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# National business cultures: the influence of religion, and their role in the economic development of countries

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**Abstract.** The paper clarifies the conditions and factors of the development of the institutional environment through modern interdisciplinary analysis. The authors revise the studies of the problem under consideration in the history of science and reveal the decisive role of religion in the development of national business cultures. The study highlights the fundamental postulates, i.e. the canons of theology, and argues for the need to consider them in the context of the analysis of national business cultures. The authors put forward and prove theoretical and methodological principles of the determinant influence of national business cultures and religion on the development of countries (the socio-economic phenomenon of the “economic miracle”). The content of the category “Polish economic miracle” is revealed through analysis of the influence of Catholicism, Orthodoxy and Protestantism on other “economic miracles” known from history. The authors conclude that Catholicism currently encourages entrepreneurial initiative of both individuals and organisations, which contributes to the sustainable economic development of countries.

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## 1. Introduction

The economic activity of individuals and organisations (including enterprises, institutions, political and public organisations, etc.), and of the state as a whole, is predetermined by a variety of conditions and factors. Along with the economic conditions and factors, the institutional environment is also essential. Modern scholars consistently regard it as a set of social, legal, political, ideological, national, religious, cultural, historical, moral and ethical, mental, and psychological conditions and factors, as well as corresponding stereotypes and taboos, customs and habits. The source of such understanding of the institutional environment is the first scientific study on this topic, which gives the definition of the corresponding basic term, i.e. “institutional economics”: this is the work of the famous American scholar Hamilton (1919) “The Institutional Approach to Economic Theory”. The author understands the definition as:

*a generalised description of the economic order. [...]a study of the conventions, customs, habits of thinking, and modes of doing which make up the scheme of arrangements which we call ‘the economic order’. It must set forth in their interrelations of the institutions that together comprise the organisation of modern industrial society.* (Hamilton, 1919: 311)

Later, Hamilton’s followers and contemporary representatives of institutionalism, such as Veblen, Hodgson, North, Coase, Brzezinski and others, classified the set of mentioned conditions and factors as determining the economic development of society (Brzezinski, 1976). Such a concept predetermined not only the theoretical, but also the practical understanding of institutionalism. Along with neo-Classicism and neo-Keynesianism (in combination with other schools and movements), institutionalism has become one of the key trends in both economic science, and economic policy of the leading countries in the modern world. Moreover, institutionalism, to a certain extent, acts as a kind of synthesis of neo-Classicism and neo-Keynesianism, which determines its extensive application not only in the economy, but also in social development in general.

To research the origins, ways and prospects of societal development, it is vital to discuss such a complex interdisciplinary problem as “Which of the institutional factors is determinant?” This central issue logically stipulates the following: “How does the determinant factor of institutionalism influence the economy and the development of society in general?”

An overview of the studies of economic and institutional issues of social evolution gives reasons to distinguish the following two interrelated causal components:

1. religion is the determinant (constitutive) factor of institutionalism and a society’s development in general;
2. religion influences the economies of organisations and countries (their business and management) through a specific transformational block, i.e., national business cultures.

Consequently, economic science faces a complex interdisciplinary problem of the role of religion in the development of national business cultures and modern micro- and macroeconomic development of society.

## 2. Literature review

The problem of the paper is one that has been poorly researched in the history of economics, sociology, cultural studies, and comparative management (though it should be thoroughly considered within the frames of this discipline). The approaches to the research of this problem originate from ancient philosophy and theology, (for example, in the classical texts of ancient Indian religion and culture, such as *Arthashastra*), and the studies of Middle Ages (in the work of Thomas Aquinas *Summa theologiae*).

In the 19<sup>th</sup> century, Marx (2000: 46–63) attempted to consider the impact of religion on the economic development of society in his work “On the Jewish Question”. But in many aspects it came down to a polemic with Bauer (with elements of a disrespectful attitude towards Jews and Judaism; perhaps because of Marx’s father’s transition from Judaism to Protestantism). In the early 20<sup>th</sup> century a prominent representative of the German historical school, Sombart (2001), made a similar attempt in his work

“The Jews and Modern Capitalism”. However, the study contains mainly a quantitative analysis on the background of the history of Jews’ forced migration. (The work pays little attention to these aspects on the example of the countries of the Eastern Europe)

The works of the prominent economist and founder of sociology, Weber (1978; 2001), are quite fundamental in this respect. At the same time, it is inappropriate to reduce Weber’s research on this issue only to an analysis of the influence of Protestantism on the emergence and development of the economy: (most scholars traditionally focus only on his work “The Protestant Ethic and the Spirit of Capitalism”) (Weber, 2001). Others of Weber’s works on the impact of religion on the development of the economy and society are also significant (“The Religion of China: Confucianism and Taoism”, “The Religion of India: The Sociology of Hinduism and Buddhism”, and “Ancient Judaism”). The work “Economy and Society” (Weber, 1978) became a kind of generalisation of the issue.

In comparative cross-cultural management, which appeared in the 1960s–70s, the problem of religion was not the subject of system analysis. This was proven by the works of Hofstede (1980; 2011) and Trompenaars (2003) on cross-cultural management. Later, Lewis (1999), the founder of the communicative direction, also omitted the issue of religion in his works. The famous Franco-American theorist and practitioner Rapaille (2007), the founder of the marketing direction in cross-cultural analysis, indirectly discussed the problem of the role of religion in his works. The scholar studied national business cultures of the Confucian-world countries (Rapaille, 2007).

Hofstede (1980) consistently considered the role of religion in national business cultures. The scholar supplemented the parameters of national business cultures (which the author classified as measuring parameters) that he had previously considered to be perfect and reliable with one more parameter after visiting China. Hofstede gave it a dialectically meaningful definition as “Confucian dynamism”. However, later, the scholar defined it as “Long-term orientation”. Such a definition of this measuring parameter is also mentioned in the research of the authoritative centre for the study of national business cultures in the modern world – Hofstede Insights, which was founded by Hofstede.

It is remarkable that one of the six measuring parameters that the Hofstede Insights centre uses to analyse and evaluate national business cultures, has a theological name “indulgence”: (other parameters are introduced into academic studies by Hofstede [1980] and, to some extent, Trompenaars [2003]). They include such measuring parameters as: “power distance”, “individualism”, “masculinity”, “uncertainty avoidance” and “long-term orientation”). The term “indulgence” means the extent to which the very spirit of the market (its ideology and a system of values) penetrates into various spheres of public life. This is a measure of commercial interest priority (profit and financial success) in public activity (Hofstede, 1980). “Indulgence” in this case is a sort of background and justification for the pervasive impact of the market on the socio-economic development of the country and society.

Unfortunately, in modern comparative management, and in economic science in general, there is no term for the category “national business cultures” (which proves that the issue requires special attention). Consequently, the role of religion in the development of national business cultures and economic development is also under-investigated. The mechanisms and forms of its impact, as well as the influence of certain religious confessions (on the example of particular countries) need thorough research.

The purpose of the article is to study the role and transformational influence of religion on the development of national business cultures, as well as on the general dynamics of the socio-economic development of the countries with Catholic, Orthodox and Protestant confessions.

The scientific hypothesis of the study states that national business cultures, developed under the transformational non-linear and multi-stage influence of a combination of factors of the institutional environment, with the significant role of religion, predetermine the general dynamics of the country’s development. It is reflected in the socio-economic phenomenon of some countries development called the “economic miracle” (“the Polish economic miracle”, “the German economic miracle”, “the Japanese economic miracle”).

### 3. Research methodology

A feature of the methodology of this study is an interdisciplinary approach based on the principles of theology to understand the decisive role of religion in the development of national business cultures and, as a result, in the economic development of the countries. The researchers use general scientific methods of cognition of the unity of analysis and synthesis, historical and logical methods, the correspondence theory of truth, and a graphical illustrative method to visualise the general theoretical analysis.

### 4. Research results

The theoretical, methodological and empirical studies of the researchers on various aspects of national business cultures (Chebotarov, 2019: 338–340; Chebotarov and Chebotarov, 2016: 5–9; Chebotaryov and Chebotaryov, 2017: 40–46) allow for an initial definition of the category under research.

The national business culture is a system of naturally inherent, basic value orientations of entrepreneurial activity that have been evolutionarily developed and reproduced in time and space, as well as its behavioural canons, standards and traditions of implementation, in addition to the stereotypes, attributes and business ethics of business operations, that are common to a particular country (or group of countries similar in their essential parameters).

The empirical base of this paper includes two blocks: a detailed survey of entrepreneurs from various countries of Europe, North America and Asia (the representatives of different business cultures), and expert evaluations of the analysts within the frames of organised focus groups on the examples of the representatives of major Christian confessions (Catholicism, Orthodoxy and Protestantism).

Two causal interdependencies mentioned above, in combination, give the following triad: Religion–National business cultures–Economy.

The researchers put forward epistemological prerequisites to answer a set of questions to reveal the

internal content of the selected triad, i.e., the causal dependence of each component.

The conducted research provides a theoretical and practical background to specify that the six aforementioned measuring parameters for national business cultures are not sufficient for a profound system analysis and a further understanding of the role of national business cultures in the economic development of countries (or of certain groups of countries – clusters – if they have similar features of national business cultures). At the same time, additional measuring parameters may not only immediately increase the volume of the required empirical base of the research, but also considerably complicate it. However, complications in quantitative analysis should not prevent qualitative analysis of the problem under consideration.

For that reason, the combination of factors that form national business cultures should be clearly classified.

Such a combination includes two groups of factors. The first group consists of institutional, economic, international and psychological factors, while the second includes the communicative, demographic, scientific, technical and natural ones. The first group serves as fundamental and the second is a kind of derivative. However, architectonics, i.e., the general combination of factors of national business cultures, is predetermined by institutional factors. Moreover, the determinant (constitutive) factor among the institutional ones, as follows from the triad, is religion. That is, religion, through institutional factors and complicated multi-stage transformations, develops in general national business cultures as a systemic interdisciplinary phenomenon.

It is appropriate to introduce at least the following additional measuring parameters (to study carefully national business cultures and their impact on both human economic behaviour and the development of countries and organisations):

- approach to planning (including its process);
- attitude towards personnel (character of mutual relations);
- attitude towards elders and officials (as well as attitude towards women in business);
- loyalty to organisation (a measure of “devotion”);

- work with information (its receipt, processing and bringing to the management and staff);
- emotionality of communication (emotionality is neutrality of interaction).

To consider causal dependence in the selected triad, the authors analyse the following aspects. At the first stage, the most important aspect in recognising the role of religion in the development of national business cultures and the economic development of countries is the identification of basic postulates, i.e., the canons of theology. They reveal the fundamental features of a particular religion (religious confession), and provide a key to understanding their transformation into a certain (measuring parameter) national business culture of the country belonging to this religion (confession).

The authors believe that basic postulates, or the canons of theology, include the following: the nature of interrelations with God; understanding and attitude towards wealth; attitude towards secular life; attitude towards certain types of economic activi-

ty; availability of a single religious hub; attitude towards interfaith interaction; attitude towards secular authorities and relationship with them (the state).

Visually, Fig. 1 shows the given stage of the study of the role of religion in the development of national business cultures, and reflects the determinant canons (postulates) of theology in it.

Figure 1 not only specifies the advanced thesis (concerning the determinant influence of religion on national business cultures), but also shows the peculiar mechanisms (transformational changes) of this influence through basic religious canons (postulates) on national business cultures by influencing the mentioned measuring parameters.

The influence of religion on the development of national business cultures includes complex, multi-stage, non-linear, transformational changes. This kind of complication is naturally caused by a human factor (i.e. the transformations are carried out “by a human”, one’s economic behaviour, or economic activity of a person, or a group, or society as a whole). For this reason, it decreases the determinant role

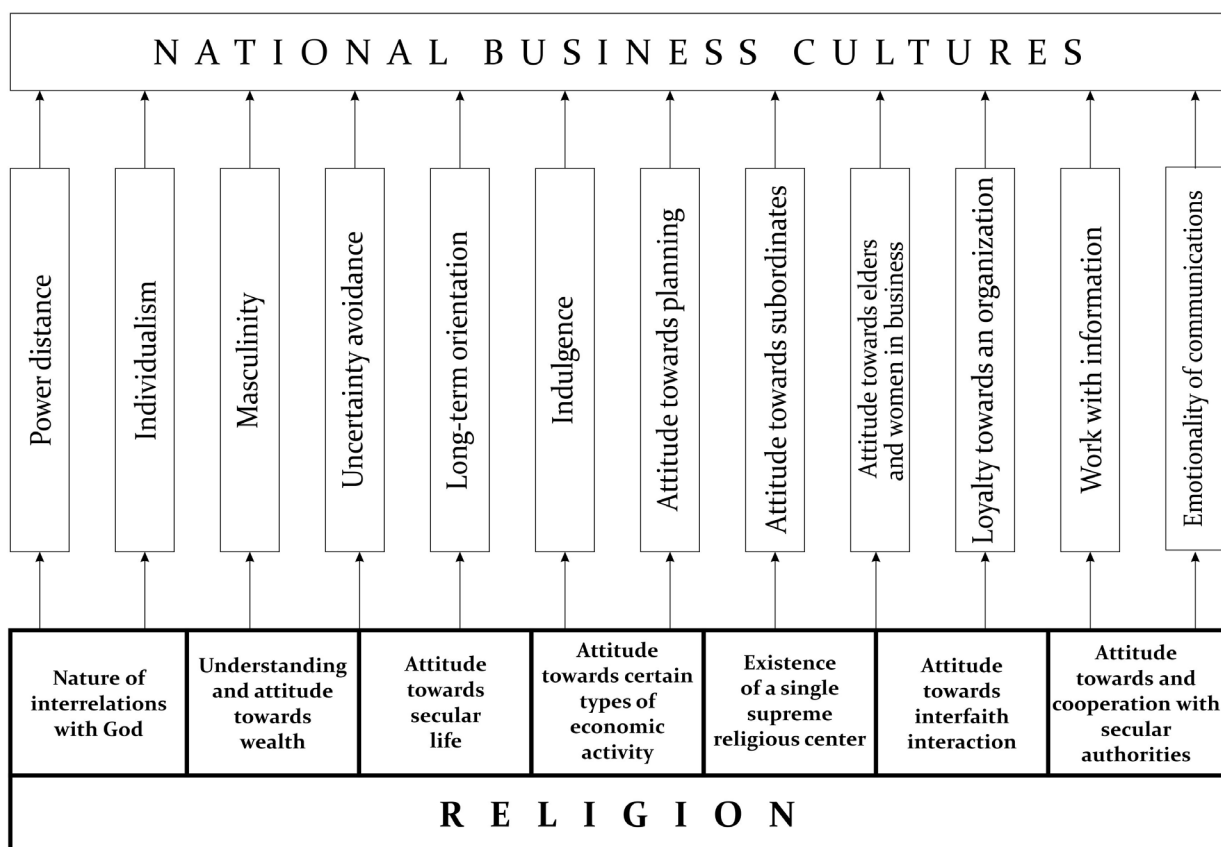


Fig. 1. The role of the basic postulates of theology in the development of national business cultures

Source: author's research



of religion, as the changes are not and cannot be automatic (because automatism, in the institutional sense, is an ambiguous, linear dependence).

Concerning the facts mentioned above, the idea of God is logically and naturally incorporated in the constitutions of several dynamically developing and socially responsible countries of the world. Thus, the constitutions of Ireland and Poland mention God nine and five times, respectively. The Constitution of the United States of America does not mention God, but the idea of God is institutionalised in the constitutions of eighteen states of the USA.

However, the mere fact that God is formally mentioned in the constitution (or anthem) of the country does not guarantee its economic growth.

Stimulating development involves the embodiment of God's absolute ideals of goodness, grace and love in the life of society. For that reason, it is quite logical that the countries with a majority of believers, in spite of objective and subjective barriers of an economic and institutional character, develop most dynamically.

More extensive research of the influence of religion through national business cultures on the economic development of the countries focuses on Christianity and its main confessions – Catholicism, Orthodoxy and Protestantism. This influence proves that religion in the context of its interaction with additional conditions and factors of the institutional environment encourages evident positive dynamics of the economic development of some countries within a certain period of time. Such dynamics are called an “economic miracle”.

There is no precise definition of this concept in science (nor a classification of its essential features). As a rule, this concept is used only as a common journalistic cliché.

The authors attempted to correct such situation. They put forward and substantiated the concept of the “economic miracle”, identified its essential features and defined it on the background of available historical examples (Chebotaryov and Chebotaryov, 2016: 5–9; Chebotaryov and Chebotaryov, 2017: 40–46). Such phenomena are usually regarded in the context of certain countries (for instance, “the German economic miracle”, “the Japanese economic miracle”, “the Italian economic miracle”, “the French

economic miracle”, and “the Swedish economic miracle”).

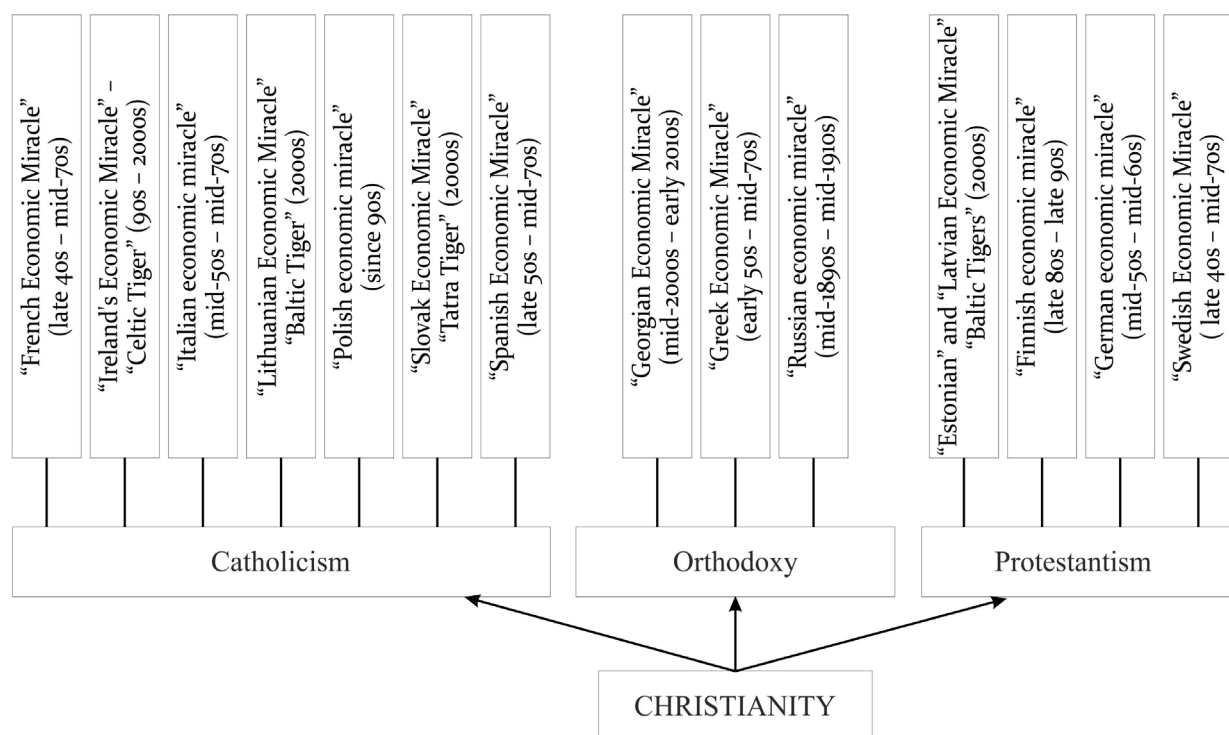
Sometimes this concept is also applied to a group of countries with similar characteristics of their institutional environment and common dynamics in their economic development, such as “the economic miracle of the Asian tigers” (South Korea, Singapore, Hong Kong, and Taiwan) and “the economic miracle of the ‘Baltic tigers’” (Estonia, Latvia, and Lithuania). The quantitative factor of such an institutional and economic phenomenon as an “economic miracle” includes the system of national indicators of a certain country (or group of countries). These indicators comprise the dynamics of the gross national product, the levels of unemployment and inflation, the balance of foreign trade, the volume of gold and foreign currency reserves, and the national currency rate.

In history, the “Polish economic miracle” is the second most enduring of all such known phenomena (outlasted only by the “Chinese economic miracle”). Having started at the end of the modern age (the late 19<sup>th</sup> to early 20<sup>th</sup> century), through the Inter-War time period, it continues still in modern socio-economic conditions. The “Polish economic miracle” is a combination of principal, qualitatively defined, institutional, economic and political phenomena and processes. They are based on the idea of the primacy of personal freedom and aimed at creating a competitive environment to overcome the consequences of the systemic crisis of socialist management, and developing a modernised, socially responsible, independent state with a market economy.

A correlation of the phenomena of the “economic miracles” known in the economic development of various countries from the late 19<sup>th</sup> century to the end of second decade of the 21<sup>st</sup> century and the largest religious confessions of Christianity is represented in Fig. 2.

Figure 2 proves that the Catholic religion greatly contributes to favourable conditions for the business environment and sustainable economic development of the countries. Eventually, it creates equal opportunities to achieve the highest living standards and build a balanced society.

This conclusion contradicts the teachings of Weber (2001). The scholar believes that Protestantism is the religion that most encourages development



**Fig. 2.** The determinative influence of the main confessions of Christianity on the development of the dynamics of economic development of the countries

Source: author's research

of the economy. Perhaps he was right for his time. However, such an epoch event as the Second Vatican Council – the 21<sup>st</sup> Ecumenical Council of the Catholic Church (1962–65) laid the foundation for qualitative transformations not only in the life of the Church, but also in social life of Catholic countries. Consequently, this event caused dramatic long-term positive changes in the economy of such countries.

The given research provides epistemological, theoretical, methodological and empirical arguments to conclude that the stimulating influence of religion on the economic development of individuals and Catholic countries through the development of national business cultures was a prerequisite for such positive consequences.

## 5. Conclusions

National business culture is a result of a combination of factors of the institutional environment with

a decisive role of religion. The influence of religion on the development of national business cultures includes a complex of transformational changes with delayed consequences. Nowadays, the Catholic religion is the most favourable to the institutional and economic development of an individual, organisation (enterprise, institution, etc.) and a country in general. This fact is universally acknowledged in terms of the “Polish economic miracle”.

Further research of the problem discussed in the given paper includes more profound analysis of the influence of religion, on the one hand, on the factors of the institutional environment, and on the other, on measuring parameters of national business cultures and the macroeconomic development of the countries under research. Moreover, the obtained interim results prove that the primary attention should be paid to the advanced ideas of the Second Vatican Council and the works of Pope John Paul II (not only philosophical and theological, but also encyclicals).

## Recommendations

When substantiating and implementing the plans of the economic development of organisations and socio-economic policy of the country, it is appropriate to consider the features of a given country's national business culture, which influences and encourages bilateral economic relations (both at macro- and micro- levels). It is also essential to take into account the content of religion (religious confession). Forms, mechanisms and specific measures of the economic policy should reflect the impact of religion on human economic behaviour and the economic development of the country.

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