

Significance of Culture in the Marketplace: A Proposed Theoretical Perspective^(*)

Obaid Ali Al-Modaf

*Associate Professor of Sociology,
Faculty of Arts and Humanities,
King Abdulaziz University, Jeddah, Saudi Arabia
oalmodaf@kau.edu.sa*

Abstract. As more businesses become global and as transnational corporations increase their borderless activities, culture matters more than any time before. A successful economic transaction requires culture accommodation and understanding. This paper examines the role of culture in the marketplace. Despite the constraints capitalism imposes on culture, culture has been demonstrated to be a significant factor in the relationships that exist in any economic settings. While several schools of thought such as the Marxists have devalued the role of culture, other schools such as the New Institutional School have pinpointed the major role culture plays in the economic systems. However, this paper proposes a theoretical paradigm of five key elements to describe the relationships between culture and the economy from an economic sociological perspective. These elements are: The relationship between culture and the economy makes up a continuum line; Culture and the economy complement each other; The relationship between culture and the economy is influenced by economic durations; The relationship between culture and the economy is influenced by the specific type of the economic system of the society; and the relationship between culture and the economy is influenced by the specific economic-political system of the society.

1. Introduction

From the theory of Karl Marx, *Base and Superstructure*, (1895), through Max Weber's theory of *Stratification* (1914), to Mark Granovetter's *Embeddedness* Theory (1985), a long history of debate over the position of culture in the economic structure has been going on questioning the power of culture in the economic arena. Social scientists hold different views and express diverse ideas in this regard. This paper attempts to synthesize the main views and ideas of the endless debate and propose a new theoretical paradigm. In this paper, I argue that despite the constraints capitalism imposes on culture, culture has been demonstrated to be a significant factor in the relationships that exist in any economic settings. From my perspective, in addition to its various roles in

(*) Originally presented to the International Conference for Social Sciences, Izmir, Turkey, 21-22/8/2008.

people' lives, culture has a significant role in people's relationship in the economic arena. This paper is organized as the follows:

1) Introduction; 2) Definition of Culture; 3) De-Valuing of Culture: The Example of Marx's Writings; 4) The Neutral Position; 5) Over-Valuing of Culture: An Independent Factor; 6) A Proposed Theoretical Perspective: Key Propositions; and 7) Conclusion.

2. Definition of Culture

While it is not the intention of this paper to judge or evaluate the so many definitions of culture, it is essential to present some agreed-upon definitions for the purpose of analyzing culture's relationships to capital, the economy, and markets. In Webster's Dictionary, culture is "The total patterns of human behavior and its precuts embodied in thoughts, speech, action, and artifacts and dependent upon man's capacity for learning and transmitting knowledge to succeeding generations...The body of customary beliefs, social forms, and material traits constituting a distinct complex of tradition of a racial, religious, or social group"(1986: 552).

From a sociological perspective, culture can be defined as a range of meanings. In his book, *The Sociology of Culture*, Raymond Williams (1982) argues that by viewing culture as the "active cultivation of the mind", a range of meanings can be distinguished from "(i) a developed state of mind-as in 'a person of culture', 'a cultured person' to (ii) the process of this development-as in 'cultural interests', 'cultural activities' to (iii) the means of these processes-as in culture as 'the arts' and 'humane intellectual works'" (Williams, 1982:11). From his perspective, (iii) is the most common meaning. It can be seen that culture according to this definition includes many aspects such as people's thoughts, activities, and products.

From another sociological perspective, Merton (1968), as cited in Ritzer (1996), defines culture as "the organized set of normative values governing behavior which is common to members of a designated society or group" (Ritzer: 1996: 252). This definition emphasizes behavior as organized and controlled by the common values within a culture. This definition is what the paper employs for the sake of analysis.

3. De-Valuing of Culture: The Example of Marx's Writings

In some of his works, Karl Marx seems to ignore or underestimate the importance and effect of culture on economy. George Ritzer (1996), in his book *Sociological Theory*, argues that Marx did not show any concern for cultural effects on the structure of the capitalist society. He says, "Marx focused on the large-scale structures of capitalist society and their alienating impact on human beings. He did not have a great deal to say about the cultural domain...He was not sensitive to the importance of this aspect of social reality" (Ritzer: 1996: 68). However, Ritzer argues that the ideas of *false consciousness*, *class-consciousness*, and *ideology* are just a reflection of the material aspects that may be considered to have a cultural flavor.

Moreover, an examination of Marx's work on *Capital*, *use-value*, *exchange*, *working day*, and *leisure* (italic added) may indicate that Marx truly ignored the cultural aspect of the economic system of the capitalist societies. The following paragraphs will

be devoted to examining some of Marx's discussions, arguments, and theories regarding relationships and actions that exist between the capitalist and the worker.

In his theory of exchange, Marx (1859) in his book *Capital*, edited by Friedrich Engels (1952), points out that this is a relationship between the owners of commodities. He stresses the fact that commodities have no value for their owners, but have value for others, and this is where exchange of commodities occurs. By exchanging commodities, owners of different commodities will be able to get equivalent values for their commodities. Marx says "[W]hat chiefly distinguishes a commodity from its owner is the fact that it looks upon every other commodity as but the form of appearance of its own value.... His [the owner] commodity possesses for himself no immediate use-value. It has use-value for others; but for him its only direct use-value is that of being a depository of exchange value, and, consequently, a means of exchange (Engels, 1952:38).

Hence, Marx ignores the effects of culture on the process of exchange. On a large-scale economy, chances to exchange increase. The owners of a given commodity (e.g., labor) have the chance to choose with whom to exchange. Therefore, he or she establishes criteria based on the exchange of the commodity with others. At this stage, many factors will influence his or her criterion, such as wages, value, status, and the nature of work. Hence, the effect of culture will come to the surface influencing the criteria. Different societies will differ in the values they place on different jobs (e.g., teachers, policemen, farmers, handcrafts, etc). Societies will also place different values on different employers (e.g., public or private, local or foreigners). Therefore, the question becomes: To what extent does a commodity owner internalize and consider his or her culture when he or she has the opportunity to choose with whom to exchange? For example, a given society may place more values or less value on educational jobs in the public sector than those jobs in the private sector, or more values or less value on teaching than on trade, and so on.

In another part of his book *Capital*, Marx (1859) focuses on what he calls *the Buying and Selling of Labour Power*. He says "The only force that brings them [the seller and the buyer of labor power] together and puts them in relation with each other is the selfishness, the gain, and the private interests of each" (Engels,1952:84). This statement is true to some extent, however, the process of selling and buying labor power is not limited to selfishness, gain, or to private interest. In the welfare state, the common buyer of labor power, providing jobs for its people is more important than gain and interest. On one hand, employees' welfare has been more important than profits in public sector jobs (Bhaskar and Khan, 1995). On the other hand, the seller of labor power does not always do so only for his personal gain and private interest, but for other reasons as well.

From a religious perspective, the state of not working is a violation of mankind's functions on earth. For example, in Islam, and in many other religions (e.g. Christianity) the idle hand is not a clean hand. Moreover, for many societies, the value of work is more than a means of income. Work contributes to the dignity, honor, and social status not only of the worker him or herself, but for the entire family, community, and society.

Being able to work and not wanting to is a violation of social norms. According to Bryant Clifton (2000) "in the Puritan settlements of Colonial times, idleness was considered to be a crime, and frivolous or unproductive activities were viewed as shameful, if not sinful. The state of not-working is often labeled deviant"(unpublished manuscript).

Social norms require that even individuals possessing the necessary means to live without having a job, to work and be productive. Capitalism has changed the structure of work, but it has not entirely changed the motivations for work.

Marx's discussion of work aspects continues, but neglects culture's effects. In his analysis of the working day, Marx (1959) says "[D]uring the second period of the labor process, that in which his labor is no longer necessary labor, the workman it is true, laborers, expends labor power; but his labor being no longer necessary labor, creates no value for himself. He creates surplus value, which, for the capitalist, has all the charms of creation out of nothing" (Engels, 1952:105).

Accordingly, Marx argues that by lengthening the working day, capitalism will get more labor time than what a production of a given article requires. The additional time, which he calls "surplus labor", is used to produce more articles, which in turn become surplus value. Marx contends that two things limit lengthening the working day: (1) the physical bounds of labor power, and (2) the moral, intellectual, and social want (112). It is noted that Marx's discussion includes many factors, but it ignores the cultural factor. In many cultures, it is the responsibility of the working people to arrange their work schedule in accordance with their other responsibilities. In some traditional cultures, spending time with family is an obligation. Being with parents on specific occasions and annual celebrations is an obligation. Therefore, culture has a considerable effect on both employers and employees to consider other social responsibilities when planning the working day. However, I believe that cultures in general urge the employer to be just; fair; and equitable, and call upon the employee to be sincere, loyal, and devoted in his or her work.

Another issue discussed by Marx is leisure time. In his work *Grundrisse*, edited by David McLellan (1971), Marx (1857) points out that Free time-which includes leisure time as well as time for higher activities-naturally transforms anyone who enjoys it into a different person, and it is this different person who enters the direct process of production. The man who is being formed finds discipline in this process, while for the man who in already formed it is practice.... the capacity for enjoyment is a condition of enjoyment and therefore its primary means; and this capacity is the development of an individual's talents, and thus of the productive force (McLellan, 1971:149).

Marx could be right as far as the strategy of the capitalists is concerned. Their main goal is to push workers to more efficient production by any means. One way to do that is to have them enjoy a manner that contributes to their knowledge and skills of tomorrow's work. However, in Marx's description, workers are passive, social norms are ineffective, and culture is incapable of directing, organizing, and influencing workers' free and leisure time. From my perspective, this is not entirely true. Culture exists and affects how people spend their free and leisure time. As a matter of fact, in

some traditional cultures, leisure activities are constructed. In some cultures (e.g. cultures of Middle East societies), a considerable part of weekend time is organized based upon social norms. Visiting relatives on the weekend is highly expected. Family gathering on the weekend is a tradition. Helping in community matters is a social norm. Therefore, it is fair to say that the work system may influence how a worker spends his or her leisure time, but culture also has equivalent effects that should not be overlooked by Marxists.

4. The Neutral Position

Throughout the preceding paragraphs, the discussion was mainly a critical analysis of Marx's theories on capital and work. Nevertheless, Marx's argument provides a picture of how capitalism aims to control society and minimize the power of any other social counters such as people's beliefs and norms. The following paragraphs discuss the many aspects of the relationships (e.g., conflict, dominance, resistance, and co-existence) between culture and economy.

Capitalism may be seen as the main source of domination over people and states. With all of its natural, human, and capital resources, the capitalist class has the power to control the surrounding environment. Robert Ross and Kent Trachte (1990) argue that capitalism as a mode of production exerts some kind of domination over societies. They say, "at the highest level of abstraction, certain social relations have been characteristics of capitalism across time and national boundaries: competition among capitals, the extraction of value from labor by capital under a wage relationship, and (once the capitalist mode of production reached maturity) the relative domination of the state by capital (or fraction of it)"(23). However, if capitalism has the power to dominate people and the state, culture is not absent, neither is it passive. Culture has a significant function. As noted in Nicholas Granham's essay (1995), Fisk (1992) argues that if social order, a cultural form, has any power over people's life, it offers them the means to fight these material and economic constraints, simultaneously.

Moreover, at the level of consumption, Nicholas Granham (1995) argues that the capitalist class aims to draw specific lines within which people live. He points out that in advanced capitalist societies, people are persuaded to construct their lives as consumers rather than producers (Granham, 1995: 495-6).

Nevertheless, capitalist class strives to persuade consumers to accept the fact that goods and services are made specially to meet the unique and different characteristics of every consumer. To convince consumers with this illusion, the global market has seen the emergence of the mass production on many products of the same type. However, the picture is not yet complete, there is another side of this mass production.

Theodor Adorno and Max Horkheimer (1972) argue "Everybody must behave (as if spontaneously) in accordance with the previously determined and indexed level, and choose the category of mass products turned out for his type"(34). Adorno and Max continue to argue that what the capitalist class tries to prove to be different products seem to be similar products in the end.

Another method or technique by which capitalist class aims to have more control over people and gain more profit is through the mass media production. Mass media production is directed to occupy people's minds. Its main task is to leave no space for imagination or thinking. According to Adorno and Horkheimer (1972) "Those who are absorbed by the world of the movie – by its images, gesture, and work – that they are unable to supply what really makes it a world, do not have to dwell on a particular point of its mechanics during a screening. All the other films and products of the entertainment industry which they have seen have taught them what to expect; they react automatically" (35).

I would argue that capitalism uses every available means to dominate people's lives and to determine their needs and wants. Needless to say, the mass media has proven to be an effective tool for such purposes.

Moreover, the conflict between market and culture has always been noticeable. Market attempts to have more control over culture. Raymond Williams (1982) points out other methods and techniques of such attempts in his work *Sociology of Culture*. Williams argues that market seeks to control the freedom of culture by two means. The first is that "when work has become a commodity, produced to be sold at a profit, internal calculations of any such market production lead directly to new forms of cultural control, especially cultural selection"(104). In this case, he asserts that certain profitable products will continue to be produced, while others not profitable will disappear from the market; a selection method imposed by the market, not the consumer of such work. The second is that during the capitalist's era of production, a new mode of production and selection has emerged, the commercial modes. Williams argues that the simple production and marketing processes have been replaced by more planned marketing operations. Certain types of products are promoted whereas others are not. He continues to argue that within this new form of commercial marketing, there are pre-selected items for massive production. Therefore, consumers who used to be the main selectors are now replaced by already-selected products (105).

But can culture and capitalism have any mutual relationship? Nicholas Granham (1995) argues that the political economy of culture's main argument is that the capitalist mode of production, and cultural practices co-exist. He says "[P]olitical economy of culture argues that the capitalist mode of production has certain core structural characteristics-above all that waged labor and commodity exchange constitute people's necessary and unavoidable condition of existence. These conditions shape in determinate ways the terrain upon which cultural practices take place- the physical environment, the available material and symbolic resources, the time rhythms and spatial relations" (502) .

Moreover, the political economists suggest that any production mode requires a set of structures to function. Nicholas Granham (1995) points out that political economists such as Adam Ferguson and Adam Smith argued that each society can be distinguished based on the modes of subsistence (*e.g.*, agricultural or industrial) and also on the kind of production (*e.g.* feudal or capitalism). However, Granham argues that such thoughts imply collaborative social relations. This collaboration "requires a set of institutional

forms and cultural practices – legal and political forms, family structures, and so forth (what became known as the superstructure) – in order to function”(494).

Nevertheless, it is noted that culture, economy, and politics must not be separated in any attempt to effectively analyze the global economy. The emergence and expansion of the global economy is always accompanied by a global cultural flow. According to Arjun Appadurai (1990), the complexity of the current global economy has to do with certain fundamental disjuncture between economy, culture, and politics”(221). Moreover, he proposes that there are five dimensions of cultural flow that must not be overlooked: ethnoscapas, mediascapas, technoscapas, finanscapas, and ideoscapas. This implies that culture also has the power to flow from one place to another loaded with ideologies and norms. If this is true, then culture will automatically have power in its own land, and therefore, the economic system may not be the only social system with the ultimate power over people and the state.

However, any discussion of the relationships between culture and economy should encompass the main economic operations specially production and consumption in order to understand how economy relates to social relations in today’s global market. Arjun Appadurai (1990) argues that within the global economy, which is characterized by high tech production and free trade zones, production “has become a fetish, masking not social relations as such but the relations of production...The locality (both in the sense of the local factory or site of production and in the extended sense of the nation state) becomes a fetish which disguises the globally dispersed forces that actually drive the production process”(229). In terms of consumption, Appadurai points out that advertisements have made consumers believe that they are actors, “where in fact he or she is at best a chooser”(229).

5. Over-Valuing of Culture: An Independent Factor

In the preceding paragraphs, capitalism and culture seem to have different forms of relationships ranging from conflict to co-existence. Nevertheless, one of the major goals of this paper is to show how theorists have acknowledged the importance of culture in the world’s economy and market. For many theorists, culture has always been considered a key factor in the field of socio-economic relationships (Adorno and Horkheimer, 1972; Adorno, 1991; Appadurai, 1990; Brook and Luong, 2000; Castells, 1996; Granham, 1995; Lyotard, 1986; Parsons, 1951; Weber, 1927, 1981; Williams, 1982).

The role of culture in today’s world is beyond transferring traditions, norms, beliefs, and knowledge from one generation to another. Culture is a social tool to face any dangerous trends in society. The development of science and technology was supposed to be for the good of mankind. However, in some ways, this development and progress are not beneficial to mankind. More human being’s needs are not sufficiently fulfilled. On this issue, Jean-Francois Lyotard (1986) argues that the world is heading towards more complexity and needs of human beings are left unfulfilled. He says, “The development of techno-sciences has become a means of increasing disease.... Our demand for security, identity and happiness, coming from our condition as living beings and even social beings, appear today irrelevant in the face of this sort of obligation to

complexity objects...Consequently, the claim for simplicity, in general appears today that of a barbarian”(144). Ultimately, this is where culture must come up and stand against any production that negatively affects human beings existence, happiness, equity, and even the right to live in accordance with what one believes. One of the main functions of culture is to produce the necessary means to fight back. This can be accomplished through socialization, education, and so forth. Young people must be taught to respect and protect the priceless values of human beings lives, security, dignity, and most of all identity.

Kunio Yoshihara (2000) stresses the importance of culture for the success of economic development programs. He says "We have to realize that people are the agents of economic development and that they react differently to government policy or behave differently even under the same institutional arrangement. Culture shapes that pattern of their behavior. Culture is not, however, something given. It changes, and is dependent to some extent on the working of institutions. But culture has some autonomy, and, to this extent, it can be an independent factor (cited in Brook and Luong, 2000:14).

Culture is therefore an important factor in economic system and should be given more attention by researchers. Nevertheless, culture changes and the social scientists ought to take that into consideration in any analysis of culture in the marketplace.

In addition, culture, as I mentioned earlier, is not passive. As a matter of fact, culture penetrates in every aspect of our lives. Even at the professional level, culture is there. T.W. Adorno (1991) argues that culture and administration are interrelated. He says, “culture and administration, however much they might be opposites, are also systemically tangled up with one another in historically specific patterns of interaction for which there can be no escape”(cited in Bennett 1992: 468).

In any society, different systems co-exist. These systems have more or less effect on each other. As the economic system has been seen to have effects on the cultural system, the latter also affects the first, a mutual relationship. Culture is dynamic rather than static. It would be acceptable to say that as other social systems (*e.g.* political, educational, and family) change, culture also does. If this is true, then as culture changes, some effects will occur to other social systems such as the economic system. Williams (1981) argues that cultural changes have effects on the structure of market. He points out “the movements of the market can never be separated from more general movement of social and cultural relations. The entry of new social classes, new age-groups and new minorities into the effective cultural market is commonly the result of much more general social change, to which the market has to adapt”(106).

Williams continues to argue that culture has a significant effect on the market. From his point of view, the market is sensitive to culture. In today’s production and reproduction, ‘public taste’ is significantly taken into account. As he argues, “at the deepest level this is its symmetry with the social order within which it [market] operates”(107).

Max Weber is one of the sociological theorists who point out that the development of capitalism is dependent on economic and noneconomic prerequisites. In addition to

the economic factors, such as raw material, free market, economy of money, free and disciplined labor, Weber (1927, 1981) draws attention to the noneconomic factors, such as that of the state, legal system, ethics, and religions. In his work *General Economic History*, Weber “identified a variety of needed developments such as a modern state, rational law, cities, modern science and technology, rational ethics, and religion” (cited in Ritzer, 1996:140).

A closer look at these noneconomic factors or ‘prerequisites’ shows that culture has direct or indirect effects on the emergence, development, and continuity of these factors especially on the last two factors: ethics and religion. On the one hand, culture is a major source of ethics. On the other hand, religion is one of the most important sources of culture. In many nations, culture is partially or largely based on religion. Needless to say that any state, law, or technology has a cultural aspect to it. A rational law, for example, in its simplest form is a collection of aggregated and accumulated thoughts, ideas, reasons, and objectives through which culture penetrates.

Moreover, Max Weber argues that culture is the basic unit based on which economy rises. Weber places a great value on culture as an important factor in economic development. From this perspective, the Protestant Ethics contributed significantly to the rise of the late capitalism in the West. Economic actors take actions and hold attitudes toward markets based on their cultural values, Weber argues (Brook and Luong, 200).

Talcott Parsons (1951), a *Structural-Functionalism* theorist, regards culture as the highest level of any system. From his point of view, culture mediates and integrates actions among social and personal systems. To him, culture norms, such as values, symbols, ideas, and knowledge are components of every social system; yet exist outside of these systems (Ritzer, 1996).

In his book, *the Rise of the Network Society*, Manuel Castells (1996) values the importance of culture in the new global economy. He argues that culture has significant effects on the formation of business organizations in this era of information technology. Castells applies his theory to the network enterprises of East Asian business organizations. He points out that East Asian business organizations are based on networks. He argues that having common cultural trends—family is the basic social unit; education is a central value; trust, reputation, and obligation are very significant values-- provides these business organizations in these societies with a ‘comparative advantage’ in a competitive global economy (Castells, 1996).

Sociologists highly value the significance of culture in the economic arena. To sociologists, economic activity is socially grounded and enabled (Granovetter and Swedberg 1992), and that no economic phenomenon can be assessed without the shared understanding of (culture), institutional structures, symbols, and networks of inter-actor relationships that concretize it and give it form. “The market is seen as a social and cultural product: market exchange is facilitated by social and cultural processes which provide market participants with shared understandings (in the forms of values, norms, and symbols) that help them to make sense of what goes on and how they should act”. In addition, economic sociology rejects the notion that the social or cultural dimensions of society interfere with the smooth functioning of the economy. Moreover, Cultural

factors such as norms; beliefs; values; network structures; and the state and ideologies are creating shared understandings among the participants in the various means in which economic activities take place (Guillen and others, 2002).

Richard Swedberg (1993) views market as a more than a price-making mechanism; it is rather a social institution that facilitates exchange. And this means in one way or another that culture is present in all market processes. Mark Granovetter (1992) argues that economic action involves individual interests (individual) as well as power and trust (social). Power and trust are all part of the whole cultural system.

6. A Proposed Theoretical Perspective: Key Propositions

In this section, and based on the preceding discussion, I will attempt to present a theoretical paradigm that describes the relationships between culture and the economy from an economic sociology perspective. For this purpose, I suggest five propositions:

- The Relationship between Culture and the Economy Makes up a Continuum Line;
- Culture and the Economy Complement each other;
- The Relationship between Culture and the Economy is Influenced by Economic Durations,
- The Relationship between Culture and the Economy is Influenced by the Specific type of the Economic System of the Society;
- The Relationship between Culture and the Economy is Influenced by the Specific Economic-political System of the Society;

In the following paragraphs, I will introduce each of these propositions.

6.1. The Relationship between Culture and the Economy Makes up a Continuum Line

The relationship between culture and the economy as many theories explain constitutes a continuum line where culture may be the dominant power in one side and the economy is the dominant power in the other side, and there is a middle point. In other words, the effect of culture can be high or low in certain situations and moderate in others, and the same thing can be said about the economy as propositions 6.3, 6.4, and 6.5 explain.

For example, the study of Viviana Zelizer (2002) examined the role of social values in economic life. Zelizer's study showed that people's attitudes towards life insurance changed. When life insurance was first introduced in the United States in the 19th century, it was rejected by consumers who believed that the value of human life can not be evaluated in monetary terms. However, as the American society developed later on and became more of individualist society characterized by little help from neighbors and relatives in cases of hardship, the idea of life insurance became more appealing and a means for the family member to carry on (Swedberg, 2003).

6.2. Culture and the Economy Complement Each Other

Building up on Parsons' Social System theory where culture and the economy are sub-systems with specific functions, and combining the Marxists' and Weberian's views of the relationship between culture and the economy, the suggested theoretical perspective views culture and the economy as two significant blocks of the social system affect, benefit from and depend on each other. Parsons argues that "[T]he economy is the subsystem that performs the function for society of adapting to the environment through labor, production, and allocation... [C]ulture mediates interaction among actors and integrates the personality and the social systems" (Ritzer, 1996: 243-244). Over-valuing and/or de-valuing the effect of culture and/or the economy do not entail a thorough and logical view of the relationship.

6.3. The Relationship between Culture and the Economy is Influenced by Economic Durations

In times of economic hardships, culture comes into effect at a higher degree than economy. For example, social networks are very significant as a job finding strategy during times of unemployment. Jobs allocation becomes a virtue of 'social connection' more than human capital (Rauch, 2001).

Time and again, cultural values and norms are the very factors to step in when poverty hits. Families who fall into poverty due to income loss survive very often by the virtue of social relations and values, where they can get help through reciprocal exchange which is based on mutual trust and honor. Reciprocal exchange and social justice are all cultural values that have been proved effective strategies to face poverty (Sharp and others, 1996).

Equally important, ethnicity has been found as a major fact in establishing business for immigrants (Ivan and Karageorgis, 1994). On the other hand, the economy is expected to be more significant than culture in times of prosperity.

6.4. The Relationship between Culture and the Economy is Influenced by the Specific Type of the Economic System of the Society

In pre-capitalist societies, culture is more significant in the economic arena than economic factors compared to that of the capitalist societies. The study of Alya Guseva and Akos Rona-Tas about the credit card market in Russia and the United States shows Russian banks rely on trust, social ties, and social networks to make decisions in the consumer credit industry. In the United States, the economic system has established institutions, which provide required information to evaluate credit card applicants (Guseva & Rona-Tas, 2001).

Likewise, Mark Granovetter argues that economic activities specially in the less advanced societies are shaped by culture. Granovetter says "In non-industrial societies, economic actions and institutions are embedded in and submerged by other social institutions having no recognizable separate existence as the anthropology studies reveal" (Swedberg, 1993:3). These other social institutions (*i.e.* family or any other

social groups) rely on cultural factors such as norms and traditions in accomplishing their objectives.

More over, there are two types of economic systems exist: formal and informal. Formal economy is the most common economic system. However, informal economic system exists in many parts of the world ⁽¹⁾. In this type of economic system, cultural factors are believed to be more significant than economic factors. For example, unlike formal economy, informal economy is dependent on social ties for its effective functioning, and mutual trust is the only protection against malfeasance (Portes, 1994).

Equally important, price system in industrial societies is set through a demand-supply principle, while price system in pre-industrial system is set through a mixture of social influence and demand-supply (Granovetter & Swedberg, 1992).

6.5. The Relationship between Culture and the Economy is Influenced by the Specific Political-Economic System of the Society

The cultural, social, and political system of the society determines to a large extent the significance of the economic factors in the economic arena compared with the cultural factors. The typology in Dicken's work helps to identify four constructs of economic-political systems: 1) market-rational; 2) plan-rational; 3) market-ideological, and 4) plan-ideological. The economic factors are more significant in constructs 1 and 2, while cultural factors are more significant in constructs 3 and 4, Dicken indicates (Dicken, 1998).

As some sociologists (*i.e.*, Max Weber and Joseph Schumpeter) have argued, in democratic-capitalist societies, profit is the ultimate goal of economic transactions. On the other hand, in communist-socialist societies, equal distribution of goods and services is the first priority in the market place (Abdurrahman, 1994). Profit is an economic issue while equality represents culture. This indicates that the focus of each type of economic-political system differs, where economic factors are more effective in the first type and culture is more powerful in the second.

Moreover, interest, the most popular concept in economics, is viewed and looked upon in different ways based on the type of economic-political system of the society. For example, in egalitarian societies such as the United State, interest is less crude than in other Old World societies where interest is viewed as "something vulgar" and the opposite of "selflessness and high moral values (Swedberg, 2003:225)

7. Conclusion

This paper is an attempt to examine the multi-dimensional relationships that may exist between culture and the economy as they have been presented by several social scientists. A sociologically theoretical review and critique were outlined to show how culture is effective in determining the shape and content of people's relationships within the economy and markets. A critical analysis of Marx's work on capital and labor shows Marx does not consider culture to have any influence over capital. However, the works of many theorists show that culture has considerable influence on the socio-economic relationships in society. From the author's perspective, culture has a major role to play

in any socio-economic setting but of a relative degree based on some other external factors. However, when people engage in economic relationships, culture influences their perceptions, motivations, responses, attitudes, and ultimately behavior. Any study of economic and market transactions should not underestimate the role of culture.

References

- Abdurrahman, A.** (1994) *Economic Sociology*, Dar Al Maarifah: Alexandria (Arabic Book).
- Adorno, T.** and **Max Horkheimer** (1972) "The Culture Industry: Enlightenment as Mass Deception," (in: Simon During-Ed., *The Cultural Studies Reader*), London: Rutledge, pp: 31-41.
- Appadurai, A.** (1990) "*Disjuncture and Difference in the Global Cultural Economy*," (in: Simon During-Ed., *The Cultural Studies Reader*), London: Rutledge, pp: 220-230.
- Bennett, T.** (1992) "*Putting Policy into Cultural Studies*", (in: Simon During-Ed., *The Cultural Studies Reader*), London: Rutledge, pp: 479-491.
- Bhaskar, V.** and **Khan, M.** (1995) "Privatization and Employment: A Study of the Jute Industry in Bangladesh" *The American Economic Review*, **85**(1): 267-273.
- Brook, T.** and **Hy, V.L.** (2000) *Culture and Economy: The Shaping of Capitalism in Eastern Asia*, An Arbor: The University of Michigan Press.
- Lyotard, J.F.** (1986) *Defining the Postmodern*, (in: Simon During-Ed., *The Cultural Studies Reader*), London: Rutledge, pp: 142-145.
- Marx, K.** ([1857] 1971) *Grundrisse*, Translated by David McLellan, London: McMillan and Co Ltd.
- Marx, K.** ([1859] 1952) *Capital*, Edited by Friedrich Engels, Chicago: William Benton, Publisher, Encyclopedia Britannica, Inc.
- Portes, A.** (1994) "*The Informal Economy and its Paradoxes*," (in: Neil J. Smelser & Richard Swedberg –Ed., *The Hand Book of Economic Sociology*), Princeton University Press: Princeton, N.J., pp: 647-671.
- Rauch, H.** (2001) "*Networks and Markets: Concepts for Bridging Disciplines*", (In James Rauch and Alessandra Casella Ed., *Networks and Markets*, Russell Sage Foundation: New York, pp: 1-29.
- Ritzer, G.** (1996) *Sociological Theory*, 4th Edition, New York: The McGraw-Hill Companies, Inc.
- Ross, R.J.S.** and **Trachte, K.C.** (1990) *Global Capitalism: the New Leviathan*, New York: State University of New York Press.
- Sharp, A., Register, C.** and **Paul, G.** (1996) *Economics of Social Issues*, Chicago: Irwin.
- Swedberg, R.** (1993) *Explorations in Economic Sociology*, Russell Sage Foundation, New York.
- Swedberg, R.** (2003) *Principles of Economic Sociology*, Princeton University Press: Princeton, N.J.
- Williams, R.** (1982) *The Sociology of Culture*, New York: Schocken Books.

End notes

(1) *Informal economy refers to an urban way of doing things and is characterized by the following:*

- *low entry barriers in terms of skill, capital, and organization;*
- *family ownership of enterprise,*
- *small scale of operations,*
- *labor intensive production with outdated technology,*
- *unregulated and competitive markets.*

أهمية الثقافة في السوق: اتجاه نظري مقترح*

عبيد علي عطيان آل مظف

أستاذ مشارك - قسم الاجتماع - كلية الآداب والعلوم الإنسانية

جامعة الملك عبدالعزيز - جدة - المملكة العربية السعودية

oalmodaf@kau.edu.sa

المستخلص. مع تزايد انتشار الأعمال الاقتصادية على المستوى العالمي ومع قيام الشركات عابرة القارات بمضاعفة أنشطتها اللاحدودية، فقد أصبح العامل الثقافي أكثر أهمية عن ذي قبل. لقد أصبح نجاح التعاملات الاقتصادية يتطلب استيعاب وفهم المتطلبات الثقافية. وعلى الرغم من الضغوط التي تفرضها الرأسمالية عليها، فإن الثقافة تظل عاملاً مهماً في العلاقات التي قد تنشأ في المواقف الاجتماعية. وبينما تقلل بعض المدارس الفكرية من أهمية الثقافة كما هو الحال في المدرسة الماركسية، فإن مدارس أخرى مثل المدرسة المؤسسية تشير بوضوح إلى الدور الرئيس الذي تلعبه الثقافة في التنظيمات الاقتصادية. تقدم الورقة الراهنة مقترح اتجاه نظري يتكون من خمسة عناصر لوصف العلاقة بين الثقافة والاقتصاد من منظور علم الاجتماع الاقتصادي. وتلك العناصر هي: تمثل العلاقة بين الثقافة والاقتصاد خطاً متصل؛ تكمل الثقافة والاقتصاد بعضهما البعض؛ تتأثر العلاقة بين الثقافة والاقتصاد بالدورات الاقتصادية؛ تتأثر العلاقة بين الثقافة والاقتصاد بطبيعة التنظيم الاقتصادي للمجتمع؛ تتأثر العلاقة بين الثقافة والاقتصاد بطبيعة التنظيم السياسي الاقتصادي للمجتمع.

(*) قدم إلى المؤتمر العالمي للعلوم الاجتماعية، زمير، تركيا، ٢١-٢٢/٨/٢٠٠٨م.