

Economic Sociology: Financialization, Inequality, and Global Markets

PhD234 (ECTS 7.5)

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Jeaneth Johansson (Luleå University of Technology and Halmstad University).

Course period 12 April 2023 to 5 June 2024
Language English

Course overview

Sociologists have always studied the economy, but in recent decades economic sociology has become one of the most vibrant areas of contemporary sociology. The aim of this course is to provide students with an overview of sociological perspectives on markets and their interactions with firms and governments in capitalist societies. The first part of the course will introduce students to key concepts in economic sociology, including institutions, networks, valuation, and performativity. The second part of the course will apply the sociological approach to developments in the contemporary economy, potentially including financialization, globalization, algorithmic trading, and income inequality.

Course structure

This course is given on a half-time basis and stretches over a period of nine weeks. Teaching consists of lectures, seminars, and reading assignments. Students will propose or undertake a research project as a constitutive element of the course.

Intended learning outcomes

Upon completion of the course, participants will be able at an advanced level to:

- describe and explain the key concepts and perspectives of economic sociology,
- analyze economic phenomena using multiple sociological perspectives,
- critically evaluate original research published research in the field of economic sociology, and
- design a research project that addresses both empirical and theoretical questions relevant to the field of economic sociology.

Examination and grading

Students are assessed based on how well they have achieved the intended learning outcomes. The learning outcomes are examined through weekly written assignments, active participation in seminars, and a written individual final assignment.

Weekly memos

Students are required to complete weekly short memos. The memo is due at 18.00 the day before seminar and should be made available to all participants. The assignment for each memo is to take one of the required readings and engage with the main argument(s) of the text. The memos should not exceed 500 words and should have four parts:

- First, the memo should summarize the main argument of the text. Which problem is being addressed? What are the major theses of the author(s)? Which terms and concepts are central to the argument? How does the argument get supported?

- Second, the memo should present the reading's contribution. How does the author(s)'s argument expand, challenge, or refine previous readings or previous theories? To what extent does this argument contribute to the theoretical and empirical understanding of the issue under consideration?
- Third, the memo should provide a critical evaluation of the reading. What are the strengths and the weaknesses of the argument? What is left ambiguous, underdeveloped or unaddressed in the present reading? Which type of investigation could overcome these limitations?

Seminar participation

In addition to regular attendance, students will be required to take an active role in presenting their own ideas, perspectives, and written work to the class. During seminars, students will be expected to act as advocates and critics for each reading in order to stimulate discussion. Students may prepare for each seminar individually or collectively, so long as the distribution of work remains equitable and the required readings are fully covered.

Students will present their ideas for the final paper (see below) at the end of the course. In the presentation, students will be expected to communicate their planned research concisely and to raise one or two questions for discussion in class. Each student will also be expected to provide critical and constructive feedback on the work of their classmates.

Final paper

The final assignment for the course is a short essay (3,000-4.000 words) describing a potential or actual research project in the area of economic sociology. The topic of the essay is open and ideally should be decided in consultation with the student's main supervisor, but it must involve the examination of an observable empirical case and draw on the concepts and theories explored in the course (e.g., uncertainty, networks, institutions, conventions, etc.).

Course schedule and literature

All readings should be completed prior to the lecture or seminar. Some minor additional readings may be added as needed.

Introduction

Seminar leader: Jacob Habinek (Linköping University).

Date: Friday 12 April 13:15-16:00 (Room Johan, Saltmätarg 13 - 17).

An overview of the field:

- Smelser, Neil J., and Richard Swedberg. "Introducing Economic Sociology." In *The Handbook of Economic Sociology, Second Edition*, edited by Neil J. Smelser and Richard Swedberg. Princeton: Princeton University Press (2005), pp. 3-25. (23pp.)

Recent reflections and internal critiques:

- Fligstein, Neil. What Kind of Re-Imagining Does Economic Sociology Need? In *Re-Imagining Economic Sociology*, edited by Patrik Aspers and Nigel Dodd. Oxford: Oxford University Press (2015), pp. 301-316. (16pp.)
- Fourcade, Marion, Jens Beckert, Neil Fligstein and Bruce G. Carruthers. "Reflections on the field of socio-economics." *Socio-Economic Review* 21, no. 2 (2023), pp. 703–720 <https://doi.org/10.1093/ser/mwad014> (18pp.)

Economic networks

Seminar leader: Jacob Habinek (Linköping University).

Date: Friday 19 April 13:15-16:00 (Room Johan, Saltmätarg 13 - 17).

A classic theory text:

- Granovetter, Mark. "Economic Action and Social Structure: The Problem of Embeddedness." *American Journal of Sociology* 91, no. 3 (1985): 481–510. <http://www.jstor.org/stable/2780199> (30pp.)

A classic empirical study:

- Powell, Walter W., Douglas R. White, Kenneth W. Koput, and Jason Owen-Smith. "Network Dynamics and Field Evolution: The Growth of Interorganizational Collaboration in the Life Sciences." *American Journal of Sociology* 110, no. 4 (2005): 1132–1205. <https://doi.org/10.1086/421508> (74pp.)

Two recent empirical studies:

- Rajkumar, Karthik, Guillaume Saint-Jacques, Iavor Bojinov, Erik Brynjolfsson, and Sinan Aral. "A Causal Test of the Strength of Weak Ties." *Science* 377, no. 6612 (2022): 1304-1310. <https://doi.org/10.1126/science.abl4476> (7pp. + supplemental info.)
- Duxbury, Scott W. and Dana L. Haynie, "Network embeddedness in illegal online markets: endogenous sources of prices and profit in anonymous criminal drug trade." *Socio-Economic Review* 21, no. 1 (2023): 25–50. <https://doi.org/10.1093/ser/mwab027> (26 pp.)

Organizations and institutions

Seminar leader: Jacob Habinek (Linköping University).

Date: Friday 26 April 13:15-16:00 (Room Johan, Saltmätarg 13 - 17).

Two classic theory texts:

- Meyer, John W., and Brian Rowan. "Institutionalized Organizations: Formal Structure as Myth and Ceremony." *American Journal of Sociology* 83, no. 2 (1977): 340–63. <http://www.jstor.org/stable/2778293> (24pp.)
- Fligstein, Neil. "Markets as Politics: A Political-Cultural Approach to Market Institutions." *American Sociological Review* 61, no. 4 (1996): 656–73. <https://doi.org/10.2307/2096398> (18pp.)

Two recent empirical studies:

- Goldstein, Adam, and Neil Fligstein. "Financial markets as production markets: the industrial roots of the mortgage meltdown." *Socio-Economic Review* 15, no.3 (2017): 483–510. <https://doi.org/10.1093/ser/mww041> (28pp.)
- Fink, Pierre-Christian. "Caught between Frontstage and Backstage: The Failure of the Federal Reserve to Halt Rule Evasion in the Financial Crisis of 1974." *American Sociological Review* 88, no. 1 (2022): 24-52. <https://doi.org/10.1177/00031224221131478> (29pp.)

Gendered constructions of entrepreneurship

Seminar leader: Jeaneth Johansson (Luleå University of Technology and Halmstad University).

Date: Friday 03 May 13:15-16:00 (Room Johan, Saltmätarg 13 - 17).

Readings:

- Malmström, M., Johansson, J., & Wincent, J. (2017). Gender stereotypes and venture support decisions: How governmental venture capitalists socially construct entrepreneurs' potential. *Entrepreneurship Theory and Practice*, 41(5), 833-860. <https://doi.org/10.1111/etap.12275> (28pp.)
- Balachandra, L., Briggs, T., Eddleston, K., & Brush, C. (2019). Don't pitch like a girl!: How gender stereotypes influence investor decisions. *Entrepreneurship theory and practice*, 43(1), 116-137. <https://doi.org/10.1080/00472778.2023.2229868> (22pp.)
- Brush, C. G., & Elam, A. B. (2023). Clearing the hurdles: Revisiting the under-performance hypothesis for women-led VC funded firms. *Journal of Small Business Management*, 1-35. <https://doi.org/10.1080/00472778.2023.2229868> (35pp.)
- Kahneman, D. (2002). "Maps of bounded rationality: A perspective on intuitive judgement and choice." *Les Prix Nobel / The Nobel Prizes*, edited by Tore Frängsmyr. Stockholm: The Nobel Foundation. (41pp.)

We will look into the tool Richer business and discuss case no 11 as a starting point in the seminar. Take a look at the tool.

- <https://richerbusiness.eu/scenario-11-vad-hander-nar-vi-ser-grupper-istallet-for-individer/>
- https://richerbusiness.eu/fler_scenarier/

Finance and institutions*

***Note special meeting day!**

Seminar leader: Alexander Styhre (University of Gothenburg).

Date: Monday 06 May 13:15-16:00 (Room Johan, Saltmätarg 13 - 17).

Seminal institutional theory text:

- Pistor, Katharina, (2013). A legal theory of finance, *Journal of Comparative Economics*, 41(2), 315-330. <http://dx.doi.org/10.1016/j.jce.2013.03.003> (16pp.)

The legal-administrative framework supportive of the “institutional logic” examined by Jung and Lee (2022) and Lewis and Carlos (2022):

- Fligstein, Neil and Goldstein, Adam (2022), The legacy of shareholder value capitalism, *Annual Review of Sociology*, 48: 193–211. <https://doi.org/10.1146/annurev-soc-030420-120827> (19pp.)

Two recent empirical studies:

- Jung, Jiwook, and Lee, Yin, (2022) Financialization and corporate downsizing as a shareholder value strategy, *Socio-Economic Review*, 20(4):1795–1823. <https://doi.org/10.1093/ser/mwab035> (29pp.)
- Lewis, Ben W. and Carlos, W. Chad, (2022), Avoiding the appearance of virtue: Reactivity to corporate social responsibility ratings in an era of shareholder primacy, *Administrative Science Quarterly*, 67(4): 1093–1135. <https://doi.org/10.1177/00018392221124916>

Sociomateriality of markets

Seminar leader: Bo Hee Min (Copenhagen Business School).

Date: Friday 17 May 13:15-16:00 (Room A336, Bertil Ohlins gata 4).

A chronology of the materialization of markets in four papers:

- Zaloom, C. 2006. Ch. 1. “Materials of the Market” in *Out of the Pits: Traders and Technology from Chicago to London*. University of Chicago Press. pp. 15 - 50. (36pp.)
- Knorr Cetina, K., and U. Bruegger. 2002. “Global Microstructures: The Virtual Societies of Financial Markets.” *American Journal of Sociology* 107(4): 905–50. <https://www.jstor.org/stable/10.1086/341045> (46pp.)
- MacKenzie, Donald. 2018. “‘Making’, ‘Taking’ and the Material Political Economy of Algorithmic Trading.” *Economy and Society* 47(4):501–23. <https://doi.org/10.1080/03085147.2018.1528076> (23pp.)
- Min, Bo Hee, and Christian Borch. 2022. “Systemic Failures and Organizational Risk Management in Algorithmic Trading: Normal Accidents and High-Reliability in Financial Markets.” *Social Studies of Science* 52(2):277–302. doi: <https://doi.org/10.1177/03063127211048515> (26pp.)

Culture and valuation*

***Note special meeting day!**

Seminar leader: Claes-Fredrik Helgesson (Uppsala University).

Date: Wednesday 22 May 13:15-16:00 (Room “Aquarium”, Saltmätarg 13 - 17).

Three recent perspectives on valuation:

- Jeacle, Ingrid. 2022. The gendered nature of valuation: Valuing life in the Titanic compensation claims process. *Accounting, Organizations and Society*. Vol 99. (16 pages) <https://doi.org/10.1016/j.aos.2021.101309>
- Helgesson, Claes-Fredrik, and Francis Lee. 2017. Valuations as Mediators Between Science and the Market: How Economic Assumptions Shape Pharmaceutical Trial Designs. *Science as Culture* 26 (4):529-554. (27 pages) <https://doi.org/10.1080/09505431.2017.1374940>
- Muniesa, Fabian. 2012. A Flank Movement in the Understanding of Valuation. In *Measure and Value*, edited by Lisa Adkins and Celia Lury, 24-38. Oxford: Wiley-Blackwell. (15 pages) <https://doi.org/10.1111/j.1467-954X.2012.02056.x>

A classic from the culture perspective:

- Zelizer, Viviana A. 2000. The Purchase of Intimacy. *Law & Social Inquiry* 25 (3):817-848. (32 pages) <https://www.jstor.org/stable/829137>

Lighter bonus piece about failures and the role of audiences in valuation:

- Helgesson, Claes-Fredrik, and Steve Woolgar. 2018. Valuation Mishaps and the Choreography of Repair. *Valuation Studies* 5 (2):145-162. (18 pages) <https://doi.org/10.3384/VS.2001-5992.1852145>

Student presentations

Seminar leader: Jacob Habinek (Linköping University).

Date: Wednesday 5 June 13:15-16:00 (Room Johan, Saltmätarg 13 - 17).

Summary of course schedule

Course meetings

Wk	Date	Time	Location	Presenter	Topic
v15	Fri. 12-Apr-24	13:15-16:00	Room Johan (Saltmätarg.)	Jacob Habinek	Introduction and preliminaries
v16	Fri. 19-Apr-24	13:15-16:00	Room Johan (Saltmätarg.)	Jacob Habinek	Social and economic networks
v17	Fri. 26-Apr-24	13:15-16:00	Room Johan (Saltmätarg.)	Jacob Habinek	Organizations and institutions
v18	Fri. 03-May-24	13:15-16:00	Room Johan (Saltmätarg.)	Jeaneth Johansson	Gendered constructions of entrepreneurship
v19	Mon. 06-May-24	13:15-16:00	Room Johan (Saltmätarg.)	Alexander Styhre	Finance and institutions
v20	Fri. 17-May-24	13:15-16:00	Room A336 (Bertil Ohlins)	Bo Hee Min	Sociomateriality of markets
v21	Wed. 22-May-24	13:15-16:00	"Aquarium" (Saltmätarg.)	Claes-Fredrik Helgesson	Culture and valuation
v22					Students work on projects
v23	Wed. 05-Jun-24	13:15-16:00	Room Johan (Saltmätarg.)		Student presentations

Notes: Room Johan is located in Saltmätargatan 13 - 17 (floor 4). Cabinet Room A336 is located in the main building (Bertil Ohlins gata 4, floor 2). Room "Aquarium" is located on Saltmätargatan 13 - 17 (floor 6).

Institute for Analytical Sociology public seminars

Wk	Date	Time	Location	Speaker	Presentation title
v17	Thu. 25-Apr-24	14:30-16:00	Room KO301 (Norrköping)	Ronald S. Burt	How network structure matters for creativity
V20	Thu. 16-May-24	14:30-16:00	On Zoom	Scott Duxbury	Micro-macro analysis in social networks*

Note: IAS Seminars meet in Room KO301 (Campus Norrköping) and on Zoom. Seminars marked with an asterisk (*) will be held only on Zoom.