

Dombrowski, Simon

Working Paper

Networks, Institutions, Culture and Association? A case study on associative actions in the German markets for organic food

WiSo-HH Working Paper Series, No. 41

Provided in Cooperation with:

University of Hamburg, Faculty of Business, Economics and Social Sciences, WISO Research Lab

Suggested Citation: Dombrowski, Simon (2017) : Networks, Institutions, Culture and Association? A case study on associative actions in the German markets for organic food, WiSo-HH Working Paper Series, No. 41, Universität Hamburg, Fakultät für Wirtschafts- und Sozialwissenschaften, WiSo-Forschungslabor, Hamburg

This Version is available at:

<https://hdl.handle.net/10419/260444>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.



Universität Hamburg
DER FORSCHUNG | DER LEHRE | DER BILDUNG

FAKULTÄT
FÜR WIRTSCHAFTS- UND
SOZIALWISSENSCHAFTEN

Networks, Institutions, Culture and Association?

A case study on associative actions in the German markets for organic food

Simon Dombrowski

WiSo-HH Working Paper Series
Working Paper No. 41
May 2017



WiSo-HH Working Paper Series
Working Paper No. 41
May 2017

Networks, Institutions, Culture and Association? A case study on associative actions in the German markets for organic food

Simon Dombrowski, Universität Hamburg

ISSN 2196-8128

Font used: „TheSans UHH“ / LucasFonts

Die Working Paper Series bieten Forscherinnen und Forschern, die an Projekten in Federführung oder mit der Beteiligung der Fakultät für Wirtschafts- und Sozialwissenschaften der Universität Hamburg tätig sind, die Möglichkeit zur digitalen Publikation ihrer Forschungsergebnisse. Die Reihe erscheint in unregelmäßiger Reihenfolge.

Jede Nummer erscheint in digitaler Version unter
<https://www.wiso.uni-hamburg.de/de/forschung/working-paper-series/>

Kontakt:

WiSo-Forschungslabor
Von-Melle-Park 5
20146 Hamburg
E-Mail: experiments@wiso.uni-hamburg.de
Web: <http://www.wiso.uni-hamburg.de/forschung/forschungslabor/home/>



Networks, Institutions, Culture and Association? A case study on associative actions in the German markets for organic food

Simon Dombrowski

University of Hamburg

Faculty of Economics and Social Sciences

Department of Social Sciences

Institute for Sociology

Welckerstr.8

20354 Hamburg

simon.dombrowski@uni-hamburg.de

Table of Contents

Abstract	1
Introduction.....	2
Markets as fields.....	4
Field theoretic approaches to markets	5
Couplings between market fields.....	6
Business associations and the sociology of markets.....	8
Data and Methods.....	9
Business Associations and the dynamic of the German markets for organic food.....	10
Organic food, partial decoupling from industrial agriculture and the foundation of the Bioland association.....	10
Coupling as contested process	11
Competition between business associations	12
Recent situation of organic farming associations in Germany.....	14
Conclusion and Outlook	15
Literature.....	16

Abstract

How does associative action shape market orders? While Economic Sociology has accumulated ample evidence on how networks, institutions and culture shape market valuations as well as competition and cooperation between market actors, little is known about the effect of organizing and associative actions on market order. Yet, - as is demonstrated by a historical case study of the German markets for organic food - associative action has an effect on market order by contributing to the constitution of market networks, institutions and cultures. Moreover, associative actions develop dynamics that are neither reducible to any of those social structures. The German markets for organic food are an extreme case of nine cooperating and competing organic farmers associations deliberately attempting to create a market order by developing and promoting organic production techniques, organic marketing channels and cultural frames about what the market is about and how producers are successful in a market. By applying a Neil Feldstein's field theoretic approach to markets to the German markets for organic food products this paper extends the scope of his approach from "producer markets" to markets where a large number of small, relatively resourceless producers compete.

Keywords: German markets for organic food products; organic farmers associations; Bioland; Demeter; Naturland; markets as fields; business associations; organization of markets; product label;

Schlüsselwörter: Märkte für biologische Lebensmittel; Anbauverbände; Märkte als Felder; Wirtschaftsverbände; Organisation von Märkten; Produktkennzeichnungen

Introduction

How does associative action shape market orders?¹ While processes of mutual observation between producers (White 1981), institutional work by large firms (Fligstein 2001b) as well as social movements (King and Pearce 2010; Weber et al. 2008) have been discussed as mechanism which shape market structures, attempts by market actors to structure markets by joining resources and collectively binding decisions have not been explored systematically in market sociology. While some forms of collective decisions between businesses like price rigging or market sharing agreements are illegal in most states, other forms of associative action, for example a joint representation of industry interest to the political system, are legal (Streeck and Schmitter 1985; Schmitter and Streeck 1985). In studying attempts to create a market order by associative action I answer a call for studying the impact of organizing and organization on the social structure of markets (Ahrne et al. 2015). In this paper I take a case study approach to the question of how associative action contributes to the creation and dynamic of market structures. I choose markets for organic food as an extreme case of business associations deliberately attempting to create a market order by developing and promoting organic production techniques, organic marketing channels and cultural frames about what the market is about and how producers are successful in a market. Furthermore they attempted to make market membership conditional on following business associations' rules and standards. By studying associative action as a mechanism that shapes market structure I intend to widen the scope of field approaches to markets. While field approaches have been successfully applied to producer markets, that is markets with few resourceful producers, it has not been demonstrated yet that field approaches are useful for understanding the dynamic of other types of markets as well. By studying markets for organic food products where a large number of producers compete and resources are relatively equally distributed between producers I extend the field concept to a different kind of market.

While most authors take market transaction for granted and explore the condition under which market transactions prevail (see for example (Williamson 1985)), market sociology instead asks how market transactions themselves are socially constituted. Therefore market sociology explores the social dynamics that precedes actual market transactions. Networks, Institutions and cognitive scripts have been described as social structure that enable and shape market transactions (Fourcade 2007, p. 1020; Fligstein and Dauter 2007, p. 106–107; Beckert 2010). Organizing and organizations have recently been identified as additional factors that contribute to the social order of markets (Ahrne et al. 2015). I limit my focus on one kind of organization: business associations. Business associations contribute to the social order of markets in two ways. First, business associations foster the creation of networks (White 1981), contribute to the establishment of regulative institutions (Brunsson 2000) and provide and diffuse cognitive frames (Spillman 2012; Yakubovich et al. 2005). At least in some markets business associations structure markets in ways that are not reducible to the social structures just mentioned. Associations, like other organizations, are distinct from other coordination mechanisms between producers as they constitute orders that are created by decisions *“about the way people should act or the distinctions and classification they should make”* (Ahrne and Brunsson 2011, p. 85–86). Moreover, organizations use hierarchy, monitoring and sanctions as strategies to

¹ I thank Sebastian Link and Stefan Kirchner for helpful comments on an earlier version of this working paper. Of course, all errors remain mine.

ensure compliance of members with rules. Membership also introduces distinctions between members and non-member in markets. As I will demonstrate, producers can obtain a market identity through association membership that differentiates them and their products from other producers in the eyes of consumers. If these identities are associated with quality differences, then association membership structures status positions of producers in markets. In this case, associations function as intermediaries between producers and consumers and in doing so shape the structure of the market by providing “*opportunity sets*” (White 1981, p. 531) for both. I define associative actions of producers as joining resources with the aim to promote common goals and deciding on rules of membership and legitimate conduct. As a result a formal organization emerges that monitors compliances with these rules and sanctions rule breaches. While association makes an independent contribution to market structure, it is insufficient to study association isolated from other social structures in markets. First, as already argued, associations have an impact on other social structures. Therefore, association structure markets through their impact on networks, institutions and cognitive scripts. Second, associations not only have an effect on these social structures but their position in a market is also subject to these structures.

Theoretically, I attempt to integrate business associations in conceptions of markets as fields (Bourdieu 2005; Fligstein 2001b; Beckert 2010). My starting point is Neil Fligstein’s and Doug McAdam’s observation that most fields contain “*internal governance units*” (IGUs) (Fligstein and McAdam 2012, p. 77–79), that is units that manage the relationships of fields with other fields, and contribute to the internal field order by spreading knowledge and information. Furthermore, field specific institutions are often decided upon and monitored by IGUs. As fields are structured by networks, institutions and cognitive frames the concept of IGUs allows studying the relationship between these organizations and the social structures just mentioned. While this concept is a starting point to understand the contribution of associations to market orders, I argue that it is insufficient to conceptualize IGUs as actors who reproduce status positions that are independent of IGU action as these authors do. Moreover, by studying business association’s contributions to the social order of markets I integrate market intermediaries in the market as field approach. While in French debates on qualification processes intermediaries like experts, critics and marketing specialists have been identified as vital actors in establishing the value of market offers (Bessy and Chauvin 2013), intermediaries have been largely neglected on studies of markets from a field theoretic perspective.

Empirically, I study organic farmers associations in markets for organic food in Germany. In these markets farmers deliberately attempted to decouple from the production practices and the cut throat competition of industrial agriculture. To do so they founded associations to develop and diffuse an alternative conception of agriculture and farming techniques as well as constituted markets for organic food. Yet, not only one organic farming association was founded but nine. Although the associations attempted to form a meta-association and issue a shared label for organic food they failed to do so. The failure of a common label was the result of conflicts about how to further develop the market. Furthermore, associations that owned well-known organic labels themselves attempted to secure advantages for their member firms. As each association continued to use its own label, the market supply was fragmented. For example conventional supermarkets had difficulties to find supply large enough for offering organic products to their customers. With the legal standardization of organic agriculture in 1991 by the European Community and the introduction

of a German government label for organic food in 2001, the control of the organic farmers association over the market declined. But organic farming association labels still structure the market as they are perceived as guaranteeing higher quality products. Thus, by issuing labels organic farmers associations diversify organic products and structure choice available both to farmers as well as to consumers.

My paper is structured as follows: First, I shortly summarize markets as field approaches and discuss the role of IGUs in fields. Next, I will conceptualize the work done by business associations in market fields as coupling work. In the following section I develop some ideas of how associative action shapes market structure. Before I will give a summary of preliminary findings on the development of the German markets for organic food, I will introduce data and methods employed in this study. In the concluding section I will give a preview on further theoretical and empirical ideas that I want to explore in my dissertation.

Markets as fields

Economic exchanges can be conducted through a variety of different governance forms (Lindberg et al. 1991). Market sociology studies the governance form of the market (Fligstein and Dauter 2007, p. 106). Ideal-typically market transactions are characterized by complementary interests between sellers and buyers, a conflict of interests regarding the price for the exchanged goods or services, competition and the limitation of the social relationship between buyer and seller to the act of exchange (Weber 1980, p. 382; Wiesenthal 2000, p. 51–52; Aspers and Beckert 2008, p. 226). In contrast to other forms of exchange market transaction require that the terms of the exchange are determined in full before the transaction can be conducted. The determination of the terms of the transaction are not negotiated by buyers and sellers in full but also are the result of social interactions of a wide variety of actors. When a certain kind of market transaction is performed regularly a market develops that structures future transaction in that market. *“Structured exchange implies that actors expect repeated exchanges of their products and that, therefore, they need rules and social structure to guide and organize exchange”* (Fligstein 2001b, p. 30). Market Sociology studies the social processes that form markets. Furthermore, market sociology explores how these social processes structure market transactions (Beckert 2010, p. 609). For example, only when at least three actors interact in a market competition takes places. In this situation either two sellers compete for a transaction with one buyer or two buyers compete for a transaction with one seller. Market sociology is mostly concerned with producers competing for conducting exchanges with buyers. Producers compete to the extent that buyers perceive the offers of producers as commensurable. The commensurability of products emerges not automatically but needs to be established (Espland and Stevens 1999). Market categories and market standards have been described as social structures that establish commensurability between offers (Zuckerman 1999; Negro et al. 2010; Brunsson 2000; Aspers 2011). The definition of market offers as well as establishing commensurability between offers are processes that precede actual market transactions. The field concept has been proven to be useful to understand and analyze these processes of the structuration of markets.

Field theoretic approaches to markets

Since the field concept has been initially advanced by Pierre Bourdieu (Bourdieu and Wacquant 2006), it gained considerable prominence especially in organizational and economic sociology (DiMaggio and Powell 1983; Hoffman 1999; Fligstein 2001b; Beckert 2010; Fligstein and McAdam 2012). Fields are “*situations where organized groups of actors [frame] their action vis-a-vis another*” (Fligstein 2001a, p. 108; Beckert 2010, p. 606). Groups of actors frame their actions vis-à-vis another because they share the assumption that something meaningful is “*at stake*” (Fligstein and McAdam 2012, p. 10). Fields form “*around issues that bring together various field constituents with various purpose*” (Hoffman 1999, p. 352). Neo-Institutional approaches to fields assume that field specific institutions develop with ongoing interaction between field members, professions and the state (DiMaggio and Powell 1983, p. 148). Paul DiMaggio and Walter Powell introduced the field concept with the purpose to explain the structural and cultural homogeneity of organization. The authors argued that in late modernity exposure to similar institutional pressure rather than efficiency criteria are the main cause for the similarity of organizational structures and practices in organizational fields. From this perspective actors in fields share assumptions about legitimate organizational structures and practices, for example production techniques, that are successful in market. Neil Fligstein extended this argument by arguing that institutions also stabilize interactions between field members. Shared understandings about legitimate and illegitimate actions for managing interdependencies among field members stabilizes fields as well as make strategic moves of other actors interpretable and meaningful (Fligstein and McAdam 2012, p. 11). Both cultural models and the management of interdependencies between field members are constrained by public law and regulation. For example in the history of American capitalism cultural models of how to deal with competition often shifted when established models had been declared illegal by legislative action or court rulings (Fligstein 1990; Dobbin and Dowd 2000). Markets have been analyzed as fields that evolve around the coordination problem of competition (Beckert 2009). Competition, especially price competition, threatens the survival of firms. Therefore producers attempt to routinize interfirm relations in a way that avoids excessive price competition. They do so by developing common understandings about legitimate and illegitimate competitive tactics. Often such agreements are supported by threats of larger firms to sanction rule breaching, for example by withholding important intermediate products to competitors. In addition to managing competitive relationships such local rules and understanding allows producers to interpret the tactics of other producers and to solve internal power struggles within firms (Fligstein 2001b; Fligstein and McAdam 2012). The institutionalization of such rules reinforces the position of those actors with the most resources at the outset of the institution building process. Genealogically Fligstein developed his conception of markets as fields with regard to the markets in which the largest American corporations compete (see for example (Fligstein 1990)). In these markets resources are concentrated in the largest firms. Smaller firms either imitate the strategies of incumbents (i.e. Fligsteins term for the largest firms in a market) or find market niches that are suitable for their specific resources. The institutional work necessary to stabilize a market and to control competition is done by the incumbents and often by the largest incumbent. Although Fligstein’s approach has proven to be useful for analyzing those markets, not all markets resemble the markets of the largest American corporations. The aim of this paper is to explore the question if Fligstein’s approach is useful for understanding the stability and dynamic of other kinds of markets as well. To answer this question I choose to study a market with a

large number of producers with relative little resources and no single set of actors that is resourceful enough to do institutional work to stabilize a market on their own. In all of these regards the case of markets for organic food exhibits a maximum contrast to the market studied by Fligstein. Yet, Fligstein's assumption that interactions between producers are motivated by the desire to secure the survival of the producers by limiting competition also holds for these markets. While environmental and health concerns played a role in the formation of markets for organic food products, the constitution of these markets was from the beginning also motivated by the desire to control competition and to secure the survival of farms disadvantaged by the conditions of industrial agriculture. While the motive of farmers for institutions building resembles the motive theorized by Fligstein, the social tools and vehicle these farmers employed to do so, differed. Consequently, the dynamic of these markets as well as conflicts of interests between different market actors are also differed from those theorized by Fligstein.

New markets often emerge from established markets. This observation also holds true for German markets for organic food. Opposition to industrial farming techniques emerged as soon as these techniques diffused through the field of German agriculture. Due to the diffusion of these techniques a growing number of farmers were threatened out of business because their farms were too small and unspecialized to employ industrial agriculture practices efficiently. At the same time many farmers developed a normative dissatisfaction with industrial agriculture methods like the use of pesticides and artificial fertilizers. In this situation farmers attempted to decouple their businesses both from these production methods as well as from the competitive situations that threatened their economic survival. In short they attempted to create a new field more fitted to the structure of their businesses as well as to their normative ideas about the right way to farm. In doing so, they constituted the markets for organic food. To foster the creation of the field as well as to establish a new marketing infrastructure these farmers founded business associations. I argue that the practices of these associations can be analytically described as managing couplings between market fields and hence the history of the German markets for organic food can be described as a continuous process of forging and disrupting links with other fields. Conflict of interest between association members and between different associations structured the markets for organic food in Germany in ways not reducible to networks, institutions or culture. I will elaborate this argument in the next sections.

Couplings between market fields

Markets, like all fields, exist not in isolation but in connection to other fields. The stability of fields depends on resources and legitimacy from external fields (Fligstein and McAdam 2012, p. 57–82). How do market fields depend on relations with other fields? Producers in a market are structurally equivalent, that is they have the same pattern of ties to other actors. More concretely, producers in a market are structurally equivalent because they have similar ties to suppliers upstream and retailers downstream the supply chain (White 2002). Thus, markets are connected to other markets and the survival and position of producers depends on these connections (Pfeffer and Salancik 2003 [1978]).

Because of their structural equivalence, producers in a market are confronted with similar uncertainties. On the one hand their survival is dependent on the supply with crucial intermediary

products. On the other hand they share similar uncertainties with regard to the question if their offers will find buyers. As defined by DiMaggio and Powell when introducing the field concept to organizational sociology, fields are formed around relations of structural equivalence supplemented by direct ties of these organizations among each other as well as to other key stake holders (DiMaggio and Powell 1983, p. 148). Moreover fields are not limited to relationships between field members but develop shared understandings of appropriate and effective business models as well as cognitive rules on how to produce for and compete on the market (Beckert 2010; Fligstein 2001b; March and Olsen 1989). Thus cultural models and cognitive rules shared by field members developed with regards to problems caused by their embeddedness in networks. Yet, the interpretation of and action towards networks structure is based upon these cultural models and rules. In short, relationships in and between markets are dependent on cultural models and cognitive rules and vice versa (Fligstein 2001b, p. 30, 71, 72; Beckert 2010). In producer markets the most successful firms define connections between social relations and cultural understandings. The power position of incumbents over challengers is the result of their control of relationships within the supply chain (Fligstein 2001b, p. 32). Challengers adopt these rules or find niches within the market (Fligstein 2001b, p. 67–91). Hence, in producer markets much of the work to create market institutions is done by the largest and most resourceful firms in a market. But how is such order created when no producer is resourceful enough to constitute market institutions on its own? Fligstein and McAdam argue that in such cases actors may stabilize fields by creating political coalitions that is they share resources and decide on strategies to pursue jointly. While Fligstein and McAdam describe this mechanism in their general field theory, Fligstein does not discuss it in his market sociological approach. Instead he argues that in markets with many smaller producers like restaurants, often a stable field never emerges (Fligstein 2001b, p. 70). I argue that associative action is a possible strategy, among others, employed by small producers to deal with the coordination problem of competition. In this case business associations assume the functions performed by incumbents in markets that resemble the markets of the largest American corporations. That is, business associations attempt to control relationships to key suppliers and customers as well as propose cultural models about how the market works. I use the concept of “*coupling*” to describe the relationship between cultural models about the market and attempts to forge connections to supplier, customers and other actors.

The concept “*coupling*” was introduced to study the relationship between organizational units (Weick 1976), but has been adapted to a variety of different contexts since then (see (Orton and Weick 1990) for an overview about different applications of the coupling concept). I adapt it here to the study of relationships between fields. The coupling concept, as Tim Hallett and Marc J. Ventresca put it (2006, p. 610), directs “*analytic attention to the variety of couplings in inter-organizational relations and made such linkages and their impact an empirical questions*”. Moreover, as coupling is conceptualized as a process, it emphasizes that these linkages are dynamic, open to interventions and potentially conflictual (Orton and Weick 1990, p. 218; Hallett and Ventresca 2006, p. 910-912; 919-921). When a certain kind of market transaction is performed regularly a market develops that structures future transaction in that market. Studying connections between fields with the coupling concept is about tracing historical changes of couplings between fields. Fields that once had been coupled can become decoupled over time. Actors in one field can make attempts to decouple or couple with other fields that may succeed as well as may fail. Therefore the coupling concept is useful to explore which field actors attempted to disrupt, change and create couplings with other

fields and how in turn, their position in the field was affected by coupling activities of other actors. Business associations' actions towards couplings to other fields are influenced by their understanding about how the market works. I am studying business association's actions towards other fields as "coupling work".

Business associations and the sociology of markets

While business associations have been extensively studied in Political Economy as intermediaries between the political system and producers (Streeck and Schmitter 1985; Schmitter and Streeck 1999; Lindberg et al. 1991), little is known about their contribution to the social order of markets. In general the contribution of market organizers and organizing to the social order of markets so far has only attracted limited attention (Ahrne et al. 2015). Both network and field theoretic approaches to markets are mainly concerned with interactions between producers (White 1981, 2002; Fligstein 2001b, 1996). White argues that firms in diversified markets are not focused on the market price (as such a price does not exist in these markets) as assumed in neoclassical economics but rather that producers instead mutually observe each other to discover which market roles are economically sustainable (White 1981, 1993, p. 163). Fligstein extends this argument contending that producers are more invested in the social order of markets as their survival is at stake in markets. Therefore their main concern is to secure the survival of their firm and to stabilize relations with competitors (Fligstein 2001b, p. 17, 31). As White himself argues, business associations help producers to observe each other (White 1981, p. 519), for example by hosting trade exhibitions or by publishing industry periodicals. While Fligstein does not discuss business associations in his political-cultural approach to markets, he holds that the recognition IGUs is a major contribution of his and McAdams theory of strategic action fields (Fligstein 2012). IGUs are "*organizations or associations within the field whose sole job is to ensure the routine stability and order of the strategic action field*" (Fligstein and McAdam 2012, p. 14). One of the major functions of IGUs is to interact with their counterparts in other fields and to define relationships between fields. Other practices that IGUs perform are spreading information, providing administrative services, establishing and enforcing field specific rules and certifying field membership (Fligstein and McAdam 2012, p. 77–78). While both White as well as Fligstein and McAdam recognize associations as organizations as intermediary variable smoothening processes of mutual observation and culture formation and maintenance, the authors do not conceptualize them as independent factors. While Fligstein and McAdam emphasize the importance of IGUs, they are limiting the functions of these organizations to supporting and codifying relations of domination between actors in a field. I want to alter this assumption by transforming it from a constant in a variable. While in fields with a highly developed status hierarchy business associations may lack independence from incumbent's interests, this is not necessarily the case in fields with a more even level playing field. Furthermore, business associations may gain some independence from the interests of their member firms if they are able to secure a monopoly or at least a strong position as an intermediary between different groups. Research on corporatist states found for example that business associations can gain some independence from their member's short term interest when the state grants them a monopoly for representing a sector to the state. In this case associations must accommodate state demands to secure their monopoly for sectoral representation and therefore potentially altering rules for production and competition in markets

without prior consent of all of their member firms. Thus through their intermediary position between the state and their member firms business associations can have an independent effect on their member firms in corporate states. From this perspective Fligstein and McAdams observation is limited to pluralist states, where the state does not grant monopolies for interest representation. In this case business associations tend to be fragmented due to conflict of interest between member firms. While in corporatist states the monopoly of interest representation granted to a single organization moderates disassociation dynamics between member firms, pluralist states lack such a mechanism (Schmitter 1981; Streeck and Schmitter 1985; Schmitter and Streeck 1999). How can these findings be adapted to understand how associative action shapes market orders? Theoretically business associations can gain some degree of independence in markets fields when they serve as intermediaries between producers and consumers. If consumers regard business association membership as a precondition for legitimate market participation of producers, then field position is dependent upon business association membership. In this case, business associations have an independent effect on the structure of the field and thus associative action shapes market orders. Yet, other than the monopoly of interest representation in corporatist states there is no strong disincentive to form competing associations to manage couplings and gain consumer trust. Thus, markets can also be structured by dynamics of cooperation and competition between business associations. Before I will demonstrate some early findings of how associative actions shaped the German markets for organic food I will make some short methodological remarks. Please note that the reported findings are preliminary and need further validation. Because until now I have mainly analyzed data from the Bioland association my findings are also biased in this regard.

Data and Methods

In this paper I study fields from a realist perspective (Fligstein and McAdam 2012, p. 192–195). I conduct a case study on the historical dynamic of the German markets for organic products focusing on the role of organic farmers associations. By this, I attempt to extend field theoretic approaches to markets to explore how associative action shapes market structure. More concretely, I explore how these organizations attempt to shape these markets by making connections between cultural understandings and relationships to other fields. Moreover I analyze how competition and cooperation between associations structured the German markets for organic foodstuff. I use historical evidence to trace the development of these markets from the 1970ies until today.

My cases study is based upon process-generated data (Baur 2011). To trace the dynamic of the German markets for organic food I analyze periodicals of organic farming associations. As all process generated data, trade periodicals are non-responsive data not altered by hindsight like interview data. Moreover, these data are available for the whole period of the study. This helps avoiding biased inferences based on limited availability or selective archiving of data. As these periodicals are published by the association it is plausible that the selection of stories and reports in the data represents issues that are regarded as important by the association leadership. On the other hand, as the periodicals are edited by the association, conflictual or unfavorable issues may not be included in these data. Hence, the data might be biased in this regard. I attempt to reduce the likelihood of biases by analyzing the periodicals of multiple associations and one foundation that promotes

organic agriculture. Therefore, no single set of actors has control over what is published in all journals. Additionally, I analyze secondary data like government reports or case studies on single aspects of the market published in the study period.

I divided the data analysis in two coding cycles (Miles et al. 2014). I am using qualitative content analysis techniques for separating data from noise (Gläser and Laudel 2013). Drawing from field theory and market sociology I developed a deductive list of main categories. Next I tested these categories by coding the first issue of every year available from the Bioland association. Based on the coded data I refined the coding list inductively to differentiate the categories. This technique also allows integrating unexpected discoveries in the data into the coding scheme, enabling an “open” analysis procedure (Gläser and Laudel 2013; Schreier 2012). Next I code the whole data body according to the coding scheme. In the second coding cycle I will write detailed narratives based on the content of the coding schemes, tracing the development of the field. To validate inferences I will draw on process-tracing techniques (Beach and Pedersen 2013; Miles et al. 2014). In the remainder of this paper I present two preliminary historical narratives on coupling as a contested process and cooperation and conflict between different organic farmers associations.

Business Associations and the dynamic of the German markets for organic food

Organic food, partial decoupling from industrial agriculture and the foundation of the Bioland association

Organic agriculture in Germany has its roots in the biodynamic movement. This movement emerged from a couple lectures held by the anthroposophical thinker Rudolf Steiner in 1924. The Demeter brand is used since 1928, the Demeter association was founded in 1956. Almost 15 years later the Bioland association was established on the principles of biological-organic agriculture developed by the Swiss farmers' activist and politician Hans Müller. In the 1960ies first farmers in Baden-Württemberg learned from this method of organic agriculture. Accounts of these early adopters in the Bioland periodical indicate that these farmers were confronted both with concerns about the economic situations of their farms as well as were normatively dissatisfied with industrial farming techniques, especially the use of fertilizers and herbicides. In this situation these farmers learned through their personal network about the principles of organic agriculture and decided to convert to these practices on their farms. Some of these farmers took courses organized annually by Hans Müller at the Möschberg training facility in Switzerland. Others tried to farm according to biological-organic principles on their own. Core of the organic-biological approach was to foster the independence of farmers by limiting their dependency on costly inputs like fertilizers and herbicides and organizing. Müller also argued, that farmers should develop own distribution channels to limit their dependence on the foodstuff industry and conventional supermarket chains. The main principle of organic agriculture is to respect natural laws about the fertility of soil and plant growth. Techniques for fostering the fertility of the farmland suggested by the organic-biological method are among others crop rotations and using liquid manure as fertilizers. In addition Müller claimed that these techniques produced more healthy food. The adoption of Müller's principles of organic

agriculture by farmers in Baden-Württemberg was eased not only by geographic proximity but also by the fact that farms in Baden-Württemberg resembled Swiss farms in terms of size and structure. In Switzerland as well as in Baden-Württemberg farms were relatively small and unspecialized, often combining raising livestock, farming and gardening. When the Bioland association was formed in 1971 farmers were mainly concerned with making these techniques work on their farms and to convince each other and outsiders that these techniques were feasible farming techniques. Members shared their experience in local groups and discussed problems they faced. The association distributed relevant literature, published a periodical, forged connection to other groups and supported their members in joining Müller's courses in Switzerland. With regard to marketing the Bioland association organized sales of grain to processors and distributors. Vegetables were marketed directly by farmers when they met local demand. Lives stock and dairy products were marketed to a large extend through conventional channels. In the foundation phase of biological-organic agriculture in Germany a conception of farming developed accordingly. Biological-organic farming techniques imported from Switzerland enabled the loosening of dependencies to the agro-chemical industry and diminishing the costs of intermediary products like fertilizers and herbicides. Some farmers also reported that cost for animal health care declined after the conversion to organic agriculture. While biological-organic farming techniques reduced the yields of the farms, these losses were often more than compensated by cost reductions and higher prices for grains and vegetables. Speaking analytically, biologic-organic production methods enabled the partial decoupling from resource dependencies and competitive industrial agriculture markets. This partial decoupling process was facilitated by the Bioland association by organizing the diffusion of knowledge of these farming techniques and facilitating the establishment of local support groups. Additionally, the association developed marketing channels for organic grain products and developed packaging material that signaled association membership to customers. In this phase the function of the organic farmers associations are supporting the formation of a supply chain and fostering the promotion of cultural models about organic agriculture. In this period associations had little direct effect on the structure of the field.

Coupling as contested process

Beginning in the 1980s both the increasing number of members as well an increasing demand for organic food brought the question of marketing to the core of Bioland associations agenda. While some members argued for strengthening direct marketing activities by farmers and sales through specialized organic retailers, other favored a more encompassing strategy including sales through conventional supermarkets. Opponents of marketing via conventional supermarkets argued that these would threaten the independence of the organic farmers, one of the founding principles of organic agriculture as developed by Hans Müller. It was also argued that direct marketing activities would ensure that a higher share of the revenue of organic agriculture would come to the farmer than to processors and retailers. While these issues remained conflictual until the 1990ies within the Bioland association, both strategies were eventually pursued by the association. Amendments to the Bioland standard required that Bioland members with own farmer shops were required to sell preferably organic food grown by other Bioland farmers. These measures were intended to strengthen direct marketing and to secure advantages for Bioland member. To strengthen sales to

large processors and supermarkets Bioland marketing corporations were founded who negotiated contracts and organized sales. Sales through these marketing associations were limited to products from Bioland members as well. These developments clearly demonstrate that business models as well as conceptions of how market works are connected to networks in the supply chain. Müllers conception of organic agriculture opposed forging couplings to the field of supermarkets. Also the question of coupling with supermarkets demonstrates that cultural models in markets are not static but are negotiated when problems – in this case marketing problems – arise. In part conflicts within associations are conflicts on how to react to changes like this and which couplings should be pursued and which couplings to avoid. With the creation of marketing channels also the distinction between association members and non-members began to structure market chances for producers.

In the period between 1979 and 2000 six new organic farmers associations were founded (see table 1). In 1979 Biokreis was established as a regional organic association in Bavaria. The Biokreis association focused its marketing activities on regional direct sales. Also in Bavaria the Naturland association was founded in 1982 with the goal to establish marketing channels for organic products including channels through conventional supermarkets. Because Naturland from the beginning was supportive to coupling the organic farming field with supermarkets the association also established own marketing corporations. Until now the Naturland marketing organizations are leading in supplying supermarkets with organic food products. The Demeter association refused to sell its products through conventional supermarkets altogether until recently. The refusal of the Demeter associations to establish couplings with the field of large supermarket chains is a deliberate attempt to secure higher price for Demeter products through direct sales and marketing through specialized organic retailers. As I will argue in the next sections, the organization of the organic farmers in several organic farming associations rather than in one had and still has a major impact on structure of the German markets for organic food products. Why so many different associations were founded in this period is an interesting puzzle. Part of the explanation which I will not elaborate here is surely related to the German division and reunification. Another part of the explanation especially for the foundation of the Biokreis and Naturland association are conflicts about the cultural identity of the field and the related issue of the coupling to the field of the supermarkets. For example some reports indicate that the foundation of the Biokreis associations was a reaction to the increase in membership of the Bioland association and the professionalization of the association staff. In this situation some farmers were concerned to lose their independence in such a large organization and therefore attempted to create a regional alternative to the Bioland association. With regard to Naturland some reports indicate a move of farmers in the opposite direction. Debates within Bioland were regarded by some farmers as ideological. These farmers attempted to create a more pragmatic association with a more efficient marketing infrastructure. If these findings are validated this again would demonstrate the close connection between cultural models, networks and associative action.

Competition between business associations

Table 1 Organic farming associations in Germany

Name	Regional scope	Specialization	Foundation
------	----------------	----------------	------------

Demeter	International	None	1956
ANOG²	Mainly North Rhine-Westphalia	Fruit cultivation	1962
Bioland	National	None	1971
Biokreis	National, but mainly Bavaria, North Rhine – Westphalia and Hesse	None	1979
Naturland	International	None	1982
Ecovin	National	Winegrowing	1985
Gää	East Germany	None	1989
Biopark	Mecklenburg-Vorpommern	Animal husbandry	1991
Ecoland	Baden-Württemberg	Full	1997
Verbund Ökohöfe	East Germany	Full	2007

Since the 1980s relationships of cooperation and competition between the associations structured the markets for organic agriculture in Germany. In 1985 already five organic farmers associations were active in the German markets for organic food. All of these associations developed own organic agriculture standards and organic labels. In the 1980s this multiplicity of standards and labels were mainly discussed in terms of consumer confusion. As not only association members claimed that their products are “organic”, consumers were often confused which of these products were “truly” organic. The association shared the interest to exclude non-association members from the market. In 1988 the “Arbeitsgemeinschaft ökologische Landwirtschaft” (AGÖL), the umbrella organization of the organic farmers associations, was founded by Demeter, ANOG, Bioland, Biokreis, Naturland and Ecovin. In the 1990s Biopark and Gää joined AGÖL. One of the main purposes of AGÖL was to develop a joint standard for organic foodstuff and to promote an organic umbrella label based on this standard. While the umbrella association’s members succeeded in developing an umbrella standard and made compliance with the standard a precondition for membership, it was not until 1999 that they succeeded to issue a joint label for organic food. Yet, the label gained little acceptance by supermarkets and other retailers for two reasons. First, label use was costly for supermarkets due to license fees. Second, as the label was based on the AGÖL standard and thus restricted market access to association’s members and thus the supply of organic food. Supermarkets already dealing with supply problems for organic food favored a label based on the official EU standard. This would allow them to label imported organic food products as well with an encompassing organic label. Only two years after its introduction the label failed and was replaced by a label founded by the German government based upon the EU organic standard. The failure of the AGÖL label is the result of competing interests of the AGÖL member associations. For example Bioland’s main interest in developing the label was to exclude illegitimate offers from the market. This goal was achieved when the EU defined organic products legally. Bioland had little interest in a common label of the AGÖL associations because it regarded its own standards as “tougher” than the standards of some of the other organizations. Thus, Bioland members feared competitive disadvantages or the need to soften their standards in case a common AGÖL standard was adopted. Furthermore, as the Bioland association wanted to differentiate its member’s products from other organic products by signaling a better quality of their products based upon that tougher standard. Bioland feared that an AGÖL label would lead to a commensuration process that would make it hard to signal quality differences to consumers. Furthermore, market surveys indicated that the Bioland label was relatively well known and trusted by consumers compared to the other association’s labels.

² The ANOG association merged with the Naturland association in 2002.

Bioland members were not willing to relinquish this advantage vis-à-vis the other association's members. Conflicts of interest between the associations lead to the dissolution of the AGÖL in 2002. The "Bund Ökologische Lebensmittelwirtschaft" (BÖLW), the successor of AGÖL as umbrella organization of the organic farming associations, restricts its activity mainly to interest representation to the German federal government.

The lack of a well-known common label structured the market for organic food in Germany until the introduction of the government label in 2001. Membership in one of the associations was almost a precondition for market participation of producers until the German government established the "Biosiegel". Most marketing channels for organic food were established by the organic farming associations and thus limited to association members. Market sociology argues that opportunities for producers in markets are socially structured. While mutual observation between producers, institutional work by large, powerful corporations and social movements have been identified as mechanisms that structure opportunities for producers, in the case of markets for organic food in Germany a fourth mechanism shaped the structure of the market. The "*opportunity set*" (White 1981, p. 531) of (potential) organic farmers was in this period to choose between different associations to acquire market access. This choice was connected to different market identities. As indicated by the failure of the AGÖL label, the opportunity set available to producers in this market is the result of competitive relationships between associations. Second, competition between the associations fragmented the supply of organic food in the 1990s. While the supply of a single association was insufficient to meet the demand of food processing companies as well as large supermarket chains, these businesses were unable to buy from multiple associations as these would forbid them to use the label of one of these organizations. This fragmentation of the supply of organic food was regarded as main hindrance for the expansion of these markets.

Recent situation of organic farming associations in Germany

With the establishment of an organic label by the federal government the opportunity set available to producers and consumers changed. The market was opened for products of non-association members as well as for imports from other EU member states and beyond. The German "Biosiegel" is applicable to all farmers, processors and retailers who comply with the EU organic farming standard. Thus association membership is no longer a requirement for market participation. As of 2016 almost half of the organic farmers in Germany are no longer member of one of the organic farming association. Yet, association members still farm about 68,9% of all organic farmed land in Germany. This indicates that farmers who did not join any of the organic farming association are farmers who only converted partly to organic agriculture while a full conversion to organic agriculture is a condition for certification for all nine organic farmer associations. As organic farming associations lost control over market membership they shifted their activities even more to product differentiation strategies. For example both the Bioland and the Demeter association attempt to position their labels as signs for a higher quality than the EU organic farming standard. Therefore, while association membership is no longer a precondition for market participation, organic farmers can attain a certain identity as high quality farmer by deciding to join an organic farmers association. This effect on market structure is limited to the degree that consumers are aware of these quality

differences and are continuously willing to favor products that bear the label of these higher quality producers.

Conclusion and Outlook

As the preliminary results of my case study demonstrate associative action shapes markets by establishing opportunity sets for producers and consumers. In the early phase of the market constitution process farmers were actively involved in shaping the associations agenda and standards. The involvement of the average member on the association's policies weakened over time. With the professionalization of association management market professionals are to a large degree responsible for the strategies and activities of the associations. For farmers these markets are increasingly structured by an opportunity set that contains the opportunity for joining different associations or joining none of the associations. At least short to medium term the opportunity set created by associative action appears as a social fact to farmers who are interested to convert to organic agriculture. In cases like the market for organic food products associative action can have an impact on the social order of markets. The concrete opportunity set that developed in the German markets for organic food was the result of dynamics inside and between associations. Furthermore, culture models how a market works are negotiated and adapted within associations. Associations couple fields with other fields and have an impact on the embeddedness of producers in networks. By setting standards and rules for membership associations create regulative institutions. Therefore associations have an impact on other social structures that shape markets.

The first results of my case study also indicate that the field approach is useful to study non-producer markets. The action motive theorized by Fligstein of producers in markets can be discovered in the market for organic food products as well. Yet, the social tools utilized to handle the coordination problem of competition differed and developed own dynamics. By studying these dynamics I intend to contribute to adapt the market as field approach to markets like the market for organic food products.

Literature

Ahrne, G.; Brunsson, N. (2011): Organization outside organizations. The significance of partial organization. In: *Organization* 18 (1), p. 83–104.

Ahrne, Göran; Aspers, Patrik; Brunsson, Nils (2015): The organization of markets. In: *Organization Studies* 36 (1), p. 7–27.

Aspers, Patrik (2011): Markets. Cambridge: MA: Polity.

Aspers, Patrik; Beckert, Jens (2008): Märkte. In: Andrea Maurer (ed.): Handbuch der Wirtschaftssoziologie. Wiesbaden: VS, Verlag für Sozialwissenschaften, p. 225–246.

Baur, Nina (2011): Mixing process-generated data in market sociology. In: *Quality & Quantity* 45 (6), p. 1233–1251.

Beach, Derek; Pedersen, Rasmus Brun (2013): Process-tracing methods. Foundations and guidelines. Ann Arbor: The University of Michigan Press.

Beckert, Jens (2009): The social order of markets. In: *Theory and Society* 38 (3), p. 245–269.

Beckert, Jens (2010): How Do Fields Change? The interrelations of institutions, networks, and cognition in the dynamics of markets. In: *Organization Studies* 31 (5), p. 605–627.

Bessy, Christian; Chauvin, Pierre-Marie (2013): The power of market intermediaries: From information to valuation processes. In: *Valuation Studies* 1 (1), p. 83–117.

Bourdieu, Pierre (2005): Principles of economic anthropology. In: Neil J. Smelser and Richard Swedberg (ed.): The Handbook of economic sociology. 2nd edition. Princeton: Princeton University Press, p. 75–89.

Bourdieu, Pierre; Wacquant, Loïc J. D. (2006): Reflexive Anthropologie. Frankfurt am Main: Suhrkamp.

Brunsson, Nils (2000): Organizations, markets and standardization. In: Nils Brunsson and Bengt Jacobsson (ed.): A world of standards. Oxford, New York: Oxford University Press, p. 21–39.

DiMaggio, Paul; Powell, Walter W. (1983): The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. In: *American Sociological Review* 48 (2), p. 147–160.

Dobbin, Frank; Dowd, Timothy J. (2000): The market that antitrust built: Public policy, private coercion, and railroad acquisitions, 1825 to 1922. In: *American Sociological Review* 65 (5), p. 631–657.

Espland, Wendy Nelson; Stevens, Mitchell L (1998): Commensuration as a social process. In: *Annual Review of Sociology* 24, p. 313–343.

Fligstein, Neil (1990): The transformation of corporate control. Cambridge: Harvard University Press.

Fligstein, Neil (1996): Markets as politics: A political-cultural approach to market institutions. In: *American Sociological Review* 61 (4), p. 656–673.

Fligstein, Neil (2001a): Social skill and the theory of fields. In: *Sociological Theory* 19 (2), p. 105–125.

Fligstein, Neil (2001b): The architecture of markets. An economic sociology of twenty-first-century capitalist societies. Princeton: Princeton University Press.

Fligstein, Neil (2012): Some not so obvious ideas from Fligstein/McAdam's Theory of Fields. Online available at <https://orgtheory.wordpress.com/2012/09/20/some-not-so-obvious-ideas-from-fligsteinmacadams-a-theory-of-fields/> (16.04.2016).

Fligstein, Neil; Dauter, Luke (2007): The sociology of markets. In: *Annual Review of Sociology* 33 (1), p. 105–128.

Fligstein, Neil; McAdam, Doug (2012): A theory of fields. New York: Oxford University Press.

Fourcade, Marion (2007): Theories of markets and theories of society. In: *American Behavioral Scientist* 50 (8), p. 1015–1034.

Gläser, Jochen; Laudel, Grit (2013): Life with and without coding: Two methods for early-stage data analysis. In: *Forum Qualitative Sozialforschung/Forum Qualitative Social Research* 14 (2), Art. 5.

Hallett, Tim; Ventresca, Marc J. (2006): How institutions form. loose coupling as mechanism in Gouldner's Patterns of Industrial Bureaucracy. In: *American Behavioral Scientist* 49 (7), p. 908–924.

Hoffman, Andrew J. (1999): Institutional evolution and change: Environmentalism and the U.S. chemical industry. In: *Academy of Management Journal* 42 (4), p. 351–371.

King, Brayden G.; Pearce, Nicholas A. (2010): The contentiousness of markets: Politics, social movements, and institutional change in markets. In: *Annual Review of Sociology* 36 (1), p. 249–267.

Lindberg, Leon N.; Campbell, John L.; Hollingsworth, J. Rogers (1991): Economic governance and the analysis of structural change in the American economy. In: John L. Campbell, J. Rogers Hollingsworth and Leon N. Lindberg (ed.): *Governance of the American economy*. Cambridge: Cambridge University Press, p. 3–34.

March, James G.; Olsen, Johan P. (1989): Rediscovering institutions. The organizational basis of politics. New York: The Free Press.

Miles, Matthew B.; Huberman, A. Michael; Saldaña, Johnny (2014): Qualitative data analysis. A methods sourcebook. 3rd edition. Thousand Oaks: SAGE Publications, Inc.

Negro, Giacomo; Koçak, Özgecan; Hsu, Greta (2010): Research on categories in the sociology of organizations. In: Greta Hsu, Giacomo Negro and Özgecan Koçak (ed.): *Categories in markets. Origins and evolution*. Bingley: Emerald Group, p. 3–38.

Orton, J. Douglas; Weick, Karl E. (1990): Loosely coupled systems: A reconceptualization. In: *The Academy of Management Review* 15 (2), p. 203–223.

Pfeffer, Jeffrey; Salancik, Gerald R. (2003 [1978]): The external control of organizations. A resource dependence perspective. Stanford: Stanford Business Books.

Schmitter, Philippe C. (1981): Still the Century of Corporatism? In: Philippe C. Schmitter and Gerhard Lehmbruch (ed.): *Trends toward corporatist intermediation*. Beverly Hills: Sage Publications, p. 7–52.

Schmitter, Philippe C.; Streeck, Wolfgang (ed.) (1985): Private interest government: beyond market and state. London: SAGE.

- Schmitter, Philippe C.; Streeck, Wolfgang (1999):** The organization of business interests. Studying the associative action of business in advanced industrial societies. MPIfG Discussion Paper, 99/1. Köln: Max-Planck-Institut für Gesellschaftsforschung.
- Schreier, Margrit (2012):** Qualitative content analysis in practice. Thousand Oaks: Sage Publications.
- Streeck, Wolfgang; Schmitter, Philippe C. (1985):** Community, market, state - and associations? The prospective contribution of interest governance to social order. In: Wolfgang Streeck and Philippe C. Schmitter (ed.): Private interest government. Beyond market and state. London: Sage Publications, p. 1–29.
- Spilman, Lyn (2012):** Solidarity in strategy: Making business meaningful in American trade associations. Chicago: University of Chicago Press.
- Weber, Klaus; Heinze, Kathryn L.; DeSoucey, Michaela (2008):** Forage for thought: Mobilizing codes in the movement for grass-fed meat and dairy Products. In: *Administrative Science Quarterly* 53 (3), p. 529–567.
- Weber, Max (1980):** Wirtschaft und Gesellschaft. Grundriß der verstehenden Soziologie. 5th ed. Tübingen: J. C. B. Mohr.
- Weick, Karl E. (1976):** Educational organizations as loosely coupled systems. In: *Administrative Science Quarterly* 21 (1), p. 1–19.
- White, Harrison C. (1981):** Where do markets come from? In: *American Journal of Sociology* 87 (3), p. 517–547.
- White, Harrison C. (1993):** Markets in production networks. In: Richard Swedberg (Hg.): Explorations in economic sociology. New York: Russell Sage Foundation, p. 161–175.
- White, Harrison C. (2002):** Markets from networks. Socioeconomic models of production. Princeton: Princeton University Press.
- Wiesenthal, Helmut (2000):** Markt, Organisation und Gemeinschaft als ‚zweitbeste‘ Verfahren sozialer Koordination. In: Raymund Werle, Uwe Schimank and Renate Mayntz (ed.): Gesellschaftliche Komplexität und kollektive Handlungsfähigkeit. Frankfurt/Main: Campus, p. 44–73.
- Williamson, Oliver E. (1985):** The economic institutions of capitalism. Firms, markets, relational contracting. New York: Free Press; Collier Macmillan.
- Yakubovich, Valery; Granovetter, Mark; McGuire, Patrick (2005):** Electric charges: The social construction of rate systems. In: *Theory and Society* 34 (5/6), p. 579–612.
- Zuckerman, Ezra W. (1999):** The categorical imperative: securities analysts and the illegitimacy discount. In: *American Journal of Sociology* 104 (5), p. 1398–1483.