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(eds.)

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Bernt Schnettler

## **Sociability: The Ethnotheory of Co-operation<sup>1</sup>**

### **Abstract**

Co-operation is a key term in the ongoing replacement of the Fordist-Taylorist paradigm by post-Fordist forms of organization. In this process, we observe a growing matrix of inter-organizational relations, the articulation of networks as a new type of organization beyond the classic forms of integration called „markets“ and „hierarchies.“ Nevertheless, we know very little about how actors in real-life co-operation perceive and conceptualize their actions in networks. Based on results from an empirical study on small and medium-sized enterprises in the high-technology sector in Southwest Germany, the ethnotheory of co-operation is reconstructed. It can be shown that network forms of collaboration are driven by a type of rationality that is different from the strategic-instrumental one commonly regarded as predominant in economic processes. To cope with the inherent incalculabilities, actors in networks rely on a type of „relational rationality.“ The integration of networks is achieved and maintained through a form of interaction that can be characterized as „sociability-work.“

### **1. The rise of the „network society“ and new forms of organization**

In the information age, a new concept for describing contemporary Western societies has become prominent – the „network society.“ As Castells puts it: „Networks constitute the new social morphology of our societies“ (1996:469). This new social morphology is characterized by the ubiquity of network-like bonds, on the micro- („interactional networks“), the intermediate („interorganizational networks“) and the macro-structural levels („international networks“). The inherent vagueness of the term also qualifies it to balance the tension between the cultural pessimism of decadence on one hand and the euphoric utopianism of a unified world society on the other. Furthermore, the term suggests a definite solution to the threat of social disintegration due to the weakening of traditional ties and bonds like family, class or religion in late modern societies. Networks therefore may be seen as somewhat like a social panacea: Whereas traditionally integrated and well-circumscribed societies were faced with the

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<sup>1</sup> This paper summarizes findings that are reported at length in Schnettler (1998). I thank Hubert Knoblauch for his valuable comments on an earlier version of this text. I am indebted to Polly Kienle and James Stuart Brice for their help with the English text.

continuous danger of disintegration, networks seem to be immune to this, as the network *is* integration *in itself*. Network societies seem to have overcome both Weber's „iron cage“ and Durkheim's fear of „anomie.“ However, beyond the aesthetic qualities of the metaphor we should raise the question of what kinds of forces operate within the network, how social integration is achieved and what forms of cohesion replace the traditional constraints. As we will see, co-operation is the key term in this line of discourse. But before I get to that, we will focus on a specific area where the network-topos has developed further prominence. Since the 1970s, the economy has faced profound changes, motivating some scholars to pronounce the end of the Fordist-Taylorist era. „Post-Fordism“ arose as economies of scale changed into economies of scope; vertical integration was replaced in part by outsourcing and functional differentiation by flexible specialization (Amin 1994). This process has resulted in a growing number of lateral relations between firms and implies a tendency towards vanishing boundaries (Badaracco 1991) between formerly well-demarcated economic entities.<sup>2</sup> This has profoundly changed the articulation of the working processes within organizations.<sup>3</sup>

Powell (1990) suggests that inter-organizational networks are a third type of organization, different from the classical forms of vertically integrated hierarchies (firms) on one hand and horizontally integrated, anarchic markets on the other. He rejects the notion common to transaction cost-theorists that economic interaction takes place between the two extremes of open market relations and closed firms as „islands of planned coordination“ within an ocean of anarchic market interaction.<sup>4</sup> Nevertheless, the degree of the network-like interconnection varies markedly between the different

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<sup>2</sup> I cannot discuss the causes of transformation at length here. Suffice it to say that the micro-technological revolution and the development of sophisticated and widely available information and communication technologies clearly plays an important role in creating the material basis for this process.

<sup>3</sup> At the same time, communication has begun to play a decisive role in constructing and maintaining the growing interconnectedness within and between organizations. Communication has become not only a collateral part of the working process, but *work in itself* („Kommunikationsarbeit“, Knoblauch 1996).

<sup>4</sup> For a critique of the dyadic and temporal reductionism of the transaction cost-theory of Williamson and the „undersocialised“ conception of human action in classic and neo-classic economic theory see also Granovetter (1973) and Grabher (1993).

industrial sectors (Pohlmann 1996) and countries (Windolf/Beyer 1996).<sup>5</sup> Furthermore, Powell (1990:327-8) emphasizes that we still have very little knowledge about the articulation of work under the different organizational regimes, and we do not know if actors in fact perceive their action in networks as different from the action that occurs in markets or in companies. This question can only be answered through empirical studies.

## 2. Co-operation and the social constructivist theory of organization

Let me first briefly outline the theoretical background of the study that I am going to report about. Interpretative social theory since Weber has been based on the principle of methodological individualism, which means that a sociological explanation cannot refer to „collective actors“ (Weber 1921:§1). Weber nevertheless did not develop an explicit theory of how human action constitutes social structures. This gap was closed by the theory of social construction (Berger/Luckmann 1966). Incorporating findings from the field of philosophical anthropology (Gehlen, Plessner), Berger and Luckmann described the process of institutionalization, which is grounded in the routinization of reciprocal social action (Luckmann 2002). Once a solution for an interactive problem has become routinized, the first step towards the establishment of an institution has been taken. But Berger and Luckmann do not provide a specific theory of organization. Knoblach has elaborated the concept of social constructivism, formulating a theory of „communicative construction“ (Knoblach 1995). He has explained the process of institutionalization in great detail. Whereas Berger and Luckmann analyzed the crystallization process in reciprocal social action in general terms, Knoblach formulates an explicit social constructivist theory of organization. He writes: „Organizations can be understood as the material manifestations of institutional orders [...] Like all institutions, therefore, organizations are based on a foundation of primary legitimations which are closely related to the institutions' own pragmatic requirements“ (1997:11, my translation). Knoblach emphasizes that especially these primary legitimations, interwoven with interactions, constitute the core and heart of institutions, institutional orders and organizations (cf. 1997:11).

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<sup>5</sup> Comparing the 623 largest German and 520 largest British companies, Windolf/Beyer identify marked differences in the degree of interconnectedness, characterising Germany as an example of „co-operative capitalism“ vs. Britain as „competitive capitalism.“

With respect to the study of organization, we therefore distinguish between the professional theories of experts, on one hand, and the conceptualization of reality as perceived by the actors themselves, on the other. In both cases, we can call the „legitimations“ because these „theories“ serve to legitimize the institutional order. Obviously each of the two types work on different levels. In this study, my interest is focused on the primary legitimations. These primary legitimations are reflected in narratives, organizational myths, ceremonies or other elements of the so-called „organizational culture.“<sup>6</sup> This is what I will later refer to as „ethnotheories.“

Considering this distinction between the theories of experts and the actors' own „ethnotheories,“ we have to be cautious when we study the new organizational forms established by networks. As we have seen, the term co-operation plays a central role in the discourse that developed with a certain impetus in the mid-nineties. There was much work by economists advocating interfirm-relations, such as joint ventures, strategic alliances, operational co-operation and the like. This was intended to overcome the crisis of capitalist production and was somewhat surprising, if we bear in mind that capitalism is based primarily on competition. There is a growing literature on co-operation in the economic sphere, which I cannot discuss here.<sup>7</sup> But in trying to analyze what could constitute the central aspect of the concept, one faces considerable difficulties, both on the theoretical and on the empirical level. This is true not only because of the intrinsic vagueness of the concept – just like the term „culture“ or „system,“ co-operation is a terminological „wildcard“ used in a wide range of fields. We do not need to define it as the basis of sociability itself – as Argyle (1991) does – to discover the central role co-operation plays with respect to human evolution.<sup>8</sup> Furthermore, the ambiguity of co-operation is a result of the threefold connotation it bears, as social process, institutional structure and ethical norm. We cannot establish any limit to co-operation; co-operation is

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<sup>6</sup> On a higher level, theories of the „free market-“ or „social-market economy“ function as more elaborate („secondary“) legitimations

<sup>7</sup> I have done this elsewhere. For further details see Schnettler (1998:23 et sqq.).

<sup>8</sup> In fact, in biological anthropology co-operative hunting and gathering is understood together with bipedism and erect walking as the very beginning of human history (cf. Campbell 1995). Earlier theorists like Kropotkin (1904) have highlighted the importance of mutual aid for evolution, arguing against the predominant Darwinists conception of competition as the decisive force for the development of the species.

historically ubiquitous – it can be found in the bison hunting bands of the Stone Age, as well as in complex contemporary international organizations such as the UN. It can be studied on the dyadic as well as on the macrostructural level (Nisbet 1986).

Although we can observe a certain boom in its use in the economy in the last decade, co-operation is not at all a recent phenomenon. There have been network-like ties between firms and industries since the very beginning of modern capitalism (Sydow 1992).<sup>9</sup> As early as the 1930s theorists discussed co-operation in the economic sphere (Dessauer 1929; Dunkmann 1931; Sauermann 1931), and in the sixties we find well-established research on economic co-operation (e.g. Boettcher 1972, 1974). More recently, we find detailed descriptions of the varied forms of inter-firm co-operation (Blohm 1980) together with a growing genre of normative „how-to“ literature intended to encourage and guide firms which want to co-operate.<sup>10</sup>

### 3. Investigating co-operation in Germany

Without depreciating the findings of this rich literature, we should note the relative weakness of the results with respect to their foundation in empirical research.<sup>11</sup> For this reason, the Fraunhofer Institute for Industrial Engineering (IAO) carried out a combined study of co-operation in small and medium-sized enterprises in Germany. The aim was to gain knowledge about the extent and the day-to-day practice of co-operation among German firms. We first interviewed some prominent experts on co-operation and then carried out a survey of 2000 firms.<sup>12</sup> More than half of the firms (54%) reported had already engaged in co-operation, and there was a clear increase

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<sup>9</sup> For example, in the regions of Lyon (silk-production), Sheffield and Solingen (cutlery), Birmingham and St. Etienne (weapons).

<sup>10</sup> Paradigmatic examples for this genre: Bleicher (1989), Bronder (1992), Bronder/Prizl (1991)

<sup>11</sup> There are very few studies which treat co-operation, mainly focussing on particular aspects (primarily the success of co-operation or criteria for success, cf. Bleeke/Ernst (1992), Raffè/Eisele (1994)) and employing only quantitative survey methods. For an overview cf. Cramer (1995), Schrader (1993).

<sup>12</sup> The results of the quantitative part of the study are reported in Bullinger/Ohlhausen/Hoffmann (1997).

in national and international co-operation between 1990 and 1995.<sup>13</sup> The data also indicated that in most cases, both during the initiation and in everyday practice, co-operation is the responsibility of the executives in the firms.<sup>14</sup>

Nonetheless, these statistics did not provide answers to the question of what exactly constitutes the day-to-day reality of co-operation. Therefore, we decided to carry out further qualitative research. From among the respondents, we chose 10 of the most interesting, whom I visited at their companies to conduct detailed interviews. For practical reasons, the selection was limited to Baden-Württemberg, one of the paradigmatic zones with regional industrial networks, others being the north of Italy and Silicon Valley (cf. Grabher 1993, Piore/Sabel 1984). We have especially focused on high-technology industries and co-operation within the field of research and development. The selection was based on the „theoretical sampling“ procedure described by Strauss (1994:43, 70-1). The following results are based on these interviews (which amount to a total of 12 hours and were fully transcribed) and fieldnotes, as well as material collected in the field (brochures, flyers, etc.).

### **3.1 *The construction of co-operation***

In order to provide an illustration, I would like to give a short summary of some characteristics of the companies I studied: The firms belong to the automotive supply, agricultural machinery, and plant engineering industries. The persons I interviewed worked at different levels in the hierarchy within these firms.<sup>15</sup>

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<sup>13</sup> From 28 to 38% for co-operation with German firms and from 14 to 36% with firms from other countries.

<sup>14</sup> In 84% of the cases, the CEO was personally the leading force. The respondents also emphasized a preference for informal rather than formal meetings and the use of classical media (telephone, fax) rather than modern electronic devices (email, videoconferences) to maintain communication with their partners.

<sup>15</sup> I interviewed four CEOs, one director of the R & D department, one senior manager of production, one financial director, one assistant to the CEO and a development engineer. One of the interviewees had a special position: he works in a now privatized but formerly federal institution for the advancement of the space and aerospace industries and can be characterized as an expert on co-operation, as his duty is to foster international co-operation among firms in the space industry.



The companies can be divided into three idealized clusters with respect to their size and the overall strategic importance of co-operation. In the first cluster, we find small- and medium-sized companies for which co-operation is of major significance for their economic success. This is also true for the second group, which nevertheless consists of larger companies.<sup>16</sup> Although they also depend heavily on co-operation, their discourse differs markedly from the first group. The latter emphasizes economic benefits for themselves through co-operation, focusing on „hard“ criteria or discuss pragmatic aspects, whereas the former underlines the mutual gains and reciprocity of co-operation, focusing on „weak,“ non-economic aspects<sup>17</sup> and stress equity.

The third cluster is made up of companies also belonging to the small- and medium-sized firms, but for which co-operation only has marginal importance. Their discourse tends to be similar to that of the second group, with a preference for „egoistic,“ rather than mutually advantaged aspects. This first difference indicates a relationship between the significance of co-operation, on one hand, and the emphasis on mutuality, on the other, which proved to be important for the further analysis. For this reason, we will investigate it in detail. In this respect, even the local arrangements for the interviews can be understood as important data. Taking into account that the initial conditions were very similar in all cases – I called the interviewees and made appointments to visit them at their firms – the circumstances under which these encounters took place differed considerably. I will distinguish two interactional types, „formal“ vs. „sociable.“ Let me give some examples of different stages in these encounters:

Schwartzman (1993:48) points out that „(s)tepping into a setting for the first time is probably the most significant phase of the entire ethnographic process,“ This general notion of ethnography proved to be true even for my little „focussed ethnography“ (Knoblauch 2001). My interviewees arranged this first encounter in very different ways. Supplied with descriptions and rudimentary plans of the location, in some cases I had to find them on my own. In other cases, interviewees were more obliging; the most extreme case is that of Dr. Meier, the owner of a small company that produces highly specialized technology for chip production. He personally came to pick me

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<sup>16</sup> For them, the boundaries between intra- and interfirm co-operation are difficult to define, as they form part of multinational firms.

<sup>17</sup> As the „commitment experienced“ or the „organizational culture.“

up at the nearest railway station in his S-Class Mercedes and immediately established a relaxed and very pleasant atmosphere. He did not hesitate to mention even very personal details, so that we had a very stimulating interview in his office. In fact, he *was* very co-operative. Others were not. In some cases I had to pass the checkpoint barriers at the company entrance, walk through dark, noisy production areas and hallways, and the interviews were interrupted by phone calls for my subject or his other duties. The extreme case was my interview with two representatives of Schumann & Kroll, who, obviously more than irritated by my questions, turned the tables on me and transformed the interview into an interrogation on my research objectives.

The locations my respondents chose our meeting were of similar significance: Mr. Penello, for example, led me into his inner sanctum, the personal office of the company director, where we sat at an immense oak table he had inherited from his beloved Italian grandmother, as he told me. By contrast, Mr. Beringer conducted me into a small, dark room without windows, the walls of plastic, with four plastic chairs and a table, which resembled a police interrogation room.

I could go on recounting many more details reconstructed from my fieldnotes, but my aim is not to demonstrate the peculiarities of ethnographic encounters with „unfamiliar cultures“ (as the economic sphere is obviously unfamiliar to me). What struck me most as I went over my notes was that these little observations fit into a more general view of a co-operative vs. a non-co-operative type of interview situation. That may happen to a certain extent in all ethnographic fieldwork. But the astonishing point was that all this correlates perfectly with the differing overall significance attributed to co-operation, or one may say: the success of co-operation at the companies I mentioned above. Those interviewees strongly depending on inter-firm bonds, highlighting equity and having successful co-operation were significantly more „sociable“ than the others.

The interactional type I will refer to as „sociability“ is therefore of central significance for co-operation. As Simmel (1970:48-68) showed, sociability can be understood as the elementary form of „Vergesellschaftung.“ But the question is: what is the specific relation between „sociability“ and co-operation? How does this association work? In the interviews themselves we can find further explanations.

### 3.2 *The ethnotheory of co-operation*

I will now focus on the narrative data from the interviews. Unlike certain other scholars in the field of qualitative research on organizations, I do not believe that organizations *are* narratives (Czarniawska 1997, 1998). Nevertheless, narratives can be valuable devices for the investigation of organizational reality. They are keys to the construction of reality as perceived by the actors themselves in organizations. Narratives do not simply reflect that reality, they also offer a condensed and accentuated reflection on the „first order constructs“ (Schütz 1962) that can provide a basis for our (scientific) reconstruction. In some cases, the reflections presented by the respondents are so explicit, multifaceted, and elaborate that we can call them „ethnotheories.“ In the analysis of the interview data, I will focus on two issues: first on the terminology used to denote the co-operation, and second on some recurrent topoi we find in the narratives.<sup>18</sup>

One of the central aims of the study was to clarify what actors in inter-firm networks understand under co-operation. Going through the data, we do not find a uniform use of the term, but rather at least two different semantic domains. Looking for the common denominators linked to co-operation, we find on the one hand the use of *technical* terms like „verlängerte Werkbank“ (*extended workbench*), „gemeinsame Unternehmensgründungen“ (*joint foundations of companies*), etc., while others prefer *relational* terms. Mr. Richter, for instance, describes economic co-operation in terms of „marriage“:

- |                                                   |                                                 |
|---------------------------------------------------|-------------------------------------------------|
| 1 R: Ja, ja äh Kooperation ist die Ehe            | 1 R: <i>uh huh, co-operation is marriage</i>    |
| 2 I: Tatsächlich, aha. Wie meinen sie des?        | 2 I: <i>really, well, how do you mean that?</i> |
| 3 R: Ha da teilen sie alles                       | 3 R: <i>well, in it you share everything</i>    |
| 4 und gehen miteinander jedes Risiko ein          | 4 <i>and take every risk together</i>           |
| 5 wenn sie 'ne richtige Ehe führen                | 5 <i>if you 're in a real marriage</i>          |
| 6 dann ist das im wesentlichen die Spitze einer 7 | 6 <i>that's basically the essence of co-</i>    |
| Kooperation                                       | <i>operation</i>                                |
| 7 I: Das ist interessant                          | 7 I: <i>that's interesting</i>                  |
| 8 R: Ganz locker                                  | 8 R: <i>taken loosely</i>                       |
| 9 wenn sie 'ne Bekanntschaft haben                | 9 <i>if you get to know somebody</i>            |

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<sup>18</sup> The methods I draw on are ethnographic semantics (Frake 1973), sociological analyses of genres (Luckmann/Knoblauch 2001) and topoi (Knoblauch 2000), social hermeneutics (Soeffner 1989) and grounded theory (Glaser/Strauss 1967).

10 dann führt's zur Freundschaft	10 <i>then it leads to friendship</i>
11 und dann zur Ehe	11 <i>and then to marriage</i>
12 Und genau so isch es bei Kooperation'	12 <i>it 's just the same with co-operation</i>
13 Sie fangen irgendwann mal an mit 'nem Liefervertrag	13 <i>maybe you start with a sales contract</i>
14 sei es aus China oder sonst irgendwo	14 <i>whether from China or somewhere else</i>
15 und dann vertiefen sie Dinge	15 <i>then you solidify things</i>
16 und dann fließen se zusammen	16 <i>then you meld</i>
17 Am Schluß, wenn sie 'ne richtige Kooperation haben	17 <i>Finally, when you have real co-operation,</i>
18 sind sie auch finanztechnisch verschmolzen mit allen Risiken	18 <i>you're also financially intertwined with all the risks,</i>
19 vor allem wenn sie dann Fifty-Fifty machen	19 <i>above all, if you then do it fifty-fifty</i>

Other interviewees answered the question of what the central aspect of co-operation is with relational terms like „friendship,“ „partnership,“ etc. Surprisingly, relational semantics were more frequently used by those firms for which co-operation had central significance, while technical definition were preferred by those for which it does not.

Within the narratives, we can also find some recurring *topoi* which emphasize the aspect of sociability. Frequently, the importance attributed to „personal relationships“ caused it to be the core category in the analysis. This topos is often embedded in a typical thematic structure of the co-operation narratives, as the account of the interview with Mr. Ritter shows. He starts with (a) a brief presentation of his company, then (b) characterizes the partner company, (c) refers to the structural conditions which led to their interest in co-operation, and then, at the crucial moment of the narrative, (d) turns to the core element – the personal relations. After his extended historical account of the co-operation's development, he emphasizes that co-operation was fixed in a formal contract just five years ago:

1 die 25 Jahre vorher waren Shake hands	1 <i>the twenty-five years before were 'getting acquainted'</i>
2 und das beiderseitige Vertrauen von Personen	2 <i>and the mutual trust between people</i>
3 von-	3 <i>of-</i>
4 von Persönlichkeiten	4 <i>of personalities</i>
5 die gesagt haben	5 <i>who said</i>
6 wir machen das zusammen	6 <i>we 'I do this together</i>

- |    |                                                                                                                  |    |                                                                                                                                 |
|----|------------------------------------------------------------------------------------------------------------------|----|---------------------------------------------------------------------------------------------------------------------------------|
| 7  | da war die Fairness zwischen diesen Menschen                                                                     | 7  | <i>these people treated each other with fairness</i>                                                                            |
| 8  | das war mein Vater und der Geschäftsführer eh dort                                                               | 8  | <i>that was my father and the CEO there</i>                                                                                     |
| 9  | und dann später war das meine Generation mit dem Geschäftsführer dort                                            | 9  | <i>and then later it was my generation with the CEO there</i>                                                                   |
| 10 | und jetzt ist da auch eine jüngere Mannschaft reingekommen                                                       | 10 | <i>and now a younger team has become involved as well</i>                                                                       |
| 11 | jetzt ist es die persönliche Beziehung dieser Ebene Garant neben dem inzwischen abgeschlossenen Vertriebsvertrag | 11 | <i>and now it's the personal relationship that is the guarantee along with the sales contract we 've signed in the meantime</i> |

Personal involvement is emphasized as indispensable for flourishing co-operation. We can find more instances of this and other topoi like the frequent references to non-work activities as football matches, go-cart races, fishing trips and business lunches which, by enabling face-to-face encounters, serve to deepen and widen the social relationships and the mutual trust of the partners. One might consider these non-work-related activities to be merely collateral and insignificant. But the interviewees stressed that these activities are in themselves *work* in the strict sense and play a central role for co-operation. Asked about the day-to-day reality of co-operation, Dr. Wellmann answers:

- |    |                                                              |    |                                                                              |
|----|--------------------------------------------------------------|----|------------------------------------------------------------------------------|
| 1  | das wichtigste is' Kontakte: Kontakte: Kontakte              | 1  | <i>the most important thing is contacts, contacts, contacts</i>              |
| 2  | ...                                                          | 2  | <i>...</i>                                                                   |
| 3  | das heißt man muß da                                         | 3  | <i>that means one has to</i>                                                 |
| 4  | schon auch um's bewegen zu können                            | 4  | <i>just to get things moving</i>                                             |
| 5  | guten Kontakt zu den Leuten halten im Inland und Ausland     | 5  | <i>maintain good contacts with the people inside and outside the country</i> |
| 6  | mit denen man dort zu tun hat                                | 6  | <i>with whom you are dealing there</i>                                       |
| 7  | das führt dazu daß 'n Großteil der Arbeit die man betreibt - | 7  | <i>the result is that the main part of the work you do -</i>                 |
| 8  | ich sagte vorhin Telefon -                                   | 8  | <i>I just mentioned the telephone -</i>                                      |
| 9  | aber auch wirklich die Arbeit mit den Leuten                 | 9  | <i>but also the actual work with the people</i>                              |
| 10 | und mit den-                                                 | 10 | <i>and with the-</i>                                                         |
| 11 | mit den äh-                                                  | 11 | <i>with the, er-</i>                                                         |
| 12 | am Mann                                                      | 12 | <i>one on one</i>                                                            |

13 die Arbeit am Mann ist  
 14 nicht nur Papier

13 *is working one on one*  
 14 *not just paper*

The repetition of „contacts, contacts, contacts“ emphasizes the basic rhythm of work in co-operation, for which Dr. Wellmann uses a boxing expression:<sup>19</sup> („Arbeit am Mann“, „*one on one*“) which has at least a twofold meaning („Arbeit am Mann“ can be interpreted either as „working with somebody“ or as „beating him up.“). This reflects the double character of what I call „sociability work“: on one hand it lays the basis for co-operation, and on the other it constitutes its necessary „capital“ (in the sense of „utilization“).

To sum up: As it turned out, the overall result of the analysis of the ethnotheory of co-operation did not reveal certain plans, particular strategies, or specific types of economics, but instead a very basic form of human interaction, which I refer to as „sociability work,“ as central to co-operation.

#### 4. The rationality of interpersonal bonds

Let me conclude with some conjectures about the possible reason for the prominence of „sociability“ in the ethnotheory of co-operation. I suggest that networks rely on a different type of rationality than the one often assumed to underlie modern formal organizations. As Max Weber pointed out, there is a direct relationship between the type of society characterized as modern and the prevalence of a specific type of organization that he called bureaucracy (Weber 1976:122 et sqq.). The rise of large formal organizations and their influence on increasing areas of daily life in industrialized countries mark the beginnings of modernity. This organizational type was built upon the principle of instrumental rationality, which in conjunction with the Protestant work ethic shaped capitalist societies. As Wolin puts it, „organisation [...] is the grand device for transforming human irrationalities into rational behaviour“ (1961:380). Rationality – in this sense – was thought to be at the very core of organization.

But at the latest since the discovery of the power of informal structure by the human-relations movement in organizational research and their central importance for organizational success, belief in the rationality of or-

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<sup>19</sup> I thank Hans-Georg Soeffner for this observation.

ganizations has begun to decline.<sup>20</sup> Instead of being the central principle of organization, rationality seems rather to be a part of their legitimation.<sup>21</sup> Nevertheless, as a core concept – or a modern myth – rationality has continued to dominate the discourse of organizations until the present day. Considering this relation between formal organization and rationality from a social constructivist perspective leads to quite different results. As mentioned above, we understand organizations as the material manifestations of institutional order (Knoblauch 1997:11), which are created, maintained, and changed by continuous social action. In addition, as the solution for a certain interactive problem may be – more or less – coincidental, institutional orders have to be legitimized.<sup>22</sup> Therefore, the supposed „rationality of organization“ is seen as part of the organizational myth rather than its reality. Alternatively, in the words of Berger and Luckmann (1966:60): „The logic does not reside in the institutions and their external functionalities, but in the way these are treated in reflection about them.“

My question is what is „rationality“ in our case of inter-firm co-operation? Let me give you one last example<sup>23</sup>: Suppose you are the CEO of a small family enterprise producing agricultural machinery on the edge of the Black Forest. For three generations, your company has been one of the world’s leading producers of fertilizer spreaders. Your products are selling well, but times are changing, and you are confronted with your clients’ desire to upgrade your machinery with electronic devices. A microprocessor is to be

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<sup>20</sup> From 1924 to 1932, Elton Mayo and Fritz Roethlisberger et al. conducted the famous „Hawthorne studies,“ which marked the beginning of the „human-relations movement“ in organizational research. Cf. Schwartzman (1993:5-17) and Walter-Busch (1989) for a critical reconstruction of the institutionalization of this line of investigation.

<sup>21</sup> A striking example for the importance of the informal structures of organizations is the phenomenon called „bootlegging innovations“: Behind the backs of superiors and outside of official planning, products are developed without an official commission (cf. Hoffmann 1991). Later, when they are already well developed and working, they are presented to the intra-organizational public and adopted by the official structure. Many well-known successful products (e.g. the VW Golf) are the result of these „conspirational“ actions.

<sup>22</sup> The problem of legitimation arises when the solution adopted by the „founders“ of the institution has to be transmitted to a „subsequent generation,“ which has no insight into the original problem. Berger/Luckmann distinguish between four different levels of legitimation (see Berger/Luckmann 1966:chap. II 2, 85 et sqq.)

<sup>23</sup> This is not a hypothetical case, but is also taken from my study.

integrated into the spreader. You know everything about the spreader's mechanical functioning, but you do not have any electronics expertise in your research and development department. So you would either be forced to expand as a firm and employ your own computer-developers, which, due to financial constraints seems to be the wrong choice – or to co-operate with a partner, with another firm that has knowledge in the area you need. If you opt for the second solution, that of co-operation, a great many problems arise: First, how do you find a partner with the technology you require? Second, how do you co-ordinate the process of joint development, of integrating two different forms of knowledge into one functioning final product? But the problems get even more complex: How do you know what kind of technology you actually need? And above all, how can you calculate the costs and possible benefits which can be expected from the jointly developed product, taking into account that you know little or nothing about the area of your partners and vice versa?

This case illustrates one of the reasons for the emphasis on „sociability“ in the ethnotheory of co-operation: the complexity and the incalculability inherent in the planned joint project does not permit the simple application of instrumental rationality. To put it in more theoretical terms: the „stocks of knowledge“ (Schütz) of both partners differ to such an extent that there is no basis for evaluating whether the promises made by the other are well founded in his actual capabilities. From this point of view, „sociability“ turns out to be a very reasonable answer to the problems of inter-firm co-operation.

The concept of „sociability work,“ as reconstructed from the interviews, plays a central role in inter-organizational networks because it is based on a different type of rationality – one may call it the „rationality of interpersonal bonds“ – that allows the reduction of complexity and enables coping with the inherent incalculabilities of interwoven organizations. As I suggest, this type of „sociability work“ – which is in fact similar to the concept of „emotional work“ proposed by Hochschild (1982) and which I understand as a subtype of „communicative work“ (Knoblauch) – is of especial importance in complex, intertwined post-Fordist organizational regimes. Finally, I even would dare to go further and project this development onto a macro-structural level. Growing interaction with strangers as a result of social differentiation („dis-counters“ to use a term coined by Baumann 1995) leads to a weakening in the traditional cohesive forces based on intimacy and



acquaintance. „Sociability work“ can therefore be understood as a reaction to this condition typical of fragmented late-modern societies.

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