inspire interesting studies.

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