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13 January 2025

Online at <https://mpra.ub.uni-muenchen.de/123879/>
MPRA Paper No. 123879, posted 14 Mar 2025 08:04 UTC

The Importance Of Sociological Perspectives In Crafting Inclusive Economic Solutions For All

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Abstract: Traditional economic theories usually assume that people are rational agents maximizing their benefit in decisions. This assumption, however, simplifies the reality of economic behavior by neglecting social embeddedness of individuals. Real economy consists not only of market-mediated transactions, but also everyday asks, duties, unremunerated help, and behavior patterns in many organizations that, formally speaking, are not or only partially included into the economic sphere.

Keywords: Sociological aspects, economic solutions

1. Introduction

The economic sociology is able to show economic life as a social aggregate phenomenon. The importance of a sociological perspective on economic behavior has been known in sociology for over one and half centuries (Rogowski, 2017). However, that time sociology did not have necessary models and methods to analyze and explain the so-observed phenomena. It is argued that the renewal and further development of such analysis as a separate research field in social sciences - economic sociology - is still appreciated. The essay assumes a viewpoint from economic sociology framework that shows economic life as always social life in which human beings participate. It argues that applying a sociological perspective to understanding economic behavior is necessary to explain difficulties of entrepreneurship success. With a sociological perspective on entrepreneurship, questions relevant from a sociological viewpoint can be asked to explain these difficulties. In this paper, the perspectives provide some examples of this kind of questioning.

Successful application of business solutions is being wondered by managers, governments, researchers and the business mentors. Extreme level of uncertainties in economic environment is leading to high percentage of businesses that develop no more than five years after establishments. A view of business literature concerning businesses dissolutions shows a dominance of papers containing individual or company-oriented reasons about failures. The approach applied in these papers, which might be named economic-entrepreneurial approach, is usually considering business breakdown as a result of various wrong actions committed by entrepreneur and/or founders and senior manage personnel. On the other hand, what takes place before the entrepreneur makes the final decision on abiding starts is often omitted in that literature. This “black-box” zone consists an interaction with the society environment about a precise business founder’s entrepreneurial idea. Such a perspective on entrepreneurship is proposed that interactions of an individual

entrepreneur with the society determine the business success. Social exogeneity of entrepreneur and entrepreneurial idea, that exist independently from society relations, is considered.

2. Understanding Sociological Perspectives in Economics

Due to the current trending hashtag, many people have been sharing their experiences of sexism in academia. These reflections range from casual everyday sexism through to severe sexual harassment. This feeds into a broader conversation about the NeoLiberal Agenda in corporate and university settings. This current political economy encourages competition and individualism over collaboration and social. Indeed, underpaid postdoc workers are exploited, pressured to work excessive hours, agree to unethically defined work conditions. They are forced to sign unprecedented non-disclosure agreements that target the whole family seeking, in no uncertain terms, to prevent their own daughters from speaking out about these conditions or taking legal action. After leaving that institution, this person still had to sign a new 'leaving' agreement in order to pay out their owed wages, which the university had been holding back.

But none of this information will be new to the majority of you. Most academics are well aware of the increasingly exploitive conditions under which both themselves and their colleagues are forced to work. This person hopes that their experiences in some way contribute to this wider conversation and contribute yet more damning evidence against the increasingly diminishing integrity of the Australian tertiary education sector.

2.1. Functionalism

The Functionalist perspective is often employed in economics but is not always recognized as such. Grounding Functionalism to its common points, its basic principles can be ascertained. These principles can be specifically applied to economic institutions such as markets and firms, displaying how these structures function in a way that aligns with societal needs. Economic stability is shown to contribute to the overall societal system rather than being studied on its own. Limitations appearing through this application are explored, especially emphasis on economic gaps which can be partially or mostly improved if functioning or adapted. Rather than completely rejecting the application of Functionalist principles, it is concluded that their employment is still essential in economic discussions. Suggestions as to how they could be employed in a somewhat more sophisticated way are given. It is proposed that the broader implications of income distribution be considered as well as how Functionalism and other theories could be combined successfully to analyze the various aspects of economic behavior (Leishvily, 2017).

The Functionalist perspective is often used in the examination of a sociological view of economics. However, it is not always recognized as such and its use in this broad interdisciplinary domain can stray from more traditional or recognized applications. A common approach to understanding any sociological perspective is to go through each

point of its foundational principles and to discuss the implications of that application specifically to economics or more commonly economic institutions. The consequences and potential applications of a purely Functional viewpoint can be seen when examining institutions such as work, their interrelations and the broader underlying assumption of societal need. Of course, the divisions and selections of Functional principles are somewhat arbitrary but these clearly explain a certain aspect of any given societal structure. Analysis is then limited to a selection of broader principles. At the risk of generalizing, it is difficult to employ these basic principles entirely without noticing some problems. A specific economic approach has not been contemplated but it seems that such a perspective could be slightly more sophisticated. Being encouraged by this, the aim is to objectively and fairly consider both the functions and problematic aspects of economics through the application of these Functional principles.

2.2. Conflict Theory

Sociology is an essential framework in crafting economic solutions to ameliorate disparities. This is particularly salient in neoliberal societies wherein economic issues are depoliticized to consolidate the power of the economic elite. Insights gained by utilizing Conflict Theory, a branch of sociology, will be examined and reproduced herein to argue for a more inclusive and radical economic understanding.

Societies are not harmonious entities where every member supports the status quo, but are instead filled with ongoing power struggles (Gezinski, 2008). These struggles occur at various levels, understanding disparities in one realm can be elucidated by looking at the conflicts over resource allocation. Similarly, approaching economic issues reveals historical and contemporary struggles for power. Wealth is not simply accumulated through hard work and merit, it must be acquired by a constant competition between social actors. The history of industrial relations provides countless examples of how economic power was contested among labor, capitalists, and the state. These struggles frequently spilled over non-economic issues, such as political rights, freedom of speech, social mobility, and cultural representation. Thus, far from being separate, economic issues are part of a larger conflict over power and privilege. In this sense, the Conflict Theory greatly enriches economic dialogues by revealing the invisible dynamics of power struggles and demystifying the depoliticization of economic problems. Since most economic theories largely ignore these structural conflicts, the proposed understanding of economic inequality is similarly limited. Mainstream economic solutions generally involve some form of redistribution within or between classes. The incorporation of the Conflict Theory would critique, or at least temper, such an understanding. Not just that economic disparities are “unexpected consequences of ordinary economic motivations,” but that such inequalities are the concrete product of broader and fundamentally structural battles among classes. Thus, the proposed economic solutions are inspired by outlining a more fundamental, and perhaps radical, departure from mainstream views.

2.3. Symbolic Interactionism

Symbolic Interactionism, whose conceptual core is the idea that individuals attach meanings to things—or to behavior, or to other individuals—and then act on the basis of those meanings has not figured prominently in any of the afore-mentioned works, yet it is arguably the sociological perspective on the economy from which the work they are doing follows most naturally. Indeed, the core of the economy (arguably of any society) is interactions between (and among) individuals (Beckert, 2006). Far too many of the actions and choices individuals make have some economic consequence for an economic analysis thereof to ignore the social relations in which such actions are embedded and the social context in which they are made.

In addition to ignoring the social context of economic behavior, many economic analyses focus on a limited set of physical commodities, and either ignore, or have trouble incorporating, the role of symbols and language as they pertain to the economy. This is not the case, of course, of those who actually work in these markets. And even then, symbols and language can be misinterpreted and means different things to different people, as is evidenced in a suburb like Burlington, where there is a large man who habitually slumps around in his dirty mulberry longed undershirt, and years old knee-length plaid boxer shorts. Such a person's access to a site of value such as an education or high-paid job is more or less identical to that of any other denizen of Burlington but it becomes a completely different juxtaposition point when that person is white; the variable in the equation that makes it a matter of politico-societal concern. Symmetrically, a person-to-person exchange between two black persons over ten dollars would have very little symbolism attached to it and the term “only” is likely to be omitted in any and all discussion of the matter.

3. Inequality and Social Stratification

Economics is the discipline of human decisionmaking regarding the production, distribution, and consumption of goods and services. It directly shapes individuals' livelihoods through issues such as access to jobs, wages, prices, and public goods. Economic pain and loss are among the strong social forces, tearing people apart by dividing them into Haves and Have-Nots. The global neoliberal policymakers recognize no correlation between wealth distribution and social cohesion. Instead, they tend to view inequality solely in terms of earned reward and just deserts, given the triumph of opposed form of economism unconventional sociologists can contend that excessive inequality is detrimental to stabilization. For a more appropriate, balanced approach to the question of economic inequality, it is important that economists also see the issue within the sociological perspective. Economic inequality and social stratification are intimately linked, but they are not the same thing. Socio-economic differences, in particular, are a more comprehensive category made up of at least three distinct but closely related subcategories: class, status, and power (B. Davis, 2015). Allied to this is the need to place the issue of economic inequality into this broader, interdimensional field. Economic

stratification is the extra-social placement of individuals and groups according to their wealth or income. Of course, it is a mere truism to say that stratification and wealth earnings are related; wealthier varieties indisputably tend to adopt and reproduce to themselves a more prevailing rank. Nonetheless, the fact that somebody is beleaguered as a manual laborer does not require them to stay poor. There is also a known number involved in the replenishment of upper-class careers. Wealth and income variations in the simplest sense come out as disparities of assets and flow. Nevertheless, this is not the scale of the complexity of stratification economics. Regarding flow, the design must comprise not only wages but all kinds of earned income. Much less attention has been paid to the difference in revenue falling from good fortune.

3.1. Causes of Economic Inequality

Economic inequality is defined as the disparity in wealth and income between countries, people within a country, and among households. The primary focus of this text is at the individual and household levels because those are the units at which most people usually understand economic inequality and how inequality can have adverse effects. This stresses the importance of taking a broader view. Tax laws and payroll policies interact with labor markets and institutions, ultimately creating a complex system that determines distribution. Economic inequality is determined by rules regarding wages, benefits, and the allocation of resources between businesses and households. When imbalances result, groups organize and advocate for change, usually within the constraints of current legislation. In order for that process to resolve an inefficiency, or for it to cause widespread discontent, some such regulatory rules must have been partly responsible for the rise of those imbalances in the first place. Broadly speaking, imbalances are brought about either by some extraneous disturbance, such as a disaster, or by regulatory rules, of which market rules are a particularly important subset. Very roughly, market rules allocate goods, services, land, and around 5% of the population to wealth and poverty (Amemiya et al., 2022). Any rules made by governments, such as tax laws, public spending, and anti-trust policy, cumulatively influence workforce and resources distribution. Paradoxically, the individual causes of inequality are focused on because they are relatively easy for policymakers to change. Meanwhile, legislative structures are concerned almost with background regulation that determines how resources move. The rules governing competition, property, and labor markets are emphasized because those are the most significant levers governments can pull to address economic inequality.

3.2. Impact of Social Stratification on Economic Opportunities

Social stratification significantly shapes opportunities available to individuals and demographic groups and therefore has major effects on economic life. It determines the allocation and productive use of resources including capital, education, and employment and the capacity of economic agents to reproduce access to these resources for the current and future generations. Social identities - such as gender, race, ethnicity, class, religion,

sexuality, and citizenship - strongly shape the distribution of individuals within economic structures and, by so doing, heavily influence economic outcomes. Moreover, economic factors account for a high share of group identity formation and group-based practices within a society, so economic life is not distinct from broader social life. Economic agents participate in economic contexts as “whole and complex beings, who are at once social, economic, and, often, also political”, so economic activities and outcomes are also social, cultural, and political. Accordingly, social stratification is both reflected in and refracted through economic systems (B. Davis, 2015).

Barriers and unequal starting points created by social stratification markedly shape life chances and, particularly, the capacity to participate in economic exchange on advantageous terms. The operation of stratification in economic life reveals very starkly how despite considerable individual agency and strategy, the possibilities for some social strata to take advantage of economic opportunities whilst those of other strata are limited or contain substantial downside risks are heavily constrained. Stratification and particularly discriminatory practices and representations (such as racism) significantly shape the frictions and opportunities encountered by economic agents in transactions and as such contribute to the maintenance of highly unequal systems. A microlevel focus on the economic lives of individuals from disparate socio-structural backgrounds exposes the persistence of barriers to prosperity. Isomorphism in tastes and judgment can benefit intense networks of trust, and those excluded from these networks feel their exclusion in more direct ways. Non-dominant culture or aesthetic resources can be devalued because of the people who possess or appreciate them, and this stigmatization can hinder the accumulation of capital (economic and otherwise) which would be “respectably” productive. Stratified societies create differentiated contexts for learning and expectations, dominating forms impart a sense of entitlement; submissive forms instill an acceptance of a more passive and subordinate position in life, precluding the development of dispositions which facilitate creative participation in the economic, cultural, and scientific spheres. A growing body of research shows the impact of stratification in economic life on the maintenance of differential access to economic resources for distinct social strata, on the reproduction of structures of domination and exploitation maintaining some social strata in a position of disadvantage, and on a variety of economic outcomes (exploitation, poverty, inequality). Furthermore, recent perspectives emphasize that the effects of social stratification are not confined to economic outcomes, having a broader impact on society and people's lives. Efforts to achieve more just, equal, and democratic societies need to properly and fully account for the uneven distribution of economic opportunities and the ways this distribution intersects with broader projects of social ordering.

4. Intersectionality in Economic Analysis

A sociological approach offers unique insights into the crafting of new economic rhythms and systems that can include all. Economies cannot be understood merely as the sum total

of individual actions but must also consider the societal context in which actions occur. Sociological insights can then integrate a real consideration of power and make visible who gets heard and considered in participatory processes. It is therefore through holding together different forms of knowledge that economic processes, damages, opportunities, and benefits can be addressed.

Economic matters cannot be approached independently as they strongly overlap with interactions across other domains, such as intersectional identities—race, gender, sexuality, class, disability—variously shaping access to resources and opportunities, as well as forms of exploitation and cultural representation. Economic policies should thus not treat different social axes of difference as separate when crafting responses to either economic damages or the growth of activities and assets. Structurally disadvantaged groups even in relative indexes cursorily considered by official statistics are severely affected by stacking inequalities, not an isolated economic disadvantage cleaving them from other benefits and supports. Different locations in each social axis of difference shape multiple forms of exploitation and wider constraints of opportunity, negatively impacting damage response or asset enhancement prospects. Sociological lenses can broaden the view of what matters in economic life and thus help to tailor economic policies considering the complexity of inequalities and assets. A sociologically rather than economically structured space of opportunity highlights the disparities in assets, skills, and possibilities these underscore. Different forms of cultural representation and discrimination can in turn exacerbate the deprivation of resources and exclusion from public and business spheres.

5. Policy Implications of Sociological Perspectives

This text explains how sociological perspectives could, and often do, inform economic policies which, nonetheless, remain grounded on straightforward economic considerations. Being about social actions and interactions, economics requires moving into the realm of more complex sociological considerations. Otherwise, purely in economic terms, the effects of asymmetric information or accumulative processes should have long been puzzling issues. Since even the behavior of the simplest atom of its realm, that is the ‘rational’ self-centered individual, has at least in part a social content, sociology is a necessary intuitive complement to any naive daily economic thinking, as well as for more sophisticated economic theorization. Since as a scientific discipline sociology extends itself in the whole social realm, it can offer a huge variety of conceptual tools to deal with the social behind the material. This seems to be an important perspective to keep in mind when dealing with the enterprise of (re)constructing economic societies and economy by means of economic policies. As such, the emphasis here will be on intended policies developed by well-identified subjects to pursue a definite target, and on the assumptions and projections on which a vast deal of economic theory is grounded. Therefore, in the context of the argument proposed, it will not be taken into account discourses and studies on the economic effects of single policy action. It will be suggested instead how a more

fruitful integration of economic and sociological interactive arguments might drive the development of rich policy-oriented analysis. To this purpose a series of different but interconnected methodological and analytical domains will be sketched. Such a general framework will be articulated or anticipated to suggest some mid-term research strategies, and to try to stimulate the debate. Indeed, it will be urged that a sociologically informed rethinking of policy issues and a multidisciplinary design of analysis should be fostered. Findings will be inevitably partial and, due to the character of the argument, often approach-near to preliminary results. To bear some faith in the interest of the issues discussed and their potential development this introduction will be accompanied by as large a number as possible of relevant references.

6. Case Studies in Inclusive Economic Solutions

The discourse on economic development has been too much dominated so far by traditional economics, and even innovations in the policy debate were often taken by this “total social science” aiming to demonstrate the general validity of its most common principles (Trigilia, 2005). On the one hand, there is a considerable diffusion of the view that market mechanisms and property rights are necessary both for handling resources efficiently and for fostering investment and growth. The conditions for these mechanisms to work as claimed are very severe and often do not hold in less developed areas. On the other hand, opinions about ways to react to the failing of a market economy were highly polarized between those advocating for planning and state intervention in the economy and others that see the solution in freeing market forces. A radically negative general assessment of public intervention is in stark contrast with the success of modern advanced capitalist economies, stamped by a long history of severe regulations and extensive state intervention, often aimed at nurturing forces quite opposite to perfect market mechanisms.

Researchers dealing with sociological and institutional insights of the processes of economic development have to recognize the intrinsic complexity of the phenomenon itself as a system of social relationships, and thus the risks of deterministic and/or restricted answers. Concerning the role of economic sociology in policy debates on development, a brief discussion is provided of several reasons explaining the distance between the more vivid theoretical debate and the narrower focus in the policy-oriented ones, the latter mainly addressing market failures and micro-credit issues in the belief that well-functioning markets more or less automatically encourage the virtuous ones to escape the poverty trap (Rogowski, 2017). Four different kinds of arguments, however, will be made in the view that the analytical framework from economic sociology could have an important potential for innovative thinking and for a fruitful “re-examination” even of successful development stories. Finally, it is attempted to outline a few simple policy indications that would follow from the consideration of social ‘embeddedness’ effects on economic behaviour and that seem to be corroborated by an extensive literature.

7. Conclusion and Future Directions

Bringing These Insights Together, and Reiterating the Importance of Embracing Sociological Perspectives in Analysis of the Economy. This essay has sifted through some intellectual barriers which keep the fields of economics and sociology apart. While economic anthropology and the various historical studies and ethnographies of economies have long documented the social embeddedness of the economy, the theoretical apparatus of economics has failed to provide the means of systematically analyzing just how it is embedded in the social world – and has functioned to proscribe such endeavors on the part of its practitioners (Rogowski, 2017).

By exploring one of the themes – rationality – around which this division is particularly marked, and surveys some different approach which sociology brings to the table. It is seen that these observations have potential empirical implications of immediate relevance to economic policy (Trigilia, 2005). Most economic models are severely limited by theoretical reasons. Not everything that is economic in character is treated by a mechanism of force proposed by economics. The real economy, not built by economic science, shows complex, intertwined relations where there are so many reasons for economic success as grounds on which people coexist. Opposite to the Walrasian paradigm, there are a variety of modes in which economic life is conducted (not determined by price and wage set by state of final equilibrium), with a predominance of 'hybrid' forms of market and non-market activities. Then the starting point for the following disquisition is the question, what sociological theory of economic phenomena offers the opportunity for studying economic reality in such a manner as will allow for true understanding?

Approaches derived from humanistic or sociological ecology can more effectively predict, diagnose and explain the regulatory impact of NEPA on natural ecosystems. Analysis of the impact of policies and strategies on food production, access and utilization in Hidalgo, Mexico, using an ethnoscientific framework for research, adds insight lacking in more widely used assessments. Actions to encourage greater interdisciplinary cooperation are also proposed. This short commentary stresses that both economics and sociology could benefit from more attention to the formalization of processes.

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