

# **An Investigation into Christian SME Owner-Managers' Conceptualisations of Practice**

**Andrea Werner**

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**AN INVESTIGATION INTO CHRISTIAN SME OWNER-MANAGERS' CONCEPTUALISATIONS OF PRACTICE**

A thesis submitted for the degree of Doctor of Philosophy

by

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# 1. Introduction

Social scientists have increasingly focused on the role of civil society as an intermediate institution between state and market and its potential to solve collective problems. This role is becoming more and more critical in the contemporary world, where free markets proliferate and the influence of the state as a moderating force on economic activity has been declining. In particular, a number of scholars show themselves concerned about the undesirable impacts that ‘unrestrained’ self-interested behaviour in the economic sphere can have on society, and they look to civil society arrangements as a means to counterbalance those potential ‘excesses’ of economic activity.

But how does civil society affect economic activity? This study seeks to shed light on this question by empirically investigating how individual economic actors might be influenced by the norms and values that are transmitted, generated and fostered through civil society activities and institutions. Singled out for investigation are owner-managers of small to medium-sized enterprises (SMEs), as due to the structure and set-up of SMEs they are thought to be in a good position to bring their norms and values to bear on their business. As an example, the study will focus on the influence of Christianity as one of the strongest and longest standing civil society institutions in Western societies. At the same time, secularisation and other societal processes in Western societies have affected the influence of Christianity on society, and hence it is interesting to explore the impact that Christianity still has in a contemporary context.

This study uses a socio-psychological approach and will investigate how the Christian context influences the way SME owner-managers who regard themselves as practising Christians conceptualise their worlds of business practice. The research is based on qualitative in-depth interviews with 21 conservative Protestant SME owner-managers from Germany and the UK and so embeds the research in a European context.

This thesis is structured as follows.

*Chapter 2* will outline the context for the research in more detail by drawing on theoretical and empirical literature. It will make a case as to why it is important to empirically investigate civil society in relation to economic activity. It will further explain the approach that was chosen to investigate the phenomenon and give a brief outline of social theories that support such an approach. It will also explicate in more detail why the study focuses on SME owner-managers as well as outline some aspects of the Christian tradition that are relevant for this investigation. The chapter will moreover give a brief overview of empirical studies that have looked at the influence of religiousness and of adherence to the Christian faith on economic activity. The final section in chapter 2 will set out the aims of the study and outline some aspects of the national cultural contexts within which the study is embedded.

*Chapter 3* will outline the methodological frameworks within which the study is located, explain the choice of an interview-based study and discuss some methodological issues. It will further explain how the study was carried out and discuss some issues that arose at various stages of the research process.

The next three chapters will present and analyse the research findings. *Chapter 4* will report on those Christian concepts on which the respondents drew to rationalise their actions. *Chapter 5* will examine some contexts that Christianity provides and their influence on the respondents’ conceptualisation of practice. Finally, *chapter 6* will explore the different types of practices that the respondents linked with their faith and will also consider the presence of additional motivations.

In *chapter 7*, the research findings will be discussed further and suggestions for further research will be made.

## 2. Contextualising the research

### 2.1 Studying civil society's influence on economic activity

#### 2.1.1 Why consider civil society

The idea to look at civil society and its potential to 'regulate' economic activity in such a way that it counterbalances the effects of unrestrained self-interested behaviour is not a new one. During the rise of industry and commerce in the late 19<sup>th</sup> century, Durkheim (1957) observed that economic activity seemed not really to be subject to any (restraining) moral influence (ibid., 10) and he feared that the pursuit of unrestrained self-interest in the economic sphere would have destructive consequences for society and, as a result, for individuals living in that society (ibid., 16). Durkheim drew a connection between his observations and classical economic theory, a theory that was largely accepted among his contemporaries (Hendry 2001), but of which he was rather critical. He critiqued the assumption of classical economic theorists that the economic sphere was an autonomous system that in its competitive set up would regulate itself and balance out self-interested behaviour (Durkheim 1957, 15) by arguing that such a set up would produce a "a chronic state of warfare and endless dissatisfaction amongst the producers" (ibid. 16). This he considered to have disastrous effects for society. Connected to this was his concern about the pronounced aim of the economic function to achieve an as large as possible productive output. He argued that productive output should not be treated as an end itself, and that the economic function should be considered only *one* among a number of societal functions that contribute to a harmonious social life and consequently to individual well-being. Durkheim contended that if the only way to achieve a high productive output was to disturb men's peace it was "not worth the cost" (ibid., 16).

His concerns about the potential negative consequences of 'unrestrained' self-interested behaviour led Durkheim to call for more moral discipline in the economic sphere and he suggested that this should be 'enforced' through voluntary societal arrangements – through what we would call today 'civil society' institutions. He particularly proposed that those engaged in economic activity should get together and form professional bodies. Those bodies would develop professional codes, which were to make economic activity subject to moral discipline and thus save it from its destructive tendencies (ibid., 23-25).

More than 100 years on, Durkheim's concerns are still echoed in the writings of present-day social economists, some business ethicists and sociologists (e.g. Daly and Cobb 1994, Lutz 1999, Ulrich 1997, Bellah et al. 1996, Bauman 1993) – although they have added some more contemporary concerns. Despite the fact that Western market economies have brought about an unprecedented level of material prosperity for their citizens over the last century, those scholars have voiced their concerns over a number of negative 'externalities' of 'unrestrained' economic activity, particularly over the effects on the natural environment. They have also focused on wider societal consequences that a pure self-interest based economic system can produce, such as social and economic inequality, and have examined its adverse affects on social cohesion and societal well-being. Finally, they have criticised the rising predominance of economic thinking in society, which leads to regarding societal actors merely as consumers or as human 'resources' and to focusing on economic growth as the sole criterion of societal well-being. Like Durkheim, those scholars have linked their concerns to classical economic theory and have criticised the fact that this theory – even though economists might treat it as only having a heuristic function - legitimises self-interested economic behaviour such as the maximisation of profits and the pursuit of economic efficiency without requiring economic actors to take any moral or social considerations into account.

Their concerns go hand in hand with the diminishing influence of quite an important institution that has - particularly since the end of World War II and particularly in (continental) Western European societies - provided quite an effective counter-balance to potential excesses of economic activities: the state. In the post-war era, Western European governments introduced legal and other regulatory frameworks that led to the formation of capitalist systems with a 'social conscience', such as the

formation of the Social Market Economy (Soziale Marktwirtschaft) in Germany. In those societies it has been the function of the state to regulate numerous aspects of economic activity such as the labour market, the exploitation of natural resources and production standards, in order to channel economic activity in such a way that it produces beneficial outcomes for society. The state has further been ascribed the task of providing extensive welfare services, which are funded through a high level of taxation and which are meant to counter-balance inequalities in society and to fund collective goods such as education and health-care (Scharpf 2003, 372).

The role of the state as the effective provider of correctives, however, has been increasingly called into question. The fact that economic activity is tending towards internationalisation and global interaction - and this even more so since the end of the Cold War - has placed Western governments in a difficult position as they can impose their regulations only on a limited territory (ibid., 370ff). For example, large corporations can quite easily move production plants to other, less regulated countries to avoid national laws and regulations. This and the ability of private investors to move private capital across borders can threaten welfare budgets, taxation levels and other common-good orientated government policies (Held and McGrew 2003, 13). As a consequence, states are becoming more and more limited in their efforts to balance out potential negative consequences of economic activity.

At the same time, governments themselves have actively started to rid themselves of their 'welfare' responsibilities. They have - to varying degrees - actively adopted neo-liberal ideas and pursued free-market policies by deregulating markets, privatising public sectors, and encouraging foreign investment (Castells 2003, 326ff.) while at the same time curbing welfare provisions. There are several explanations as to why this has been happening. First, free markets, i.e. markets that are based on the self-interest of economic actors only, are "expected to operate economic and institutional miracles" (ibid., 327), particularly if governments face problems such as welfare overspending and high levels of public deficit. But Castells also argues that personal vested interests of political leaders may contribute to the favouring of free market policies (ibid., 328ff).

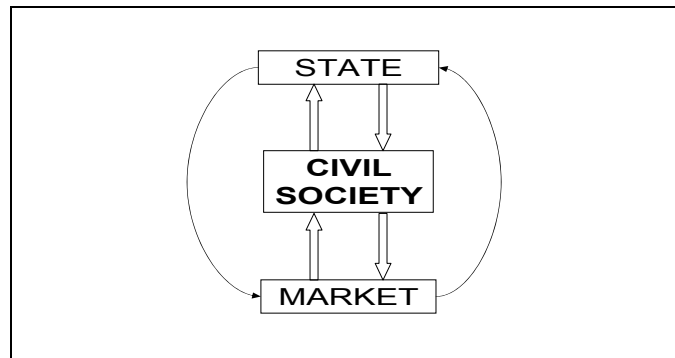
The increasing limitations and changing nature of the state, the proliferation of the free-market model, and the concern that self-interested economic behaviour does not always benefit society but may have harmful social consequences, have led scholars (and policy makers) - like Durkheim in his time - to focus on civil society and its moderating influence on economic activity (Münkler and Fischer 2002a and 2002b, Giddens 1998).

### *Some features of civil society*

If we want to study the effect of civil society on economic activity, we need to understand a little more what 'civil society' encompasses. According to the working definition of the London School of Economics, civil society refers to "the arena of uncoerced collective action around shared interests, purposes and values" (LSE 2004). It is thus conceptualised against the more coerced structure of the state but also against the model of the market, which presumes that human action is guided by individual or private self-interest only (Münkler 1998). Yet civil society is not an autonomous societal sphere, but may interact with both the state and the market (LSE 2004) (see Figure 1). As such it is considered to have a moderating influence on both institutions (Hems and Tonkiss 2000, 5). At the same time, civil society is thought to have the ability to solve collective problems more effectively than the state or the market alone and is therefore also considered in this role of a 'collective problem solver' (Ostrom 1990; Putnam 2000; Hems and Tonkiss 2000, 5; LSE 2004).

This is particularly true for such civil society organisations or institutions whose explicit purpose is to alleviate certain problems in society. Here, the principle of subsidiarity is particularly important (Münkler and Fischer 2002b, 435). Civil society institutions that can tackle problems or challenges at the closest proximity to their origin are thought to be more effective than any bureaucratic state-led involvement can be. Moreover, they are able to identify and deal with problems that the state or the market might not be aware of or not take an interest in. At the same time, a number of civil society institutions such as environmental and humanitarian organisations or certain social movements work across national borders and so have the potential to solve societal problems on a more global scale (Held and McGrew 2003, 18).

**Figure 1: Interactions between civil society, market and state**



Other scholars draw attention to the values and norms that underlie any kind of civil society activity, i.e. any kind of associational activity or other forms of societal interaction or connectivity. Particularly Putnam (2000) explicates that continued interaction within social networks, whatever nature and purpose they might have, can lead actors within that network to develop ‘civic virtues’ such as norms of reciprocity, co-operative behaviour and mutual support.<sup>1</sup> This may not only be positive for the actors *within* the network, but might also influence the actors’ behaviour beyond the network and thus have positive ‘spill-over’ effects on wider society (ibid., 20).

Yet we cannot naively assume that all civil society activities work for the good of society. First, there is the rather obvious objection that some civil society activities may be of a “nasty nature” and produce harm for wider society (Seligman 2000, 12, Putnam 2000, 21). Münkler and Fischer (2000a) also draw attention to the fact that civil society activities of societal actors are usually bound up with their own life-world, i.e. with their own interests. This personal interest might be necessary to sustain the actor’s motivation, but in a wider societal context the pursuit of partial interests might lead, for instance, to group egoisms or conflicts with other groups.<sup>2</sup> At the same time, some social and political problems, for example, those where the effects are not personally and/or visibly felt, might not receive sufficient attention by civil society and might therefore not be tackled.<sup>3</sup>

Observers have, moreover, reported a rise in individualist behaviour among societal actors (e.g. Putnam 2000, Bellah et al. 1996), which might seriously diminish civil society’s ability to solve collective problems and to be an effective counterbalance to self-interested market behaviour. Putnam (2000), for example, observed that in the United States people engaged less and less in civil society activities, from socialising with neighbours to actively participating in democratic processes, which in his view has led to an overall decline of ‘civic spirit’ or ‘civic mindedness’. Offe and Fuchs (2001) and Hall (1999), on the other hand, who report from two European perspectives (Germany and the UK respectively), argue that there is not a decline in civil society activity as such but a change in the nature of civil society activities. Particularly focusing on associational activity, they argue that although the level of such activities has not declined, people – predominantly younger generations - are more likely to get involved in associational activities that foster their own individual interests and preferences, such as leisure activities, rather than in associations or organisations that are dedicated to a wider public interest or that require more of a sense of ‘civic duty’ (Offe and Fuchs 2001, 441; Hall 1999, 450, 457). There may be a number of reasons as to why people show more individualised behaviour. Putnam (2000) has pointed, for example, to the increasing spatial fragmentation between

<sup>1</sup> Other scholars argue that ‘civic virtue’ is actually a moral pre-requisite, a behavioural disposition for engaging in collective action, but that it requires civil society activities for ‘civic virtue’ to be fostered, re-produced and sustained (Münkler 1998).

<sup>2</sup> Particularly if one enlarges the concept of ‘society’ to the global community

<sup>3</sup> For example, long-term environmental consequences of economic activity or the existence of child labour in the Third World does not directly affect Western citizens in their day-to-day lives, and hence they might not feel strongly about doing something about those issues.

home and workplace or the invention of television. Other observers claim that the espoused individualism (and consumerism) of free-market ideologies have also adversely affected the problem-solving abilities of civil society (Fenton 2000, 161).

The ambiguous nature of civil society thus raises the important question whether and to what extent civil society does actually provide a counterbalance to potential negative side-effects of self-interested economic behaviour. This, however, is a question that may only be sufficiently explored through empirical studies.

### **2.1.2 Studying the influence of civil society on economic activity at the level of the individual**

How can we investigate the relationship between civil society and economic activity empirically?

A number of researchers opt to study the phenomenon at an organisational level. Here we would have civil society organisations, for example, charities, NGOs, trade unions, pressure groups etc. on the one hand, and business organisations on the other. At this level, researchers might investigate how civil society organisations seek to hold corporations to account for their actions, for example, through ‘stakeholder’ dialogue and shareholder activism, and how effective they are in doing so (O’Rourke 2003, Burchell and Cook 2006). Others might study the effectiveness of social partnerships between civil society organisations and business organisations, which the former might seek to solve particular societal problems (Ählström and Sjöström 2005).

This study, by contrast, will seek to investigate the influence of civil society on individual economic actors. In this case we do not consider civil society at an organisational level (only) but rather in terms of the (shared) norms and values that are transmitted, generated and fostered through civil society activity (Münkler 1998, Putnam 2000). In particular, the study will explore how membership of one specific civil society institution that espouses and transmits a certain set of norms and values might impact on the way societal actors carry out economic activities.

#### *Two assumptions*

If we want to study this phenomenon at the level of the individual societal actor, we will have to make two assumptions about the nature of human beings. Those two assumptions have been implicit in the arguments made above, but they will be made explicit here. We must assume that

1. Human behaviour is – at least to a certain degree – of voluntaristic nature.

In other words, we must presume that the actions of human beings are not causally determined by circumstances alone but that human beings have certain cognitive capabilities that mark them out as ‘actors’ or ‘agents’ who can take control over their actions. If this was not the case, the individual would not be a meaningful level for studying said phenomenon. At the same time, we must assume that

2. The personal norms and values that inform the actions of human agents are influenced by their interaction with their socio-cultural environment.

This means that we cannot assume an individualistic, self-contained or solipsistic view of human beings, where norms and values are considered the products of some inner cognitive processes that are based on ‘inbuilt’ mental mechanisms (Harré and Gillett 1994, 11). Kant, for instance, followed the first assumption and held that human beings inhabit a ‘realm of freedom’, which is not subject to causal (natural) laws but rather to cognitive capacities (Hughes et al. 2003, 122). But he was of the view that the mind was “an inner realm of rationally ordered operations using concepts in accordance with the laws of reason” (Harré and Gillett 1994, 74). Thus he regarded reason, the basis for cognitive

processes, to be an inbuilt faculty of the mind.<sup>4</sup> Yet we must not regard the concepts and rules (including personal values and norms) that people use in their cognitive processes and that shape their behaviour as something ‘closed’, something that people inhabit independent of their interaction with their socio-cultural environment. Otherwise we would not be able to investigate the phenomenon that we have set out to study in a meaningful way.

### *Structuration Theory and Discursive Psychology*

The two assumptions that have just been made are supported by a number of social theories. We will focus here on two theories in particular, as the researcher considers them to be appropriate frameworks for this study in more general terms as well as in terms of the methodological approach to the research (see chapter 3).

Giddens’ theory of structuration (1984) focuses on the role of human agency in the production and reproduction of societal structures through social practices whereas Harré and Gillett’s discursive psychology (1994) expounds how discourses shape human cognition. Although coming from different perspectives, a sociological and a socio-psychological respectively, and using different starting points for their arguments, those theories expound ideas that are compatible and complementary (Hendry 2000, 968, 971). We will now look at some of those ideas in more detail.

Harré and Gillett begin by criticising research traditions in psychology that assume a Cartesian worldview, i.e. an individualistic, solipsistic view of human beings where cognitive activity is thought to be based on ‘inbuilt’ mental mechanisms (ibid., 4, see also previous section). Building on the work of Wittgenstein (1953), Harré and Gillett argue that concepts, the basis of thinking, are expressed by words which are located in languages (1994, 21). But since language is a system of symbols or signs that is by implication shared with others<sup>5</sup>, one cannot assume that human beings are “isolated cogniser[s] or interpreter[s] of the world” (ibid.) Human beings use language to jointly construct discourses within socio-cultural groups, and those discourses should, in Harré and Gillett’s view, be regarded as an important part of the framework through which an individual interprets the world (ibid., 22).

Harré and Gillett hold that human beings are exposed to and inhabit a number of socio-cultural discourses that arise from the historical, political, cultural, social and interpersonal settings that individuals find themselves in. Each of these discourses, which embody clusters of signification as well as norms, rules, conventions etc. (ibid., 21, 25f.), have the potential to shape the individual’s thoughts and behaviours. Harré and Gillett further point out that people adopt or commit themselves to certain positions in the discourses that they inhabit (ibid., 140), which might also be influenced by the interaction with other discourses. The cognitive ‘task’ of the individual consists then in ‘managing’ those interacting discourses and their positionings within those discourses (ibid., 26). This is particularly necessary when an individual perceives that some discourses in which they participate (especially when they encounter ‘new’ discourses) are in conflict to one another, as this might require negotiation, adjustment, repositioning if one wants to maintain coherence (ibid., 25). To what extent an individual can actually engage in such kind of mental activities depends however on the individual’s ability to (discursively) reflect on the contexts that she finds herself in (ibid., 180). This ability, again, may be influenced by her social environment.

If we follow Harré and Gillett’s theory, we can regard personal beliefs, norms and values that an individual might hold and that might influence their behaviour either as part of their discursive contexts or as product of the interaction between the different discourses that the individual is exposed to and inhabits. If we then regard a civil society institution (with its underlying and associated norms

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<sup>4</sup> Kantian moral philosophers make a big point about the moral *autonomy* of human actors (e.g. Ulrich 1997). They hold that human actors should act morally independent of any social influences but only in reference to the ‘dictates of their reason’ (‘reason’ being an inbuilt human faculty). Such a view does not hold sway if one follows the social-constructionist view that is outlined here.

<sup>5</sup> That is, if one assumes that the primary purpose of language is the ability to communicate with others and to jointly make sense of the world.

and values) as a discourse or discursive context that the individual is exposed to, we may explore how participation in this particular discursive context may shape the individual's beliefs, attitudes and subsequent behaviour.

Giddens' expositions of his theory of structuration start with a critique of the structuralist traditions in sociology that regard human behaviour "as a result of forces that actors neither control nor comprehend" (Giddens 1984, xvi). In contrast, he argues that human beings are knowledgeable because they have reflexive capacities, i.e. they can reflect about the circumstances of their actions (ibid., xxii, 375). He further holds that human beings are 'real' actors or agents because they are the perpetrators of an action in the sense that they could have chosen to act differently (ibid., 9).

But Giddens argues that the knowledge that informs the practices of human actors in their various action contexts derives from "structural features of wider social systems", which are available to them depending on their location within a societal setting (ibid. 24); and that by drawing on those structural features human actors reproduce them through their actions. This is what Giddens means by the term 'structuration': The more often human actors draw on structural features across time and space and thereby reproduce them in their social practices, the more stabilised or institutionalised they become (ibid., xxxi). Structural features, however, refer to rules and resources, which enable as well as constrain social action (ibid., 25) and contain normative elements as well as codes of signification (ibid., xxxi).

Giddens further distinguishes between three levels of 'consciousness': discursive consciousness, practical consciousness and the unconscious. He argues that the knowledgeability or reflexive capacities of actors are largely carried in practical consciousness, i.e. on the level of tacit knowledge about "how to 'go on' in the contexts of social life" (ibid., xxiii).<sup>6</sup> Yet he holds that the line between the discursive and the practical is fluctuating and permeable (ibid., 4) and therefore practical consciousness is potentially open to discursive reflection (ibid., 26, 328) – unlike the unconscious, which is often barred by repression (ibid., 4, 375).<sup>7</sup>

Within the Giddensian framework personal values and beliefs might be regarded as deriving from those "structural features of wider social systems" that human actors draw on in their social practices. We may thus regard a civil society institution as such "structural feature" that is available in the individual's societal setting and that contains rules and resources which might inform the individual's values and practices. Giddens further draws attention to the fact that values and norms are often embodied or routinised in the actor's day-to-day conduct and therefore held unconsciously. But as the practical consciousness is regarded to be accessible to the discursive consciousness human actors will be able to verbally reflect about what they are doing and about the values and norms that might play a role there when they are asked to do so. This, however, opens up the possibility that the reasons actors might offer discursively for what they do may diverge from the actual reasons that made them act in a certain way (ibid. 4), which needs to be taken into account when one studies the possible impact of values and beliefs on human behaviour.

In summary, both Giddens' theory of structuration and Harré and Gillett's discursive psychology support the assumptions that we must make if we want to study the influence of civil society on economic activity at the level of the individual. Both theories grant that human beings have cognitive abilities - knowledgeability (Giddens) or discursive capabilities (Harré and Gillett) – that enable them to take some control over their actions. At the same time, they propose a social-interactionist view, i.e. they hold that the practices or the cognition of human beings can be understood only through their interaction with the 'structural features' or the 'socio-cultural discourses' that are part of their socio-cultural settings. This view may be applied to an economic actor's interaction with a civil society institution. Thus both theories form a suitable conceptual basis for investigating the phenomenon.

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<sup>6</sup> Discursive consciousness refers to the ability of human actors to reflect discursively about social conditions and particularly about the conditions of their own action (Giddens 1984, 374).

<sup>7</sup> According to Giddens, the knowledgeability of actors is bounded on the unconscious and also on unacknowledged conditions/unintended consequences of action (Giddens 1984, 282).

### 2.1.3 Studying owner-managers of small and medium sized enterprises

It would have been possible to study the influence of civil society in relation to different groups of individual economic actors: Chief Executive Officers, middle managers, employees, but also consumers or investors. The researcher chose, however, to particularly focus on owner-managers of small and medium sized enterprises (SMEs) and this section will outline why SME owner-managers are a worthwhile and interesting group to investigate.

First, a more general argument concerning research on SMEs. Even though an increasing number of researchers are taking an interest in small firms, most research in business ethics focuses on large corporations (Spence 1999).<sup>8</sup> Likewise, researchers that investigate the influence of civil society on business activity tend to focus more on larger firms (e.g. Burchell and Cooke 2006, O'Rourke 2003). Yet more than 99 per cent of all businesses are classed as small and medium sized, they account for more than 50 per cent of employment and about half of the turnover (SBS 2005, Günterberg and Kayser 2004). Those figures indicate that SMEs have quite an important role to play in the economy and that they therefore deserve attention by researchers.

Now to some arguments specifically regarding SME owner-managers. The first argument relates to the owner-manager's ability to bring his values and norms to his business activities. In section 2.1.2 it was argued that we must make the basic assumption that human beings are not solely driven by their circumstances but that they have abilities that enable them to take control over their actions, if we want to study the level of the individual in a meaningful way. Yet in 'real' life the actions of human beings may be constrained by a number of circumstances.<sup>9</sup> Quinn, for example, points out that managers in large organisations may be constrained "by imposed systems and established norms" (Quinn 1997, 120). SME owner-managers, by contrast, are thought to be in a better position than those managers to bring their ideas, norms and values to bear on their business activities, as SMEs are legally independent and ownership and control usually coincide in SMEs (ibid., Spence 1999, 164). That means that owner-managers will not have to deal with tensions that arise from being an 'agent'<sup>10</sup> who acts on behalf of a large number of absent shareholders (ibid.).<sup>11</sup> Interestingly, even one of the main proponents of the free-market ideology, Milton Friedman (1970), granted owner-managers the right to bring their own personal norms and values to the business, whereas he denied this to managers who run a company on behalf of its shareholders (Quinn 1997, 121).

The second argument relates to the assumption that personal norms and values are influenced by a person's interaction with her socio-cultural environment. As with any societal actor we can assume that an SME owner-manager is exposed to a number of different socio-cultural environments and that a number of their personal norms and values derive from their interaction with such environments. Quinn (1997), for example, investigated potential links between SME owner-managers' active membership of specific civil society institutions, such as the church and the local community, and their ethical attitudes in their business context in a quantitative study (see section 2.3.2). However, the extent to which an SME owner-manager might be influenced by socio-cultural contexts may not only arise from his interactions with those contexts in his personal life but also from his capacity of running an SME. Due to their size and set-up, SMEs are considered to be embedded in, interact with and be influenced by a number of different social and economic networks as well as by wider cultural, geographical and political environments (Curran and Blackburn 2001, 6-7, Perry 1999). We may

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<sup>8</sup> This still seems to hold true in 2006. If one goes through the table of contents of business ethics journals, one will find that empirical studies that look at large firms by far outweigh empirical studies focusing on small firms.

<sup>9</sup> Giddens argues that social constraints are not to be equated with the dissolution of individual action as such. For example, social constraints do not eliminate the reflexive monitoring of conduct, which marks out human beings as 'actors' (cf. Giddens 1984, 15).

<sup>10</sup> 'Agents' do not refer here to the Giddensian concept of agency.

<sup>11</sup> At the same time, this relative freedom can be restricted by external factors such as the obligation to pay off bank loans, difficult economic circumstances or the fact that the activities of SMEs are more likely to be "dictated by the market" (Curran and Blackburn 2001, 7). An SME owner-manager may also be constrained if he is not the sole owner of the business but has, for example, a number of co-owner-managers.



therefore assume that the values and norms of owner-managers can also be influenced by interactions with those networks and socio-cultural contexts within which their businesses are located.<sup>12</sup>

In addition, the study of SME owner-managers is also interesting in that small businesses have different characteristics to large businesses; i.e. a small business is not just a small 'large business'. Spence (1999, 165) argues that the size and set-up of SMEs entails that owner-managers often have close individual contact with employees, customers and suppliers. She further states that SMEs are characterised by a high degree of informality, i.e. that owner managers tend to rely on informal control-mechanisms in the every-day running and monitoring of the business rather than on bureaucratic mechanisms. Both the personal interaction with stakeholders as well as the preference for informal control-mechanisms may also impact on the way the SME owner-managers seek to bring their personal values and norms to bear on their business, in contrast to managers of large organisations.

In sum, SME owner-managers are, first, thought to be in a good position to bring their values and norms to bear on their business because of the ownership structure of SMEs. We may further assume that through their personal and business-related interactions with various socio-cultural environments SME owner-managers might derive a number of their norms and values from those environments. Those two features characteristics of SME owner-managers concur with the assumptions that we have made in section 2.1.2. Therefore we can assume that SME owner-managers are a group of economic actors that are relatively likely to reveal the influence of civil society on economic activity if such influence exists. Furthermore, the relational and informal characteristics of SMEs add another interesting angle to the investigation of the research problem.

We will now turn to the civil society institution that was singled out for investigation.

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<sup>12</sup> This contrasts with the set-up of a large enterprise. The larger a business is, the more it is able to escape the restraints of socio-cultural influences.

## **2.2 Christianity, civil society and economic activity**

### **2.2.1 Christianity as a civil society institution**

One may choose from a range of civil society institutions to investigate civil society's influence on economic behaviour: from more business-related institutions such as professional bodies or business groups, to more 'general' groups such as community groups, charities, or groups that are related to leisure activities (such as choral societies or sports clubs). This study, however, focuses on a more general, yet rather 'strong' civil society institution in the Western world: Christianity.

Although Christianity is treated by some scholars as standing outside civil society - which is then conceptualised as a secular phenomenon (Hems and Tonkiss 2000, 9 in reference to Alexander 1998) - others have recognised and studied the contribution that the Christian religion has made as a civil society institution (e.g. Putnam 2000, Bellah et al. 1996, Offe and Fuchs 2001, Hall 1999). As examples of the positive contribution to society, scholars have pointed to the numerous social services that Christians have provided over the centuries and still continue to provide, such as schools, hospitals, homeless shelters, housing programmes, poor relief charities, self-help groups etc., and to the contribution of Christians to social movements, such as the abolitionist movement in the 19<sup>th</sup> century, and the civil rights movement and the right to life movement of the 20<sup>th</sup> century (Putnam 2000, 66; Sandel 1998, 213).

This engagement of Christians is clearly linked to some core (ethical) values that the Christian faith espouses, as it encourages believers to go beyond their own self-interest (Putnam 2000, 67, Offe and Fuchs 2001, 445, Bellah et al. 1996, ix). Christ's commandment to love God and one's neighbour, which is at the heart of Christian ethics, means that - arising from their relationship to the transcendent - believers should not concern themselves only with their own good but also with the good of others. The Parable of the Good Samaritan, through which Jesus answers the question 'Who is my neighbour', moreover makes clear that this love for one's neighbour means to care about all individuals not just fellow kinsmen or fellow believers (Bellah et al. 1996, xxx).

We may apply here the social-interactionist view of the relationship between civil society institutions and societal actors (see section 2.1.2) as follows. The other-regarding values that are embedded in and linked to Christian doctrine are transmitted through the community of faith, through teaching, rituals, Christian texts and so on, and might so influence the values and norms of those who interact with the Christian faith in that way in different spheres of their lives. Those values and norms might translate into specific civic engagement but might also, more generally, influence the way believers interact with others in society. The continued interaction with the community of faith may also strengthen and sustain those 'Christian' values that the individuals have come to hold.

The community of faith context is also important when we consider the link between civil society institutions and economic activity. The faith community may provide not only a context in which people are being encouraged to get civically engaged or which informs their societal interactions in general (including interactions in the economic sphere). It may also provide business people with the opportunity to develop a spiritual perspective on business activity through religious texts, specific teaching etc. (Rossouw 1994, Verstraeten 1998).

Some scholars have recorded case studies where Christians are thought to have translated Christian convictions into business practices and two examples will be mentioned here. The first example is Scott Bader Ltd in the UK. After having started the business in 1920, the founder Ernest Bader felt an increasing tension between his Christian faith and capitalist principles. This led him to reform the ownership pattern of his business and he transferred gradually all his shares into a 'Commonwealth' which is communally owned by the Scott Bader employees (Blum 1968). By making employees co-owners of the business, Bader wanted to "present an alternative to a war-based capitalist economy on the one hand and to Communism on the other" (ibid. 10). Another example is the 'Economy of Communion' or 'Economy of Sharing' movement, which developed out of the Focolare Movement - a global, ecumenical Christian movement - and to which SMEs around the world adhere. 'Economy of Communion' businesses adhere to business guidelines that are based on biblical principles and

address, among other things, interpersonal relationships, the environment, health and physical fitness, wisdom and learning. They also share their profits according to a “three parts rule”. That means, that one third of their profits are to be reinvested in their firms at their own discretion, one third is to be given to the poor and the final third is to fund education for a “culture of giving” (Gold 2000).

Yet despite the positive actual and potential contributions that Christianity can make as a civil society institution, it is not clear – as with civil society in general (see section 2.1.1) - whether it always will make a ‘positive’ contribution. We will turn now to some developments related to Christianity that might call its potential to make a ‘positive’ contribution into question.

### *Privatisation of faith*

Generally, scholars have observed a decline in church membership and a slump in church attendance over the last few decades in Western societies (Putnam 2000, 72; Offe and Fuchs 2001, 433; Hall 1999, 429). As a result, the day-to-day actions of Western citizens as a whole are less likely to be explicitly informed by Christianity than in the past - although Christian norms and values might still be held in a secularised form.

But even more importantly, scholars have pointed to some developments relating to Christianity in Western societies that suggest that people might treat their faith more as a personal, private matter rather than something that informs their participation in public life.

Some scholars, among them a number of business ethicists, have argued that secularised, modern societies allow religious believers to treat their faith only as a private matter (e.g. Herms 1991, Rossouw 1994, Fort 1999, MacIntyre 1988). Religious beliefs may inform a Christian’s personal morality but should have no place in the believers’ participation in public life including participation in economic activity. The public sphere should rather be ‘value free’ or ‘ideologically neutral’ as it needs to accommodate people who do not subscribe to religious worldviews.<sup>13</sup> As a result, believers are thought to find it difficult to voice opinions on public matters that are based on religious beliefs, as references to religious beliefs might be regarded as ‘irrational’, i.e. they would not meet the public criterion of ‘objective rationality’ (Herms 1991, Rossouw 1994).<sup>14</sup> What worries scholars, however, is that in the case of economic activity the criterion of ‘objectivity’ often relates to the (allegedly) ‘value-free’ neo-classic economic theory (Herms 1991), and that with a withdrawal of Christian input this societal sphere might lose an important force that might channel economic activity in a way that it is beneficial and not harmful for society.

This concern about the impact of societal secularisation processes on Christianity as a civil society institution is mirrored by observations about what is actually happening in the Christian community of faith. The three observations that are listed here are related but they cover slightly different angles.

Bellah et al. (1996, pp. 230) observed how Christians might privatise their faith. They found, while studying a particular conservative Protestant (evangelical) church, that the Christian commandment to ‘love and care for others’ was primarily applied to the community of faith but not to the wider community, which was of interest only as a target for missionary outreach. They further observed that moral injunctions of the Christian faith were applied to the believers’ personal morality only, i.e. a morality that relates only to one’s personal conduct and family life and not to wider social commitments. In other words, even though moral values played an important role in the church’s

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<sup>13</sup> This argument might also be made to accommodate people of other religious worldviews. But the demand for value neutrality seems to be more driven by secularism than by multi-culturalism.

<sup>14</sup> A related problem is that, according to the liberalist ideal, modern societies should not espouse any ‘substantive’ ideas about the common good. The emphasis is solely on just and transparent procedures (procedural justice), which is supposed to ensure that every view is heard and taken into account (Schuppert 2002, Münkler and Fischer 2002a). Political scientists recognise the danger that all views might be treated as equally valid and thus in a democratic society the view that gets the majority vote wins. To counteract this, they follow the Habermasian discourse ethic and argue that one has to give reasons that legitimatise their viewpoints in the context of the common good (Schuppe 2002). Again, reasoning based on a religious worldview might be regarded as inferior, as it makes too many ‘irrational’ (substantive) assumptions, which secular rationality cannot understand.

teaching and in the life of the faith community, they were not translated into engagement with and for wider social issues.<sup>15</sup>

Other (non-academic) observers report on a similar phenomenon within the Christian community. They argue that a number of believers tend to compartmentalise their lives into a ‘sacred’ and into a ‘secular’ realm (Greene 2003). As a consequence, Christians might regard only those social actions as spiritually significant that they can readily link with their faith, such as engagement in church activities, evangelising or perhaps engagement in the right to life movement. They would not bring a faith perspective to their participation in other spheres of public life.

Finally, scholars point to the fact that Christian believers might link their faith with spiritual experience rather than with injunctions for one’s ‘public’ morality (Fort 1999, Bellah 1996, 232). This may be the result of Protestant doctrine, which places a particular emphasis on the individual experience of salvation and an individual relationship with God (Offe and Fuchs 2001, 445; Bellah et al. 1996, 232), but may also be influenced by wider cultural tendencies of individualised and consumerist behaviour (see section 2.1.2). As a result, the Christian faith might be primarily regarded by believers as something that brings spiritual fulfilment and psychological comfort rather than as an inspiration to ‘make a difference’ in the world. Similarly, the community of faith may be considered a place that helps to meet the believers’ individual spiritual, psychological and social needs rather than a place that has a mission to ‘transform’ society.

The fact that believers might privatise their faith does not only have consequences for their ‘civic engagement’ in society in general, but even more so for their engagement with economic activity. The theologian James Childs calls this a ‘shareability gap’ and he argues that among many Christians there is a “long-standing dualistic assumption that spiritual life and business life belong to separate worlds” (1995, 8). In other words, Christians might not seek to influence economic activity as they might not consider it relevant from a spiritual point of view. Rossouw underlines this by his observation that churches very often use the expertise of their members who are in business but only very rarely provide spiritual and theological guidance for the same people and their life in business (1994, 567). He also points out that Christians who are involved in business activities might often be “forced to live a schizophrenic life – having one understanding of reality, identity and morality in the workplace, and an altogether different understanding, identity and morality in the church” (ibid., 568 in reference to Schlender 1982).

### *The Protestant Work Ethic*

Apart from more contemporary developments within Christianity that might prevent Christians from engaging in the public sphere in general and from engaging with economic activity from a spiritual point of view in particular, there has been a historical development within Christianity which has been thought to prevent Christians from going beyond their self-interest and which directly relates to economic activity.

Catholic and a number of Protestant traditions (e.g. the Lutheran tradition) have generally condemned ‘unrestrained’ accumulation of wealth and sought to conceptualise economic activity in the context of a wider human and societal good. Catholic traditions, for instance, often refer to the idea of the ‘common good’ within which economic activity should be embedded (e.g. Aquinas 1969, Argandoña 1998) whereas the Lutheran tradition has conceptualised economic activity as a service to others or to society (Childs 1995, Pawlas 2000). In both cases, those who engage in economic activity are asked to go beyond their self-interest and also consider the good of the neighbour or the community.

By contrast, Calvinist and Puritan strands in Protestantism are assumed to have produced a ‘work ethic’ that is more congenial to the self-interested behaviour that classical economic theory espouses.

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<sup>15</sup> Putnam reported on similar findings in his study (Putnam 2000, 77). Even though it is helpful to point out such tendencies, one should not generalise from these observations, i.e. assume that all evangelical churches are like the one described by Bellah et al. Evangelical Christians in the U.S. are getting increasingly engaged in wider social issues (Luo 2006, Roels 1997), and social reality might thus be more complex and things might be different in other evangelical churches.

Those traditions, which are also referred to as ‘ascetic Protestantism’, have received a lot of attention from scholars such as Weber (1930) and Tawney (1938), as those traditions are thought to have contributed to the rise of modern Capitalism.

Two elements in Calvinist and Puritan teaching are regarded to have led to the rise of the ‘Protestant Work Ethic’: the teaching on work as a vocation or calling and the teaching on predestination. Unlike most pre-reformist thought, work was considered by Calvin a place that was spiritually significant, a place that was assigned to believers by God, a place in which they were to live out a spiritual vocation and ‘carry out the will of God’ (Hughes et al. 2003, 99; Geldard 1992).<sup>16</sup> At the same time, the Calvinist tradition taught the doctrine of predestination, which said that God had predetermined whose soul will be saved and who will go to heaven. This produced quite considerable anxiety among believers and so, Weber argued, they tried to prove their salvation by working diligently and striving to be successful in their work, as material success was considered a sign – but no ultimate proof - of being among the elect (Hughes et al. 2003, 100; Frey 1998). The belief that one had to do well in one’s calling also led to the view that one had to take up every economic opportunity that arose (and was regarded as God given) and not be constrained by traditional obligations (Hughes et al. 2003, 101). Particularly Tawney observed in his study on non-conformist Christians in the 18<sup>th</sup> century that they gave a lot of attention to the importance getting the most financially through their work, although they did not indulge in luxuries but saved the money and invested it back in the business or gave it away (Banks 1998). As a result, even though Calvinist or Puritan Christians were not interested in the accumulation of wealth for its own sake – and actually often lived an ‘ascetic’ lifestyle - their behaviour is thought to have contributed to the rise of ‘capitalist’ attitudes such as the continuous search for commercial opportunities. At the same time, scholars argue that the focus on one’s individual salvation would have pushed considerations for the good of others more and more in the background (Pawlas 2000, 77).

The thesis of the Protestant Work Ethic has been met with lots of criticism and controversy. Some scholars point out that it was not so much the teaching of Calvin himself that gave rise to such behaviour, but the psychological impact that this teaching had on the believers (Hughes et al. 2003, 102, Razzell 1977). Others point out that theologians in the Calvinist and Puritan traditions allowed the adoption of more commercial attitudes as well as self-interested economic behaviour within careful conditions – unlike other Christian traditions – but that they always considered economic behaviour in the wider context of the common good or social justice (Geldard 1992, Frey 1998, Banks 1998). Frey (1998), who examined the writings of a number of Puritan theologians, argues, for instance, that exclusive self-interest was considered to be a manifestation of sin, that believers had to display the virtue of moderation, and that wealth had to be used in service to the common good. Frey further points out that the Protestant Work Ethic survived as a secular ethic beyond the Puritan era. This secularised ethic made economic success an end in itself, not a sign of conformity with divine will and appreciated the Protestant virtues of honesty, hard work etc. because of their utilitarian value (ibid., 1574). Thus the capitalist spirit that is associated with the ‘Protestant Work Ethic’ should rather be regarded as part of a ‘Post-Protestant Work Ethic’.

Nevertheless, Van Buren and Agle (1998) argue that the ‘Protestant Work Ethic’ still continues to exist as a religious belief among Christians (particularly in the U.S. American context) – even though it has no direct biblical warrant – and might influence their workplace behaviour. Bellah et al. (1996, x) point to another element that is part of ascetic Protestantism and that they consider to be influential in contemporary American culture: the belief that the ‘saved’ can take care of themselves and that one has therefore no obligation to look after others in society. This, so Bellah et al. argue, might even lead to excluding the poor from the social body altogether because they are considered morally unworthy, with ‘unworthiness’ being determined by their lack of economic success.

The two ‘faces’ of Christianity, the strong injunctions that command believers not to seek only their own good but also the good of others, on the one hand, and the privatised, individualised and self-interest focused expressions of the Christian faith, on the other, makes it an interesting civil society institution to study. Before we set out how the influence of Christianity on business behaviour will be

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<sup>16</sup> An idea that was also promoted by Luther, albeit with a different emphasis (see section 4.1).

examined in this study, we will look at some studies that have already been carried out in the business ethics field.

### **2.2.2 Previous research on the influence of religion on economic activity**

A number of researchers have sought over the last few years to empirically examine the influence of Christianity on economic activity, although they have done so with quite different research questions in mind. This section provides a brief overview and a critical evaluation of those studies.

The most striking aspect about those studies is that most of them were conducted in the United States. This may be explained by the fact that the role of religion is in the United States (still) more accepted in the public sphere than in other Western countries, e.g. Western European countries, where secularism seems to have ‘progressed’ more and researching religion might be less acceptable. At the same time, the predominance of U.S. based studies points to the need to investigate the influence of religion on economic activities in other national contexts.

Even though some of those studies focus on religiousness rather than specifically Christianity, most of the different religious affiliations that they investigate are Christian ones, with a few also including Judaism and other religions (e.g. Longenecker et al. 2004). Hence they mirror the religious make up of the U.S. population.

Quite a few of those studies used quantitative methods, with which they sought to measure relationships between variables, for example, between personal religiousness and ethical judgments in business situations (Clark and Dawson 1996, Longenecker et al. 2004); religiousness and unwillingness to engage in unethical behaviour (Kennedy and Lawton 1997); religious practice, Christian beliefs and attitudes towards Corporate Social Responsibility (Agle and van Buren 1999). The first three studies mentioned were scenario-based studies and used different scales and questionnaires to measure people’s religiousness. Agle and Van Buren used a slightly different approach. They identified beliefs that Christians potentially hold through a review of Christian literature (concerning stewardship, wealth distribution, other-regarding values etc.) and that may influence Christians in their managerial decision-making (Van Buren and Agle 1998). They then tested whether those beliefs, as well as religious practice, correlated positively with attitudes towards Corporate Social Responsibility (Agle and Van Buren 1999).

As a result of the quantitative approach, the research findings were usually phrased in very general terms: “People that show a high degree of intrinsic religiousness found actions described in scenarios to be less unethical” (Clark and Dawson 1996); “Little relationship between religious commitment and ethical judgment was found when responses were compared on the basis of broad faith categories – Catholic, Protestant, Jewish, other religions, and no religion. However, respondents who indicated that religious interests were of high or moderate importance to them demonstrated a higher level of ethical judgment ... than others in their evaluations. Evangelical Christians also showed a higher level of ethical judgment.” (Longenecker et al. 2004), or “Religious practice and Christian beliefs have a weak relationship to attitudes towards CSR” (Agle and Van Buren 1999).

Apart from the obvious fact that if one compares those studies the results are not conclusive, Weaver and Agle (2002, pp.79) criticise such quantitative studies as a) they often use undergraduate and MBA student samples b) they mostly focus on attitudinal measures of business ethics, which may suffer from social desirability biases, especially if both they and the religiosity measures are assessed at the same time and c) use widely varying definitions and measurements of religiosity (intrinsic vs extrinsic, religious affiliation etc.) that often do not sufficiently yield motivational and cognitive differences.<sup>17</sup> Following these criticisms, one might question the suitability of quantitative research in general in an area such as this. In other words, how likely is it that researchers sufficiently captures a complex phenomenon such as religion in its impact on economic activity if they seek to produce

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<sup>17</sup> Longenecker et al. (2004) have sought to address some of those criticisms by a) focusing on business managers and professionals and not students b) trying to measure the respondents’ religiousness through a more sophisticated scale. Yet their study is still a quantitative and does not sufficiently uncover the complexity of the phenomenon.

generalised statements through large scale surveys? Therefore such quantitative studies provide only limited understanding of the relationship between religiousness and business activity.

Still, two more quantitative studies must be mentioned, as the chosen group of economic actors there was more similar to the one that the author has chosen. Ibrahim et al. (1991) focused on companies in the U.S. that described themselves as “Christian-based” companies. Their aim was to find out to what extent those companies showed similar behaviours towards different stakeholder groups and they sent out open-ended surveys to such ‘self-described’ companies. Although they found that a number of practices were shared among the majority of the respondents, such as seeking customer satisfaction, prompt payment of bills, and proselytising stakeholders, they also found differences when they compared different industries.<sup>18</sup> Again, such surveys might give some insights into the practices of such companies (or reports thereof), but using a large sample and seeking to produce generalised statements is unlikely to unravel motivations that underlie those behaviours.

Lastly, Quinn (1997) sought to identify to what extent active involvement in civil society institutions influenced ethical attitudes of SME owner-managers. In addition to the positive fact that this is a study that is located within a U.K. context, it also – unlike the other studies – takes into account that religion is just one factor among others that might influence economic actors. The study found that religion had a higher influence on the owner-managers’ ethical attitudes than involvement in the community, which again had a higher influence than involvement in business groups. Aside from the fact that this study had a rather weak empirical basis for a quantitative investigation (41 respondents), again this kind of study does not give much in-depth insight into nuances of the relationship between religion and economic behaviour.

A more interesting methodological approach, an approach that moves away from survey data and quantitative analysis, is found in Lee et al.’s (2003) study on Christian executives in Hong Kong (again, another national context!). They based their study on Niebuhr’s ‘Christ and Culture’ typology (1951), which was later modified by van Wensveen Siker (1989) into a ‘Christ and Business Culture’ typology. This typology has five categories, with the two extremes ‘Christ against Business Culture’, where Christianity and business are in complete opposition, and ‘Christ of Business Culture’, where Christianity and business are in complete agreement (i.e. Christian principles always work for one’s self-interest). The remaining three categories ‘Christ and Business Culture in paradox’, ‘Christ above Business Culture’ and ‘Christ the Transformer of Business Culture’ respect the differences between Christianity and business and seek out different ways to reconcile the different principles (compromising, integrating and transforming respectively). Lee et al. carried out interviews with over 100 Chinese Christian executives, in which they sought to elicit ‘critical incidents’ that featured significant encounters between faith and work. The data analysis revealed that across the sample all five types of ‘Christ and Business Culture’ were identified in the respondents’ rationalisations of their actions. This approach provides rather interesting insights, particularly as it acknowledges diversity among Christian business people in the way they rationalise the link between their faith and their business practices. On the negative side, this study ‘imposed’ a framework on the data and did not explore in-depth underlying beliefs and values of the reported practices.

Finally, there are two more qualitative U.S. based studies that focus particularly on Evangelical Christians<sup>19</sup> that deserve mentioning.

Nash (1994) set out to investigate in an interview-based study how evangelical CEOs brought their faith to their business. Her aim was two-fold. First she wanted to investigate whether the unfavourable image that the evangelical faith enjoyed in America held true with those CEOs, and secondly she wanted to stimulate discussion about the role of faith and economics, particularly among Christians (ibid., 272).<sup>20</sup> In particular she sought to explore how those evangelical CEOs dealt with the following

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<sup>18</sup> Ibrahim pursued his interest in ‘Christian-Based’ companies further by investigating whether they yielded a better long-term performance than their secular counterparts (Ibrahim and Angelides 2005).

<sup>19</sup> Evangelical Christianity may be understood as a particular brand of ‘conservative’ Christianity that is widely spread in the United States and predominantly found in Protestant denominations. Nash defines the evangelical strand of Christianity by outlining three features: 1. A felt sense of sin and redemption that has resulted in an ongoing personal relationship with Jesus Christ. 2. An obligation to bear witness to Christ’s love and to the divine nature of the Trinity. 3. A belief that all aspects of life are subject to scriptural authority (1994, 5-6).

<sup>20</sup> As such it is written in popular style and not as a strict academic study.

'tensions': the love for God and the pursuit of profit, love and the competitive drive, people needs and profit obligations, humility and the ego of success, family and work, charity and wealth; and faithful witness in the secular city. In her interviews with over 85 CEOs she identified three types: the 'generalist', the 'justifier' and the 'seeker' (ibid., 40). A generalist would be of the conviction that there was never a real problem between faith and the requirements of business lives and skate over apparent inconsistencies. A justifier would similarly ignore conflicts between biblical principles and business requirements and regard his economic success as a justification of his faith. The seekers, by contrast, would be acutely aware of dilemmas between faith and business and be prepared to address them. A seeker would confront those conflicts or tensions "through prayer and the perspective of faith and seek out a course of action consistent with Christianity" (ibid. 45). Nash argued that seekers would adopt from their faith a relational and holistic perspective that would shape their leadership style (ibid., 271).

Nash's study gives some interesting insights into the relationship between faith and business activity, as, like Lee et al. (2003), she maps out the diversity among her respondents. At the same time, it is rather apparent that she writes from an U.S. American background where the 'tensions' between corporate activity, with its focus on profit-making and growth, and the other-regarding values that are embedded in the Christian faith are probably more evident than in other national contexts.<sup>21</sup> This may explain why she conceptualised her interest in the relationship between faith and business as 'conflicts' and 'tensions'. Furthermore, even though her sample contained CEOs from different sizes of business she does not particularly address potential differences between owner-managed and other businesses or between CEOs of small and large enterprises. Such differences might be particularly important, however, as Weaver and Agle (2002, 86) point out that those managers that seek to 'climb the ladder' of success within a (larger) corporation may lay their personal values aside while doing so and might not revert back to them once they have reached the top of the ladder, even though a top-managerial position might give them greater opportunity to follow their personal values.

Roels (1997), lastly, reports on her personal observations of evangelical business people that run small to medium-sized companies to give some insight into what Christian concepts are likely to be of relevance for those people. She observed that the business ethics of evangelical business people had primarily four emphases: 'piety', which relates to Bible study and prayer as the "sources for business integrity and daily motivation"; 'witnessing', which relates to the overt sharing of their faith; 'tithing' which means that they will give ten per cent of their profits away to Christian or other charities, and 'neighbourliness', which might relate to helping people in the local community or in the community of faith. This study comes closest to what the author is seeking to achieve with this study as it also observed a similar group of economic actors, even though Roels' insights are rather anecdotal in nature and she does not investigate in detail how these concepts are adopted by these people. She, moreover, seems to miss out on some aspects. For example, she suggests that evangelical business people should learn to draw on other Christian traditions and, for example, consider the concept of stewardship. Yet this concept is known among evangelical business people as other studies indicate (Nash 1994, 47, 271).

The rather different and diverse set-ups of those studies in terms of their research questions, their methodological approaches, their national and cultural contexts, and their research 'subjects', makes engagement with them rather difficult. Yet those studies confirm that there is no straightforward answer as to how Christianity influences economic activity - even though there are indications that it can make a 'positive' impact - and that Christians may apply their faith to their business practices in rather different and diverse ways. Those studies leave a lot of scope for more in-depth research into the 'why' and 'how' of the relationship between Christianity and economic activity and for investigating the phenomenon in other national contexts. The following section will set out in more detail how this study approaches the phenomenon and will highlight how this approach is different to those of the other studies and will therefore be able to make an 'original' contribution.

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<sup>21</sup> As state and national culture do not have as much a moderating influence on business activity as in Western European countries.



## 2.3 Setting up the research

### 2.3.1 What this study seeks to achieve

This investigation is framed by the general problem of the influence of civil society on economic activity. As explained in the preceding sections, this study seeks to explore the phenomenon at the level of the individual actor by focusing on the influence of membership of a particular civil society institution. As an example, the study investigates how adherence to the Christian faith might impact on SME owner-managers' behaviour.

As already indicated in the preceding section, the researcher is rather critical of quantitative studies that seek to explore the influence of religiousness on economic activity. She follows Weaver and Agle (2002, 77) who argue that the influence of religion on business behaviour is a rather complex matter as religion itself is rather complex phenomenon and other factors might have an impact too<sup>22</sup> and that quantitative studies are unlikely to be able to sufficiently explore those complexities (see also their critique of quantitative studies in section 2.2.2). She therefore decided to investigate the problem by using a qualitative, interpretative approach in the spirit of Weber's 'verstehen' method.

She further decided to explore the phenomenon from the owner-managers' point of view, through conducting interviews (see section 3.1.2).<sup>23</sup> This has implications for the formulation of the research questions.

Section 2.1.2 mentioned two social theories, Giddens' (1984) theory of structuration and Harré and Gillett's (1994) discursive psychology, which were identified as a suitable framework for the research problem. Whereas the former has a more sociological focus, as it is interested in the production and reproduction of societal structure in the social practices of societal actors, the latter takes up a socio-psychological perspective by focusing on the role of interacting discourses in the shaping of individual cognition. Harré and Gillett's approach is obviously more in line with the decision to study individuals' point of views and the researcher will thus follow more closely the ideas that the discursive psychology approach espouses.

In such socio-psychological analysis the primary focus is on how human beings conceptualise their practices while at the same time it is assumed that such conceptualisations might also translate into actual practices. Christianity is thus considered a particular discourse or discursive context that the chosen group of economic actors inhabit and that may (or may not) play a part in the way they conceptualise their business practices. The socio-psychological perspective takes further into account that the economic actors that are the focus of the investigation inhabit other discourses which might equally influence the conceptualisation of their business practices and might also interact with the Christian discourse: the 'economics' discourse through their own participation in economic activity, but also other socio-cultural discourses.

Following the socio-psychological approach, the aim of the study is to explore the following questions:

- How do Christian SME owner-managers draw on the Christian discourse in relation to their business activities? Which beliefs, values and norms play a role and why?
- How do they link those beliefs, values and norms with actual practices?
- How do other socio-cultural discourses interact?

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<sup>22</sup> Weaver and Agle (2002) are particularly interested in organisational culture as mediating influence. This seems to be particularly important if one seeks to study the ethics of Christian managers in large organisations.

<sup>23</sup> Weaver and Agle (2002, 91) point out some drawbacks of interview-based research such as social desirability biases and self-deceptions, and suggest, for example, to interview persons that are close to the subjects. This option will be discussed in section 3.1.2, which will also explain in more detail the researcher's decision to focus on interviews only.