

**THE ECONOMY OF COMMUNION IN ARGENTINA:  
EXPLORING THE RELATIONSHIP BETWEEN  
CULTURE AND ECONOMY**

**by**

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## ABSTRACT

The task of this thesis is to dispute conceptually and empirically the often-made division between economy and culture. This view attributes an instrumental logic to economy, and a non-instrumental logic to culture. It is then supposed that such logics remain separate and distinct. Drawing from an alternative cultural approach, I argue that this distinction is erroneous because it assumes that the economic action is characterized by a unique logic of action, economic rationality. This narrow and highly controversial view of economic arena is then used to establish an analytical boundary between economy and culture.

To empirically challenge such a thesis, I look at a group of Argentinean firms joining a project entitled 'Economy of communion', launched in 1991 by the Focolare Movement. First, I examine the social practices of this movement throughout its history. I suggest that the Focolare Movement became a social movement when it started challenging the separation between secular and spiritual practices, and the hegemony of rationality embodied by the 'homo-economicus' in the economic sphere. Second, I consider the relation between the project and culture by examining how and why entrepreneurs have re-defined the culture of giving in the process of running their firms. Finally, I suggest that firms joining the economy of communion testify to another logic of action in the economic domain besides instrumental rationality. I argue that many of the entrepreneurs' actions are neither defined nor exclusively determined by the accomplishment of economic results. Furthermore, entrepreneurs illustrate how cultural aspects, particularly spiritual beliefs, shape the understanding of the firm, as well as its economic strategies.

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# 1 INTRODUCTION

Ten years ago, Chiara Lubich- the founder and current president of the Focolare Movement- launched a project entitled 'Economy of Communion' or 'Economy of Sharing'<sup>1</sup> during her trip to Brazil. The Focolare Movement<sup>2</sup> is a Catholic lay movement which started in Italy in 1943. It is currently composed of approximately 110,000 members who have a strong attachment to the movement. In addition, about 2 million people participate in the movement in different ways, particularly in social activities carried out by FM.

The extreme social contrasts in Brazil, and the fact that many members of the movement have difficulties covering their basic needs, are the strongest factors motivating the EC. By and large, the project consists of setting up enterprises with profit objectives. However, the goal is to share these profits, which are divided into three parts: the first is used to help those in need, particularly those members of the movement with economic problems; the second is to develop the structures needed to spread the culture that gives life to the project; and the third goes to the growth of each individual company (Araújo, 1998). Currently, there are 160 enterprises adhering to the project in Latin America, its greatest diffusion being found in Brazil and Argentina.

In July of 1999 I had the opportunity of participating in a meeting about the EC held in Argentina, which was open to people interested in the project. On this occasion, I was

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1. From now on EC.

2. From now on FM.

particularly moved by some of the stories shared by entrepreneurs joining the project. These people spoke about how they had implemented the sharing of profits in their firms. Nonetheless, they did not conceive sharing profits as the exclusive feature defining the EC. They also mentioned aspects of the firms' everyday lives, such as the relationships constructed with employees, supplier firms, clients, and rival firms. The culture of giving seemed to shape and permeate all actions taken up by the firm. While listening to some of these entrepreneurs, I realized that EC was more than the entrepreneurs' decision to share profits: these firms were actually demonstrating the existence of a relationship between the culture of giving and the EC.

The entrepreneurs' stories motivated my inquiry in that they gave me the idea that the culture of giving not only shapes economic strategies of the firms, but also introduces into the economic structure a different way of understanding action and practice. I was particularly curious about the entrepreneurs' conception of the culture of giving within their firms, as well as how culture influences economic processes taken up by firms. I was also deeply interested in exploring the difficulties and challenges experienced by entrepreneurs in introducing this culture within their firms.

Traditional tools within economic geography are inadequate for understanding these issues because the discipline presumes a distinction between culture and economy. My question therefore is: How suitable is it to establish a distinction between economy and culture based on the assumption that the former has an instrumental logic, and the latter a non-instrumental one? I argue that firms adhering to EC delineate another logic of action within economics. By empirically identifying that logic, I suggest that the distinction between culture and economy is artificial.

The thesis is divided into seven chapters. Chapter 1 serves as the introductory chapter by outlining the issues to be discussed in the thesis, previous research on the Economy of Communion, and the methodology used in this research. In chapter 2, I delineate the main elements of the theoretical approach that is applied in the thesis by contrasting two theoretical frameworks: the orthodox vs. the cultural approach. I suggest that the cultural approach challenges the traditional dualism between economic and non-economic actions by pointing to the operation of other sort of rationalities in the economic arena. This theoretical debate is important to my thesis because my empirical research follows one of the ideas proposed by the cultural account: the existence of different rationalities within economic domain, besides instrumental logic. This idea motivated me to think that the entrepreneurs involved in the EC could be enacting a different logic of action from instrumental rationality.

In chapter 3, I focus on the FM and its development in Argentina. Following Escobar's conceptualization of social movements, I argue that the FM became a social movement only after it launched the EC. My research suggests that with this project the FM redefined the boundaries between economy and culture by challenging the separation between private and public domains of action, as well as the existence of a unique logic of action in the economic arena. I combine the social movements approach with the theoretical debate within economic geography because the former provides the framework to analyze how the FM challenges dominant notions in orthodox economics. This chapter also records how this originally Italian movement spread to Argentina and initiated EC.

In chapter 4, I introduce the entrepreneurs interviewed by outlining some common characteristics of Argentinean firms joining the EC. I sort out the firms by taking into

account the period in which they started adhering to the EC. The chapter also outlines the economic context in which the firms interviewed are embedded.

In chapter 5, I turn my attention to the firm and culture by exploring two questions: How is the culture of giving defined by the FM, and by the entrepreneurs joining the project? And how is it re-defined in the day-to-day practices required to run the firms? I argue that despite employing similar terms to define the culture of giving, entrepreneurs challenge and re-define the initial concept of the culture of giving. I attempt to answer what this re-definition suggests about their project and how it fits the cultural politics of the movement.

In chapter 6 I look at how entrepreneurs define their logic of action and envisage it in relation to other rationalities. Although the predominant approach in business appear to follow *homo-economicus*, as theorized in orthodox economics, in real life, as in academia, this version of reality is challenged by, amongst other things, alternative rationalities. I argue that the entrepreneurs interviewed are performing and defining another sort of rationality: the rationality of communion. I suggest, thus, that the EC evinces the existence of other sort of rationalities not considered by standard economic approaches. Finally, in chapter 7, I indicate some of the shortcomings of my work, as well as some points that may be of interest for further research.

## **1.1 Literature review**

The EC has been studied since 1993 with a growing interest in different fields that include economics, philosophy, psychology, and education. The mainstream studies emphasize on the religious foundations of the EC, and its construction of a new concept of economy. Although the question of the relationship between culture and economy is at

stake, empirical and theoretical research has remained sketchy. In this section, I will address particularly those studies that raise the question of the relation between economy and culture, by looking directly at the enterprises adhering to EC.

Research by Gullo Colozzi (1997), Fregni (1997), Paolo (1998), and Gimenez Repeccion (1998) explore the relationship between economy and culture by assuming from the outset that it is possible to identify the culture of a company. Gullo Colozzi (1997) and Paolo (1997) define the firm's culture as all dimensions constructed on personal and collective values, as well as the norms of behavior within the firm. Fregni (1997) and Gullo Colozzi (1997) suggest that the success of a firm depends on its culture. Yet, neither Fregni nor Gullo Colozzi explore which aspects of the culture of giving provide a 'strong cultural identity', and which therefore determine the success of the firms adhering to EC.

The studies reviewed mainly analyze the firm's culture through models of organization of the firm. The culture of giving is conceived as the culture of the firms adhering to the EC (Fregni: 1997; Gimenez Repeccion: 1998). Gullo Colozzi (1997) suggests that joining the EC had positive effects on the firm, identified by employees' deeper attachment to the firm, and an improvement in the firm's internal relations. A similar idea has been raised by Fregni (1997), and Paolo (1998), both of whom applied the same semi-structured interviews with entrepreneurs joining the project mainly in Italy.

Gimenez Repeccion (1998) analyzes three firms adhering to the EC in the Philippines, and suggests that the EC challenges the assumption that economy is isolated from other dimensions of social life. Although the relationship between culture and economy is not fully explored, Gimenez Repeccion suggests that Christian values are changing economic practices within the firm. Furthermore, he argues that profitability and efficiency are

maximized when motivated by Christian values. Therefore, Gimenez Reception stresses how important it is for firms that their employees share the 'culture of giving'. However, some interesting issues related to the shaping in the culture of giving remain excluded from Gimenez Reception's inquiry such as an analysis of how employees are shaped by this culture, and the processes of negotiation between co-existing cultures within the firm. The culture of giving is simply taken as a given within the firm by these researchers. To my knowledge, there are no studies that explore how entrepreneurs understand the culture of giving nor how they re-define it within the firm. It is to these two tasks that my thesis is directed.

## **1.2 Methodology**

In order to explore how the EC is practiced within firms and how it changed over time, I interviewed the lead entrepreneurs of firms joining EC. I used in-depth interviews as a technique to collect data. This technique has been recently used in contemporary economic geography precisely to understand issues of culture within economy (Schoenberger: 1991,1997; McDowell: 1997).<sup>3</sup> In-depth interviews are constructed around open-ended questions without a standard format, and attempt to establish closeness between the researcher and the interviewee. Long and personal dialogue is constitutive of this qualitative methodology. This approach distinguishes from previous research on the EC, which has been limited to the application of one model of semi-structured questionnaire to all the firms under examination.

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3. Schoenberger (1991) highlights that the employment of this technique was rare in economic geography. However, this situation has changed as evinced by research undertaken in financial institutions based on the application of in-depth interviews.

The advantages and disadvantages of this methodology have been widely discussed (Schoenberger, 1991, 1992; McDowell, 1992; Clark:1998). By and large, as Clark (1998) highlights, in-depth interviews can be very useful to document and assess the process of decision making in the firm, as well as provide the basis for understanding conceptual and theoretical innovations. In-depth interviews also reintroduce the diversity of local and historical circumstances that have been left out by statistical data, standardized questionnaires, and the effort towards generalization in economic geography.

However, the application of in-depth interviews in economic geography has been called into question because of difficulties in generalizing information, the subjectivity imposed by close dialogue, and the reliance on the interviewees' interpretation of the processes (Clark, 1998). Some scholars, like Schoenberger (1992) propose to minimize these problems with the application of interviewing strategies, and by using the triangulation technique. Other scholars argue that data obtained through in-depth interviews are not just complementary to quantitative methodologies. In this sense, McDowell (1992) suggests that close dialogue reveals underlying processes that are unapproachable through quantitative methodologies. As a consequence, according to McDowell, it is impossible to check the validity of this information by contrasting it with data obtained through numerical means.

I interviewed ten entrepreneurs involved in the EC. Nine out of the ten interviews were in-depth interviews. The main difficulty was the need to travel large distances because firms are spread across the country. Considering this problem, one entrepreneur was interviewed with a written questionnaire. As a way to avoid the rigidity of written questionnaires, I told this entrepreneur not to feel obliged to answer all the questions.

Interviews were scheduled with each of the entrepreneurs, and taped with their consent. Except in the case of one firm, which was moving to a new office, all the interviews were carried out in the firm's office. Both the place and the time at which interviews were conducted led me appreciate part of the firm's life. Despite being taken up in the firms' offices, interviews were not formal. All the entrepreneurs were engaged by the interview, which were only interrupted in some cases by phone calls. Interviews were conducted without limitations on their duration neither by entrepreneurs nor by me. They took between an hour and two hours and a half.

Some entrepreneurs, who had been interviewed by other researchers, indicated the advantages of open-ended interviews as compared to written questionnaires. They mentioned not being afraid of answering in an inaccurate way, finding it easier to express themselves orally than in a written form, and establishing a personal contact with the interviewer.<sup>4</sup> All interviews were initiated with a very general question about the history of the firm. This was a useful way to initiate the interview because it let me see how the entrepreneurs relate the firm's life to the EC.

Personal histories of entrepreneurs were also sought, focusing on individuals' career paths, participation and attachment to the FM, and background in the business. Such information also brought light to the motivations of entrepreneurs in joining the project. Pseudonyms are employed for both entrepreneurs and enterprises to preserve confidentiality.<sup>5</sup>

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4. Two entrepreneurs had been interviewed by other researchers who used written questionnaires. These entrepreneurs told me that despite having looked at the questionnaire several times, they never found enough time to answer all the questions.

5. However, some entrepreneurs expressed that they would like to be represented with their real names.



Regarding the way of reading and textualizing the interviews, I decided to let respondents speak through the transcription of fragments of their interviews. I see this strategy as a way to avoid the appropriation of the interviewees' knowledge. Nonetheless, I recognize that, as England (1994) points out, 'giving voices' to respondents implies a sort of appropriation in the sense that the researcher is the one that decides whose voices to include and leave out.

In addition to the interviews, I examined the magazine of the movement 'New City', published in several languages, and the magazine 'Economy of communion, a new culture', published in Italian. Both magazines publish several articles focusing on EC, news about the project, and stories of firms joining the EC in different countries. I also examined the magazine 'Apuntes'<sup>6</sup>, published in Argentina during the early 1990s for members of the movement, which has information about the first Argentinean enterprises joining the project. I also looked at documents written by the founder of the movement, Chiara Lubich.

I examined these magazines as an additional source of information to the interviews. I aimed at contrasting and triangulating data obtained through magazines with information obtained through the interviews I conducted. However, I later realized that information published in these magazines was either too general or also based on entrepreneurs' stories. As a consequence, my research lacks of triangulation and only offers entrepreneurs' perspective of the EC. I recognize that the triangulation of entrepreneurs' stories, and as a consequence a more critical analysis could have been taken up by interviewing other agents involved in the firm, such as employees, clients, and firms related to the enterprises interviewed.

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6. 'Apuntes' is the Spanish word meaning 'notes'.

## 2 ECONOMY AND CULTURE

Economic geography has recently experienced a “cultural turn” as described by Crang (1997), meaning that cultural aspects within economic geography have acquired an increasing significance (Barnes, 1995; Barnes, 1998). The “cultural turn”, however, is not found only in the discipline of economic geography. As David Chaney points out,

culture, and a number of related concepts, have become simultaneously both the dominant topic and most productive intellectual resource in ways that lead us to rewrite our understanding of life in the modern world (quoted in: Crang, 1997: 3)

The rise of the cultural dimension within economic geography not only implies a process of widening the research agenda, but also a process of calling into question the conceptualization of culture and economy as two separate realms (Thrift, 2000). Culturally minded economic geographers have argued for a rethinking of the distinction between economic and non-economic practices to redefine what counts as “the economic”. More generally, the cultural turn calls attention to the significance of the cultural in the understanding of economic processes.

By and large, there are two theoretical accounts that provide different frameworks to analyze the economy: the orthodox approach, and a culturally oriented one. My usage of the concept ‘orthodox economics’, refers to classical economics (late 1770s), and its later formalization, neo-classical economics (late 1870s).<sup>7</sup> Overall, the orthodox approach

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7. Though some scholars also used the term “mainstream” economics, I follow Martin and Sunley’s suggestion to restrict its usage to neo-classical economics (2001).

makes three main assumptions. The first assumption is that in a world of scarce means all individuals seek to make the best choice, defined as the maximization of an individuals' ends. The second, is that the functioning of both society and the economy is the natural result of the action of a large number of producers and consumers, all of them embodying the logic of economic rationality; individually none have the power to influence markets operation. As a consequence, the third core assumption of orthodox economics is that there is a tendency to achieve a state of equilibrium such that society is in the best possible position it can attain.

In contrast, the cultural approach draws on economic sociology, institutional economics and organizational sociology. In broad-brush terms, the cultural approach is defined by the conceptualization of economic action as socially constructed and situated. Accordingly, it considers a broad spectrum of actors within the economic realm, beyond the individual. In contrast to the orthodox approach, the cultural view identifies several types of rationality, besides instrumental rationality, in the economic realm. Therefore, the cultural view recognizes the diversity imposed by history and space, meaning with this that human actions are grounded on the unique history and conditions of a particular place making substantial differences in the economic realm. The cultural view of the economy is concerned with institutions (Hodgson, 1988), gender (McDowell, 1997), social networks (Grabher, 1993), culture (Schoenberger, 1997), and performance (McDowell, 1997; O'Neil and Gibson Graham, 1999). The argument is that each of these different aspects of culture bleed into the economic realm, making the notion of a separate economy impossible to sustain.

This chapter is divided into three sections. In the first section, I contrast the orthodox and cultural accounts along three dimensions: the conceptualization of the economic actor,

the logic of economic action, and the conceptualization of markets, as well as, the results of the economic action. In the second section, I compare in a more explicit way how culture is considered in both orthodox economics and the cultural approach. I demonstrate that while orthodox economics leaves culture out of the economic analysis, the conceptualization of both the economic actor and the economic action held by the cultural approach, opens several entries to culture in the economic realm. The chapter concludes by bringing together these arguments to focus on the firm, which is the unit of analysis of this thesis. I illustrate the three dimensions analyzed by comparing the orthodox conception of the firm to the cultural one.

## **2.1 Two alternative approaches: orthodox economics and the cultural approach**

In this section, I contrast orthodox economics and the cultural approach. In Table 2-1, I summarize the categories applied in order to contrast both approaches. It must be kept in mind that both bodies of inquiry are much more complex than my brief comparison would suggest.<sup>8</sup> Even so, contrasting these approaches enables me to delineate the main elements of the theoretical approach I want to pursue in this thesis.

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8. In the case of orthodox economic view, although the core assumptions remain controlled, many conditions have been criticized and changed. In this sense, Martin and Sunley (2001) remark that mainstream economics is less static than generally represented. Yet, as Smelser and Swedberg (1994) point out, classical and neoclassical economics have had a certain dominance within economics. Regarding the cultural view, the complexity is marked by its diversity.

**Table 2-1. *Alternative approaches to economic processes***

<b>Approaches</b>	<b>Orthodox Economics</b>	<b>Cultural view</b>
<b>Conceptualization of the economic actor</b>	-Atomized individual	- Actor in relation -Group/community/institutions Embeddedness
<b>Logic of Economic Action</b>	-Rationality/ Maximization -Instrumental rationality Economic action as something given by human nature	-Rationalities  Economic action as social and socially situated
<b>Markets and results of economic action</b>	- Price-making -Equilibrium	- Markets as socially embedded. -Anti-equilibrium

Sources: (Smelser and Swedberg, 1994); (Hodgson, 1994); (Coleman, 1994);(Hollis and Nell, 1975); (Hirsch et al. 1990), (Swedberg and Granovetter, 1992).

### **2.1.1 Conceptualization of the economic actor**

In orthodox economics the individual constitutes the unique and privileged unit of analysis. Neo-classical economists argue that “all social events are fully explained by reducing them to the beliefs and actions of individuals...” (Barnes, 2000: 501). As J. S. Mill states:

The laws of the phenomena of society are, and can be, nothing but the laws of the actions and passions of human beings united together in the social state. Men, however, in a state of society are still men; their actions and passions are obedient to the laws of individual nature... Human beings in society have no properties but those which are defined from, and may be resolved into, the laws of the nature of the individual man (quoted in: Hollis and Nell, 1975: 264).

This view more generally is known as methodological individualism, and is defined by Hodgson as “a doctrine within which all explanations of social phenomena have to be couched in terms of statements about individuals” (1988, 53). Methodological individualism assumes that each entity possesses qualities regardless of its relations with other entities. For orthodox economics, individuals, defined by a unique set of preferences and

desires, are viewed as the fundamental unit for analysis. Accordingly, orthodox economics argues that social phenomena should be explained by reducing them to individuals and their preferences and desires. As Britain's Prime Minister Margaret Thatcher once said, "there is no such thing as society, only individuals".

Orthodox economics identifies two types of individuals, making up economic processes: owners of firms that produce goods and offer services, and consumers endowed with income and property. All economic processes are determined and explained by the actions and desires of both owners and consumers. It is in this sense that individual and purposeful action constitutes the bedrock upon which their economic system is built.

Both consumers and owners are conceptualized as atomized individuals. They are connected through the market mechanism of buying and selling. As Knight clearly puts it:

Every member of society is to act as an individual only, in entire independence of all the other persons. To complete his independence he must be free from social wants, prejudices, preferences, or repulsions, or any values which are not completely manifested in market dealing. Exchange of finished goods is the only form of relation between individuals, or at least there is no other form which influences economic conduct (quoted in: Smelser and Swedeberg, 1994: 6).

In contrast, the cultural approach recognizes a broad spectrum of actors operating within the economic realm, such as individuals, groups, communities, and institutions. All these units of analysis are conceptualized as socially constructed, meaning that they are neither abstracted from their social relations, nor from their own history and place.

The individual is also conceived as a socially constructed entity, implying that individuals are always connected to other agents, whether individuals, groups or institutions, and to their social context. Furthermore, the decisions taken up by others influence individ-

uals' actions. Thus, the individual is viewed as an 'actor-in-interaction' or 'actor-in-society' (Smelser and Swedberg, 1994), meaning that the actor "...always takes other people's behavior into account through socially constructed meanings" (Swedberg and Granovetter, 1992:8).

Let me just give a few examples within economic geography of the connections and influences that exist among individuals, groups and institutions. The connections and relations that exist among firms can be recognized in inter-firm cooperation, strategic alliances in high technology, and biotechnology fields, as well as in processes of vertical integration (Grabher, 1993). The importance of personal connections in the processes of selection and promotion in labor markets shows that individuals are not isolated entities. For example, Granovetter (1992) demonstrates in his analysis of labor markets that labor mobility is influenced by the personal contacts acquired before, and at various stages of their career. In other words, the larger the reservoir of personal contacts, the more opportunities are there to move through labor markets.

The cultural approach holds that economic action is socially embedded.<sup>9</sup> According to Granovetter (1985), the embeddedness of economic processes means that economic behavior and institutions are constrained by ongoing social relations, and at the same time they support economic actions. To put it more clearly, economic processes and outcomes are influenced by agents' relations and by the general network of relations (Grabher, 1993). As a consequence, as Martin (2000) points out, the economy

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9. It must be indicated that cultural approach has been criticized because of its conceptual imprecision, particularly shown with the term embeddedness, as Martin and Sunley (2001) point out in a short but rigorous analysis.

...has to be understood as enmeshed in wider *structures of social, economic, and political rules, procedures and conventions* (Martin, 2000: 79).

From this conceptualization, it follows that abstracting economic processes from social relations is a mistake. The embeddedness of the economy at the scale of the firm has been pinpointed in McDowell's analysis of the recruitment and promotion practices of merchant banks in London. In this research, McDowell (1997) brings to light how the increasing importance of face-to-face interaction and communicative skills in the construction of a successful client and customer are predicated upon the domain of social, educational background, and gender that inform the processes of recruitment and promotion.

Zukin and DiMaggio (1990) suggest that the embeddedness of economic actions can be analyzed as consisting of four types: cognitive, cultural, social and political embeddedness. Cognitive embeddedness refers to the limitations to economic rationality imposed by uncertainty, complexity, and the costs of information. For example, despite the existence of new information technologies, the scale of corporations' action (national-international scale) imposes difficulties and limitations on the agents who have to define strategies, the ways in which they are implemented, and the control of the implementation in all the subsidiaries.

Cultural embeddedness points to how culture sets limits to economic rationality, shapes economic strategies and goals, and at the same time constitutes market societies. For example, Schoenberger (1997) analyzes, at the scale of the firm, corporate culture and how it establishes a particular way of doing things and selecting strategies that mark out the success of the firm. Following Schoenberger's argument, corporate culture may constrain or enable a successful performance of a firm. In this sense, Zukin and DiMaggio noted:



....culture has a dual effect on economic institutions. On the one hand, it constitutes the structures in which economic self-interest is played out; on the other, it constrains the free play of market forces (Zukin and DiMaggio, 1990:17).

Political embeddedness alludes to the ways through which economic practices are conditioned by the struggle for power. The economic growth of business groups in Argentina in the 1980s constitutes an interesting example of how government policies, as well as political relations, play a key role in the economic success of some firms.<sup>10</sup> Azpiazu, Basualdo and Khavisse (1989) show that the economic growth of some local business groups and multinational corporations during the 1980s was directly associated with their strategy of diversification. The authors argue that the economic diversification taken up by business groups and multinational corporations allowed them to take advantage of the different policies of the government. In this sense, both local business groups and multinational corporations reoriented their core economic activities from industry to agricultural and livestock production, and oil exploitation only after the national government gave up the policy of industrial protectionism. The same economic actors reoriented their core activities to financial services seizing the financial de-regulation implemented by the government. In other words, economic diversification gave them the opportunity to reorient their central activity according to the profit margins that could be obtained with each policy implemented by the government. Obviously, political connections of both local business groups and multinational corporations were a crucial factor in determining the successful reorientation of the firms' activities.

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10. Granovetter (1994) defines a business group as "...a collection of firms bound together in some formal and/or informal ways", such as by personal or operational ties.

Structural embeddedness emphasizes the interpersonal relationships as a component, as well as, a context of economic processes, particularly informal relationships. This dimension of the concept of embeddedness is well developed in research carried out on the role of ethnic and immigrant networks and social bonds in the performance of ethnic business, and on the role of informal relations in the labor market (Granovetter, 1992; McDowell, 1997). Ethnicity constitutes an example that enables the recognition of personal relations in the economic realm. By connecting members of an ethnic group to one another, ethnicity encourages trust. Therefore, ethnicity becomes a mechanism of economic solidarity. It is sufficient to note how immigrant entrepreneurs not only specialize in economic activities that tend to solve problems for immigrants caused by the strains of settlement and assimilation, and mainly hire immigrants by drawing on family and ethnic connections (Thrift and Olds, 1996; Waldinger, 1990).

In sum, the concept of social embeddedness emphasizes the relational dimension of economic processes and the concept of the individual as an actor-in-interaction. Social relations are a necessary condition for economic processes.

### **2.1.2 The logic of Economic Action**

At the deepest level, neo-classical economics is based upon the assumption of rational choice, or, as it is known, “economic-man” or “homo-economicus”. Because individuals have unlimited desires, and the resources available to satisfy them are limited, individuals must make choices. It is assumed that the “economic man” maximizes his ends given his limited means.

Orthodox economics conceptualizes economic action as something given by human nature. As Wolf and Resnick (1987:39) put it, for neo-classical economics “...innate human

nature determines the economic outcomes". It seems as if individuals are naturally called upon to participate in economic processes whether as buyers or suppliers.

A number of assumptions about individuals' nature characterizes the logic of economic action in orthodox economics. The logic described is that of economic rationality. Firstly, individuals' actions are assumed to be motivated by getting the most for the least (Barnes, 2000). Individuals are defined as maximizers: consumers purchase final goods maximizing their utility, and firms purchase factors setting prices and quantities so as to maximize their expected returns.

Secondly, neo-classical economics assumes that individuals are naturally egoistic in the sense that firms and households choose the means that maximize self-interest. As recognized by Adam Smith, the first economist, individuals act in a self-oriented way in the economic arena:

It is not from the benevolence of the butcher, the brewer or the baker that we expect our dinner, but from their regard to their own interest, we address ourselves not to their humanity but to their self-love, and never talk to them of our necessities but from their advantages (quoted in: Etzioni, 1988: 28).

Thirdly, neo-classical economics assumes that individuals have limited means to achieve the ends proposed. This is a classic assumption, which asserts that means are always scarce and limited. Finally, as Smelser and Swedberg (1994) note, individuals are assumed to have a given and stable set of preferences, and information that make them able to choose the best alternative line of action given the constraints imposed by limited means. Therefore, individuals are shown as naturally able to make rational choices:

...human beings possess within their own given natures the inherent rational and productive abilities to produce the max-

imum wealth possible in a society (Wolff and Resnick, 1987: 39).

Thus, rationality is a central concept in the orthodox view, and considered an innate condition of individuals. Rationality also homogenizes the diversity of social action, leaving out particularities imposed by history, culture, and space. This point is stressed by Wolff and Resnick,

Each and every human being, regardless of his or her cultural setting, gender, race, class, or political position, is assumed to conform to this neoclassical view of the rationality of human beings. We all have one characteristic in common: we are all rationally motivated, choice-making machines, no matter what differences may separate us (Wolff and Resnick, 1987: 51).

Only one kind of rationality is taken into account: the rationality conceptualized within a means-ends framework, as the choice of the most efficient means for the achievement of given ends (Hargreaves Heap, 1989). Known as instrumental, formal or functional rationality (Barnes, 1987), economic rationality is concerned only with the selection of the means that ensure the fulfillment of individuals' ends. This definition assumes a clear distinction between means and ends, which is not found in the real life. Let me give an example raised by Hodgson (1988) showing how difficult it is to make this rigid distinction. In the capitalist economy, money constitutes an example of a means. Nonetheless, while money's value is defined by its quality as a means to obtain commodities, the acquisition of money becomes an end in itself. As Simmel emphasizes,

The inner polarity of the essence of money lies in its being the absolute means and thereby becoming psychologically the absolute purpose for most people (quoted in: Hodgson, 1988: 94).

Means and ends become, thus, indistinguishable. More generally, an instrumental rationality leaves out of the economic account many social practices that are not encompassed by the means-ends scheme, yet they have economic impact. For example, the means-ends scheme leaves out the attitude of consumers who decide to purchase a product, despite its higher price, because it has been produced according to environmental regulations. A similar example is raised by consumers who reject purchasing some goods, in spite of their cheapest prices, in order to call attention to the exploitation of the labor force involved in their production.

As indicated in the previous section, the cultural view considers economic action as socially situated (Swedberg and Granovetter, 1992). Economic action cannot be understood by reference to individual motives alone, but as embedded in systems of personal and social relations. Hence, from the cultural perspective, economic actions are not a natural consequence of individuals' conditions. On the contrary, economic actions are a result of social relations, values, beliefs, and norms.

This conceptualization of economic action opens the notion of rationality in the economic realm. The cultural perspective recognizes the existence of a variety of rationalities in the economic arena. As Swedberg, Himmelstrand and Brulin (1990) point out, Weber identifies the existence of another type of rationality in the economic arena, substantive rationality. *Substantive rationality* acknowledges guidelines such as communal loyalties, shared and moral values. In relation to this concept, Weber coins the term of 'economically oriented actions' to include those actions concerned with the attainment of economic utility, but also including other coexisting motivations (Wuthnow, 1994).

Hargreaves Heap (1989) also widens the concept of rationality by pointing to the existence of *procedural rationality* and *expressive rationality*. For Hargreaves Heap, both procedural and expressive rationality make up the economic realm as well as instrumental rationality. They are not analyzed as some kind of intrusion in the economic arena. As a result, practices that were traditionally classified as non-economic, and accordingly excluded from economic analysis, are being taken into account to understand economic processes.

Procedural rationality refers to actions based on the use of procedures or rules of thumb, and constituted as social conventions when they are shared. In the economic realm, gift exchange can be considered as an example of procedural rationality. The persons engaged in this exchange relationship should know and share conventions about gift exchange practices so that good results can be achieved. The knowledge of conventions such as what should be given or received, when this relationship should take place, and the ways in which exchange should occur, become the base upon which gift exchange is taken up. All these elements of an exchange relationship are social conventions, and therefore, vary according to culture, place, and time as illustrated in Hsing's study of Taiwanese direct investment in China. Hsing (1996) suggests that the cultural and linguistic affinity that exists between Taiwanese and Chinese assures the knowledge of Chinese social and institutional conventions, such as the characteristics of gift exchange practice. The understanding of the procedures socially accepted in this practice has played a key role in the establishment of interpersonal networks between Taiwanese investors and Chinese local officials.

Expressive rationality alludes to those actions that are carried out to express things about ourselves. Hargreaves Heap indicates that expressive rational acts are ends in themselves, and stand above ordinary self-interested preferences:

There are many situations where people seem to act in ways that can only be explained by allowing some sort of moral principle or allegiance to something other than self-interested preferences to motivate action (Hargreaves Heap, 1989: 170).

As commodities represent not only their literal or physical properties, but also a way of communication, the consumption of goods brings forward the expressive rationality in the economic realm. By consuming particular goods, people express their ideas of what is good or bad. Likewise, by using particular places of consumption people express their identities.

In sharp contrast to the narrow concept of rationality proposed by the orthodox approach, the cultural view recognizes a diversity of rationalities constituting the economic realm. The orthodox conceptualization of the logic of economic action not only leaves out of the economic arena many practices that have economic impact, but also suggests a universal type of economic action. On the contrary, from a cultural perspective, multiple and even contradictory types of logics can coexist within the economic arena.

### **2.1.3 Markets and the results of economic action**

Orthodox economics tends to identify the economy with the market (Zukin and DiMaggio, 1990). Markets are conceptualized as sites of social interaction between sellers and buyers, each one looking for the maximization of their utilities. Through the interaction between human beings' desires and productive abilities, the price of all goods is determined

(Wolff and Resnick, 1987), demand and supply are equated, and excessive profits eliminated (Hollis and Nell, 1975). As Marshall (1919) puts it:

In all its various significations, a 'market' refers to a group or groups of people, some of whom desire to obtain certain things, and some of whom are in a position to supply what others want (quoted in: Swedberg, 1994: 260).

According to Adam Smith, it is assumed that individuals, following their own interests, maximize collective interest through the market mechanism. Orthodox economics asserts that the existence of a huge quantity of buyers and sellers precludes the control of the market by any single individual. As a consequence, markets assure the achievement of collective interest. As Hodgson (1988) emphasizes, markets are seen as a kind of natural order, which enables the development of the best environment for individual choice and competition.

Sheppard (2000) notes that according to neo-classical economics a perfectly competitive market is defined by four features that guarantee a stable equilibrium. Competitive markets are defined by: 1) free entry, 2) the presence of a great number of buyers and sellers, 3) equal access to information, and 4) the absence of any sort of state regulation.

These conditions define markets as price-making and self-regulating. Conversely, non-market institutions are regarded as obstacles to the natural working of markets (Hodgson, 1988). Equated with efficiency, markets are conceived not only as the central mechanism of resource allocation in the economy, but also as one which brings the best results. It is assumed that a general equilibrium is automatically reached, one in which society as a whole gains, and all parties gain proportionally to their productive contribution.



Neoclassical economists argue that competitive markets give rise to a stable and harmonious outcome for capitalist production, an equilibrium in which no one can improve his or her wealth position without also making someone else worse off (Pareto optimality). As Sheppard stresses, for neoclassical economics:

The market ensures that competitive and self-interested economic action produces the desirable if unintended consequence of a socially beneficial economic harmony (Sheppard, 2000: 174).

A last point with respect to orthodox economics is that the market is shown as an autonomous unity, totally separated from society. As mentioned, detachment from non-market institutions, such as the state, is one of the conditions that delineates the presence of a competitive market. From the neoclassical perspective, all sorts of norms, conventions and institutions should be removed in order to assure the natural functioning of markets.

On the contrary, the cultural view argues that markets are:

...constituted by ongoing relationships among concrete actors rather than by the maximizing responses of atomistic sellers to impersonal market signals (Zukin and DiMaggio, 1990: 9).

As a result, the autonomous status of markets is lost. From the cultural perspective, markets are institutions not only affected by ongoing social relations, but also constituted by them. Hence, as Hodgson (1988) argues, markets have to be defined in relation to a wide set of institutions beyond the establishment of property rights. For the cultural view, markets are not only regulated by prices but also by legal and government stipulations, and personal relations of trust. In addition, from the cultural view, markets should be analyzed by taking into account that they are grounded in a particular place and time. Therefore, there

is an explicit rejection of the claims to universality that characterize the orthodox view (Barnes, 1996).

Interactions in the economy are not as harmonious as presented by orthodox economics. On the contrary, economic processes imply struggle and unequal power among agents. There is a recognition that dominant economic agents, such as corporations easily manipulate markets (Hirsch et al. 1990). Neither wages nor profit rates are determined only by economic forces (Sheppard, 2000). As Granovetter (1985, 1992) argues, acquaintance-ship, social bonds, kinship, and political power play a key role in the markets. As a consequence, for the cultural approach no general equilibrium exists in the economic system.

Markets are not isolated from non-market dimensions, such as the system of social values and beliefs. On the contrary, values and beliefs play a fundamental role in the constitution and development of markets. Zelizer (1992) provides one interesting example of how values and beliefs influence markets. By analyzing the historical process of the market for life insurance in United States, Zelizer argues that cultural and religious beliefs constrained its development during the first part of the 19th century. The problem is that two value systems -an economic one and a cultural one- came into conflict. The economics of the life insurance business is based on the economic valuation of death. Such a value, however, is contrasted by Western culture that rejects the valuation of life in monetary terms. American law protects human life from commerce. It is in this sense that life insurance challenged a system of values and norms that rejected the materialistic assessment of human life. Therefore, during a period, this system of values discouraged the constitution of this market. As Zelizer puts it "Life insurance was rejected as a sacrilegious enterprise" (1992: 297). Yet, during the later part of 19th century, the commodification of human life

was transformed into a ritual, the ritual of the “good death”. Life insurance was presented as a mechanism to ensure the economic provision of relatives, and therefore as one of the duties of a Christian. This transformation of the economic assessment of life into something sacred was the key for the successful development of a life insurance market. What this shows is the pervasiveness of cultural values within the very constitution of economic markets.

To sum up, the conceptualization of markets as socially embedded implies a shift in the analysis from simplification to complexity, because it takes into account the influence and constitution of several dimensions traditionally viewed as non-economic in the economic arena, such as social relationships, values, social structure, and power.

## **2.2 Culture in orthodox economics and the cultural approach**

Let me now turn to contrasting in a more explicit way how culture is considered in both the orthodox economics, and the cultural view.

Culture seems almost absent in the orthodox approach to economic action, and to the firm. As DiMaggio (1994:29) puts it, “most modern economists do not worry much about culture” although, “culture lurks near the surface of neoclassical thought”. Going over the conceptualization of the economic agent and the economic action held by orthodox economics, it is possible to notice that there is not much space open to culture. Within this framework, tastes and preferences constitute the only gate through which culture can enter the economy. However, both tastes and preferences are conceived only under the domain of an individuals’ sphere without considering the influence of history, place, social structure and social relations. Moreover, the understanding of preferences and rationality as

givens and as natural conditions of human beings, closes the possibility of bringing forward the role of culture in the economy.

DiMaggio (1994) suggests that the low profile of culture in economic analysis constitutes a strategy aimed at maintaining deductive models, and abstraction, as well as avoiding the fuzziness that culture introduces. Culture is excluded from the analysis in order to maintain the status of economics in positivist terms as a science with explanatory and predictive qualities.

Furthermore, DiMaggio (1994) stresses that when orthodox economists take culture into account, they only make out the regulatory action of culture over the constitutive function. In other words, orthodox economics stresses the constraints and influences imposed on economic processes by culture. In this way, culture explains the practices in which the means-ends scheme is not completely pursued.

In contrast, the cultural view provides several points of entry to culture in the economic arena. Firstly, a cultural approach does not conceptualize economy and society as two separate entities without interaction or any sort of relation. As already indicated, the economy is understood as socially embedded, and therefore, influenced and constituted by social relations. Culture provides the values, norms, meanings, rituals and schemes, to allow for social embeddedness as Zukin and DiMaggio (1990) have pointed out.

Secondly, there is a recognition that economic processes have an irreducible 'cultural component' (Thrift, 2000). Culture does not only complement the economic account but also brings to light aspects which cannot be reached through an economic reading alone. The cultural dimension has been increasingly identified in the processes of production, consumption, and exchange. The literature on organizational culture has focused on

the effects that culture has on the productive capacity of firms and employees, and on the role played by a 'suitable' culture in the successful performance of the firm (Schoenberger,1997). Culture in the process of production has also been analyzed in studies about cross-national variation and in the organization of work.

In the process of consumption, culture is at stake when determining whether something can be subjected to the process of commodification. Culture is also recognized when commodities are valued for their intrinsic use value, and for the meaning that systems of representation and identity assign to them. As mentioned before, research done on financial markets (McDowell,1997) brings to light how culture permeates financial and labor markets with the increasing importance of face-to-face interaction. In sum, many scholars have called attention to cultural influences on economic structures and practices.

Finally, the conceptualization of the economic agent, whether an individual or a group, as connected and related to others, opens another entry to culture. As Peet (1997) indicates:

In creating economic forms agents do not act freely, as though motivated entirely by personal will, but act as socially constructed or culturally produced identities (Peet, 1997: 37) .

Culture mediates the interaction among agents, providing the norms, values and signals that make possible not only the reciprocal understanding, but also the generation of trust, one of the crucial aspects for economic relations (Granovetter,1985).

To conclude, I would like to stress that the conceptualization of the economic agent and the logic of the economic action delineate the role that culture has in the analysis of economic process. By conceiving the economic agent as an individual without any relation-

ship with others except for business relations, and identifying only one sort of logic in the economy, orthodox economics leaves culture out of the economic arena. Conversely, the cultural perspective takes culture into account as partly constituting the economy, defining both the economic agent and the logics of economic action, and as establishing restrictions to instrumental rationality.

## **2.3 The orthodox and the cultural view of the Firm**

Since the unit of analysis of my research is the enterprise, in this section, I look at how the three features previously examined, inflect the conceptualization and representation of the firm.

My starting point is the conceptualization of the economic actor through the analysis of the firm. Orthodox economics defines the firm as a rational agent, despite the recognition of its complexity. Firms are supposed to be naturally skillful and well informed so that they are able to determine their best strategies of action under the constraints imposed by the scarcity of means. Therefore, as Hayter (1997) argues for neo-classical economics, the firm is represented as an Economic Man,

who has the perfect information and perfect rationality necessary to compute an 'optimal' location in the sense of minimizing costs or maximizing profits (Hayter, 1997:111).

Instead, the cultural perspective conceptualizes the firm as an embedded agent (Grabher, 1993), meaning that its actions are shaped by the relations with other firms and social agents. Interaction among agents contribute to the establishment of interpersonal networks, and relations not only of competition but also of cooperation. It is important to note that from the cultural perspective the existence of these personal relationships which gen-

erate trust and long-term cooperation within and beyond the firm is regarded as a condition for the functioning of the firm (Hodgson, 1988).

The firm is also embedded in an institutional and political context, which sets the legal and normative boundaries within which firms can operate. In other words, the strategies and actions of the firm are socially and territorially grounded. In fact, as Grabher (1993) stresses, firm's actions are embedded in such a way in the social, cultural and political context that the boundaries separating the interior and the exterior of the firm are not constant, but continually updated.

The cultural view of the firm recognizes different representations of the firm taking into account the firm's practices, its organizational culture, and the networks of relations in which it is embedded. As a consequence, the firm's success depends not only on economic factors but also on non-economic ones such as the culture of the firm (Schoenberger, 1997), and the networks in which the firm is inserted (Grabher, 1993). In this way, Schoenberger (1997) highlights the significance of corporate culture, considered in the traditional perspective as a non-economic feature, for business success. Schoenberger argues that the culture of the firm, basically analyzed through the managers' discourses, frames the understanding of external and internal environments. Hence, corporate culture becomes a crucial dimension in the definition of corporate strategies. It is important to note that the culture of a firm, from this perspective, is not considered as something that is fully homogenized. Moreover, while individuals are shaped by the culture of the firm, through their activities, individuals also modify and produce that culture.

The second point is how orthodox economics and the cultural perspective theorize the economic action of the firm. For orthodox economics, the firm has a unique and central

logic: maximize profits (Smith, 1971). In order to achieve the goal of maximization, as Smith (1971) clearly states, firms have to choose the best association of three related factors: scale, techniques, and location of production. The adequate selection and relation of these factors, as a result of the entrepreneurial skills that characterize the firm, determines the success of the business. In fact, for orthodox economics, only enterprises that achieve the intended consequence of economic action- maximization of economic utilities- are qualified to maintain themselves in the market. In other words, the better the entrepreneurial qualifications of the firm, the greater the chances that the firm will survive in a competitive market (Sheppard, 2000). However, since the institutional structure and the tastes of the firm are considered as givens, the firm's behavior turns out to be the result not only of the interaction between supply and demand, but also of its ability to make good decisions.

Conversely, in the cultural perspective, the firm has complex goals and multiple logics besides the maximization of profits. Furthermore, as O'Neil and Gibson-Graham (1999) argue, firms constitute sites of multiple and contradictory processes. As an example of the co-existence of multiple logics, O'Neil and Gibson-Graham (1999) point to the different and contradictory motivations that managers of the same firm have such as the achievement of corporate goals, the maximization of their own benefits, or the achievement of a promotion. Therefore, it is not possible to state that firms are directed only by the logic of maximization. On the contrary, the firm constitutes a social organization characterized by the multiplicity of its logics.

Regarding the conceptualization of markets, orthodox economics represents firms as autonomous agents. According to this framework, there should be a large number of both independent firms and consumers to enable the mechanism of competition to function.



However, the relationships established among firms and consumers are restricted to economic transactions.

On the contrary, the cultural perspective identifies the involvement of firms in non-market arrangements with other firms and agencies. This involvement refutes the image of the firm as an isolated entity in market relations. As Hodgson points out:

They [the firms] will often, for instance, make use of traditional ties of loyalty and use personal exchanges of goods and resources, rather than going to the open market and seeking one-off competitive deals (Hodgson, 1988: 209).

Therefore, the firm operates in a network of relations and contracting bonds constituted partially as a result of its own action. Furthermore, the cultural perspective recognizes that building a social and economic context, which promotes the interaction of people inside and outside the firm, constitutes a crucial factor in the success of the firm. Relationships of reciprocity, cooperation, interdependence, and power are established among firms, as can be seen in the cases of inter-firm cooperation, strategic alliances, and regional networks. At the same time, Grabher (1993) suggests that these close relationships can generate a common world view and interpretation of information which precludes seeing the challenges imposed by the transformation of initial conditions, and the strategies to cope with them. In other words, the embeddedness of the firms can set limits to instrumental rationality.

In short, the orthodox economics represents the firm as a rational economic agent without internal contradictions and relationships with other social agents. Conversely, the cultural view holds the firm as a social and embedded agent with a variety of logics and rationalities. These various logics are socially and territorially grounded. Furthermore, the

cultural perspective brings forward different representations of the firm, recognizing the incidence of 'non-economic' aspects not only in the organization of the firm, but also in its performance.

## 2.4 Conclusion

The purpose of this chapter was to delineate the main elements of the theoretical approach applied in this thesis. I contrasted the conceptualization of the economic actor, economic action, and markets held by orthodox economics and the cultural perspective. I argue that the conceptualization of both the economic actor and economic action frames the role assigned to culture in each approach. Orthodox economics leaves culture out of the economic arena by conceiving the economic agent as an individual without any sort of relationship with other social agents, and identifying instrumental rationality as the only logic operating in the economy. In contrast, in the cultural perspective, culture makes up the conceptualization of the economic actor and its action, and at the same time sets limitations to instrumental rationality.

The chapter argues that the orthodox approach limits the analysis of economic processes in general, and the firm in particular. Firstly, orthodox economics reduces human beings' action to the unique logic embodied in *Homo-economicus*. All the actions of human beings, as well as of firms in the economic realm, are reduced to a means-ends scheme. As a consequence, a gap emerges between the actions that are considered as constituting the economy, and those actions that, despite their economic impact, are excluded because they do not fit into an instrumental logic.

Secondly, culture as well as other dimensions of social life are ignored or marginalized from economic analysis. From an orthodox perspective, culture is characterized by a

different logic that does not operate in the economic realm. Finally, the analysis of the firm is limited because firms are considered as givens, rational and isolated agents that possesses all the abilities to survive in the market. The only thing to analyze is how to combine the conditions in the firm so that the best decisions are reached.

To finish, I would like to point out some of the advantages of analyzing economic processes, particularly my case study, from the cultural perspective. The cultural view offers a more realistic image of human beings and of the firm because it challenges the traditional dualism between economic/non-economic actions. As a consequence, the cultural perspective recognizes several types of rationalities functioning and coexisting in the economic arena.

The second advantage is that with this recognition, the cultural perspective opens the inquiry to questions such as: what defines these different logics? How do different rationalities operate in the same economic realm? And in which ways do they conflict or negotiate with instrumental rationality? Finally, for the cultural perspective there are no "givens" or "closed boxes" that cannot be opened. Just as the assumption of one type of rationality in the economic arena is challenged, so the firm itself is conceived in terms of its multiple logics, and its culture subjected to analysis.

My empirical research was motivated particularly by one of the ideas proposed by the cultural approach: the existence of different rationalities within the economic realm. This idea of multiple and co-existing economic logics motivated me to analyze whether entrepreneurs involved in the EC could be enacting a different logic of action from instrumental rationality. In this sense, the interviews I conducted were shaped by this thesis since they were oriented to make entrepreneurs describe and analyze their logic of action, as well

as to compare it with instrumental rationality. In other words, the cultural approach provides the appropriate theoretical framework for my case study in that it recognizes logics of action within the economic arena, which are not even considered by the orthodox account because they do not follow the means-ends scheme.

# 3

## THE FOCOLARE MOVEMENT AS A SOCIAL MOVEMENT

The question that guides this chapter is: *What defines the FM as a social movement?*

Drawing on Escobar's conceptualization of a social movement, I argue that by launching the EC, the FM engaged in a process of challenging received meanings about the economy, and as a consequence became a social movement.

The chapter is divided into three sections. The first section outlines differing definitions of a social movement to delineate when a collective action becomes a social movement. In the second section, I look at the history and practices of the FM through a periodization that contextualizes its constitution, firstly, as an ecclesiastical movement, and secondly, as a social movement. The chapter concludes by describing the development of the FM, and the EC in Argentina.

### 3.1 Conceptualizing a social movement

In Marxist analysis, social movements are defined in relation to the system of production, and by their goal of social transformation (Scherer Warren: 1989). Class mediates social relations, and control of the means of production is the primary terrain of struggle. The existence of a direct linkage between collective action and the structural position of individuals is, thus, assumed. Social movements are defined as class-based movements, and the working class is viewed as the active agent of structural transformation. Yet, as David Slater states, the conceptualization of social movements has recently "moved beyond the centrality of class" (1994:12), in the sense that class is not viewed as the only

source of social movements' identity. The emergence of social movements whose identity, and beginnings "do not spring automatically from structural class tensions" (Della Porta and Diani, 1999), calls into question the direct relationship between class and collective identity. Examples include movements against the violation of human rights, movements struggling to recover their ethnic and cultural identity, urban movements claiming housing, public health and education, and the improvement of social life in their neighborhoods. These, and other social movements, call attention to other sources of identity (Buechler, 2000).

As the identity of a social movement is not considered as given by the structural position of individuals, the constitution of collective identity becomes the main dimension of analysis. Social movements are defined as "systems of action" (Melucci, 1996) which means that all their goals, strategies of action, and meaning are produced, negotiated, shaped, and shared among interacting individuals (Melucci, 1989). This conceptualization has a cultural ground, as Castells (1997) points out, because the social movements' collective identity is not automatically defined. Instead, the movements' identity implies a process of defining the meanings of their actions. Social movements are seen as raising cultural challenges, focusing on everyday life and individual experience.

In this sense, Escobar and other Latin American scholars argue that by challenging cultural meanings, social movements are also struggling over material conditions (Baierle: 1998; Grueso, Rosero and Escobar: 1998; Diaz Barriga: 1998; Corrêa Leite Cardoso: 1992). Drawing on the conceptualization of culture as a process of producing meanings,<sup>11</sup> Alvarez, Dagnino, and Escobar (1998) state that social movements take up two processes:

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11. In chapter 5, I outline this conceptualization of culture.

cultural politics, and politics of culture. Cultural politics refers to the processes of unsettling “dominant cultural meanings” (Alvarez et al. 1998: 7), and redefining received notions such as citizenship, democracy, economy, and identity. The second process, politics of culture, calls into question what is generally understood as political. It is important to note that in this framework people’s practices make up culture, and as a consequence the level of daily life constitutes one of the sites of a social movement’s struggles. Although according to Escobar social movements enact these two processes, I will focus on the cultural politics of the FM because it is a more relevant notion to my case study.

Escobar argues that social movements should be understood “...as economic, political, and cultural struggles” (1992: 64). Therefore, the action of challenging notions that revolve around politics, culture, and economy defines the constitution of a social movement. According to Escobar (1992), the conceptualization of social movements should explore both the ‘how’ and the ‘why’ of a social movement. The ‘how’ of a social movement refers to the construction of collective identities. The ‘why’ takes into account not only the structural and political settings of social movements, but also the cultural meanings involved in their emergence, and development.

There are alternative ways of analyzing social movements. I chose Escobar’s theoretical proposal because: i) it constitutes a framework that recognizes the importance of class in social process but does not reduce analysis to class relations; as a consequence ii), it opens the opportunity of analyzing how social movements can both struggle over material conditions and challenge dominant meanings and notions with a cultural base; and finally iii) it offers a more realistic theorization of Latin American social movements, based on an extensive research on Latin American social movements, which contrasts with the

“stereotyped images” of these movements constructed by Western literature (Slater, 1994: 20).

## **3.2 From ecclesiastical to social movement**

In this section I present a periodization of the FM to support my argument that the FM is a social movement, following Escobar’s conceptualization. The periodization analyzes the origins, development, and practices of the FM, focusing on its social activities. It must be noted that constructing a periodization is a methodology created by the researcher, and therefore it can change according to the goals of the research. My aim is to examine which practices define the FM as a social movement, focusing on how it enacts cultural politics, defined as a process of challenging and re-defining cultural meanings and assumptions.

### **3.2.1 First period: becoming an ecclesiastical movement (1943-1991)**

The FM started in 1943 in Northern Italy although it was formally approved by the Catholic Church as a lay movement by Pope John XXIII almost twenty years later. It was initiated by an Italian young woman, Chiara Lubich, together with some of her friends, all of them between 15 and 25 years old (Veronessi et al. 1993).<sup>12</sup> The Second World War was the context in which the movement emerged in Trent. Surrounded by the destruction caused by the war, this group of young women started living, in a radical way, the commandment of Christian love. Lubich recalls how the idea began as she questioned her own Christianity:

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12. The formal name of the movement is “The work of Mary”, although it is more common to use the name “FM”. Lubich and her friends were called by the Italian word “focolarine” which means “those people who maintain the fire in the fireplace”. The “focolarine” live in small communities called “focolare” which are the main centers of the movement.



Why is it, I asked myself, that the faith of us who call ourselves Christians is often reduced to this: going to mass on Sundays, and that's all; mass on Sundays if we go? [...] Isn't God the God of every day, of every moment of our day? [...] I asked myself: isn't the apostolate to which we dedicated ourselves for only one hour a week, too little, like one activity alongside many others? [...] Isn't it strange that when we visit a Christian nation we do not find it to be notably different from non-Christian nations? [...] We will radiate Christ around us not only once a week but the whole day long, always (Chiara Lubich, 1999).

Lubich and her friends were calling into question the traditional way of being Christian, which narrowly conceived of Christian activity as, for example, going to mass. In contrast, every week this group of young women lived by a particular word of the Gospel in their everyday life whether with their parents, friends, neighbors, or in their workplace, blurring the distinction between religious, and secular spheres (Lubich, 1992). Members of the movement currently attempt to act on in their everyday life a monthly commentary on a phrase taken from the liturgy of the month, called "Word of Life".<sup>13</sup>

It was precisely this idea of not separating Christianity from everyday life that increased the spaces in which the movement's spirituality could be spread: every place and situation became an opportunity for living by the Gospel. When the war was over, touched by the novelty of not reducing Christianity simply to church, five hundred people joined the original group of young women (Veronessi et al. 1993). As one of Lubich's first friends recalls:

One day Chiara told me: 'Many Christians behave like actors. They put the make-up on, they go to church, and then when they go back home, they take the Christian make-up

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13. This monthly commentary, written by Lubich, is translated into 85 languages. It is estimated that it reaches 14 million people through print, radio, television and internet (Information available at: [www.focolare.org](http://www.focolare.org)).

off. Yet, if Jesus were living in this century, he would be Jesus all day long. He could even be an electrician like you'.  
(quoted in: Gallagher, 1998: 85).

During the late 1940s, Lubich and others started travelling to other Italian villages and cities such as Milan, Turin, Genoa, and Rome, spreading the ideas of their community. Neither Lubich nor her friends thought they were initiating an ecclesiastical movement, thus, they did not have a formal structure nor rules. However, following Archbishop of Trent's suggestion, Lubich started writing the first articles of the movement in this period (Gallagher, 1998).

In 1956, three thousand people participated in the annual meeting of the movement called "Mariapolis",<sup>14</sup> in which the movement's beliefs were introduced. A newsletter was started, which later became the magazine of the movement, "New city", now published in twenty four languages. In 1959, almost twelve thousand people participated in the Mariapolis. After that year, the annual meeting of the movement was also held in other countries (Gallagher, 1998).

The 1950s were the years of expansion of the movement to other countries in Europe, North and South America, and Africa (Lubich, 1986; Zamboni, 1991; Gallagher, 1998). The arrival and development of the movement in each country was spread by establishing personal relationships with a small number of people, who afterwards passed the word to others, bringing in more people to the movement. Most of Lubich's followers helped diffuse the movement's ideas to other countries.

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14. Mariapolis means city of Mary. These meetings started as a sort of holidays for people of the movement, and afterwards they became an annual meeting in which the movement, and its style of life was introduced to other people.

The expansion of the movement to other countries, and the openness of the movement, enabled it to initiate relationships with Christians in other churches such as the Orthodox,<sup>15</sup> Lutheran,<sup>16</sup> and Anglican Church,<sup>17</sup> as well as people of other religions, for instance Islam,<sup>18</sup> Buddhism,<sup>19</sup> and Judaism.<sup>20</sup> The ecumenical dimension of the movement has been important throughout the movement's history.

During the 1960s, the structure of the movement and its rules were defined. Realizing unity in all the different dimensions of human life became the goal of the movement, including the achievement of unity among people of diverse cultures, countries, economic conditions, and beliefs. As the founder, Chiara Lubich put it,

It [the FM] is on the march in order to contribute towards building the civilization of love, towards attaining the goal of a more united world [...]. Our aim then would be unity, putting into practice the testament of Jesus: "That all may be one" (quoted in Giménez Receptcion, 1997).

As for the geographical structure of the movement, it increasingly was divided into regions articulated by an international center located in Rome.<sup>21</sup> In this first period, initial

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15. Lubich got in touch with Athenágoras I, the Patriarch of the Greek Orthodox Church who enabled the FM to develop within the Orthodox Church (Veronessi et al. 1993).

16. In 1961, during a trip to Germany, Lubich was invited to speak to a Lutheran community. After this meeting the style of life of the movement started being spread within the Lutheran Church (Gallagher, 1998).

17. After participating in 1965 in an ecumenical meeting organized by the FM, Lubich was invited to speak to Anglican communities in England. Many Anglican people were interested in the movement and started participating (Gallagher, 1998).

18. With the expansion of the movement to the Middle East some members of the movement started establishing friendship with Muslims. In the USA, members of the movement also started a relationship with the Muslim American Society. Lubich was the first white woman who spoke in the Harlem's mosque (Gallagher, 1998; New City, 1998; 2001).

19. The relationship with Buddhists started when members of the FM living in Japan, USA, and Italy got in touch with members of a Buddhist lay movement called 'Rissho Kosei-ka' (Veronessi et al. 1993).

20. The first contacts with Jews started in an individual way between members of the movement and Jews not only in Israel but also in different countries of Europe, Latin and North America (New City, 1999).

21. The FM makes a demarcation of the territory, setting regions which according to the number of members of the movement can be constituted by part of a country, a whole country or more than one country.

villages of the movement were created in Loppiano (Mariapolis Renata-Italy), O'Higgins (Mariapolis Andrea-Argentina), Fontem (Mariapolis Maria Mai-Cameroon), and São Paulo (Mariapolis Aracelli-Brazil), called by the Italian word 'citadellas'.<sup>22</sup> Such villages contained houses, schools, and economic activities, and their purpose was to show, through material expression, the style of life and spirituality of the movement. The villages have permanent residents, and constitute the main centers of the FM being the sites of meetings.

From the beginning, the FM was involved in activities which aimed at finding possible responses to economic problems experienced by people close to it. Lubich and her friends shared their material possessions with people who lived in their neighborhoods. As Lubich says,

The goods shared, were distributed among those that were hungry, those that were naked, those that were homeless, those that were ill (quoted in: Quartana, 1992:17).

In addition, Lubich recalls that in the first community they started sharing their surplus with almost thirty people who had extreme economic problems (Lubich, 1992). The FM, therefore, recovered the practice that had characterized Christian communities of the first period of Christianity, but which was lost afterwards within the Catholic Church, and finally became restricted to convents and monasteries (Araújo, 1998; 1999).

In general, the sharing of material goods performed by members of the movement operates as follows. All members of the FM share freely their personal possessions. For instance, they make a personal assessment of their clothes in order to determine the ones

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22. Currently there are 20 'citadellas' located in the five continents. Each village has a particular characteristic. For instance, the villages Aracelli and Andrea are more oriented to the development of the EC, the German village "Nueva Ley" is characterized by how Catholics and Lutherans live together, and the village Luminosa in USA is characterized by the relationship established among different cultures and ethnic groups (Information available at [www.focolare.org](http://www.focolare.org)).

they do not use, or to which they are particularly attached, and share them with other members of the movement. When participants or somebody close to them, have material difficulties, the person communicates his or her needs, which are then satisfied with those goods and funds that have been freely joined by members of the movement. The movement has also carried out several actions at the global scale in order to help people in critical situations, such as raising funds to provide assistance in Cameroon, Lebanon, Panama, El Salvador, and Kosovo among others (Veronessi et al.1993; New City).

In this period, the charitable function of the movement could be described as a sort of 'band-aid' activity, in the sense that actions were carried out as means of finding out immediate solutions for economic problems that both members of the movement and people close to it were experiencing. The communion of goods was restricted as a response to concrete material needs. In more general terms, the FM extended religious values to secular spheres, challenging the traditional meaning and practices of being Christian. However, by examining its practices, and drawing on Escobar's conceptualization of social movements, I will argue that, at this point, the FM did not constitute a social movement. The FM coped with material needs - by practicing the communion of material goods- but it did not call into question the economic system that originated them, nor did it challenge the traditional separation between economic and religious spheres.

### **3.2.2 Second period: becoming a social movement (1991- present)**

In 1991 the founder of the movement launched an economic proposal entitled "Economy of Communion". It consisted of setting up firms with profit objectives that freely share their revenues. However, the goal is to share these profits, which are divided into three parts: one is shared to help those in need, starting with those among the members

of the movement who are experiencing the greatest economic problems;<sup>23</sup> the second is used to develop the structures involved for spreading the culture of giving, and the third is re-invested in the firm (Araújo, 1998). Despite the formal beginning of the EC in 1991, its history is rooted in a series of historical events that go back to FM's origins in the 1940s. Lubich's proposal was influenced by the following elements:

- the practice of the communion of goods which had been performed by the members of the FM since its beginning (Boselli, 1991);
- the creation of a cooperative, by members of the movement, that came to define the characteristics of those enterprises adhering to the EC. The functioning of this Italian cooperative - Loppiano Prima- is considered as the prototype structure of the EC (Boselli, 1992);
- a conference about economy and work that was held in 1984. It established an international bureau of economy and work with the main objective of achieving a more global vision of the economy from a Christian perspective (Ferrucci, 1998);
- the publication of the encyclical *Centesimus Annus*, which opened a space to rethink the economic models within the Catholic Church;<sup>24</sup>
- Lubich's trip to Brazil in 1991 in which she was particularly moved by the difficulties that many members of the movement faced in order to cover their basic needs, and by the concentration of wealth in Brazilian metropolitan areas.

With the idea of setting up firms whose owners freely share the firms' profits, the commitment to perform the communion of goods acquired a new dimension and orientation within the EC. As Lubich puts it,

...I realized that we were unable to cover even the most urgent needs of our members, notwithstanding the intense

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23. According to the movement's statistics, 10000 members of the movement are currently experiencing economic problems, who receive assistance from the funds shared by firms joining the EC as well as funds raised by members of the movement.

24. The encyclical *Centesimus Annus* criticizes both Capitalism and Communism as economic systems. Although it does not provide a proposal of economic model, the encyclical asserts private property as fair and legitimate but at the same time, asserts the social and universal aim of property (Araújo, 1992). The main problem is that it does not go into the possible ways to achieve both principles simultaneously.

communion of goods. It seemed to me, then, that God was calling our Movement to something new. Although I am not an expert in economic problems, I thought that our people could set up firms and business enterprises so as to engage the capabilities and resources of all, and to produce together in favor of those in need (Lubich, 1999).

The EC goes beyond the communion of goods that previously occurred, implying a shift from 'defensive' to 'offensive' activities, to use Castells (1983) categories. This shift implies that whereas the communion of goods was restricted to the distribution of material goods previously shared, by setting up firms with profit objectives, the EC operates directly within the process of production. As Lubich says:

Taking up a charitable action is not enough, or doing something with benevolence. We need firms, whether big or small firms, which share freely their profits (Lubich, 2001).

Furthermore, it must be stressed that the aim of the EC is not only to produce a greater amount of profits to be shared, but also to introduce new ways of organizing the process of production (Sorgi, 1991). As one of the entrepreneurs involved in the EC put it,

it [the EC] would be an economy based on a commitment to grow together rather than the survival of the fittest: risking money, inventiveness and talents to share with those that the current economic system tends to exclude since they are 'non-productive' (Alberto Ferrucci, quoted in: Gimenez Reception, 1997).

In addition, the EC is not exclusively viewed as a way of fulfilling concrete needs. With the EC, the FM started enacting cultural politics as it attempted to demonstrate that the economy can be organized differently than mandated by the dominant system of capital accumulation. In this sense, Lubich emphasizes that with the EC, the FM offered alternative solutions to economic and social problems:

We understood that our charisma also has a social dimension. It has a social background. [...] It is a charisma, which

can help to find a solution to social problems (Gallagher, 1998:197).

I return to Escobar's conceptualization of social movements to delineate what defines the FM as a social movement. Escobar (1998) states that a social movement is defined by its action of calling into question established notions and assumptions revolving around economy, culture and politics. In this sense, the FM started enacting cultural politics with the EC because it challenged some dominant assumptions about the economy.

Firstly, the cultural politics of the FM is shown in how the EC unsettles the boundaries between public and private spheres of action. The EC calls into question the assumption that values, beliefs, and ethical orientations are outside the economic domain by suggesting that behavior in a public productive organization should be consistent with that in the private sphere of moral action (Lubich, 2000). That is, if a firm is run by Christians, then it should be operated along religious and spiritual principles. As one of my respondents put it:

With our personal and entrepreneurial experience, we try to show that an efficient enterprise can be run upon religious beliefs (Lucio).

By introducing the possibility of acting as Christians within the firm, the EC challenges the separation, as asserted within orthodox economics, between secular sphere of action- made up by the economy- and the private domain- constituted by spiritual or religious dimensions. The cultural politics of the FM consists of blurring the boundaries between private and public domains by conceiving the firm, in particular, and the economy in general, as spheres in which religious beliefs can be applied. As one Brazilian entrepreneur adhering to the project points out:



...[the EC] makes me believe that it is possible to act in the world of the economy in the same way as in my personal life (Armando Tortelli. Quoted in: Economy of communion: a new culture. Nov.1999).

For the entrepreneurs I interviewed, it appears that the firm is not conceived as a separate sphere from personal life. Instead, the firm also becomes a place in which religious beliefs and values are put into practice.<sup>25</sup> As explained by one of the entrepreneurs interviewed:

I think that the novelty of the EC is the possibility of establishing personal relations in the firm, in the labor context, traditionally viewed as a sphere in which distance should be kept. Furthermore, the EC challenges the traditional idea that if somebody wants to do something good or nice it must be done outside the firm (José).

This idea is similarly pointed out by another entrepreneur interviewed when I asked which particular aspect of the EC captivated her attention:

One of the things that drew my attention about the EC was the idea of seeing everybody, including all the people participating in the economic activities, as neighbors. Therefore, you should respect and treat each person according to this principle (Nancy).

Although an economic entity, the firm also acts in accordance to religious beliefs, and therefore the boundaries between secular and religious spheres of life are blurred. As a consequence, the FM calls into question the separation established by orthodox economics between economy and culture as different domains of action.

Secondly, the FM engages in cultural politics by calling into question the assumption of the existence of an exclusive economic logic of action. The EC challenges the assumption held by orthodox economics about the logic of economic action embodied in

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25. This idea is re-worked in chapter 6, in which I analyze the logic of action of firms joining the EC.

the *homo-economicus* (Bruni, 2000). The goal of profit maximization, despite the fact that firms are profit-oriented, is not the main objective of enterprises within the EC. Entrepreneurs testify that firms actually have other goals besides economic ones. The main objective of the enterprises examined was creating labor opportunities.<sup>26</sup> Most of the firms interviewed were set up as a means of providing labor opportunities to people who had lost their jobs. For instance, one of the entrepreneurs interviewed set up the firms because somebody close to him had lost his job:

One of my friends in the movement lost his job during 1992, some time after the EC was launched. At that time I didn't have a firm, I was working independently as an architect. He started looking for a job and during some months he could not find one. With my wife, we thought to share part of the work that we had. [...] we started working together and after some time we set up the firm (Lucio).

By sharing profits, entrepreneurs also enact cultural politics in that they challenge the assumption that individuals are naturally egoistic as the *homo-economicus* model states. The cultural politics of the FM consists of showing that rationality is a cultural construction in that it illustrates that there is not a natural way of behaving within economics, as asserted by orthodox economics. In other words, by indicating that there are alternative ways of acting within economic arena, the FM not only indicates that rationalities can be grounded on cultural values, such as religious principles, but also that every behavior practiced within the economic domain is chosen, learned, and therefore culturally constructed. In this sense, EC entrepreneurs described the decision of sharing profits as a mark that distinguishes their enterprise from similar based activities.<sup>27</sup> As one entrepreneur puts it,

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26. It must be noted that the unemployment rate in Argentina has raised from 8.1% in 1989 to 16.4% in May 2001, only measured in the biggest urban centers. The constant growth of unemployment has become one of the biggest problems in Argentina.

An enterprise adhering to the EC is more than an enterprise that generates labor opportunities and intends to be fair. There is an additional feature that characterizes the enterprise of the EC: it is that profits are shared for the people in need, and to spread the culture of giving (Luis Dandán. Quoted in: New city. July 1996).

In sum, following Escobar's conceptualization, I argue that the FM became a social movement with the project EC because i) it re-defines the boundaries established by orthodox economics between private and public domains of action by conceiving the firm as a place in which religious beliefs can be applied; ii) it challenges orthodox economics' assumption of a unique logic of action operating within the economic realm; iii) it challenges the separation between economy and culture by showing that religious values can not only operate within the economic realm but also constitute it; and as a consequence iv) it shows that *homo-economicus* is a cultural construction by de-mystifying its natural underpinnings. The EC has not engaged the FM in the process of political culture because with this project the FM is neither pushing for a re-definition of what should be considered as political nor trying to translate its agenda into policy. In other words, with the EC the cultural politics of the FM is not involving institutionalized fields of action.<sup>28</sup>

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27. However, I show in chapter 5 that entrepreneurs started re-defining the features characterizing firms adhering to the EC.

28. Although this issue exceeds the scope of my thesis, I must address that members of the FM have pushed for the constitution of a world-wide organization whose participants are politicians. This organization attempts to redefine political space by entering religious values in this "public domain". The process of political culture could be analyzed by focusing on how EC is viewed by this organization and considered in its agenda.

### **3.3 The focolare movement and the economy of communion in Argentina**

#### **3.3.1 The beginnings of the focolare movement in Argentina**

The history of the FM in Argentina starts in the early 1960s with the arrival of some of its first Italian members. Before going to Argentina in the late 1950s, Lia Brunet, one of the young women that made up the first group of the movement in Italy went to Brazil and stayed during a short period in Recife, and Rio de Janeiro. São Paulo became the first city in Latin America in which the FM was established. During this first trip to Latin America, one of the aspects that drew Brunet's attention was the overwhelming social difference between poor and rich people (Brunet, 1989). From São Paulo, Brunet made other trips to Montevideo (Uruguay), Buenos Aires (Argentina), and Santiago (Chile).

After the initial trip to Argentina, the first Latin American center of the movement was opened in Buenos Aires city (See Figure 3-1) in 1961. An Argentinean group of young people shared part of their salaries so that the 'focolarines' could pay the deposit to rent an apartment. Brunet recalls that with this group of young people they divided the city into five areas, and started spreading their view and practices (Brunet, 1989).

An incipient community had already started in a city located in the north-west of Argentina- Santa Maria de Catamarca- 2000 kilometer from Buenos Aires. A priest who had been touched by the life of the movement when he came to know some of its members in Italy, began spreading and organizing on its behalf in the northern Argentina. During 1962 two Mariapolis were held in this town, in which 300 Argentinean participated. People who came from other Argentinean cities stayed in the houses of local people. The movement had started, and quickly spread to other cities of Argentina through people who par-

ticipated in these Mariapolis. Brunet (1989) highlights the expansion of the movement to Córdoba carried out by a group of young people who participated in the first Mariapolis.

In 1962, other members of the movement arrived from Italy and stayed permanently in Argentina. During the 1960s, new centers were opened in Paraná, Córdoba, and Tucumán (See Figure 3-1). In the following years more centers were opened in Mendoza (1980), Neuquén (1990), Bahía Blanca, Resistencia, and Salta (1993). The magazine of the movement, which was first published in Argentina in 1963, became one of the means through which the movement's news was disseminated to its members.<sup>29</sup>

The founder of the movement visited Argentina in three consecutive years-1964, 1965, 1966- establishing direct contact with communities that were growing in the country. In her second trip, the construction of a bigger center was started on land donated by an Argentinean friend of the movement in José C. Paz, a city in the province of Buenos Aires (Brunet, 1989; Lubich, 1998).

The first steps in establishing a village for the movement were taken during 1966 and 1967. The Capuchin Friar donated 50-hectare property to the FM, localized in O'Higgins, province of Buenos Aires, 200 kilometers from the city of Buenos Aires (See Figure 3-1). A year later, the village "Andrea" was founded, and its construction initiated. The residents of the village, most of them young people, started some small scale productive activities such as in agriculture, carpentry, clothing industry, and the production of sweets and jams (Brunet, 1989; New City, 1998). Besides the practical fact of being the

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29. Within the FM communication technologies, such as e-mail and conference calls, are widely employed.

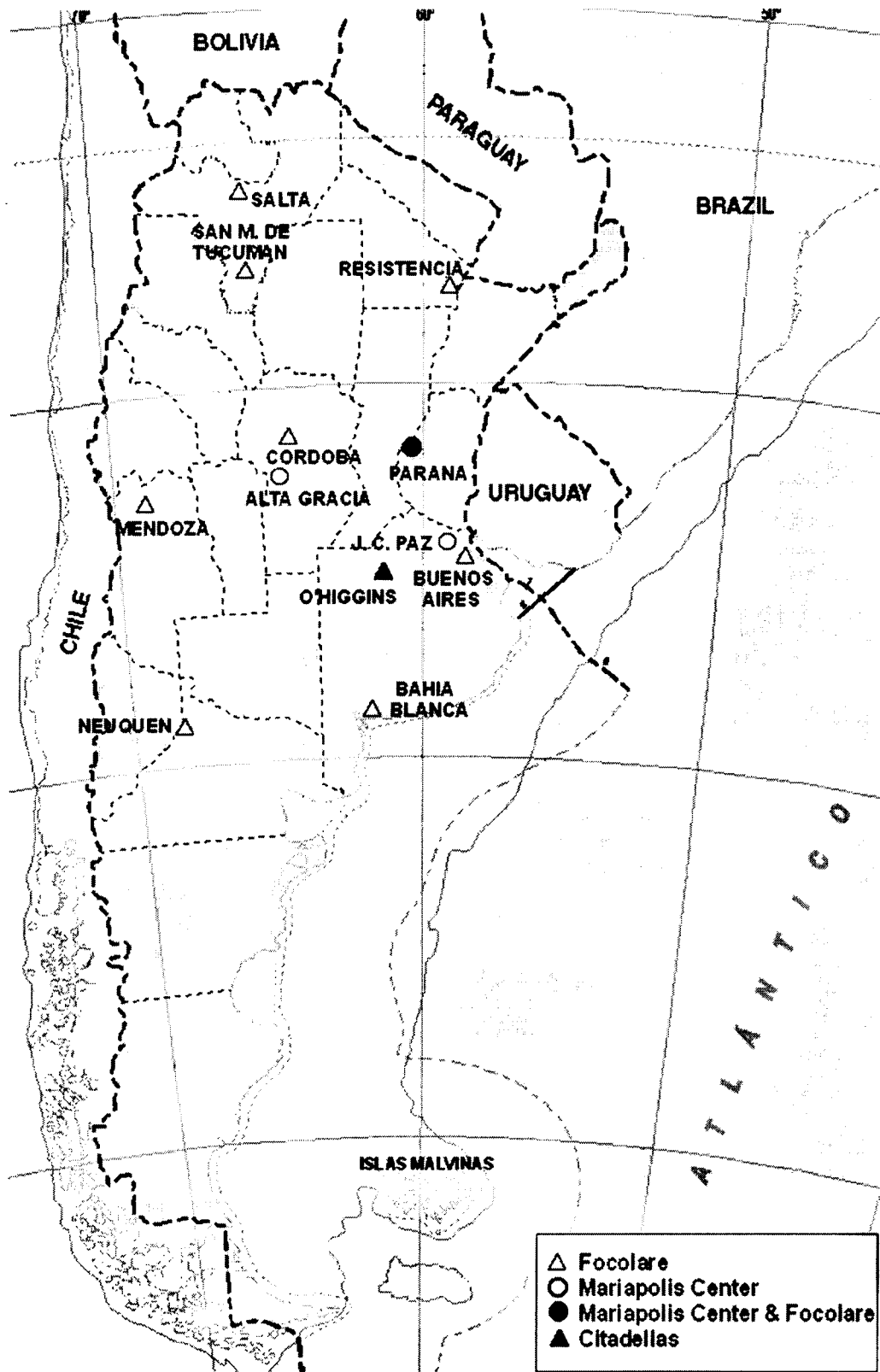
center in which the biggest meetings are held, the village was thought as a prototype of a city in which all its residents live as Christians.

Andrea village currently has, in addition to the initial 50 hectares, 34 hectares part of which is devoted to housing. The village has some small industries, a church, a center for sports, some schools, retreat houses, houses for the permanent residents (almost 200 residents), a center for meetings, and some shops for the commercialization of goods produced in the village. The village is visited each year by more than 25000 people who participate in different meetings of the movement, or who just visit the village with the purpose of knowing more about its life (New City, 1998).

In Figure 3-1, I identify the current centers of the FM in Argentina. There are, though, members of the movement in cities that do not have a formal structure, and they are not represented in this map. The centers of the movement are classified in three categories and exist on three geographical scales (national, regional, and local):

- “Citadellas”: these villages constitute the biggest centers of the movement with permanent residents. They have an infrastructure to hold meetings, and to provide schools for the movement. Argentina only has one village- Andrea- located in O’Higgins (Buenos Aires).
- “Mariapolis Centers”: these are houses in which meetings and retreats are held. In Argentina there are three centers in José C. Paz (Buenos Aires), Alta Gracia (Córdoba) and Paraná (Entre Rios).
- “Focolare”: they are the smallest centers of the movement, small communities made up by consecrated women or men. There are focolares in several cities as well as in the villages of the movement.

Figure 3-1. Centers of the FM in Argentina



In sum, this section highlights the beginning of the FM in Argentina. It is important to note that the movement was spread in Argentina by only few of its first members. In a period of forty years, the movement has spread across Argentina. It started with two zones, and currently the movement has five regions: Mariapolis Andrea, Córdoba, Buenos Aires, Rosario, Bahía Blanca. Nine Mariapolis are held each year with 7000 participants. The infrastructure of the movement also developed during this period, particularly with the increase in the number of its centers - 32 focolares, 3 mariapolis centers-, and with the growth of Andrea village.

### **3.3.2 The economy of communion in Argentina**

The initiation of the EC in Brazil had an immediate impact on the members of the movement in Argentina. Vera Araújo, a Brazilian sociologist and member of the movement, introduced the EC in a meeting devoted to the analysis of social issues from a Christian perspective in 1991. Many members of the movement, as well as other people interested in social and economic issues, took part in this meeting (Apuntes, 1992).

This meeting, called the social school, had a significant influence in the development of the EC in Argentina, as many entrepreneurs interviewed stressed. The first enterprises adhering to the principles of the EC in Argentina were established following this meeting. This is the case for Ricardo and José, two entrepreneurs interviewed, who were moved to join the project with their firm after this meeting:

When the EC was launched in the social school we identified with it. It was what we were looking for...After launching some products, our clients started asking us to increase our production and develop other products. We launched other products and felt that we had the ability to develop new products, organize the firm, and obtain profits. But we didn't want to live a life full of ambitions. So, we rejected the



chances to keep growing because we couldn't find any sense in working just to have more than we needed. It wasn't compatible with our style of life. When the EC was launched, we found out that we could not keep our qualifications, potentialities, and ideas for ourselves. We felt that we had to share them. [...] The firm started growing when we discovered the social meaning of the profits with the EC (Ricardo and José).

After this meeting, members of the movement started raising funds to buy a property close to the village Andrea so that the firms adhering to the EC could be opened there. The firm UNIDESA, constituted by seventy-two shareholders, was set up, and with the capital raised, bought a 34-hectare property to begin an intensive production in greenhouses. This was the first activity adhering to the principles of the EC in Argentina which after some years closed down. Two families of the movement took up the production and marketing (Apuntes, 1992; New City, 1994).<sup>30</sup>

During the last few years the essential services-water, electricity- were added, and the property was divided into lots. Some of them were sold and a neighborhood was constructed.<sup>31</sup> Currently, there is a project to construct a center, a sort of exposition, in which enterprises joining the EC could be displayed to the visitors of Andrea.<sup>32</sup>

Other meetings about the EC have been held since 1991 which have contributed to widening the knowledge of the project in Argentina, and provoked adherence to it. For instance meetings with the Italian entrepreneur Alberto Ferrucci, who is the director of the International Bureau of the EC, and the school of EC held in the Andrea village in 1999. The EC was introduced to a broader group of people, beyond the members of the move-

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30. Eduardo, one of the entrepreneurs interviewed, and his family took part of this activity, as it will be pointed out in chapter 4.

31. Economy of Communion: a new culture, July 1998.

32. Economy of Communion: a new culture, June 1999.

ment, through a series of meetings with entrepreneurs, politicians, and students of economics in Córdoba (1997), Rosario (1998), Tucumán (1999), and Buenos Aires (1998/2000).

By the end of 1992, national and regional committees - one in each region- were created with the goal of giving support to the firms adhering to the EC, and communicating the needs of each zone. The regional committees have a direct relation with the enterprises in order to back them up, though they do not have authority over the firms.<sup>33</sup>

Since 1991 the number of enterprises adhering to the EC, although small, has increased (See Table 3-1). However, these figures may be over-estimated because they include enterprises or activities that have expressed the wish of joining the project, but not actually joined it.

**Table 3-1.** *Enterprises and activities adhering to the EC in Argentina for the period 1992-2000*

	<b>Enterprises</b>	<b>Activities<sup>a</sup></b>	<b>Total</b>
<b>1992</b>	24		<b>24</b>
<b>1993</b>	25	<b>14</b>	<b>39</b>
<b>1994</b>	11	<b>40</b>	<b>51</b>
<b>1995</b>	12	<b>30</b>	<b>42</b>
<b>1996</b>	40	<b>9</b>	<b>38</b>
<b>1997</b>	36	<b>10</b>	<b>46</b>
<b>1998</b>	36	<b>10</b>	<b>46</b>
<b>1999</b>	35	<b>10</b>	<b>45</b>
<b>2000</b>	38	<b>10</b>	<b>48</b>

a. The category "activities" includes micro-economic activities which are not formally constituted as enterprises, and independent professionals who participate in the project with their economic activity although they are not constituted as a firm.

Sources: Statistics provided by the International Secretary of the Economy of Communion and infor-

33. However, the successful development of this function was called into question by two of the entrepreneurs interviewed by indicating the lack of support provided by the FM to firms.

mation obtained from New city 1992, 1995, 1996; Economy of communion: a new culture 1998.

Two main conclusions can be drawn from these figures. Firstly, it is possible to note the number of firms adhering to the economy decreased in 1994, and 1995. Two interpretations can be offered: these firms gave up adhering to the project, or they closed down. The information obtained from 'New city', and from interviews suggests that these firms closed down.<sup>34</sup> Lack of experience in the business, tax increases, and the de-regulation imposed by the government to imported commodities affected the firms' performance, especially firms producing commodities.<sup>35</sup>

Secondly, the number of firms adhering to EC has not increased since 1997. It can be asked whether this is a phenomenon peculiar to firms adhering to EC, or if it is a broader and structural process. Recent statistics suggest that a high number of small and medium-sized firms in Argentina closed down during the first five years of life, and that a small number of firms are opened each year.<sup>36</sup> Therefore, the limited growth in the number of

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34. Some of the firms that closed down were dedicated to the production of bikes, clothes, synthetic fabrics, and meals packing. Many of these commodities started being imported at a lower price than the ones produced locally.

35. In chapter 4 I outline the Argentina's economic context during the 1990s. Suffice to say now that in the 1990s Argentinean government initiated a process of economic 'de-regulation', or 'new economic regulation'. By and large, it consisted of financial openness and liberalization on goods' importation. It was precisely the liberalization on goods' importation, aggravated by a context of national economic recession, that had direct impact on domestic manufacturing industry. Lacking protection, domestic industry had serious difficulties in competing with imported commodities.

36. Clarin Economic Journal. 11 March 2001.

firms adhering to the project reveals structural restrictions imposed on all small and medium-sized firms in Argentina.

**Table 3-2.** *Number of EC enterprises and activities in 2000, according to the FM's zones*

Region	Enterprises	Activities	Total
<b>Mariapolis Andrea</b>	4	—	4
<b>Bahía Blanca</b>	2	1	3
<b>Buenos Aires</b>	13	3	16
<b>Cordoba</b>	11	6	17
<b>Rosario</b>	8	—	8
<b>Argentina</b>	<b>38</b>	<b>10</b>	<b>48</b>

Sources: Statistics provided by the International Secretary of the Economy of Communion.

In sum, this section suggests that the EC had an immediate impact among the Argentinean members of the movement after it was launched in Brazil. Although the number of firms joining the EC has increased since 1991, the development of the EC has been gradual within the context of an economic recession that has mainly affected small and medium sized firms.

### 3.4 Conclusion

In this chapter I have analyzed whether the FM constitutes a social movement taking into account Escobar's conceptualization of social movements as political, economic and cultural struggles. I argue that the FM is a social movement because it started i) redefining the boundaries between private and public domains of action, ii) challenging the existence of a unique logic of action, iii) questioning the separation between economy and culture held by orthodox economics.

With the EC, the FM calls into question the appropriateness of maintaining a dualistic conception of actions and practices, as well as the assumption of economic rationality.

Enterprises adhering to EC demonstrate that the firm constitutes a place in which values and religious principles can be introduced, and as a consequence different logics of action enter into the economic realm and the firm. The cultural politics of the FM consists of calling attention to the cultural grounds of the concept of rationality. By showing that there are alternative rationalities, the FM suggests that there is not a naturally determined behavior within the economic domain. Instead, the FM evinces that every kind of behavior practiced is chosen and learned, thus, it is culturally defined. In sum, the cultural politics of the FM can be seen as i) fostering an alternative way of conceiving and organizing the firm, ii) blurring the boundaries between economy and culture as it shows that religious values and other rationalities can be operating in the economic realm, and iii) showing that *homo-economicus* is a cultural construction as it evinces that there is not a natural kind of behavior in economics.

Finally, the chapter delineates how the Italian origins of the movement spread to Argentina forty years ago, and how the EC spread after it was launched in Brazil. The number of enterprises adhering to the project in Argentina is limited. However, the period of its development has been short. Besides, what should be stressed and analyzed is that this group of enterprises, despite its number, is demonstrating the possibility of enacting another logic within economic sphere. The next chapter introduces the entrepreneurs who participated in my research, and their firms.

# **4**

## **THE ENTREPRENEURS AND THEIR FIRMS**

This main purpose of this chapter is to introduce the entrepreneurs I interviewed. It begins by outlining the economic context in which the firms interviewed are operating. The second section provides a general description of the firms that participated in my research. I then introduce each firm by examining the activities they carry out, as well as how they apply the sharing of profits. I also address how and when firms joined the EC.

### **4.1 Argentina's economic context during the 1990s**

Since the late 1980s Argentinean governments have implemented a neoliberal restructuring process. Neoliberal reforms were not only applied in Argentina, but also in most of Latin American countries. However, Argentina's neoliberal reform constitutes a very particular case in Latin American context because neoliberal restructuring i) coincided with the process of democratization, ii) was taken up by a political party whose political base is constituted by popular sectors of society such as the working class, and iii) was applied in the most orthodox way as mandated by international financial organizations, such as World Bank and International Monetary Fund.

With the debt crisis of the 1980s, the ability of Argentina, as well as other Latin American countries, to repay their loans became one of the most urgent international concerns. According to international financial organizations' analysis, Argentina's government needed to achieve a surplus in its budget in order to assure the repayment of a growing

external debt. The steps taken up by the Argentinean government to accomplish international requirements were the following:

- monetary stabilization by pegging the value of the national currency to US dollar.
- restructuring of the tax system by increasing value added tax.
- economic liberalization as a way to attract foreign investors.
- state's withdrawal to its minimal functions (previously collective goods have become individual problems)
- privatization of state-owned enterprises (i.e. electricity, gas, water, and telecommunications) and state-administered services (for example, pension funds).

The success of this neoliberal reform is highly controversial both in economic and social terms. Neoliberal reform has neither produced growth nor a more equitable income distribution in Argentina. Instead, neoliberal policies have increased the number of poor and extremely poor, and widened the gap between rich and poor. In this sense, according to a World Bank's report in the late 1980s the richest 10% of the population was paying 27% of its total income taxes, while the poorest 10% of the population paid 29.3% of its earning (Santiere, 1989). Furthermore, recessive trends have been reinforced by depressing the purchasing power of large sectors of Argentinean population and reducing middle class incomes.<sup>37</sup> The unemployment rate has broken its historic record since the 1990s - 16.4% of unemployment in May 2001. In addition, by transferring highly profitable monopolies (previously state-owned enterprises) to private firms and by de-regulating economic process, the Argentinean government increased the bargaining power of privileged collective actors, such as transnational companies and dominant Argentinean economic groups. Even a World Bank research paper recognizes that the result of the privatization of state-owned

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37. Unlike other Latin American countries Argentina has been characterized since the 1930s by its large middle class. However, this trend has been changed by neoliberal reform.

enterprises was the concentration of 90% of the capital in the two highest income groups (Chisari et al, 1997).

Small and medium- sized firms have been disproportionately affected by the application of neoliberal reform. First, small and medium-sized firms were affected by the liberalization of imports. Local producers found many difficulties in coping with the better quality and lower priced imported goods. Secondly, increasing interest rates made more difficult the access to loans to small and medium-sized firms, and as a consequence, they did not have financial support to take up the necessary operational changes to compete with imported goods. In addition, the Argentinean government did not implement policies to enable small and medium- sized firms to adjust to the changes imposed by the economic de-regulation. Finally, the depression of the purchasing power of large sectors of the population in Argentina (caused by a regressive tax system) affected small and medium-sized firms that were oriented to the home market.

As it can be seen, the economic results of the application of international financial organizations' "suggestions" are not only very poor but also have had a great social cost. Neoliberal reform has provoked an internal economic recession, and the financial sources of the Argentinean government have been completely reduced by the privatization of state-owned enterprises and state-administered services. Currently, almost 12 years after neoliberal restructuring started, Argentina's economy is risking internal and external default. Although neoliberal policies have been introduced in other Latin American countries, Argentina seems to have suffered its strongest impact because it was the only country in which neoliberal reform was applied in such a strict way.



## 4.2 General characteristics of the firms

The ten enterprises interviewed are small- and medium- sized firms defined in terms of their number of employees, structure, and organization. Eight of the ten firms interviewed had less than 21 employees (Table Table 4-1).

**Table 4-1.** *Enterprises interviewed classified according to the number of employees*

Number of employees	Number of enterprises
1-7	3
7-14	1
14-21	4
21-28	1
28-32	1

Source: Interviews conducted during September and October 2000.

The EC firms are economically marginal, a characteristic common to small and medium- sized firms in Argentina since the early 1990s. Seventy percent of the small and medium- sized firms in Argentina closed down within the five first years of life (Clarín Economic Journal, 2001). They were adversely affected during the 1990s by: i) de-regulation of imports, ii) lack of credit facilities, and iii) difficulties in financing operational and technical changes, and iv) period of economic contraction, as explained in previous section.

The organization of the firm consists of a weakly developed management hierarchy with the owner-entrepreneur in charge of decision-making, and also involved in all the activities and operations of the firm. The exchange of information occurs in a direct and personal way between entrepreneurs and employees. Five out of ten firms can be described as family firms.

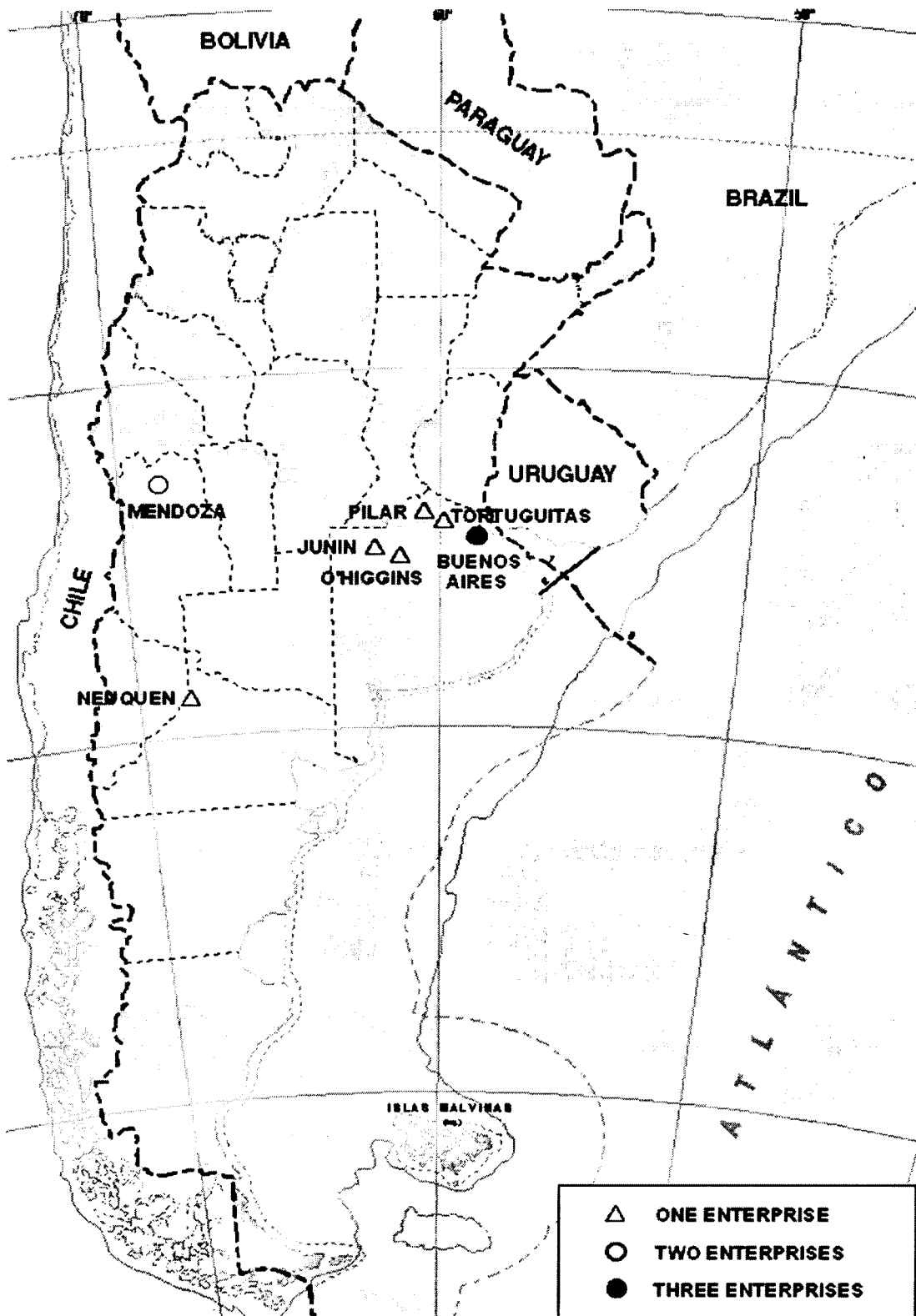
Most of the entrepreneurs interviewed did not have a business background, and they emphasized that lack of experience constituted the main disadvantage during the first years

running the firm. This drawback is demonstrated in how entrepreneurs had to adjust their original idea about their firms after setting them up in order to maintain the firm in the market, or to improve its performance. For instance, one entrepreneur changed the selling area, and other entrepreneurs re-oriented their production. What this shows is that lack of knowledge of market conditions constrained firms' initial development.

All the entrepreneurs interviewed take part in the FM. In fact, for those members interested in the realm of economy and work, participation in the EC allows them to live out their beliefs within a private- enterprise. Though EC is not restricted to members of the movement, it has not induced participation by entrepreneurs beyond the FM. In fact, all the entrepreneurs interviewed were part of the FM before joining the EC. Attachment to EC is, thus, still limited to the FM.

When I asked entrepreneurs about the firm's history, I noticed that they started talking about their decision to adhere to the EC. Taking into account the importance attributed by entrepreneurs to the moment in which their firm joined the project, and aiming at introducing each firm, I have categorized them in three broad groups: i) firms established at the same time as the EC; ii) firms established before the EC but later became members; and iii) firms that joined the EC after it was initiated. In Figure Figure 4-2, the geographical location of the enterprises interviewed is shown.

Figure 4-2. Location of the enterprises interviewed



## **4.3 Enterprises established at the same time as the EC**

### **4.3.1 Eduardo- "Our fruits"**

This firm specializes in agricultural activities, particularly the intensive production of tomato and pepper (almost 90% of the production) in greenhouses, and its direct commercialization. This is the only enterprise that is located close to the main center of the movement, in O'Higgins (See Figure 4-2). The activities of the firm began in 1992, shortly after the EC was launched in Brazil. Motivated by the idea of sharing proposed by the EC, Eduardo and his wife decided to start business. As a result, they sold their house and the land they had in other province of Argentina, and used the money to invest in their business in the village Andrea. They had produced crops before, yet they did not have a background in commercial agriculture.

Many members of the movement subscribed capital for this firm, and Eduardo jointly with another family was in charge of the activity. However, the firm closed down in 1994. After that, Eduardo kept on working alone. Eduardo did not speak too much about the failure of this first firm, and only spoke about adverse natural problems such as poor conditions and a flood in 1994. In contrast, two shareholders of this firm I could interview, suggested that the firm failed because of problems in its organization, lack of experience in the activity, and impossibility of reaching a profitable scale of production (whereas the firm always had 2 greenhouses, it is considered that 3 greenhouses is the minimum quantity to achieve a profitable scale of production).

In 1999, Eduardo devoted himself to selling farming products. Eduardo took the products to different grocery stores, and one supermarket located in nearby cities (Junin and Chacabuco, province of Buenos Aires). Currently, there are four employees whose wages

are calculated according to their productivity. Employees do not know that Eduardo and his wife adhere to the EC.

Eduardo and his wife lacked experience in commercial agriculture. Besides, instability in their business, mainly associated with climatic variations,<sup>38</sup> has also imposed serious limitations on the firm's growth. Only after several years did Eduardo find out that there were better possibilities for selling his products at the local market than in Buenos Aires, where he previously sold them. Though the volume of production has grown during the last two years, the activity hardly allows them to cover their costs of production. Both the scale of production and amount of profits obtained define their operation as a subsistence agriculture. As a consequence, Eduardo has not been able to share profits. However, Eduardo intends to share 30% of the profits obtained when the firm becomes profitable.

#### **4.3.2 Miriam and Ana- "Unison"**

This is the only enterprise constituted as a cooperative, which is made up of six members. It is located in Junin, in Buenos Aires province (See Figure 4-2). The enterprise was set up in 1998, after the last Lubich trip to Argentina. Yet, founding members knew about the project since it was launched in Brazil because they participated in the first meeting about the EC in Argentina. The cooperative was created to raise funds so that new EC enterprises could be established and supported.

The founder members, Miriam and Ana, are members of the movement. Miriam was more involved during the initial period of the cooperative. However, nowadays she is more dedicated to her firm, which does not adhere to EC and produces the cosmetics sold through

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38. The production was affected by flood in 1994, and a violent storm in 1999 that destroyed the green-houses.

the cooperative. Throughout the interview it was possible to identify her enthusiasm and engagement in the cooperative.

The activity of the cooperative is to sell products, mostly cosmetics. It also sells some of the handicrafts produced in Andrea village. Selling is carried out by almost one hundred distributors in different cities across the country, who each receive 61.5 percent of the sales, and do not have to make an initial investment.<sup>39</sup> Nonetheless, taking into account that there is a high rate of turnover in distributors, the advantages of the high percentage obtained from the sales are questionable. As there is not any contract of employment between the cooperative and the distributors, the cooperative has small variable cost of production. In fact, it currently has only one employee. The distributors do not know that the cooperative practices the EC.

The first years of the cooperative were described by interviewees as a period of growth, as shown by the increasing number of distributors and amount of the sales. Now, it is not growing, but maintaining its position in the market. The cooperative has been constituted as a non-profit organization. As a consequence, profits go to the FM. The cooperative has made the first donation for the construction of an exposition center in the lands nearby the village Andrea to promote EC firms. The cooperative also bought a lot in the lands nearby the village where it plans to initiate another activity. This last project is still in the assessment process, though, and capital must still be raised.

The relationship between the cooperative and the firm owned by one of the members of the cooperative- Miriam- was not clearly defined throughout the interview. On the one

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39. The percentage assigned to distributors in other firms does not exceed 35 percent of the sales.

hand, when I asked directly about the relation between the firm and the cooperative, they were depicted as different and separate organizations linked to each other by a business relation. On the other hand, they were also represented as the same productive organization, with the firm in charge of production, and the cooperative selling the products.<sup>40</sup> Therefore, despite constituting different firms they operate as a single enterprise.

#### **4.3.3 Lucio -“Studio”**

The firm carries out design, direction, and construction of buildings in Buenos Aires (See Figure 4-2). Lucio, a self-employed architect, and his wife, members of the FM, felt that they could share part of the work they had with a friend, also a member of the movement, who had lost his job. This friend, Hugo, with background in industrial activities, had been looking for a job for some months. When Hugo found a job it was in another province, forcing his family to move and settle down in another city. So Lucio suggested to his friend that they start working together, and after some time they set up the enterprise. According to Lucio, practicing the EC within the firm was a natural consequence of living by his beliefs. Besides running this firm, Lucio is in charge of the EC of the region of Buenos Aires.

The firm currently has nine permanent employees including the two owners, and between ten and fifteen temporary employees. Although Lucio emphasized that firms adhering to EC should be open beyond the movement's sphere, all permanent employees are members of the movement. As a consequence, they know that the firm practices the EC.

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40. Almost 98% of the products commercialized by the cooperative are produced by Miriam's firm. In addition, the place in which economic activities of the cooperative are carried out is shared with Miriam's firm. Sale promotion's catalogs do not mention the cooperative which commercializes cosmetics, but the firm that produces them.

Lucio evaluates the firm's growth taking into account how both the number of employees and work projects have increased.

Since its beginnings, the firm has shared profits. Due to instability during the first years of the firm's operation, sharing was determined after each construction was finished. Afterwards, the owners started calculating and sharing profits twice a year. This is the firm with the clearest internal policy for sharing. Profits are currently distributed in the following way: fifty percent is distributed within the firm among employees and the two owner-entrepreneurs, twenty percent is re-invested in the firm, and thirty percent is destined for the EC.

#### **4.3.4 Oscar and Santiago- "Technical services"**

The enterprise offers technical and mechanical services to other firms. It is located in Neuquén (See Figure 4-2). This type of firms has experienced growth in Argentina during the 1990s because big companies began transferring, and sub-contracting secondary activities to smaller firms in order to reduce their costs of production. Therefore, this firm deals with companies with more economic power, weakening its position when it negotiates with them.

The firm was set up in 1998 after Oscar lost his job in a similar firm. He did not have any business background, however. The enterprise was set up with the idea of adhering to the EC as Oscar and his family are members of the FM. The accountant for the firm, Santiago, who also participated in the interview, is also a member of the movement.

The firm currently has ten permanent employees, and also employs intermittently ten temporary workers. Oscar tried to make explicit the firm's adherence to the EC to the employees, but the negative reaction of some of them made him decide not to speak about



it again. Although Oscar did not explain fully what provoked this sort of reaction, it seems that employees did not agree with the idea of sharing profits with people that were not part of the firm.

Oscar thinks that the firm is not sufficiently growing to warrant the sharing of profits. Furthermore, he has had to make investments in buying equipment, vehicles, and an office for the firm using short-term loans and a mortgage loan. All these investments are made to obtain new client firms. The firm lacks stability because its client firms can rescind contracts at any time, and generally they put economic pressure on the firm by delaying payments. Oscar established economic stability as a pre-condition to start sharing profits. However, given the nature of the firm it seems difficult that it will achieve the desired stability.

#### **4.3.5 Esteban and Andrea "EAConstruction"**

The enterprise operates in the construction sector in the city of Mendoza since 1996 (See Figure 4-2). Esteban and Andrea, his wife, both members of the movement, had been thinking about the possibility of setting up a firm within the EC since it was first launched. Esteban had a background in the construction area, but not as an entrepreneur. The firm has twelve permanent employees, and six temporary ones. With some employees they have spoken about the EC, and the adherence of the firm to it.

According to Esteban, the firm has grown since it was set up, despite experiencing periods of contraction associated with the economic crisis in national and provincial contexts. The growth of the firm is characterized as slow and difficult. Nonetheless, the firm shares its profits. Esteban described the amount of money shared as small, and justified the impossibility of sharing more by the firm's requirement for internally-generated invest-

ment. However, making money for investment is a requirement at all stages of a firm's existence, and as a result does not seem a compelling rationale for not sharing profits now.

## **4.4 Enterprises established before the EC.**

### **4.4.1 Ricardo and José - "Light"**

The firm designs and manufactures indoor and outdoor lamps in Pilar, Buenos Aires province (See Figure 4-2). It has recently started producing lamps for professional use, such as for medical treatments. Two brothers, Ricardo and José, set up the firm in 1980. In the late 1980s, the enterprise became the national market leader in lamps.<sup>41</sup> The firm had opportunities for growth because market demand was increasing. But Ricardo and José had earlier defined the limits of growth for the firm: it would grow up to the point allowed by the size of their small factory because they did not want to have more than what their families needed to sustain themselves. In 1991, Ricardo and José, both members of the movement, participated in the meeting in which the EC was launched in Argentina, and decided to join the project.

The firm experienced periods of expansion and contraction directly associated with national economic changes. The de-regulation implemented by the government for the importation of industrial goods affected the development of the firm in 1992. To adjust to this policy and to improve the quality of its products, the firm started implementing technical and operative changes, such as setting up a private laboratory to test the products' performance. In addition, it began designing and manufacturing new products - professional lamps- that because of their high costs of transportation could not be easily imported.

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41. Ricardo and José explained that this success was possible because some of the firm's products were characterized by its low price, good quality and design.

Now, the firm has fourteen permanent employees who have some knowledge about the EC. The firm has a network of distributors of its products throughout Argentina's territory. Profits are shared yearly after assessing the economic situation. Last year, the owners decided to make a contribution to the EC despite low profits. There is not a fixed percentage to be shared. Instead, after assessing the firm's balance, each of the entrepreneurs determines the amount of money to be shared.

#### **4.4.2 Nancy- "Nantours"**

The travel agency was set up in 1990 by Nancy, who had worked previously in another travel agency. It is located in Buenos Aires city (See Figure 4-2). She is a member of the movement, and has always been interested in its social and economic dimensions. After participating in the meeting in which the EC was presented in Argentina, Nancy decided to join the project.

Currently, the firm is in a period of economic contraction because the number of clients has declined. The firm has three employees, none of whom know about the project of EC, nor the firm's adherence to it. In many parts of the interview, Nancy highlighted some factors that caused the poor current economic situation of the firm: i) the national economic crisis, which has become worse over the last three years, ii) the difficulties in accessing loans for small and medium sized enterprises; and iii) the tax system, which heavily taxes small- and medium- sized enterprises.

When the interview was conducted, the firm had recently moved from the province of Buenos Aires to Buenos Aires city in order to gain new clients, and to avoid paying new taxes imposed on travel agencies in the province of Buenos Aires. Currently the firm is not sharing profits. Despite this, Nancy believes that sharing profits is only one aspect of the

EC justifying in this way her firm's adherence to the project. Nancy believes that she will share ten percent of the profits, which is the percentage she receives from ticket sales, when the firm becomes profitable. However, taking into account that selling tickets is not the exclusive economic source of a travel agency it seems that the reason given to justify the percentage to share is not entirely persuasive.

## **4.5 Existing enterprises that later joined the project.**

### **4.5.1 Liliana and César- "The home"**

The firm is an old people's home providing geriatric services in Buenos Aires (See Figure 4-2). César and his wife Liliana, both members of the movement, set it up in 1985. César worked during seventeen years in a multinational corporation, and reached a managerial position. At this point in his career, he decided to resign feeling that by accepting the firm's policies he would not act according to his principles.<sup>42</sup> César's decision had a profound impact on a family who knew César' story in a 'Mariapolis'. This family suggested César and Liliana to join their old people's home which was providing services to a public institution. They ran that old people's home for a short period and in 1985, they left it and opened a new one not related to public institutions. Since César got sick, Liliana has been in charge of the firm.

Initially, César and Liliana did not joined the EC with their old people's home. Instead, they set up another economic activity to adhere to EC which was not successful and finally closed down. Liliana explained that initially they did not adhere to the EC with the firm that they were already running- the old people's home- because they did not realize

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42. Although Liliana did not explain which particular policy of the multinational corporation was contrary to her husband principles, she did mention that in order to maintain his position within that firm, César was forced to do things he did not want to accept.

that they could adjust their firm to the principles of the EC. However, it seems that by joining the project with a new activity César and Liliana attempted to avoid risking their main source of capital, the old people's home.

Now, the firm has thirty full-time and part-time employees. Whereas most of them do not know about the EC, some of the families who have their relatives at the old people's have been informed about the firm's participation in the EC. Liliana clearly suggested that for families assessing an old people's home the adherence to EC generates trust about the firm.

The enterprise has high fixed and variable costs due to building rent, taxes,<sup>43</sup> and the number of employees. Liliana emphasized that the firm is not growing, and it has reduced its costs by limiting improvements to its infrastructure. As a firm policy, the costs have never been decreased by reducing the number of employees because it would have direct consequences on the quality of the services offered. The firm has established a fixed amount of money to share that depends on the quantity of people that live in the house.

#### **4.5.2 Evelyn and Osvaldo- "Uniforms"**

The firm was set up the same year the EC was launched. The firm manufactures school uniforms, and costumes for children in Tortuguitas, Buenos Aires province (See Figure 4-2). The experiences of two friends, Evelyn and Osvaldo, were the main motivation behind this enterprise. They wanted to run a firm in which humans would be the priority. Evelyn had worked in a firm dedicated to the cloth industry, and Osvaldo in a fast-food

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43. Since 1992 old people's homes started paying taxes.

firm. They did not have previous experience as entrepreneurs. Only Evelyn was member of the movement at the time the firm was set up.

During the first two years, both Evelyn and Osvaldo kept their old jobs, while also starting to work for their own new firm. Initially they produced children's clothes, but as some of the schools of the region started asking for school uniforms they re-oriented their production towards this demand. In 1997, the firm joined the EC after the two owners participated in a meeting about the EC with Alberto Ferrucci.<sup>44</sup>

The workshop is in the house of one of the entrepreneurs. The school uniforms are sold either by the entrepreneurs or by the schools. Currently, seven people work in the firm including the owners. Four of them are temporary employees. Employees know that the firm adheres to the EC, and were invited to participate in a meeting about the EC in 1999.

The production of the firm has not increased during the last two years. The owners do not have a fixed salary, it depending on the sales each month. The firm has had an offer of capital by a German investment organization, which gives economic, technical and managerial support to firms within EC. Nonetheless, this financial support was not accepted because the firm had to be constituted as a limited corporation, and which would have increased the firm's costs. Instead of sharing a percentage of the firm's profits, they share a fixed amount of money each year.

#### **4.5.3 Angela and Roberto- "Marchetti Real estate agency"**

The real estate agency is located in Mendoza city (See Figure 4-2). Angela and her husband Roberto set up the firm in 1991. Both Roberto and Angela are members of the

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44. Alberto Ferrucci is an Italian entrepreneur who is in charge of the International Bureau of the EC.

movement. Whereas Roberto had experience in real-estate, Angela started business by offering to sell a lot nearby her house because she wanted neighbors. In this way the real estate agency started. Between 1992 and 1993, their three sons started working in the enterprise. In 1997, one nephew also joined the firm. In the same year, the enterprise adhered to the EC after Roberto and Angela participated in a meeting about the project that made them think about the needs of other people, and spreading the culture of giving.

Now the firm has nine full-time employees and five temporary workers who maintain properties that are being sold or rented. Roberto described the situation of the firm as incipient growth. The firm has been making some investments particularly in the infrastructure of the firm. They have finished the construction of the firm's new offices. Roberto and Angela hold that the firm did not obtain profits because of the investments it had made. As a consequence it only established a fixed amount of money to be shared once a year as a contribution to the EC. However, the percentage of profits that each family member receives suggests that profits have not been shared, but rather concentrated among members of the firm.<sup>45</sup>

## **4.6 Conclusion**

This chapter aimed at providing a general description of the firms interviewed, and the motivations of the entrepreneurs who joined the EC, the activities carried out by each of the firms, the number of employees, as well as how the sharing of profits is applied within firms.

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45. 20% is assigned to Roberto and Angela, 20% for each of their three sons, and 10% for their nephew.

Firstly, it is worthwhile remarking that the firms interviewed are small and medium-sized enterprises in terms of the number of employees, structure and organization. Most of them are economically marginal. Yet, this is not a characteristic inherent to firms adhering to the EC *per se*, but a common characteristic of small and medium-sized firms in Argentina. Therefore, the EC firms operate within one of the most vulnerable groups of enterprises. Secondly, the fact that all the entrepreneurs interviewed are members of the FM demonstrates that the attachment to the EC is still restricted to the FM.

To conclude, I would like to indicate that beyond the different activities carried out by the firms interviewed, there are differences among them in terms of how they share profits. Only one firm established a fixed percentage, assessed yearly, to be shared within the project of EC. In addition, this firm also shared profits with its employees. Although all entrepreneurs expressed their willingness to share profits, there are some firms that are not sharing. The main reasons raised to justify this decision were that the firm did not have profits, or that it was in a period that required making investments. Nonetheless, these reasons seem to be less convincing in some cases than in others, such as in the case of the real estate agency- Marchetti-. However, the most widespread model among the entrepreneurs interviewed is to share an amount of money, which is not fixed in relation to profits. The preponderance of firms applying sharing in this way seems to suggest that for entrepreneurs this is the most suitable strategy to maintain their adherence to the EC without risking the firm's profitability. In the next chapter, I examine how the 'culture of giving' is conceived within these firms.



# 5

## THE CULTURE OF GIVING AND THE ECONOMY OF COMMUNION

The Economy of Communion is envisaged by its proponents to be in an inextricable relationship with the “culture of giving”.<sup>46</sup> Since the EC was launched, the culture of giving has been viewed as the necessary condition for its successful development.<sup>47</sup> As Lubich puts it,

The golden rule of the EC is living by the culture of giving. It is the only way that the EC will work out (Lubich’s speech. 8/13/1999. Quoted in: Economy of communion: a new culture, July 2000: 3).

The culture of giving is conceived as the basis upon which the EC is constructed (Araújo, 1997). In other words, the EC is rooted in the culture of giving because it requires a cultural change in people’s mind, a ‘new culture’ which provides a different framework for conceiving of goods and capital.

The first question that guides this chapter is: *How is the culture of giving defined by the FM, and by entrepreneurs joining the project?* After analyzing the concept of culture, the second section attempts to answer the first part of this question by looking at the formal conceptualization of culture of giving found in literature of the FM. In the third section, I identify and analyze the meanings attributed to the term ‘culture of giving’ by the entrepre-

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46. The title of the journal about the project- “The EC: a new culture”- evinces this relationship, and even makes the EC the same as the culture of giving.

47. New City, 1991; New City, 1992; New City, 1994; New City, 1997.

neurs interviewed, pointing out differences between the concept as it was originally proposed and how it is practiced.

Following Friedman's idea of culture as a "highly instable product" (1994), I conclude the chapter exploring two questions: *How is the culture of giving re-defined in the process of running firms?*, and as a consequence *what does this re-definition suggest about the EC?*

## 5.1 Conceptualizing culture

The polysemy of culture makes it necessary to define how it is framed,<sup>48</sup> and to how it is understood in this research. According to Friedman (1994), culture has been conceptualized in two broadly different ways.<sup>49</sup> On the one hand, culture is conceived as a "quality that is specific to human behavior" (Friedman, 1994: 73), which consists of its organization into schemes of attributed meanings. Culture is viewed as the natural capacity that distinguishes human beings from other 'species'. On the other hand, culture is understood as "a set of behavioral and representational" (Friedman, 1994: 73) characteristics of a particular group of people. Culture becomes a set of attributes that differentiates one population from another in terms of its system of values and meanings.<sup>50</sup>

Despite the differences that exist between these two definitions, Friedman (1994) argues that they both have a common assumption: culture is conceived as an object, as an entity internally coherent, and unvarying. In contrast, Friedman suggests the need for an

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48. As Crang (1997) pointed out when trying to define culture, it is common to cite Williams' description of the concept "as one of the two or three most complicated words in the English language".

49. Although Friedman analyses the usage of this concept within anthropology, following Crang (1997) I will extend his argument to social sciences in general.

50. Friedman argues that with this conceptualization the characteristics of a group's member can be derived automatically from the properties of the group that the person is making up.

open-ended interpretation of culture in which meaning has a central role because it is not simply present in the world, but it is constructed. Culture can be defined as “the social construction, articulation, and reception of meaning”.<sup>51</sup> Furthermore, the attribution of meaning varies even within a group or community.<sup>52</sup>

Culture, thus, becomes “a relatively instable product of the practice of meaning, of multiple interpretations...” (Friedman, 1994:74), and is re-defined as a process through which meaning, signification, and identity are constructed. In the same way, Marcus points out that in anthropology there has been a shift in culture’s definition:

From a sense of a whole, integrated, self-contained social group and way of life to a sense of an entity, that while still defining a coherent group or community, is highly mutable, flexible, open to shaping from many directions at once in its changing environment, and, most importantly, a result of constructions continuously debated and contested among its highly independent, even unruly membership (1998: 6).

In sum, I support the definition of culture, put forward by Friedman and Marcus. Culture is not only as a complex of meanings, values, and representations but also the processes through which they are constituted, resignified, and even called into question.

## **5.2 The Focolare Movement’s discourse on the culture of giving**

Analysis of movement’s documents shows that the culture of giving is intertwined with the EC. The latter cannot be defined nor grasped without making some sort of reference to the former. In fact, the EC is represented as the result of performing the culture of giving in the economic realm.

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51. Held et al. 1999: 328.

52. Though not fully analyzed, Friedman suggests that the distribution of cultural meaning depends on social position.

Lubich defines the culture of giving as “the culture of the Gospel” because it follows the Gospel’s invitation to give:

Give and it shall be given to you. Good measure, pressed down, shaken together, running over will they pour into the fold of your garment...(Lubich’s speech. 7/21/1995. Quoted in: Economy of communion: a new culture,1997: 3).

According to Lubich, the invitation of the Gospel to give includes all the spheres of human life beginning with giving oneself to others, including our surpluses and our necessities (Journal New City,1992). Araújo (1999) distinguishes evangelical giving from an egoistic and interested giving by characterizing it as:

- gratuitous: “*The gift you have received, give as a gift*” (Mt 10:8). That is, a true giving requires the absence of any interest.
- joyful: “*There is more happiness in giving than in receiving*” (Acts 20:35). An evangelical giving is characterized by the joy of the giver for whom a possession does not represent a tie. Therefore, it is a free giving.
- generous: “*For the measure you measure with will be measured back to you*”(Lk 6:38). To give is not measure.

In this sense, the culture of giving is conceived both as a new type of mentality or worldview, and as a style of life defined by a particular behavior: sharing spiritual and material possessions (Araújo, 1999). Both worldview and life-style come about when human beings put at the center of their existence not themselves but others. But what motivates such a decision? Araújo argues that the first motivation is to open ourselves up to the relation with God, who is constantly giving. As described by Gregory of Nazianzus:

Let us imitate the supreme first law of God, that makes the rain fall on the just and on the unjust and lets the sun rise evenly on everyone; for all the living creatures. He freely spread out the earth, the springs, the rivers, the forests and the air to the birds, the water to all the aquatic creatures. He distributed abundantly the means of livelihood to everyone

without subjecting them to anybody's dominion, nor limiting them by any law, nor separating them with boundaries. He put everything at everyone's disposal, whether they be in want or not, honoring their dignity with a gift of equal value and manifesting the richness of his benevolence (quoted in: Araújo, 1999: 1. My emphasis).

This quotation calls our attention not only to God's giving but also to the potential of giving within everyone. In this sense, Araújo suggests that the second motivation comes when the person feels the gratuity of God's love, and is opened to God's invitation of giving in two dimensions. One dimension of giving is the gift of self, meaning that each person can be a gift to others in everyday life. As Lubich states:

I felt that I had been created as a gift for the one beside me, and the one beside me had been created by God as a gift for me (quoted in: Araújo, 1999: 5).

Lubich (1992) explains that there are many ways of taking up this spiritual giving. For instance, sharing personal necessities is viewed as one way of self-giving, as one of the practices that makes up the culture of giving:

Let us give always. Let us give a smile, understanding, forgiveness. Let us listen, give our knowledge, our effort, our willingness. Let us give our time, our talents, and ideas, our experiences (New City, 1992: 25).

The giving of material goods is the other dimension.<sup>53</sup> Rossé (1995) suggests that by feeling God's love, and conceiving each person as a brother or sister, a person necessarily will provide for those who lack material goods. As a consequence, personal possessions are assessed in terms of the needs of others. As Lubich indicates,

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53. The sharing of material goods is considered as a consequence of the sharing of spiritual goods. In other words, sharing material goods becomes an expression of self-giving. In this sense, material and spiritual giving are not dissociated through focolare's documents.

Nothing should be set aside and left unused while others await a piece of bread, warmth, clothing, an adequate livelihood, comfort, advice... (quoted in: Araújo, 1999:7).

Here, the culture of giving is viewed by its proponents as a worldview, which comes out of a personal spiritual experience, and also as a life style characterized by sharing spiritual and material possessions. Sharing defines a particular group of people- people who have heard, understood, and put into practice the Gospel's words. However, the culture of giving is also envisaged by its proponents as a generic attribute, which qualifies all human beings, as long as everyone has a latent tendency to give. As Araújo puts it:

This is the new person, a giver that has in his being and instills in his work giving as the fundamental spirit[...] We can consider 'Homo-donator' as the valid definition of the human being. [...] This is already true as a natural dimension, as a human quality, without which one cannot live (Araújo:1999:3).

The culture of giving is, thus, defined by its proponents as the assumption that sharing is the essence of human beings, and therefore as Lubich explains:<sup>54</sup>

This [the economy of sharing] could seem difficult, arduous, or even heroic. But it is not so, because man, created in the image of God, who is Love, finds his own fulfillment in loving, giving. This call is found in the core of man's living, may he be a believer, or a non-believer (quoted in: Araújo, 1999: 9).

From this assumption it follows that every person will discover that sharing is part and parcel of his or her existence.

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54. This assumption contrasts with orthodox economics, as it was discussed in Chapter 2. Orthodox economics assumes that human beings acting in the economic realm are unavoidable egoistic, and therefore only try to maximize their personal benefits. However, both types of behavior are based upon assumptions about the natural attitudes of human beings. The question that could be raised is why only one of these assumptions has lost the status of assumption in economic theories, while the other has achieved the status of universal truth.

### 5.3 Entrepreneurs' discourses on the culture of giving

One of the definitions of the culture of giving found most frequently in the interviews was as a different way of behaving or acting in the economic realm. To illustrate and emphasize how different is their way of acting in the economic arena, two entrepreneurs employed the following expressions:

...it is as if we were swimming against the tide (Oscar).

...it is as a skin graft, as a body which has been badly burnt, and a piece of new skin is grafted (Eduardo).

This representation is structured "through the narrow eye of the negative" as Stuart Hall (1989) puts it, in the sense that the culture of giving is defined by emphasizing its difference from the behavior usually enacted within economic realm. Oscar, Ana, and Eduardo clearly defined the culture of giving as a different behavior:

We work in a different way, we are demonstrating that it's possible to act in a different way.[...] We have a different behavior from other firms to which we provide our services (Oscar).

In small things of everyday life we aim to behave in a different way. These small things constitute the culture of giving (Ana).

It's another way of using what you have. It's a different way of spending the money you have (Eduardo).

When pushed to define how their behavior differs from other firms,<sup>55</sup> Eduardo and Nancy suggested that it stems from having a new concept of the person:

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55. Not all my interviewees could explain what they meant by "different". It seemed that for them it was something too obvious to explain, and that I should have perceived which were the differences. In one case, when I was pushing for a definition of the contrast between the behavior of firms joining EC and other firms, one of the interviewees told me, in a very polite way, that it had already come out from our conversation.

When trying to implement the EC, you have all the market's regulation, all the people who have always behaved in the same way, and you have to behave in a different way. [...] acting in a different way means to realize that each of our clients is a person, each one is another Jesus (Eduardo).

Implementing the culture of giving in the firm means to treat everyone as your neighbors, it means to respect each person. You start identifying a profound change within the firm. [...] Before adhering to the EC, everything was done viewing only its profitability, the person was left outside. [...] Everything becomes different, many things start changing within the firm particularly the relationship with people whether clients, employees or supplier firms... (Nancy).

Some entrepreneurs define this different style of entrepreneurship by referring to activities carried out by their firms. The definition of the culture of giving was, thus, directly rooted in the practices constructed by entrepreneurs within their firms. In this way, entrepreneurs reveal how the firm's actions were embedded in the culture of giving, and as a result, their understanding of the culture of giving is itself re-defined. For instance, Eduardo explains in terms of the production and selling of vegetables:

When you are selling these products there are some codes socially established and accepted. One of these codes is to put the best products on the top of the crate and the ones that are not so good on the bottom so that clients do not notice differences in the quality of the products. We behave in a different way when we prepare the products to be sold. We definitely make an innovation when we say 'all the products that are not seen must be as good as the products that can be seen'. We do not use products that have been forbidden in other countries although their use is not forbidden in our country. Contrary to the common practice, we wait the required time to start the harvest after spraying. We do this though it isn't perceived by clients. [...] we try to do all these things in the right way (Eduardo).

In the same way, Lucio, Nancy and Liliana described some of the practices that defined the culture of giving in firms dedicated to services:



Giving means so many things... within the enterprise giving may mean to allow, and even motivate employees' participation at the time of making decisions, to open the possibility of putting our ideas into question, to give explanations, to give a space... (Lucio).

In the travel agency I intend to deal with the client who comes to buy a ticket of \$50 [in the local money] in the same way I deal with somebody who buys a package of \$10000, because the person is the priority (Nancy).

I think that the main difference between our old people's home and others is recognized in the relation we have with our employees. In other words, it is recognized in our attitude of respect towards our employees. And as a consequence, it's transmitted to people living here (Liliana).

Ricardo defined the culture of giving in the practices of a standardized and mass production process - the production of lamps:

Though we fabricate thousands of products of the same type, we always emphasize that each product is for a person. Because we think of each person, all products have to be in good conditions despite the quantity produced (Ricardo).

All the practices used by the entrepreneurs to define the culture of giving as a different behavior in the economic realm, however, can be described as good business practices taken up by any firm not necessarily adhering to the project. This is the case of firms which have applied forms of management based on human relations, emphasizing their ethical and social responsibilities.<sup>56</sup> It can be asked, thus, what is the difference between EC firms and non-EC firms that practice ethical behavior? Although being religious is not a necessary condition for ethical behavior, for my interviewees their practices came out of

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56. Christopher Newfield (1998) argues that although alternative management theories, based on culture as a more effective production and less hierarchical organization, had hegemony during the 1980s, the 'human relations revolution never took place'. Instead, Reagan's policies, rational-choice theories, and a restricted participation within the firm characterized this period.

the culture of giving as long as they were being inspired by the religious principle of helping and serving other persons.<sup>57</sup>

Though this behavior was identified by entrepreneurs as a constitutive characteristic of those who have joined the project, Ricardo and Roberto also suggested that this type of behavior is inherent to all human beings, as in the focolare' discourse, regardless of the domain of action considered. From this assumption it follows that any entrepreneur could take up this style of entrepreneurship:

I think that giving is inherent to the nature of human beings. Living in this metropolis has contributed to egotistical behavior. But if we go to small cities or villages we can see that people behave in a more supportive way. But, social structures preclude people from behaving in this way, and, as a consequence, an effort must be made in order to return to the natural behavior. I think that the proposal is to return to all the values inherent to human beings. It's within all human beings. That's why it isn't something unnatural that should be forced, even in the economic sphere. I think that the key is to realize that all these good things are in all human beings, and therefore they arise when the economy focuses on human beings (Ricardo).

In the office we have a frame with Chiara's [Lubich] thought on the culture of giving which says something like this: '...human beings are the image of God, and God is love'. So, human beings find fulfillment in giving. Because of this, and because of our own experience, we think that the EC is the hope (Roberto).

However, not all entrepreneurs shared this vision. Liliana and Lucio even challenged the validity of this vision of the culture of giving by pointing out difficulties they have in sharing, as well as the personal and collective effort that it required. Liliana and

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57. This issue is explored in the following chapter in which I look at the rationality of the firms joining the EC.

Lucio showed that sharing profits is neither a natural condition, nor an easy sort of behavior to take up by entrepreneurs, including entrepreneurs joining the EC:

One of the most difficult things for an entrepreneur, whether in the project or not, is sharing profits. Because you can always make up a good excuse, more or less fair, but it is an excuse to avoid sharing (Liliana).

...In the beginnings we started making balances after each construction was finished, in general each construction took between three and six months. We had established a salary for both of us [the owners] that was a limited amount, at that time it was \$1750 for each of us. After making the balance we decided the amount to share. And at that moment, it's one of the most wonderful experiences I still remember, we could have established a higher salary for both of us. Instead of a salary of \$1750 we could have established a salary of \$2500. It wouldn't have been a huge amount for a manager. But by doing this the firm wouldn't have had profits. And as a consequence, we would have shared nothing. And here comes the cultural dimension....from the perspective of the culture of having I had all the right to establish a higher salary, and you say, 'I have all the right because the firm is mine'. It is a cultural perspective. The firm wouldn't have had profits and nobody could have asked me about that. But, from the culture of giving we say: 'no, we can keep on with this salary'. And in this way we are not the only ones who can improve the standard of life, but everybody. In other words, the poor people and we can improve. We decided that it was not necessary to wait until we were in a better position to share. [...] From this cultural perspective this money is not ours anymore. We can't make the poor wait. (Lucio).

In both quotations, it can be perceived that the initial attitude of these entrepreneurs was to accumulate profits instead of sharing them based upon the right of being owners. In this way, Liliana and Lucio clearly undermined the proponents' view of the culture of giving as a tendency which characterizes both all human beings in general, and entrepreneurs attached to the project in particular. Furthermore, Lucio intertwined sharing with a change in the way of conceiving material goods and profits.

The culture of giving is thus conceived not only as a different behavior, but also as a different vision constitutive of this sort of behavior. In other words, the culture of giving is understood, in this case, as a way of conceiving material and spiritual goods which provokes sharing. This conceptualization of the culture of giving entails that there is a need to change the way we think and view the world before changing its structures- the firm in this case. Oscar explained this conceptualization by using the metaphor of the 'new' and the 'old' man. The 'new man' refers to the person living by the culture of giving, and the 'old man' refers to the person living by the rules of a materialist culture. In his words, the 'new man' is the condition for the development of new economic structures:

The key for the development of the EC is the 'new man'. Because you can create many things, and structures, but you are still with the mentality of an 'old man'... the real change starts with the culture of giving (Oscar).

If the culture of giving is understood as a worldview upon which the EC was structured, it should be identified in the personal lives of the members of the movement before joining the project as entrepreneurs. Two entrepreneurs, Lucio and Oscar, explained that the culture of giving, as a worldview, was something present in their personal lives before applying it to their firm:

Obviously Chiara's trip to Brazil [in which the EC was launched] had an impact on my life, but for my wife and me the decision [of joining the EC] did not represent a huge change. It did not represent a *volte-face*. Regarding culture it was as a land already fertilized. [...] It was not a big question for us because for somebody who was living by this culture, it was natural to make the firm in the way it is. Because of this, we did not have doubts about making a firm like this (Lucio).

Before joining the project as an entrepreneur, my family and I were part of it. We were living by the culture of giving because we were sharing our needs when I lost my job. We

were one of those in need for whom the EC was created (Oscar).

What about the entrepreneurs, who were running firms before the EC was launched? As members of the movement, were they applying this worldview of material and spiritual goods within the firm before joining the project? The answer to this question differs, but it seems that entrepreneurs who were already running existing firms found similarities between the ideal they had for their firms and the project of the EC. As Liliana and Nancy put it:

It seems to me that with the EC we started doing the same in a more organized way, because we have always had this vision since the beginnings (Liliana).<sup>58</sup>

When the EC was launched, I felt that I was applying the EC without knowing it (Nancy).

Yet, when I asked what changed while joining the EC, Nancy's explanation called into question that the culture of giving had been applied within her firm before adhering to the project:

Everything changed. When you start applying the EC within the firm you notice a change. But the first change is within oneself. I started having a different relation with clients, and employees (Nancy).

In sum, in the course of my research entrepreneurs used the term "culture of giving" to describe a different kind of behavior in the economic realm compared to other firms, and as a worldview. However, two contrasting visions are identified within the entrepreneurs' discourses about the culture of giving. On the one hand, some entrepreneurs conceive the culture of giving in the same way as introduced by the FM's discourse. The culture of

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58. Despite this, Liliana did not join the project with her firm immediately as it was pointed out in Chapter 3. Instead, Liliana and her husband set up another activity to join the EC. It can be asked here why they did not join the project with their firm if they were already applying the culture of giving.

giving is represented as a “human nature”, as an inherent behavior of human beings. This conceptualization of the culture of giving is epistemologically similar to orthodox economics’ notion of human behavior in that it shares the assumption of universal truth based on the idea of a “natural human condition”. The universal human nature is sharing in the case of the culture of giving, while in the case of orthodox economics it is the egoistical behavior.

On the other hand, some entrepreneurs used terms that are within the original definition of the culture of giving but took the concept outside the idea of an inherent quality to human beings. These entrepreneurs suggested that the culture of giving is a chosen and learned behavior. Cultural politics is enacted by this second group of entrepreneurs because they are unsettling the assumption of a pre-determined behavior characterizing human beings. By suggesting that the culture of giving is a cultural construct, entrepreneurs are not only illustrating an alternative to the *homo-economicus*, but are also showing that both sharing and egoistic behavior are chosen, learned, and practiced. Therefore, the cultural politics of these entrepreneurs can be seen as an attempt to challenge the “human nature” argument to explain economic behavior, and to re-define economic behavior on a cultural base. In other words, the cultural politics of these entrepreneurs is to show that rationality is culturally constructed.

## **5.4 The relation between the culture of giving and the economy of communion**

By asking entrepreneurs to compare their current impression of the EC with the one they had when started running the firm,<sup>59</sup> I wanted to understand how the EC has changed

through the process of running the firms. Afterwards, it was clear that the culture of giving was re-defined in the very process of operating the firm.

Entrepreneurs who joined the EC when it was launched- 'first generation' firms- gave the greatest emphasis to sharing profits. They explicitly set up their firms with the goal of 'producing more to share more'. The culture of giving was defined within the firm as the practice of sharing profits. As a consequence, all their initial efforts focused on producing and sharing of profits. However, in running the firms, entrepreneurs changed other aspects of its operation; that is, their actions went beyond just sharing profits.<sup>60</sup> As Lucio explained:

I think that the initial view of the EC was too much focused on the practice of sharing profits. So, it was as if we were attributing more value to the results- obtaining and sharing profits- than to the ways through which we reached those results. Then we started looking at what was the base of the project. [...] At the same time, we started recognizing the culture of giving within the relationships among clients, suppliers, and employees. [...] During the last year we have started re-valorizing the relationship not only with the employees, clients, suppliers, but also between us [the owners-entrepreneurs]... because the EC brings forward new and revolutionary relationships. [...] At first, it seemed that everything was about sharing profits, to have a good relationship with the employees, entrepreneurs, and suppliers... [...] Throughout our experience as well as the experience of other entrepreneurs I started appreciating even more the importance of culture.... culture as the most profound thing, as a new vision that constitutes the key to generate a change (Lucio).

Entrepreneurs who joined the project some time after the EC was launched, defined the firm's adherence to the project not only by the practice of sharing profits but also by

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59. I asked this question to most of the interviewees and found it of much value. Though I asked about the EC, my respondents used the terms EC and culture of giving as synonymies to answer it.

60. This will be the topic of analysis in the following chapter.

many other practices within the firm. There is even a case in which the decision of joining the EC was not marked by the goal of sharing profits, as Evelyn explains:

I think that we started adhering to the EC with the initial idea of sharing the spiritual goods, and afterwards the idea of sharing our profits with people in need also became one of the goals (Evelyn).

In fact, though some of the entrepreneurs interviewed have not shared profits, whether during the current year or in other years, they felt that they were making up the EC.

As Oscar put it:

I understand that despite not sharing profits the personal behavior, the type of relationships established with clients, suppliers, and employees are all features that also make up the culture of giving. This is what defines the adherence to the EC (Oscar).

What I want to suggest is that though joining the EC was always understood by entrepreneurs as applying the culture of giving within a firm, the meaning attributed to this culture changed in the process of running the firms, becoming much more flexible. In the beginning, the culture of giving was viewed by entrepreneurs as the practice of sharing profits. Later, entrepreneurs re-signified and extended the meaning of the culture of giving. Entrepreneurs began conceiving the culture of giving as the practices taken up in the course of relationships with employees, clients, suppliers, and other entrepreneurs. One entrepreneur, Nancy, even separated the practice of sharing profits from the culture of giving:

According to my understanding, the firms that are part of the EC are not the ones which only share profits, but the ones that live by the culture of giving within the firm (Nancy).

Two questions are intertwined here, Why have entrepreneurs re-signified the culture of giving in this way? And what does this re-definition of the culture of giving suggest about the project of the EC?



Regarding the first question, the first and most evident reason that explains this re-definition of the culture of giving is that they are able to justify their adherence to the project despite not sharing profits. As described in chapter 4, only one firm was sharing profits as proposed originally, by defining a percentage of the profits obtained (30%). The other firms only shared an amount of money, or did not share anything. However, this re-definition of the culture of giving enables all my respondents to claim to practice the EC.

The second, and not so easily recognizable reason, is that with this re-definition entrepreneurs attempt to avoid conflicts with employees of their firms. Through interviews it was possible to identify that sharing could produce conflicts within the firm, as shown by Lucio, Ana, and Oscar:

Giving is one of the most difficult things. It is not easy to give when giving has a different meaning for other people. For example, when an employee asks for his or her wage beforehand, and you know that afterwards he or she will not do his or her job because they have already been paid... so you ask yourself what is the best thing to do, whether to give or not. In the same way that happens with your children when you ask yourself up to what point is it good to say yes. And as it happens with your children you never know whether you are doing the right thing (Lucio).

The main difficulties appear in the relationship with people who sell the products. They really appreciate how supportive we are with them. Yet, this attitude sometimes becomes a risk because they ask if they can pay us after paying other firms for which they also sell products. Here, we have to make them see that giving does not mean that they do not have to pay. On the contrary, it means that they have to assume their responsibilities (Ana).

Once I spoke with a group of 15 employees about what I wanted to do with the firm. Some interesting questions came up, but also some comments that did not allow me to go on speaking and transmitting the idea of the EC. So, I decided not to speak anymore about this issue (Oscar).

Except in the case of the firm 'Studio',<sup>61</sup> profits are not shared among the employees. Entrepreneurs were afraid that employees would not understand why profits of the firm are shared with people who do not make up the firm.<sup>62</sup> Therefore, by re-defining the culture of giving as other practices, such as establishing good relations with people within and beyond the firm, entrepreneurs can avoid potential claims of employees to participate in the distribution of profits. This is seen clearly in Liliana's comment:

The experience of giving throughout all these years made me think that we have to walk together. With this, what I want to say is that giving not only means to give something, a material thing, but also, and perhaps this is the crucial thing, to give this culture, this vision of the relation with people, and the conception of material things (Liliana).

Furthermore, if limiting the culture of giving to sharing profits raises potential conflicts, conceiving the culture of giving as the practice of establishing and maintaining 'new' relationships among employees, clients, and other firms brings potential advantages to the firm. For instance, a possible advantage could be generating a sense of collective identity among employees, and as a consequence provoking more attachment to their firm.

## 5.5 Conclusion

In this chapter I have analyzed how the culture of giving is defined by both proponents of the EC and entrepreneurs who joined the project. My research suggests that entrepreneurs define the culture of giving as a "different behavior". However, two contrasting conceptions can be identified within the entrepreneurs' discourse. Some entrepreneurs sug-

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61. As it was described in chapter 4, in this firm 30% of the profits go to the project of the EC, 20% is re-invested in the firm, and 50% is distributed among employees and owners.

62. As it was explained in chapter 3, profits shared by firms go to provide economic support for people experiencing economic problems -10000 people according to FM-, and to finance activities to spread the culture of giving.

gest that the culture of giving is a natural behavior. In other words, human beings are naturally prompted to share. This conceptualization of the culture of giving is similar, in epistemological terms, to the notion of human beings as naturally selfish held by orthodox economics. Instead, other entrepreneurs suggest that the culture of giving is a chosen and learned behavior. Therefore, they are challenging the very ideal of the culture of giving by de-mystifying the natural underpinnings of the culture of giving. Cultural politics is enacted by this second group of entrepreneurs because they are not only illustrating an alternative to the *homo-economicus*, but they are also showing that both sharing and egoistic behavior are chosen, learned, and practiced. Therefore, the cultural politics of these entrepreneurs can be seen as an attempt to unsettle the "human nature" argument to explain any sort of economic behavior and to re-define economic behavior on a cultural base. In other words, the cultural conceptualization of the culture of giving entails a process of cultural politics because it challenges the basis upon which orthodox economics justifies the rationality embodied by the *homo-economicus*.

The greatest challenges to the original idea of the culture of giving are identified when analyzing how both the EC, and the culture of giving are re-defined by the practices of entrepreneurs. The EC was always understood as applying the culture of giving within a firm. Yet, the meaning attributed to the culture of giving has changed. Entrepreneurs initially envisaged the culture of giving as sharing profits. Later, they began defining the culture of giving as practices that established good relations among employees, clients, other firms, entrepreneurs, and so forth.

Though I do not think that the re-definition of the culture of giving undertaken by entrepreneurs undermines the project of the EC,<sup>63</sup> it shows the difficulties that entrepre-

neurs have in implementing sharing as it was originally proposed. That is, the economic constraints that every firm must face to stay in the market, and simultaneously share profits. As a consequence, the culture of giving could not be implemented within the realm of a firm in a pure form.

In addition, this re-definition suggests a change in the role of the firm within the project. When the EC was launched, it was oriented towards actions taken up outside the firm as seen in its two major goals: sharing profits with those in need, and spreading the culture of giving. Although the most challenging invitation was to entrepreneurs, the firm was viewed as an instrument to obtain profits, and to accomplish the goal of sharing. What happened within the firm was not something much discussed. However, by re-defining the culture of giving, entrepreneurs began attributing a central role to the firm in the project. The firm was not only viewed as the tool to obtain and share profits, but also as a structure, characterized as enacting a particular rationality in the economic realm. It remains to be analyzed in the following chapter to what extent the actions taken up by the firms joining the project constitute another sort of rationality.

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63. I think that such statement is not warranted by the small number of enterprises interviewed in one country.

# 6

## A NEW SORT OF RATIONALITY IN THE ECONOMIC REALM

The cultural approach calls into question the existence of a unique sort of rationality- instrumental or formal rationality- in the economic realm, by pointing to other types of rationalities such as substantive (Swedberg et al.1990), procedural, and expressive rationality (Hargreaves Heap, 1989). From the cultural perspective, these different, and even contradictory, types of rationalities can co-exist within the economic realm, as discussed in chapter 2.

Bruni (2000) argues that the logic of the EC is not that of instrumental rationality. He suggests that the EC introduces a different kind of rationality in the economy, the 'rationality of communion'.<sup>64</sup> Following Bruni's thesis, I argue that the culture of giving within the context of the firm produces a non-instrumental rationality. In this, I dispute the analytical boundary proposed by Sayer (1997) between economy and culture. In his article 'The dialectic of culture and economy'; Andrew Sayer (1997) presents the thesis that economy and culture have contradictory logics. According to Sayer the distinction between economic and cultural realms is delineated by their different logics, instrumental in the first domain, and non-instrumental in the second. Sayer states that the logic of culture implies a non-instrumental orientation, operating not as means to an end, but as an end in itself. The logic of economy, on the contrary, involves an instrumental orientation in which means are

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64. Although not fully explained, Bruni (2000) suggests in a preliminary way some features that characterize the rationality of communion.

selected to accomplish pre-determined ends. Sayer's distinction between economy and culture holds that instrumental rationality is the only logic operating in the economic realm, representing the economic as homogenized by an instrumental rationality. Instead, I suggest that other sort of rationalities are found within the economic arena that are not primarily instrumental. My goal is, thus, to demonstrate that the entrepreneurs involved in the EC are enacting another sort of rationality within the economic domain and their firms.

The chapter is divided into three sections. It starts by exploring *how entrepreneurs define or describe their logic of action*. I examine three characteristics of the logic of communion discussed by entrepreneurs: the role of God's action within the firm, the promotion of fellowship within the firm, and the criteria employed by entrepreneurs to legitimize their actions. After defining the rationality of communion, I examine *how entrepreneurs contrast it with instrumental rationality*. Finally, I look at the strategies used by entrepreneurs to cope with the co-existence of the logic of communion and instrumental rationality.

## **6.1 The rationality of communion**

### **6.1.1 The "hidden partner" and the Divine providence.**

Throughout the interviews, entrepreneurs recognized God's action within the firm neither as sporadic nor as accidental. On the contrary, God's action was envisaged as part and parcel of the logic that characterized the firms' actions. As Ana and Liliana explained:

The main feature that characterizes our firms is how we put all our trust in God, in the Divine Providence (Ana).

Somebody who is considered in our enterprises is God. We call God the "hidden partner" of the firm [...] And feeling His action in the firm makes you behave in a different way because you do everything in relation with God (Liliana).

How do entrepreneurs see God's action within the firm? According to the entrepreneurs, God's participation is revealed in many ways, from daily decisions to long-term strategies. Some entrepreneurs, such as Ricardo and Evelyn, considered God as the source of inspiration of successful ideas for the firm:

We recognize in each idea that we have, and that afterwards becomes a product of the firm, Providence. The Providence gives us inspiration (Ricardo).

Everything derives from the Divine Providence... because at first we thought that the best thing for our firm was to manufacture clothes for children. It seemed to us that it was a good market, in which we could be very creative. But then, God started showing us another market-demand through some friends of us, who were principals of some schools in this region. They started asking us to make uniforms and other things for schools. So we re-oriented our production towards these school-products (Evelyn).

Whereas secular entrepreneurs would relate commercial opportunities to their business abilities, Lucio and Esteban identified God's action in them. It is interesting to note that, following Lucio's explanation, "Providence" became a sort of consequence of sharing:

... we started with one employee in the firm, then two, three... we felt this growth in the number of employees as some sort of God's action. People who were close to us settled down in Buenos Aires. We were not thinking about employing more people [...]. And we felt that when we employed somebody, we also had 'Providence' at work for the firm. [...] Once, after finishing some projects we assessed the amount we would share. We realized that we did not have new projects. [...] Some days after sharing the firm's profits three new projects appeared (Lucio- My emphasis).

In September the firm was experiencing a hard moment. We didn't know what could happen to the firm in the midst of a severe national and provincial economic crisis. We were even afraid of having to lay off employees because of the firm's lack of work. In the same period, one of our employ-

ees was trying to buy a lot. Lending the money to him so that he could buy the lot was something difficult in the midst of that crisis. Anyway, we decided to help him. Fifteen days later, we had two new work projects. For us, this was the confirmation of God's presence within our firm and in all of our decisions (Esteban).

It might be asked why these firms are so marginal if they have God behind them? Shouldn't they be more successful? According to my respondents, God was backing their firms because despite the economic crisis they were still in the market. Entrepreneurs recognized that although the firm's performance was socially embedded by pointing out how particular national policies had discouraged the development of small and medium-sized firms, they were still there because of God:

I can assure you that God is within the firm and His action becomes evident through many ways. For example, the firm's growth in a context of so many economic difficulties, as Santiago [the accountant of the firm] has said, isn't the result of our capabilities. There are many others even with better professional background than us. Yet, they aren't having these results (Oscar).

However, and perhaps motivated by economic problems experienced by their firm, there are entrepreneurs like Liliana, who did not agree that the firm's success was an automatic result of God's backing. Personal and business abilities also are keys for profitability:

To run a firm you don't only need to know how to take up something, but to have business and management abilities. Whether the firm is within the EC or not, entrepreneurs must have these abilities to succeed (Liliana).

By and large, entrepreneurs covered the firm with sacred symbolism. That is, for entrepreneurs the 'world of God' could be equally applied to the church as to the firm (chapter 4). Accordingly, decisions made by entrepreneurs, commercial opportunities emerging for the firm, and firm's growth, were all considered the result of spiritual enlight-



enment. In this way, entrepreneurs reconciled the tension between spiritual and economic domains.<sup>65</sup> This can be illustrated by the sharing of profits. Sharing profits can introduce a tension between economic ends- firm's profitability- and spiritual ends -sharing-, when it puts into risk the firm's profitability. However, by attributing more value to sharing - 'a sacred value' - over the precise amount or percentage shared, entrepreneurs, as Liliana, reconciled both economic and spiritual ends:

...this money is sacred despite its amount... It is Providence. It will be the fishes and the bread that Jesus uses for the "feeding of the five thousand". Yet, perhaps if you do not share that the feeding of the five thousand will not occur. Therefore, this money is God's capital. Everything is God's capital, but particularly this part shared with the people in need (Liliana- My emphasis).

In sum, God's action within the firm was not only perceived by entrepreneurs, but His intervention was anticipated. In this sense, it is discovering God's action within the firm that makes up the logic of communion. Entrepreneurs referred to God's action to explain decisions, strategies and actions of the firm. In this way, they filled the firm with sacred symbolism to overcome any tension between economic and spiritual ends.<sup>66</sup>

### **6.1.2 The economic agent and fellowship**

When asked which feature characterizes the EC, three entrepreneurs indicated how it emphasized the role of interpersonal relations in the economic realm:

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65. Wuthnow (1994) focuses on four kind of tensions between religious ethics and economics: questions of ends, questions of means, the relation means-ends, relationship between actors and actions. Questions of ends refer to differences between economic goals and religious values and beliefs. Questions of means contrast the best means with the its suitability to social norms. The relation means-ends regards the criteria invoked to coordinate means and ends. Finally, the relationship between actors and actions raises questions about the concept of person. Following Wuthnow scheme, I am referring particularly to tensions around questions of ends.

66. Wuthnow (1994) notes that one of the most used strategies to resolve this tension is to separate frame-works of action: "this is business, not religion". Instead, entrepreneurs suggested that the firm's decisions, strategies and actions are explained and justified by attributing spiritual meaning to them.

The EC makes you lose the fear of establishing a relationship with others, as well as the fear of achieving an agreement despite having differences. [...] you start thinking everything over, taking into account the relationship with the others. [...] every action taken up is in relation with others (Eduardo).

...the EC gives you the possibility of opening yourself to the relationship with others. It gives you the possibility of losing fear, and prejudices. It is as if a path is being opened for you (Nancy).

As discussed in chapter 2, the cultural turn in economic geography has recognized the importance of interpersonal relations within economy. However, the interpersonal relations to which my respondents allude are permeated by spiritual beliefs. Relationships established within the firm constitute one way to practice religious beliefs, and to constitute a community. In this sense, I use the term fellowship to describe the sort of relationships constructed within the firm because it captures how they are directed and informed by spiritual beliefs. As Esteban puts it:

The EC puts the person and the fraternal relationship in the first place. The firm itself becomes an instrument to establish this type of relations (Esteban).

Entrepreneurs used a number of analogies to represent the importance of promoting fellowship within their firms. For instance, Santiago compared the firms' relationships to those characterizing a Christian community; and Liliana contrasted the firm with the relationship constituting a family. However, Lucio particularly showed how religious beliefs inflect relationships within the firm by comparing them with the ones established among the three Persons of the Holy Trinity. The Holy Trinity is considered the model for relationships created by EC firms. As a consequence, the firm is viewed as a space in which fellowship can be developed:

... our will is to work like the first Christian communities who shared everything. So, what we try to do is to help each employee to find out which gift he or she has to share. [...] If we see that one employee is full of capabilities, yet he does not have abilities to get on with clients, we will not give him the responsibility of dealing directly with clients. If one employee is lazy, we will try to have him work with another employee. The easiest thing would be to dismiss him. Yet, we try to make him find his own capabilities (Santiago).

For instance, one of our employees started working here to pay debts of his credit card. As she did not finish we allowed her to keep on working another month because we knew her problems and we felt them as ours. This happens when you conceive the firm as something more than a firm. It is like a family (Liliana).

... the profound feeling that we are experiencing in the firm is the unity that characterizes the Trinity [...] Our relations have to be completely new, they have to be a new model in this sense (Lucio).

To analyze whether the organization of the firms interviewed took into account the encouragement of fellowship, I focus on the relations that entrepreneurs establish with employees, clients and supplier firms, and entrepreneurs joining the EC.

The entrepreneurs I interviewed scheduled and institutionalized a regular time within the work week that they could devote to establishing personal relationship with their employees:

... we started giving a space for personal relations within the firm as a way to organize this. A year and a half ago, we decided to schedule an hour and a half every Monday to meet with all the people who work in the firm. Clients and supplier firms know that our firm is not available at this time. Sometimes we share difficulties to take up activities planned, technical, and personal issues.[...] We have even talked about difficult things and situations that some people of the firm were going through, such as an illness. The fact that all of us know what the other is going through generates a different

attitude towards that person. It is common to see how everybody helps that person to carry out the work in the proper way. Sometimes, it is a technical space. On other occasions it is a familiar space. And this provokes something that is not appropriate from the perspective of having. It creates affection among us [employees and entrepreneurs](Ricardo- My emphasis).

For instance we have lunch together. Sometimes, I used to go to a restaurant alone. Other times, I kept on working and I did not have lunch. Employees had lunch separately. We started having lunch together as a way to share some time every day. [...] Besides, we have a scheduled time to talk not only things related to work but also personal things once a week. We try to find solutions to our problems together (Nancy).

This institutionalized time clearly helps to improve the relation among employees and entrepreneurs, as well as to increase the attachment of employees to their firms. Furthermore, it may be suggested that such attachment contributes to improve the firm's productivity by strengthening both individual and team abilities, as Ricardo explained:

... while employees had opportunities to take over new responsibilities, their hidden capabilities started appearing. [...] Each activity became an opportunity to discover the gifts of each employee... (Ricardo-My emphasis).

Entrepreneurs are interested in establishing a deeper relation with their employees by getting involved in employees' problems, as well illustrated by Liliana and Oscar:

I almost know the life story of each of the employees of the firm. Their debts become my debts. [...] Many of them live in rooming houses. They can never save some money. And perhaps one of their dreams is to rent a place. So, I always try to help them to start paying their debts. Besides, I try to show them that they should stop buying things that they cannot afford. One of them used to pay with one credit card the debts of another credit card. [...] We try to do together their personal budget. Asking for a short-term loan is very expensive for them because of high interest rates. We lend them the money to pay their debts, and then they pay us in monthly installments. In this way they can balance their personal budgets (Liliana).

I'm always paying attention to the problems or needs of employees. For instance, one of them does not know how to balance his own budget, regardless of the amount of his salary. I always tell him that he should not spend more than what he can afford. If they have a problem we try to find a solution together. [...] I'm always interested in the families of each employee. They always invite me to have lunch at their houses, and I always go. I speak with their mothers, their wives, and their children. So I know each one as they're in their private lives. We have other kind of relationship (Oscar).

Though entrepreneurs only emphasized how the encouragement of fellowship within the firm imposed constraints on their decisions and actions, it also committed employees to a greater attachment to the firm and its owners. Entrepreneurial advantages stemming from the relationship with employees were scarcely mentioned. However, they are not completely unnoted as can be seen from José:

We feel that we are a team, which has gone through difficult moments. [...] They [employees] even made offers to us as a way of helping the firm, such as not getting paid the extra month's salary, paid at the end of the year, so that we could pay the income taxes. Income taxes were too high for us in the midst of the economic crisis. With this offer they were taking over responsibilities of the firm, something that wasn't their legal responsibility. [...] This year we felt the same. Our employees started seeing that the demand of products was decreasing. We had helped one of them buy a car, lending the money for it. He wanted to sell the car to return the money to us because he was seeing the difficult situation of the firm. In difficult moments, employees are usually worried about their jobs and severance pay. Instead, our employees' attitude was completely different. They were saying that in case the firm closed down, they wouldn't want to receive severance pay. So we felt the support of our employees in difficult moments.

A similar concern is found in relations established with clients and supplier firms.

Obviously, reciprocal benefit and trust are conditions upon which business relations with

clients and suppliers are maintained, and not exclusively for entrepreneurs joining the EC:<sup>67</sup>

I try to find what can be the best thing for my clients. For instance, sometimes I share a loss with them. I share my opinions with them. If a client has doubts and asks me for ten I will not offer twenty to him. I suggest "why don't you take only five and then you see if you need more?" And then if this client could not sell everything I propose to share his loss by charging only what was sold. In general, when you sell something it is not anymore your problem. It is not a huge loss, but it is important to share it (Eduardo).

Some of our suppliers are very small firms. They usually bring the parts required, but in general they do not register what we have bought. So, we take up this registration, and afterwards we tell them how much they have to charge us. We could tell them whatever amount. Yet, there is a personal relation, and we have reciprocal trust. Neither we nor they have to worry about something like that. This trust makes up this culture, and this way of working in relation (Ricardo).

Fellowship among EC entrepreneurs is encouraged by meetings. Twice a year, entrepreneurs attend a national meeting to share problems, questions, efforts, and results. In addition, entrepreneurs located in Buenos Aires city and its region meet monthly. All entrepreneurs emphasized the value that these meetings have for them:

There is a time for everybody, every entrepreneur can speak. We share everything: our problems, our joy. Each meeting is so rich. We can see that we aren't alone, that many of us have the same problems, yet we're getting through them (Ana).

Sharing helps so much. Each firm has its particularities. For instance, in the last meeting one entrepreneur told us that one of the employees had difficulties that were getting into the way of his work. He had to put five products in each box, instead he always put four. The easiest thing would have been to give him another job or responsibility. But, this

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67. In this sense, Granovetter (1992) states that personal relations are a necessary condition for trust and trustworthy behavior in the economic realm. He even suggests that small firms may persist in a market setting due to a dense network of social relations upon which business relations are based.

entrepreneur wanted him to get into his job and the life of the firm. After a year and a half this employee was one of the most engaged to the firm. Another entrepreneur who was hearing them said: "I would not have been able to do that". And this makes up the firm: the communion. And then, you ask yourself whether your firm has in the first place the person or its goal is exclusively to fulfill its work. Sharing, comparing, contrasting opinions helps a lot in the cultural dimension (Lucio).

However, Nancy contrasted this positive vision by suggesting that this relationship could have more practical consequences:

...I think that I have to make an effort in the relationship with my colleague entrepreneurs. The relation is excellent, but it could be more frequent than the relation that we currently have. We have a monthly meeting in the region [Buenos Aires]. I think that we should have more national meetings perhaps because I have so many needs. We share our problems, we learn from the experiences of the other entrepreneurs. All the experiences you share are very valuable for everyone. If I did not share a problem I wouldn't be part of the EC. [...] The personal attitude is very important, not being afraid of sharing everything. With the last rainfall I had some problems within the office. I was about to call Lucio, Ricardo, and José [other entrepreneurs of the same region] so that they could help me. But, then I did not have courage to call them. So, I lost the opportunity to strengthen this relationship (Nancy).

As this section illustrates, for entrepreneurs establishing relations with other economic agents makes up their logic of action. As one of the entrepreneurs puts it, the firm becomes an instrument to enlarge fellowship within economy. What this shows is that for EC entrepreneurs, relationships are established as a way to extend fellowship within the firm.

### **6.1.3 Alternative criteria to legitimize the actions**

Wuthnow (1994) argues that religious beliefs within the cultural sphere can introduce tensions in the instrumental relation between means and ends. This was found in the

interviews. Two entrepreneurs in particular, called into question instrumental rationality by arguing that the logic of action they follow did not necessarily involve selecting the most efficient means to achieve the desired ends. That is, they were not being economically rational.

Useful here is Wuthnow's idea of consistency. According to this scholar, an action is consistent when it is congruent with other actions commonly taken up. Following this idea, EC entrepreneurs' actions should be morally and spiritually consistent. In other words, actions taken up by EC entrepreneurs should not contradict, or be at odds with their spiritual beliefs. In this sense, whereas instrumental rationality is characterized by materialistic consistency, the rationality of communion is characterized by spiritual consistency. Entrepreneurs emphasized that their logic of action implied a wider evaluation than proposed by an instrumental framework. Means are assessed taking into account not only entrepreneurs' ends but also their suitability within their spiritual and moral framework. Therefore, spiritual and moral consistency becomes a priority, as illustrated by Liliana and Ricardo:

The easiest thing for the firm would be to work directly for social insurance institutions because once you have made the contract they send old people to the old people's house. You do not have to worry anymore about the quantity of people that the old people's house will have. Nonetheless, to make a contract with these institutions you have to bribe the people in charge of making the selection. They neither take into account the state of the firm nor the conditions of the place. They do not consider the services offered for the old people. They are only interested in the amount of the bribe. And we do not accept this procedure although it would assure a good economic situation for the firm. It is against our ethical principles (Liliana).

In the relationship with rival firms we think that when there are economic problems everybody is affected. What is the



sense of leaving somebody out of the market? We think in our goal with the EC... we would contradict our goal by destroying a rival firm. It would be contradictory to make employees of a rival firm lose their jobs, just because we wanted to give more labor opportunities with our firm. It would definitely contradict our goals (Ricardo-My emphasis).

Some entrepreneurs, such as Lucio, suggested the purpose of action should be judged by whether it follows the logic of communion:

You can find technical advantages in every action you take up, as it's done with marketing. In other words, it's an advantage for me that everything is good for the other. But, we can see that the person isn't the most important thing within that sort of logic. Obviously, for me it's an advantage that the building contractor doesn't lose with his work, because he will be able to finish the building and maintain a good quality. We reach the best price without getting into a risk. Yet, I don't do this to avoid having risks. For me this is a consequence. I do this because I'm interested in the person. I like to see that the building contractor is OK with the price, and that he can make it. Then, the result is that the building contractor won't have economic problems, and he won't leave the building unfinished. It isn't the same when you say: "I'm doing this for the other because it's the best thing for me". For instance, you make a nice environment in the office because the result will be that the employee will work more efficiently. Here you find the special feature of the EC. It's the initial purpose what defines this logic. Because... I think if tomorrow I were standing in front of God, He would ask me whether I was interested in accumulating more in the building or in the person who was working with me. The consequence can be exactly the same, but it's different (Lucio-My emphasis).

By evaluating the action's purpose or the meaning attributed to an action, entrepreneurs are removing themselves from the means-ends framework. Here, it is possible to point out similarities with the concept of expressive rationality proposed by Hargreaves Heap (1989).<sup>68</sup> For entrepreneurs, the purpose of an action becomes an end in itself because it expresses meanings about their religious values and identity. At the same time, by

employing this criterion entrepreneurs make a distinction between their firms' actions and other firms which are not within the project. For instance, Lucio points to the cooperative actions taken up by his firm. These actions are also found in industrial networks and strategic alliances, which maximize benefits from establishing cooperative relations.<sup>69</sup> So, what is the difference between cooperation taken up by firms joining the EC, and cooperation found in industrial districts? My respondents drew attention to the evaluation of the purpose of the action as the feature defining the difference. As José explained:

Anybody could say that establishing good relations with everybody is an economic strategy. In fact, there are many firms that are applying this strategy, especially the firms in the service sector. They show that the person is the most important thing. But the goal is that the person consumes more. So the person is not really the most important thing. Instead their purpose is to accumulate more money. The person is instrumentalized.

Whereas an instrumental logic is made up of actions that assure the achievement of pre-determined economic ends, the logic of communion detaches actions from the economic results that could be obtained because they are not considered a pre-condition to taking them up. Economic results may be excellent, but results do not determine the agents' actions. This detachment of economic results from the action selected was particularly illustrated by Oscar:

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68. As discussed in chapter 2, with the term expressive rationality Hargreaves Heap alludes to actions that are carried out to express things about ourselves. The actions do not constitute a means to achieve a given end, but it is implicated in the choice of ends.

69. Many scholars have drawn their attention to cooperative relations established in industrial districts as well as in strategic alliances. In the case of industrial districts, despite maintaining hierarchical relations, cooperation and openness among small, medium-sized firms, large firms, public and other private institutions are a constitutive feature. In the case of high technology networks, cooperation enables firms to improve in the long term product market combinations (Grabher, 1993). Japanese firms have been also characterized by their cooperation. As Dore (1992) explains, for Japanese firms long-term advantage and high-trust relations of give and take are preferred as the best way to assure material success.

We have taken up works knowing that we wouldn't obtain profits from it. And we did these works because our priority was to maintain our employees in the firm. We knew beforehand that we wouldn't obtain any profit. It isn't common that a firm takes up a work under this condition.

Nevertheless, this does not mean absence of benefits. As shown in the previous quotation, the decision implied another sort of benefit in the long-term, such as not having to suspend employees because of lack of work. However, by emphasizing the purpose of an action, entrepreneurs demonstrated that many actions are aimed at expressing values, such as respect to the person, defining the firm's identity.

In sum, the EC entrepreneurs I interviewed were looking for alternative criteria to characterize their logic of action. Although they still used the means-ends framework to legitimize their actions, they also introduced a different criterion to relate means and ends. While instrumental rationality is characterized by the efficiency criterion, the logic of communion relates means and ends by the criterion of spiritual and moral consistency. Moreover, entrepreneurs attempted to define their logic outside of the means-ends framework by evaluating the purposes of their actions. My respondents established a distinction between their actions and similar actions carried out by other firms by suggesting that for them the assessment of economic results was not a pre-condition to take actions up.

## **6.2 Contrasting rationality of communion and instrumental rationality**

Entrepreneurs constructed the rationality of communion by contrasting it with an instrumental rationality. The contrast between the two types of rationalities, as it emerges from my interviews, is around two broad issues: i) the bounds within which the firm can

keep growing; and ii) employment, particularly the relationship established between entrepreneurs and employees, and recruitment practices.

Regarding the firm's limits to growth, I was interested in finding out which criterion was considered by entrepreneurs to define whether the firm should keep growing. In other words, how did EC entrepreneurs assess a strategic decision? Two entrepreneurs in particular identified differences between their logic of communion and an instrumental one when defining this long-term decision:

The old people's home attempts to be a family. Because of this I could never have run more than one old people's house. But it is common to see firms running many retirement houses simultaneously. They are only interested in the number of old people that each house has. They neither worry about the conditions of the place nor of the services provided to old people (Liliana).<sup>70</sup>

The issue of the firm's growth involves finding the appropriate economic scale, because building a house for a dog and a whole building is not the same. Definitely there is an appropriate scale of production. After that point, I think that you start doing more than you can do in order to accumulate more. As the EC proposes to produce in order to share, we could say: "the greater the amount of work the firm has, the greater the profit produced to be shared". This is one perspective. Instead, I have another perspective. The firm carries out the construction of two buildings, then twenty, then thirty. If my firm had only constructed five buildings, the other twenty five buildings would have been constructed by other firms. So we have to determine the parameters of the firm's growth. This is very important in our activity because in general you start with one building, then three.... it is a sort

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70. This lack of interest of other firms in the conditions of their old people may appear to the reader as over-estimated by my respondent. Yet, recent events showed complete lack of control over private firms which offer geriatric services. For instance, in 2001 four old ladies drowned in one old people's home in Buenos Aires in the midst of rainfalls. They were in the cellar of a house, which was functioning as a 'living room', and they could not get out when it flooded. By making old people live in the cellar, the firm could increase the number of people in the house, and as a consequence obtained more revenues. Between 400-500 old people's homes were functioning in Buenos Aires without any sort of authorization and control over the services provided (Journal Página 12. 26/01/2001).

of unlimited growth. So, when do you stop? Who does determine this? I establish limits to the firm's growth because I don't want to have twenty offices, and as a consequence not having a free Sunday. I don't want to feel that I have no time to do other things and to find fulfillment in other spheres of life, as well as within the firm. This indicates the boundaries within which the firm can keep growing, besides the suitable scale to establish a relationship with each of the employees. I do not want to work with people without knowing them (Lucio).

Both Liliana and Lucio emphasized the importance of personal relationships to establish limits for the growth of their firms. By doing this, both pointed out how a decision about growth, which is traditionally taken as strictly economic, involved the assessment of cultural issues, such as personal relationships and spiritual beliefs. In other words, these entrepreneurs acknowledged how cultural and personal aspects shape an economic strategy such as the growth of the firm.

Second, many entrepreneurs contrasted the logic of communion to instrumental rationality when addressing issues of employment:

Most of the firms specialized in services are used to employing people for a short time. The purpose is to finish the labor relation as soon as possible, to avoid any type of engagement with the employees. [...] Instead, with our firm we try to assure continuity in the job for each employee. (Oscar).

The traditional logic says, as my accountant always reminds me, that you [the entrepreneur] don't have to worry about the lives of your employees. The relation between entrepreneur and employee finishes with the job. It mustn't go beyond that. It's common to hear if you go beyond the labor relation you are lost (Liliana).

This personal engagement with the employees and their lives shaped many actions of the entrepreneurs, and as illustrated by José and Ricardo, who had to lay employees off because of the firm's lack of work:

*José:* When the firm experienced a serious crisis we had to cut the workforce. We decided to suggest that our employees accept any labor opportunity they found in another firm. We knew that with this proposal the most trained employees would be the first to find another job...

*Ricardo:* at that time it was as if we had to start the firm again because those employees more trained and with more capabilities were the ones who found jobs in other firms. From a technical perspective, it wasn't the best strategy. Yet, from the perspective of the person it was the best strategy. First of all because these employees with fewer labor opportunities, who would be excluded from the system, were the ones who maintained their job in our firm.

*José:* I think that the usual strategy for a firm is not to establish a profound relation between the employee and the employer. In other words, to avoid any sort of relation beyond the labor one. But, we never respect this. As a consequence, in the hard times of the firm the most difficult thing is to tell somebody to stop working for the firm. Because of this we had the idea of making a proposal like this. From the instrumental logic the most intelligent thing to do would have been to select the most efficient employees, and constitute a small group and work with them. At that moment we didn't know that this attitude would generate such an attachment to the firm in each of the employees. But it wasn't as a debt with us. This engagement was the result of constituting a team of work.

The strategy to reduce the number of employees was taken up by entrepreneurs, but it was applied in such a way that enabled entrepreneurs to avoid conflicts with employees, and, at the same time, to constitute a new group of workers. This strategy demonstrates that although the relationship established between employees and entrepreneurs did not change the decision to lay employees off, it shaped the ways in which it was applied.

Amongst the EC practitioners, there is not a homogenous point of view about how to recruit employees. For Santiago, there is a clear difference between the recruitment policy of EC firms and others not adhering to the project. It might be suggested that addi-

tional benefits could be obtained by the firm if people employed perceived differences in the recruitment process so long as employees feel a personal obligation to entrepreneurs:

We assess everything, not just the technical capabilities. We even take into account whether employees have family and children. In general, firms do not recruit people who have many children. If we have two candidates with the same qualifications, we will employ the one who has family. Why? Because the other one has more opportunities. For the other firms, having children is something that discourages employing a person. On the contrary, it is something that encourages us to employ this person (Santiago).

Lucio disagreed with this view stressing the suitability of the candidate to the firm's needs. As a consequence, Lucio did not make a substantial difference between the logic of communion and an instrumental orientation in recruitment practices:

I think I have to employ the person who will bring more advantages for the firm. It's the same when I have to make a contract with another firm (Lucio).

Yet, Lucio and Santiago agreed by identifying differences between these two logics in terms of the openness to employ more people in the firm. Employing another person from an instrumental logic is a loss for firms. Instead, for EC entrepreneurs, it represents an opportunity to share. Although it was not mentioned by entrepreneurs, a rise in the number of employees can result in a productivity increase for every firm.

Some days ago one of my children, who is ten years old, was telling me that one of his classmates' parents runs a pasta factory. My son told me that they had a low cost of production because they worked alone, without employing anyone. The point he wanted to make was that their cost of production was low precisely due to the fact that they didn't employ other people. The logic is to work twelve hours everyday, but in this way you don't have to employ anyone (Lucio).

If we were thinking in our personal interests, the easiest and most efficient thing would be to have only one employee. Mario could have only one employee, and provide services

just for two firms. His family would be without economic problems. But he decided to share with others work opportunities (Santiago).

To conclude, this section attends to the distinction established by entrepreneurs between the rationality of communion and an instrumental rationality. The examples illustrate how entrepreneurs think of their actions as following the logic of communion. Cultural aspects are not an additional feature in the logic of communion. They have the same status as economic aspects, as illustrated by the role of the cultural dimension within growth of the firms. Moreover, EC entrepreneurs suggested that these cultural aspects shape strategies of the firm such as recruitment practices.

### **6.3 Alternative perspectives to cope with the co-existence of rationalities**

The co-existence of contradictory rationalities, the rationality of communion and an instrumental rationality, within and beyond the firm raises difficulties. For instance, entrepreneurs can give up the logic of communion at any time because membership in the EC does not make sharing compulsory:<sup>71</sup>

An Italian who works in the development of social cooperatives once told me that the problem of EC firms is that they lack a fixed structure, which assures that the firm always acts in the same way. [...] He told me that for instance, one day my son could be running the firm and decide to stop running it in the way I had started. And it's true. But, it isn't my son the only one who can do that. I'm the first who can change this and give up sharing (Lucio).

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71. As explained in chapter 3, entrepreneurs share profits freely. The cooperative interviewed was the only economic organization that made sharing compulsory. Profits obtained by the cooperative must be given to the FM.



Entrepreneurs identified difficulties with the co-existence of these different logics especially when they must deal with more powerful firms. It seems that these difficulties are not determined by different logics of action but by differential power:

We work for powerful firms, most of them located in Buenos Aires. They don't know the climatic conditions here, for instance. And as a consequence, with very critical climatic conditions, these firms put pressure on us to take up the activities despite the natural conditions. And we had to reject this pressure thinking about the risks entailed for the lives of our employees. But, we had the risk that the firm didn't understand and rescinded the contract. [...] They put a lot of pressure on us. It's an economic pressure. For instance, during three months these firms didn't pay for the work we had done. Anyway, we paid our employees and suppliers... These firms, "these monsters", have a completely different way of working. But we don't go with a booklet and tell them "we want to act in this way" (Oscar).

Two alternatives to cope with difficulties associated with the co-existence of contradictory logics were identified. The first one called for an intensification of internal relations, consisting of three features. First, commercial relations among the firms adhering to the EC should be reinforced. The idea is to develop a business network by promoting commercial relations among firms adhering to the EC based on personal relations that exist among entrepreneurs. In other words, the adherence to the project should become a determinant factor when choosing a supplier firm or service firms. Although only Nancy made this idea explicit, it was possible to identify that many entrepreneurs would prefer to establish commercial relations with firms adhering to the EC.

...I believe that we should know each of the firms adhering to the EC, and remember them, so that we can exchange services and products among us, or even recommend the EC firms to others. For instance, one of my cousins has an important function in the city hall of Salta. I told him that in case they needed lamps I knew a firm [a firm adhering to the EC which fabricates lamps] that would provide products of

quality. I know that this firm has sellers in Salta. But, I thought I should recommend it (Nancy).

Second, the relation between members of the FM and firms adhering to the EC should be strengthened, so that they choose these firms each time they have an opportunity. In this context, advertising the adherence of the firm to the project becomes a commercial strategy although Nancy introduced it as a way to 'spread the EC':

In the advertisement of the firm I put that the firm adheres to the EC. I didn't have this idea. I drew it from a firm from Ireland. It's a way to make people aware of which firms adhere to the EC and spread it. I think that we should make efforts to make people know our firms. [...] For instance many people of the movement don't buy their tickets from my firm when they travel. They go to another travel agency. And I think that it shouldn't be this way. I think that if I want to buy cosmetics, I should buy them from the firm adhering to the EC, but it shouldn't be something compulsory (Nancy).

Finally, the relation between firms joining the EC and the FM should be encouraged. The idea is to constitute a network within the movement, which could provide support for firms whether in the initial stages of constitution or experiencing economic problems. In fact, this is the goal of a group of German entrepreneurs who set up a sort of investment organization, adhering to the EC, which combines equity participation with cash input, technical and managerial advice to firms joining the project.<sup>72</sup>

There are many people adhering to the project. And many people had serious problems. As a consequence these firms closed down. There was a firm, one of the first firms adhering to the project, which was a success at first. The firm was introduced in many meetings as an example of a firm joining the project. Then, when this firm started going through many problems it did not have support. Perhaps they did not ask for

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72. This German firm had some projects with firms joining the EC in Argentina, but they were not accomplished. One of the firms interviewed had an offer from this German firm.

help. [...] But sometimes we do not have enough experience to run a firm (Nancy).

Overall, the suggestion consisted of strengthening internal relations among firms adhering to the EC as a way to improve the performance of firms. This alternative entails a sort of separation from the world because EC enterprises should prioritize commercial relations with other firms within the project, and restrict their sphere of action to the FM. The way in which the alternative is proposed shows that its purpose is to support the economic development of firms. Nonetheless, this alternative will not be sustainable in economic terms taking into account both the small number of members of the movement and of EC firms in Argentina. In other words, limiting commercial relations of EC firms to the FM will not assure a demand market for EC firms.

The other alternative raised by some entrepreneurs rejects this idea of separating themselves from the world. Instead, they proposed that relations among firms adhering to the EC should neither be based nor limited to commercial relations. The suggestion was to reinforce relations with other people and firms not associated to the EC. It could be summarized in this way: the greater the relations beyond the FM and the group of firms adhering to the project, the greater the opportunity to spread the EC, and obviously to expand the economic base of firms:

An issue that we have to consider is whether to close ourselves off or to increase the relations with others not related to the project. Because one thing is to emphasize the internal relations in the cultural aspects, and another thing is to restrict the economic relations to the agents related to the project. We perceive that sometimes because of personal needs many people of the movement suggested registering all the people, their profession and trade. And then, employ people of the movement. I think that this idea doesn't reflect the spirit of the EC. I have to make contracts with the firm which is more convenient, independently of whether it is a

firm adhering to the EC or not. We cannot restrict our relations to the group of firms adhering to the EC (Lucio).

Firms joining the EC have to remain anonymous in different activities, in different places. The firms adhering to the EC have to be open to people who are not members of the FM, as well as other firms. The possibility of making up the EC should be opened to everyone. The EC is something for all humanity. Therefore, it is not restricted to a group of people. Perhaps currently members of the movement are taking it up. But, this is not the goal. For instance, the idea of having some firms of the EC together, in the same place near the villages of the movement is to make visiting those firms easier (José).

According to these entrepreneurs, the logic of communion should not be restricted to members of the movement. Instead, they argue that the value of the EC is its co-existence with other rationalities. Moreover, these entrepreneurs imagine that co-existence spreads the EC beyond the FM. In this way, people without connection with the FM can be introduced to the EC.<sup>73</sup> An economic motivation is also identifiable: to expand the economic base of firms within the EC, and at the same time to assure the freedom of commercial relations with firms offering better opportunities whether part of the project or not.

## 6.4 Conclusion

In this chapter, I argued that despite their limited number, EC firms are showing that there is another logic of action in the economic domain. That is, entrepreneurs joining the EC have other reasons for behaving in certain ways. First, this logic of action is identified by a different criterion in relating means and ends- spiritual and moral consistency of an action- and which consists of assessing means taking into account their suitability with a broad framework of action.

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73. Some entrepreneurs illustrated this process with cases of entrepreneurs, who were not members of the movement and were interested in the project. However, there are not entrepreneurs of this sort joining the project in Argentina. Therefore, it seems to be more an optimistic idea about the development of the EC beyond the movement.

Second, by arguing that economic actions are associated with meanings and purposes, entrepreneurs establish a further distance from an instrumental orientation. Actions need to obtain economic results. Otherwise, firms could not maintain themselves in the market. Nonetheless, actions are neither determined nor defined exclusively by those results. The entrepreneurs I interviewed demonstrate how the establishment of relationships within the EC realm can be informed and directed by religious beliefs. In fact, EC entrepreneurs show that through personal relationships, fellowship is promoted within the firm, and as a consequence in the economic domain.

Finally, cultural aspects are not restricted to a non-instrumental sphere, as Sayer suggests, but are found in the economy. My respondents illustrated how cultural aspects were taken into account in processes traditionally considered as strictly economic, such as defining a firm's growth. Although I support Sayer's argument that culture can be instrumentalized by economics, in this chapter I show how culture can also shape economic strategies. Therefore, the instrumentalization of culture is not the only process occurring in economics.

# 7 CONCLUSION

The broad question of my thesis is whether there is a *distinction between culture and economy based on different logics of action, and therefore different domains in which each operate*. I began by contrasting two theoretical frameworks of the economic process -the orthodox and cultural approach. Looking at how economic agents and economic actions are conceived by each, I argued that each conceptualization approaches culture in a different way. By conceiving of economic agents as individuals without any sort of relationship with other social agents, and viewing instrumental rationality as the exclusive logic operating in the economic domain, orthodox economics leaves culture out of its analysis. The cultural approach, in contrast, challenges the presumption that there is one type of rationality in the economic arena by arguing that economic agents do not act only according to maximization. In addition, the cultural approach acknowledges guidelines for economic action such as moral values- substantive rationality-, and even emotions- expressive rationality. Furthermore, these different and contradictory rationalities may co-exist in the economic arena. As economic processes are not defined by a unique logic of action, the traditional dissociation between economic and non-economic processes is challenged.

To empirically address my broad question, I examine a group of Argentinean firms that participated in an explicitly religious approach to business, the Economy of Communion, which is part of the Focolare Movement. Drawing on Escobar's work, I argue that the FM became a social movement when it launched the EC. Though one of the goals of the EC is to raise funds to help people in need, the FM goes beyond this goal to illustrate that

the economy can be organized differently than mandated by the dominant economic system, capitalism. By looking at the social practices of the movement, I suggest that the FM is a social movements because it started taking up the process of cultural politics by i) redefining the boundaries between private and public domains of action, ii) challenging the existence of a unique logic of action, and iii) challenging the separation between economy and culture asserted by orthodox economics. The FM became a social movement only after it launched the EC because this project was conceived not only as a way of fulfilling concrete needs, but also as an attempt to show that there are other possible ways to organize the firm and the economy.

In Argentina, my research shows that the firms joining the EC are small and medium- sized firms, as evidenced by their structure, organization and number of employees. Second, firms joining the project are economically marginal. However, this characteristic is common to all small and medium-sized firms in a national context, which clearly does not encourage the development and maintenance of this type of firms. On the contrary, the high percentage of small and medium-sized firms closing down within the first five years of life demonstrates that it constitutes one of the most vulnerable sectors of firms in the national economy. Although the number of firms joining the EC has not increased since 1997, this is the result of problems within the whole sector of small and medium-sized firms. Third, in Argentina the attachment to the project is restricted to the FM as shown by the fact that all entrepreneurs running EC firms are members of the FM. Finally, regarding the sharing of profits three different models were identified: i) sharing profits following the original scheme proposed when the EC was launched; ii) establishing an amount of money to share, but not fixed in relation to profits; and iii) sharing anything. The second alternative

is the most widespread option exercised among the entrepreneurs I interviewed. By detaching the amount shared from the profits obtained, entrepreneurs aimed at maintaining their adherence to the EC and avoiding risking the firm's profitability.

I then turn to analyzing the relation between culture and the firm. I first looked at conceptualizations of the culture of giving identified within the entrepreneur's discourse. My research suggests that two contrasting visions of the culture of giving can be identified. On the one hand, some entrepreneurs conceive the culture of giving as a "human nature", as an inherent behavior of human beings. This conceptualization of the culture of giving is epistemologically similar to orthodox economics' notion of human behavior as long as it shares its status of universal truth based on the assumption of the existence of a "natural human condition". On the other hand, some entrepreneurs suggested that the culture of giving is a chosen and learned behavior. Cultural politics is enacted by this second group of entrepreneurs because they are not only illustrating an alternative to the *homo-economicus*, but are also showing that both sharing and egoistic behavior are chosen, learned, and practiced. Therefore, the cultural politics of these entrepreneurs can be seen as an attempt to challenge the "human nature" argument to explain any sort of economic behavior and to re-define economic behavior on a cultural base.

Following Friedman's suggestion of viewing culture as a "highly instable product", I examined how and why entrepreneurs re-defined the culture of giving in the process of running firms. I found that although entrepreneurs viewed the EC as applying the culture of giving within the firm, they re-defined their understanding of this culture. At first, entrepreneurs defined the culture of giving as the practice of sharing profits. Later, entrepreneurs defined it as a set of practices beyond sharing profits, involving the cultivation of personal



relationships among employees, clients, and other entrepreneurs. I suggest that this re-definition enabled entrepreneurs to avoid conflicts and potential employees' claims to participate in the distribution of the firm's profits, while at the same time maintaining their adherence to the EC. It also indicates that entrepreneurs changed the role assigned to the firm within the project. Whereas at first the firm constituted an instrument to accomplish the goal of sharing profits, with this re-definition of the culture of giving, entrepreneurs are now pushing for another logic to be performed within their firms- the rationality of communion.

In this sense, my research about firms joining the EC demonstrates empirically that there are other logics of action operating in the economic domain. I argued that entrepreneurs enacted another logic of action -the rationality of communion-, which is not an instrumental rationality. I analyzed how entrepreneurs defined their logic of action, focusing on the reasons they employed to legitimize their actions. I suggested that their logic of action is defined by: i) the criterion of spiritual and moral consistency of an action to relate means and ends, meaning that actions taken up should not contradict or undermine the agent's wider frame of action; ii) assessing actions through their meaning and purposes; and iii) establishing personal relationships as a way to promote fellowship within the firm. Overall, entrepreneurs testified that their economic actions are not determined by the consideration of economic results alone. Furthermore, the entrepreneurs I interviewed illustrated how cultural aspects shape the understanding of the firm by their belief that the firm is a place in which God shows His action. This affects the economic strategies of the firm including the definition of the firm's growth, recruitment and lay-off practices. Conceptually and empirically, my research suggests that the distinction between economy and culture based

on different logics of action is misleading. I argue that this distinction is based on the erroneous assumption that there is one logic operating in the economic realm. Entrepreneurs joining the EC evince another logic of action- a rationality of communion.

I also want to point out some of the shortcomings of my work. First, I realize that my support of EC weakens my analysis. I noticed that it was rather difficult to build critical analysis of my respondents' perspectives. Many times, my critical analysis was constrained by my feeling that I could be misinterpreting my respondents' answers and opinions. A second drawback, and related to the previous point, is the lack of triangulation of my research. When I decided to base my research on entrepreneurs' in-depth interviews, I assumed that information published in magazines of the FM could be a suitable source to contrast information obtained through my interviews. Later, I realized that information published in these magazines was either too general or also based on entrepreneurs' stories. I think that I could have had more elements to examine critically entrepreneurs' perspective by conducting interviews with other agents involved in the firm, such as employees, clients, and firms related to the firms interviewed. I recognized that my work is only grounded on entrepreneurs' stories offering, as a consequence, only one side of the story.

Finally, the recognition of these drawbacks leads me to indicate some points that may be of interest for further research. First, looking at employees' stories about the EC could bring to light one of the issues raised by this research: lack of knowledge of the firm's adherence to the project by employees. A good point to start would be to compare employees' stories of firms whose owners have not made the EC known within the firm, with those that have. Some of the following questions could be analyzed in this comparison: Do employees mind whether the firm joins the EC? Which are the reasons that explain entre-

preneurs' decision to reveal or not their adherence to the EC? What sort of differences do employees find in comparing their firm with others not joining the EC? How does the EC motivate a greater attachment of employees to the firm? Does this attachment show up in a higher productivity, and how? What issues provoke conflicts in the relation between entrepreneurs and employees? How does the EC mediate these conflicts? It would have been very useful, then, to know more about employee's perspectives so as to have a more complete image of EC firms.

Second, my research focuses on one side of the EC: the firm. It remains to be analyzed what happens with profits shared by entrepreneurs. According to the goals of the EC, the funds raised should be employed to help people in need, and to spread the culture of giving. But what criteria are used to define people's needs on the global scale? How is the distribution of funds applied? How are these funds employed to spread the culture of giving? How are local-global relations viewed in the process of profit re-distribution? Surely, looking at this part of the project would offer the possibility of a new reading of it.

Finally, I think that my research opens another line of inquiry: how do national contexts constrain or encourage the development of the project? As I have indicated, the firms joining the EC in Argentina are operating within a national context that does not encourage the development of small and medium-sized firms. However, the growth in the number of firms joining the project in Brazil seems to show that the Brazilian context- a much more industrialized country than Argentina- provides advantages to the EC. In this sense, I think that comparing the development of the EC, and the type of firms joining the project in two Latin American countries, such as Argentina and Brazil would shed light on the following issues: Which features could be considered when defining structural embeddedness? How

does an industrial context contribute to the development of firms within the project? Which firms adhering to the EC succeed in each country, and why? How do firms take advantage of particular conditions offered by place in each national context? The questions raised here show that my research offers only the first steps towards answering these questions.

# APPENDIX 1

## Informed Consent Form

**The economy of communion in Argentina: exploring the relationship between culture and economy.**

**Principal investigator:** Dr. Trevor Barnes, Professor

Department of Geography, University of British Columbia

Telephone:

Email:

**Co-Investigator:** Veronica C. Hollman (this research is for a MA in Human Geography)

Department of Geography, University of British Columbia

Telephone:

Email:

**Purpose of the study:** The purpose of this study is to explore the relationship between culture and economy through the analysis of the economy of communion and its development in Argentina. Entrepreneurs who run enterprises characterized by the economy of communion are invited to participate in the study. The emphasis of the study will be placed on the understanding of the concept of culture held by the entrepreneurs involved in the economy of communion, as well as on the processes through which the culture of giving is being constructed in the firm. By analyzing how the economy of communion enters economic processes, it is hoped that the study will shed light on how culture acts in the economic realm.

**Study procedures:** The co-investigator will gather data for this study by conducting in-depth interviews with entrepreneurs who run enterprises based upon the economy of communion. The entrepreneurs invited to participate in this study will be selected according to the following criteria:

(a) Diversity of economic sector:

(b) Location, only firms located in the cities of Buenos Aires, where the *fuerte* movement began in Argentina, and the cities of greatest concentration of firms joining the project.

(c) Size, small and medium sized firms are examined.

The co-investigator will ask the participants if they wish to be recorded during the interview, and will only record the interview with their consent. The interviews will be conducted in one session and will demand approximately one hour. The interviews will be held in the place determined by the interviewees.

**Confidentiality:** Any information resulted from this study will be kept strictly confidential. The only persons authorized to access to the data will be the participants, the principal investigator, and the co-investigator of this research project. The enterprises and participant's name will not be used in the co-investigator's MA thesis or in any other

reports. Pseudonyms will be used. The tapes and written notes of the interviews will be destroyed no later than September 2001.

**Refusals:** There will be no penalty for non-participation in this research. Participants have the right to withdraw from the study at any time. It is absolutely not a problem if a participant does not wish to be interviewed or if they wish their interview not to be recorded.

**Compensation:** No financial compensation is being offered in exchange of participation.

**Contact:** If participants have any questions about this research, they may contact the co-investigator Veronica C. Hollman, at []. They may also contact the Principal Investigator, Dr. Trevor Barnes, by email. Participants should feel free to ask any question about this research any time. If participants have any concerns about the rights or treatment of research, they may contact the Director of Research Services at the University of British Columbia, Dr. Richard Spratley, at [].

Co-Investigator

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Signature

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Date

## APPENDIX 3

### Sample Interview Questions

#### **A-General information about the firm.**

- When was the firm set up? Was the firm set up with the objective of realizing the economy of communion or was it operating in the business before the economy of communion was launched?
- How can you define the level of engagement of the company you run in the project of the economy of communion?
- What is the activity of the firm?
- How many employees does the firm have?
- What is your personal assessment of the firm's development since it started participating in the economy of communion?

#### **B- Personal History.**

- Do you have previous experience in the business?
- How did you become engaged in the project of the economy of communion and in the focolare movement?
- What were the reasons that motivated your participation in the economy of communion as an entrepreneur?
- What did you know about the economy of communion before setting up the enterprise?
- How would you describe your personal participation and the firm's attachment in the economy of communion?

#### **C- Conceptualization of 'culture'- 'culture of giving'.**

- What does culture mean for you as an entrepreneur?
- How do you define the 'culture of giving'?
- What are the differences/similarities between the enterprises of the economy of communion and other enterprises?
- What is the role of the 'culture of giving' in the development of the firm? What is the role of the culture of giving in the success of the firm?
- How do you think the 'culture of giving' enters in the firm? In what ways the culture of giving enters the economic processes within and beyond the firm?

#### **D- Processes of construction of the 'culture of giving' in the company.**

- How is the 'culture of giving' constructed in the firm?
- What difficulties have you found in cultivating the 'culture of giving' in the firm? Which strategies have been employed by the firm to overcome these difficulties?
- What kind of participation do you and the firm have in the diffusion of the 'culture of giving' beyond the firm?
- What kind of relationship does the firm have with the enterprises of the economy of communion located in Andrea, the origin city of the movement?
- What is the role of the small city 'Andrea' in the development of the economy of communion?

**E- Processes of negotiation of the 'culture of giving' within and beyond the firm.**

- How do you select the employees of the firm? Which are the characteristics you are most looking for when recruiting new employees?
- Which are the conditions valorized at the time of promoting employees?
- What is the role of the 'culture of giving' in the processes of recruitment and promotion of employees?
- How is the relationship with competitor firms, whether they practice the economy of communion or not?
- How does the firm practice the sharing of profits? What are the reasons that explain this decision?

**F- Challenging the 'economy'.**

- Which economic notions are the enterprises of the economy of communion challenging?
- What is the novelty of the economy of communion?
- What is the place of the economy of communion in the capitalist system?
- Which are the points of weakness and strength of the economy of communion?



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