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Phenomenology and Ethnomethodology in Economic Sociology

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PHENOMENOLOGY AND ETHNOMETHODOLOGY

Phenomenology is a methodology of philosophical research initiated in 1900 by mathematician Edmund Husserl (1859-1938). The core of phenomenological method consists in the disciplined use of the reflective techniques of 'bracketing' and 'reduction' to disclose the essential features of intentional objects (objects perceivable or imaginable by conscious human beings). Applied to the dispositions, anticipations, and intuitions of the intending subject, the same techniques disclose the 'transcendental' conditions and processes of subjectivity as such (i.e., of the rational subject of the European Enlightenment). Husserl developed first eidetic, then transcendental phenomenology in an endeavor to clarify the foundations of the sciences, a project that was well underway in mathematics when he began his investigations. His realization in 1931 that 'transcendental intersubjectivity... constitutes the world as an objective world, as a world that is identical for everyone' (quoted in Moran 2000: 179) may be considered, at least honorifically, as the founding moment of phenomenological sociology. His most important contribution to the social sciences is the concept the lifeworld (Lebenswelt), the pregiven, unproblematicized, pretheoretical ground of shared language, familiar objects, and tacit meanings that the intending subject inhabits 'prepredicatively.'

Ethnomethodology is a partial offshoot of phenomenological sociology with deep roots in classical social theory and sociolinguistics (Hilbert 1992). It is the descriptive study of the reporting and accounting practices ('methods') through which socially embedded actors come to attribute meaning and rationality to their own and others' behavior. Ethnomethodologists study interactive, ad hoc sense making at the sites where social structures are produced and reproduced through talk and coordinated action. The central claim of ethnomethodology is that '[p]henomena of order are identical with the procedures for their local endogenous production and accountability' (Garfinkel 2002: 72).

While phenomenology and ethnomethodology differ in their disciplinary orientations, research questions, and levels of analysis, they share a common problematic in the constitution of objectivities. The term 'constitution' refers to the precipitation of a unified meaning from a cascading series of overlapping and synchronous perceptual,

apperceptual, and categorical processes, whose redundancy confirms the objectivity of the identity thus produced. What serial constitution ultimately produces is not the furniture of the universe, but the known structures and processes upon which human beings premise and account for their actions. When dealing with affirmed bodies of knowledge—whether in science, the professionals, or everyday life—phenomenology and ethnomethodology seek to show how such knowledge is possible: They strive to retrace the steps through which articulated descriptions, definitions, axioms, concepts, or formal methods have been constituted by human subjects. (The risk of not doing so, they argue, is reification, misdirection, and endless controversy.) Phenomenology tackles constitutional problems epistemologically, through phenomenological psychology. Ethnomethodology tackles them sociologically, through the ethnographic description of actors' reporting and accounting practices. Neither school makes the constitution of economic knowledge (either by economists or the laity) a distinct priority. Both lean heavily on the investigations of Alfred Schutz (1899-1959), a self taught phenomenologist who considered his clarifications of the methodologies of Weberian sociology and Austrian economics to be the beginning of a lifelong project to disentangle the stratified, constituted meanings of the lifeworld. A group of contemporary economists considers Schutz's methodological clarifications to be essential to the rehabilitation of the Austrian school of economics (Boettke and Koppl 2001).

A student of Ludwig von Mises at the University of Vienna, Schutz was part of the intellectually vibrant Miseskries that met every other Friday evening during the 1920s to discuss the epistemological problems of economics and related topics. The Austrian school was known for three things: its non-mathematical version of marginal utility (which it called 'the subjective theory of value'), a strongly aprioristic position on the basic concepts and laws of economics, and uncritical adherence to the doctrine of intellectual intuition. The purpose of the biweekly seminar, as Mises saw it, was to reform the last of these commitments. This he did by synthesizing ideas from Carl Menger, founder of the Austrian school, the neo-Kantian Heinrich Rickert, and Husserl's eidetic phenomenology, while carefully studying (and ultimately rejecting) Max Weber's methodological concepts of understanding (Verstehen) and the ideal type. Mises' dialogic deliberations produced a new a priori inquiry, praxeology, which derived the basic

concepts and laws of marginal utility from the definition of the human person as homo agens.

Schutz thought that the second commitment—apriorism—had to be revisited along with the third. Dispensing with intellectual intuition, Schutz applied Husserlian phenomenology to Weber's methodological concepts, then extended the clarified concepts into the domain of the a priori. In the Schutzian view, the a priori elements of economic theory (such as homo agens, rationality, choice, etc.) were simply definitions constituted from processes of generalization and idealization. He thereby rescued the premises of the Austrian school from epistemological overreaching, while bridging the abyss that Mises had created between inductive and deductive social science. Schutz went on to write a number of important essays on the concepts of choice and rationality, always insisting that the products of theoretical idealization must never be confused with the reasoned choices of intentional subjects living unreflectively in the 'paramount reality' of conversant meanings.

Harold Garfinkel (b. 1917), the founder of ethnomethodology, majored in business and accounting at the University of Newark in the late 1930s. In a course called 'The Theory of Accounts,' he learned to see rows and columns of numbers as indicators of a putative underlying order (Garfinkel 2002: 10). Executives refer to this underlying order—the profitability of the firm—through multiple and overlapping accounting systems, each rigorously compiled and balanced, yet never behold the object signified. Created in one location and reported to superiors in another, numbers on accounting sheets—the subject of endless talk and constant revision—nevertheless become the touchstone for all decision-making in the firm. Garfinkel generalized this lesson to the formal methods that scientists and professionals use to forge justifiable (i.e., rational, responsible, actionable) interpretations of reality. In the end, formal and technical methods amount to artful, 'shop floor' procedures of sense making. Because they convert unseen structures and processes into signified objects of discourse, formal methods constitute the objectivities in their domain of application, but only as contingent, revisable reifications (Garfinkel 2002: 160, 164n).

Economics would seem to provide a ripe field for ethnomethodological investigation, but only one team has taken up the challenge. R.J. Anderson, J.A. Hughes,

and W.W. Sharrock analyze the methods members use to construct realities at both the theoretical and Lebenswelt levels. Anderson, Hughes, and Sharrock (1988; 1989: 27-47) attend to the formal methods employed in ‘Cartesian economics’ (i.e., mathematized marginal utility theory) to convert actors’ intuitive, qualitative valuations of everyday things into signified theoretical objects expressed as utility functions. In Working for Profit (1989), the team asks how closely the theorists’ model of the prescient, opportunity seizing innovator matches the observable behavior of real life entrepreneurs. Examining the investment decisions of the founder and top managers of a British food service company, they find that the executives’ precise thresholds of risk, profitability, etc. turn into inexact rules of thumb whenever new opportunities arise. These seasoned executives cannot decide whether persistent red ink indicates a bad investment or a run of bad luck; whether opportunity A is comparable to opportunity B; or whether a new catering contract delivers a ‘captive market’ or just the illusion of one. To unblock one impasse, the founder ad-hoced some numbers onto a handwritten ‘heuristic balance sheet’ shortly before a decision had to be made. His ardent guesswork convinced the managers that the risks were manageable, the opportunity comparable enough to prior investments, and the founder’s judgment as trustworthy as before. All this interpretive work is left out of the standard portrait of entrepreneurial alertness to opportunity.

Phenomenology and ethnomethodology study how elementary processes of sense making cumulate into intricate systems of knowledge. Both trace the constitutive processes of theoretical science to their ultimate origins in the lifeworld. But how does one begin to describe a world given ‘prepredicatively’? The quest for a ‘Lebenswelt economics’ must either limit itself to a clarification of the constitutive processes of formal theorizing (a la Schutz) or replace crisp theoretical idealizations with transcriptions of actors’ circuitous talk (a la Anderson, Hughes, and Sharrock). Both endeavors piggyback on existing theoretical developments. Phenomenologists and ethnomethodologists consider theory a wondrous achievement of transcendental intersubjectivity, yet decline to contribute to it themselves.

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