Introduction

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This book asserts that economists and sociologists need the combined concepts of conventions and structures to deal with markets and organizations. We argue that there is room for cooperation between the two disciplines when economists take into account conventions, and sociologists structures and flows of resources. *Conventions* refer to values, rules and representations that influence economic behaviour.[2] *Structures* refer to patterns of interests and relationships reflecting resource interdependencies among members of any social system.

At first sight, the relationship between conventions and structures is obvious. On the one hand, for example, the principle of reciprocity (as described by sociologists such as Mauss or Gouldner) can be conceived of as a convention. This convention may influence, for example, whom members of an organization approach for advice. In effect, one might think that members approach others with the most expertise, but very often this is not what happens: because they probably cannot give anything in return (or because they do not want to recognize these others' status, or because they do not want to be perceived as inexperienced), they often approach people who are at a similar level, who may not know more about this special subject than they do, but for whom, at some point in the future, they will be able to return the favour. The rule of reciprocity will informally determine in part the shape of advice flows in the organization, and thus the structural opportunities and constraints weighing on members' productive abilities. On the other hand, structural features of a collective actor also influence the assertion or definition of rules. The shape of interdependence among members, especially asymmetric interdependence called status or power, also defines members' capacity to decide what is fair and what is unfair in the distribution of efforts and allocation of rewards.

However, the relationship between these two dimensions of economic activity (whether production or exchange) is not really spelled out in current social sciences. Both mainstream economics and new institutional economics feel rather uneasy about rules and values, because of their strong notion of instrumental rationality (either optimizing or bounded); symmetrically structuralist sociology is at pains to give a high analytical status to individual and collective representations, because of a traditional holistic bias.

The project of this book is to study whether it is not only possible but indispensable to combine some sort of structural sociology (in terms of networks) and some sort of institutional economics (in terms of conventions) in order to improve our understanding of coordination, be it organization-like, network-like or market-like. This study, in spite of its systematic character, is still only a challenge. For it to be successful, and to prevent amateurism on both sides, real affinities between these research programmes should lead to statements about covariance between changes in structures and changes in conventions. Empirical progress resulting from this convergence being still virtual, exchanges will remain at the theory level. We have first to introduce our views of structural sociology and institutional economics, before surveying the content of each chapter, in two steps: didactic, then exploratory.

HOW ARE CONVENTIONS AND STRUCTURES RELATED IN A BROADLY CONCEIVED STRUCTURAL SOCIOLOGY?

What is a Broadly Conceived Structural Sociology?

A broadly conceived structural approach to social life can be summarized by five characteristics.[3] The *first* is that it combines an understanding of the interests of actors themselves with that of their organization as a whole, thus bridging the levels of individual and collective action. It does so by looking at the organization as a small political community.[4] Information on interactions and relationships between members is used as information on their resource interdependencies, derived power relationships and coordination efforts. The *second characteristic*, one that separates it from earlier and narrower forms of structuralism, is its capacity to look jointly at economic and symbolic activities. Saying that actors use their resource interdependencies as a source of power presupposes a form of rationality that includes cost–benefit calculations, but also symbolic activity such as appropriateness judgments (based on previous investments in relationships, recognition of identities, identifications to reference groups and the use of various forms of authority arguments) allowing individuals to politicize their exchanges and controls. Actors' politicization has two combined but potentially conflicting dimensions: niche seeking and status competition, both based on selections of, or investments in, relationships. A member's social niche can be defined as a relational context, or subset of other members in the organization, with whom this member commits him/herself to exchange many different types of resources at a relatively lower cost, an advantage that can be called 'bounded solidarity'. As strategic and interdependent entrepreneurs, these individuals also compete for status: they try to concentrate resources in their own individual hands so as to benefit from a position of strength when negotiating terms of exchange (that is, bartering) within and outside their quasi-groups.

These (realistic) assumptions about members' strategic rationality lead to a *third characteristic* of a broadly conceived structural approach. As mentioned above, it bridges the individual and collective levels of action by thinking in terms of multi-level social mechanisms. Examples of such mechanisms provided in previous research include generalized exchange (a form of bounded solidarity based on the existence of cycles of indirect reciprocity among selected colleagues), lateral control (a form of early monitoring and sanctioning of deviant conduct that both spreads and concentrates the costs of control) and regulatory change (a form of 'constitutional' redefinition of the rules of the game that is driven by members with multiple forms of status). By taking such social mechanisms into consideration, this approach combines both individual cost–benefit reasoning and explanations of stable participation in collective action, or cooperation. The *fourth characteristic* of this approach is its use of network analysis as a method for looking at the relational dimensions of these social mechanisms, at their consequences, at the ways in which niche seeking and status competition are combined, managed or prevented from getting out of hand. As suggested by standard definitions of multiplexity, cooperation and coordination are not understandable without complex social relationships and interdependencies as components of such processes. Network analysis is particularly well suited here, because it analyses systematically the ways in which members politicize their exchanges and controls; that is, the ways in which they select their partners when they transfer and exchange many types of production-related resources, and resulting interdependencies.

Finally, the *fifth characteristic* of a broadly conceived structural theory – one that is more to the point for the purpose of this book – is its account of collective actors' built-in dependence on cultural, that is, normative, processes. Saying that status provides a position of strength to define terms of exchanges is equivalent to saying that it helps define or select the values, norms and rules from which such terms are consciously or unconsciously derived. In early structural sociology, the conceptual relationship between relational structures, on the one hand, and rules, norms and values, on the other hand, has been elusive. In narrow structural approaches, resource interdependencies, more than norms, were considered the only principle of social order. Our approach, however, aligns itself with a more Weberian (1920; see also Swedberg, 1998) and institutional perspective when it emphasizes the interpenetration of the interactional and normative realms in order to explain social change or stability. Institutional theories of action have long stressed organizational values, norms and rules as restraints on grabbing economic behaviour and brutal exercise of power. Such values are debated, contested and permanently redefined by members. Organizations change in part because they can redefine their formal and informal rules (Reynaud, 1989). This institutional level of organization was explicitly formulated by many sociologists (Merton, 1959; Parsons, 1956) and by studies of political or micropolitical efforts, by competing interests, to change the rules. Such efforts may or may not be successful, and social arrangements are often stable enough to hide such underlying contests. But structural analysis can help in identifying them.

Specifically, two notions combine a structural and an institutional perspective: Selznick's idea (1957) of 'precarious values' and the notion of 'multi-status oligarchs'. A value is precarious because it is always in danger of losing its flag carriers and representatives; that is, the active support by organized interest groups and elites that help preserve it as a candidate for top priority on the list of all competing values. 'Multi-status oligarchs' are precisely the members of a collective with enough status to redefine priorities between precarious values and derived policy options. Indeed, regulatory changes need the support of members with several forms of status. These oligarchs must have the capacity to promote regulatory changes and deal with the negative effects of broken promises induced by social change. Particularly when differences in power are not huge among members, this capacity often rests on sacrifice of resources by such multi-status oligarchs, and on the legitimacy obtained from such sacrifices. Those who can afford to give up resources for the common good while not losing power are people who have several inconsistent forms of status. Thanks to this inconsistency, or loose coupling, losing one form of status does not entail losing another. Multi-status oligarchs can thus drive change (the redefinition of rules) while staying in power.

In effect, the connection between structure and culture as theorized by Selznick (1957) through the notion of precarious value is useful because any regulatory process – or process of redefinition of rules governing the collective – is a form of change that involves broken promises in the redistribution of resources (Reynaud and Reynaud, 1996). When the rules of the game are changed, some parties come out as losing resources and others as winning resources compared to the ex ante distribution. This is why, in organizations as in any political community, regulatory changes need the support of members with both power and legitimacy to push for these changes. Specific members, those with multiple and loosely connected forms of status, are the key in such changes, because they can use such dependencies and legitimacy in the regulatory process.

Structural Sociology, Social Exchange and Barter

Values count for economic actors, not simply through moral virtue but through politicized negotiation of the terms of exchanges. This means that conventions (a term that could easily – perhaps too easily – be used by sociologists as a synonym for rules) are connected to structures not only through the concepts of precarious value and multi-status oligarchs, but also through other underlying concepts. It is true that Selznick's approach is indispensable, in our view, to any structural understanding of social life and exchanges. However, it does not encompass the whole of the relationships between structures and conventions. Analytically speaking, upstream of Selznick's approach, an underlying theory of strategic rationality is available as a bridge. In effect, since actors politicize their exchanges by using their resource dependencies and identity criteria, rules and conventions are linked to relational structures in several ways.

Recall that social niches are subsets of actors that are able to share identity criteria, to exchange multiple resources without general equivalence and to suspend short-term opportunism. This reminds us that the theory of action on which structural sociologists rely is necessarily an interactionist theory of social exchange, to be distinguished from market exchange. Social life can be identified with a set of particularistic exchange systems handling multiple resources between heterogeneous actors, while allowing social mechanisms that are necessary for their reproduction. The basic notions here are those of multiplexity and barter, which allow for exchanges that are different from market exchanges. The latter relies on general equivalence introduced by accounting and monetary measures which make it possible to evaluate and compare goods. It pretends to ignore the heterogeneity of actors involved in the exchange in order to reach a form of universalism that does not need social structures. But for structural sociology, the notions of multiplexity and barter are precisely the notions that bring a symbolic dimension into social exchanges (and thus the notions of identity, authority and hierarchy of allegiances).

This theory of action was recently developed in different directions: first, as an interactionist theory of 'coorientation' through 'appropriateness judgments' that are necessary for members of any collective to define the situation and to politicize allocation of resources; second, as a theory of the management of multiplex resources explaining the possibility of 'generic' social mechanisms identified above, such as bounded solidarity, control and regulation. This, in our view, is equivalent to saying that conventions (understood both in Lewis's narrow sense and in Favereau's more general sense) are needed as follows in structural economic sociology.

First, norms and rules are necessary to structuralist understanding of social life because they are needed for cognitive coorientation: there is no definition of the situation without legitimate authority and without deference towards members who can wield authority arguments in the process of (re)defining the situation. Conventions are minimally needed as signals of symbolic recognition of membership and of authority. Second, norms are also needed for social exchange and the constitution of social niches and the bounded solidarity that characterizes them. In effect, norms help create relationships (that are then necessary for generic social mechanisms). Others are often selected as exchange partners or third parties so as to conform to the rules, or because they are thought to be able to share one's values, the same rules of the game. For example, convergent social expectations (such as normative expectations expressed by colleagues) reduce individual costs of social control by triggering lateral control interventions at the triadic level (Lazega, 2000; Lazega and Lebeaux, 1995; Lazega and Krackhardt, 2000); they also create the role of multi-target lever. The dynamics of structure are intextricably intertwined with the normative realm. Third, without norms, there is no connection between the micro and the macro levels of analysis. For example, indirect and postponed reciprocity, also identified here as generalized exchange or bounded solidarity, is a meso-level social mechanism that is not conceivable outside a social niche and without common normative ground. Similarly, without norms, there can be no management of status competition since, in any society, social values define acceptable forms of status (in)consistency. To come back to the example of control as a social mechanism, costs of control of others increase dramatically when norms concerning avoidance of conflict escalation are weak, because the second-order free-rider problem (that is, 'who will monitor and sanction deviant behaviour?') becomes unmanageable. Finally, norms are also necessary for driving endogenous change: procedural rules organize constitutional or regulatory deliberations in any group: learning of new behaviour by the collective.

In turn, relational structures are necessary not only for efficient formulation and interpretation of rules and conventions (which otherwise would be endless), but also for change and evolution of rules. Recall that, since any such change means broken promises, it positions members who were called 'multi-status oligarchs' favourably to redefine priorities between precarious values and derived policy options. Regulatory changes, and indeed social change in general, need the leadership and support of members with several inconsistent forms of status. Thus, in our view, conventions and structures are inextricably related in broadly conceived structuralist approaches to social and economic life.

HOW ARE CONVENTIONS AND STRUCTURES RELATED IN THE CONVENTIONALIST BROADENING OF THE INDIVIDUALIST RESEARCH PROGRAMME IN ECONOMICS?

Our broadly conceived institutional approach to economic life can be summarized by five characteristics, which are very close to the five characteristics defining the structural approach to social life, *mutatis mutandis*.[5]

The *first* is that the rational individuals exhibited by economic theorizing are interested not only in personal direct sources of satisfaction but also in collective indirect ones. More precisely, the arguments of the utility function, beside consumption and leisure, should include an evaluation of the 'quality' of the collective entities to which the individual belongs: it is a trivial fact of economic life that individuals had rather work in firms reputed for their equity, invest in a democratic peaceful society, make business with an administration not infested with corruption, and so on. Of course the quality of the collective entities just mentioned will eventually exert a first-order impact upon the private arguments of the utility function but the point is that the evaluation of the collective entity cannot be reduced to its material consequences, except for highly peculiar periods (crisis probably). It could be shown that qualifiying the collective entity is a very convenient shorthand for an economic agent who has to fill in the blanks of incomplete contracting due to radical uncertainty in an interactive context. Such a practice, typical of procedural rationality and obviously of high evolutionary efficiency, should be backed by a new theory of identity for homo economicus, like the theory of 'social identity' (Turner, 1987; Haslam, 2001). Ultimately, that first characteristic, the most basic one, is the economic application of the Aristotelian postulate: man is a political animal.

The *second characteristic* specifies conventionalist economics within the non-standard components of economic theory making use of bounded rationality. Homo economicus has neither the cognitive abilities nor the necessary information to remain the relentless optimizer modelled by mainstream economics. But if he is less rational, he is also more intelligent: one aspect of his intelligence regained consists in the appearance of an interpretive form of rationality, in excess of its computational form, which is the only one available to the mainstream homo economicus. The interpretive ability of the new homo economicus comes from necessity: questions of rationality could no longer be dealt with apart from questions of coordination, as is supposed in the distinct axiomatics of decision theory (Von Neumann and Morgenstern, 1944, Savage, 1954) and of general equilibrium theory (Arrow and Debreu, 1954). The semantic capacities of individual agents are required even in isolation, for instance when the choice problem implies a quality judgment (usually multicriteria) – but their use must be generalized, when dealing with others. It is manifest in contexts of incomplete contracting, since agents have to make a mental representation about the type of collective entity associated with a satisfactory functioning of contractual exchanges. That representation is endowed with all the formal properties usually attributed to conventions, according to their most common meaning: tacitness, unknown source, absence of authorized sanctions, and so on.

The conversion to cognitive realism at both levels, psychological and sociological, has already laid several stepstones, on the way to building a bridge from individual to collective planes. The *third characteristic* brings to the fore the theme of coordination by means of rules, as a generalization of coordination by market prices, privileged by mainstream economics, since . . . Adam Smith. For conventionalist economics, it is simply impossible to speak about economy without speaking about organizations, and to speak about organizations without speaking about rules – and we have just seen that it is impossible to speak about (interpretation of) rules without speaking about conventions. The whole field of organizational structures and mechanisms is on the research agenda of conventionalist economics. What has already been seriously investigated is the role of objects (so strangely neglected in the analysis of coordination) and also the authority relationship through the labour contract.

In order to study those subjects, the 'economics of conventions' – and this will be the *fourth characteristic* of a broadly conceived institutional approach to economic life – makes use of some specific tools (beside the traditional ones used by economists). First, attention is directed towards the verbal arguments produced by the agents themselves, in case of conflict, to justify their attitude and the situations where all the agents are led to agree about the relative strength of their respective arguments (the interested reader is invited to refer to Boltanski and Thévenot, 1991, while keeping in mind the following methodological principle: coordination of economic behaviours must include, in our view of homo economicus, coordination of judgments about economic behaviours); second, research is centred on the rules followed by economic agents, but the rules should be understandable by the agents themselves (as in participant observation recommended by Piore, 1974), which means that the researcher tries to be faithful to the variety of the systems of interpretation, in which economic agents are trained, from their childhood. It comes as no surprise that one of the favourite tools of the conventionalist approach is the typology, notwithstanding the obligation of supplying the unique 'grammar' supposed to generate the different types.

Let us conclude with the *fifth characteristic*, the interdependence between structures and values in the account of the collective order, especially with respect to its dynamic aspects. It is less difficult than it may seem at first sight to study dynamics in an analytic framework stressing rules (and behind rules, conventions), because rules in a world marked by overwhelming problems of interpretation should be considered as a heuristics, more than ready-made solutions. Indeed, our broadly conceived institutional economics, at least at the level of organizations, reduces the problem of collective change to a problem of organizational learning, for instance along the lines of the model built by Argyris and Schön (1978). Although it is a drastic simplification, it nonetheless offers deep insights on the hidden contradiction between values and the dynamics of structures (the contradiction between values and the content of structures is well known). Argyris and Schön (1978) differenciate single loop learning (SLL), which confirms the existing set of rules, and double loop learning (DLL), which requires a move in the set of governing variables. Now their most important result is negative: spontaneous DLL is impossible, because the perspective of leaving the ancient governing variables and entering an unknown game frightens nearly all the actors, accustomed to the existing 'rapports de force', and triggers multiple 'defensive routines'. Only fiat or extreme crisis can countervene those endogeneous obstacles to DLL (Argyris, 1988). And it will be so as long as the managers of an organization do not accept the falsifiability of their criteria (in a quasi-Popperian mood) when they discuss with their subordinates: the worst contradiction lies between values and changes in structures, if not in the structures themselves.

We can now ask the question which is at the heart of this introduction, because it is at the heart of this book.

What is the Degree of Proximity between such Broadly Conceived Institutional Economics and Structural Sociology?

The first point to be noticed is the remarkable similarity (with some significant differences) between the five characteristics in the two programmes. The first and the second are almost identical; the third and the fifth suggest complementarity rather than identity; difference is logically at its maximum with the fourth one, devoted to methods. It is obvious that structural sociology is better equipped to model precise organizational mechanisms, thanks to its practice of network analysis, whereas institutional economics has a comparative advantage to integrate moral values within coordinating devices, through its ability to deal with social representations and models of personal identity.

The best insight on the content of what we call the 'proximity' between the two research programmes may be given by the notion of 'social niches',[6] defined in the (broad) structuralist programme as subsets of actors where short-term opportunism is suspended (Lazega, 2001). In the (broad) institutionalist dictionary, no item dubbed 'social niche' can be found. Nevertheless, the conventionalist approach is not ignorant of the phenomenon and it has much to say on its cognitive/psychological implications at the level of individual rationality. The problem of social niche has simply to be correlated with the problem of incomplete contracting: how is it possible that a rational non-altruistic individual agent agrees to the terms of an incomplete contract (that is, a contract unable to specify a rule of conduct in any conceivable state of nature?). Indeed, this seemingly technical problem is no less than the major theoretical problem of the foundations of cooperation in a world of non-cooperative rationality.

On a strictly inter-individual basis, the solution can be found in rereading the acceptance of an incomplete contract by a non-altruistic agent as a credible signal of his intention to cooperate. The signal is credible, because it is costly: the agent becomes the 'hostage' of his partner, in the event of an unforeseen contingency (Williamson, 1996, ch. 5 ; Favereau, 1997). Note that the efficiency of the signal is not only preserved but paradoxically, reinforced by the non-altruism of the agent: it is his long-term interest to suspend his short-term interest.

The inter-individual face of the solution has to be supplemented by the collective face, already evoked to introduce the broad acception of conventions: we have proved it is not irrational to suspend short-term opportunism. It remains to be understood why/when a rational agent decides to do so. Let us recall the conventionalist solution: the rational agent thinks his contractual relationship will give him access to a satisfactory 'common world', together with all the members of the relevant collective. What objective elements of the organization under scrutiny enables him to think so? Here is the place where the structural analysis of 'social niches' becomes an indispensable ally to allow the conventionalist analysis to overcome its weaknesses and answer its own most difficult questions. We will have some more to say on this point in the next paragraph (see also note 4).

The second point to be noticed may be enunciated concisely: the four reasons listed above (pp. 5–6) to explain why norms/rules/conventions are needed in structural economic sociology are completely coherent with the spirit of the conventionalist trend within the institutional economics. The first two reasons (on the role of rules, respectively, as cognitive guidelines and as normative foundation of social niches) are most apparent in the conventionalist model of organizational learning. The last two reasons (on the role of rules, respectively, in the micro–macro link and in the process of collective learning) would need a significant addition of new conventionalist stuff, at the higher level of the whole society, such as the work of Boltanski and Chiappello (1999) but the general line of the argument would be the same: the capitalist system cannot but provoke resistance, objections, criticism, conflicts, struggles . . . Therefore holders of power find it simultaneously necessary and productive to absorb part of the criticism by revising work organizations in a way which is more congruent with some selective set of values. We may summarize the point by making the remark that the conventionalist approach and the structural approach meet about the question of legitimacy (even if both rarely use this vocabulary).

The family resemblance is strong enough to raise the question of its primary source. Let us risk a conjecture. The central issue in social science is the connexion between representations and structures. The new ('broad') structural sociology proceeds from the discovery that, in a human world, structures are neither completely nor correctly analysed without the representations about the structures, whereas, in a social world, the new ('conventionalist') institutional economics proceeds from the discovery that representations are neither completely nor correctly analysed without the context of their surrounding structures: indeed, in a perfecly homogeneous world, mental representations are either devoid of any analytical interest or overcrowded with artificial problems and theoretical artefacts (such as common knowledge, in game theory). A corollary of this conjecture is that cooperation between ('broad') structural sociology and ('conventionalist') institutional economics will be most productive in the field of socioeconomic change: it is highly plausible that true dynamics come from interplay between (change in) representations and (change in) structures.[7]

To end this section on a more cautious note, 'family resemblance' is not synonymous with perfect likeness. Structural sociology and institutional economics, even broadly conceived, are not two labels for the same merchandise. The difference is still there: the first approach starts from the social exchange (beautifully re-evaluating barter) and shows the market exchange as a very special case; the second approach is only concerned with market exchange but has found it is mistakenly modelled, when it is done with the sole help of the traditional tools of mainstream economics (whose hard core is rational choice theory).[8] Good economics has now to borrow some good sociology to do its own job. That means that economics needs an exteriority; and therefore sociology too.

This book provides mainly theoretical contributions that help in the effort to mind and fill the gap between the two disciplines. To frame this dialogue between economists and sociologists, the texts offered here are considered to be either didactic in the sense that they lead to the necessity of such a combined research programme, or exploratory in the sense that they deal in one way or another with this complementarity.

A DIDACTIC PART

The first series of chapters provide the current landscape of theories that bring together sociological and economic approaches, while not yet combining the notions of conventions and structures in economics and sociology of markets and organizations.

Typical of an approach that builds on structural insights and pushes towards a general theory of action *without referring to conventions* is the theory of social capital by Henk Flap. In the first chapter, he presents the elusive link between rational choice approaches and structures as defined by networks analysts. Someone's social relations can be interpreted as his social capital since they are instrumental for goal attainment. Rational actors invest and disinvest in relationships depending on the present value of future help. Their social capital has four dimensions: the number of persons prepared to help, the strength of the relationships, the resources to which these relationships give access, and the degree to which these others have alternatives to dealing with ego. This key idea is meant to explain the effects of social networks as well as the emergence of networks. Structural effects are especially identified with organizational conditions influencing the returns on social capital. This production–investment argument is supported by findings in labour market research and research on primary relations. Major themes within the research programme are the constraints of places (‘foci’) and numbers (‘the supply side’) as well as technological and organizational conditioning of returns of social capital (for example, weak ties are a liability in communist societies, so people have smaller networks with a small, dense niche of strong ties to the few whom they trust). Recent developments within the programme concern the goal specificity of social capital as well as the social capital of corporate actors.

Contrary to Coleman’s approach (1990), rules are ruled out here as a form of social capital because the latter concept would then, it is argued, lose its specificity. This theory aims at closing a theory gap in network research and explaining why the neostructuralist claim of pure structural effects is wrong. It does so by compounding all the resources that circulate under the same abstract category of social capital. Resources brought by social capital are left deliberately general and vague; they are any form of help. It is unclear, however, how norms would influence the value of social capital. Members are instrumentally rational in their investments and disinvestments in ties. There is little collective action in this approach. There are no formal structures and rules in this chapter’s reasoning on social capital. Henk Flap starts with rational choice and networks, not with production and collective action. Measurements of social capital are looking for a stable unit which might be a dyadic tie, although a tie associated with many conditions. This raises the issue of the existence of networks that do not lean on institutional and organizational structures, without specific collective goals, from which actors are able to extract resources ‘in general’.

Two schools in economics that bring rules into their thinking are then represented and discussed. First, ‘Économie des Conventions’ is characterized by its importing of elements from the sociology of organizations into economics.

Building on the understanding of convention described above, François Eymard-Duvernay describes the conventionalist approach to organizations (who find themselves at the intersection of various markets), including a statement about pluralities of rules and of rationalities. In his view, coordination is not only in the calculations of rational actors, it is based on judgments and conventions about quality. He observes that there is a wide variety of enterprises within a single sector. The strength of the market theory is that it fits all these activities into the same framework of calculation. But that is also its weakness. Organizations as such have an important and underestimated role in coordinating various markets.[9] Recognition of the coordination role played by firms involves an investigation of their variety, which corresponds to a variety of forms of coordination, and the development of a comparative approach. Eymard-Duvernay presents a theoretical and empirical comparative approach of 'corporate models'. Each model corresponds to a coherent conception of what the quality of a product and of work is (quality convention). There is no single best way of evaluating quality, and this uncertainty complicates coordination within activities. The concept of convention orients the analysis of institutions in a particular direction. It indicates that there is a plurality of conventions and that the problem is choosing between different possible conventions. He presents examples of this kind of arbitration by managers: between what he calls complete contract and close ties; between market and network. He also explores the question of the dynamics of conventions.

In other words, Eymard-Duvernay joins sociologists who assert that actors are not just parts of structures. They act on them in a plurality of ways. His is a position that is close to negotiated order theory (Strauss, 1978). Is the relationship with structures absent from his work, as is often the case with this latter theory? Identifying an action regime on which the firm operates is vital for the firm. Although structures may be assumed in his approach, there is no description of interdependencies of actors in their interpretation work. What Eymard-Duvernay is interested in is the means that actors use to renegotiate an order, even if it is not predictable through their interactions. Conventions are the means that guide interpretation in the situation. This is where learning and apprenticeship are brought in. Contract incompleteness leads to learning and interpretation is problematic. This approach offers leads for understanding the relationship between conventions and structures in a very crude way: for example, a domestic action regime is only compatible with small units including only a few actors. But bringing out resource interdependencies among different types of actors in a multilateral situation is not the main focus. Thus, in several ways, the question of this book challenges Eymard-Duvernay's approach to enlarge what it means by resources[10] and to take into account such differences as vertical versus horizontal coordination.

Economics of Conventions is not alone in the study of rules in economics. The second school, New Institutional Economics, emphasizes the role played by institutions considered as patterns of interactions between actors, in the sense of rules that constrain their behaviour. In his contribution, Christian Bessy specifies the differences between the above-mentioned and North's (1990) definition of rules. He looks at the convergence between New

Institutional Economics (NIE) and the Economics of Conventions (EC). Certain developments in NIE over the past few years have created areas of overlap with the EC on the question of the institutional anchorage of economic exchange and the organization. Since the work of Williamson (if not of Coase), the comparison between different coordination mechanisms or organizational forms, depending on the characteristics of the institutional environment, and, more analytically, the hypothesis of ‘bounded’ rationality, have constituted research perspectives common to both approaches. Certain developments in NIE over the past few years have created areas of overlap with the French EC school of thinking on the question of the institutional embeddedness of economic exchange and its type of organization. Bessy’s chapter identifies these similarities (beyond the divergences), taken from the most recent work of North on cognitive processes, for NIE, and certain representatives of EC. In the first part he considers the plurality of institutions, with a particular focus on the problems of analytical coherence facing both approaches. In the second part he analyses more precisely the interdependence between cognitive processes and institutions. Both parts highlight problems of empirical investigation and validation of analyses. It is worth keeping in mind that, in his work on institutional change, North’s interest in the part played by ‘informal’ institutions (conventions, behavioural norms and so on) caused him to move further away from neoclassical economics. More recently, the emphasis on the articulation between cognitive processes and institutions (Knight and North, 1997) has brought him even closer to the research programme of the EC. Bessy notes that observation constraints characterizing a research programme common to both approaches, as defined here with reference to ties between cognition and institutions, are very costly, especially as validation constraints based on statistical proof.[11] But in terms of combining instrumental and axiological rationalities, NIE and EC face the same challenges.

In our view, two more approaches attempt to bring together insights from economics and sociology. The first is transaction cost economics (TCE), the second organizational ecology (OE). In the first, a protostructural approach to markets and organizations is offered that stops short of actually looking into how they operate. The second eliminates agency altogether. Before moving to more limited, but deeper, attempts, these approaches are also presented.

Chabaud and Saussier present a summary of TCE basics in which the institutional environment is assumed. TCE understand organizations as coordination devices that are not reducible to the price mechanism. Their coordination of collective action is based on contracts dealing with moral hazard and opportunistic behaviour. But contracts and property rights are not sufficient to coordinate; they are incomplete and they fail, among other things because of asset specificities involved, for example when these assets are intangible and personal. They are difficult to contractualize and to enforce, so TCE studies governance structures built to deal with failing contracts. An institutional environment structures transactions and production by favouring specific contractual arrangements plus collective governance devices, incentive intensity, modalities of control and modalities of adaptation. This is where TCE agrees in principle to bring in a form of social discipline, thus a more structural approach. The authors are more transaction cost economists, expanding on Williamson's perspective via Claude Ménard's (1997, 2000) approach. In their chapter they illustrate the weaknesses and recent improvements of the theory, focusing more especially on the analysis of inter-firm agreements and intrafirm organization. In TCE, the notion of governance structure implies that actors choose their constraints the mechanisms that will safeguard their contracts, and make their mutual commitments credible. Partners' characteristics, for example their level of asset specificity, may or may not encourage the creation of an economic tie. This insight, however, is not pushed towards its true structural implications, that is, a true understanding of resource interdependencies among actors. Governance structures are understood as formal devices that help actors reach such credible commitments to each other and overcome their respective opportunism. Individuals can compute what kind of governance structure is more adapted to the transaction. Another aspect is that, when the specificity of assets and therefore interdependence between agents increase, this introduces a dynamic dimension. This becomes a way to endogenize the assets. And the dynamic aspect is more difficult to integrate with standard tools.

Specifying the relationship between TCE and structural analysis, on the one hand, and 'économie des conventions', on the other, is important here. First, in many ways, Chabaud and Saussier are structuralists, but the structures that they look at remain formal and legal. In effect, for Williamson, there is no need for conventions. Actors only calculate. They ask: what is the governance structure that minimizes transaction costs? There is nothing left to interpret. Structures of governance are legal constraints: market, hierarchy, hybrid. One of these governance structures, hierarchy, has a great variety. But resource interdependencies do not lead to new structures in Williamson's reasoning, although nothing serious prevents this theory from adding them. Second, the distinction between calculation and interpretation mentioned above is practical for differentiating TCE and EC, with North's NIE standing in between. For TCE, all can be boiled down to calculation (transaction costs, even metaphorically speaking). NIE stands in between because it considers part of the institutional environment as informal. Institution is not simply a set of vague and remote constraints (TCE), but a model of interaction between agents (EC and NIE). Thus the institution is the structure, but not in the sense of a pattern of resource interdependencies. Hierarchies of rules are added to such structural constraints (with informal rules being the most inert, and thus difficult to change).

Finally, organization ecology also represents an attempt to bring together economics and sociology. It is based on the assumption that agency also may have limits. David Barron looks at the way OE helps in the definition of opportunities and constraints for organizations, then at the combination of legitimacy and density in OE, and at the articulation of structural analysis and OE. Reviews of organizational ecology usually start by making reference to Hannan and Freeman's (1977) article, which was the foundation for the large body of research that has developed over the past twenty years or so. The central question posed by Hannan and Freeman was 'Why are there so many kinds of organizations?' Although little, if any, empirical research has sought to answer this question directly, ecologists are always concerned with explaining how 'social economic, and political conditions affect the relative abundance and diversity of organizations and attempt to account for their changing composition over time' (Baum, 1996, p.77). To this end, most empirical research in this tradition has concentrated on explaining the rates at which new organizations are founded and/or the rate at which existing organizations disband, a sub-branch of organizational ecology that is sometimes called organizational demography. The other main sub-branch of the field has been concerned with changes in individual organizations. This sub-branch has developed out of the work of another American sociologist, Miller McPherson (1983). Recently, a few scholars have been attempting to combine some of the features of these two sub-branches of ecological research. The encapsulation of the concerns of ecological researchers quoted above summarizes some of the key characteristics of ecological research. First, it is concerned with the effect of the *environment* on organizations. In this sense, it is an example of what Scott (1991) calls an open systems theory. Second, it seeks to explain characteristics of *collections* of organizations: populations.

After presenting this ecological and dynamic approach to organizational survival, David Barron tries to combine concepts that ring a bell mainly with structural approaches (not much with conventionalist ones). The concepts are those of niches, legitimacy and organizations. Reasoning here begins with organizations in need of resources, and moves to the demographics of organizational forms (small/large, specialized/generalists), foundings, growth rates and mortality, by thinking in terms of density, various forms of legitimacy and competition. Here Barron reaches more structural forms of reasoning when discussing the structuring of organizational populations, particularly with the concept of niche, niche width and niche overlap. He compares his definition with what Harrison White (1981a) and others call a niche in network terms. Specifically, he explores four areas where ecological and structural theories have been drawn together: (a) the use of network concepts and data to define and identify population niches (and hence organizational forms) (Burt, 1982; Burt and Talmud, 1993); (b) the diffusion of organizational forms via social networks (Barron, 1998); (c) the role played by networks in organizational dynamics (McPherson and Ranger-Moore, 1991); (d) technology networks and organizational niches (Podolny *et al*., 1996).

With OE, we changed the level of analysis. What organization ecologists want to explain is organizational diversity, what differentiates firms, not markets. Their research is about the dynamics within a market. We are looking at and comparing populations of organizations. Organization ecologists think of themselves as different from contingency theories in that they do not study individual organizations: this is how they want to be a bridge between economics and sociology. Compared to approaches which look at the emergence or social construction of markets and their boundaries, this theory takes markets as a given. It is much more about organizational survival in given markets than about markets themselves. The main thrust of the theory has been to understand, given a grouping of organizations that evolves over time in a complex world made of markets, governments and so on, what are the chances of survival for various categories of organizations. OE thus introduces a key dependent variable for many processes examined above, but does not contribute to explaining its results from an actor-oriented perspective, be it instrumental or axiological. One might think that organization sociologists should cut across standard economists' technologically driven definition of market instead of assuming it.

In their chapter, Emmanuel Lazega and Lise Mounier summarize the contribution of early structural analyses of markets and organizations. They then look at new structural approaches that combine structural analyses with richer behavioural assumptions. This leads to an understanding of resource interdependencies as a basis for the emergence of social mechanisms such as bounded solidarity (based on generalized exchange) and control, with their influence on members' returns on investments (in effort, in resources and in relations). The notion of multiplexity and the study of barter of different types of resources are used to think of organizations or even whole industries (Granovetter, 1994) as structured and constraining exchange systems. In general, it is recognized that networks help members get access to the resources they need; but they are a sort of jungle. Collective actors need rules and conventions to distribute and allocate those resources in ways less dependent on personal ties. Networks are made of pairwise relations that are put together by actors who commit themselves to each other. They are not only concatenations or pairwise ties in the eye of the observer. In order to look at the way collective actors solve problems of coordination, one has to look not only at the exchanges that they reflect, but also at the ways in which their members manage and politicize these exchanges. For this, it is important to bring in a whole series of concepts (rules, values and fairness judgments) that the notion of convention encompasses. This distinction between an old and a new structural approach to markets and organizations is meant to illustrate the coming together of perspectives combining instrumental and axiological forms of rationality (Ferrand and Shijders, 1997). The next section presents contributions that come closer to that goal.

THE EXPLORATORY PART: ATTEMPTS TO COMBINE CONVENTIONS AND STRUCTURES

Explicit attempts to combine conventionalist and structural approaches to opportunity and constraint first include Alain Degenne's theory (Chapter 7) of how economic relationships are regulated ; Favereau, Biencourt and Eymard-Duvernay address the issue of structure and interdependencies in their criticism of Harrison White's model. Emmanuel Lazega and Lise Mounier look at the way structural characteristics of members constrain the process of (re)defining formal and informal rules. Siegwart Lindenberg attempts to combine structural and normative approaches in a theory of solidarity. In order for a link to exist between the two disciplines, there is a need for a theory of individual action and a contextualization. Do we find them in all the texts that claim to combine them? Recall that *structure* is defined as regularities in multiple resource interdependencies among actors in place; interdependencies are always multiplex (defined for several resources) and multilateral. *Conventions* are defined as rules or quasi-rules that help in the coordination with others through consent or quasi-consent.

Combining conventions and structures can be done by beginning to look at the relationship between labour markets and organizations. For example, labour market studies show that, with the diversification of goods, firms cannot plan their work well ahead of time, so there is a flexible labour contract and a specific labour market for a specific good production. Regardless of this, the process of hiring is a kind of blindspot in standard economic theory, which does not need any particular theory of recruitment: every worker has his/her own 'marginal productivity' and the only problem, for the recruiting firm, is to compare it with a wage level. Indeed, in such a world, there is only a market for labour. Organization appears (and recruitment becomes a practical and a theoretical issue) as soon as this 'marginal productivity' becomes unclear. In this context, Alain Degenne offers a view of labour markets that looks at types of trajectories of persons at entry level. He combines the perspective of employers with that of employees (or prospective employees) to capture the 'match' between them. He shows that we need detailed analysis of the employer–employee relationship, its forms of regulation, its variety, its multiplexity, in order to understand what is a labour market. New trends in the hiring of youth and substantial recent research interest in this population both indicate that these new hiring policies are now being applied to other categories of job seekers. Subsidized jobs, temping and their forms of precarious employment are not incompatible with the establishment of stable employer–employee relationships. Precarious employment is a complex phenomenon that cannot be boiled down to a by-product of economic recessions. There is no evidence that a sustained return to high growth will sweep away established behaviour patterns, especially when they are the result of a process of repositioning a company in its market.

In Degenne's broad structural approach, labour markets have two interconnected dimensions: wages and relations between partners; what is being negotiated is rarely wages, it is rather the relationship. He has a typology of forms of trust between employer and employee and his language is sometimes close to that of transaction costs economics (costs of maintaining the relationship and so on). He writes about a 'match', not really about a 'market'. He insists on the diversity of contracts. In his typology of contracts, some relations are long-term (as opposed to spot transactions). This burgeoning structural approach to labour markets focuses on the multiplex employer–employee tie and two of its dimensions. Such ties are the building blocks of wider structures; constraints (and macroeconomic consequences for unemployment) could therefore be derived from this exploratory approach. One limitation, however, is that it is less 'organizational' than it could be from its own point of view, mainly owing to the lack of proper data. One can observe labour markets and behaviour in them (for example, testing hypotheses on the relationship between wages and commitment, since the latter are also meant to reduce opportunism), but this is rarely done. So there is still a whole part of reality missing from this presentation, mainly because the right data sets are not available (that is, there is the problem of combining employers' and employees' perspectives in the same data set). As long as we do not have data about the circulation of personnel between firms (which need personnel but do not have time to train them and cannot afford to give them long-term contracts), we do not evaluate theories about an organizational approach to the labour market.

Nevertheless, Degenne's view opens up an avenue for combining rules and resources. The circulation of the resource that the employer wants most (worker's goodwill) needs a context of trust that they must build together in very different ways that are not yet spelled out. Specific combinations of ways characterize entire segments of the labour market. The scientific goal here being to redefine the structure of the labour market, this is work in progress that does not yet reach that stage. It is a form of neo-institutionalist reasoning, or perhaps a transaction costs reasoning applied to (mainly informal) labour markets – but without calculation of transaction costs. From the perspective of this book, it is important to see that Degenne does include conventions in his model since his analysis rests on an agreement between employers and employees, if not on common representations, that is, on a basic ingredient of the idea of convention. He is looking for a structure that would emerge from the trajectories of actors involved in these different types of conventions in the employment relationships. As for Henk Flap's approach, the main (and only) resource here is the other's goodwill.

Harrison White's (1981b, 2001) model of markets is another theory showing the complementarity of economic and sociological approaches allowing for combination of conventions and structures. In 1981, Harrison White extended and simplified his theory of relational structures in order to devise an entirely new model of markets for manufactured goods, founded on the variance of business firm choices in a quality/price space. He looks at product markets through the issue of the quality of goods. Differences in organizational structures in firms are connected to the nature of the goods produced and to the quality of these goods. The combination of the two approaches in this type of market is offered in the juxtaposition of goods markets and interorganizational structures. In this perspective, Olivier Favereau, François Eymard-Duvernay and Olivier Biencourt present their reading of the $W(y)$ model with its basic components (networks of producers watching each other, uncertainties and judgments about the quality of goods, the subsequent creation of niches, and the typology of sustainable markets). They show that White's typology of viable markets could be connected with the existence of quality conventions, on which consumers and producers must agree, if competition is to produce some kind of order. In other words, they combine this model in broad strokes with types of firms, quality conventions and contexts of exchange (merchant, industrial and domestic). Finally, they argue that this connection should be considered an opportunity for improvement of both theories: theory of relational structures and theory of conventions.

The connection between quality conventions and $W(y)$ deserves more scrutiny so as to identify their commonalities. The market schedule $W(y)$ supposes a dispersion of firms on a quality array on which the firm must place itself. This approach is thus close to conventions because, in White's model, a specular phenomenon produces an order, through a mixture of calculation and interpretation. An underlying structure of interdependencies is assumed behind every quality convention, but, as in Alain Degenne's approach, it is not necessarily explicitly described and conceptualized. The main resource here is an actor's aptitude to produce in a way slightly different from that of others, that is, in a way that makes him or her different.

Olivier Biencourt and Daniel Urrutiaguer offer two case studies to illustrate this approach. For them, market profiles help to formalize producer and customer networks' logics. In the road transport case, economic deregulation led to a resistance to commercial contracts. Either relationships between hauliers and customers are constructed on the basis of personal trust, as in a 'paradox' market, or there is a pressure on industrial attestation, as in a 'crowded' profile. White's typology shows the way to classify organization performances by the comparison of consumers' tastes and producers' costs with changes in volume and quality of products. The quantitative valuation method of theatrical institutions which are interpreted as a market organized by the director–programme planner has proved adequately operational in this way. For empirical studies the main limit of White's model is its vertical differentiation of products. So quality is assessed by consensus while in the quality order of theatre, judgments exhibit the opposition between media renown embodied by drama critics and institutional attestation of programme planners. Intermediaries are ignored while playing a key part in the networks formation for theatre and road haulage.

Another attempt to look at the relationship between conventions and structures can be credited to 'framing theory' of solidarity. In his chapter, Siegwart Lindenberg theorizes the coming together of economics and sociology since the 1960s; he aims to answer three questions left open by previous theories of solidarity (including rational choice theories of solidarity and social capital). What kind of behaviour constitutes solidarities? Under what conditions is solidarity supposed to arise and why? What makes solidarity precarious and how is this precariousness resolved? Part of the chapter deals with the inadequacy of other theories. After criticizing Durkheim's approach, Lindenberg presents his version of a rational choice approach to solidarity, especially by asserting hypotheses about how actors sustain a farsighted rationality that puts restraints on maximizing behaviour. Lindenberg thus provides new microfoundations for solidarity. His theory is that framing, a cognitive process that adjusts situationally the marginal utility of goods, is the crucial phenomenon underlying solidarity and sharing groups. Frames and rules are thus very strongly interdependent.

He then addresses the issue of how sharing groups maintain frame stability, especially through relational signalling. This theory allows him to differentiate weak and strong solidarity in society at large. Lindenberg's approach is easily connected to convention theory (through relational signalling that is based on language and metacommunication). But there is more difficulty in connecting this approach with a structural perspective, because Lindenberg's approach assumes that just making small signals is enough to restore cooperation. It is a very strongly situational theory that emphasizes the precariousness of cooperative endeavours; perhaps structures come in via the stabilization of the frames as an organizational process, and the creation of a long-term rationality also as an organizational process. Nevertheless, structural constraints and power relationships that express them are simplified to such an extent that many social processes characterizing collective action in organizations or coordination in markets may not be easily derived from this original combination of actor's instrumental and axiological rationalities accounting for solidarity.

The variety of approaches to economic action described above leads to many possible syntheses. In our view, it is worth narrowing this set of possible syntheses down to a comparison between a broadly conceived structural approach and a broadly conceived 'économie des conventions'. This comparison is provided next.

CONCLUSION

To summarize, contributions to this book promote research programmes that are important for attempts to combine conventions and structures, axiological or value-oriented and instrumental rationalities. Economics of conventions assumes that members think about their economic activity, and that economics should take such representations and reflexivity into account. This approch is entirely compatible with a Weberian sociological perspective in which actors' interpretive work helps them sort out their interests. Economic sociology considers the intertwining of instrumentally and normatively rational actions in equally close ways. Norms and values count for economic actors, not simply through moral virtue but often through politicized social exchange and derived relational structures.

If bringing together the two perspectives is somewhat suprising and innovative, it is because structural sociology used to start from a holistic, anti-individualistic approach, while institutional economics in terms of conventions proceeded from an individualist methodology, although of a type admitting collective objects (see Dupuy *et al.*, 1989, introduction). For heterodox economists, this rapprochement helps in combining the individualistic tradition of economics with themes such as relational structures, inequalities and power, in order to analyse more accurately the content and consequences of agents' decisions, whether individual or collective, or both. For structural sociologists, it is an opportunity to think about ways to combine analyses of multiplex social exchanges and that of market exchanges when accounting for individual and collective actions.

Finally, it is worth reflecting on the possible use of even closer ties between conventions and structures for a research programme that would be useful to both economists and sociologists. Such closer ties emerge in the enmeshed dynamics of conventions and structures. For sociologists, efforts to reshape one's opportunity structure take the form of redefinition of rules (either for the management of exchanges or for the selection of exchange partners). This is consistent with basic assumptions of the French school of economics of conventions (Dupuy *et al.*, 1989; Favereau, 1997, 2001b; Salais and Storper, 1993). As already mentioned members interpret their economic activity, and that economics should take such representations and reflexivity into account in order to theorize coordination in production. Similarly in the Weberian tradition, economic sociology wants to show the intertwining of instrumentally rational actions and normatively rational actions. Norms and values count for economic actors, through the negotiation of the terms of exchanges and selection of exchange partners.

Conventions thus include rules to which members refer to conduct production-related exchanges. With regard to economic behaviour, particularly barter, conforming to customary rules is helpful in that it makes exchanges predictable in a context in which pure cost–benefit calculation is suspended, given the conditions under which barter is possible. As seen above, identification with others in the niche is used to understand how members deal with multiplex ties and barter. With identification come attached a series of rules concerning the management of multiplex resources.[12] Others are often chosen as exchange partners, bystanders or third parties so as to confirm the rules. The latter thus reach a certain stability that helps economic actors coordinate production and distribution. This definition has strong normative extensions: it helps identify what to expect legitimately in terms of commitments and solidarity in exchanges of resources. Institutionalized definitions of the situations always conflict with less institutionalized ones, but they nevertheless often overlap sufficiently to help in handling exchanges of multiple resources.

This normative realm includes conventions, understood either as informal rules or as interpretive keys to formal rules that help in the coordination with others through consent (agreement) or quasi-consent. For the French representatives of 'économie des conventions', convention refers to many more aspects of social and economic life than rules, although the latter are included in the former. Conventions are often agreements about how one should coordinate with others, but grounded on interpretation as much as on calculation. But to the extent that they are rules, they do not determine behaviour mechanically because they have to be interpreted and applied. They are sometimes resources, sometimes constraints, depending on the situation and on where the individual is in the structure. This is why actors have to have an idea of the social collective associated with the correct functioning of these rules, that is, in which they want to coordinate with others (see Favereau, Biencourt and Eymard-Duvernay's chapter below). Underneath every kind of rule, there is a conventional representation of the collective. We referred to one such collective as a social niche. Thus, if conventions can be construed as a set of rules of the game based on precarious values in organizations, 'économie des conventions' can be easily connected with a structural approach, even more easily if actors are not allowed to get rid of the problem of conflicts of interpretation of the rules. Here, structure is defined by roles and status (or multiple forms of status) as a concentration of various types of resources in oligarchs, that is, notables multiplying elective charges to ‘read’ social norms have a real regulatory power as intermediaries holding together the different parts or constituencies of a system, but they also agitate symbols of legitimacy. The link between structure and convention is provided by the process of selection of multi-status oligarchs for the renegotiation of rules of the game. Social mechanisms also contribute heavily to governance, especially when all members tend to take part in regulatory activities, that is in the reformulation of formal or informal rules and conventions.

This means that ‘convention’ cannot be equated only with ‘rule’ in order to create a narrow bridge between structural sociology and ‘économie des conventions’. This reduction is only an analytical ‘moment’ in the use of the concept of convention by sociologists trying to understand the coexistence of multiplex social exchange and market exchange. The notion of convention shows how actors, even competitors, meet and organize their cooperation. But conventions develop in a context that is relationally and symbolically structured. Existing conventions thus need to be differentiated from creation of new conventions. Dynamics of structures play a role in this differentiation.

Therefore there is a need to differentiate between new conventions (endogenous rules, for example) and old conventions (embedded norms, for example). In effect, relational structures are also the product of multiple and symbolic determinations (old, exogenous and embedded norms as well as new and endogenous rules) that coexist in these structures in spite of their heterogeneity. It would be unfortunate to hide this heterogeneity under the label of ‘institution’ or ‘convention’, not only because of the fact of normative ambiguities and of multiplexities, but also because this heterogeneity creates room for structural dynamics.

A dynamic approach to conventions and structures needs to leave behind a narrow form of interactionism that does not take into account the multilateral, multiplex and multi-level dimensions of relational structures. This leads to the necessity to distinguish rules as the product of the aggregation and combination of ties into a multiplex structure from rules that create ties and structures. Regulating interactions creates structures and in such structures actors elaborate further, ‘second order’, rules and conventions. This is compatible with an approach that looks at multi-level social mechanisms. Generalized exchange, lateral control and other mechanisms can be derived from relational investments that themselves use opinions, ideas, representations and norms: they have an institutional dimension. But their multi-level character indicates that they also emerge from an aggregation of elementary structures that pre-exist: dyadic and triadic ties. They are thus second order institutions, products of actors confronted by this specific structure combining primary elementary substructures.

In many ways, a relationship is not only a conduit for resources, but already an expression of values that it 'represents' or of 'first order' rules and conventions that it enacts. In that sense, the connection between relational structures and convention is more direct than a connection that only depends on the notions of precarious values and multi-status oligarchs. This can be taken into account even if structural sociologists concerned with collective action may be more interested in focusing on 'second order' rules and conventions because they are the product of politicized behaviour of members who are confronted by the relational structure that emerged (at least partly) from their previous interactions.

Conventions and institutions on which economists focus both emerge from and produce relational environments that are themselves the product of previous conventions and institutions, for example exogenous norms. These relational environments are multiplex, multilateral, and they produce multi-level social processes that are necessary for collective action. In effect, interdependent actors participate in and corner themselves by participating in (re)constructing constraining structures and then take advantage of opportunities offered by these constraining structures. Structural sociology becomes a sociology of change that is able to focus on second order conventions iteratively (but not mechanically) generating new cycles of structuration based on conventions. Behind social mechanisms, there are actions and investments in relationships, social niche building and status competition that produce new structures embedded in older and mature ones.

'Economie des conventions' is a theory that helps combine social and market exchange. In effect, conventions need multilateral and multiplex relational structures in which they become appropriate. Much more remains to be done, however, in order to exploit this rapprochement. Both conventions and structures change, and it is ultimately in the evolution of organizations and markets that their combination makes most sense.

NOTES

1. We thank Lise Mounier and Sébastien Delarre for suggestions made on a first draft of this text.
2. Our emphasis on conventions comes from the fact they are at the same time one kind of rule (informal, and so on) thoroughly studied by Lewis (1969) and an interpretive component of all kinds of rule, the importance of which is stressed in the research programme of 'économie des conventions' (see Favereau, 1999, 2001b).
3. This text summarizes and simplifies ideas and examples relevant to this topic that can be found in previous work (Lazega 1992, 2001).
4. There is, however, disagreement among structural sociologists about the extent to which a formal organizational structure has to exist for networks of ties to be able to help generate collective action.
5. For developments of the ideas sketched in the next two paragraphs, see Favereau (1999, 2001b).

6. The notion of 'multi-status oligarch' is also quite interesting, from the point of view of joint research in the two paradigms, because it stresses the role of certain individuals, occupying certain situations, in alleviating the obstacles to the process of organizational learning.
7. For instance, conventionalist economics is currently trying to grasp 'coordination failures' and 'reproduction failures' in a common framework (see Favereau, 2001a): network models would have much to bring, in order to put concrete flesh on these conceptual bones.
8. Thus the interpretation of internal labour markets as an intertemporal exchange of promises suggested by Doeringer (1986), after Akerlof (1982) and extended by conventionalist economics (see Favereau, 1999) is a striking example of interpenetration of barter exchange and market exchange.
9. Eymard-Duvernay insists more on judgments and conventions about quality. There may be a general problem with having the same vocabulary to cover all forms of coordinations: most relations are not contractual ex ante because the contract often emerges in the interaction. But this vocabulary is nevertheless used because it is understood by economists.
10. Rather, resources are seen through distributed cognition. The environment is full of resources; but one does not need to know everything about them to act in an efficient way. One needs to know how to rely on knowledge dispersed in the environment. But there is no attention here to the structure as a pattern of resource interdependencies allowing for vertical or horizontal coordination.
11. Differences remain nevertheless. North uses only one sense of the word 'convention', that of informal rules. He does not believe that formal rules create problems of interpretation. His is a very macro vision of coordination; the actor never actually shows up, never actually negotiates the rules of the game, and we do not know where his dynamics come from, while 'Economy of Conventions' starts closer to actors.
12. This approach is consistent with the theory of appropriateness judgments sketched above. Members manage their resources through choices of exchange partners and interactively elaborate appropriate information as well as a supposedly shared, legitimate and validated 'definition of the situation' (Lazega, 1990, 1992). Judgment of appropriateness and relational structure are linked by the concepts of identity, status and authority. Sociocultural conventions from which to construct solutions to economic problems must be transmitted, and validated by others. Conventions are rooted in authority relationships, as well as in routines.

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