



## 8,702: The Social and Cultural Dimensions of Financial Markets

### Subject information

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ECTS-Credits: 3

### Attached courses

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Timetable	Language	Lecturer
<a href="#">8,702,1.00 The Social and Cultural Dimensions of Financial Markets</a>	English	<a href="#">Knorr Karin</a>

### Course information

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#### Course prerequisites

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#### Course content

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What are the cultural dimensions of financial and economic institutions and behaviour? What social variables influence and shape 'real' markets and market activities? 'If you are so smart, why aren't you rich?' is a question economists have been asked in the past. Why isn't it easy to make money in financial areas even if one knows what economists know about markets, finance and the economy? Perhaps the answer is that real markets and economies are complex social and cultural institutions to which many factors contribute, including social and economic variables and patterns.

This course provides an introduction to the social and cultural variables and patterns that play a role in economic behaviour and specifically in financial markets. We will draw on the 'New Economic Sociology' which emerged in the late 70's and early 80's from the work of Harrison White, Marc Granovetter, Viviana Zelizer, Wayne Baker and others. We will explore major contributions to this literature and draw on earlier work to develop an understanding of markets and economic behaviour that extends beyond specific economic variables. We will address the historical and structural embeddedness of the institutions of finance, the different constructions and interpretations of market aspects, the rituals participants engage in, differences in understandings between groups of actors, and variations in the organization of the relevant behaviour.

#### Course structure

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##### Session 1+2: All Economies are Embedded in Society and Culture

- Course schedule, participation and credits
- Where does economic sociology come from, recent development and authors
- The notion of the embeddedness of the economy and of markets
- Social, cultural and political embeddedness

##### (\*\* = required reading)

\*\* Granovetter, M., 1985, "Economic Action and Social Structure", [American Journal of Sociology](#) 91(3):481-510

\* Barber, B., 1995, "All Economies Are "Embedded": The Career of a Concept and Beyond", [Social Research](#) 62:387-413

\* Dacin, M.T., M.J. Ventresca, B.D. Beal, 1999, "The Embeddedness of organizations: Dialogue and Directions", [Journal of Management](#) 25(3): 317-356

Polanyi, K., 1968(1944), [The Great Transformation](#). Boston: Beacon Press. Chs. 4,5,6

##### Session 3+4: Markets and Culture

- Cultural interpretations of capitalism and markets
- Different meanings of culture and embeddedness in writings on the economy and markets (See also review article: Di Maggio 1994)
- Culture and Market Wages: An Example
- Multiple Market hypothesis

\* Barber, B., 1995, "All Economies Are "Embedded": The Career of a Concept and Beyond", [Social Research](#)

\*\* Hirschman, A., 1986, Rival Views of Market Society. New York: Viking, pp. 105-41

\*\* Biernacki, R., 1997, "Work and Culture in the Reception of Class Ideologies," pp. 169-192 in J.R. Hall (ed.), Reworking Class. Ithaca: Cornell University Press.

\*Zelizer, V., 1988, "Beyond the Polemics of the Market," Sociological Forum 3:614-34.

DiMaggio, P., 1994, "Culture and Economy," pp. 27-57 in N. Smelser and R. Swedberg (eds.), The Handbook of Economic Sociology. Princeton: Princeton University Press (Review Article)

#### **Session 5+6: Real Markets and Financial Markets**

- Real auctions and their characteristics
- Opportunism and constraint and the social dynamics of financial markets
- Global financial markets and how they work
- Currency markets, bond markets, art markets

\*\* Geertz, C., 1978, "The Bazaar Economy," American Economic Review, May: 28-32.

\*\* Smith, Ch., 1993, "Auctions: From Walras to the Real World", pp. 176-192 in R. Swedberg (ed.), Explorations in Economic Sociology. New York: Russell Sage.

\*\* Knorr Cetina, K. and U. Bruegger, 2002, "Global Microstructures: The Virtual Societies of Financial Markets", American Journal of Sociology 107 (4), 905-50.

\*\*Abolafia, M., 1996, "Hyper-Rational Gaming", Journal of Contemporary Ethnography 25(2):226-50

Abolafia, M., 1996, Making Markets. Cambridge: Harvard University Press, Introduction and ch. 1

Mizruchi, M. and L.B. Stearns, 1994, "Money, Banking, and Financial Markets", pp. 313-341 in N. Smelser and R. Swedberg (eds.), The Handbook of Economic Sociology. Princeton: Princeton University Press (Review Article)

#### **Session 7+8: Money, Currencies, Wages and Prices**

- Is money a neutral medium of exchange? The various meanings of money
- Currencies and their creation
- Employee compensation and group norms
- Price formation in art markets

\*\* Zelizer, V., 1996, "Payments and Social Ties," Sociological Forum 11:481-95.

\*\* Helleiner, E., 2003, "One Market, One People: The Euro and Political Identities," pp.183-202 in P. Crowley (ed.), Before and Beyond the Euro. London: Routledge.

\*\* Akerlof, G., 1982, "Labor Contracts as Partial Gift Exchange," Quarterly Journal of Economics 97:543-69

\*\* Velthuis, O., 2003, "Symbolic meanings of prices. Constructing the value of contemporary art in Amsterdam and New York galleries," Theory and Society 32:181-215

\*Schönfeld, Susanne and Andreas Reinstaller, 2005, "The effect of gallery and artist reputation on prices in the primary market for art: a note." Working Paper No.90, May 2005, Vienna University of Economics, Department of Economics Working Paper Series (*complements Velthuis sociological analysis by an economic model*).

Carruthers, Bruce and Sarah Babb 1996. "The colour of money and the nature of value: greenbacks and gold in post-bellum America." American Journal of Sociology 101(6):1556-91.

#### **Session 9+10: Corporations, Governance, Finance**

- Regimes of Corporate Governance
- CEO Regimes: leader selection procedures by social matching
- Managers' informal culture
- Cultural differences in management practices

\* Fligstein, N. The Rise of the Shareholder Value Conception of the Firm and the Merger Movement of the 1980s. In: N. Fligstein, The Architecture of Markets. An Economic Sociology of Twenty-First-Century Capitalist Societies. Princeton: Princeton University Press, 2001: Chapter 7

\*\* Khurana, R., 2002: Searching for a Corporate Savior. The Irrational Quest for Charismatic CEO's. Princeton: Princeton University Press: chapter 2

\*\* Morrill, C., 1998, "Honor and Conflict Management in Corporate Life," pp.230-259 in P. Smith (ed.), The New American Cultural Sociology. Cambridge, UK: Cambridge University Press

\*\* Hamilton, G. and N. Biggart, 1993: "Market, Culture and Authority: A Comparative Analysis of Management and Organization in the Far East", in M. Granovetter and R. Swedberg (eds.), The Sociology of Economic Life. Boulder: Westview Press.

## **Session 11+12: Household and Relationship Economies**

- Theories that explain division of labor differences
- Exchange concepts of relationships
- Critiques of economic concepts of the family
- Remaining issues and clarifications

\*\* Bittman, Michael, Paula England, Nancy Folbre, and George Matheson, "When does Gender Trump Money? Bargaining and Time in Household Work," American Journal of Sociology 109 (2003): 186-214.

\*\* Hochschild, A.R., 1989, "The Economy of Gratitude", pp. 95-111 in T. Hood (ed.), The Sociology of Emotions: Original Essays and Research Papers. Greenwich: JAI Press.

\*\* Nelson, J., 1996, Feminism, Objectivity and Economics. London: Routledge. Ch. 5

\* Brines, J., 1994, "Economic Dependency, Gender, and the Division of Labor at Home", American Journal of Sociology 100: 652-688.

## **Course Credits**

### **1) Readings**

All Students should expect to read at least 1-2 articles (mostly 2) or book chapter for each session, and to participate actively in class discussions.

### **2) Presentations of readings in class, presentation summaries and leading of class discussion.**

You will be asked to present and give a response to readings of your choice in class, and to lead the class discussion on this topic. Readings will be assigned in the first session. To pass the class you must present/respond and lead the discussion 1-2 times. You must hand in your presentation/response on the day on which you present either in the form of powerpoints or as a written summary. You should make the written summaries available to other students by bringing handouts to class or, if you use powerpoints, by uploading them on the electronic platform. Hand in one printed out version to instructor on day of presentation.

Presentations and responses should include a brief summary of the main points of a particular reading (include important tables, figures, vocabulary, case stories) and extend the readings by illustrations/applications you identify, by empirical observations, statistics, materials from your home country etc.

### **3) You may also be asked to act as a discussant/ opponent of readings you are not presenting.**

As a discussant/opponent you should criticize the readings constructively, i.e. by spelling out how the works could be improved, you may want to bring out additional points, and you should expect to engage in a debate with the presenter of the readings and the rest of the class. You may also enrich your criticism by additional material you identify, and you should bring a written summary of the points of debate to class as a handout. If you wish to use powerpoints for the purpose you may do so—upload them on the electronic platform and hand in one printed out version to instructor on day of discussion. Presentations of readings in class, presentation summaries and leading of class discussion (2), and, if so announced 3), together will make up 30% of the credit.

### **4) Written test on content of course**

The test will make up the other 70% and be given at the end of the term. See also last page for further details.

Contextual Studies are considered part of **Contact Learning**; thus, taking part properly implies **regular attendance**.

## Course literature

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See above; **Reader** will be available; additional literature on reserve in the library.

## Course additional information

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### Information about the Examination

#### Examination type

##### **decentral - Presentation (individual) (30%)**

**Comment:** pres. of readings in class, leading class discuss.

#### Examination aids

##### **no regulation necessary**

No rules for examination aids are required for this examination.

- For written examinations at home (term paper), courses without credits, etc., no specific rules for examination aids are required.
- The regulations of the University of St. Gallen and the rules of academic work (sources and aids must always be identified) are applicable in a subsidiary fashion.
- All written work must be accompanied by a declaration of authorship.

**Question language:** English

**Answer language:** German

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##### **decentral - Written examination (70%, 60 mins.)**

**Comment:** written test

#### Examination aids

##### **Closed Book**

The following rules apply to all examinations irrespective of requirements and use:

- A simple pocket calculator is admissible (for the definition of simple pocket calculators incapable of communication, cf. general regulations concerning examination aids of 14 December 2010 and note the "Pocket calculators" fact sheet). Any other EDP and electronic means of communication such as notebooks, PDAs and mobile telephones, etc., are inadmissible.
- A bilingual dictionary (without handwritten notes) may be used if the examination questions and/or answers are not in the candidate's native language. Electronic dictionaries are inadmissible.
- The procurement of these examination aids is exclusively the students' responsibility.
- No other examination aids are admissible.

**Question language:** English

**Answer language:** English

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## Examination content

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## Exam-relevant literature

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### Attention please:

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***Wir machen Sie darauf aufmerksam, dass dieses Merkblatt verbindlich ist und vor anderen Informationen wie persönlichen Datenbanken der Dozenten/-innen, Angaben in den Vorlesungen etc. unbedingt den Vorrang hat.***