

Ethnic Entrepreneurship and Religion – The Case of Brazilians in the U.S.

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Abstract

This work discusses the relationships between church membership, social capital and ethnic business creation in immigrant communities. While the impact on ethnic entrepreneurial processes of various social networks has received some attention in the sociology, economic sociology, and international strategy literatures, the effects of membership in religious organizations is still a relatively under-researched topic. The impacts on ethnic entrepreneurship of the differences between membership in Catholic and Protestant religious groups are also discussed. We posit that because of differences in the structure and funding of the churches, in the roles of their respective clergy, and in the content of their discourses, Protestant churches create a more favorable environment for ethnic entrepreneurship. The analysis is illustrated with qualitative data obtained in field research in ethnic Brazilian communities in the U.S. Our goal with this work is to create awareness among Brazilian researchers for the importance of the analysis of the factors related to ethnicity and to religious networks that have the potential to impact entrepreneurial initiatives.

I. Introduction

The growing interest in ethnic entrepreneurship studies is rapidly moving this field from a pre-paradigmatic stage to an established area of research. In addition to the importance of knowledge building in its own subject area, ethnic entrepreneurship research has the potential for shedding light on a number of key questions in various areas of research, including strategy and economic sociology. Ethnic entrepreneurs face various sorts of hardships, starting possibly with the relatively unfamiliar and thus, from their perspective, relatively unstructured environment in which they operate or plan to start doing so. The few resources are likely to originate from their own community, and from their network of relationships and support (Portes & Sensenbrenner, 1993).

Markets in ethnic communities are also fragmented and intensively competitive, with very few firms surviving the high levels of rivalry in those environments (Aldrich & Waldinger, 1990). Due to these and to other specific characteristics of the phenomenon of ethnic entrepreneurship, there is increasing interest in the contributions that the examination of the processes of creation and growth of ethnic businesses can make to broader analyses of business development, in particular of small businesses (Greene, 1997). Higher rates of entrepreneurship have also been associated with faster rates of social mobility and advancement in ethnic communities, and as such there is great interest in studying the processes by which ethnic businesses are created (Wilson & Portes, 1980; Halter, 1995; Light & Gold, 2000). Ethnic entrepreneurship research may be an appropriate way of shedding light in some of the key questions of the field of entrepreneurship, i.e., the creation, discovery, and modes of exploiting business opportunities (Shane & Venkataraman, 2000).

One of the areas of ethnic entrepreneurship research that has the most potential to contribute to this objective is the investigation of the role of support and assistance networks, within the ethnic community, in the provision of basic elements or resources needed in the business development process. It has been suggested that one of the most important resources that ethnic communities possess is social capital, which is usually associated with higher rates of ethnic business success (see, for example, Light, 1972; Portes, 1987; Light & Bonacich, 1988;

Putnam, 1993). However, there is a surprisingly small number of studies that include *church membership* among the potential sources of social capital (Candland, 2000). Both conceptually (Fukuyama, 2001) and empirically (Greely, 1997b), only a few authors examined this topic.

Using qualitative data obtained in Brazilian communities in the northeastern U.S., specifically in the Greater Boston area with a significant Brazilian population and a relatively large number of Brazilian ethnic firms, we argue that church membership is an important element in the development of social capital in immigrant communities, with clear impacts on rates of creation and success of ethnic businesses. We also propose that there are noteworthy differences in the outcomes of such processes as a function of church membership by religious affiliation. We suggest that the differences in the institutional structure of these two organizations may impact more significantly the ethnic solidarity that would arise from the common culture and language heritage. Finally, we analyze the roles played by support networks associated with Catholic and Protestant churches in the formation of a community *ethos* that supports economic success, social mobility and in the creation of a captive market niche that favors ethnic entrepreneurship.

II. Social Capital, Entrepreneurship, and Ethnic Entrepreneurship

The concept of social capital has been in the literature of sociology since the late 1970's (Portes, 1998), and has been used in analogy to other types of resources or capital that individuals need for personal improvement and firms for survival and growth. It is considered to be among the most influential concepts in the social sciences to appear in recent years and has been used in a diverse range of fields in social theory and economic development studies (Wollock, 1998). Recent treatments have come mostly from comparative studies of national institutions and their effects on economic development, from a macro perspective, and, from a micro perspective, from the strategy, entrepreneurship, and ethnic entrepreneurship literatures. In the macro perspective, interest on the theme is said to arise from the incomplete explanation that traditional economic theory provides to the differences among societies and nations in rates of economic development and reduction of social inequality (Portes & Landolt, 2000). From a micro perspective, the embeddedness of firms in networks, and the impacts of network support on firm creation and performance are topics of increasing interest (Greene, 1997; Shane & Cable, 2000).

Three theories investigate the features of networks that have the potential to create social capital (Seibert et al, 2001; Bolino et al, 2002): weak tie theory (Granovetter, 1973), structural hole theory (Burt, 1992), and social resource theory (Lin, 1990). While the first two focus on the nature (weak/strong) and pattern (redundant/non-redundant) of the ties that exist within- and between-groups – or, in other words, on the *structure* of the network – social resource theory examines the characteristics of network members (and the types of resources that they control), emphasizing thus network *content*. Whereas studying different aspects of the phenomenon, the three theories have nevertheless a common view of the positive aspects associated with the existence of social capital within a group, as well as with its possession by some of the group members. Among the benefits of social capital mentioned by authors are improved coordination, facilitation of actions, preferential access to opportunities, information and resources, greater visibility and legitimacy, and efficiency (e.g., Nahapiet & Ghoshal, 1998; Portes & Landolt, 2000).

Empirical studies and conceptual analyses of social capital in the management, sociology, and entrepreneurship literatures provide evidence of a positive relationship between social capital and entrepreneurial success (Fukuyama, 2001). Entrepreneurs that possess a high level of social capital have been found to have privileged access to information on opportunities, resource acquisition possibilities and facilitated cooperation for business development and growth. They

were also better positioned to reap the benefits of higher levels of trust, e.g., reduced opportunism and lower costs of doing business (Fukuyama, 1995; Nahapiet & Ghoshal, 1998). It was shown that high-social capital entrepreneurs had better chances at gaining access to people important for the success of their ventures (Baron & Markman, 2003) and at finding sources of venture capital for their projects (Shane & Cable, 2000; Shane & Stuart, 2002). According to Light (1998), the key connection between social capital and ethnic entrepreneurship is the efficient use of *ethnic resources* to support the creation and survival of businesses in the community. Ethnic resources are derived from the ethnic group's particular characteristics, and include things such as values, knowledge, skills, information, solidarity, and work ethic. They empower the ethnic group in general, and ethnic entrepreneurs in particular, to take advantage of opportunities and avoid or neutralize possible risks. Ethnic resources are also the basis upon which ethnic communities build networking mechanisms such as rotating credit associations. These associations, which are essentially based upon the principles of "enforceable trust" (Portes & Sensenbrenner, 1993), have helped business formation in a number of U.S. immigrant communities. Another benefit of a high-solidarity, high-social capital ethnic community for the creation and consolidation of small ethnic enterprises include the consumer market itself for the culturally-specific goods and services – as long as, of course, a critical mass of consumers exists. Ethnic businesses can also draw from the stable pool of low-wage workers that have few alternatives outside the community, and from the sources of venture capital represented by mechanisms such as the credit associations. Ethnic resources create mechanisms of social control that reduce costs of doing business and leverage their potential to increase levels of trust and solidarity. In sum, ethnic resources derived from social capital in the immigrant community are expected to help ethnic entrepreneurs find loyal customers for their products and services, reliable suppliers for intermediate goods, relatively inexpensive sources of capital, hard-working employees, and partners that are likely to share their goals and expectations. Entrepreneurial activities in ethnic communities also show that there are alternatives, for immigrants, to simple assimilation in the American mainstream society. The traditional patterns of assimilation have often forced immigrant into low paid jobs, in the "dual labor markets" described in earlier economic and sociological analyses (Light, 1972; Piore & Berger, 1980). According to this analysis, entrepreneurial initiatives by members of ethnic communities may indicate that there are advantages in lower levels of assimilation.

III. Religion and Social Capital

Bonacich and Modell's (1980) classic presentation of the bases of ethnic Solidarity proposed that a key aspect of the relationship between religion and social capital is the idea that "religion is not only a set of beliefs and cultural practices: it is also a set of social relations" (p. 236). In this perspective, religious as well as ethnic ties are subordinated to economic interests, and could be considered resources that may be drawn from to support those interests. When social capital and trust develop within a community or a religious congregation, they may well become sources of competitive advantage in business. The traditional Weberian hypothesis suggests that aspects of the Protestant ethic and religious values such as universalism, frugality, individual salvation, and financial and material improvement are favorable to entrepreneurship and general economic development in capitalist systems (Weber, 1958). In their origins, Protestants' religious beliefs prevented them from getting jobs in the general economy, and as such members of these communities were practically forced into self-employment. In a sense, that situation is similar to those of many immigrants in the environment of the host country, especially when they lack skills and abilities that would lead them to careers in the mainstream markets (Light & Gold, 2000). As a consequence, the Protestant message of personal

improvement of one's financial condition resonates easily among immigrants, particularly when the migration was caused by the lack of opportunities in the homeland.

However, can we actually say that attachment or affiliation with a certain church denomination and its correlated set of values, norms, and social controls supports a certain pattern of ethnic entrepreneurship? If one accepts that religions provide their faithful with a series of shared social systems that influence and define various aspects of secular life – including, undoubtedly, general business practices and patterns of business creation– the answer is likely to be positive. Ligth and Gold (2000), however, propose an inverse perspective, i.e., that church members search primarily for the social networks that their churches provide, and that religious affiliation itself can be seen as dependent upon this choice. Whichever the perspective adopted, there is a dearth of research on the influence of religious practice and church membership in ethnic entrepreneurship. To fill part of this void, and after presenting the data of the study, we discuss the main thesis of this chapter, i.e., that the differences between practices and values of the Catholic and Protestant communities in the Brazilian ethnic neighborhoods in MA make the Protestant message and its associated systems more effective for ethnic entrepreneurship.

IV. Brazilian Communities in Boston, MA

This study draws heavily from * works among Brazilian communities in the Greater Boston, MA. The state of Massachusetts is one of the areas of concentration of Brazilians living in the U.S., together with New York, Florida, New Jersey, and California. The Boston area, where most Brazilians living in this state have settled, has a tradition of immigration and vitality of ethnic entrepreneurship, with a significant growing immigrant population (Halter, 1995).

Brazilian immigration to the U.S. increased significantly during the 1980's, especially after the start in 1982 and continued well into the 1990's. Due to a prolonged slow down of economic growth in Latin America in general and Brazil in particular, coupled with very high inflation and economic instability, Brazilians of many social and economic classes migrated to the United States. In addition to those “push” reasons, there were factors that attracted Brazilians to the U.S. Salary differentials in the jobs available to the arriving groups have been traditionally cited, but the importance of the magnetism exerted by the American culture and way of life cannot be minimized. For historical reasons not on the scope of this work, many of those immigrants settled in the Greater Boston area, mostly in the cities of Cambridge, Somerville, Marlborough, Framingham, Allston, Brighton, and East Boston. The data for this study were collected mainly in the cities of Somerville and Allston, which show high concentrations of Brazilian immigrants and ethnic Brazilian businesses. Somerville is suggested to be the home of the largest number of Brazilian firms in MA. According to information in Martes (2002), there are around 600 store-front firms in the state owned by Brazilians.

In spite of the relatively high number of Brazilians that migrated to areas in and around Boston, these areas cannot be said to constitute a Brazilian *enclave*. In most cases, enclaves are formed when large and relatively homogeneous groups of immigrants, feeling rejected by the host society or having difficulties adapting to the new way of life, grow to become a distinctive presence in the urban environment. As a result, individuals in these groups resort to interacting preferably with their co-ethnics, for their business and social needs. The ethnic identity of the community is strengthened and solidarity is usually reinforced, in a process of “reactive ethnicity” (Pessar, 1995). Ethnic markets develop, where sales of ethnic products are made mostly within the ethnic community and employment is preferentially given to members of the group. Other conditions for the development of ethnic enclaves are the existence of a significant amount of business expertise, higher levels of vertical integration and industrial diversification,

and easy access to sources of funding. The large concentration of Cubans in Miami, in the area known as Little Havana is a good example of the ethnic enclave (Wilson & Portes, 1980).

As will be seen in the next section, Brazilian respondents in the survey did not feel rejected by the host society. In fact, the general pattern of comments, both in the sample of entrepreneurs examined in this study and in the general Brazilian immigrant population *, was one of admiration for the civic features of the host society and its respect for individual rights. In this aspect, Brazilian immigrants in MA present the same positive evaluation of the host society found among other groups of first-generation immigrants (Suarez-Orozco & Suarez-Orozco, 2001). Also, in spite of being concentrated in some of the neighborhoods mentioned earlier, Brazilians do not represent such a significant percentage of the local population to make them a noticeable feature of the physical environment. Brazilian workers and businesses do not control large sectors of the local economy, nor dominate certain trades or professions.

Data Collection Methodology - Data were collected in two-stage field surveys that took place in years 2001/2. In the first phase, a complete list of all firms owned by Brazilians in the two cities was prepared, based on information found in local directories, obtained with Brazilian local newspapers, provided by the Brazilian General Consulate in Boston, and collected among existing businesses, in a snow-ball type of survey. A population of 67 Brazilian firms was found in the two cities chosen for the study, of which 48 were located in Somerville and 19 in Allston. From this population, a sample of 50 firms was selected on the basis of industry representativeness (Somerville: 35 out of 48 firms; Allston: 15 out of 19 firms), resulting in a final response rate of 74.6%. Due to the nature of the firms, all small and privately owned, and also to the fact that some owners from the total population of 67 firms did not agree to be interviewed, no comparison can be made between respondents and non-respondents.

The questionnaire used in this phase of the investigation included open- and closed-ended questions, aimed at providing information about the business and also at forming a socio-economic profile of the owner. In the second phase of the study, 19 in-depth, semi-structured interviews were conducted with business owners and people involved in networks of support to Brazilian businesses. It was during those interviews that some of the preliminary patterns that had been identified in the examination of the firm data were uncovered. The interviews covered areas such as: problems encountered in opening/growing the business, sources of information for business opening and about opportunities, influence of previous professional experience, sources of assistance, church-membership and its influences on business, community activities, adaptation to U.S. culture and way of doing business, factors of business success, access to financial and community resources, impact of immigration status on business and personal life, relations with employees, suppliers and customers, and family involvement in business.

Descriptive Narrative of the Sample: The Ethnic Businesses and their Owners

Almost all firms in the sample have relatively small areas (average total area of less than 800 sq. ft.), sales (average of less than \$ 250,000), capital (under \$ 50,000, on average), and number of employees (average of less than five). As commonly found in other ethnic enclaves and neighborhoods, all firms are in the retail and service businesses: restaurants (10), travel/money transfer agencies (9), beauty parlors (7), and stores that sell miscellaneous ethnic items (5 firms) are the sectors most highly represented. Restaurants usually serve Brazilian food, beauty parlors provide services according to the Brazilian standards of physical appearance, sundry items are in almost all cases imported from Brazil, and travel and money transfer services are to a very large extent to and from Brazil. From this perspective, the Brazilian ethnic communities of Somerville and Allston do not differ from the standard patterns of consumption of immigrant populations in general. It has been consistently shown that these groups “carry”

with them their preferences that represent symbolic ties with the motherland and its culture (Halter, 1995). In some cases, those patterns may even indicate non-economically efficient behavior, as when immigrants prefer to buy more expensive (imported) products even when locally produced substitutes of better quality are available at lower prices.

The vast majority of firms in our sample are family businesses, and relatives of the owner -usually the spouse- represent in most cases the exclusive workforce. All firms were founded after 1984, and are thus relatively new. Seventy-eight percent of them were started during the 1990's, coinciding with the bulk of Brazilian immigration to this area. Forty-four of the 50 firms (88%) were started with capital that the owners accumulated after migrating, working for some years in jobs such as restaurant help, house cleaning, and food delivery. No firms were funded with resources from the ethnic community.

Among the motivations for opening the business, the factor most cited by respondents (30% of the cases) was the existing demand within the Brazilian community. The importance of the Brazilian clientele is also significant for the growth of the business, since when asked about plans for expansion, respondents that do have such plans (29, of 58% of the sample) cited "accompanying the growth of the Brazilian community in the area" as the major factor. However, it should also be noted the significant number of entrepreneurs (42% of the sample) that declared not having plans to expand their businesses. This answer stands in apparent contrast to usual business goals that emphasize not only profitability but also growth, and may simply indicate lack of knowledge, experience, or managerial skills that are needed to grow a business. It can also be hypothesized that, similarly to Hispanic and Latino ethnic entrepreneurs described elsewhere (e.g. Halter, 1995).

As mentioned before, the family of the immigrant entrepreneur has an important role as workforce: in fifty-six percent of the firms there is at least one member of the family registered as a regular employee. Family members also participate as partners in the business, since in 13 of the 20 firms that are partnerships (40% of the sample), the partner is a family member, in most cases the spouse. Interestingly, in only one of the partnerships the partner is not a family member or a Brazilian: one of the largest firms in the sample in number of employees, a popular Brazilian barbecue restaurant, has a Portuguese as partner. This is, by the way, one of the few instances of contact between the Portuguese-speaking communities in the area (Brazilians, Portuguese, Portuguese-Americans, Azoreans, and Cabo-Verdeans).

Among the firms that have employees, in only five these are not co-ethnics. All the firms that served mostly -if not exclusively- the ethnic community had Brazilian employees. The few that did not employ co-ethnics mentioned as the main reasons certain demands related to the type of business (requiring good working knowledge of English) or clientele (e.g., not exclusively Brazilian). Of note is the fact that only one of the respondents mentioned employing Brazilians as a way to create more work opportunities for the Brazilian community. Most respondents that do hire Brazilians stated that job requirements (including, of course, knowledge of the language) and qualifications of applicants were the criteria used in the selection process. In a sense, this finding also diverges from traditional ethnic economy analyses (Light, 1972; Portes, 1987) that emphasize solidarity within the immigrant community as a key aspect over which employment relationships are based. In fact, relatively low levels of community solidarity were observed in many instances during the field research, with one of the few exceptions being the church communities and even within those, differences were found between Catholic and Protestant churches. In most instances Brazilian immigrants competed vigorously, especially for jobs.

While most work in sociology emphasizes the importance of an active participation in community life for the acquisition and development of social capital, particularly among

immigrant populations, Brazilian entrepreneurs do not have a strong involvement with the community. When asked about participation in clubs, community and trade associations, only 12% declared participating in at least one association, providing another possible indication of the lack of traditional measures of solidarity in the immigrant community. In terms of religion affiliation, of the 34 respondents that agreed to answer the question (7 refused), and declared having a religious faith (9 mentioned not having a religion), 19 (38% among the 50 respondents in the sample) were Catholics and 14 (28% of the sample) Protestant. Among the latter, half were members of the Assembly of God, the largest Protestant church in the Brazilian ethnic community, while the others were Baptists (3), Presbyterians (3), and Maranata Christian (1).

Only a few firms (3, or 6%) mentioned catering *only* to Brazilian clients. All other firms, in spite of selling primarily to the Brazilian community, also declared having customers from other ethnic communities in the area (e.g., Hispanics and Portuguese-American). When asked to state factors of attraction of their customers, business owners named primarily: proximity to the place of residency (40% of all answers), same region of origin in Brazil (also 40% of answers), and common church membership (19%). The first factor is easily understood, and possibly refers more specifically to the product mix of ethnic items offered by the businesses than to geographical location itself. The second and third factors most highly cited deserve further comment. In relation to the common Brazilian origin, Martes (2000) had found that 47% of the Brazilian population in the Greater Boston area came from the same state in Brazil, Minas Gerais, and many from the same regions in that state. Among Brazilian entrepreneurs surveyed in the study, this percentage increased to 66%. This may be explained by the fact that natives of Minas Gerais have been the first group to migrate to the U.S. as a result of the development of a number of social networks, and not only as the outcome of individual initiatives. It may thus be said that entrepreneurial individuals in this group had more time to establish the conditions required for the start-up of their businesses, e.g., social connections within the Brazilian community. Also, as mentioned earlier, most entrepreneurs funded the businesses with their own savings, usually put together during years of work in menial, low-paid jobs, and those in this situation were likely to be from the state of Minas Gerais.

Regarding the third most widely-cited customer attraction factor, common church-membership with the business owner, another interesting finding was revealed. Catholic business owners (19), whereas more numerous than all those that declared other religions (16, including 14 Protestant), did not benefit from the common religious affiliation as a source of customers for their businesses as much as Protestant entrepreneurs. Analysis of the 19 respondents that mentioned this criterion showed that only 3 of them were Catholics. This finding, to be discussed in a later section, provides important support for one of the key theses of the study, i.e., that institutional aspects of the community organization of Brazilian Protestant churches nurture more efficiently the elements of social capital – e.g., trust and reciprocity – that favor entrepreneurial initiatives in the ethnic community.

In sum, Brazilian ethnic businesses show the common characteristics of firms created in new immigrant communities, or in groups where human capital is scarce and many members of the community are illegal aliens (Halter, 1995; Levitt, 1995). Most of these businesses are small, family-based and staffed, serving largely the ethnic market, and requiring relatively little skills training in the retail and service sectors. Brazilian businesses also perform some of the usual functions found among other ethnic groups established in the U.S. (Portes, 1987; Levitt, 1995). They represent “open spaces” for socialization, where individuals of different status and origins in Brazil, working in different occupations, get together to make small talk, reminisce about the motherland, and complain about life in the new environment. They also serve as central

information and assistance nodes for the community, providing support and helping in the diffusion of emergency needs of members of the group. Brazilian businesses promote common causes and assist in the organization of the ethnic community in the area.

V. Discussion

As soon as Brazilians started migrating in higher numbers to MA in the late 1980's, Brazilian churches, both Catholic and Protestant, accompanied their journey. However, as we will argue in this section, Protestant churches may have been more efficient at this task. As such, they increased their relative presence in the Brazilian community and became a more favorable environment for ethnic entrepreneurship initiatives. Support for this argument is found in the examination of patterns of religious affiliation in the Brazilian immigrant community. As mentioned earlier, the percentage of Catholics among the sample of Brazilian ethnic entrepreneurs in MA (38%) is lower than the percentage of Catholics in the Brazilian population (75%). This implies a higher percentage of Protestants (28% in the sample, compared to 13% in the Brazilian population). * had found a similar distribution in a larger sample of 300 members of the Brazilian communities. It may be the case that this is simply a sample characteristic, Brazilian Protestants having migrated to the U.S. in larger numbers than Brazilian Catholics. However, it could also be an outcome of a more effective support provided by the Protestant churches to the immigrant community in the U.S. Another, more instrumental motivation may be that entrepreneurs have found it more advantageous to participate in Protestant social networks because of the more favorable conditions that these environments provide for business creation and growth. Such motives were already mentioned in past research (Boswell, 1986), where ethnic entrepreneurs were found to provide support for community associations not only for reasons of group loyalty but also because of their business interests.

Both Catholic and Protestant churches in Boston provide their members with religious and personal assistance services. For example, in addition to the traditional religious services, priests, nuns, and ministers may help community members in schools, hospitals, or with legal issues. They also often disseminate information about housing and employment opportunities, and collect food and clothes for the needy. It has been said that the Catholic church in Brazil and Latin America, especially since the Second Vatican Council, has been concentrating its focus on collective problems such as hunger, political oppression, and inequalities in wealth and land ownership. In MA, however, they also offer help for individual or personal problems. Thus, in this aspect, Catholic activism does not differ significantly from the social activities usually performed by the Protestant churches. Nevertheless, as we will see in the following sections, the Protestant churches have been, for a number of reasons, more effective at these trust-building tasks. As a result, they may have provided better support and nurtured a more appropriate environment for the creation of social capital that fosters ethnic entrepreneurship.

A brief examination of the institutional organization of the Protestant churches, especially of the evangelical, non-traditional denominations, compared to the structure of the Catholic Church, provides some background for the arguments that are presented here. Starting a Protestant church or congregation, particularly in the case of the evangelical churches, is a simpler, faster, and in and of itself a more entrepreneurial process than opening a Catholic establishment. In the case of Protestant churches, any community can have its own house of prayer, any minister can try to establish a new religious community, and any dissent among the members of a congregation can lead to the opening of a new church. In the case of the Catholic Church, authorization from the local bishop, or, eventually, from the religious order to which the priest belongs, is required. Aspects of content and message of religious faiths apart, this practical

matter may provide part of the explanation why non-traditional Protestant denominations were, in recent years, the fastest growing churches in Latin America (Fukuyama, 2001).

The case of the Brazilian Assembly of God (AOG) church in Somerville provides a good illustration of this relative higher independence and self-determination of the Protestant churches. This congregation was started in Boston in the early 1980's with less than 20 members, and by 1992 it had already acquired a large building and had more than 4,000 members (Martes, 2002). This congregation became the world headquarters of the Church for all international operations, including for the other Brazilian AOG churches in the U.S. The Boston church is affiliated with the U.S. Convention of Portuguese-Speaking Assemblies of God, but in spite of being related to the AOG churches both in the U.S. and in Brazil, it has total autonomy to manage the other AOG churches in the U.S. This independence includes the power to open other churches. Also, all Brazilian AOG churches have to find their sources of funding within the community where they are established, since there is little support from headquarters. Compared to the much higher centralization of the Catholic churches, including in matters of financing, this gives the Protestant churches much more flexibility and speed of response. It may also indicate the need for entrepreneurial skills from the part of their ministers.

In the local Protestant communities, ministers have much more control and influence over their members, an influence that pervades a number of aspects of believers' personal lives. These and other institutional aspects of the organization of Protestant communities also enhance feelings of community responsibility and participation among their members, with positive impacts in levels of involvement with community activities. Commenting about this aspect, Martes (2000, p. 219) states that: "unlike Catholics, there is no such thing as a "non-practicing" Evangelical: all participate regularly in church activities."

Brazilian Protestant churches in MA create on average more regular opportunities for social contact than the Catholic churches, and by doing this they become the main locus for socialization and sociability of their members. While most members of the Brazilian Protestant communities meet every weekend after service for a communal meal, Catholic churches emphasize a few events during the year (e.g., Valentine's Day, Brazilian Independence Day, and Our Lady of Aparecida Day – Brazil's Patron Saint). The use of the churches' buildings is another evidence of the differences between Catholics' and Protestants' support for the formation of social networks that may facilitate entrepreneurial initiatives. The installations of the Catholic churches belong to the hierarchy of the institution, and the spaces that are not places of worship are in general used as housing for its priests. In contrast, all the Protestant churches were, at the time of the study, making renovations and additions to their buildings for the purpose of creating more spaces for community socialization: cafeterias, day care centers, conference rooms, etc. From this perspective, these churches' mechanisms for social control create a more efficient *locus* for the development of solidarity and trust within the immigrant community. Their organization may provide a better fit with mechanisms found in the institutional environment of the host society, and thus be capable of fostering ethnic entrepreneurship initiatives more effectively than the Brazilian Catholic churches.

This may in part explain a finding mentioned earlier in the study, related to the fact that entrepreneurs that were members of Protestant congregations had more customers from their churches than entrepreneurs that were associated with Catholic churches. From one side, this could possibly suggest that Catholic entrepreneurs were already moving beyond doing business exclusively within their congregations, and thus increasing their relationships with a larger market. Ethnic businesses face restrictions for growth based on the size of the ethnic community to which they cater preferentially. The same reasoning can be applied, by analogy, to trade

within an ethnic religious congregation, which would be limited to the size of the membership of this particular church. “Intra ethnic religious congregation trade” could also be seen as part of a dynamic model of ethnic business evolution (Iyer & Shapiro, 1999). According to this model, some ethnic firms grow from dealing exclusively with co-ethnics, to selling to larger, non-ethnic markets, eventually moving to occupy niches in exchanges between the homeland and the host country. Catholic businesses, by having relatively fewer transactions with members of their congregations, would thus be in a more advanced stage of ethnic business evolution. While this interpretation cannot be discarded, our experience does not support this conclusion. More likely, Protestant entrepreneurs were able to draw relatively more business from their communities because of relatively higher levels of social capital, formed on the basis of the existence of more community involvement in their churches’ social networks. Considering, as seen in a previous section, that all firms in the sample are small, relatively young, and have little capital and few employees, they are much more vulnerable to the problems commonly encountered by start-ups. In this case, having a stable base of customers may become the key determinant of firm survival.

The traditional Protestant message of encouragement of economic success and improvement of one’s material conditions, a possibly key determinant of entrepreneurial initiatives in ethnic communities, is also found among the Brazilian Protestant churches in MA. While there are differences in the content of the messages of each particular church, the common denominators are a general exaltation of hard work and a strong encouragement of socio-economic improvement. Particularly in the Pentecostal churches, there is great emphasis on increases in levels of savings and personal income. The churches portray financial success of their members as divine recognition of their merits and personal efforts. Financial success of the members of a particular church can represent not only physical evidence of the benefits of membership, but also higher levels of donations for the church itself. Success stories are also intensively used as advertising material. Since the funding itself of the Protestant churches depends upon the contributions of the community, there is a direct positive relationship between the financial affluence of the faithful and the financial stability and growth potential of the particular church. This relationship becomes even more evident when the contributions are made on the basis of a percentage (usually 10%) of church members’ incomes. Machado and Mariz (1997) suggest that some Brazilian Protestant churches practice a “Theology of Prosperity”, with emphasis on rising incomes and savings, and the encouragement of women’s entry in the job market.

Practices such as those stimulated by the “Theology of Prosperity” can be contrasted to the well-known “Liberation Theology” that has influenced the Catholic Church in Latin America since the late 1960’s (Gutierrez, 1973). This set of teachings emphasizes the creation of a political conscience against poverty and oppression, and the collective struggle for changing the institutions that create and maintain the poverty and oppression of the lower classes. According to Liberation Theology, there can only be improvement if conditions change for the entire group. This message is constantly emphasized by Catholic priests and nuns in Boston’s Brazilian Catholic churches. By stressing the lower status of the immigrant in the host society, the Catholic clergy attempts to increase solidarity within the ethnic community, with the ultimate goal of promoting political activism both in the U.S. and in Brazil. Individual goals of financial success are openly criticized, and Brazilians are expected to become politically aware of their lower status in the host society. In the next stage of this process of consciousness acquisition, the Brazilian Catholic churches in MA try to create a collective identity for the community around the status of their members as poor immigrant workers. This identity, however, is not easily accepted by the immigrants. In most cases, the message is interpreted as going against individual

aspirations of improvement of one's financial condition, particularly for those with entrepreneurial potential.

An analysis of the roles and personal characteristics of the ministers of the Brazilian Protestant churches, compared to those of their Catholic counterparts, provides more evidence for the favorable institutional environment that these churches create for ethnic entrepreneurial initiatives. Considering that Protestant churches are basically financed by the community, their ministers are expected to be individuals with personal drive and entrepreneurial skills to start a new congregation. They also have to possess managerial capabilities to make the congregations grow. The relative autonomy that they have to open new churches also supports this idea. Protestant ministers have to be also capable of conveying the symbolic meaning of their personal success and their churches' physical expansion as metaphors for the possibilities that are open for their flock. It is likely that Protestant ministers themselves are more capable of fine tuning the religious messages with the goals and personal aspirations of the immigrant community, especially of its more entrepreneurial members. As such, they create a more efficient environment for the formation social networks. It is in those networks, eventually more than in the official religious discourse of the churches, that we find the key elements capable of supporting entrepreneurship, i.e., solidarity and trust (Bonacich and Modell, 1980).

VI. Conclusions, Limitations, and Directions for Future Research

We examined in this chapter the relatively under-researched question of church membership as a source of social capital, and the potential impacts of religious affiliation on ethnic entrepreneurship. We also used qualitative survey data obtained in Brazilian communities in the NE U.S. to compare social networks of Catholic and Protestant churches in terms of their capacity for creating favorable conditions for entrepreneurial initiatives. Our review supported the claim that church membership can be an important source of social capital in ethnic communities, with significant impacts on ethnic entrepreneurship. Our data suggested that rates and success of entrepreneurial activities in ethnic communities can vary as a function of church membership.

When examining the effects of church membership on entrepreneurial initiatives in those Brazilian immigrant communities, our intention was not to evaluate differences in aspects of the religions themselves such theology, doctrine, and practices. Our observations showed that both Catholic and Protestant churches in the Brazilian communities in MA are valued by their members as "safe" places for the development of interactions that lead to higher levels of solidarity and trust. Following Bonacich and Modell (1980), we did not try to explain entrepreneurial propensity by religious choice. In fact, we view religious affiliation itself as a possible consequence of the perception that the social networks that form around certain churches are more favorable for entrepreneurial activities. As mentioned, it has already been found that support for ethnic institutions from the part of entrepreneurs can occur for reasons of ethnic solidarity as well as for more instrumental business objectives, related to the survival of their start-ups (Boswell, 1986). We found that certain aspects of the institutional organization and practices of the Protestant churches in those immigrant communities are perceived as having the potential to create those favorable conditions. It became clear, for example, that ethnic entrepreneurs that are affiliated to Protestant churches have better chances of attracting customers that share the same faith and participate in the same social networks. In this sense, the set of social controls found in the Brazilian Protestant churches has shown superior capabilities to provide immigrants with some structure and stability in what is essentially an uncertain situation: life and work in the environment of the new country. This stability has been found to have positive effects on ethnic entrepreneurship.

An important issue that was not in the scope of the present work was the examination of the interactions between the effects of religious affiliation, national culture, and characteristics of the institutional environment of the host society. As our review and the results of this study suggested, there are a number of aspects of the environments created around the affiliation to certain church denominations that are possibly related to entrepreneurship initiatives in ethnic communities. It is also known that national cultural characteristics can impact entrepreneurial behavior, as shown by the differences in rates of entrepreneurship among immigrants from different cultures that were operating in the same environment (Waldinger et al, 1990). A long tradition of studies about the nature and impact of institutions on society (e.g., North, 1990; Scott, 1995), as well as more recent empirical analyses (e.g., Tan, 2002), also indicate that there are differences in rates of entrepreneurial activities between people from the same national culture operating in different national institutional environments. In this case, rates of entrepreneurship are likely to vary depending on whether the institutional environment is more stable or more uncertain. In fact, the comments of many Brazilian entrepreneurs in the study supported the idea that more favorable conditions for entrepreneurial initiatives were found in the U.S. because of the existence of a more munificent institutional environment. The results indicated that the social networks organized by the Brazilian Protestant churches in MA provided a better fit with some of the characteristics of the host country's institutional environment and as such impacted entrepreneurial activities more effectively. In any case, more efforts seem warranted to unravel the effects on ethnic entrepreneurship of these various sets of factors.

Future studies should also consider in more detail the level of involvement of ethnic entrepreneurs in community activities, which was found to be a more refined predictor of the dependence of their businesses upon resources provided by the ethnic community than simple common ethnicity (Chaganti & Greene, 2002). Taking into account our finding of relatively low levels of community involvement from the part of Brazilian entrepreneurs in MA, this may require a longitudinal approach to future developments of this line of inquiry. Still, there are other limitations of the present study that can be dealt with in future research. One of these refer to the absence of information on firms' financial results, that prevented us from making considerations about the impacts on performance of membership in the churches' social networks and the efficiency of their social control systems. The nature of the firms in our sample - small, young, and private - whereas providing justification for the difficulties in obtaining this type of information, is likely to be a persisting problem in ethnic entrepreneurship studies. In addition, our need to restrict data collection to established firms may have excluded part of the Brazilian ethnic population that is informally self-employed. Again in this case, issues in acquiring these data might explain why informal self-employment is, with a few exceptions (Martes, 2000; Fleischer, 2002), often neglected in studies of the assimilation of immigrant populations (Rajmin, 2001). Future studies should find alternative ways of reaching this often significant segment of the ethnic work force.

Finally, it would be extremely important for the development of the field to broaden the geographical and cross-cultural elements of ethnic entrepreneurship research. So far, empirical studies have been mostly conducted in ethnic communities in the U.S. and in Europe. Latin America, and Brazil in particular, while areas of extensive and recent migration, have not yet been the focus of ethnic entrepreneurship research. Differences in the institutional environments of these various regions provide a fertile ground for the assessment of the potential of some of the factors examined in this paper to impact the initiatives of ethnic entrepreneurs. In the case of Brazil, for instance, sizeable ethnic communities exist in some of its major cities, especially in the country's largest, São Paulo. Whereas in recent years an increasing number of Brazilians has

migrated to industrialized countries, Brazil still receives significant contingents of migrants, especially from some Asian and Latin American countries. Many of these groups have settled in ethnic neighborhoods and developed strong ethnic economies.

In relation to the influence of church-membership on ethnic entrepreneurship, a central theme of this paper, Brazil would also offer a very interesting environment for the investigation of this factor. In recent years, Brazil has witnessed, perhaps more than any other country in the world, the growth of various Protestant religious denominations and the relative decline of Catholic church membership. As mentioned earlier, Protestant churches practicing what has been called a 'theology of prosperity' have showed particularly rapid growth. As such, analyses of ethnic entrepreneurship in Brazilian communities in industrialized countries could also possibly benefit from the examination, in Brazil, of the interconnections between the influence of religious networks and the characteristics of ethnic entrepreneurship in LOCAL* immigrant communities.

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