



Christianity and Capitalism in China

A Case Study from
the Diaspora

Ottavio Palombaro

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Introduction

Since its inception, the discipline of Sociology sought to eliminate the possibility of metaphysics. Few since then have sought to ascertain how someone's beliefs about life can change the way reality is shaped. This happens when the view of self leads someone to become a social agent of change. Objects, like in optical illusions, can be perceived in differing ways, when a face becomes a glass or a rabbit becomes a duck. The reality stays the same, but the perception of the individual makes all the difference in the world. Back in 1928, sociologists (see the Thomas theorem in Merton, 1995) conceived what became known as the Thomas theorem, which states: '*If men define situations as real, they are real in their consequences*'. It is possible to put it this way: if someone believes that little green goblins are hiding in the woods and he changes his route to avoid them, then his idea of reality has affected his actions. This is more than a psychological cliché, especially when the social power of those mechanism is taken into consideration. Adam Smith's economic idea of the invisible hand embraced at large, changed the whole direction and shape of modern society. The power of ideas, someone's view about self, as immaterial as they are, tend to go beyond the naturalistic realm and still influence individuals, societies and economies.

Someone may ask at this point: what difference does it makes to take those aspects into consideration when entering the field of economics and sociology? For endless decades scholars have tried to come up with an

answer on what could the determinants for economic success be. Some relied only on economic formulas, some pushed on the sociological side and pointed out the role of innovation, some just relied on the influence of personality, some listed culture or networking, others simply trusted that chance will do its work. Yet despite the fact that all those contributions may be instructive and important, they never seem to grasp the power of ideas in shaping economic success for individuals and then at large for the whole society. Are those factors listed in and of themselves able to pass the test of empiric validity? Success, as I will show in this study, is to be defined in relation with its opposite: failure and crisis. And that's where certain beliefs can come into the picture and really make the difference.

The concept of self-esteem to start with, has some clear significance for the achievement of economic success. Surprisingly, even to the social actors themselves, this success finds its origin in certain beliefs. Among Christian teachings for example, ideas such as 'feeling loved', self-worth, seeing oneself as 'uniquely wonderful' and 'intrinsically valuable' do have a powerful influence in shaping the daily life of an individual. Those self-worth teachings based on the idea of man as made in the 'image of God', lead the individual under this influence to perceive an infinite worth in himself, becoming 'glorious', 'dignified', full of 'beauty' (Adams, 1986). Despite these ideas may be debated within 'religious' entourages, I argue here that those ideas can in fact powerfully influence and shape the life of the individuals, including their work-life.

The purpose of this book is to seek to build a closer bridge between the disciplines of economics, sociology and religion. This will be done through an explorative analysis on the relationship between capitalism and Christianity, particularly Calvinism. This will be a study between economic behavior and a peculiar set of religious beliefs. Entrepreneurship will here be treated in its sociological significance for the relationship between an etherogeneous set of forms of religiosity. When I refer to religiosity, I refer to something far broader than religious affiliation or church attendance. Since this study intends to be more in-depth than a description of nominal religious adherence, one may question the legitimacy of such undertaking. Can a study that intends to reach a certain degree of objectivity appeal at all to a set of ideas of religious connotation? Such question challenged my study from the primary stages of this research to its conclusions. In fact, the scientific study of religion has a way to represent a challenge, due to the many different ramifications

of the discipline of sociology from its positivistic beginnings, to biologism, Marxism, neoclassical economics, structural functionalism, world system theories, rational choice theory, etc. ... I argue here that there are many practical reasons why the discipline of sociology needs to confirm its efforts in the topic of religion. Chief among these reasons is the central relevance of an individual set of religious beliefs for the formation of a specific economic behavior that indirectly is able to affect the presence or absence of economic success.

The modern and secular worldview of today has neglected the centrality of certain of these concepts, simply because they are connected to the idea of the supernatural. To introduce such dimension would force the discipline of sociology to rethink the very foundations of how somebody looks at human behavior. Many sociological approaches to this topic were undertaken with a load of assumptions, mainly on how somebody must view science. The task of any science and discipline is said to be to observe and analyze all phenomena objectively, without making ‘religious assumptions’. But if reference to the supernatural is left out in the foundation of any theory, this will limit the possible conclusions. This bias should force scholars to rethink sociology, its foundational assumptions and the effects of such bias for the free progress of the discipline as a whole. Even if today the majority of scholars would tend to dissociate themselves from many of the positivist claims of the ancient sociology, people would still indirectly agree with its naturalistic and empiricist claims. Religion as a result of this is ‘disqualified’ from the possibility of having any sociological relevance. How are we to give account however for the myriads of social phenomena of extreme significance today for the foundations of Western civilization, which still have their roots in religion? Among the many examples I here focus on the economic, political, cultural and sociological benefits that the spread of the Protestant Reformation had for the progress of Western civilization. This case was notoriously defined by a main theoretical inspiration to this study: the Dutch politician, journalist, statesman and Neo-Calvinist theologian Abraham Kuyper in his *Lectures on Calvinism* (Kuyper, 1931). Reading through those lectures should lead anyone to recognize how certain ideas (mainly the belief in Calvinism), regardless of their spiritual origin, are able to transform the way people act as individuals in society, exercising an influence that extends to every area of life: religion, politics, science and art (Bratt, 1998, pp. 279–322).

But the present status of humanities and social sciences seems to be quite allergic to the inclusion of non-material terminology such as ‘spirit’

(*Geist*) of capitalism. In this respect it is remarkable to ponder Vern Sheridan Poythress's description of the fallacies of modern approaches to societies:

In the twentieth century sociological and anthropological study of human societies has assumed, as a foundation for the discipline that God can be left out of the account. Sociology and anthropology may of course study 'religion' as one aspect of society. But this study focuses on human practice of religion not on God himself. Why this exclusion of God? One response would be that only by such an exclusion could these disciplines hope to be scientific. But the aspiration to be scientific is itself loaded. To begin with it may be loaded with the assumption that somehow human beings can be treated exactly as if they were on the same level as animals or rocks or other creatures [...] ¹

Beyond metaphysics and beyond my personal view as the author of this book, here lies a crucial perennial problem in the discipline of sociology, when seeking to establish how certain ideas unavoidably connected with the supernatural can or cannot be legitimately analyzed. The broad discipline of religious studies, and within it the field of sociology of religion, in the past century has, with few exceptions, ² undermined the factual determinants of religious beliefs as an aspect worthy of intentional study. The positivist roots of this attitude have instead labeled beliefs as 'illusion', opposing the study of beliefs not from purely scientific motives but because those scholars themselves entertain other 'convictions' (paraphrased but still forms of beliefs), which they replaced with the previous (Bavinck, 2003, Vol. I, pp. 51–52). Later on Vern Sheridan Poythress continues to point out the intellectual fallacy of this prevailing interpretation:

[...] But even more seriously the label scientific ignores the possibility that our modern conception of science, taken from the existing state of the natural sciences, has already been distorted by a systematic human flight from recognizing the presence of God in science. The aspiration to

¹ Poythress V. S., 2011, *Redeeming Sociology. A God-Centered Approach*, Wheaton, CROSSWAY, p. 47.

² For our case of Protestant migrants, see for example: Light, Ivan, and Edna Bonacich, 1991, *Immigrant Entrepreneurs. Koreans in Los Angeles. 1965–1982*, Los Angeles, University of California Press.

be scientific may already have introduced biases. [...] But from a biblical point of view, the move to exclude God ignores the single most important fact about communication and the most weighty ontological fact about language. When we exclude God we distort the subject matter that we study, so we can anticipate a multitude of repercussions when it comes to the detailed analysis of the subject.³

By saying this, I am not suggesting an outright re-introduction of theology in humanistic sciences in the Medieval steps, but I am only pointing out a logical problematic biased conclusion coming out of this drastic separation. In the same way an approach of outright ‘religious defense’ of a certain topic is to be discouraged in the scientific study of religion, a complete rejection of religious explanations in the name of objectivity is also to be avoided. The point made by Poythress apart from its rhetoric is that, first through the humanistic view centered on man, then with the positivist shift that gave birth to sociology, man so far was not able to give a final fundamental solution to the problems of society by intentionally replacing God from any objective sociological discussion. It is possible to conclude that from both sides of the debate no determinism whatsoever is compatible with the scientific study of religion. As the reader will go through the pages of this work, it will be clearer why this methodological point is so crucial and what type of problematic repercussions there are when somebody ventures the analysis of such topic.

Having set this premise in the outset and coming to the heart of the matter, the area of research of the following book has to do mainly with the economic and sociological relevance of religious elements. To better comprehend what this means, we have to go back to the classics of sociology that understood well what is at stake here, what today is the big ‘elephant in the room’ for our contemporary society. The starting point of this study is the famous work of Max Weber on the *Protestant Ethic and the Spirit of Capitalism* (Weber, 1930 [1905]). Together with subsequent analysis, this seminal work set the foundations for the analysis of the role of religion for the economy and society. Weber identifies a specific set of religious beliefs proper of Protestantism as the spark able to ignite the fire of modern capitalism. The Protestant ethic has nothing to do with love

³ Poythress V. S., 2011, *Redeeming Sociology. A God-Centered Approach*, Wheaton, CROSSWAY, p. 47.

of money or desire to be rich common to all ages and men. The function of those religious beliefs, sometimes even accidentally, was the one of shaping a specific conduct and a way of life that resulted in successful economic behaviors, crucial for the advent of modern capitalism. It must immediately be clarified that Weber was not equating the spirit of capitalism with capitalism itself, nor did he intend to say that Protestantism was the ultimate cause for capitalism.

This conduct and way of life is what later I will better describe as *ethos*,⁴ a variety of individual systems of values different according to time and space. Among them I focus on a specific economic *ethos* that lies behind what even Adam Smith perceived as a turning point in the worldview of modern economy. At the heart of Weber's thesis was the centrality of the Calvinistic belief in predestination as an element that in his view was causing anxiety about eternal salvation in the believer and therefore leading people to find a solution through economic success as a sign of their personal election. As I was noting the popularity of such thesis in every manual and book of introduction to the matter, I was surprised of the absolute neglect of the original sources from the side of scholarly studies. Entering the study of the works of John Calvin as well as successive expressions of Calvinism, mainly in Puritanism, it is possible to see no presence of such anxiety about salvation but rather the very opposite: a state of complete and perpetual assurance as the chief counter-current to the Roman Catholic view of salvation. After Max Weber's intriguing thesis, a quite intricate field of studies has developed around this matter (McKinnon, 2010; Barbalet, 2008; Schaefer, 2007; Cohen, 2002; Delacroix and Nielsen, 2001; Kalberg, 1996; Treiber, 1993; Giorgi and Marsh, 1990; Marshall, 1980; Collins, 1980; Razzel, 1977; Kim, 1977; Bouma, 1973; Mirels and Garrett, 1971; Bendix, 1967; Means, 1966). For the most part those critics were not able to deny the validity of Weber's thesis, also due to their sometimes superficial understanding of concepts and historical facts or their lack of substantial alternative explanations.

My book therefore has the intent to redirect those theoretical conclusions on the basis of documentary theological studies on the sources of such thought, pointing out their sociological significance. I argue that the belief in Perpetual Assurance of Salvation together with other

⁴ From the Greek word: ἔθος, οὖς, τό 'custom', 'habit', 'character' used to describe the guiding beliefs or ideals that characterize a community, nation or ideology.

beliefs already identified by Weber is the core of the revolutionary change introduced by Calvinism which was and is still able to impact indirectly economic success. Economic success, among other qualities, has been said by literature to be already connected with the principle of self-efficacy, mainly someone's belief in his ability to achieve a certain goal (Bandura, 2001; Zhao and Seibert, 2006; Laguna, 2013; Rauch and Frese, 2007). Giving the fact that some studies already have shown that certain religious beliefs leads to self-efficacy, the question remains on how to check the presence of such correlation between the belief in Perpetual Assurance of Salvation (which I will call throughout the book PAS) and self-efficacy. This can be done only by searching for any contemporary case of what Weber described when referring to the Protestant Reformation and the genesis of the Spirit of modern Capitalism.

I am not referring to a thing of the past, no longer part of a secularized society, but to a very active principle that can be traced only by considering the economic changes in today's world equilibrium. Some studies showed the possibility of the validity of Weber's thesis still in today's world, but within different contexts and conditions (Merton, 1957; Lenski, 1961; Willems, 1968; Crowley and Ballweg, 1971; Kim, 1977; Barker and Carman, 2000; Feldmann, 2007; Barro and McCleary, 2003, 2006). This evolution must be taken into account, if someone desires to explore any re-actualization of the thesis. It consists in the crucial passage of Protestantism from Western Europe in the sixteenth to seventeenth century to North America. In this respect, particularly notorious was the sociological study of another classic: Robert K. Merton's study of Puritanism (Cohen, 1990). Although Merton focuses more on the impact of Puritanism on modern science, this and many other studies point out to the survival of the Protestant ethic in American Puritanism, for the evolution and growth of such spirit of capitalism. Puritanism, Calvinistic in almost all its constituencies as a religious movement, was accompanied by a pervasive ethos that worked as a crucial sociological factor for the rise of modern science, technology as well as for the economic development of New England. Yet today such Puritan heritage seems almost lost, or substituted by a consumeristic society or a 'prosperity Gospel' that announces the death of such ethos, or perhaps its further evolution into another geographical and historical context.

I am strongly persuaded that with the current fall of the Western civilization, we are also experiencing the rise of the east. With the fall of the Protestant ethic in the West, I bring here to the attention of the

reader the specific case in the far East, which saw recently the ‘genesis’ or rapid growth of capitalism. Now it is true that capitalism saw some setback in China in the short term, yet that was due to the draconian measures from the communist government and not from what I will describe in this book. For this reason, the case of contemporary China and how this country is changing the economic equilibrium of the relationship traditionally viewed between east and west, between the Western world and Asia is extremely relevant. Particularly after the economic reforms of the 1970s, China has witnessed the advent of capitalism, while remaining surprisingly on paper a communist nation. Paralleling the economic shift, a consistent Protestant religious revival is taking place in the rice fields as well as in the modern eastern cities of China such as Wenzhou. Among all other religions Protestant Christianity plays a leading role in such context of religious revival, at the same time as this economic boom. Some scholars already pointed out that Wenzhou, also called China’s Jerusalem, because of its growing population of Christian Protestants, is also one of the richest cities of China, with a very high rate of entrepreneurship. Wenzhou has also witnessed the presence of a ‘Boss-Christian phenomenon’ where many Protestant believers are also strongly involved in business entrepreneurship (Hefner, 2010; Cao, 2008; Wenger, 2004; Bays, 2003; Fried, 1987; Masland, 1952). As I was approaching the literature on this interesting case (Yang, 2006), I’ve found that many ideas present on Weber’s treatise about Western Europe during the times following the Protestant Reformation were surprisingly ‘resurrected’ among those contemporary Chinese businessmen of Wenzhou. At the same time of this birth of capitalism, China today is interestingly witnessing the presence of an ethos from a variety of influences that could include Protestantism as a crucial factor. This was then leading me to elaborate a research question that flows from the pages and years spent investigating the roots, characteristics and economic influence of such Chinese economic ethos, reflecting and overlapping the ideal-types described by Weber (*Yi Xiang, Boss-Christian phenomenon, House Churches*, etc.). This initial connection is what gave a starting point to my quest for the understanding of how this theoretical argument that affected the discipline of sociology from its early stages could find an evident interplay in today’s real life.

As I was listening to stories from my Chinese friends, it became apparent that it was not something just confined to the borders of the Public Republic of China but it was transported in many country of the

Western world including my own. Italy like much of Western Europe has witnessed a massive Chinese migration that is contributing consistently to the advancement of economy. In Italy big cities like Milan or Prato as well as many other European cases like Paris, London and other Western countries experienced in the past decades a strong involvement in business among Chinese entrepreneurs migrating, mainly from the Chinese city of Wenzhou. Having found this theoretical connection between the system of beliefs described by Weber and the contemporary case of Protestant China's spirit of capitalism, I decided to apply the theoretical verification of Weber's model to this specific sociologically relevant case. With the contacts I had and the context I was living in the city of Milan, this was enough to begin an ethnographic investigation. If under the constraint of a heavy and long economic crisis in Italy, the Chinese community was doing exceedingly well in their business, above many other migrant communities, then there was a need to discover an explanation.

Because of the nature of the subject (religious beliefs and social behaviors in the workplace), I decided to proceed with a case-control comparative holistic qualitative design in the shape of an ethnography. The study presented here was done among Chinese entrepreneurs migrated from Wenzhou and involved as part of the Chinese Diaspora in different ways in small business activities in Milan, Italy. The research that I present here is the result of two primary tolls: first the submission of interviews and questionnaires to 85 Chinese entrepreneurs in Milan, Italy. The group was etherogeneous, composed by both Chinese Protestant and non-Protestant entrepreneurs to check the validity of my original theoretical framework. The intention was to identify the presence and role in business of the set of beliefs among the Protestant entrepreneurs and to compare those results with non-Christian entrepreneurs to see the difference through a series of potential alternative explanations to the religious ones for the presence of economic success. The study however was also open toward different interpretations not necessarily connected with the original theoretical framework as they arose from the field.

At the same time, I was contacting Chinese entrepreneurs and having interviews with them as well. I also started a more focused qualitative analysis of repeated participatory observation through the technique of job-shadowing. I was basically following weekly a group of six entrepreneurs in their daily work-life, observing their behavior at work in an informal setting and following after them in the less invasive way possible. The group was composed by two separate samples: one made

of Chinese Protestant entrepreneurs and the other made of Chinese entrepreneurs with no relationship at all with the Protestant faith. This was done in order to guarantee a somehow reliable comparison between the two samples, and in order to observe the features of this economic ethos. As it will be further explained in the methodological section, access to the field was particularly challenging and not without problematics even in applying the findings to the initial theory of the study.

The main questions that the following study tries to answer can be expressed in the following ways: how can we define properly and understand the practical significance of concepts such as the ‘spirit of capitalism’ or economic ‘ethos’? What are the specific features and historical origins of the relationship between religious belief and economic success? Why is the case of Wenzhou relevant for the understanding of this relationship and how can the theoretical model of the Protestant ethic relate to our contemporary societies? What significance religion has for contemporary economics and sociology? The objectives of this book can be outlined as follows:

- Identify and define the relationship between Protestantism and the spirit of capitalism in a contemporary setting.
- Identify and analyze the economic, psychological and sociological significance of the concepts of beliefs, ethos, values, ideas, rituals, etc.
- Establish their determinants for economic success among Chinese small businesses in the Diaspora.
- Analyze the historical origins of the theoretical debate in light of the more contemporary religious evolutions.
- Produce an exhaustive ethnography of Wenzhou’s entrepreneurship model overseas in the specific migratory contextual environment of Milan, Italy.;
- Promote a case of entrepreneurial success among migratory communities in the contemporary world.
- Promote and develop the centrality of a scientific study of religion in sociology of religion and contemporary economic sociology.

Concerning the first point, which is the central objective of this study, the method and the practical steps in the road through which I attempt

to achieve such objective and the expected foreshadowed results, can be listed as follows:

- Check the presence of the model as reformulated here on the basis of Weber's original argument among Chinese Wenzhouren Protestant entrepreneurs today.
 - (a) Survival of the Weber's thesis, and acknowledgment of its validity still in today's contemporary societies.
 - (b) Necessary adjustment of Weber's original claims in light of this fieldwork and other contemporary findings that go in a different direction.
 - (c) Possible inclusion, or even complete replacement, by other intervening factors.

In the following pages the reader will find the recollection and fruit of hard labor during the years I spent among Chinese entrepreneurs and small businesses in the area of Milan, Italy. The observations of the qualitative research here are preceded and accompanied by the theoretical framework that originated such investigation. My aim is that at the end of this sociological journey, the reader will at least have an idea of the reasons why successful entrepreneurship involves specific social and cultural aspects that move beyond mere business strategies. This study furthermore demonstrates the reality of a lesson: economic success in a situation of economic crisis like today is for the one creatively exploiting it, not for the one desperately fleeing it.

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Sociology and Capitalism

You were designed for accomplishment, engineered for success and
endowed with the seeds of greatness.

—Zig Ziglar

2.1 ENTREPRENEURSHIP FROM A SOCIOLOGICAL STANDPOINT

2.1.1 *Classic Perspectives*

Dealing with capitalism today requires us to begin with entrepreneurship. When faced with the question on how to become a successful entrepreneur, no one is able to avoid the consideration of a large amount of principles that are in their nature, still inherently social. Entrepreneurship can be defined as the *creation of new organizations, which occurs as a context-dependent social and economic process* (Thornton, 1999, p. 20). Entrepreneurs provide the capitalist economy with new ideas, products and ways of doing things (Iyigun and Owen, 1998). But apart from their features and characteristics, what are the determinants of their eventual economic success? Is it dependent on family background? Environment? Cognitive skills? Level of education? Ethnicity? Personality? I define here economic success on a personal level (not company or national level) in the sense of an accomplishment of an aim or purpose from the side of

the entrepreneur related with the attainment of a profit (Halsey, 1982). The Oxford dictionary simply defines it as the accomplishment of an aim or purpose, in particular as the attainment by the individual of fame, wealth or social status (Soanes and Stevenson, 2010). In this sense from the side of successful entrepreneurship in the twenty-first century, success means the achievement of the results wanted or hoped for, mainly the making of profit. Therefore, the measurement of economic success is not just dependent upon GDP, overall profit or economic growth of whole enterprises as traditionally considered in capitalism. It is the case of relatively small businesses that today has come into the scene as a key player in the quest for economic success in the twenty-first century. Economic success is always related with the measurement of several indicators such as number of employees, profit, turnover, working capital, capacity utilization, years of operation, etc. The definition of economic success can also vary depending on the context of reference and the surrounding standard of economic life. Among the many aspects able to bring an entrepreneur to achieve economic success, it is my intention to emphasize here the social aspects. By doing so I am not neglecting the centrality of other aspects for the achievement of economic success in entrepreneurship, starting with economics, reaching to any other aspect such as technological, environmental and more. This will open the door in the next chapters to evaluations concerning the role of business ethics in economic success. I am not necessarily referring to success on a mere social level, a success which substitutes the quest for profit with the benefits to the community (like NGOs), nor am I denying the possibility of economic influence coming from ethics different than those that will be considered in the next chapters. To better understand this, it is crucial to reflect first on the main suggestions that have been proposed in the field of sociology about entrepreneurship, and in particular its connection with economic success.

The field of studies on entrepreneurship in sociology has focused mainly on two dimensions: willingness to take risk and ability to promote innovation. Risk-taking, the willingness to accept the risk and uncertainty involved in entrepreneurship has been a defining aspect of the study of entrepreneurship since the first reflections on this matter by Adam Smith and John Stuart Mill. Capitalism from its beginning involves economic activities where profit is under constant threats, especially because of competition. Therefore this creates a dynamic of constant anxiety. Apart from some circumstantial reflections by Karl Marx on the historical pattern that led merchants to transform into entrepreneurs through the

advent of the industrial capitalism, no classical sociologist has analyzed deeply entrepreneurship in cultural and social terms as Max Weber did.

Later on, with Joseph Schumpeter the second element of innovativeness was introduced as defining the dynamic quality of successful entrepreneurship. Schumpeter is considered as the theorist of entrepreneurship *par excellence*. Schumpeter defines innovation as a *combination of factors of production that when combined with credit, breaks into the static equilibrium of the circular flow of economic life and raises it to a new level* (Schumpeter, 2010 [ed. orig. 1947]). The entrepreneur has in his DNA a revolutionary character, a specific function of innovating through an ability to change, to combine elements and to create new production functions. The role of the entrepreneur is to reform or revolutionize the routine of production through the exploitation of an invention or in a broader sense through the introduction of a novel technical possibility (Breton, 1984).

According to Schumpeter the entrepreneur is a deviant that develops non-rational attitudes in a rational environment and through his anti-conformism, he brings innovation into the picture (Stark, 2011). Another interesting contribution from Schumpeter was the idea that the entrepreneur holds a specific type of personality, specific traits: he has will to power (*wille zur macht*), desire for action in order to build, to create, to gain, as well as flair, intuition, creativity, boldness in leadership, strong will, he breaks social resistance in his own sphere of action, etc. This entrepreneurial type must face strong and multiple social, political and psychological resistances, and with all those different elements combined he can be crowned with economic success (Breton, 1984).

2.1.2 *Some Factors*

Applying the reflections of Schumpeter, several studies on social psychology have focused on the psychological traits of the entrepreneurial personalities, their background characteristics or cognitive schemas (Åstebro et al., 2014; AA. VV., 1990). Those studies of the supply-side school focused on the individual characteristics of entrepreneurs, their potential for agency and change as well as the social context that affects their behavior (Thornton, 1999). There is a specific type of personality and conduct that according to this view surprisingly differs from the simple, rational conduct of the economic man. Entrepreneurship is permeated with an ideological element of passionate individualism,

independence, laissez-faire competition and even a moral evaluation of someone's work. According to these scholars, special types of individuals create entrepreneurship. These are individuals with high need for achievement, clear locus of control, strong risk-taking and risk-seeking propensity, problem-solving, innovativeness, evident leadership style, socialization experience as well as strong values. An entrepreneur in his quest to venture new activities must display tolerance of failure, flexible planning in order to manage uncertainty and ability to hold a good reaction to changes (Thornton, 1999). Entrepreneurs enter and persist for long periods of time in their business despite low returns. First of all, the entrepreneur values the non-pecuniary benefits of being self-employed, even if this sometimes means lower earnings. Because of this motivation, entrepreneurs work longer hours than the average employee, in autonomy and independence, with no pressure of being interfered by other parties, or having to rely on others. The entrepreneur enjoys having control over his life and over the decision-making process. He tends to have also a sense of purpose for his life.

Added to this, the entrepreneur achieves economic success because he is constantly looking for new challenges. He is ready to manage challenges when they involve his business. This once again is linked to the entrepreneur's affection for risk, being risk-tolerant, getting utility out of risk itself. The element of risk and relative return is essential for successful entrepreneurship because in its nature entrepreneurship is risky, characterized by activities that probably can result in failure. The pay-off of skills and investments, as high and consistent as they can be, remains always uncertain and possibly can lead to zero returns (Iyigun and Owen, 1998). For these reasons, skills, human capital, economic resources are really not the focus. Even the most brilliant entrepreneur, if with all those prerequisites he misses this element of risk-taking and risk-management, the economic success of his business remains unreachable.

What is therefore the motivation and the originating source that enables somebody to become a risk-taker? The management of risk is strictly correlated with an attitude of overconfidence and endemic optimism (Åstebro et al., 2014). Concerning overconfidence, it is important to consider the tripartite difference between: (i) *over-estimation* of one's ability or performance, (ii) *over-placement*, too high assessment of one's skill relative to other competitors and (iii) *over-precision*, the excessive certainty regarding the accuracy of one's belief (Åstebro et al., 2014, p. 58). It is precisely this last element that, as I will point out in the

next chapters, is a crucial force for the enhancement of economic success. Optimism on the other hand in entrepreneurship tends to increase the probability of favorable events. When this optimism is led to the extreme by forces that I will later on describe, the entrepreneur is more likely to make risky and even imprudent financial choices. Those are the features of the persisting vitality of entrepreneurship without which entrepreneurship loses the propensity toward economic success. Following this interpretation other studies pursued a more situational approach to entrepreneurship, focusing on what an individual actually does as an entrepreneur. An entrepreneur has the unique ability to recognize new opportunities and to take advantage of them. However, many studies on the individual traits of entrepreneurs fail to provide information on the environment and surrounding context within which the entrepreneur interprets and makes sense of his actions (Thornton, 1999). What is the source that causes the presence of his personality traits? Is it just dependent on the single individual or are there certain contextual, social or cultural inputs able to generate such propensity and to favor economic success?

In order to respond to this question, emphasis must be given on a more socio-cultural level to other dimensions interesting when examining entrepreneurship: ethnic groups, social classes, economic sectors and cultural logics. Other sociological studies on entrepreneurship have been focusing therefore, like the following study, on the formation of entrepreneurship among specific social groups, classes or ethnicities. Contrary to a traditional approach to capitalism where family-based economy was supposed to leave room to industrial and managerial forms of business, today small business is growing and is a field of studies largely undeveloped. Markets are developing in countries and continents previously thought to have non-entrepreneurial cultures, as in the case of Asia. According to those scholars the reason why someone gets involved with entrepreneurship is also due to their social group of origin.

The fact of being a minority group in a certain society, mainly a group that is deviant from the cultural norms of the larger society, that tends to suffer from a withdrawal of status, pushes the individuals of those social groups to get involved in entrepreneurship. Usually according to those theories, whether in the case of ethnic or religious minorities, the purposes and values of those minorities are not respected by groups in the society where they live as migrants. Those groups on the other hand, usually respect and esteem the values of the society around them. The desire to be accepted leads those people to seek the approval of the

community through achievement of economic success in their business. For this reason, many of those minorities tend to foster individualism and the development of a creative self-reliant personality. They tend to create bounded solidarity with their migrant customers, workers and even investors, because they are treated as foreigners.

Scholars have noticed how migrants within metropolitan areas tend to locate in ethnic ‘enclaves’ as they were evaluating the effect of living inside ethnic enclaves for the labor market (Edin et al., 2003). Once arrived in a big city, those migrants tend to be spatially concentrated in a state of semi-segregation. There are economic consequences of living inside those enclaves. In the case of some entrepreneurs of those enclaves, this leads them toward high or low benefits. This is depending also on their position in the enclaves: being rich or poor, being part of a high- or low-quality enclave. For example, entrepreneurs with high earning and self-employed individuals have larger benefits through the identification with the enclaves (Edin et al., 2003). Other studies however (McAllister, 1995) go in the opposite direction, pointing out how the condition of being a migrant entrepreneur has negative effects on economic success. Migrants perform far worse economically than individuals born in the country, because of economic disadvantages caused by the act of migrating itself. This is true especially in the case of migrants from a drastically different cultural and linguistic context. Such disadvantage may often result in persisting and lifelong inferiority (McAllister, 1995). Immigrants in fact very often are discriminated within the labor market because of their ethnicity, resulting in the long term to a labor market segmentation and other structural major disadvantages. Moreover, those disadvantages deriving from the fact of being migrant (difficulty on the language, problems in the recognition of academic titles, low access to information...) must be distinguished from the disadvantages deriving from discrimination itself (statistical vs. ethnic discrimination).

Another branch of studies in line with this perspective considers how economic environments are embedded in specific social and structural relationships. This approach underlines in particular the centrality of family as a social network source in entrepreneurship. The connection between work and family with economic success among small business owners has been interestingly investigated by some. In this picture, gender and the family background results in having a decisive impact for the owner’s business success. Family characteristics have different effects on the earnings and business revenues and even in work-related attitudes