Beyond Embeddedness:
Economic Practices and the Invisible Dimensions of Transnational Business Activity

Andrew Jones

School of Geography
Birkbeck College
University of London
Malet Street
LONDON WC1E 7HX

Tel. +44 (0)20 7631 6471
Fax +44 (0)20 7631 6498
Email: a.jones@bbk.ac.uk
Abstract

Embeddedness remains a central concept in much economic geographical thought for understanding how social factors influence economic activity. Recent commentators have argued for a reconceptualisation that entails a relational and processual redefinition of the concept. This paper argues, however, that there remain deep-rooted epistemological problems with embeddedness which are not overcome by this emerging reconceptualisation. It argues that the conceptual lexicon of embeddedness conflates economic action and outcomes, insufficiently captures power and agency and produces a limited understanding of the spatialised development of economic activity. It further argues that the language of embeddedness conceals dimensions to transnational business activity that require increasing theoretical attention in order to explain economic success or failure in the context of contemporary globalization. In contrast to those seeking to reconceptualise embeddedness, the paper thus argues for a relational and associational approach centred on tracing the practices that produce economic outcomes in the contemporary global space economy. This alternative approach draws on recent contributions to actor-network theory as well as relational and topological theorisations of the nature of power and knowledge in relation to economic activity. The arguments are grounded with reference to a series of examples drawn from research into the nature of contemporary transnational firms.

KEYWORDS: ‘embeddedness; globalization; transnational business; economic practice; relationality; actor-network theory’
INTRODUCTION

The concept of ‘embeddedness’ has become central to much contemporary thought in economic geography and crucial to debates concerning the relationship between economic activity and spaces or places (c.f. Grabher 1993; Adaman & Divine 2001; Martin & Sunley 2001). Economic geographers have deployed embeddedness primarily as a central plank in theories of regional economic development (c.f. Dicken and Malmberg 2001; Cooke 2002; Hsu 2004) although it has also been more widely used across the discipline in theoretical attempts to understand the cultural and social foundations of economic activity (Oinas 1997; Yeung 1998; Taylor 2000). However, the recent development of debates about relational economic geography (Boggs & Rattansi 2003; Ettlinger 2003) and the so-called ‘practice-turn’ have opened up a number of critical questions about how conceptions of embeddedness can be integrated into new theories of the global space economy. In this respect a series of key problems in the conceptualisation of embeddedness has become increasingly pressing as economic geographers seek to reconcile the insights of new approaches with existing uses of the concept.

The first problem is the relationship between ‘the social’ and ‘the economic’. Peck (2003) provides an extensive discussion around this issue that highlights how concepts of embeddedness struggle to differentiate between social influences and ‘pure’ economic activity. He cites Krippner’s point that the ‘embeddedness concept has led scholars to layer a social economy on top of a pre-social untheorised market’ (Peck 2003: 22, citing Krippner 2001: 799-800). Secondly, Peck (2003) also criticises new economic sociology (NES) and notions of network embeddedness for attributing a weak explanatory role to context. Context is reduced to pale ‘background scenery’, theorising in the broadest of abstract brush strokes. This is echoed by Gertler’s (2003)
argument that there is a key need better to theorise the context in which embedded knowledge is produced. Gertler (2003) points out that understanding the role of (tacit) knowledge as being embedded in its social context is problematic since the relationship is ‘a reflexive one’ where knowledge both defines and is defined by social context (ibid.: 78). Thirdly, many have been critical of the inability of embeddedness to tackle power and inequality in the theorisation of capitalist economic activity (Sayer 2003; Yeung 2005). Power relations appear to be ignored and hard to integrate into theoretical analyses that regard the economic world as neutrally embedded in social circumstances. Finally, Hess (2004) argues that most work in economic geography has been prone to use an ‘overterritorialized concept of embeddedness’ (ibid.: 174). In essence, this has involved regarding local networks and localized social relationships as the spatial logic of embeddedness (ibid.: 174). Hess argues that there are ‘other spatial logics to embeddedness’, and that the concept requires revision if it is able to be sensitive to how ‘translocal linkage’ can be important in economic success (ibid.: 178-181).

In attempting to develop more a more sophisticated usage of embeddedness, these critical engagements have drawn heavily on poststructural thought. Drawing on the ideas of actor network theory (ANT) (Bathelt & Glucker 2003), there is a growing emphasis on relationality (Yeung 2005). The rationale for such a development is well-expressed by Jessop (2001). He argues that actor-network theorists’ conceptions of ‘entanglement’ present a way for theories of social embeddedness to overcome the simplistic over-purification of economic activity of the societal influences upon it. More recently, Hess (2004) has addressed the ways in which spatiality, temporality and power are captured through theories of embeddedness. His solution to the under-theorisation of these issues is to recast embeddedness as a spatio-temporal concept.
He argues that this avoids a static view of agency and social structure, and recognises embeddedness as a dynamic relational process. Overall, therefore, the dominant direction in theories of embeddedness has been to call for a revised relational conception of embeddedness that incorporates the emerging insights of poststructural thought.

This paper takes issue with the direction of this debate in arguing for a more radical and alternative epistemological approach to transcending the problems with embeddedness. The argument is premised on the proposition that the conceptual lexicon around embeddedness remains inadequate to capture the nature of the actions that produce ‘economic outcomes’ in a world of ever-increasing interconnectedness. This inadequacy relates both to the nature of social action itself and to the spatial form of action. Whilst embeddedness has been useful in providing a framework to understand a series of meso-level influences on economic success or failure, the key contention is that, in isolating these meso-level factors and entities, the capacity to understand the nature of social action has been suppressed. The epistemology of embeddedness thus serves to ossify understanding of the evolving global space economy into relatively simplistic relationships between rigid categories such as ‘the economic’, ‘the social’, ‘firms’, ‘regions’, and ‘territory’. These categories are transgressed by the material practices that produce economic outcomes. Greater global interconnectedness in the nature of these practices only makes matters worse because it destabilises further the conceptual boundaries assumed by the categories used. Shifts towards a relational conception of embeddedness do not therefore go far enough because, whilst they rightly point to the static nature of the embeddedness approach, they reintroduce dynamism and relationality at too general and simplistic a level to capture the complexity of action producing the global space economy.
What is needed is an approach that traces the nature of social action at a
greater degree of resolution, thereby producing a more sophisticated understanding of
the nature of relations and associations between actors whose actions (re)produce the
economy\(^1\). At root, the necessity of this epistemological shift is a consequence of the
phenomena associated with ‘economic globalization’ reconfiguring the sets of
relationships that shape economic outcomes in a manner that increasingly exceeds the
epistemology of embeddedness. Firms can no longer be understood simply as being
embedded in regions with discrete institutional structures, and the boundaries between
the financial, social or cultural ‘inputs’ into economic activity are becoming ever
more blurred. In this sense, there exist a series of crucial dimensions to transnational
economic activity that are becoming increasingly important but which are invisible to
theories of embeddedness. This critique of the embeddedness approach leads to the
proposition that the kinds of phenomena it seeks to explain would be better
understood by using a relational practice-centred theoretical approach. Such an
approach replaces the static conception of entities (firms, institutions, regional
clusters) with concepts generated around the dynamic practices and relational
associations that constitute action and produce these entities.

I develop these arguments in a series of stages. In the next section, I examine
how the conceptual language of embeddedness remains limited in at least three major
areas: the demarcation of economic activity from other kinds of social action, the
conceptualisation of agency and power, and the spatial epistemology that it carries
with it. The third section then goes on to propose an alternative approach that follows
from this critique in developing new concepts around the practices that produce

\(^1\) This is not to argue for a methodological individualism that negates the possibility of something
resembling ‘structural’ concepts in economic explanation but rather to argue for an approach that
adopts a more sophisticated conceptualisation of structures as consistencies reproduced by social
practices. Furthermore, by tracking the nature of social action the kinds of structural concepts
developed will be very different to those currently used within the embeddedness framework.
economic success or failure for firms or regions in a globalizing world. This draws on recent developments in actor-network approaches to understanding social action (c.f. Latour 2003; 2006), the wider relational discussion concerning the nature of power in the social realm (c.f. Allen 2003), and recent theorisations of the nature of knowledge in relation to economic activity (Amin & Cohendet 2004). The aim is to transcend the limitations inherent in the embeddedness approach by refining the epistemological resolution of analysis to the level of individual and collective practices that do not rely on the social/economic binary to be meaningful and exist in spatial forms that do not necessarily align with physical or territorial categories. The discussion draws on examples from research into the recent evolution of the activities of transnational firms. The concluding section outlines how future empirical research may inform and develop this theoretical agenda.

2  EMBEDDEDNESS AND ITS LIMITATIONS

The recent debate about embeddedness within economic geography has drawn upon poststructural thought as a means to developing better and more sophisticated versions of the concept. This engagement has centred primarily around frameworks developed through actor network approaches (Murdoch et al 2000; Jessop 2001), other forms of relationality (Hite 2003; Peck 2003) and, more recently, a rhizomatic theorisation developed from the work of Deleuze and Guattari\(^2\) (Hess 2004). Yet my proposition is that existing attempts to combine the embeddedness approach with arguments concerning ‘relationality’ or ‘entanglement’ leave a number of important epistemological questions unresolved. I highlight three key issues here.

\(^2\) There is an extensive literature on rhizomatic theorisation based around Deleuze and Guattari’s original work (Deleuze & Guattari 1972; 1982)
The purification of economy from society

The meaning of embeddedness unavoidably enshrines an inherent dualistic opposition of economy and society. As Hess (2004) states in his review of the embeddedness literature, the concept “signifies the social relationships between economic and non-economic actors (individuals as well as aggregate groups of individuals, i.e. organizations)” (ibid: 12). Yet whether it is society expressed as the individual, as an organisation / institution or as cultural or political influence, all versions of embeddedness are premised on the assumption that it is both possible and useful in an explanatory sense to distinguish between economic activity and non-economic activity. All versions of embeddedness seek to capture an aspect of the impact that a hypothetical non-economic realm has on the economic. It follows, therefore, that the epistemological raison d’etre of this concept is to capture the degree to which economic activity is influenced and affected by social, cultural, political and institutional factors. Furthermore, a key objective of the current trajectory of debates about how to use embeddedness as a theoretical tool is the achievement of greater sophistication in precisely how the influence of the non-economic is captured.

The epistemological isolation of the economic realm from the rest of society has its roots in neoclassical economics. Market relationships, often measured by price, are the bottom line in this. As Peck (2003) discusses, the new economic sociology (NES) represents an attempt to re-integrate sociological factors in the abstract models developed by neoclassical economics. In essence, this involves inference from quantitative description: identifying social factors that can be measured an assessing their correlation with economic outcomes. The terminology of
embeddedness owes much to this kind of work in which new economic sociologists have tried to measure the extent to which variation in social factors can be correlated with economic outcomes.

In light of the incorporation of some aspects of actor-network approaches, poststructural ideas and the practice-turn, the difficulty for economic geographers is that embeddedness does not distinguish between economic outcomes and the actions that lead to these outcomes. Rather, they are conflated in the assumption that the economy can be meaningfully conceived as existing in isolation from society. The economic realm is the conceptual category that warrants delimitation: action and outcome are both subsumed within this. The underlying epistemological assumption is that explanation rests with understanding how another separate sphere (the social) influences the economic. This is an epistemological privileging of all things economic, be they action or outcome.

This purification – to use the original terminology of Bruno Latour (c.f. Latour 1993; 1999) - of the economic from the social intrinsically limits the possibility for causal explanation. The reason is that, as has been demonstrated by the growing number of ever-more sophisticated empirical accounts of embeddedness (e.g. Taylor 2000), it is impossible fully to separate economic action from the wider realm of social action. The embeddedness literature is constantly grappling (but rarely explicitly) with the difficulty of distinguishing economic action from all other forms of social action. All economic action is always and everywhere entangled in social influences. It is not embedded in the social because it does not exist independently of social practice or societal influences. Business decisions are affected by interpersonal friendship networks, cultural norms and societal values. And yet, what we are really interested in is economic outcomes: do firms succeed,
make money and employ people? Do they remain competitive over time and how is that achieved? And if not, why not? And it is possible to demarcate economic outcomes. They are identifiable, measurable and clearly defined.

Thus embeddedness can never effectively capture the nuances of the influence of ‘social action-that-produces-economic outcomes’ because it sets economic and social action apart as a basic assumption. To apply Latour’s recent arguments in this respect, economic actors cannot be embedded in a social context because ‘there is no pure ‘social context’, no distinct domain of reality to which the label ‘social’ or ‘society’ can be attributed’ and ‘no social force available to ‘explain’ the residual features other domains cannot account for’ (Latour 2006: 4). The result is that as theorists seek to become more sophisticated in their analyses of economic-social practice, their deployment of embeddedness hinders a process of tracing the important practices that do not comfortably fall into either discrete economic or social categories. The conceptual toolkit of embeddedness is, therefore, part of the problem as the concepts in use are misaligned with the sets of associations that need to be captured. As a consequence, in revising embeddedness into a relational form, the current literature is preoccupied with new ways of developing economy-society ‘hybrids’ when causal explanation will always combine attributes of both the economic and social.

What is required are new concepts that redraw the conceptual boundaries. I will shortly argue that an alternative epistemological approach that centres on sets of practices can help in this respect. However first I will consider two more limitations to current usages of embeddedness.

(ii) The concealment of actors, agents and power relations
The second limitation concerns the capacity of the embeddedness approach to capture the role of actors and agents, and of power relations in the global economy. The epistemological problem resides in the contradiction between the way in which the embeddedness approach demarcates its actors and identifies agency to effect change in economic outcomes. On the one hand, the actors involved consist of economic agents (such as firms) and non-economic actors (for example, institutions). On the other, agency is conceptualised as residing with both of these groups of actors, but in a context where its nature is heavily influenced by a range of other key factors (less tangible factors such as cultural norms). The implicit epistemological assumptions in this approach are that explanations of economic action can and should be located with mid-level concepts (firms, institutional environments etc) and that the more important form of agency resides in structures and collectives in society (such as firms), rather than being the product of individuals.

In this respect, the epistemology of embeddedness renders largely invisible the form of power relations that are important to understanding global economic outcomes. As critics of the ‘network embeddedness’ literature point out, recognising that firm success is linked to a degree of embeddedness in inter-firm and intra-firm networks reveals little about the most significant relations within those network linkages (c.f. Yeung 2005). This is because actors beneath the scale of the firm as an organization interact in complicated ways that are not well captured at the firm level. For example, key board members and senior managers within a firm may acquire business through personal contact networks that permeate the firm scale and are successful or otherwise as a consequence of the interaction of individuals within and
between the firms. The terminology of network embeddedness is unhelpful here because it cannot distinguish which relations between individuals are important and which are not. What is more, the ways in which differential power relations between individuals shape economic actions is invisible within the conceptual framework.

This critical point is grounded in recent relational and topological arguments within economic geography. In this context, John Allen (2003) makes two key points: first, that ‘in the rush to see power everywhere, we have lost sight of the particularities of power [and] the diverse modalities of power’ and second, that ‘we have lost the sense in which power is inherently spatial and, conversely, spatiality is imbued with power’ (ibid: 2-3). Allen argues that what is needed is a theoretical ability to trace how ‘the many and varied modalities of power are recognised as constituted differently in time and space’ and not ‘to lose sight of ‘the mediated nature of power’ and what ‘it means to engage in associational arrangements of power’ (ibid.: 196).

The difficulty in construing a distinct world of economic action embedded in social factors and perpetrated by discrete economic actors such as firms is that the particularities and the associational arrangements that actually constitute the power relations that influence economic outcomes are concealed. There is too much insensitivity to the degree of complexity of associations between different actors and agents in the global economy. The array of concepts used by embeddedness theorists reduces social agency to the properties of a limited number of actors: for example, institutions such as local and national governments, development agencies, and universities. By being or becoming to a greater or lesser extent embedded in relationships with these organisations, successful or unsuccessful economic outcomes emerge. In light of Allen’s arguments, this imposes tight constraints on theorising.

Beaverstock’s empirical work on professional legal service firms is illustrative of these kinds of relations (Beaverstock 2004), as is Murphy’s work on industry networks in a developing country context (Murphy 2003)
exactly who and to what degree has agency. The actual practices of social interaction: decision-making, deal-broking, personal relationships and so on – are left in the untheorised ‘background context’ (after Peck 2003: 26-27) of a theoretical story being told around a black-box conception of collectivised agency.

This kind of theoretical approach remains haunted by a structuralist legacy in social theorisation that accepts the usefulness of conceptualising social structures as wielding agency beyond the scale of individuals. The literature on embeddedness has undoubtedly grappled with this issue in debating how agency emerges in the relationships between, for example, firms and the institutional contexts in which they are embedded (for example, Sydow and Staber 2002). Yet agency and power end up being apportioned eventually either as the property of one actor or another – a firm, a regulatory institution, an investing organization. Again, Allen’s arguments about the nature of power are pertinent here. He suggests that this notion of power as property is a misconception and that there is ‘no one thing called power’ and that power is not a ‘property of someone or something’ but rather a relational effect (Allen 2003: 5). In other words, Allen argues that ‘power is the outcome [my emphasis] of social interaction’ and that as such, it ‘cannot be read off from a resource base, regardless of its size or scope. For Allen, then, ‘power is no more to be found ‘in’ the apparatus of rule than sound can be found ‘in’ the wood of musical instruments. (ibid.: 4-5).

This is the crux of the issue. Allen’s subsequent application of this argument to a critique of the global governance literature shows that the agency of institutions such as local governments needs to be theorised in a more nuanced manner which sees agency as an (incoherent) product of the actions of collectives of differently empowered individuals. This does not negate the utility of social structures such as ‘institutional thickness’ as explanatory tools per se, but it does reintroduce a capacity
for theories to be sensitive to the complex interactions between key individual
decision makers. Thus far, even those who have adopted actor-network approaches\(^4\) and relational approaches to embeddedness have struggled to develop much
theoretical insight into where social agency (and power relationships) reside when
‘embedding’ is conceived as a process. Indeed, this has also been a criticism of actor-
network approaches in that understanding where agency resides becomes lost in the
web of relational linkages of which actors are seen to be constituted (Murdoch 1995;

(iii) A restrictive spatial epistemology

The third area of epistemological difficulty with embeddedness concerns the issue of
spatiality in relation to power and agency. A number of theorists have recently argued
that theorisations of embeddedness continue to conflate conceptions of territoriality
with the complex forms of emergent spatiality in contemporary economic activity.
Hess (2004) argues that embeddedness is an overterritorialized concept because it
rests on the proposition that local networks and localized social relationships have
been conceived as the spatial logic of embeddedness (see also Lewis et al 2002). He
suggests that Amin and Thrift’s (1992) much-cited concept of ‘institutional thickness’
– defined as the influence of regional institutional and cultural fabrics on economic
success – has led theorists to emphasise the importance of local institutional settings
and local cultures at the expense of translocal linkages. Yeung (2005) makes a similar
point in discussing uses of relational embeddedness. He argues that ‘geographical
scales seem to be less apparent and held constant in their analytical foci’ (ibid: 41-42),
and questions whether understanding firm success in a region as a consequence of the

\(^4\) There exists a wider critique arguing that actor-network theory has struggled to effectively deal with
power relations and / or differential degrees of agency achieved by various actors (Latour 1997; Law &
Hassard 1999).
degree to which firms are embedded in either relational assets or in geographically-demarcated networks are adequate. Both are ‘rather partial stories’ because ‘relational assets and network embeddedness tend to be conceived *a priori* as positive and beneficial to the performance of firms and regions’ (ibid.: 43). Yeung’s concern with the way embeddedness ignores the relational ways in which their causality works leads him to argue that firm success and prosperity need to be explained in terms of how the network performs in relation to competing networks in the same region and elsewhere (e.g. global competition).

Both Yeung and Hess thus point towards a more fundamental and unresolved difficulty concerning the ability of embeddedness theories to provide an explanatory framework for understanding the spatial form of economic activity in a globalized world. There are at least two key dimensions to this. First, there is the issue of territoriality. In retaining the notion of a territorial influence on embeddedness there is the implicit danger that territory will be seen as an explanatory factor. This contradicts the emerging paradigm concerning notions of relational and topological space. There is nothing intrinsic about territory which affects economic outcomes. It is not territory itself that produces spatial differences between ‘non-economic’ influences but the social practices enacted across and through them. Places are social constructions that are themselves potentially, infinitely ‘translocal’ (c.f. Hess 2004: 176). Social practices are always and everywhere inherently spatial but this does not equate in any simplistic manner to territoriality.

The concept of *territorial embeddedness* thus unavoidably preserves an epistemological association that much of the relational networks literature is seeking to unravel. Economic practices are entwined with social actors (individual and collective) who always exist in places, but whose physical territoriality is complex
and not always important in shaping economic success. Global interconnectedness means that firms exist in multiple spaces, several of which cannot be usefully conceived in territorial terms – for example, ‘social’ or ‘virtual’ spaces. Theorists need to be able to distinguish which forms of these different spatialities are important and, in that sense, territory itself is only one of several dimensions to spatiality - arguably one that may be becoming less significant in an era of greater global interconnectedness.

What is needed is a conceptual framework that sees the social practices that lead to economic outcomes as enacted through physical places and existing in a variety of spaces (physical, social, virtual, organizational etc). Such a framework is well-founded in seeking to theorise ‘networks of partial and constantly changing connections’ but, whilst Hess’ rhizome is useful in offering a new conceptual metaphor for thinking through these connections and associations, territorial embeddedness as a concept restricts the capacity to understand the nature of these spatialities because it links causal explanation with contiguous physical territory. This can never tell anything more than an increasingly partial story of the spatialised nature of the factors that influence economic success because most factors are better understood as constituted through complex relational and topological spatialities in the contemporary era of globalization. Territorial embeddedness continues to reduce the scope of explanation to a factor (territory) which is a poor surrogate for a complex set of influences (social practices) and their associated spatialities which, according to Amin (2002: 395), ‘perforate territories and places’ but cannot be conceptually reduced to their terms.

Second is the question of scale. Scales represent another set of concepts that seek to develop explanation for economic success or failure through topographical
and territorial spaces. Territorial embeddedness presupposes that economic action is contained within local areas or regions whilst network embeddedness remains ambiguous and clumsy in its use of scale. Networks tend to be categorised into conventional and unquestioned scalar categories – local, regional, national and global. Several theorists have pointed out that this is unsatisfactory insofar as the physical distance between nodes in a network is not necessarily correlated in any significant manner (Amin 2002; Kilduff & Tsai 2003). In that sense, the way in which economic action is usefully understood as being ‘embedded’ in a scale is questionable. Topological and relational approaches undermine the argument for reducing economic practice to a demarcated scale. They point instead to the complex spatialities of social practices that produces economic outcomes. Embeddedness is thus a concept that offers no clear way for understanding how economic action is multi-scalar, or how this multi-scalar nature affects success or failure. Amin’s point about the ‘perforation of scales’ necessitates a much broader reconceptualisation of the spatiality of the practices that produce economic outcomes in the global economy. In the next section, I seek to deconstruct this notion of what is meant by ‘multi-scalar’ as I propose a practice-centred approach that involves a reconsideration of what scale means from an associational and topological perspective.

3 BEYOND EMBEDDEDNESS: PRACTICE-CENTRED APPROACHES TO TRANSNATIONAL BUSINESS ACTIVITY

Identifying the epistemological difficulties with embeddedness does not of course represent sufficient justification for moving beyond the lexicon of embeddedness per se. What is required is an alternative approach that both overcomes the limitations identified and creates a better conceptual language for understanding transnational
economic activity. The argument in this section is that a practice-centred reconfiguration of economically-related actions offers such an opportunity. This draws on three majors strands of contemporary social scientific thought: recent developments in actor-network theory (ANT), relational and topological theories and the so-called ‘practice-turn’. However, the particular focus here is on how these literatures can be brought together into a framework that addresses the contemporary nature of economic activity in the context of the growing complexity of global economic interconnectedness. The premise for a practice-centred approach is the need to shift theoretical attention from the static entities that are symptoms of economic action (firms, institutions, regional clusters) to the dynamic practices and relational associations that constitute action and produce these entities. This involves three principles.

The first principle is the recognition that practice cannot be reduced to a pure economic, social or cultural ‘essence’. Practice-centred concepts are not therefore fitted into pre-existing categories such as, for example, the pure notion of rational economic action. They are always understood as composite phenomena that are influenced by both conventional economic factors (prices, costs etc), and also unconventional ones (organizational culture, personal friendships, social norms). By not demarcating practices as economic, concepts can thus be developed that appreciate their contextualised constitution and avoids the simplistic imposition of outcome onto causal explanation. As a consequence, theory construction becomes concerned with the interaction of social practices only insofar as they produce economic outcomes.

Secondly, and thus following on, is the prioritisation of economic outcomes that emerge from these sets of associated practices. Clearly, there is an argument for
retaining ‘the economic’ and ‘economic activity’ as descriptive generalizations given their prevalence in the wider social sciences and the world generally. However, rather than translate these descriptive categories into theories of the global economy, a distinction can be made in conceptual terms between the practices which constitute what theorists currently label ‘economic activity’, and the outcomes that emerge from these multiple forms of social practice. Outcomes can be delimited (and measured) effectively but are not understood as the result of purely economic processes or actions. Rather, I propose they are theorised as the products of individual and collective practices in space and time which lead (in part) to tangible economic effects and outcomes.

The third principle involves the delimitation of ‘bundles’ of interacting practices around new concepts that relate to specified economic outcomes. These bundles of practices are not necessarily entirely ‘economic’ in terms of the outcomes they produce. The motivations of actors are complex and related to a whole range of other influences (for example, organisations, cultures, power configurations, networks of association, markets). However, by tracing the associations of practices which intersect to produce economic outcomes, it becomes possible to generate new and more sophisticated concepts. These concepts focus on capturing the most significant aspects or qualities of ‘economic activity’ that lead to outcomes such as firm growth, product competitiveness and so on.

In this section, therefore, I implement these principles by proposing three practice-centred epistemological fields that can facilitate a better understanding of the activities of transnational firms in the global space economy.

(i) **Operational Practices - Running Transnational Firms**
The proposed practice-centred framework is based around a different set of epistemological premises from the embeddedness approach. These arise from recent developments in actor-network theorisation. Rather than compartmentalising factors into territorial categories, or as existing at certain scales (local, regional, national etc), the objective is to uncover the associations of practices that produce economic outcomes. In effect, this represents a reversal of the epistemological logic of embeddedness and its conventional ‘menu’ of scales. The process of knowledge production begins with outcome and works ‘backwards’ (so to speak), tracing associations between different practices in order to understand how an outcome emerges. As Latour (2006) states, ‘there exists no place that can be considered ‘non-local’. If something is said to be localised, ‘it means that it is being sent from one place to some other place, not from one place to no place’ (ibid.: 179). In Latour’s terms, tracing the actor enables us to reveal ‘the narrow spaces in which all the grandiose ingredients of the work are being hatched’ (ibid.: 179). My deployment of this point here relates to the grandiose ingredients of embeddedness theories – firms, institutions and cultural influences. Concomitantly, the network (in ANT terms) represents the ‘trail’ or the ‘vehicle’ by which the world is being ‘brought inside’ places. In the case of transnational firms and their translocal linkages, the question becomes how the success or failure of firms (or even clusters of firms) emerges from the sets of associated practices that produce that outcome through places. All of these practices occur in places (of course), and such places (or groups of linked places) may even be important in shaping practices that then shape outcomes, but place(s) is/are where the theory-building process ends up, not where it starts.

In this respect, the first practice-centred conceptual dimension I propose falls around operational practices. These are the practices that reproduce the firm as an
entity and lead to economic outcomes on a day-to-day basis. I want to identify at least three concepts within this category that are useful. First, is the idea of spaces of interaction. This refers to the spatialised form of social interchanges in transnational economic activity that has recently become a focus of increased research interest (Allen 2000; Bunnel & Coe 2001; Malmberg 2003; Amin & Cohendet 2004). It covers face-to-face interactions in both formal and informal meetings or gatherings (c.f. Morgan 2001; Lorenzen & Foss 2002; Hall 2005), as well as mediated interactions such as may occur over the telephone, Internet, a virtual conference facility and so on (Nonaka & Kono 1998; Brown & Duguid 2000). All interactions involved in producing economic outcomes occupy a spatial form but, in the contemporary global space economy, this cannot be simplistically contained in contiguous physical spaces. Tracing the practices that constitute interactions describes a space that more effectively represents the arena in which outcomes are shaped.

Second, is the idea of global work. This concept seeks to capture the sets of distanciated social relations that constitute the practices of ‘doing’ business in an increasingly complex global space economy. Individuals or groups of social actors are bound into relationships with a wide variety of actors that destabilise the notion of working practice as contained within physical spaces – whether they be the ‘microspaces’ of offices or the territorial spaces of city-regions. It respatialises the social practices that constitute economic activity in a relational manner, tracing the ways in which the agency that leads to economic outcomes is bound into groupings of actors (of all kinds) who are increasingly scattered in physical space but highly proximate in terms of their relationship to outcomes. This concept draws on work in a number of transnational firms examining the internationalization of working practices.

5 Actor network theories also involve tracing the associations between human and non-human actors in order to understand the full constitution of agency and its affect on outcomes (c.f. Murdoch 1998; Whatmore 2002)
and their role in firm development (Wenger & Synder 1998; Beaverstock 2004; Falconbridge 2006).

This is well illustrated by an example of how global work (increasingly) permeates all forms of work in the global economy. Consider a senior operations manager working for a transnational mineral extractive company which is head-quartered in New York, but whose main operations occur in sub-Saharan Africa. The manager spends most of his time physically located in New York dealing with other social actors in a variety of office spaces within the city. This includes meetings with corporate board members and with those who work for him in the head office. It also includes meetings in other offices with lawyers, investors and employees in specialist consultancy firms who provide key support for the firm’s business. Some of these meetings occur in informal spaces – perhaps over lunch in a restaurant or in bars after formal work hours in the evening. However, within the office, the manager also deals with a variety of different people at distance through mediated forms of communication – staff in the firm’s African offices by phone and email, other internal employees in Europe involved in contractual arrangements and external consultants based in several places in Australia (also a major region in this industry sector). Yet perhaps most significantly, all of these individuals and groups are themselves constituted through similar distancediated relationships. Their capacity for agency, and ultimately to affect what economic activity occurs, is constituted through a complex web of relations which combines physical and topological proximities in a variety of ways. Insofar as any understanding of final outcomes needs to trace this web of agency, the work practices of these individuals and groups represent ‘global work’. In the case of contemporary working practices occurring within many transnational firms, there is a need to understand the multiple associations and complex topological
linkages across the planet that constitute the nature of work. It is increasingly becoming a form of social practice constituted *through* multiple places.

Third is a revised version of the concept of a *community of practice*. This term already carries wide currency within management studies (Brown and Duguid 1991; Wenger 1998; Wenger and Synder 2000), but I want to recast it in associational and topological terms. Important here are Ash Amin and Patrick Cohendet’s (2004) arguments for understanding a community of practice as ‘the basic unit of knowledge formation and organization’ within firms and beyond their boundaries (ibid.: 138). Their concern is with the nature of knowledge and its associated use and deployment in economic activity (and this will be addressed here shortly), but I want to argue for a wider integration of their reconceptualisation of communities of practice into the realm of operational practices that occur both within and beyond the boundaries of the firm. Amin and Cohendet largely follow the management literature’s conception of a community of practice. This is derived from Wenger’s (1998) definition of a community of practice as ‘a locally negotiated regime of competence’ (Wenger 1998: 137) that involves ‘groups of people informally bound together by shared expertise and passion for a joint enterprise’ (Wenger & Synder 2000: 139). Such a conception ignores the nature of proximity and distance between actors, and the significance of that proximity / distance in shaping firm operations.

In essence, if *spaces of interaction* captures the nature of relations, and *global work* the nature of social action and agency, I want to recast *community of practice* in terms which capture the nature of social linkages in a topological and relational sense. This exceeds the existing static idea of social networks by introducing both qualitative concepts of the practices that produce community (ie. group linkages) and the differential forms of relations between members. Individuals are not nodes in a
network but interlinked actors whose actions cannot be conceived of independently from the differential relations that constitute their agency. In this sense, the revised notion of a community of practice becomes a concept that captures much more than a network of individuals who share, communicate and learn knowledge (although of course they do this as well). Rather, it is extended to cover the dynamics of group practices that constitute firm behaviour and thus economic activity. Thus, the community of practice concept becomes akin to understanding economic outcomes as the consequence of the practices of a community of agency.

(ii) Practices of Corporate Power and Control

Recent debates about relationality and the spatial form of power lead to the second dimension to a practice-centred approach. Allen (2003) argues that there has been ‘a persistent failure to problematise the spatial reach of power’ (ibid.: 158), and that ‘there are no ‘blocs’ of authority ‘back home’ waiting to be recognised…only mediated relations of power which take a modal form’ (ibid.: 158). For Allen, then, it is the relationship between ‘proximity and presence’ that is the issue. In considering power relations, ‘fixed distances and well-defined proximities fail to convey how the far-off is brought into reach or the close at hand constructed at a distance’ (ibid.: 158). It is on this basis that I argue for an approach that traces the sets of associations that shape the practices which produce power in the global space economy.

There are two distinct facets to this. First, a relational conception of power negates the utility of seeing power as a phenomenon that merely transcends the boundaries of the conceptual units which occupy the language of embeddedness (firms, networks, regions, institutions). It is far more problematic than this. In tracing the associative practices that constitute power as the ability to affect economic
outcomes, the power relations that shape economic activity are revealed as complex phenomena that perforate (after Amin 2002) both the concept of scale to the point of its disintegration, and also the boundaries of conventional units of analysis (firms, regions etc). Again an illustrative example is useful here.

Consider the case of a UK-based private equity firm\(^6\) making an investment in a start-up technology firm. Using the practice-centred approach, the investing firm’s behaviour towards the investee firm is understood as being constituted through a certain set of power relations. The approach traces the nature of conditions placed on the investee firm as a consequence of the wider circumstances in which the private equity firm operates – for example, its transnational linkages to finance, the knowledge of US business-educated employees or the UK and European governance rules that form its national and regional legal context. Personal past career experience of both the investment manager and the directors of the private equity firm will also shape this power relationship, as will the interpersonal relationship between the project manager and the managers in the investee firm. The point is that all of these linkages are important to an effective understanding of the nature of the power relationship between the investor and investee firm. It is only by identifying how these different linkages interact that an effective understanding of how this is likely to affect economic outcomes (i.e. the success of the investment venture) can be developed. In that sense, tracing the associative practices of power formation offers an approach for understanding firm-level actions that is couched in a much more contextualised and detailed appreciation of the rationales dictated by the views of business leaders, of investors, of governance institutions and so on, than is possible using the embeddedness approach.

\(^6\) There is a growing literature that argues for a focus on these power relationships in developing an empirical and theoretical understanding of the private equity / venture capital industry. (c.f. Clercq and Sapienza 2000; 2005; Ahlstrom & Bruton 2006)
Secondly, and furthermore, this relational and topological approach to power reveals the fabric of associations that influence the success or otherwise of firms or regions which are all in places without having to reduce explanation to the attributes of those places. It shifts the epistemological emphasis from establishing and seeking to quantify the power ‘held’ by a certain set of emplaced entities (for example, the power relations incorporated in the institutional thickness around a technology-led regional economy) to a qualitative emphasis on how ‘the tangled arrangements of power [in places] may produce a degree of remoteness and proximity in social relationships that owes much to other times and places being present’ (Allen 2003: 193). Thus the problem of why not all regions that ape Silicon Valley (c.f. O’Mara 2004; Bresnahan and Gambardella 2004) have been as economically successful shifts to questions of how the power relations have shaped economic development through this place over time. The empowered practices that produce economic outcomes are exposed as they produce tangible outcomes in places, but the explanatory focus shifts away from conceiving of power as a phenomenon in some way constituted by physical territory. This in one sense echoes Hess’ (2004) argument for the rhizomatic ‘tuber-like’ notion of processual embeddedness but, contra Hess, removes the epistemological association that these power relations are contained or held in territorial space. Power relations run through the practices that produce economic activity in physical spaces and territories, but they are not well conceived as attributes of physical territories as territorial embeddedness unavoidably implies.

(iii) Knowledge and Informational Practices

The role of knowledge and information permeates many current debates about the nature of the global space economy (Leadbeater 1999; Castells 2002), and there is a
recognition that knowledge is becoming increasingly crucial to firms and economies in relation to future economic success and competitiveness (Nonaka and Teece 2001). Yet despite a growing consensus that knowledge is neither static nor contained within physical spaces, territories, firms, institutions or even ‘communities of practice’ (c.f. Gertler 2003), the theorisation of the role of knowledge in relation to economic activity avoids issues of action, practice and agency. Many commentators cite the view that knowledge is embedded in firms, regions, institutions, networks and so on, without engaging with how knowledge is deployed (or not) in relation to economic outcomes.

The third prong to my practice-centred framework is thus based on the argument that this is an oversight which weakens the capacity of theory to capture what it is about knowledge that produces certain kinds of outcomes. To do this, knowledge needs to be reconceptualised as something more than a capacity of which actors hold a stock (Amin & Cohendet 2004). This is often intangible but more importantly may not be related to the use of knowledge. The argument, therefore, is that a focus on knowledge practices (i.e., the deployment of enacted knowledge) in relation to economic activity is desirable.

Such a point develops the already cited arguments of Amin & Cohendet (2004: 8) and their emphasis on ‘knowledge as process and practice rather than a possession’. Having already developed their arguments concerning communities of practice, I also want to draw out the implications their arguments have, contra the embeddedness approach, for understanding regional clusters. In this respect, they argue for ‘a reconsideration of what is at work in those sites such as Silicon Valley, Soho in London or other Marshallian industrial districts where relational proximity is secured locally’ (ibid.: 109). Their key point is that if innovation is an aspect of
economic success for firms in these industrial districts then, in the contemporary era of increasing interconnectedness, ‘innovation systems are worked out differently in time and space’ and, insofar as ‘they may originate in one place, but they are often spread beyond local, regional and even national borders’, ‘exhibit different spatial configurations’ (ibid: 108). It is thus clear from their analysis that relational proximity is (increasingly) linked to complex distanciated forms of knowledge practice. Silicon Valley’s ongoing success is reciprocally tied to that of the Hsinchu Industrial Park in Taiwan through an ‘elaborate transnational structure of business links, family and friendship ties, hard technical and tacit-know-how, venture capital, ethnic social networks and business and cultural associations that bridge the regions’ (ibid.: 109, citing Hsu and Saxenian 2000). Equally, ‘without its incorporation into ‘highly decentred international media and advertising firms’, Soho makes no sense (after Grabher 2001: 351).

However, Amin and Cohendet’s approach does not engage directly with the key qualities of knowledge as it is deployed in global economic activity, and this is where I want to develop their propositions further. The argument is again well illustrated by considering the case of an industry at the centre of debates concerning the so-called ‘global informational economy’ - the management consultancy industry. This sector has been increasingly researched (Crucini and Kipping 2001; Kipping et al 2004) and singled out for its ‘informational firms’ that trade primarily in knowledge and know-how. Various commentators have thus argued that the key assets of management consultancy firms’ are in the form of their human capital (Dunford 2000; Lowendahl et al 2001; Czerniawksa 2002) and that, for these business-service firms, the knowledge base of their employees is crucial to firm success or failure. There has also been much emphasis on the agglomeration of these
firms\(^7\) in global cities and the role of face-to-face interaction as a key medium of undertaking business success (Sassen 2002; Jones 2003). However, these various literatures have not examined how the enacted knowledge practices (collection, innovation, communication, dissemination) are played out in relation to economic outcomes (for example, firm success or failure). Many point to the way in which senior management consultants are embedded in knowledge-rich networks, but this fact offers little explanatory scope in relation to why some consultancy firms do well, and others do not. The qualities of this entirely knowledge-based industry are differential in nature and both concepts and theory need to address how these practices differ, which are more effective at producing the desired outcome, and how they are linked to a highly distanciated set of associations in the global space economy.

It is therefore precisely Amin and Cohendet’s gauntlet of constructing ‘an ontology of knowledge that recognises the near and far, the possessed and practised’ (ibid.: 111) that this final dimension to a practice-centred approach seeks to capture more effectively. It moves beyond Amin & Cohendet’s arguments in tracing the associations that form these practices beyond the boundaries of firms and territorial spaces, and focuses theory production on the qualities of deployed knowledge through enacted practices. These practices exist in relational configurations that transcend conceptions of the firm, regions or clusters but which need to be conceptualised as they offer a better prospect of understanding the ways in which economic outcomes emerge in an interconnected global economy.

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\(^7\) This also applies to other professional service firm sectors such as legal service firms (c.f. Beaverstock 2004; Jones 2005; Falconbridge 2005)
4 CONCLUSION: RENDERING THE INVISIBLE DIMENSIONS OF TRANSNATIONAL BUSINESS VISIBLE

Much that is written about the development of the global economy is premised on the idea that globalization is producing a rescaling of economic activity. Advanced economies have suffered deindustrialisation whilst China and Asia see continued rapid growth (Maddison et al. 2002; Storm & Naastepad 2005). Firms themselves are becoming ever larger and ever more spatially extensive (Dicken 2003). Yet it has also become clear that places matter to economic activity. And it is in this discourse that the concept of embeddedness has become hegemonic as a lexicon for understanding the relationship between the economy and its actors on the one hand, and society and territory on the other. In a world where economics holds such a strong disciplinary position (see Callon 1998; Peck 2003), it is a seductive approach for trying to understand the influence of the apparently ‘non-economic’ world on the object of economics’ analysis.

The central purpose of this paper has been to try to create a disruption in this line of theorisation. Global interconnectedness is producing greater complexity in how economic activity is constituted. This complexity can be identified in spatial and temporal dimensions and, as the catch-all concept of globalization belies, warrants considerable theoretical and empirical attention. Within economic geography and the social sciences, much of the debate has revolved around the epistemological framework centred on the concept of embeddedness. Yet I have argued that this epistemology renders a range of (increasingly) important dimensions of ‘the social’ invisible to the theorist of the global economy. Most incapacitating is the economy / society binary because it ruthlessly seeks to purify the economic realm from everything else in the social world. In so doing it greatly narrows possible
understandings of what the economic ‘is’ and what outcomes economic activity will produce by excluding the vast array of associations and groups of actors that influence those outcomes. This feeds into the limitations on how power and agency are theorised (if at all) within this framework. Furthermore, the ongoing idea of territorial embeddedness reproduces a conceptual linkage between physical spaces and the nature of the economy that unhelpfully diverts theoretical attention away from the growing complexity of spatial forms to the practices that produce economic outcomes.

There is thus a need to render visible many of the dimensions to ‘the social’ (after Latour 2006) that are concealed by the conceptual building blocks used in the embeddedness approach. This concealment of the nature of practice, of power relations and of their spatiality requires more than a rephrasing of theoretical language. It requires a new language with new conceptual building blocks that are based around different epistemological principles. Using recent contributions to actor-network theory, the alternative approach outlined here aims to offer such an epistemological stance for understanding and explaining the way in which economic outcomes differentially emerge in time and space in the global economy. This involves a relational and associational approach that seeks to create new concepts based around how actors and entities associate with each other to produce certain economic outcomes, rather than beginning with a closed black box conception of what actors exist and how they wield agency from the start.

This practice-centred approach is by no means a finished project and nor, as should be clear, is it somehow distinct from the theoretical lineage within economic geography that has developed relational ideas and made use of actor-network theory. However, it does represent an attempt to break away from the conceptual baggage
associated with the embeddedness approach and move the discussion around relationality and practice to a new stage of the debate. So whilst embeddedness is undoubtedly a concept that has been important – not least in producing more sophisticated understandings of how the global economy has developed - it is also one that has now exceeded its capacity for capturing the complexity of what is happening in the contemporary global space economy. It is, therefore, time to replace it with a more radical approach to theorising the nature of the complex configurations of social action that produce economic outcomes in today’s world.
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