

RESEARCH PROPOSAL

James B. Page

Title:

“Prospering in the Land: The Effect of Religion on Mormon Entrepreneurs”

Problem:

What role does religion play in the entrepreneurial activities of members of the Mormon Church?

Description:

In 2005, Business Week (Loyalka 2005) claimed that Provo, Utah is one of the best American cities in which to grow an entrepreneurial venture. Business Week argued that members of the Church of Jesus Christ of Latter-day Saints (commonly referred to as Mormons) develop entrepreneurial skills early on through missionary work, which, according to the director of the Marriott School of Management's Entrepreneurship Center at BYU, “gives them a lot of confidence in meeting people and expressing ideas and communicating.” While the Business Week article provided no empirical support that Mormons are more entrepreneurial than adherents of other faiths, there is, nonetheless sufficient anecdotal evidence that there are in fact many entrepreneurs in the Mormon faith, including David Neeleman, founder of JetBlue and Brazil's new Azul Airlines, J. Willard Marriott, and Alan Ashton and Bruce Bastien (WordPerfect).

In this paper, I propose using grounded theory building to build hypotheses about how religion influences, if at all, the entrepreneurial aspirations of Mormon entrepreneurs. Through semi-structured interviews with Mormon entrepreneurs, I will examine how their religious practices or beliefs influence their entrepreneurial ventures and whether it is the doctrine, practices, organization, or culture of religion that shapes their entrepreneurial propensity.

These questions are motivated by a desire to better understand the roots of entrepreneurship and to aid in explaining differences in entrepreneurial activity among differing subgroups.

These questions are important because, to the extent that entrepreneurship is a key factor in the development and sustainability of economies, it is important to understand the factors that influence people's entrepreneurial drive. If religion is an important factor, than policies designed to encourage entrepreneurial activity must take religion into consideration.

Objective:

The objective of this study is to determine the extent of the influence of religion on Mormon entrepreneurs and the specific mechanisms whereby religion influences their entrepreneurial endeavors.

Literature Review:

There is a rich and diverse literature on the impact of religion on entrepreneurship dating back to as early as Adam Smith. As Anderson (1988, p. 1068) observed:

In [The] Wealth [of Nations], Smith was not interested in theological issues or even in the nature of religious belief. Rather, he was concerned with two basic problems: (1) the economic incentives involved in the individual's decision to practice religion and (2) the economic effects of different systems of religious belief as reflected in individual behavior. He did not attempt to develop an economic theory of the emergence of religious beliefs.... Smith attempted the more limited task of defining the logical economic consequences of certain kinds of religious beliefs.

Max Weber (1958, pp. 103-104) was also interested in the impact of religion on entrepreneurship and hypothesized that people with more protestant work ethic, which stresses the moral value of work, self-discipline, and individual responsibility, would be more likely to become and succeed as entrepreneurs. In fact, he believed that Muslims, whom he assumed would have less of such work ethic, would not be as entrepreneurial. Ironically, a recent study showed Muslims in

the Turkey to score higher on the Protestant Work Ethic Scale than did Protestants and Catholics (Arslan 2001), though this may have been due to a selection bias in that those surveyed were immigrants.

Weber also examined the effect of religion in India, concluding that the impact of the caste system on the economy is negative: “If the stability of the caste order could not hinder property differentiation it could at least block technological change and occupational mobility, which from the point of view of caste were objectionable and ritually dangerous.” This study was part of a broader study of the sociology of religion and commerce, in which Weber argued that religious affiliation was associated with access to resources that facilitated entrepreneurship: “when a sect member moved to a different place ... he carried the certificate of his congregation with him; and thereby he found not only easy contact with sect members but, above all, he found credit everywhere” (Weber 2001, p. 130). Atkeson (1988) similarly noted that in late 19th century Canada, religious affiliation provided information about local markets, sources of credit, and important details about government and society that was beneficial to potential entrepreneurs.

Religion has been used to explain the Quaker chocolate dynasties of Cadburys, Rowntree, Fry, and Terry’s (Dodd & Seaman 1998) as well as Calvin’s anti-jewelry edicts in Switzerland, which spawned the Swiss watch-making reign (Troeltsch 1959).

That religion shapes commercial life, including entrepreneurship, is consistent with religion’s role in “providing norms for social action” and in explaining and justifying “social institutions and social roles” (Berger & Berger 1972, p. 382). Indeed, as Geertz (1985, p. 67) made clear, religion provides a meaning system and symbols that synthesize “a people’s ethos - the tone, character, and quality of their life, its moral and aesthetic style and mood - and their world view.” According to Dodd and Seaman (1998, p. 71), “[t]his meaning-system is affected by the experiences (often over

centuries) of the group espousing the religion, as well as by the theological tenets of the religion itself.”

In one of the most explicit associations of religion and commercial philosophy, British Prime Minister Margaret Thatcher (1992, p. 509) wrote, “I believe in Judeo-Christian values: indeed, my whole political philosophy is based upon them.”

In 1992, McGrath, MacMillan, Yang and Tsai (1992) noted that “although the entrepreneurship literature suggests that value structures may form an important construct in a theory of entrepreneurship behavior, their magnitude and overall importance is still relatively unknown.” In fact, Woodrum (1985) had made a start at addressing this issue with this study of the effect of religion on Japanese Americans. He found that religion had more of an effect on the economic development of Japanese Americans than other non-religious factors. Since McGrath and his colleagues’ lament, several other scholars have empirically examined the relationship between entrepreneurship and religion.

Dodd and Seaman (1998) found no significant difference in the religious practices of British entrepreneurs and British wage and salary workers. Nevertheless, they suggested further investigation into “the way in which religion affects the professional lives of this group [entrepreneurs]” (1998, p. 83). They also suggested that a look into cross-denominational propensities towards entrepreneurship would be in order.

Zingales (2006) examined the attitudes towards free markets among major world religions within France and Turkey. He found that Buddhists have the most pro-market attitudes, followed by Christians, then Muslims and Hindus.

Audretsch, Boente, and Tamvada (2007) looked at the impact of the Hindu caste system on entrepreneurship. They found that members of the lowest caste are less likely to be self-employed.

They posit that this result is probably the result of “the long shadow of caste system that persists and limits the freedom of occupational choice to some extent not only to all individuals of backward classes but to Hindus in particular” (p. 14). Audretsch and his authors concluded that “[a]t least in India, Max Weber’s insight is found to hold -- religion is an important influence on economic behavior” (p. 14).

Minns and Rizoz (2004) found that in early 20th century Canada, Jews were highly entrepreneurial while Catholics were less likely to be engaged in self employment.

Cheung and King (2004) explored the tensions between *yi* (righteousness) and *li* (profitability) of Confucian entrepreneurs. Their examination of 41 Confucian entrepreneurs revealed that for them, “moral values are pursued not for the sake of generating more profits but as an end in itself” (p. 258). Indeed, “[e]ven within legal boundaries, they distinguish between moral and immoral or meaningful and non-meaningful practices and try to encapsulate their profit-making activities within the boundaries of their moral beliefs”¹ (p. 258). The entrepreneurs acknowledged, however, that under certain circumstances, they compromised their values in the course of doing business.

Roessingh and Schoonderwoerd (2005) examined the religious and entrepreneurial differentiation in a Mennonite community in Belize. This paper emphasized the importance of the transnational Mennonite networks that supported technological and social innovation.

Dana and Dana (2008) looked at the effect of religion on entrepreneurship in a Mennonite community in Paraguay. They found that the Mennonite values of asceticism, frugality, thrift, but not private property, facilitated a collective form of entrepreneurship. They further found that the non-

¹ It is unclear how this personal quest for *yi* could be reconciled in a public company where there is a shareholder quest for *li* (see, e.g., Friedman, M. 1972. “The Social Responsibility of Business is to Increase Profits.”)

Indian cooperatives modeled after the Mennonite cooperatives did not have the same level of success.

Adas (2006) started with the premise that Islam has a long history of incompatibility with and hostility towards capitalism and examines how Islamic entrepreneurs can reconcile this antagonism with their commercial efforts. Through a case study of Islamic entrepreneurs in Turkey, Adas explained the mutual effect of culture and capitalism to transform Islamic entrepreneurs' core identity to include capitalism and hence allow such entrepreneurs "to make legitimate as well as moral claims for a space in modern economy and polity" (Adas 2006, p. 135).

Graafland, Mazereeuw, and Yahia (2006) examined Muslim entrepreneurs in Holland to see how their religion affected their views on social responsibility to ascertain whether they would fit within the ethical standards of the country. They found that Dutch view of social responsibility generally corresponded with the Islamic view of business. They further found, however, that Islam prescribed more specific and strict rules than the Western concept of socially responsible business practices and forbade several business activities that were acceptable under Dutch socially responsible business practices, such as pork, alcohol, and gambling.

Essers and Benschop (2009) interviewed Muslim businesswomen from Morocco and Turkey living in the Netherlands and found that although they each constructed their religion differently, their Muslim religion nevertheless had a profound and inescapable effect on their entrepreneurial activities. Particularly notable were the rules around male and female relationships, which provided both commercial barriers and opportunities. For example, one woman started a driving school for Muslim women because of the Islamic rules requiring that she refrain from contact with men.

An interesting addendum to the literature on religion and entrepreneurship is a recent study about the reciprocal effects of religion and choice of college majors. Kimball and his colleagues

(2009) found respondents with high levels of religiosity are more likely to enter college. Of those who are in college, people with high levels of religiosity tend to go into the humanities and education over other majors. They further found a decline in religiosity of students majoring in the social sciences and humanities, but a rise in religiosity for those in education and business.

King-Kauanui (2004, p. 17) took a different approach to the study of religion and entrepreneurship not by looking at how religion affected entrepreneurship but instead how entrepreneurship for many filled the place of religion by providing “a way to connect to their spirituality and find a greater sense of meaning a purpose in life.”

The extant literature suggests, though does not explicitly analyze, that religion might affect entrepreneurship through beliefs as guidance, support systems, networks, culture, and minority versus majority presence. In this paper, I propose adding to the literature on religion and entrepreneurship by explicitly examining these issues in the population of Mormon entrepreneurs.

To date only Gooren (1991, 1999) has expressly discussed Mormonism and entrepreneurship. In his master’s thesis on the Mormon Church in South America he found that the Church “stresses various traits that are reminiscent of Weber’s Protestant ethic: a strong work ethic, economic self-reliance, prudent budget administration, discipline in spending, and an emphasis on saving money” (Gooren 1999, p. 14). Importantly, Gooren found that the Mormon Church does not idealize poverty in any way; instead, “economic well-being is seen as a counterpart to spiritual progress towards Salvation. Being poor is then a sign of insufficient faith or of insufficient discipline; being rich can be considered a blessing in return for keeping your covenants” (p. 14). Gooren also found that Mormons “are taught to be self-reliant: to strive for economic independence” (p. 14), ideals that are consistent with entrepreneurship. In fact, Gooren found that “Church leaders in La Florida [Guatemala] directly encourage members to start an enterprise, both in speeches during

sacrament or stake meetings and in concrete assistance offered by the [Mormon] Self-Reliance Resource Center” (p. 25). Gooren also asked some interesting questions about causality: “Is [entrepreneurship] a direct result of socialization in Mormon discourse in a Mormon Church environment? Or could it be that in general, entrepreneurs will feel more attracted to the LDS Church exactly because of its rational and goal-oriented discourse?” (p. 201).

Other studies that suggest that the Mormon religion promotes creativity and empowerment (McConkie and Boss 2005) and individual adaptation and growth (McConkie and Boss 2006), all of which may well be tied to entrepreneurship. Bolino (1959) argued that Brigham Young, the second president of the Mormon Church, was the penultimate entrepreneur through his economic and social policies and unleashing an international missionary force.

Hypotheses:

Hypotheses will be developed subsequent to the interviews with entrepreneurs.

Methodology:

I will use grounded theory building (Martin, 1986) through semi-structured interviews with Mormon entrepreneurs.

Data Collection:

Mormons make an interesting study population because of some of their unique beliefs and history. For example, though they profess a belief in Jesus Christ as do all Christian denominations, they differ on several key points. According to the official website of the Mormon Church (LDS 2009), key differences include Mormon’s views on the nature of the Godhead, the restoration of authority of God, ongoing revelation through modern-day prophets, a lay ministry, strict moral, financial, and health codes, and additional books of scripture beyond the Old and New Testaments.

Mormons also have a unique background as one of the world's few American home-grown churches and a record of persecution unlike any other religious group in American history.

I will identify entrepreneurs (people who have founded at least one business) through personal contacts and extended networks. I will compile a list of questions which I will use in the interviews. From the data collected, I will mark the key points with a series of codes, which will be extracted from the text. The codes will be grouped into similar concepts in order to make them more workable. From these concepts, I will form categories, which will be the basis for the creation of a theory about the influence of religion on Mormon entrepreneurs.

Validation:

A limitation of this study will be that the entrepreneurs interviewed will be American. Evident in the studies of religion and entrepreneurship is the ethnic and cultural overlay, which creates added complexity beyond the question of religion. For example, Jeffrey Holland of the Quorum of the Twelve Apostles of the Mormon Church has observed that men who serve as lay bishops in the church in South America often leave the church because of their cultural heritage grounded in Catholicism, in which members of the priesthood serve for life; hence, anything short of that must indicate some failure on the bishops' part (Holland 2000). Nevertheless, Gooren (1999) found in his work on the relations between church, firm, and household among small-scale entrepreneurs in a low-income neighborhood of Guatemala City that the Mormon Church is very top-down and bureaucratic; hence, the values that emanate from Salt Lake City are fairly consistent across countries.

Results and Conclusion:

References:

- Adas, Emin Baki. 2006. "The Making of Entrepreneurial Islam and the Islamic Spirit of Capitalism." *Journal for Cultural Research* 10:113-137.
- Anderson, Gary M. 1988. "Mr. Smith and the Preachers: The Economics of Religion in the Wealth of Nations." *Journal of Political Economy* 96(5):1066–1088.
- Atkeson, D.H. 1988. *Small Differences: Irish Catholics and Irish Protestants 1815-1922*. Montreal: Queen's-McGill Press.
- Arslan, M. 2001. "The Work Ethic Values of Protestant British, Catholic Irish, and Muslim Turkish Managers." *Journal of Business Ethics* 51(2):321-339.
- Audretsch, David B., Werner Boente, and Jagannadha Pawan Tamvada. 2007. "Religion and Entrepreneurship." *Jena Economic Research Papers in Economics 2007-075*, Friedrich-Schiller-University Jena, Max-Planck-Institute of Economics, Thueringer Universitaets-und Landesbibliothek.
- Berger, P., and B. Berger. 1978. *Sociology: A Biographical Approach*. Hammondsworth: Penguin Books.
- Bolino, August C. 1959. "Brigham Young as Entrepreneur." *American Journal of Economics & Sociology* 18:181-192.
- Cheung, Tak, and Ambrose Yeo-chi King. 2004. "Righteousness and Profitableness: The Moral Choices of Contemporary Confucian Entrepreneurs." *Journal of Business Ethics* 54:245-260.
- Dana, Leo-Paul, and Teresa Dana. 2007. "Collective Entrepreneurship in a Mennonite Community in Paraguay." *Latin American Business Review* 8:82-96.
- Dodd, Sarah Drakopoulou, and Paul Timothy Seaman. 1998. "Religion and Enterprise: An Introductory Exploration." *Entrepreneurship: Theory & Practice* 23:71-86.

- Essers, Caroline, and Yvonne Benschop. 2009. "Muslim businesswomen doing boundary work: The negotiation of Islam, gender and ethnicity within entrepreneurial contexts." *Human Relations* 2009 62:403-423.
- Geertz, C. 1985. "Religion as a Cultural System." In R. Bocock & K. Thompson (Eds.), *Religion and Ideology*. Manchester: Manchester University Press.
- Gooren, Henri. 1991. "De expanderende mormoonse kerk in Latijns Amerika: Schetsen uit een wijk in San José, Costa Rica [The Expanding Mormon Church in Latin America: Sketches From a Ward in San José, Costa Rica]." Utrecht: M.A. thesis in Cultural Antropology, Utrecht University.
- Gooren, Henri. 1999. *Rich among the Poor: Church, Firm, and Household among Small-Scale Entrepreneurs in Guatemala City*. West Lafayette, IN: Purdue University Press.
- Graafland, Johan, Corrie Mazereeuw, and Aziza Yahia. 2006. "Islam and socially responsible business conduct: an empirical study of Dutch entrepreneurs." *Business Ethics: A European Review* 15:390-406.
- Holland, Jeffrey. 2000. Lecture at Stanford University October 13, 2000.
- Kimball, Miles S., Colter M. Mitchell, Arland D. Thornton & Linda C. Young-Demarco. 2009. "Empirics on the Origins of Preferences: The Case of College Major and Religiosity." NBER Working Paper No. 15182, July 2009.
- King-Kauanui, Sandra. 2004. "The view: Entrepreneurial path can lead to nirvana." In *the Black*, 9:16-17.
- LDS. 2009. "Core Beliefs: Why and How Are Mormons Different?" *Newsroom: The Official Resource for News Media, Opinion Leaders, and the Public*. (Visited 7/12/09)

<<<http://newsroom.lds.org/ldsnewsroom/eng/background-information/core-beliefs-why-and-how-are-mormons-different#continued>>>

Loyalka, Michelle Dammon. 2005. "Provo, Utah: Mormons, Mountains, Startups." *Business Week* <http://www.businessweek.com/smallbiz/content/jul2005/sb20050713_158581.htm>.

Martin, Patricia Yancey, Turner, Barry A. 1986. "Grounded Theory and Organizational Research." *The Journal of Applied Behavioral Science*, 22(2).

McConkie, Mark L., and Wayne R. Boss. 2005. "I Teach Them Correct Principles and They Govern Themselves: The Leadership Genius of the Mormon Prophet." *International Journal of Public Administration* 28:437-463.

McConkie, Mark L., and Wayne R. Boss. 2006. OD values and Mormonism: Creating adaptive systems. *Public Administration Quarterly* 30:109-152.

Minns, Chris, and Marian Rizov. 2005. "The spirit of capitalism? Ethnicity, religion, and self-employment in early 20th century Canada." *Explorations in Economic History* 42:259-281.

Roessingh, Carel, and Amber Schoonderwoerd. 2005. "Traditional farmers or modern businessmen? Religious differentiation and entrepreneurship in a Kleine Gemeinde Mennonite community in Belize." *Journal of Developmental Entrepreneurship*, 10:65-77.

Thatcher, M. 1993. *The Downing Street Years*. London: Harper Collins.

Troeltsch, E. 1959. "The Economic Ethic of Calvinism." In R.W. Green (Ed.), *The Weber Thesis and its Critics*. MA: D.C. Heath.

Woodrum, Eric. 1985. "Religion and Economics among Japanese Americans: A Weberian Study." *Social Forces* 64:191-204.

Zingales, Luigi. 2006. "Gods and Mammon." *Global Agenda* 4:228-229.