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WORKING PAPERS

Neutrality of markets, microbusinesses
and ethnicity: a question of method

WORKING PAPER NO.11

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Abstract

Increasingly accounts of economic organisations emphasise how markets and microbusinesses are socially embedded. Some writers (Granovetter, 1985; Werbner, 1984; Ram, 1994b; Metcalf *et al.*, 1996) advocate an 'embedded / network approach' which looks at how concrete markets and microbusinesses develop and operate within identity-sensitive contexts. I shall reject this approach, and instead suggest how markets and microbusinesses are generally *insensitive* to the identities of those who are involved in institutions such as firms and markets. The type of market selected for empirical examination is retail market trading. By highlighting the wide range of social contexts that social actors are involved in when coordinating economic practices, we obtain a better understanding of ethnicity and avoid essentialist claims.

Key words: Neutrality, microbusinesses, ethnicity and embeddedness

Introduction

Traditionally, political economy and economic sociology suggest that economic institutions operate 'identity-blind', so that any particular associations between such institutions and particular identities are *contingent*, that is, not a necessary consequence of the institutions themselves but of other influences (Sayer, 1995). However, such views have been contested by a significant amount

of literature detailing the ways institutions such as economic organisations are not at all neutral with respect to identities (Granovetter, 1985; Granovetter and Swedberg, 1992; Smelser and Swedberg, 1994; Ram, 1994b; Metcalf *et al.*, 1996). Such claims reflect a feature of the cultural turn in sociology – its increased emphasis on the cultural embedding of economic and other institutions (e.g. Werbner, 1984; 1993; Rafiq, 1992; Basu, 1995; Aldrich *et al.*, 1986; du Gay, 1997; Hall, 1997).

The literature on ethnic minority business (such as Basu, 1995; Rafiq, 1992; Metcalf *et al.*, 1996; Werbner, 1993; Lyon and West, 1995), for example, tends to assume that repeated instances of certain associations indicate that the phenomena have to be related. So, repeated transactions between buyers and suppliers of similar ethnicity are assumed to indicate greater trust than transactions between different ethnic groups. A more sophisticated variant of the associational approach recommends historical empirical research to establish how markets and microbusinesses have been contingently embedded in the cultural differentiated contexts over a period of time, and how they continue to be an integral part of the structuring of economic organisations. However, I will put forward an alternative approach of how markets and microbusinesses are embedded in social contexts. It focuses on *economic* embedding in *identity-insensitive* contexts.

This paper, then, is a study of markets and how market processes are embedded in social relations (Granovetter, 1985). This embedding has cultural and political dimensions, involving interpersonal, private and public spheres, all of which make a difference to the economic activity (White, 1993; Boyer, 1997; Walby, 1986). Ethnicity can be an important aspect of the embedding

of economic processes (Werbner, 1984; 1993; Ram, 1994b; Rafiq, 1992; Basu, 1995; Lyon and West, 1995; Metcalf *et al.*, 1996). However, an important consideration here is the avoidance of essentialist characterisations of ethnicity in which members of ethnic minorities are treated stereotypically as having enduring, common characteristics which determine their behaviour regardless of external circumstances and internal change and variation (Waldinger, 1995; Hall, 1997; Woodward, 1997; Sayer, 1997a). Taking the example of fruit and vegetables market trading as its empirical focus, I examine the way in which all aspects of the business are embedded in their respective social milieux. This paper seeks to penetrate beyond the simple description of phenomenal world and rhetoric of culturalism. Guided by the analytical methodology of sectoral analysis, it seeks to reject implicitly the explanatory values of ideal typical constructions and culturalist and idealist generalisations.

Theoretical Issues

While the embedded approach (see Polanyi, 1957; Granovetter, 1985; Granovetter and Swedberg, 1992; Smelser and Swedberg, 1994) is a good way of looking at the history of concrete associations, it evades counterfactual questions (e.g. do they have to be? -see Sayer, 1992; 1995). Accounts which claim to be 'realistic' are often a bad guide to the real because they conflate the real with the actual, that is the one among many possible forms of the real that is possible.

Neutrality of Markets

Accounts of social embedding of markets point both to 'necessary impurities' (e.g. non-market, bureaucratic and informal practices,

and regulation) which support the market system (see Hodgson, 1988; 1999; Sayer, 1995; White, 1993), and cultural embedding which is sensitive to reason and identity, though is contingent and accidental (e.g. du Gay, 1997; Werbner, 1984; Ram, 1994b). For instance, a market transaction requires both an exchange of property rights and an agreed price, but it is accidental whether the parties belong to the same ethnic group or that they have similar beliefs or ideas. A Pakistani seller will not necessarily question my reason and intention in buying her products. However, she may want to know my preferences so that she can sell more in the future. In this respect social embedding is driven by economic imperatives and not by cultural and moral considerations (Keat, 1994; Waldinger, 1995; Woodward, 1997).

Markets and businesses have a logic and a momentum of their own which go beyond the subjective experience of actors. Markets and businesses depend on actions and to some extent the understandings of knowledgeable actors (Kirzner, 1982; Langlois, 1986). In this sense they are always culturally embedded (Holton, 1992). But markets and businesses routinise, formalise and govern actions through specific signals and rules, such as prices, money, management rules and procedures (Sayer, D., 1991). Even though these usually have to be interpreted by actors, the way the markets and businesses operate is in varying degrees independent of their intentions and understandings and disconnected from norms and values (Polanyi, 1957; Altvater, 1993; Keat, 1994; O'Neill, 1998).

'Market forces' are largely unintended outcomes of myriad individual decisions to buy and sell or change prices, which shape subsequent decisions (Hayek, 1978; Roemer, 1988). Once we have acted in a market the effects of our actions in terms of movements of prices

and stocks are largely beyond our control. Consequently, markets exemplify the way in which they have a logic and momentum which is irreducible to the actions on which they depend.

Nevertheless, markets and businesses are necessarily socially embedded, and so they can never be 'pure' (see Hodgson, 1988). Markets need non-market forms of organisation such as state regulation to make them sustainable (Aglietta, 1979; Christopherson, 1993; Wrigley and Lowe, 1996; Sayer and Walker, 1992; Boyer, 1997). Businesses need some degree of support from other organisations, particularly in terms of ad hoc action and interpersonal relations among members, if they are to function effectively. For instance, in microbusinesses family members are important to subsidise them (Scase and Goffee, 1987; Adkins, 1995; Baines and Wheelock, 1998; Ram, 1994a; Song, 1997; Allen and Truman, 1993). In each case, the second form of organisation supports rather than undermines the first dominant form. The 'impurity principle' exposes some of the limitations of markets and businesses. It also reminds us that the differentiation of modern society into separate spheres is never fully achieved (see Holton, 1992; Altvater, 1993; Wheelock and Mariussen, 1997; Wheelock and Baines, 1998).

To the extent that markets and businesses are uncoupled from the culturally-differentiated contexts, they can be argued to be identity-blind. However, it is this contention that has come under fire in recent years, particularly in relation to markets, microbusinesses and ethnicity, where writers (such as Metacalf *et al.*, 1996; Basu, 1995; Werbner, 1993; Lyon and West, 1995; Light, 1984; McLeod, 1991; Ram, 1994b) have argued that markets and microbusinesses are, in fact, far from neutral with respect to identity and ethnicity.

This is consistent with the tendency of the cultural approach to de-emphasise economic structures and to focus on the cultural agency as the dominant source of social inequalities, thereby inverting the pattern of emphasis in earlier political economic accounts (see Ray and Sayer, forthcoming, for general discussion).

Discussions in political philosophy have long focused on the alleged neutrality of markets (Miller, 1982; Offe, 1984), on their tendency to operate regardless of people's identities or indeed regardless of their reasons for acting as they do. Actors' intentions belong to the cultural sphere, but, in an important respect, markets operate independently of actors' reasons for buying and selling. Whereas, in many other circumstances (such as family negotiation, political lobbying and international affairs) actors and organisations have to justify to others what they want to do, actors and organisations do not have to do so in markets: markets are 'reason-blind' and judgements can be treated as mere preferences (Keat, 1994). As Offe (1984:82) notes, an essential feature of the markets is that they neutralise meaning as a criterion of production and distribution.

Turning from indifference to reasons to indifference to identities, competitive markets can encourage either behaviour which is neutral with respect to identity, or behaviour which appears to be highly sensitive to it. Though in the latter case it is not identity but the money or goods associated with it that count (Hirschman, 1982; Simmel, 1955). In the abstract, the neutrality of markets suggests that ethnicity should or will not make a difference because the market mechanism operates through unintended consequences of market choices, success may have nothing to do with merit or fairness and much to do with luck. The logic of the market is that all that matters is what is offered for sale and its price (Roemer, 1988). The social

characteristics of actors are irrelevant since in advanced economies markets operate largely under conditions of ignorance of how products are produced and sold, and who works and trades for whom. Most importantly, money is abstract and neutral - one person's money is as good as the next's. Moreover, as Sayer (1995) notes, under competitive conditions actors have an incentive to be neutral for fear of losing sales and bargains to others. As Simmel notes:

Innumerable times [competition] achieves what usually only love can do: the divination of the innermost wishes of the other, even before he becomes aware of them. Antagonistic tension with his competitor sharpens the businessman's sensitivity to the tendencies of the public, even to the point of clairvoyance, in respect to future changes in the public's tastes, fashions, interests . . . Modern competition is described as the fight of all against all, but at the same time it is the fight *for* all. (1955: 179)

The extent of market neutrality will be illustrated when considering the customers-seller and the buyer-suppliers relationships at the retail and wholesale market places.

In the case of labour markets, competitive pressures encourage firms to employ whoever will do the job best, regardless of matters of identity, such as gender or ethnicity. These pressures penalise those who forego the best candidates on such grounds, though of course such incentives may be contingently overridden by racism and sexism (Ram, 1992; Walby, 1986). At the same time, competitive pressures compel firms to take advantage of any differences in identity of groups which have economic implications,

as when employers needing to cut labour costs employ workers from a culturally-stigmatised group which can be paid low wages (Ram *et al.* forthcoming; Phizacklea, 1990; Jones *et al.*, 1994). However, note the logic of this kind of selectivity: market and competitive pressures encourage employers to take them on not because of their cultural identity but because of their economic exploitability. The latter may in turn be a consequence of stigmatisation of their identity (Ram, 1992; Ram, 1994b; Peck, 1996), but from the point of view of market actors and market incentives, it is the economic consequences that matter. The nature and the horror of economic exploitation will be revealed when considering the labour process in the retail market places.

Similarly, in 'family businesses' children and spouses are just as vulnerable to economic exploitation as non-family members (Phizacklea and Ram, 1996, Song, 1997; Kay, 1990; Baxter, 1988). Such 'domestic embedding' may not soften economic pressures, but rather disguise the nature and the extent of economic exploitation (Ram, 1994a; Phizacklea and Ram, 1996; Baxter, 1988). In addition, consumers of mundane goods are unlikely to know or care about the workers' ethnic identity or family connections. Indeed, consumers are just as likely to mis-recognise workers' and traders' identities. Markets and businesses are embedded in the cultural sphere - the way in which market actions, class behaviour and identities develop are always in and through gender, ethnicity, age and sexuality (du Gay, 1997, Woodward, 1997). However, just because markets and businesses are always socially-embedded it does not follow that their behaviour is wholly reducible to these cultural dimensions (e.g. Werbner, 1984; Raifiq, 1992; see Ram, 1994b; see Ram *et al.*, forthcoming for a critique). On the other hand, while markets and businesses may be largely identity-blind, they are embedded in the cultural sphere which certainly is not.

Microbusinesses

The industrial organisation approach (see Auerbach, 1988) is a useful start to understand a number of questions concerning the operation of the market. For example, why is all fruit and vegetables trade not done through shops and supermarkets? Why, in general, are there many traders in each market place rather than just one large trader? What influences the size of the sector? The essential and definitive relations that characterise a society are those of its economic organisation of production and distribution. In practice, however, there are tensions, especially for microbusinesses. The self-employed, for example, depend on the unpaid services of their families and a utilisation of domestic assets for business purpose and may employ a few workers (Scase and Goffee, 1987; Baines and Wheelock, 1998; Song, 1997). Making sense of the subjective daily experiences of ethnic minority market traders in the retail trading sector, then, requires taking cognisance of both the objective economic and political forces that have shaped the nature of the sector and the individual content in which they operate.

In the case of microbusinesses, it is tempting to think of our object of study as being characterised by 'marginality'. Yet this could mean several different things. First, it could refer to the economic position of microbusinesses in the retail industrial sector (Scase and Goffee, 1982; Baines and Wheelock, 1998). The economic position is peripheral to the industrial sector largely shaped and dominated by large capitalist organisations (Smith and Williams, 1986; Guy, 1994). In such cases, that market traders continue to exist at all owes much to contingent conditions which stabilise them, such as regulations on entry, underpaid and unpaid labour, and the continued existence of a retail niche market (Ram, 1994b; Phizacklea and Ram, 1996; Metcalf *et al.*, 1996).

Secondly, marginality can refer to individuals who have an income which is low and insecure. Yet, the income may or may not be marginal since it depends on the competitiveness of their businesses, the size and stability of the sub-market, and on other sources of income (e.g. paid work), to which occupants may have access (Scase and Goffee, 1982). Thirdly, marginality also refers to individuals' position in a wider environment in relation to cultural and political powers. Several writers (such as Murray, 1990; Jones, 1993; Ram, 1994b) have associated 'minority' ethnicity with marginality. These three kinds of marginality need not go together. A marginal economic position may provide an income which is not marginal for an individual who is not culturally marginalised.

Ethnicity

Traditional approaches to ethnicity have been 'essentialist', that is, based on the assumption that a particular social category is marked by unchanging qualities, a common essence shared by all members of the category (e.g. all Asians are united by common characteristics, experiences and interests). However, empirical studies uncovered specific ethnic experiences and interests marking up distinctive ethnic groups (e.g. Metcalf *et al.*, 1996; Hall, 1997). But, as Bradley (1996) notes, new forms of essentialism may emerge that imply that all members of a specific minority ethnic group have similar experiences and interests. This overlooks other forms of stratifications. Indeed, society is a patchwork of internally diverse ethnic groups, and individuals may occupy different positions in relation to formal and domestic economies that run counter to the common experiences and interests of a specific ethnic group. Presumably, the virtue of the concept of hybridity is that it highlights this. Thus, ethnicities are diverse, mixed and relational (Hall, 1992; 1997; Brah, 1992; Woodward, 1997). How then is this reflected in market trading?

Research Design, Techniques and Stages

In 1992 I worked for a year for 4 retail market traders, doing participant observation as a pilot study for my research. This enabled me to get an insider's view of market trading, and to assess what would be required for the formal project. The people chosen to observe and interview were not randomly selected but were selected for likely theoretical interest; e.g. according to factors such as market traders' ethnicity, gender and age, wholesalers' economic size, product niche and ethnicity, and the different types of regulators involved. The 'sample' had 41 retail fruit and vegetables market traders, of whom six were African-Caribbeans, one was West African, two were Indians, one was Pakistani, and one was East African Indian. Seven of the traders were women, of whom one was African-Caribbean, one was West African and one was Indian. The overwhelming majority were white males. The study also observed and interviewed 20 horticultural wholesalers, of whom two were East African Indians, one was East African Pakistani, and one was Pakistani. Four of the wholesalers were local managing directors of two national wholesale companies, and the rest were large and small regional independent companies. The overwhelming majority were white small wholesalers.

In order to study the regulation process, I selected interviewees on the basis of the different types of role they played and according to differences of context. For instance, three were council environmental officers, two were council officers from the planning and architecture department, ten were council officers from the commercial services department. In total 30 interviews with the regulators were conducted. Additionally, between 1993-5, I attended 15 commercial services department committee meetings, 12 market

traders' local branch meetings, and 5 public meetings on strategic development of city centre, shopping centre and market places.

The next section examines the experiences of market traders, wholesalers and regulators in the retail market places. Finally, some concluding remarks and implications will be made.

Empirical Findings

Labour Process

The type of workers employed by the market traders depended on the nature of the task, the volume of traders' retail sales, availability of types of workers, workers' commitments to other paid or unpaid work, and competing demand for time from other social areas. The workers differed in the type of work they did and in their working hours, and in their relationship to others (e.g. whether family and kin). Full-time regular workers, who worked 4-6 days/week, were paid £125-175/week. Part-time regular workers either worked between 11am-3pm for 4-6 days/week or 2-3 days/week and they were paid half the rate of full-time workers. Part-time regular workers were in an ambiguous position because they were caught in a low income poverty trap. The ambiguous position of part-time workers gave traders an opportunity to take advantage of them not only by paying them poorly but also by pressurising them to do extra time unpaid. Casual workers were employed on a daily basis depending on how much sorting out, pitching and serving needed to be done. They were commonly seen on Saturdays and during Christmas and were paid £10-15 for a day's work. The odd job men were a very marginalised group of workers. The traders treated the casual workers and odd job men with little social recognition

and respect. This gave traders extra economic power over them, enabling greater exploitation through reducing their pay and increasing their work load.

Spouses and children who worked regularly usually received *formal* wages from the traders' account books. However, this did not mean they received these wages in full, for it was in the interest of traders to reduce the amount of profit they actually declared. Full-time regular family workers usually received £150-200/ week for 4-6 days/week work, while part-time, regular family workers got paid £20-30/ day. The family relationship should not delude us into thinking that family and kin workers *wanted* to work alongside market traders. In common with other workers, working on the stall was a last resort, and one that gave traders an opportunity to exploit them even if they were family members. In one case, an Indian trader's wife was heavily pregnant and had a miscarriage while working on an outdoor retail stall in the middle of December. In another case, a Pakistani trader's wife worked on an outdoor retail stall in a middle of a cold spell after coming out of a hospital having had a key-hole operation to her neck.

The economically marginal nature of the sub-sector meant that some traders could only compete and survive by selling very cheap, low quality produce, doing most of the work themselves and using family members for the rest. (Wheelock and Baines, 1998; Scase and Goffee, 1982; Song, 1997; Baxter, 1988; Phizacklea and Ram, 1996). The literature on family and minority ethnic businesses (such as Werbner, 1984; 1993) gives the impression that this kind of social embedding 'softens' economic pressures and self-interest. However, this is not the case in market trading. Market and competitive pressures encouraged employers to take on workers

not because of their ethnic identity but because of their economic exploitability (Phizacklea, 1990). The traders used the workers' position in the secondary labour market and their ambiguous position in relation to the welfare state to further extract unpaid labour time. Similarly, spouses were vulnerable to economic exploitation.

Socialising among the people reflected the development of personal ties that had evolved over the years of being together at the same place. So, traders played 'scratch' card games, borrowed videos from each other, gossiped and bantered, gambled, smoked and drank together, had mock fights, played tricks and stole from other traders, teased passers-by, and mocked retail market officers. However, the interviews also reflected the desire to socialise with other traders and workers in order to relieve the pressure of working in a dense spatial and social setting doing unexciting and low productive work.

Customers-Seller

Selling techniques were influenced by the unusual nature of market trading and the perishability of the produce. The sales pitch and the front stall display were managed in various ways which reflected some of the differences between traders in terms of whether they had indoor or outdoor stalls and their location in the market place. Techniques were also influenced by whether individuals were new or established traders, by the nature and size of their business and by the degree of competition between traders. Nevertheless, at some time or other, virtually all traders would find themselves with a surplus of certain lines, often of inferior quality and therefore had to adapt their sales technique. Traders had to treat customers in a

civilised way and to sell reasonably fair quality produce to get repeat trade and build up customer loyalty (Simmel, 1955). For example, Paul Cool (a white trader) commented that most of his customers were African-Caribbeans, and they were very selective and would 'finger' the produce to check for quality. This annoyed him, but he said that it was important not to shout at them. Rather he had to put on a smile and just think of the money which he would take from them.

Buyer-Suppliers

The nature of the 'market' and produce and the size and type of retail outlet meant that market traders could only realistically have arm's length relationships with wholesalers. In such cases, the shared information was simple and did not require a high level of trust for economic activity to take place. In other words, what Hodgson (1988) refers to as 'non-market exchange' was minimal and embedding was very weak, so that transactions were influenced largely by price. While the relationship between traders and wholesalers was at arm's length, and in these respects like the economists' model of markets, it also involved the mutual understanding and familiarity necessary to speed up the process of buying and selling. These include the tacit and unarticulated aspects of information exchange of market processes referred to by Hayek (1978) and Arrow (1974). For example, Mr. Mackie, a wholesaler, described how, over the course of being on the wholesale market, he got to know his customers and the types of business they had and what they were looking for. Not all market traders were looking for inferior quality, many wanted good quality and a bit of consistency, especially so if they had an established trade and needed to keep their retail customers loyal to them. The relationship was distant, yet still sociable.

Embedding takes different guises. It is essential especially at the beginning a) to establish a relationship and b) to develop the necessary know-how. But even when they have become knowledgeable market actors, they still need to have good relationships with others as they remained dependent on them. Nevertheless, this is still a minimal form of embedding - 'strengthen of weak ties' (cp. Granovetter, 1973). In the case of the minority ethnic market traders, none of the interviewees suggested they faced open or blatant racial discrimination from 'final market' wholesalers. This was partly because most of the traders had established businesses, and in the case of new traders they sold 'exotic' produce, which was a valuable business for exotic produce 'final market' wholesalers. For example, Mr. Patel (an East African Indian wholesaler) said that whether retailers and market traders were white or black made no difference. His only concern was to look after his customers because there were four major exotic produce 'final market' wholesalers keen to take his business. For him, people were only different in the size and type of outlet they had, the kind of product they wanted and the price and quality of product they offered.

Even so-called arm's length relationships involving repeated spot exchanges required some level of 'embedding' to work. However, the social skills and maintenance of civility involved were deployed primarily in order to get market information and preferences (Simmel, 1955; Keat, 1994). Embedding of market and non-market relations, then were weak and minimal and occurred largely for economic purposes (i.e. to boost sales and reduce costs). Market transactions prioritised economic considerations, the more so the more intensely competitive the environment. In such a context, there was little scope or reason for strong social and cultural embedding

between the market actors (cp. Werbner, 1984; Ram, 1994b). In effect, market actors were blind to each other's ethnicity.

Family Involvement

In the next two sub-sections embedding takes a stronger form and sometimes for non-economic considerations. Most of the 'established traders' had inherited their business from their parents or kinsfolk. Some of them had built up their customer base after many years of trading, either having started off with a new business or having bought the trading and assignment rights from an established trader. The established traders enjoyed 'first-mover' advantages and 'innocent' barriers-to-entry that came with having an established, goodwill trade and loyal and regular customers. 'New traders' had started off with a new business as casuals with no regular stall but had gained one after waiting for one to become vacant and had established their business with the customers through a process of learning by doing.

The established traders' business was less economically marginal than the newer ones. While it is much easier to inherit an established business than to set one up afresh, few traders' children wanted to do so. Moreover, most established traders did not want their children to follow them into the market place and encouraged them to pursue 'a career' and to do well at school. For example, Mr. Manjit (an Indian trader) had three young adult children who expressed little interest since they had professional careers. However, some children of the established traders were pulled into the business, thwarting their personal ambitions. When an established trader was unable to provide for his or her family, it was usually the eldest son who took the responsibility to manage the family business.

For example, Ahmed Malley (a Pakistani trader) had to withdraw from higher education when his father became ill and he had to manage the stalls.

There was a good economic reason for established traders' children to consider market trading as a possible choice of work; it was an easy way of earning money. However, in practice, most were put off by its low status and lack of respectability. The female children especially were actively discouraged, though actual reasons for entry depended on what other options were available to them. For example, having established her business afresh through buying an established stall, Celia Fraser (an African-Caribbean trader) didn't want her children to go into market trading, and though none of them went to university they did do other things. Her eldest daughter was a hospital sister. Her other daughter occasionally 'helped' Celia on the stall but was shortly going on a management trainee programme for Kentucky Fried Chicken.

Older traders approaching retirement began to reduce the numbers of days and hours they worked. For example, Mr. Lowe and his wife only worked half days until (1.30pm) preferring to spend the rest of the day at home looking after their grandchildren. Combining household as a place of individual life market trading as an economically marginal retail activity invariably meant that market trading was especially vulnerable to intra-household interests, conflicts and inequalities (Baines and Wheelock, 1998; Song, 1997; Kay, 1990; Baxter, 1988; Ram *et al.*, forthcoming). The family involvement was significant, and this was a common feature for all the traders. No ethnic group had a greater access to family resources over other ethnic groups (cp. Ram, 1994b; Werbner, 1984; Metcalf *et al.*, 1996; Basu, 1995). Indeed, the extent of the

family involvement depended almost completely on the nature of the retail business. Many children, of all ethnicities, were resistant to going into the business, and were eager to acquire higher level cultural assets (cf. Bourdieu, 1984; 1993; Mulholland, 1997).

Market and Trade Regulations

In spot markets, exchanges are constrained by rules and regulations. Market rules and regulations govern opening times, product range, entry into market places, market traders' trade-lines and the number and allocation of stalls (Kirk *et al.*, 1972). These regularise market trading, enabling traders and shoppers to buy and sell with relative ease. Most retail market places in this study were owned, and the overall scheme managed, by the City Council Market Committee. Occasionally, changes are made in regulations, and some of these arise because retail market officers and scheme managers feel they could improve the way market places are managed. For example, officers argue that licences can be made more specific in the retailing of fruit and vegetables so that a new entrant who wanted to sell produce had to choose what type of produce and the range; i.e. 'exotic' produce or traditional and non-exotic produce, and fruit and salads or vegetables, thus 'rationalizing' the market.

Often, actual trade regulations can be shaped by interests of other council departments. Some have commercial agendas, relating to financial concerns and property development, including interests in major retail developments. At times it is simply having an eye on neighbouring councils in order not to be outdone. Sometimes the inability of the Market Committee and market officers to successfully represent traders' interests causes tensions and a feeling of distrust

between regulators and the regulatees. For example, in the early 1990s, plans to develop the Bull Ring Shopping Centre in Birmingham were discussed in a context of the Council Executive Body, Planning and Architecture and Local Economic Development Departments, focusing on how best to promote Birmingham as a financial and industrial city, and to improve its then twelfth position in the national league of retail centres. This meant that market places had to move from their current sites and away from the city centre. The market committee and market officers took the side of the council and other departments who were instrumental in designing and promoting the plan alongside the private property developers and a consortium of business leaders. This caused a feeling of mistrust between the Market Committee, officers and traders, and it marred how they cooperated and negotiated on matters over rent and plans for improving market places.

At the same time, retail market officers and managers had no option but to try to secure and protect the long term future of retail market places since market traders and shoppers did not have any powers themselves. To be sure, retail market officers and managers are important for ensuring (or trying to ensure) that certain issues and policies get discussed and implemented despite the lack of popular appeal and interests from the constituents and councillors, and in spite of their marginal position within the bureaucracy. In effect, the analysis of the negotiable nature of, and variations in, regulations has to take account of how local regulators are embedded in the wider regime of a regulatory system (Clark, 1992; Gregson *et al.*, 1997). In the case of market trading in Birmingham, the market regulators were in a politically and socially marginal position that only further undermined the market traders' capabilities to compete and survive.

In terms of the concept of class, the market traders, as a marginal sub-category of the petty bourgeoisie class, were affected by external events as a social collectivity. What affected their earnings had nothing to do with their cultural or social identities. Rather, they occupied a structurally marginal position in the sub-retail sector, and this exposed them to intense competitive pressures (Scase and Goffee, 1982; Baxter, 1988; Song, 1997). Furthermore, as a marginal sub-category of entrepreneurial class, they wielded little influence in urban politics.

Conclusions

Hodgson (1988), Sayer (1995) and Boyer (1997) have argued that markets cannot create their own pre-conditions and can even undercut their own institutional foundations. Some measure of embeddedness is necessary if the market is to operate, for too much price flexibility leads to instability. Economic embedding involves both 'market' and 'non-market' forces, and it can occur for non-economic reasons. In some ways, markets are neutral with respect to ethnicity and other differences while in other ways, particularly to do with targeting customers, they are highly sensitive to them.

In concrete cases of markets, other social structures and contingent conditions give retail sub-markets historical, spatial, economic, political and cultural specificity (Mackintosh, 1990 White, 1993; Sayer, 1995). While retail sub-markets are always embedded, they are not fixed but remain contested and ever-changing. We noted that microbusinesses operate under contingent conditions that are controlled, marginal and unequal, yet various conditions can also be absent and be replaced by others. To be sure, microbusinesses

take advantage of such conditions and in doing so may reinforce them, but *they are produced elsewhere*. Furthermore, the social structures and conditions embedding the market can also be economically non-functional (e.g. need to socialise), though not necessarily dysfunctional.

Embedding of markets and businesses can be both 'identity-sensitive' and 'identity-neutral'. So ethnicity, for example, may make a difference in terms of trust but not price. Markets require trust, and ethnicity can make a difference in deciding who to trust. At the same time in the case of microbusinesses, products are largely familiar items bought and sold at arms' length, under competitive and regulated conditions, so that trust is not necessarily imputed to social characteristics of actors but rather to the price mechanism of the market.

Social embedding of economic structures can occur for non-economic reasons and as a consequence of economic marginality. Yet, while some black people, for example, may start up a business because of racism in the labour market and exploit racialised resources (Ram, 1994b), this does not mean that ethnicity makes a significant difference to how as business people they behave. How and in what ways actors and resources come into sub-markets do not tell us how they will be actually used since the nature of the product and type of retail outlet make a difference. As a sub-category of the entrepreneurial class (Scase and Goffee, 1982), the self-employed act as a social collectivity. They are especially vulnerable to the vagaries of the market and the fragility of market regulation. They are prone to failure because of family problems and inadequate domestic embedding. Operating with a low capital-labour ratio, they particularly suffer from ageing and a deterioration

of personal skills and work motivation. They have a few property assets that can be transmitted to the next generation, indeed, their children are more likely to pursue an education than go into market trading (see Savage *et al.*, 1992).

Some ongoing social relationships are for reasons to do with material and spatial aspects of business, some are not 'intense' but at arms' length, some relations occur out of chance encounters rather than deliberate or intentional actions, and some involve mixed ethnicities. Furthermore, while noting that in *real* markets social relations are a mixture of competition, domination, negotiation, custom and regulation, and some relations also involve socialising, most social relations are valued and nurtured insofar as they continue to be useful for generating cash and economising resources. Indeed, ongoing social relations can threaten to become economically dysfunctional if there is no effective scope for a change of ideas and practices, and competitive pressures to lower costs and search for new markets.

It is worth noting that one unfortunate consequence of research on the internal cultural processes, to the neglect of other kinds of embedding and aspects of business, has been the production of new forms of cultural essentialism. The concept of 'hybridity' is suggestive of the process of change and variability (Hall, 1997; Woodward, 1997; Maynard, 1994). Members of minority ethnic communities are influenced by many processes and situated in many contexts so that the exact nature of their social actions will reflect their ambivalent positions in society (see Bradley, 1996). It is therefore imperative to situate ethnicity within wider social and economic dynamics.

One of the effects of the cultural turn is not only a marginalisation of the economic logic, but also a reduction of it to a cultural logic. While markets and businesses are always 'embedded' in the cultural sphere, so that they are not just autonomous structures, they are not reducible to the cultural sphere. It is important to retain the economic and cultural distinction in order to register how far economic and cultural problems, and divisions, are caused by identity-blind mechanisms, and how far they result from distinctions made by actors in the cultural sphere (Fraser, 1995). It is far from progressive to ignore culturally generated problems (e.g. sexism and racism), but so too is the converse tendency of neglecting economic generated problems, or of reducing the latter to the former (e.g. Metcalf *et al.*, 1996).

In noting the ways in which markets are identity-blind, markets still require people to be socialised in a way which enables them to fit in. For example, people have to learn how to buy and sell, including selling their own labour power. At the same time, people of many different identities can meet this requirement. In addition to this necessary 'minimal' embedding, markets are also invariably contingently embedded in a denser set of relationships. For example, it is contingent whether market relations are embedded in Hindi-speaking rather than other language communities (see Ram *et al.*, forthcoming). Despite this embedding of markets in the cultural sphere, however, they can still operate partly independently of the latter and have effects upon it.

Empirical studies of how things *are* need to go beyond making concrete associations, to what things *are capable of being*, that is whether they could be something else. It is a common and easy mistake for researchers and writers to fail to pursue *qualitative and counterfactual questions* after undertaking empirical research

surveys involving quantitative analysis and associational thinking. The latter often lead to mistaken casual inferences which 'explain' variations in culturalist terms (e.g. Metcalf *et al.*, 1996). Acknowledging the potential capability of the social embedding of structures is vital to any progressive thought; to deny it is to license the conservative conclusion that what is, must be (see Sayer, 1997b; 1997c); but 'what is' must be explained in its own terms.

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