

R A F A Ł S M O C Z Y Ń S K I

**The
Impact
of the
Entrepreneurs'
Catholic Religiosity
upon
Shadow
Economy
Activities
in Poland
after
1989**

**IFiS PAN
Publishers**

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RAFAŁ SMO CZYŃSKI

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**Approaching
the moral community
perspective**

Warsaw 2015
IFiS PAN Publishers

rcin.org.pl/ifis

The monograph *The impact of the entrepreneurs' Catholic religiosity upon shadow economy activities in Poland after 1989. Approaching the moral community perspective* was reviewed by *Juliusz Gardawski*

Cover design
Andrzej Łubniewski

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ISBN 978-83-7683-112-1

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Acknowledgements

It is acknowledged that this monograph is a part of the National Science Centre's funded project NN116695440 "The Impact of Catholicism on Attitudes and the Economic Action of Polish Entrepreneurs", project no. 6954/B/H03/2011/40. I am indebted to the critical assessment of the participants of the following seminars, conferences and guest lectures when parts of the argument were presented: ISSR conference in Aix en Provence (2012), seminar at Max Planck Institute for Social Anthropology (2012), guest lecture at Northumbria University (2012), seminar at Religious Studies Department at IFiS PAN (2013), ISORECEA conference in Iasi (2013), Jean Monnet lectures at the University of Ljubljana (2014, 2015), seminar at the Mongolian Academy of Sciences (2015), Business Ethics and Economic Sociology seminar at IFiS PAN (2015). I would like also to thank Wiesław Zajac, J. Giebułtowski and a number of Polish, Taiwanese (Taiwan Fellowship held at National Tsing Hua University, 2013) and South Korean (Korea Foundation Fellowship at Seoul National University, 2015) entrepreneurs with whom I consulted problems presented in this book. Finally, I thank my wife Urszula for her support.

Parts of chapters II, V, and VIII appeared in the article "An Interplay Between the Shadow Economy and Religious Oriented Entrepreneurship in Poland: A Qualitative Inquiry", in: *Sociologia: Slovak Sociological Review*, 2015, 47(3): 272–296. Parts of chapter I appeared in the article "Wpływ katolicyzmu na działanie gospodarcze w małych polskich firmach", in: *Prakseologia*, 2012, 152: 93–126.

A version of chapter IX was published as the article “Does Catholicism Function as ‘Beneficial Constraint’ for Small and Medium-Sized Companies Confronted with the Shadow Economy? Some Evidence from Poland”, *Prakseologia*, 2015, 57(1): 215–244. A version of chapter VI was published as the article “The Intertwining of Integrative and Normative Potentials of Religious organizations in Constraining Suicidal Behavior”, in: Juhant, J., Zalec, B. (eds.), *Understanding Genocide and Suicide*, Berlin: LIT Verlag, 2014. These are reprinted with the permission of *Sociologia: Slovak Sociological Review*, IFiS PAN Publishers, and LIT Verlag.

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Introduction

This monograph expands on an elaboration of the contemporary markets' normative infrastructure through discussing the mediating role of Catholic organizations in Poland that potentially may contribute to constraining the shadow economy. It will be argued that religious agency, understood as an intermediate social structure between market and state plays an ambivalent role in providing moral discipline in business, specifically, in blocking informal economy activities and its control efficiency is considerably determined by the integrative potential of the religious organization with which the analyzed entrepreneurs were associated. For example, entrepreneurs associated with Catholic revival organizations produce by and large ethically stable world-views that substantially contribute to blocking informal economy activities, which is less relevant in the case of the respondents who are associated with the Catholic civil society associations, or with the respondents who are ordinary parishoners. Pointing to the religious organization's integrative effectiveness in constraining shadow economy activities, this study upholds the moral community literature's insights demonstrating that religiously motivated action in post-socialist societies, affected by the anomic deficit of social ties, trust, and poor conditions of civil society may constrain certain categories of deviant behavior (e.g., tax fraud/shadow economy) and thus performs a supplementary function to the governmental coordinating institutions. Importantly, it needs to be emphasized that this study does not define shadow economy activities the way (e.g., burglary, abusing drugs or suicide) are typically presented in the moral

community literature as unambiguous deviance. It is assumed that the shadow economy needs to be analyzed empirically as “ambiguous deviant behavior”, which poses a challenge for normative considerations. There is no agreement in the literature as to the very function of informal activities in the modern capitalist economic system (more on this will be discussed below). Also, whereas the prevalence of the shadow economy in Poland and in the broader CEE region is, to a considerable degree, determined by the macro-economic situation and institutional constraints, its presence can also be explained by socio-cultural factors, such as the strategy of “outsmarting the system” employed by certain entrepreneurs (Los 1990; Ivan 1994). This strategy is apparent in the discrepancy between loyalty to a legal system and inclinations towards privatized morality in Poland and in larger post-socialist regions (for Russia see e.g., Ledeneva 1998). This mentality may create a situation in which informal activities do not involve moral dilemmas among entrepreneurs, especially those running small and medium-sized companies who perceive shadow economy activities as a necessary reaction to the tax burden and the state’s “institutional sclerosis” (Schneider, Enste 2000).¹

On the other hand, it will be shown that the intertwining of the otherworldly religious orientation and dense social capital of the revival organizations also implies plentiful ambiguities, sometimes bringing destabilizing effects for companies and broader markets. Value-rationality oriented constraint is potentially fairly ambiguous, thus the question remains if the movement out of the shadow economy to the formal economy or a consistent compliance with the formal rules, which in the case of a number of small and medium-sized firms has posed a risk of jeopardizing their hidden advantage

¹ There is considerable social acceptance of shadow economy activities in Poland, as demonstrated recently by Schneider, Marcinkowski, and Cichocki (2007). Also Stack and Kposowa (2006) in a study on acceptance of tax-fraud noted a poor legitimacy of post-communist states which weakens honest attitudes of the citizens towards tax compliance.

of operating at lower costs of informal production/services/employment against formal competitors, led to their substitution with any other resources that protected analyzed firms against the possibility of market failure. To be efficient in the formal sphere, besides employing price competition strategies, entrepreneurs are also expected to introduce efficient organizational structures, bringing new products or services into a market, and finding a niche for their products. This study will examine the question whether Catholic-oriented entrepreneurs created such innovative measures while blocking informality.

I.

Religion and economic action: Defining the problem

1. Durkheimian perspective

The question whether Catholic organizations, understood as moral communities, may act as the intermediary institutions of control between markets and post-socialist Polish state relates to a problem raised by Durkheim ([1897] 1951), who asserted that as the gradual division of labor weakens collective morality, modern states are unable to effectively exercise moral regulation over the business sphere, which is driven by profit maximization. Durkheim called for the emergence of intermediary organizations between markets and the state. Similar to medieval guilds, these organizations have the ability to control the selfishness of economic actors (Durkheim [1900] 1957: 11–17).² This call gains specific relevance in the European transition

² Durkheimian insights on the demise of social collective representations, which do not hold sway over individuals mark the rise of general current in social sciences indicating that differentiated societies lost their efficiency in controlling individuals, particularly collective moral ideals do not control the economic life (see e.g., Schilling, Mellor 1998). Besides, also family and kinship is unable to perform this control function, as noticed for instance by Coleman (1988: 111): “The most prominent element of structural deficiency in modern families is the single-parent family. However, the nuclear family itself, in which one or both parents work outside the home, can be seen as structurally

countries, where, after the fall of communism, public administration was often inefficient in controlling the shadow economy. Moreover, there has been a danger, as Streeck (1997) noted, of “freeing” these countries’ markets without strengthening the potential of citizenship institutions, which could prevent economic actors’ self-interest from unleashing negative effects on social systems. Streeck (1997: 199), in a Durkheimian manner, emphasizes the crucial role of society in economic action:

“[E]conomy may perform well only to the extent that it is embedded in a well-integrated society, and the society exists only to the extent that is capable of imposing normative constraints, or social obligations, on the pursuit of individual interest.”

Without social intervention within markets: “the social order gives way to anomie, ultimately depriving self-interested rational actors of essential conditions for the pursuit of self-interest...” (ibid.)

From the very outset, the Streeckian context orients concept of anomie within a Durkheimian current. This study thus is primarily concerned with an integrative/regulative force of religious organizations in their capabilities of limiting informal economy activities of religionists running businesses.ⁱ This study does not follow a detailed Mertonian analysis of the discrepancy between normative rules and culturally approved goals (Merton 1938; Saini et al. 2008) in

deficient, lacking the social capital that comes with the presence of parents during the day, or with grandparents or aunts and uncles in or near the household.” Given these structural deficiencies Durkheimian studies examine if intermediary organizations are capable to perform the morally binding functions, which in pre-modern circumstances were mainly exercised by kinship and religious organizations. Under this assumption it is tested whether Catholic organizations are capable to exercise morally binding functions within transition countries’ economies and consequently through constraining function contribute to the transfer firms’ activity into the realm of formality. It has been generally agreed in the social control literature that religious organizations as Hong (1981: 235) put it “would fit the definition of the type of intermediate groups that could provide the individual with a sense of control, purpose, and self-confidence” and through this constrains various deviant behaviors including shadow economic activities.

post-communist society or in corporate environment (Zahra 1989). The concept of anomie understood in line with the Durkheimian definition emphasizes the increase in selfish behavior of individuals in transition societies where due to rapid social change there is a weakening of social control and deconditioning of regulatory systems legitimizing the institutional fabric (see e.g., Durkheim [1897] 1951). As a result, in the economic realm of several post-socialist countries an increase in opportunistic behavior or shadow economy activities have been reported (Gardes, Starzec 2009; Schneider et al. 2007; Gardawski 2001: 156–185) with the myriad of examples to mention just most relevant for this study: weakening of institutional legitimacy, corruption of legal servants and misappropriation of public property, avoiding of paying taxes and social security contributions (Genov 1998; Mroz 1999, 2011; Kozłowski 2004).³

Streeck's polemic with the assumptions of liberal individualism in the economic realm gives a theoretical account on the right of

³ Mroz (1999: 18–19) gathered data covering examples of the shadow economy/corruption and general deviant behavior in Polish economic system just aftermath the political transition: “Total of 64,000 economic offenses and 54,000 cases of misappropriation of common national property were reported by the police in 1993. Compared to the previous year, cases of substantial thefts rose by 137 percent, offenses connected with abuse of power by public functionaries rose 106 percent, and cases involving corruption of officials rose 89 percent. According to available statistics, the ratio of offenses reported ranges between 70 percent and 80 percent. But law enforcement officers are aware that only a small number of offenses is reported; the “hidden ratio” of unreported economic offenses is estimated at 90 percent by pessimists and 70 percent by optimists (...). According to the Ministry of Justice, the thirty-six largest offenses in 1992 produced more than \$20 million losses for the State Treasury and nearly \$200 million losses for banks. In 1993, public prosecutors investigated eighty cases of serious bank fraud, which led to losses of \$100 million. The most frequent banking-related offense is the granting by corrupted bank clerks of fictitious bank guarantees, whose beneficiaries thus get the where-withal to start up a business. In another form of bank fraud, bank credit is drawn against a false security.(...) According to data of the department for tax control at the Ministry of Finance, tax offenses amounting to almost \$500 million were reported by the tax control bodies in 1993. Under estimation of corporate income tax and sales tax was the most frequent practice. Individuals accounted for 12.5 percent of tax offenses. The largest single case of tax offense, in Warsaw, involved the concealing of \$80 million.”

selected social and political actors to constrain “individual preferences” of economic actors and shows how this constraint might be economically beneficial for all parties involved, that is, for individual economic actors and public itself. The society through its political representatives – as Streeck argues – may act upon the market and constrain voluntaristic economic rationality in order to gain other objectives then only economically efficient, which ultimately is also profitable for the economy because “there is no such a thing as a self-sufficiently ‘rational’ efficient economy apart from and outside society, into which the latter may or may not decide to intervene; and that how ‘rational’ an economy is depends on the social institutions within which it is enclosed” (Streck 1997: 198). Social arrangements in other words through their disciplining mechanisms prevent the economy from what Durkheim has actually clearly noticed and now Streeck has reminded us: self-destructive tendencies. Unconstrained self-interest is doomed to ruin its success through undermining social and normative conditions of its own possibility. The dialectic of “both mutually subversive and mutually supportive conflict between the economic and the social” (Streeck 1997: 207) functions relatively poorly in many transition countries. In Poland, civil society and its support for social capital accumulation is still weak according to some studies (e.g., Gliński 2010), the potential of citizenship constraint is rather limited and the dialectics described by Streeck seems to be unbalanced given the unsatisfactory volume of civil society institutions that would be able to inhibit forces of the “free market” (see also Swianiewicz et al. 2008). The question thus remains whether in the narrow perspective of informal economic activities, though not only perceived as voluntaristic egoism, but partly structurally determined, a religious group can act as the moral community agency that blocks these occurrences.⁴

⁴ The role of intermediary organizations reveals the constructionist nerve of Durkheimian legacy, which is for instance visible in the perspective of Turner’s (1990) discussion on the new type of urban based differentiated societies in which new collective consciousness emerges which Durkheim called “abstractness”, Parsons (1966) “value gen-

2. The impact of religion on the efficiency of economic outcomes

The question of religious resources are relevant for the original Streeckian concept since he argues: “traditional and politically constructed institutions seem in principle equally capable of imposing beneficial constraints on economic behavior” (1997: 213). Catholic organizations while representing the instance of “traditional resources”, may be tested not only for their counter-deviant behavior (e.g., tax fraud) abilities. There is an equally important question about the outcomes of the hindrance of informality for the economic efficiency of the analyzed companies.⁵ In other words, did value rationality-oriented

eralization” and Turner (1990: 1096) “symbolic generalization.” In a society where explicit representations are losing their legitimacy, since they are valid only for certain segments of the differentiated normatively society there is a need for a “symbolic generalization” which will provide a representational base for the whole body of society. The overwhelming abstractness is not, however, satisfying in its potential to cement the social fabric, composed of plurality groups organized around different set of representations, thus as Turner (1990: 1096) argues micro-level processes are required, these processes “based upon micro encounters, create pressures for a low level of abstraction in cultural symbols.” Here we touch upon the need of “occupational groups” (Durkheim) or subgroups (Turner) that effectively impose upon themselves sub-normative rules that coordinate the consistency of the social fabric, bringing complementary force for the “abstractness” that is unable alone to shield against anomie. Following Turner (1990: 1096) we may say that the healthy structural differentiation must bring about: “selection pressures for structural coordination – exchange and interdependence among units. Failure to produce such patterns of coordination creates disjuncture which escalates selection pressures to re-coordinate relations among units.” The lack of emerging subgroups poses a risk of disintegration of social system (1990: 1096): “anomie is the result of symbolic generalization without a corresponding normative specification to regulate passions and desires.”

⁵ This perspective does not relate to the issue of whether the involvement of personal ethics or religious ethics may contribute to the increase of efficiency of the firms run by religious oriented entrepreneurs. There is certain literature mapping this question which generally brings ambiguous results thus as Lam and Hung (2005) notice economic efficiency and religious ethics remains largely an empirical issue that needs to be tested in different settings. Steen (1996) argues that religious ethics through harboring various virtues related to the integrity in the workplace improve income of religious individuals, though Lipford and Tollison (2003) showed that devoted religious practi-

action forced analyzed entrepreneurs to seek advantage in innovativeness and strengthen their economic productivity, or conversely, religious resources acting in a specific historical context of post-socialist Poland behave in a “maleficent” manner or act as a Walzerian “moral blockage” (Walzer 1983), leading to suboptimal economic results or even brought market failure of the analyzed companies. The literature starting from classic figures such as Adam Smith [1776] (1976) and then neo-classic economists such as Milton Friedman (1973 in Beckert 2005) asserted that morally-oriented behavior may bring at least ambiguous, at worst adverse results in terms of economic efficiency for individual firms as well as for the broader markets. Recently, for instance Beckert (2005: 11) demonstrated how the “restriction of the monetary exchange of certain objects or services based on moral codes towards some sort of market exchange relations” may block economic growth and the differentiation of the markets, which could be potentially “beneficial for at least some market participants.” Besides, blocked exchange, the same controversy – Beckert (2005: 13) continues – applies to various altruistic attitudes that assume among other possible forms “the voluntry inclusion of the otherwise externalized costs” (e.g., fair trade) leading in certain situations to suboptimal outcomes in terms of individual welfare. Precisely, altruism may increase the costs of products or lower the rate of return, but it also may affect macroeconomic level insofar as “a particularization of exchange undermines competition” (Beckert 2005: 15) and prevent efficient allocation of assets. Importantly, what was also detected in this study, value-rationality behavior produces unintentional consequences that are unpredictable in terms of their utility for individuals as well as for broader social systems, which as Beckert notes may prevent functional differentiation of economy or trigger emergence of underground markets as a consequence of

tioners are discouraged from actively searching for high income since religion emphasizing otherworldly aspects may constrain the profit making struggle in some cutthroat competition markets.

blocked exchange. Of course, value-oriented actions coupled with the economic action produce also positive consequences. Beckert listed reduction of child labor (Zelizer 1979), slavery or political corruption, this study would add the capability of reduction of the informal economy and opportunistic behavior (Smoczyński 2012, 2015). But at the same time religious constraints may, potentially, prevent the development of efficient economic outcomes as it will be further discussed using the example of the revival Catholic organizations (e.g., religious constraints have also contributed to market failure or other suboptimal results).

On the other hand, the value-rationality driven re-definition of firms' market strategies allows to test on the individual company level "beneficial constraints" hypothesis formulated by Streeck about traditional or political resources on which modern capitalist societies develop their strength to hinder intrinsic voluntaristic logic of markets.⁶ Within such a conceptual terrain Streeck provides us with examples of employers who contrary to the common policy of cost-cutting flexibility, which is governed by the short-term perspective of profit making keep, e.g., employment protection policy that contributes to "long term beneficial arrangements" (Streeck 1997: 200) of the firm. Employees are better integrated with the firm, are loyal to its policy, committed to its objectives and are willing to take certain extra

⁶ I am perfectly aware of the variant usage of the concept of beneficial constraints in this study and in the original Streeckian (Streeck 1997) model. The latter did not provide any detailed empirical analysis except for sketchy examples taken from the industrial relations studies. What is important, though, for a conceptual framework of this study the Streeckian assumption is located within a broader Durkheimian perspective of society understood as a third party between contracting parties. Society understood in this manner as Merton (1934: 322) put it, constraints "the accord of individual wills" and this control is exercised "for the consonance of diffuse social functions." Society ultimately "determines which obligations are <just>," i.e., accord with the dominant social values." This social involvement that quarantees efficiency of contract makes possible that we are not confronted with individualistic agreement but as Schoenfeld and Mestrovic (1989: 124) argue with "a moral relationship" justified by the social system understood as a protector of "justice."

efforts when situations demand such a sacrifice. Thus, these firms, which are constrained in their temptations of using neo-liberal employment policy may according to Streeck's opinion build their credibility in longer perspective what will be beneficial for their economic standing as well as prosperity of workers. True, Streeck (1997: 200) notes that "economically beneficial constraints are of many kinds, and I do not pretend to have a conceptual schema to cover them all." This study in its differently stated categories of external constraints to voluntaristic rationality that are exercised by representative of civil society third party, that is to say, religious organizations, follow the core aspect inherent to this concept – forced, external nature of the social constraint (value rationality oriented action) that potentially may hinder informal economy activity. Secondly, this action may produce consequences changing the company's economic and organizational strategy. Hence, this study's application of Streeckian model emphasizes that religious constraints "transform preferences of actors" (1997: 199), at least initial preferences, as in the case of some revival based entrepreneurs, who through otherworldly informed self-constraint changed "the given preference" (1997: 199) and through this discovered other options of running a business. Two things need to be clarified at this stage given the varied parameters of the Streeckian model and this study's revised application, which is concerned mainly with the question of constraining rational voluntarism of individual economic actors. The detailed question whether religion may inhibit informal economy activities for the sake of improvement of public morality or business ethics in a Polish society at large exceeds the scope of this research and is considered only in a secondary manner. It is important to add, also in line with Streeck, that although external constraints in the long run may turn out potentially beneficial for the economic actors and for broader social systems, it does not mean that this agency is a priori beneficial since as the empirical findings evidenced the inherent unpredictability of value rationality may drive economic actors to a market failure.

3. The agency of morality in economic sociology

This study's objective is narrow. Given that social sciences are historically bound (Portes 2010), the monograph based on qualitative sociological interviews does not seek for universal laws regulating the impact of Catholicism on economy, but is concerned with the local and historical perspective of the possible influence of Catholic organizations representing a different type of integrative potential in shaping attitudes towards the shadow economy of Polish entrepreneurs running small and medium-sized companies. It should also be emphasized that Catholicism is understood in this study as an empirical variable that is not perceived according to its metaphysical veracity, and this study only analyzes the efficiency of Catholic organizations in constraining involvement in informal economy activities of their co-religionists, and explores the consequences of this value-rationality behavior for the economic outcomes of the analyzed companies, that is to say, if companies which have been blocked towards informality (or which were formerly engaged in the shadow economy) after shifting into formality have been placed on the growth path.

This study's focus on religion understood as an empirical variable can be inscribed in the field of economic sociological inquiries analyzing how market relations are occasionally modified by moral principles of a given community.⁷ In this sense, contrary to the neo-classical economic bias stating that unlike material interests, culture and religion are irrelevant to an analysis of economy, this study follows the Weberian path of reflection asserting that material interests are supplemented by "ideal interests", which as Swedberg (2003: 219) recently argued, "may have an underpinning force that easily equals

⁷ On advances in new economic sociology see, e.g., Swedberg 2003; Portes 2010, in Polish context see Gardawski et al. 2006, Morawski 2001.

or surpasses that of material interests.” Swedberg explains that Weber understood the agency of culture as relevant for economy in its power of conferring meaning, that is to say, a given action is defined as economic if it is invested with economic significance. It is visible particularly while referring to Weber who attributed “cognitive interests” to economic action as an indispensable element of the empirical reality of the markets: “The quality of an event as a ‘social-economic’ is not something which it possesses ‘objectively’. It is rather conditioned by the orientation of our cognitive interest, as it arises from the specific cultural significance which we attribute to the particular event in the given case” (Weber, [1904] 1949: 64 cited in Swedberg 2003: 226). This assumption links this paper’s theoretical background with the perspective of new economic sociology that shows how market action is embedded in socio-normative structures (e.g., Granovetter 1985) including religious beliefs functioning as cultural “regulative components” in economy through providing cognitive scripts to entrepreneurs (Swidler 1986).⁸ In contrast to the assumptions about the origins of market stability, which, according to neoclassical economics, is the result of seeking to maximize profits by rational individuals, this strand of sociological literature states that balanced expectations of market participants are formed not only by economic rationality, but rather by institutional and normative conditions in

⁸ A common knowledge of the impact of religious cultural variable on “material economy” often evokes a classic example of Weber’s Puritans, which – according to popular knowledge – was perceived as the sole and decisive factor determining the formation of the capitalist economy. This explanation however was met with criticism in the economic and sociological literature (e.g., Cantoni 2009). For instance Krasnodębski (2006: VI) claimed: “Weber never argued that Protestantism was the only cause of capitalism, it was his only one of the factors explaining not capitalism in general, but specific ‘modern Capitalism’, an analysis of a constitutive component ‘life style’ that lay at the core of modern capitalism. [...] Weber also says sometimes that even he did not mean a causal explanation, but to show the meaningful relationships (*Wahlverwandtschaft*) between the way of life which resulted from the Protestant ethic and the requirements of the new forms of economic, which developed completely independently”.

which market exchange is rooted (Beckert 2007). Contemporary market game as this approach proposes is based on the formation of stable expectations about the behavior of economic actors, also based on trust and predictability of ethical behavior (Beckert 2005).

There has been a growing number of conceptual and empirical studies supporting the thesis that market relations are governed not only by price competition but also by the impact of institutions and normative systems. Zelizer (1979), for example, analyzed the impact of non-economic factors in the development of the US insurance system, where the financial interests intersected with religious beliefs. The author explored the phenomenon how insurance businesses successfully managed to establish a monetary equivalence for such “intangible things” as the risk of unexpected death. An example of the formation of the social insurance system in the United States shows that the process of economic rationalization and commoditization has its limits, including the extent to which market forces are also transformed by normative systems. Beckert (2007: 16) explored the niche of whale watching as an example of the normative impact on the market. This niche became feasible only when a certain ethical dispute was played out that has changed “the symbolic meaning of whales in western culture”, which were hunted for centuries and now are “deemed particularly worthy of protection”, and only due to this change whale watching might be marketed. There are more examples of normative shaping the markets – coffee fair trade, blood and organ donation, child labor, unmonetized domestic work which show how certain categories are socially constructed as excluded from market exchanges and others are modified and included in new modes for market exchange (fair trade coffee). What these studies show, as Beckert (2007) claims, is not denying the relevance of the neo-classic paradigm but rather supplement its thesis that the contemporary market is both a space of economic rationality and the socio-cultural domain. Zelizer (1988) adds that one should not identify the market only with the cultural construct. The reduction of the market to the

abstract cultural meanings would weaken the material and institutional dimension of economic life. Therefore, the cultural approach needs to be associated with the empirically proven factors of the socio-economic structure, and economic action should be captured as an activity that is governed by a set of several factors, religion is one of them and belongs to a set of cultural variables (Granovetter 1981). Such an approach can provide a more precise perspective explaining the dynamics of the economic activities which can exceed purely normative analysis on the impact of Catholicism on economic activity (e.g., Calkins 2000; De George 1986, 1987), the latter reveals the logic of a „cultural idealism”, understood as an automatic submission of economic activities to an abstract Catholic social teaching. Thus understood, the reductionist perspective limits understanding of the impact of other factors on the economic activity of “Catholic-oriented businesses.”

The agency of morality that shapes an economic behavior can be empirically studied on various levels, embracing different units of analysis. Literature brings examples framed within the perspective of the political-cultural approach of economic sociology, which emphasizes the struggle between many proliferating conceptions of control. This level of analysis covers the macro-institutional dimension where general rules that underlie markets (e.g., property rights, governance structures, rules of exchange) are constructed or modified. It is especially Fligstein (2001: 84), who demonstrated that the capitalist system undertaking the quest for the stability of economic exchange (this is the most important condition of firms’ profits), involves the political struggle between social actors (e.g., capitalists, workers, politicians, bureaucrats) in order to provide conceptions of control in a given emerging, stable or transforming market. The cultural-political struggle between contenders for stability is embedded in the socio-cultural infrastructure of society, which by definition varies across different countries, therefore analysis should be underpinned by different normative stances. Thus, Fourcade and Healy (2007) writes

about the “moralization” of contemporary markets, which may lead to a re-evaluation of economic rationality as it happened under the pressure of the campaign against the emission of carbodioxide where the system of coal-based energy policy was replaced in some countries with more expansive solar or wind based energy supply. This has not been necessarily grounded in economic efficiency alone but rather has been a result of climate protection policy that has managed to universalize a certain energy development strategy, particularly in European countries. As Fourcade and Healy claim (2007: 305): “the discourse of the market is increasingly articulated in moral and civilization terms, rather than simply in the traditional terms of self-interest and efficiency. There is a sense in which technocratic expertise is no longer sufficient to generate legitimacy and that it must be shored up by loftier ideals and practices.”

This study’s approach is a much more modest one than a cultural-political approach would propose, since it does not analyze whether Catholic actors have been able to impact conceptions of control in the emerging markets in Poland. It is not interested in the role of Catholic convictions in constituting networks or Catholic interest groups, neither whether Catholic oriented businesses are able to generate ethical standards, business codes, regulatory practices etc., in the broader markets.ⁱⁱ The explored perspective is located on the micro-level of individual entrepreneurs and their companies, and the analyzed entrepreneurs confronted with the shadow economy challenges are perceived as embedded in their religious organizational environment.

4. Tax morale and tax compliance

Although this study's focus is broader than an exploration of the analyzed respondents' tax compliance, nevertheless focusing on the Catholic Church, which, in addition to its religious functions may potentially shape business ethics attitude of its followers, is relevant when we consider the recent findings in tax compliance literature (for review see Torgler 2011a). In contrast to the economics-of-crime model (Allingham, Sandmo 1972), this literature tends to emphasize the importance of individual choices informed by social and cultural factors in explaining peoples' incentive for tax compliance. The typical political consequence of the economics-of-crime model implies that states which are willing to reduce the shadow economy undertake control and deterrence measures. For instance, in Poland, individuals who are caught evading taxes are typically fined, and when their misconduct is gross, they might be imprisoned. However, as Torgler (2011a: 2) argues in his review, the rational individual is not entirely governed by the logic of "weighing the benefits of successful cheating against the risky prospect of detection and punishment" because even in the least compliant societies, people pay taxes not only out of fear of being persecuted if they do not comply but also because of "non-gamble" normative incentives based on certain tax morale attitudes. This novel approach was followed by a number of empirical studies showing that tax compliance improves when institutional quality increases, corruption is controlled, citizens display greater trust in the legal system, and consequently, the size of the shadow economy diminishes (for transition states see, e.g., Torgler, Schneider 2009; Hanousek, Palda 2004).⁹

In fact, as informal economy experts argue, the capability of the state apparatuses' moral control is severely limited and reducing tax

⁹ One of the most compelling examples in the advanced capitalist countries comes from Australia, where tax system reform significantly lessened incentives among taxpayers to go underground (see Torgler, Murphy 2004).

evasion, underreporting, informal employment, avoidance of formal contracting etc., does not bring efficient solutions if it relies only on the state's coercive measures (Packard et al. 2012). Of course, it goes without saying that every state requires efficient tax enforcement strategy and relevant anti-corruption laws, at the same time, tax evasion should be reduced through tax policy reforms which may improve, e.g., an optimal balance of tax wedge, labor regulations typically responsible for the pushing economic actors into the shadow economy. Tax morale attitude, however, as Torgler (2011a) argues is gradually shaped not only by the state apparatuses, but also by the citizenship agency, which potentially may shape perception of citizens of their responsibility as cooperating tax payable subjects for a public sphere. Coping with the shadow economy should not be limited only to structural politico-economic conditions, but also as Torgler (2011a) argues, a prudent approach needs to grasp a behavioral aspect of tax evasion and corruption. Namely, social norms are often imitated by taxpayers who change or maintain their tax compliance attitudes according to their perceptions of others. For instance, Kedir et al. (2011) have found an increase in the likelihood of tax evasion among European taxpayers who perceive the existence of prevalent tax evasion practices, Frey and Torgler (2007), drawing on the 1999/2000 European Values Survey collected in 30 European countries, demonstrated that perceptions of high tax evasion determined the decline in tax morale. The opposite is also true: if the tax morale increases, people are more willing to comply, and the likelihood of tax evasion decreases. This phenomenon was discussed in Feld, Torgler, and Dong's (2008) study, which presented a model of "conditional compliance" of taxpayers in Germany after 1990: those who evaded taxes gradually began to comply by observing the behavior of others representing higher levels of tax morale. The process of "conditional compliance" seems to confirm the Durkheimian insight about the role of civil society's normative mediation between the state and markets. It may be assumed that the processes that shape citizens'

understanding of their responsibility for the public sphere exists on two possible levels: the state-led engineering level and the civil society grass-roots level. The latter may be important in economic sectors where a critical mass of the shadow economy forms a “bad equilibrium”, making coercive measures unlikely to succeed in eliminating the shadow economy. The role of efficient governance in improving the legitimacy of the state and, consequently, tax compliance attracts the most attention in the literature, but there is also evidence suggesting a positive relationship between civic participation and rising tax morale. Schaltegger and Torgler (2007) demonstrated that direct democratic checks and balances in the Swiss government improved the fiscal condition of the analyzed Swiss cantons (1981–2000). Torgler’s (2011a) review of the empirical literature suggests that civic participation strengthens the identification with the state and consequently leads to a reduction of the shadow economy. Among the research questions in this study, it is thus discussed whether organizations associated with the Catholic Church in Poland may act as grass-roots organizations that improve the business ethics attitudes that reduce shadow economy activities among their members who run small and medium-sized companies.

II.

Methodology and approach

1. Moral community perspective

Although there is a wealth of sociological literature that examines the role of religious organizations in constraining various deviant behaviors (most notably suicide (Stack, Kposowa 2011), as well as alcohol dependency (Ford, Kadushin 2002) and divorce (Bumpass, Sweet 1972), there is little systematic sociological knowledge on the role of religion in constraining shadow economy activities (but see Torgler 2006; Stack, Kposowa 2006 for aggregate findings on religious individual tax payers in cross-national perspective), and there are no findings on this problem in the CEE region.¹⁰ Because there are some

¹⁰ Moreover, while the transformation of Polish Catholicism after 1989 has been tested across a broad range of conceptual, methodological and empirical sites, such as the processes of secularization or desecularization (Marianiński 1998), problems of the intertwining of Catholicism and ethnic components (Koseła 2003; Mandes, Marody 2005), the antagonistic relations of Catholic Church with the minority religions and new religious movements (Hall, Smoczynski 2010; Doktor 2002), there is a lack of comprehensive, particularly empirical literature on the impact of Catholicism on the realm of business, employers' behavior and broader field of market institutions in Poland. One of the few publications where this problem is to some extent empirically tested is the edited volume by Petrycki (2005), the empirical approach to this problem has been presented in some papers at the conference "Religion and Economy: Associations and Oppositions in the Contemporary World" (Warsaw School of Economics 2010), it is also worth noting the unpublished report "Ethical Labor Standards EK 1000" carried out at the Jański School (2009), which empirically dealt with the ethical principle of work inspired

indications in the tax compliance literature that people involved in religious practices and with religious education tend to have high tax morale (see Torgler 2011a; Schneider et al. 2015),¹¹ it is possible that the Polish case may provide some valuable insights, especially in comparison with Western European societies, where religion is less significant in shaping social actions. Given the relatively high rate of religious practice among its followers, Polish Catholicism¹² – still remains a potential source that impacts collective behaviors (Zdanie-

by the Catholic social teaching in the business environment. The relative little concern that has been paid to the interplay between religion and economy in Poland is related to broader difficulties of the Catholic community in Poland with the conceptualization of new economic challenges. Jasiński (n.d.) pointed to the weakness of the theological reflection on economic issues, which is reflected in the lack of a Polish equivalent of the American “new conservatism” or the German concept of “social market economy” that has been largely inspired by Catholic social teaching or the passivity of the laity showing little interest in institutional mobilization of employers which would promote Catholic inspired patterns of organizational culture. Also Borowik (2002) noted the weakness of the Catholic business ethics among the Polish middle class. The impact of Catholicism on business action has been considerably empirically understudied not only in Polish but also in a broader international context, which vividly contrasts with the relatively large volume of theoretical and normative considerations on Catholic business ethics, mainly produced in the field of organizational studies and theology (e.g., De George 1986, 1987).

¹¹ For instance, Petee et al. (1994) found that individuals that are members of relatively well integrated parishes are more likely to be deterred from tax evasion as compared with those who belong to parishes less integrated.

¹² After the 1989 disintegration of the former Eastern bloc participation in Catholic practices has not changed much in the statistical make up of Polish society. According to C&R survey (in Hall 2013) 95,1 of Poles consistently during the span of recent twenty years associated themselves with Catholic Church, there is only 3,3 percent of atheists in Poland according to this survey. Except for the minor decline in the number of seminary alumni, and church attendance in 1990s and 2000s as compared with 1980s no considerable symptoms of secularization in Poland occurred (Hall 2013). Hall (2013) drawing on inner Church statistical figures provided also some subsatntial information on the commitment of 75 percent of Catholics who declare regular church attendance: the number of dominicantes, that is to say, those who participate in Sunday masses has slightly declined in the 1990s and 2000s as compared with 1980s, but the number of communicantes, namely, those who receive communion has risen in the same period.

wicz, Zembrzuski 2000).ⁱⁱⁱ Moreover, although classic sociology recognizes the importance of religious belief and religious practices in influencing the shape of economic action (e.g., Sombart [1911] 2010; Weber [1905] 2009), in the last three decades as Wuthnow (2005) noted, economic sociology has not paid systematic attention to this problem. There have been produced just a few significant sociological studies, which have recently attempted to show the interplay between economy and religion, e.g., Zelizer (1979) has analyzed the contested role of religious convictions in a study of the emergence of the life insurance industry in the US, Portes and Sensenbrenner (1993) observed how entrepreneurs in Ecuador converted to Protestantism in order to remove themselves from the kinship obligations usually associated with Catholicism, which constituted a hindrance to their firm's economic efficiency, Barro and McCleary (2003) used a vast international data survey to investigate the impact of religious belief and church attendance on economic growth showing that growth responds positively to transcendental belief, particularly in heaven and hell but negatively to church attendance (see also Hart 1992; Preston 1993).¹³ Moreover, the question of whether religious organizations might constrain shadow economy activities is worth considering because of the religious practices and the historical role of the Catholic Church, which has mobilized significant numbers of

¹³ It is widely acknowledged that while capitalism is a universal and global, the precise definitions of market economy and its organizational structures are immersed in the local contexts given important differences in both the institutional and cultural dynamics of modern capitalist systems, underpinned by the variety of industrial strategies, different political priorities, perception of collective social order and individual autonomy, the strategies of minimizing the corruption menace (e.g., Dobbin 1994). In effect, contemporary capitalist countries express many organizational forms of the capital accumulation based economy (e.g., Anglo-American model, Scandinavian, Asian), which diversity is conditioned, *inter alia*, through the immersion of economic activities in different normative contexts, which brought many detailed studies of the different cultures of Capitalism (e.g., Trompenaars, Hampden-Turner 1998), the relationship between cultures and organizations (e.g., Hofstede, Hofstede 2007) or corporate governance (e.g., Lis, Sterniczuk 2005).

Poles over the last decades (and particularly during communism),^{iv} and because the Catholic Church and its organizations currently function as one of the major forces in Polish civil society (Wciórka 2006).¹⁴

Religiosity is also important when we consider the motivational aspects of business ethics attitude. Social psychology studies agree that religiosity provides strong role expectations that are internalised by individuals through reiterated social interactions (e.g., Glock 1962). From the perspective of symbolic interactionism, this understanding has recently been adapted to the context of business organizations by Weaver and Agle (2002: 81–82), who asserted that self-identity that is moulded through religious role expectations is “likely to influence [the] ethical behavior” (2002: 81) of business people. It must be added that the salience of self-identity is greatly dependent on the degree of religious commitment and interactions within “moral communities of co-religionists” (2002: 82). Thus, at the very outset it should be made clear that religious convictions are not defined in this project as psychological constraints but are perceived in line with Portes’ (2010: 14) definition of the economic sociology’s methodological perspective as “constraints created by social environment”, which modify “the assumed maximizing behavior of individuals and lead to predictions different from those of conventional economic models.” Market relations and economic action guided by Catholic value introjections represent thus a morality-oriented action determined not only by price competition, but also by the impact of the Catholic normative system which “may influence both the character of personal goals and the selection of means to attain them” (Portes 2010: 15). Or in line with Weberian argument, economic action is informed by socially contextualized “cognitive interests” which are an indispensable element of empirical reality of markets: “The quality of

¹⁴ There is a growing scholarship demonstrating a significant positive linkage between religiosity and civic activities (e.g., membership in voluntary organizations) spanning different regions and denominations (e.g., Forbes, Zampelli 2014; Stromsnes 2008).

an event as a ‘social-economic’ is not something which it possesses ‘objectively’. It is rather conditioned by the orientation of our cognitive interest, as it arises from the specific cultural significance which we attribute to the particular event in the given case.” (Weber, [1904] 1949: 64 cited in Swedberg 2003: 226).¹⁵

¹⁵ This assumption may infer an interesting application from a different angle – for example, in the Laclauian social theory – of the emerging meaning of economic action in contemporary post-modern social context. This approach may be of particular value for the given analysis, since we acknowledge the scholarship of contemporary social sciences, which exposes the lack of universally rational instances that would constitute the ultimate ground for social practices, including economic action (see Marchart 2007). According to this perspective, religious belief as every structure of meaning should be understood as discourse, which does not merely reflect objects and relations pre-existing in the social field, but constructs relations and identities of the empirical objects (see also Howarth 2000). In this sense, the analyzed entrepreneurs are provided with the religious interpretative frameworks of social reality, which allow them to organize the field of intelligibility of their interests, including the construction of the organizational field of their firms and the logic of economic exchange. The horizon of intelligibility of social reality, as this post-foundational theory suggests is not governed by any external unshakable economic principles as neo-classical theory would like to have it, but – as Laclau (2000: 50) argues – by the operation of discursive logics that are irreducible to a specific rational domain. An example of such logic is a function of religious belief, which drawing on the Laclauian argument (2000: 283) parallels the Wittgensteinian concept of chess play, in which language games comprise both linguistic exchanges and actions in which they are embedded. Thus, what is particularly important to describe the functioning of religious belief in economic field is that participants of a particular “religious language game” do not depend totally on any “external” principles (for example, “rational economic interest”). Such operations include both the structure of interpretive meaning (religious belief) and action (economic practices) in which they are immersed, because as Laclau (2005: 13) argued: the separation “of the world, actions, objects” from “ideological language” (in the case of the analyzed study structure of the religious meaning) is a false problem. Research should be rather focused on religious belief intertwined with empirical elements (economic or institutional practices of the organizational structure of enterprises), and map how through these strategies entrepreneurs carry out their activities (ibid.). Economic actions underpinned by religious beliefs represent thus the relationship between the diverse elements of social reality, which is governed by the internal logic of this relationship’s language games. In this approach we should recognize the ontological assumptions that determine the possibility of “resonance” of religious belief with the economic action of entrepreneurs, and this “resonance” constitutes a substantial

Following these insights, the monograph examines the moral community approach (Stark 1996; Stark et al. 1982), which defines religiosity as a group property which in contrast to individual beliefs or practices decisively controls social behavior. Although in social control studies religiosity has been typically perceived as a powerful instance of conformity (Burkett, Warren 1987; Cochran et al. 1994; Grasmick et al. 1991), nevertheless as Welch et al. (1991: 159) claim “there have been disagreements about the complexity of these inhibiting effects.” Attempting to find a solution to this problem as Welch et al. (1991: 159) continue “research has begun on multi level-effects” and has made a way to a general shift in sociology of deviance from individual-level analysis to “contextual analyses” and “integrated explanations.” In other words, the moral community approach emerged in social control studies out of growing dissatisfaction with examining an impact of religions on individual religionsits. Instead, according to the proponents of this shift: “what counts is not only whether a particular person is religious, but whether this religiousness is, or is not, ratified by the social environment” (Stark 1996: 164). Rose (2000: 355), for instance, noted that religious groups are inclined to accumulate social capital, which constitutes a resource on which religionists “draw to organize and protect their communities.” Regnerus (2003: 543) emphasized that social relations characterized by shared faith affairs “can be expected to model tighter, more enduring social bonds”, which may potentially represent efficient means of inhibiting a deviant behavior. Consequently, this neo-Durkheimian current of literature has tested a moral community hypothesis while searching for evidence whether the integrative potential of various religious associations has efficiently reduced the deviant behavior of religionists. Findings focusing mainly on non-violent offenses including burglary, abusive drinking, and cannabis use offer a modest support for moral

agency capable of organizing a broader field of the firm’s organizational culture, in such a firm’s field employers may share common interests and are provided with interpretative frameworks to grasp the sense of economic action.

community thesis (e.g., Regnerus 2003; Wallace et al. 2007; Finke, Adamczyk 2008).¹⁶ Perhaps the most compelling evidence for the moral community thesis has been found in the studies demonstrating the decisive role of the integrated religious organizations in reducing suicide behavior (e.g., Pescosolido 1990). Interestingly, some recent work emphasized as Stack and Kposowa (2006: 328) noted that the greater religious homogeneity may additionally increase the deviance deterrence, that is to say, religion constrains deviant behavior (e.g., suicide) to “the extent to which residents of community adhere to a single religion.” Religious homogeneity has been studied on various levels of analysis, including large aggregate units as nations, where research identified a majority religion, but also there has been a growing number of studies that suggest that the moral community should be studied as smaller units of analysis as parishes and neighborhoods (Stack, Kposowa 2006; Grasmick, Bursik 1990), or at sub-denominational units (e.g., Evangelical Protestants) (Regnerus 2003). Empirical research has shown that in schools with high numbers of Evangelical students there were less incidents of self-reported minor delinquency than in schools where Evangelical students were fewer (Regnerus 2003). Following the religious homogeneity argument, assuming that the effect of the moral community might be strengthened by cohesive community based organizations (e.g., Conservative Protestants’ niches had lowest rates of suicide as compared with areas dominated by liberal currents of Protestantism, see Pescosolido, Georgianna 1989; Ellison et al. 1997), this study is a result of research using the sample comprising the representatives of the sub-denominational variety of contemporary Polish Catholic organizations.

¹⁶ However, there are also studies that did not find support for a moral community thesis (e.g., Cochran, Akers 1989).

2. Sample, collection and analysis

A sample was divided into three organizational categories: 1. The respondents associated with the Catholic revival groups (e.g., charismatic movements), whose religiosity measured by such criteria as church attendance, activity in religious organizations, self-perceived religiosity allows to define them as Catholics informed by religious revival principles (Weber 2009). These organizations' integrative potential is relatively strong (28 respondents); 2. The respondents associated with the Catholic civil society groups which gather self-declared Christian entrepreneurs (e.g., associations of Christian entrepreneurs, participants of the pastoral meetings specializing in providing "biblical expert knowledge" for entrepreneurs). These organizations engage in activities supporting social issues in the sphere of business, politics, and public life. Their integrative potential is less vital as compared with the revivalist organizations (23 respondents). 3. The non-affiliated organizationally ordinary parishioners were also included in the sample (20 respondents). They represent a group of individual Catholics whose organizational belonging implies individual attendance to religious services in local parishes once a week or less frequently. The first two organizational categories included also the multi-affiliated respondents (revivalist and civil society movements participants) (10 respondents).

The research was initiated in 2011, 71 interviews were conducted in 16 relatively large urban areas in Poland (e.g., Warsaw, Cracow, Poznań, Gdańsk, Gdynia, Bydgoszcz, Bielsko-Biała) with the companies' owners who declared harboring the moral values of Catholicism in their professional activities. Only to a limited extent snow-balling methodology was used while collecting data, and instead efforts were taken to select respondents from different regions of Poland and various Catholic organizations to represent possibly the broad variety of the Catholic entrepreneurial environment.

Following suggestions of Wuthnow (2005) this study considers qualitative data as a proper for understanding meanings of market

actions that are explored within the interplay between Catholicism and the informal economy. In-depth interviews have been employed while carrying out this research. This method can determine the presence of “non-economic factors” in the processes that shape the business conduct of the respondents, such as their incentives in engaging/blocking informal economy activities or issues related to prohibitions of certain market exchanges based on religious convictions. The use of a qualitative method seems appropriate also for another reason. An interaction between religious and economic factors constitutes a complex field in which decisions made by the respondents are not immediately apparent and the motivations of the actors are partly obscure. Such dynamics as a number of authors (e.g., Miles, Huberman 1994) suggest should be explored through use of qualitative inductive techniques. Further, in line with Swedberg (2003), who drawing on Bourdieu’s scholarship argued that economy, industry and firms can be conceptualized as fields with their own logics and interests; in this study I view firms run by respondents as fields that embrace not only financial but also symbolic, cultural, and social capital. In other words, the firm’s field as Bourdieu perceived it constitutes a certain space where the rules of the game are present and economic actors obey to them through their field position. The aim of the study is to decipher these rules of the game, reveal their topology and structure of capital and understand if such a structured field can influence economic conduct.

Not more than 20 percent of respondents from all organizational categories were recruited through their personal networks. The largest number rejections of requests for an interview were identified among parishoner respondents (51 rejections, as compared with the revival respondents – 3 rejections, and civil society respondents – 2 rejections). Interviews were conducted in different venues which were identified as convenient for the respondents (e.g., their firms, houses, coffee shops, various public venues). Interviews were recorded, (in some cases notes were taken since sensitive content of the conversa-

tion on the shadow economy might be distorted by the usage of the recorder), transcribed, coded and analyzed according to Berg's (2004) qualitative schema. Given this specific content of interviews a confidence between a researcher and an interviewee was of crucial significance for this study. In order to establish a required trust, significant efforts were undertaken to inform respondents about the ethical rules that governed the course of collecting data, their subsequent interpretation and dissemination. The respondents were informed that the ongoing project pays attention whether there is a balance between the objectives and means. In doing this the researcher informed respondents about assuming an avoidance policy of the unnecessary collection and use of personal data. The protection of anonymity and privacy of respondents was declared and strictly enforced during the whole span of carrying out a research. According to this policy, any identifiable data relating to privacy of persons was not used at any stage of the project (including final publication). Any materials concerning religious, political, and philosophical convictions of particular individuals were used only for limited purposes, strictly related to the goal of undertaken research. Some parts of data which referred to the shadow economy as well as political opinion, religious or philosophical convictions were stored at the researcher's archive, its content was protected and not shared with other people. All respondents taking part in the project were informed about the purpose of the research, the duration, the procedures involved, the foreseen risks and benefits, the extent to which the confidentiality of records identifying subjects was maintained. Besides, respondents were informed that participation in the research was voluntary and that there were also alternative procedures of collecting data. Given efforts undertaken to establish confidence towards the proposed project all interviews were undertaken individually, the shortest interview lasted 60 minutes and the longest 240 minutes. Certain individuals were met a number of times and new interviews with them were conducted. Besides the group of respondents comprising various entrepreneurs, there have been

also conducted 15 interviews with the experts specializing in business ethics, Catholic social teaching, small and medium-sized firms sector, Polish political economy and the shadow economy.

The sample represents mainly small and medium-sized companies which are diverse in terms of sector activities. The largest group of companies belongs to the service sector (43 respondents), followed by the trade activities sector (27 respondents), the smallest number of respondents is engaged in mass production (8 respondents).¹⁷ Micro entrepreneurs prevail in the sample, which includes employment ranging from one self-employed owner to 5 employees (36 respondents),¹⁸ followed by small firms employing from 5 to 49 employees (26 respondents) and medium enterprises employing between 50 and 499 employees (9 respondents) and large companies employing from 499 to 1999 employees (2 respondents).¹⁹ Given the sensitive nature of the study, multi-organizational affiliation of

¹⁷ The figures do not make up 100 percent given that limited number of respondents represented different types of sector activities.

¹⁸ The size of the informal economy varies depending whether it is calculated according to the proxy of production or employment. One of the employment proxies that is used in measuring the informal economy is based on the size of the company: companies that employ five or fewer employees are considered informal (other employment proxies include whether the employee has a formal job contract and whether a given company is responsible for the social insurance burden of its employees). The size criterion, as Packard et al. (2012: 24) admits, is the simplest way to track down informal companies, but it is the “least satisfactory measure, as it can exaggerate the extent of informal work.” In particular, it seems to be a doubtful criterion in transition countries such as Poland, which are dominated by small companies that might be “fully registered, certified, regulated.” I do not use the size criterion. Two other proxies are used in this study as indicators of informal labor. Informal labor can be categorized, in line with Packard et al. (2012), as informal dependent employment (undeclared labor of employees in the firm that, for example, does not contribute to their social security) and informal self-employment (unregulated, untaxed self-employment, which is different from the category of regulated and taxed self-employment used in this study).

¹⁹ The figures do not make up 100 percent given that limited number of respondents represented multi-categories of companies' sizes (e.g., they run two companies large and micro).

some respondents, possible bias towards socially approved answers, reluctance to talk about shadow economy activities among some respondents, the precision of the findings discussed in this monograph should be treated with caution. A number of respondents hesitated to talk in a direct way about the actual involvement in shadow economy activities of given firm. One of the informants, who run a consulting firm that provides the training service for the firms confirms this observation from the other angle:

As my experience tells me people normally do not want to talk about the state of their financial standing. They do not want to show documents on their turnover and income. And this makes a problem to help them because I do not know where actually we are. ...The flow of finances in small firms is very hard to analyze. [33]²⁰

The difficulties with collecting data on actual involvement in shadow economy practices is by and large acknowledged in the shadow economy/tax fraud studies, as for instance in Stack and Kposowa's (2006) work where the actual fact of tax fraud was replaced by the indicator of the acceptability of tax fraud. In this study during the qualitative interviews questions were directed at both levels of declarations of the actual involvement of given entrepreneur and the declaration of the acceptability of shadow economy activities. It is important to emphasize that whenever respondents declared acceptance of shadow economy activities or tax non-compliance it does not mean that they were actually involved in the shadow economy/non-compliance. Also, acceptance of the shadow economy among almost all respondents was justified only on the condition of being practised under the pressure of the survival necessity of given company; it has not been justified as a routine tax evasion strategy. Clearly, the shadow economy acceptability was crucially determined, among other factors, by the sector given respondents were associ-

²⁰ Numbers in parentheses correspond to the record of completed interviews.

ated with. Those respondents who operated in sectors less affected by the shadow economy and corruption, or in sectors, which were efficiently regulated by the state apparatuses, they usually declared less acceptability towards shadow economy activities as compared with respondents operating in sectors less regulated and more affected by the shadow economy. These remarks will be expanded in due course of this monograph.

It seems that the fact of specific religious organizational affiliation of respondents might have also determined to some extent a different availability of information on their involvement in shadow economy activities. Namely, some revival respondents did not hesitate to admit their previous involvement in shadow economy activities, which almost entirely did not occur among the non-revival respondents analyzed in this study. The willingness of the revivalists to describe their past involvement in shadow economy activities was usually conditioned by the fact of religious conversion which they experienced. The powerful experience of radical rejection of “sinful past”, which is commonly articulated by global revivalist movement (Csordas 1997) as an example of “divine intervention” created the very possibility of accessing the information about the past involvement of certain respondents in the informal sphere. This logic of a “grace trophy” has been for instance visible in the citation of the respondent who runs a small repair electronic appliances firm (revival):

I did not issue invoices either totally or occasionally I issued invoices that covered around 5–10 percent of my turnover. ...I started do the paperwork when I converted, that is when I joined the community. I decided to clear this mess in the firm. [17]

Another respondent (service) informed by the similar logic of religious conversion demonstrates the commonality of shadow economy activities undertaken by the owners of small enterprises (revival):

I used to do fake invoices, I played as others and I was all the time worried when it was going to end up. When I gave my life to God

everything changed. I do not act as I used to do but now it is impossible to run certain businesses where it is hard to survive without unfair methods. [29]

A similar problem of widespread shadow economy practices was reported by the respondent from the bakery industry (revival):

Not issuing invoices or not employing people on full contract is quite common in this sector. I did the same. We found it quite normal, because everybody does it. [15]

Some of the indirect information on the prevalence of the shadow economy was also revealed by respondents who assisted some Catholic-oriented entrepreneurs as this accountant evidenced:

I know some my customers who are quite committed Catholics, as for instance, one who run a logistics company but he fails to employ his workers on full contract. I asked him to change this situation but he fails to do so. [7]

Bearing in mind these methodological constraints, the study found a consistent tendency in the sample showing that the majority of the analyzed parishioners and Catholic civil society organization-based respondents justified the involvement in shadow economy activities, particularly if this could support the survival of the company or they declared systematic/occasional involvement in informal economic activities, especially if the company was operating in the economic sectors where the shadow economy was rampant (a significant part of this group also provided ambiguous answers about their involvement in the shadow economy). It contrasted with the answers provided by the Catholic revival organization based respondents, a minor fraction of this group justified or declared involvement in shadow economy activities (3 revivalist Catholics, 1 multi-affiliation identity individual). The decisive number of the respondents associated with this organizational category declared compliance with tax and labor regulations, social security contributions (but 4 revivalist Catholics

and 4 multi-affiliation individual provided ambiguous answers about their involvement in the shadow economy). The impact of social norms of compliance with tax and labor regulations upon the parishoner respondents and Catholic civil society group was weaker in a decisive number of analyzed cases, and it did not disrupt their approval towards the necessity of engaging in the shadow economy if the circumstances of firms' survival would dictate so. It appeared especially clear when the respondents operated in economic sectors heavily affected by informal transacting. Considerably less approval/involvement to shadow economy activities were found among the Catholic revival respondents, who – what is important – quite often besides their individual instance of conscience pointed out to the role of a revival organization in impacting their business ethics attitude.

3. The role of religious organization's integrative potencial

While pointing to this intra-Catholic differentiation, the monograph is not concerned with the well known discussion how intrinsic religiosity as opposed to extrinsic (Allport, Ross 1967) may facilitate ethical business conduct or stimulate entrepreneurship. It is neither interested in the propensity of doctrinal aspects impacting different forms of economic action that may be found in the growing amount of organizational studies literature.²¹ Clearly, the uneven impact of the analyzed organizations on business ethics attitude casts some light on the varieties of contemporary Polish Catholicism, which is ideologically diversified (Borowik, Doktor 2001) as the identity labeling perspective proposes (e.g., traditional, liberal and moderate) (Stark 2013). Also, as in some other CEE countries (e.g., Slovakia, Croatia),

²¹ For instance Audretsch et al. (2007) demonstrated that Islam and Christianity, tend to be conducive to entrepreneurship and economic growth, while Hinduism, inhibits entrepreneurship.

diverse ethical behavior in business may imply an intertwining of Catholicism with ethnic identification categories (Doktor 2002), which is not necessarily equivalent to the degree of religious commitment or willingness to follow the Catholic social teaching regulating among other issues business ethics.²² The interview data contained a very limited knowledge about the Catholic social teaching concerning social justice, subsidiary principle in organizational environment, fair trade, etc. among analyzed respondents belonging to all organizational categories.²³ Not denying the relevance of the intrinsic/extrinsic religiosity approach this study while trying to understand the conditions of the possibility of performing a grass-roots role in improving business ethics attitude among Catholic-oriented entrepreneurs follows less explored perspective, namely, it is argued that a higher probability of shadow economy activities reduction is deter-

²² What is, however, more important for the monograph is that this differentiation applies to the variety of aspects of Catholic doctrinal teaching and lifestyle of religionists. Thus, the relative weakness of the reception of Catholic social teaching among analyzed respondents may indicate to a broader inconsistency between religious practices and the doctrinal and normative teaching. There has been a growing number of studies that revealed numerous discrepancies. Hall, drawing on C&R data, demonstrated that among the whole Catholic population only 55.9 percent declare that they obey Catholic teaching, 38.7 percent claim that they are religious in their own way, 31.5 percent declare that there is a kind of force instead of personal God. Particularly young people (age 18–30) are in favour of pursuing religious life-style in an individualistic way (50.4 percent), a relatively large discrepancy can be identified for example in the area of sexual ethics, 25 percent of analyzed Catholics in the beginning of 2000s accepted church teaching about the contraception and 35 percent on premarital sexual intercourse (Mandes 2002: 176). This gap between official teaching of sexual morality and views of Catholics is particularly significant for urban based young Catholics who are prone judge their sexual practices on individual bases. We should be also aware about the critical opinions formulated by Catholics on church's political involvement and wealth of the institutional church.

²³ Given the large number of Catholics in Poland it is instructive to refer to CBOS survey (Derczyński 2002) about the respecting of employees' rights in the workplace in Poland. This study asserts that half of the analyzed employees experienced situations colliding with the recommendations of the Catholic social teaching, namely: they were forced to work overtime, have difficulties to obtain annual leave, received threats of dismissal etc.

mined by the role of dense social capital²⁴ enhancing mutual trust and acquaintance of religionists that significantly facilitates exercising of norms among them. Within this perspective Catholic revival groups' constraining potential exceeds the ability of the less integrated parishioners and Catholic civil society groups.

Pointing to the efficiency of dense social capital in constraining shadow economy activities this study supports the insights offered by the moral community scholars demonstrating that "community based" religionists are less likely to be involved in some categories of deviant behavior,²⁵ which may also relate to shadow economy activities. Although such an observation links this book with the current of the literature showing beneficial functionality of the organizations based on dense social capital, it is not a complete conclusion of this research. The qualitative interviews – following mixed conclusions of other studies – demonstrated that religiously informed social capital can also contribute to the emergence of more adverse outcomes for the organizational efficiency of the firms run by the analyzed otherworldly oriented entrepreneurs. Thus as Beckford (2003) noted, contemporary religion becomes a reservoir of different resources that can be used selectively in pursuit of projects asserting collective identities, some of these projects apart from improving the well-being of their members and blocking deviance may also lead not necessarily to beneficial effects for broader social systems. The ambiguous effects mediated by the dense social capital of Catholic revival groups

²⁴ While pointing to social capital produced in such organizations this study sticks to the conceptual terrain defined by Bourdieu (1985) and Coleman (1988), which is concerned with the role of social ties of small groups in transforming social capital into other forms of capital or enforcing social control over their members. It does not relate to the conceptual perspective of more aggregated public units as developed by Putnam (2000).

²⁵ It also confirms a general assumption that taxpayers who are linked to social networks (e.g., married vs. divorced) are less likely to evade taxes (Tittle 1980). However, there are also findings that contradict the suggestion that married individuals are less prone to tax compliance (for a discussion, see Torgler 2006).

have been also found while analyzing the respondents' movement out of informality to formality (e.g., resuming tax compliance, paying employees insurance contributions) or maintaining tax compliance in the prevalent shadow economy environment. Given the small size of the analyzed companies, their scarce assets, the movement out of informality or consistent tax compliance informed by religious incentives have occurred successful just for a part of the respondents. For example, some respondents usually after their religious conversion decided to stop informal contracting and moved into universalistic impersonal exchange relationships. This shift involved a significant potential of uncertainty regarding their future outcomes what sometimes has worsen their companies' performances. Others while resuming tax compliance incurred greater operational risks and raised their costs. However, according to a considerable number of respondents movement out of informality or consistent compliance with the tax regulations turned out efficient in longer run for their firms, according to these respondents their religious attitude forced them to re-shape options of running a business e.g., through searching for niches, introducing quality products, finding new means of production etc. With some caution it might be assumed that the sufficient economic outcomes are supported by religious constraints in combination with other contingent market variables, to mention just a few detected during this research: flexible entrepreneurial skills, high human capital, the size of the firm and their available assets, the degree of involvement of given firm into informality and the prevalence of informality in given economic sector.

The remaining chapters of the book are composed as follows.

1. The shadow economy: state of the art

This chapter focuses on the specificity of the informal economy in Poland within the comparative perspective. It will be detailed that the size of the informal economy may fluctuate with economic cycles, but this movement is limited by the segmentation of the labor market,

and furthermore, the “bad equilibrium” of the shadow economy tends to form in certain sectors, such as the Polish construction industry. The driving forces of the shadow economy (including incentives for both informal labor and informal production) in post-socialist states will be discussed (rigid labor regulations, low salaries, high social security contribution burden, and high minimum wage). These factors potentially create a moral hazard for a number of firms. This chapter further will argue that whereas the prevalence of the shadow economy in the CEE region is, to a considerable degree, determined by the macro-economic situation and institutional constraints, its presence can also be explained by socio-cultural factors, such as the strategy of “outsmarting the system” employed by certain entrepreneurs. This strategy is apparent in the discrepancy between loyalty to a legal system and inclinations towards privatized morality occurring in Poland and in larger post-socialist regions.

2. Polish post-1989 economy in the context of selected European post-socialist countries

Individual entrepreneurs (or, rather, their companies) need to be analyzed from the perspective of a broader institutional framework affected by the specific historical dependency of a given transition region. This chapter draws on the political economy literature which lists three major post-communist European subregions – Central and Eastern European countries (Poland, Czech Republic, Slovakia, Hungary – the Visegrad region), post-Soviet countries, and the Balkan countries – featuring distinct stages of political and institutional consolidation, varying degrees of economic freedom, varying efficiency and stability of their legal systems, and critical differences in their cultural resources, including religious backgrounds. These subregions have also been affected by different degrees of the shadow economy and corruption. This chapter contextualizes Poland, which, like other post-communist countries, witnessed turbulent period following the collapse of the former regime in which the basic rules of the market

economy emerged in anomic circumstances that reinforced the structural incentives that led entrepreneurs into morally hazardous conduct, including corruption and shadow economy activities. This chapter will also demonstrate that following the early transition period (the first part of the 1990s), Poland reformed its economic and political institutions and consolidated its economy, joining the EU contributed, to some extent, to the improvement of governance quality. However, this chapter continues, in Poland, as in seven of the ten countries that acceded to the EU in 2004 and 2007, tax morale declined during the 2000–2008 period. Also, Poland’s quality of governance and administration, institutional arrangements, legal system, and economic freedom have consistently ranked poorly in the major international indexes.

3. The religious organization’s integrative potential in constraining the shadow economy

This chapter demonstrates data (in-depth interviews), qualitative analysis and results. The chapter shows that Catholic revival groups’ constraining potential exceeds the ability of the less integrated ordinary parishioners and Catholic civil society groups. The study found that the Catholic revival group-based respondents declared less acceptance of shadow economy activities even if it was potentially harmful for companies’ economic efficiency. The contrast of this organizational juxtaposition is not obvious given that Catholic revival organizations do not specialize in providing their members with Catholic social teaching and do not train them in civic responsibility for the public sphere, including business ethics issues. Their aims are primarily otherworldly.

4. The role of religious organizations in constraining anomie/deviant behavior

Although there is a substantial body of literature mapping the role of religious convictions in constraining different types of deviant

behavior, Durkheim and the Durkheimian current of studies systematically have not paid attention to the role of religious organizations in constraining deviance in the business realm, there have been just a few publications that recently started mapping the issue of the possible role of religious convictions inhibiting the tax fraud acceptance usually conducted on large aggregated samples of individual tax payers. Following the proposed moral community perspective it is appropriate to test shadow economy activities as a specific “ambiguous deviant behavior” occurring in the post-socialist country. Consequently, the question is raised if Catholic organizations analyzed in this study may act as an intermediary between state and market. This chapter notes that the classic role of religious organizations in constraining deviant behavior that triggered the most voluminous scholarship relates to the role of religious organizations in constraining suicidal expectancy. The chapter argues that given the lack of literature on the interplay between the shadow economy and religion, the scholarship on the function of religious constraint on suicidal expectancy is relevant also in the context of the major argument of the monograph, particularly in its recent developments showing the importance of the subdominational difference of religious organizations in constraining deviant behavior.

5. The role of religious dense social capital in economic performances

Pointing to the efficiency of religiously informed dense social capital in constraining shadow economy activities, this chapter supports the insights in the moral community literature demonstrating that individuals who are linked to social networks are less likely to engage in deviant behavior. This chapter informs about the specificity of the analyzed Catholic revival organizations. Although these organizations (e.g., Neocatechumenate, Focolare, Communion and Liberation, the Families of Nazareth, Light-Life Movement, Charismatic Renewal in the Holy Spirit) have thrived worldwide for several decades, there

is little systematic knowledge on this phenomenon. Using Casanova's dichotomy of the Catholic Church as a historical merger of the community cult and salvation religion, it is assumed that the Catholic revival leans towards a salvation type of religion. The chapter will demonstrate that participation in these groups involves meticulous fulfillment of the daily norm of piety, and religionists follow certain tangible recommendations/restrictions that affect bodily behavior that mark their separation from non-community members and create a sense of community. This partly explains why this practice contributes to a religiously totalizing perspective of reality in which it is difficult to sustain the separation between the private religious sphere and the secular sphere, including business activities. It will be argued that although these groups produce a specific social actor and social structure by developing a family type of intimacy and control (which differs from purposively constructed corporate organizations based on "positions or offices"), this does not mean that this specific structure is inherited from pre-modern organizations. Its genesis is similar to other modern organizations that are rich in social capital. It will be argued that the constraining efficiency of dense social capital may be particularly important for market sectors with prevalent shadow economy occurrences.

6. The otherworldly perspective and economic performance

In addition to revealing the relatively efficient control aspects of tight networks on tax compliance, following the mixed conclusions of other studies, this chapter emphasizes the ambiguous economic and social consequences of activities performed by religious-oriented business people, especially those associated with organizations based on dense social capital.

7. Religion, innovation, ambiguities

This chapter notes that ambiguous effects mediated by the religiously informed social capital were also found when analyzing respondents' economic performance. Given the small size of the analyzed companies and their scarce capital assets, the movement out of informality to formality was successful for only some of the respondents. This shift involved a significant potential for uncertainty regarding their future outcomes, which sometimes worsened their companies' performance. However, for some respondents, the movement from informality to consistent compliance with tax regulations was efficient in the long run for their firms. According to these respondents, their religious attitude forced them to re-shape their options for running a business, such as by searching for niches, introducing quality products, and finding new means of production.

8. Conclusion

This part sums up the argument of the monograph.

III.

The shadow economy: state of the art

1. Definition, interpretations, development

The political economy, economic and sociological literature do not offer a cohesive definition of the informal economy, there is an ongoing dispute about the very phenomenon in question, estimation methodologies, and interpretations concerning the functions of the informal economy in broader economic and social systems. While analyzing shadow economy activities the monograph follows Packard et al. (2012: 4) definition: “Market-based production of goods and services that are in essence legal under prevailing laws, which is concealed to avoid payment of income taxes and social insurance contributions and to escape product and factor market regulation.”²⁶

The recent data on the informal economy in Poland are not conclusive, which only reminds us of the notorious problem of measuring

²⁶ Among other commonly applied definitions is Schneider and Enste’s (2000: 78) one stating that informal economy encompasses “all economic activities that contribute to the officially calculated (or observed) gross national product but are currently unregistered.” This definition is similarly articulated by a number of other authors, for example, by Kaufmann and Kaliberda (1996: 3) in an analysis of transition economies. According to them the shadow economy represents an activity featuring “the unrecorded value added by any deliberate misreporting or evasion by a firm or individual” (see also Feige 1990).

the sphere, which by the definition eludes any form of control. The Polish Statistical Office's data show that in 2006–2008 the share of the informal economy in Polish GDP declined from 13.7 percent in 2006 to 11.8 percent in 2008, while in 2009 it had risen to 13.1 percent (GUS 2011). The World Bank's data indicate a greater share of the shadow economy – from 27.4 percent to 29.11 percent of the Polish GDP (the period of analysis from 1999 to 2007) (Schneider, Buehn, Montenegro 2010).²⁷ The size of informal economy may fluctuate along economic cycles, but as Packard et al. (2012) notice this movement is limited by the segmentation of the labor market; also “bad equilibrium” of the shadow economy tends to form itself in certain sectors as in Polish construction sector (38.2 percent) (Koettle, Weber 2012) according to the logic of organizational isomorphism (DiMaggio, Powell 1983). Driving forces of the shadow economy (including incentives for both informal labor and informal production) in CEE states – as Packard et al. (2012: 75) drawing on Leibfritz's study (2011) suggest – are the following: inflexible labor regulations, low salaries, high social security contributions burden, high minimum wage, which potentially create a moral hazard for a number of firms approaching the tipping point “between compliance and survival and may collude to evade taxes to cope with market competition.” Other authors add also a bad equilibrium of statutory taxes, highly practiced regulation discretion, a poor legal system and inconsistent law enforcement with a high rate of corruption (Johnson et al. 1998a), a weak civil society and what is correlated – low confidence in the state apparatuses among the population (Schaltegger, Torgler 2007), opaque tax regimes with a propensity for frequent regulation shifts (Thiessen 2003), a high degree of macroeconomic instability (Kaufmann, Kaliberda 1996). And lastly, what has been noted by Rosser et al. (2003) transition countries demonstrate sig-

²⁷ On the shadow economy in Polish context see also e.g., Gołębiewski 2007; Schneider et al. 2007; Stańczyk 2006; Górka 2011.

nificant inequalities in their income distributions as measured by the Gini coefficients, which are correlated with the size of the shadow economy.

The informal economy as indicated by Gërkhani (2004: 273) is essentially characterized by three criteria, first the informal sector characterizes status of labor that does not “involve contractual and legally regulated employment”, secondly it covers “the sum of all taxable money income left unreported with the intention to evade taxes”, and thirdly one of employment proxies that is used in measuring the informal economy is based on the size of the company, that is, the companies which employ five employees or fewer are considered informal. Other authors as Sethuraman (1976) argue even that the employment of fewer than 10 employees indicates informal activities. The size criterion as Polder et al. (2012: 24) admit is the easiest to track down informal companies but, on the other hand, “least satisfactory measure, as it can exaggerate the extent of informal work”, especially as it seems to be a doubtful criterion in transition countries like Poland, dominated by micro and small companies, which might be regulated. Its rigorous application would exclude a relatively large segment of firms from the formal sector, since the Polish economy consists of a dominant number of small and medium scale economic operations.²⁸ Even though, the size-company proxy has some merit as other studies demonstrated (Fialova, Schneider 2011) in this research, which was based on sample of relatively small companies, whose owners declared that they are fully registered, regulated and taxed the size criterion is not used.²⁹

²⁸ On peculiarity of Polish small and medium-sized companies in late 1990s see, e.g., Gardawski 2001. Gardawski explores construction and production sector companies with at least 10 workers employed.

²⁹ Two other informal labor proxies are used in this study. They might be categorized in line with Polder et al. (2012) as informal dependent employment (undeclared labor of employees in the firm, which does not contribute to their social security, does not issue an employment contract or does not do both), and informal self-employment (unregulated, untaxed self employment, which is different from the category of regu-

Indeed, the majority of the analyzed respondents run small and medium-sized companies, this selection, though not representative overlaps with the actual predominance of small and medium firms in the structure of Polish enterprises, that is to say, according to a 2010 report provided by the Polish Central Statistical Office, the largest segment of Polish firms identified by a number of employees constituted small firms with 50 employees or less (75.2 percent in 2010; 73.9 percent in 2009), middle-sized firms with employees ranging between 50–249 made up 20.6 percent of all Polish enterprises, large firms with 249 employees and beyond comprised 4.2 percent of all Polish registered companies (GUS 2011a). The Polish Central Statistical Office shows that informality is strongly prevalent in selected sectors of the Polish economy (e.g., construction and renovation, auto repair services in garages, gardening and agricultural activities, retail trade, real estate) and usually relates to small and medium-sized businesses (see GUS 2011, 2011a). The significant number of small and medium businesses located in the informal economic sphere – as shown in the literature – is partly determined by their specific organizational culture (e.g., lack of quality managerial competence of the owners) and structural uncertainty affecting activities undertaken by the ventures of this size – they demonstrate a significant vulnerability to the impact of market downturn, frequent problems with maintaining capital assets (Stawasz 2008a: 66–67). High risk business environment pertaining to the small and medium-sized firms is sometimes reduced by shadow economy activities,

lated and taxed self-employment that is being used in this monograph). Similarly this monograph is not concerned with different phenomena of its broad definitions like “self provisioning” usually described as household economy that embraces work carried out by family members for themselves or social economy which is unmonetized exchange of goods and services undertaken by members of social networks (e.g., Williams 2004). This monograph is exclusively concerned with the informal activities of the registered firms, which hide part of their output in order to minimize their tax liability, as opposed to unregistered firms that are commonly analyzed in Latin, African and Asian countries, which hide all their output from the regulators.

which may in certain situations improve the price competitiveness of these companies (Głodek 2008: 28).³⁰ Although large firms are not immune to unethical conduct, small and medium companies, as for instance Gomolka (1978), pointed out often lack significant capital assets, remain under the pressure of stiff competition, thus less frequently, as compared with the large companies, comply with the rules of business ethics and corporate social responsibility (e.g., wellbeing and the wage policy in the company, the quality of output, compliance with public regulations). The significance of firm size that potentially may push entrepreneurs into shadow economy activities in Polish economy context of late 1990s was also emphasized by Gardawski (2010: 164–165). According to Wu (2002) the typical unethical entrepreneurial activities of small and medium-sized business include “misleading financial reporting”, “misleading advertising”, “tax evasion”, “copying computer software”, “conflicts between individual values and business needs”, “falsifying accounts”, “neglecting environment protection.”

The size of the company increases the probability of being involved in the shadow economy which may be used as the leverage mechanism of improving the market position of the firm struggling with the inconsistencies of regulations as evidenced by the respondent (service/revival):

Generally speaking, the small firms more often use fake invoices or they evade taxes. It is partly determined by the poor laws and small firms get involved in shadow practices as the most relevant way to handle things. They do not have capital, good ideas how to survive on the market thus they go for fake invoice etc. [38]

Another respondent adds (service/civil society):

Small firms can quite easily do their turnover without the fiscal reports. Just they sell products without issuing invoices. In the large

³⁰ On the dynamics of ethically hazardous economic practices and the low efficiency of the institutional regulations in the Polish transition economy see, e.g., Lewicka-Strzańska 2006; Dietl, Gasparski 1997.

firms where there are systems governed by the ISO it is harder to do the shadow economy. [26]

On the other hand, the study's focus on small-sized companies is also informed by the existing scholarship demonstrating the indifferent attitudes towards religion prevalent among the elite of Polish business managing large companies. Jasiocki's (2002) research, carried out in the 1990s suggests that the composition of business elites, their social background, typical careers and political views to a large extent are determined by their former involvement in the ranks of Polish communist nomenclature and their contemporary practice, according to him, should be understood mainly in terms of instrumental rationality.³¹ Additionally, given that homogenizing "corporate ethics" is prevalent in the large companies, we may expect a more precise understanding of the possible influence of the religious

³¹ Besides a significant number of international corporate representatives Polish business elite as Jasiocki (2002) argues is primarily derived from upper social strata of pre-1989 Poland, that is to say, the elite group consists of executives and specialists of state enterprises from the late 1980s, to lesser extent of former Solidarity movement's activists and leaders of the private sector. In the 1990s, according to various studies, from 40 percent to over 60 percent of managers and owners of the largest Polish companies were previously members of the Communist Party (PZPR), the largest percentage of members of the Communist Party (62.6 percent) were reported in the banking sector, where at the same time a relatively large presence of former members of the United People's Party (ZSL, a satellite party of PZPR (18.1 percent) was reported as well (Federowicz 1998). The economic elite of the 1990s was strongly dominated by individuals, who at the end of communist era actively cooperated with the authorities or pragmatically avoided political commitment. Representatives of the opposition movement, who were engaged in the activities of the Solidarity movement, or cooperated with the Catholic Church, constitute a small part of the contemporary business elite, which is estimated at around 15 percent of sample. In regard to the sphere of ideological orientations and political preferences of the new business elite, Jasiocki continues, it was dominated by economic liberalism combined with political support for post-communist parties. These orientations and preferences are also reflected in the profile of the major business organizations. Interesting findings were discovered in Gardawski's study (2013: 105–106) based on a representative sample of Polish business people whose declared religiosity was less significant as compared with generalized declarations of the Polish population.

factor upon the small companies sector which is more diversified in terms of organizational culture.³²

There are three possible areas of informal economy activities which were analytically delineated by Polder et al. (2012): 1.) the workforce level that relates mainly to incentives driving individuals into informal labor that may remarkably compromise social safety of households, given that informal labor does not include social security contracts; 2.) the firms level that covers among others such activities as tax evasion, underreporting, concealing income, employing workforce without formal contracts or social security contributions; 3.) the societal level, which implies a deteriorating impact of the shadow economy on the quality of public services neatly described by Schneider and Enste (2000: 78):

The result can be a vicious circle of a further increase in the budget deficit or tax rates, additional growth of the shadow economy, and gradual weakening of the economic and social basis of collective arrangements... A prospering shadow economy may cause severe difficulties for politicians because official indicators on unemployment, labor force, income, consumption – are unreliable. Policy based on erroneous official indicators is likely to be ineffective, or worse.

This study is almost entirely concerned with the second level of analysis, that is to say, the firms' involvement in the shadow economy,

³² This has been confirmed by Jackell (1988), who noted that the representatives of the companies located in the periphery of the modern world of global corporations are more likely to be governed by the "external ethical codes", which does not apply to mainstream corporate companies, which tend to displace religious value systems and adapt to the hegemonic patterns of global corporate culture. Also Weaver and Agle (2002) and Bird (1996) acknowledged difficulties to carry out research on the presence of religious agency within modern large companies environment, which are often governed by the corporate codified patterns of behavior, or employed policies prohibiting engagement in the behavior that might be considered controversial, and explicit religious attitudes might be identified as such (Bird 1996). This type of organizational culture clearly hinders the possibility of determining the presence of religious factors in economic practice.

but where it is relevant, the conclusions may relate to two remaining levels as much as these levels are intertwined in the empirical socio-economic settings.

2. The shadow economy and corruption

Although this study's major focus is on informal economic activities (e.g., the evasion of payment of income tax, social security contributions or avoidance of meeting certain legal labor market standards), it will where appropriate, indicate to examples of corruption given the informal economy and corruption overlap to some extent (Dreher, Schneider 2006). This intertwining in its broad field of family resemblance includes underreporting, concealing income from tax authorities, offbook accounts designed for gift-giving, bribery, kickbacks, favoritism (Shleifer, Vishny 1993). Empirical studies demonstrate that the informal economy and corruption are correlated: according to Johnson et al. (1999) the larger the corruption, the larger the shadow economy. The pattern of transacting informally (the shadow economy) or illegally (corruption) also tend to reproduce themselves according to the logic of organizational isomorphism in given economic niches, which was observed in a number of studies (e.g., Deephouse 1996) and informal behavior in such an environment is being rationalized since it helps to reduce transaction costs and provide predictability where the enforcement of law is poor (Goldsmith 1999; Anand et al. 2004).³³

³³ As Hung (2008: 76) explains following DiMaggio and Powell (1983) concept applied to the Chinese environment: "Organizations tend to imitate other successful organizations when they are faced with uncertainty and ambiguity and isomorphism is the attempt to limit uncertainty by modeling an activity after a successful example. Initially, corrupt acts are found in only a few enterprises. As more managers in other organizations become aware of the existence of corruption, they will tend to imitate. After some time, because of the phenomenon of isomorphism, more Chinese enterprises are pressed by their staff for some illegitimate economic benefits and corrupt behavior become something that everyone is imitating and practicing."

Respondents representing industries particularly affected by the high volume of informal transactions, reported the constant challenge of bribery as evidenced by the respondent from the medical engines trade industry (parishoner):

After 2000 people from provision departments in the hospitals quite openly demanded gifts. They were spoiled by the bribery practices. It was hard to run a business in a fair way. [37]

A similar problem was raised by a respondent from the retail industry (civil society):

In the chain X a new staff responsible for the provision rejected my products because I did not want to bribe them and my competitors did not hesitate to do so. Since then my firm started to go down. [43]

A mixture of the shadow economy and corruption, especially when hegemonizing certain economic sectors is detrimental not only to the broader markets (e.g., prevents efficient allocation of resources), but it also threatens individual firms (e.g., blocks organizational growth), as evidenced by the respondent (technological services firm/revival) who indicates to the organizational self-constraint while confronted with the corruption-menace:

I work all the time with the same customers, on the one hand, it helps since we trust each other, on the other, this is a sort of balast since I am paralyzed by fear from going out and look for new customers... I do not want to hear this stuff about gifts, envelops with money. Thus my market is small. [23]

The shadow economy, sometimes intertwined with the bribery tends to create a “bad equilibrium” in certain sectors of economy. To grasp the significance of this “deadlock” it is helpful to describe the importance of “initial conditions” of transacting informally, drawing on the Andvig-Bardhan (Andvig 1991; Bardhan 1997 in Packard et al. 2012) model of “frequency dependent equilibrium” used by Packard et al. (2012) in explaining the reproduction of gains of informal/

corrupt operations in new EU member states. The deadlock of informality is determined by the actual volume of informal transactions undertaken in given economic niche which set specific “initial conditions” (Andvig 1991 in Polder et al. 2012: 66) of imitating efficient ways of doing business at given time. If the analyzed niche is – as the proposed model shows – embraced by the prevalent informal activity “it will move fairly relentlessly toward the high-informality, stable equilibrium” and it is less likely to gravitate back to the level of less informality what was noticed by the respondent (service/revival):

Your chances to get out of informal business depends on how deep you have submerged in this. If you are deep in this, it is very hard to change anything. I gave up with informality without being very much into this, just part of my activities were informal, rather not substantial part of it, but I know some colleagues who cannot basically leave it, they entirely depend on this. [16]

Only in a situation – as Andvig-Bardham model explains – when the initial history of a given niche represents an “unstable equilibrium”, that is to say, there is a higher probability of detection of informal activity, the costs of finding other informal transaction partners are getting higher, “the benefits of informal economy declines”, entrepreneurs are confronted with more ambiguous environment in shaping their expectations concerning the transacting partners and the economy may gradually start returning to the formality level, thus the chances of movement out of informality for individual firms grow. Given this deadlock, it might be assumed that sometimes the value rationality action is required to interrupt a “bad equilibrium”, that is untenable for instrumental rationality, the otherworldly perspective perhaps may create the right conditions for this interruption.

IV.

Polish post-1989 economy in the context of selected European post-socialist countries

1. The shadow economy, anomie, moral hazard

Individual entrepreneurs, or rather their companies need to be analyzed in a perspective of a broader institutional framework affected by a specific historical dependency of given Central and Eastern European region. Political economy literature lists three major post-socialist European sub regions – CEE countries (Poland, Czech Republic, Slovakia, Hungary – Visegrad region), post-Soviet countries and Balkan countries – featuring distinct stages of political and institutional consolidation, varying degree of economic freedom, different efficiency and stability of judiciary systems, not to mention critical differences in terms of cultural resources, including religious backgrounds (Lane 2010; Hardy 2007).³⁴ These subregions have been

³⁴ Visegrad countries are characterized in the literature as peripheral or dependent Capitalist economies with poor institutional arrangements, which use their inexpensive labor to reduce costs of production as a major development strategy (Jasiecki 2013). Typically Visegrad countries represent an example of political transformation where capitalism was constructed without domestic capitalists (Eyal et al. 1998), new emerging economic elites either post-communist nomenclature or technocrats have not managed

also affected by different degree of the shadow economy and corruption.³⁵ Ultimately, this is the particular region or even country's specific socio-economic and politico-cultural peculiarity that influences trajectory of shadow economy dynamics. Thus, as Wallace and Latcheva (2006: 83) claim "rather than being a universal phenomenon, the informal economy is socially and economically embedded, that is, it can take different forms and have different importance in different contexts".³⁶

When we compare the average share of the informal economy of the European post-socialist countries (39 percent) with the advanced capitalist states (14 percent) (Schneider 2007) we can appreciate its significance for the former countries' socio-economic systems (see also Kornecki 2008). A cross-country informal economy comparison shows further profound differentiation: in 1995 the shadow economy in Poland was around 15 percent of GDP while in Russia and Ukraine this share was around 50 percent (Johnson et al. 2000: 496). In fact, European post-socialist countries should be divided into separate groups, one category is post-Soviet countries and other Central and Eastern European countries. Empirical data collected by Johnson et al. (2000: 497) demonstrate that the former create profoundly harsher conditions for doing business comparing with the latter. 90 percent

to accumulate significant capital assets to assume a role of major financial actors, instead transnational corporations and investors obtained an upper hand and currently control major branches of economy, particularly financial markets (King, Sznajder 2006).

³⁵ According to many studies post-Soviet countries have been less efficient with the implementation of tax administration reforms and controlling corruption as compared with the CEE countries, thus tax evasion is more widespread in the former Soviet sub-region (see e.g., Alm, Martinez-Vazquez 2003).

³⁶ For example, informal economy activities in some Far Eastern countries are considered to be productive, rather than subsistence oriented as in Latin America or Africa, namely, many successful small companies in Asia are enmeshed in networks of kinship, friendship, which are often entirely or in part informal (Cheng, Gereffi 1993; Choi, Thum 2005). In post-communist transition countries according to Kaufman and Kaliberda (1996) in contrast to Latin America and Asia countries there is no a "sharp dichotomy between official and unofficial activities."

of the Russian and Ukrainian business people declare that it is normal to bribe authorities, in Poland 20 percent managers admit so, the possibility of enforcing the rules by the court is possible according to half of Russian and Ukrainian entrepreneurs and two-thirds Polish entrepreneurs have faith in the court system. And in Ukraine 41 percent of total sales is unreported, while in Russia 29 percent of output is unreported, and in Poland between 5 and 7 percent (Johnson et al. 2000; on envelop wages see also Williams 2008).

It is true however, that Poland following the collapse of the former regime similarly as other post-socialist countries witnessed the turbulent period³⁷ what reinforced incentives leading entrepreneurs into moral hazard conduct including corruption and shadow economy activities (see Kozłowski 2004; Dylus 2002), particularly an unbalanced judicial system introducing a large portion of uncertainty in economic organizations prompted some entrepreneurs to look for informal ways to reduce the risk, what was marked by e.g., tax evasion particularly during the first part of 1990s (Mroz 1999). Although following the early transition period (first part of 1990s) Poland has reformed economic and political institutions that consolidated its economy (King, Sznajder 2006). Nevertheless, Poland's quality of governance and administration, institutional arrangements, legal system, and economic freedom has been consistently poorly-ranked in the major international indexes.³⁸ As Torgler (2011)

³⁷ In the beginning of 1990s, Eastern Europe, particularly post-Soviet states experienced a profound recession that reduced up to 40 percent of GDP of selected countries. These events were accompanied by the rapid decline of quality of life and growing number of people living in misery (The World Bank 2008). On the general aspects of anomic transition in Poland see Sztompka 1999; Miszalska, Piotrowski 2006.

³⁸ According to e.g., the World Bank ranking "Doing Business" in 2011 Poland was ranked 55 behind such countries as Rwanda 52 and Peru 43, in 2011 "Paying Taxes" ranking Poland was listed 127 (average Polish entrepreneur struggles with tax related issues 296 hours per year as compared with Lithuanian entrepreneur 175 hours per year), in Heritage Foundation "Economic Freedom" index that maps constraints imposed by the state on economic activities Poland was ranked 64.

notes, the perspective of joining the European Union contributed to the improvement of governance quality, and as a consequence tax morale (intrinsic motivation to comply with tax rules) among Polish citizens has risen (especially during 1995–1997, 1999–2000) (Torgler 2011),³⁹ but we have to bear in mind – Torgler (2011) continues – that in Poland as in other seven out of ten countries that accessed the EU in 2004 and 2007, tax morale declined during the period of 2000–2008. Poland, Baltic states and Romania ranked lowest levels of tax morale in 2008 (Romania lowest 1.97 (1999) 1.775 (2008); Poland 2.228 (1999), 1.809 (2008), Hungary highest 2.252 (1999) 2.536 (2008) (European Value Survey 2011).

According to Kirzner (1997) and Baumol (1990), the economic areas where there is a lack of a balanced judicial system may push individuals into a morally hazardous situation, what was for instance reported in late 1990s in Gardawski’s study (2001), but also this situation was corroborated by some respondents from the data interview, as the owner of service company (revival): “I was asked frequently to issue fake invoices because obscure tax law forces them [customers] to act that way.” [16]

Institutional and legal constraints introducing a portion of uncertainty into economic organizations may compel some entrepreneurs to look for ways to reduce this uncertainty by imitating the available models of the informal economy. This informal solution is indicated by another respondent (service/trade/civil society): “There is an enormous mess in Polish legal system regulating markets, it is really hard to comply with everything.” [46]

Another respondent gives an example of the inconsistency he came across (service/revival):

³⁹ However this process has not been equal in the region – e.g., Estonia and Slovakia have managed to introduce greater transparency and simplification of their tax administration, while other countries are still relatively far from the ease of compliance, which particularly applies to the Czech Republic and Poland (Torgler 2011).

I was taking part in the governmental programme for the development of economic innovativeness which assumed that I am supposed to expand my workshop within 3 months. After this period I was eligible to receive funding for my workshop. However, Polish construction law sees it differently, it takes 7 months to get all required approvals. This inconsistency is just one of many others I have experienced... The plan to expand my workshop failed. [57]

Another respondent points to the complexity of labor regulations and the burden they pose to small companies (construction/civil society): “People have generally problems to cope with these rules, which are enormously complex. The state tempts people to act dishonestly.” [48]

Also, specific regulations may constitute the stimulus for the shadow economy and sometimes even create a bad equilibrium in certain industries as argued by the respondent from the electronic engines repair industry (revival):

The shadow competitors beat me because people are poor and they want to have a cheap repair service. The legal repair is expensive because it includes 23 percent VAT tax. The state’s decision to introduce such high VAT on repairs of the used engines is immoral. It is clear that it will prompt massive incentives for shadow economy practices. [57]

2. Social and economic functions of the shadow economy

When it comes to the impact of the informal economy on markets and social systems interpretations produced by various currents of the literature remain profoundly inconclusive. Williams and Round (2008: 299–304) noted that against the concept of “formalization” expressed by a number of authors (e.g., Lewis 1959) viewing the shadow economy as a pre-modern relic that inevitably will vanish along the processes of evolution of modern capitalism, there has been a growing evidence that the shadow economy cannot be properly un-

derstood in terms of ethnic niches that formed by the migrants imitate the backwardness of informal transacting commonly appearing in the undeveloped countries. The informal economy – as particularly expressed in a series of publication by Portes (1994; Castels, Portes 1989; Portes, Sassen-Koob 1987) and Sassen (1997) – is rather conditioned structurally by the advanced liberal capitalism and not necessarily by the organizational dynamics imported from the countries governed by the underdeveloped phase of industrialization. As this strand of argument goes the informal sector is induced by the contemporary capitalism through employing sub-contracting strategies based on informal labor and exploitative conditions that are meant to reduce costs of firms. Also the advent of informalization is linked by other authors to another structural factor of the transformation from the Keynesian welfarism to neo-liberal techniques of privatized risk management that Western, particularly in the Anglo-American context have witnessed over a few decades of late 20th century. This strategically profound shift – that has been particularly well analyzed in the narrowed context of risk management by O'Malley (2004, 1996) – assumes a new relation between citizens and authorities. The traditional state's welfare provision has been considerably diminished (O'Malley 1996: 203), and the new strategy of risks transfer on individuals, who are supposed to manage them “as a part of their rational and responsible existence” (1996: 204) has been employed. According to this new “prudentialist” strategy individuals instead of relying on socialized securities are about to themselves manage risks, including risks related to employment, one of these individualized risk management strategies include opportunities provided by the informal sector.

In contrast to the above listed arguments, a neo-liberal type of reinterpretation has gained a particular eminence, associated usually with the work of De Soto (1989) who viewed the informal sector not as the survival strategy but as a deliberate choice of neo-liberal entrepreneurs who in the realm of the shadow economy are able to deploy

their inventiveness and capitalist spirit that was constrained by the ineffective state (e.g., over-regulation and over-taxing).

A critical stance towards “romanticizing” the informal economy has been produced, especially by the World Bank experts, who usually view the unofficial sector, particularly unregistered firms as unproductive. According to this position the firms engaged partly or entirely in the informal economy are often inefficient, they lack large scale investments “which are crucial to the longer-term growth” and instead “short-term turnover dominates” (Kaufmann, Kaliberda 1996: 32). Entrepreneurs operating in the shadow sector are unproductive also because they cannot benefit from the official institutions (e.g., courts or banks) and are unable to own critical assets and advertise their products (La Porta, Shleifer 2008).⁴⁰ The firms involved in the shadow economy cannot achieve their highest value-use and remaining in this sphere does not improve their economic growth and does not enhance efficiency of broader markets. For instance La Porta and Shleifer (2008: 353) emphasize low human capital of the informal entrepreneurs, what makes formal and informal firms – as they claim – in fact “different economic species that should be located in different markets providing goods and services for different customers.” They claim that the informal economy entrepreneurs are poorly trained, lacking entrepreneurial skills and business ethics attitudes what drive them into suboptimal informality. The importance of human capital for economic growth has been repeatedly confirmed in the literature, as in well-known Romer’s (1990) endogenous growth scheme where the existence of human capital is positively correlated with the rate of economic growth.⁴¹

⁴⁰ Wu (2002) found that companies implementing consistent level of compliance with the rules of business ethics improve their organizational performances, including innovation, development, product quality, transparent finance. Verschoor (1998) evidenced also link between positive financial performance and ethical conduct in corporations, while the informal economy, particularly as coupled with a bribery proved to be inefficient.

⁴¹ San et al. (2006) demonstrated the crucial role of the quality of labor, and education of manpower in achieving an economic miracle in Taiwan, one of Asian Tigers (see also Tallman, Wang 1994). Laborers with advanced skills also contribute to the increase

It leads us to difficulties with determining the reasons that lead to the pushing of firms into the shadow economy. The literature agrees that the informal economy and corruption reinforces each other (Shleifer, Vishny 1993). Similarly does the predatory conduct of the authorities targeting formal sector (Johnson et al. 1998). Also, the informal economy is larger in poor countries where the rate of unemployment is higher as compared with the affluent countries (La Porta, Shleifer 2008). Other factors, including seemingly obvious one as an excessive tax burden which might compel business people to hide into the shadow sector, remains unclear. According to a number of authors (e.g., Loayza 1997; Schneider, Enste 2000) statutory high tax rates coupled with distorted state regulations and poor law enforcement forces firms to go underground. This assertion, however, did not go unchallenged. Friedman et al. (2000) using extensive data collected in 69 countries, including 18 post-socialist countries from CEE, demonstrated that firms go underground not to dodge high tax rates but to avoid overregulation, and predatory behavior of authorities seeking bribes from entrepreneurs. In fact, higher tax rates are associated with the smaller underground economy, however, it must be added, that it applies to relatively affluent countries with corruption-free governments, high tax morale among the population, and a strong legal environment. Similarly Johnson et al. (1998) found that this is not high tax rate burden which facilitates the growth of the informal sector but poor legal system and discretionary methods of implementation of fiscal regulations. Other authors (Thiessen 2003; Kaufmann, Kaliberda 1996; Johnson et al. 1997) point to the complexity of the tax system as well as over-regulation of the economy (e.g., labor regulations, trade and production limits, licenses, labor safety rules), which may trigger a considerable scale of the unofficial

of the capital share (San et al. 2006). At the same time, the informal economy, particularly as intertwined with bribery (extortion or acceptance of bribes, pay-offs, etc.) proved to be inefficient, even though as Hung (2008) showed a bribery might be helpful for the market organization to overcome “immediate financial problems.”

sector. However, it should be emphasized following the mentioned group of authors that it is not necessarily regulation *per se* that drives firms underground, but the inconsistency of the implementation of these rules.⁴²

3. The cultural legacy of post-socialist countries

The macro-economic factors and institutional constraints, which contribute to the growth of the shadow economy in post-socialist countries should be supplemented by cultural factors that are geographically and historically contingent. Briefly speaking, national and historical contingencies may profoundly shape attitudes to informality, what is particularly visible when analyzing a discrepancy between the loyalty to the legal system and inclinations toward privatized morality commonly occurring among tax payers in European post-socialist region (Ivan 1994). This discrepancy and general poor legitimacy of governmental bodies occurring in anomic circumstances (Gardawski 2001: 182), as it is argued, may significantly impact the pattern of behavior towards the informal sphere of Polish entrepreneurs rendering strategies of coping with the shadow economy as ethically ambiguous, especially while perceived as carried out in the state of economic necessity.⁴³ One of important elements that deeply penetrated socio-economic systems in the post-socialist

⁴² According to Polder et al. (2012) in new EU member countries from CEE the informal economy workforce consists of young males with little education and low skills and the most prevalent informal industries are agriculture, construction, repair, trade, accommodation, food processing whereas the least affected by informality is the public sector.

⁴³ From the other angle, we may assert that the size of the shadow economy indicates to the problem of cultural determinants slowing down institutional reforms in Eastern Europe, which has been employed by Roland (2004) who while differentiating between slow moving institutions (e.g., culture) and fast moving institutions (e.g., legal structure) explained why even successful reforms do not bring a difference since the cultural and historical legacy of these societies may efficiently hinder economic change.

region, including Poland is a practice of “oversmarming the system” that comprise a myriad of manipulative strategies allowing to exploit the formal system and its rules in order to achieve a personal gain and through this compensate the deficiencies of the formal sphere. Ledeneva (2013: 27) describing the informal sphere in Russia referred to Jakovlev’s argument that “law in Russia has never been associated with moral truth”, both were rather situated in the antagonistic tension: “In a situation where the law is equated with the power of tyrannical state, where the law is not respected but only feared, the idea of fairness is contrasted to existing law.” 45 years of socialist rule, clearly introduced a crack between legality and morality also in Poland, where manipulative behavior towards formal rules were adapted to transition times (Mroz 1999; Dietl, Gasparski 1997). But the separation between the state and society has also specific Polish pedigree as Zubrzycki (2001: 638) reminds us:

Because Poland was deprived of a state (or of a sovereign state) for most of her modern history, “nation” and “state” have historically been understood as distinct if not antagonistic there. The nation is conceived as a community of history and culture, where as the state (and “society”-społeczeństwo) proceed from an associational political relation. “Nationality” and “citizenship” are thus distinct: the first has a clear ethnic and cultural connotation, referring to someone’s tie with a historical and cultural community, a community of descent, “Poland,” whereas the second strictly reflects the legal-political relationship between the individual and the state.

Evading taxes, double accountancy, hidden profits, bribery might be nowadays understood also as a “beating the system” strategy not only because a number of entrepreneurs has been socialized in the legal regime of the communist past and they simply reproduce these activities (see Skąpska 2002). The formerly developed inclinations towards the shadow sector might also be triggered by the poor governance quality in several post-socialist countries. This overlapping attitude of the distrust towards the government and the conviction of acting

informally in the state of necessity was also detected among a number of respondents who either declared the acceptance of such an attitude or admitted to practicing informality at some point in their business career. The construction sector's respondent claims (civil society): "There is no possibility to remain in the business without doing these things, you know, these things, which reduce taxes and stuff." [48]

The lack of trust towards the government may render understanding of the involvement in the shadow sphere as an ambiguous fact, which may not involve moral dilemmas among "insider entrepreneurs" as indicated by another respondent (trade/civil society):

If the firm's existence is threatened by the labor taxes I think it should not pay them. Sometimes you have to commit sin, this is how I and my colleagues found it. Small firm sometimes cannot survive if complies with all regulations. [43]

Some respondents perceived formal regulations explicitly as "oppressive" for carrying out their economic freedom, thus as they declared – on various stages of their business career they have been engaged in the shadow economy sector and did not find it as a regrettable activity as a respondent from the construction industry (revival) who justified his past engagement in informal activities^v:

I have been always loyal to my customers and have always undertaken my professional duties as best I could. However, it did not apply to the state. I did not pay social security contributions and did not think it was misconduct. I perceived the state and its regulations as an alien body which strived to enslave me. [28]

A similar attitude was presented by the respondent who owned a one-man electronic repairs firm (revival):

I have been running a business for a dozen years. A number of times have bankrupted, have acted entirely in the shadow sphere or have been partly engaged in the shadow economy.... I was a Catholic at that time but it did not collide with the shadow economy, the things have changed when I converted since than I am fully legal. [17]

Another respondent's response emphasize the "everyday" pervasiveness of informality, that even involves Catholic clergy (service/revival):

Several times I was taking part in the meetings of [X] organization where Catholic clergy instructed us that if we do not cheat over 10 percent of our turnover we should not have moral dilemmas about it. [16]

4. The shadow economy in the context of weak governmental legitimacy

The shadow economy, particularly once intertwined with bribery, might be understood as an example of instrumental relation reducing risks for running business in the environment where the governmental coordinating institutions do not provide a satisfying institutional protection for entrepreneurs. The literature brings examples of such relations especially in regard to mechanic solidarity based societies where ethical separation between "us" and "them" is a way for coping with the non-kin/strangers⁴⁴ or in the informal networks described as "guanxi" prominent in Far East Asia. The guanxi system based on personal relationship of trading parties has been relatively well-explored in the literature analyzing how in a defecting institutional environment guanxi provides necessary trust resources and facilitates business through the reduction of transaction costs (Tsai et al. 2006).⁴⁵ This mechanism according to Xin and Pearce (1996:

⁴⁴ However as Hendry (2001: 216) demonstrated this logic also appears in the modern environment as in the case of "The Wall Street trader whose work is conducted through the impersonal medium of prices on a computer screen may have no difficulty abiding by different morals at work and at home, remaining quite untroubled by any potential moral consequences of his trading actions."

⁴⁵ Although guanxi as an informal network cannot be analytically equated with the illegal transaction of bribery since as Yang (1994) notes guanxi implies long-term obligation informed by substantial affectivity of both parties involved as opposed to the instrumental rationality of bribery, literature nonetheless demonstrates a number of

1645) acts a substitute to the defecting impersonal bureaucratic organizations with “predictable enforcement of regulations” providing support without resorting to the “particularistic knowledge of others.” Bearing in mind structural differences between the *guanxi* in China, *blat* in Russia, and the informal contracting in post-socialist Poland, these all informal structures indicate to the more general problem of perception of state’s coordinating institutions. If these are perceived as poorly functioning, this perception consequently may diminish the trust in the government and create the conditions of entry into informality. For instance, the data interview reveal this problem on the basis of the perceived irresponsibility of the state in handling the tax revenues, which as in the examples provided by the tax morale literature (Torgler 2011a) may constitute the fundamental lack of the trust towards the state apparatuses. It is visible for instance in this respondent statement (services/revival): “We are overburden by taxes, even during the serfdom the peasants were not so much overwhelmed. The government situates itself in the divine role.” [54] A similar lack of trust towards the state returned in several citations as exemplified by this respondent from the service sector (revival):

The VAT taxes go to the wasteful state, which multiplies clerks and its own benefits. They do not serve the people. If I have moral dilemmas these are that I pay the taxes to such authorities. I understand this as an everyday cross that I have to carry. [57]

Another respondent in the same vein explains why he pays taxes (service/revival): “Paying taxes might be only understood as an act of avoidance of committing a moral scandal. Complying with the tax rules in Poland is morally problematic in itself.” [54] Another respon-

adverse consequences as hindrance of market diversification or rational allocation of resources. Xin and Pearce (1996) note that this system of particularistic relationship blocks the possibility of transacting which is bounded by the formal contract enforced by the efficient law apparatuses. They claim (Xin, Pearce 1996: 1655): “If laws and reliable government cannot provide protection to those wishing to conduct business, business people will seek to create their own protection, drawing on the means available to them.”

dent put it straight (service/parishoner): “This country suits swindlers who want to fish in a turbid water if you are relentless.” [12]

Lack of trust in the government weakens the tax morale as this respondent from the production/construction sector evidences (revival):

The law, including tax law is not neutral, its emergence implies the intervention of different interest groups, lobbies... It is of course legitimate to pay Caesar, but on the other hand, I also remember that when cow falls into the well on the Sabbath you have to rescue it... Thus we need to remember about the flexible attitude towards the law. [49]

V.

The religious organization's integrative potential in constraining shadow economy activities

1. Primary findings

This study found a consistent tendency in the sample in which the ordinary parishoner respondents and respondents associated with Catholic civil society organizations decisively more frequently than Catholic revival respondents justified involvement in shadow economy activities, particularly if these activities could support the survival of the company, or some of them declared systematic/occasional involvement of their firms in informal economy activities, especially if they were operating in economic sectors in which the shadow economy was rampant (a significant part of this group also provided ambiguous answers about their acceptance of the involvement in the shadow economy).⁴⁶ The impact of social norms of tax compliance

⁴⁶ The findings discussed below, although not representative, contrast with the data on the role of civil society oriented religious groups collected in the US and Western Europe, which by an large support a thesis of the positive role of civil society organizations in constraining deviant behavior also in the economic realm. This study shows certain Polish, or perhaps Eastern European peculiarity where – given the general weakness of civil society in this region, its potential in inhibiting deviant behavior in economic realm is also limited.

upon the respondents mediated by the Catholic civil society groups and in case of ordinary parishioners was weaker in a decisive number of analyzed cases. Their approval towards these activities was especially telling when respondents operated in sectors heavily affected by the shadow economy, as evidenced by the Catholic civil society respondent from the construction/renovation industry:

Prayer and doing business are separate phenomena, the company must operate under certain economic conditions. [...] I'd be happy to pursue a fully formal activity, but it is not always possible. [48]

The possibility of conditional compliance might be difficult in an environment in which tax morale is not consistent among participants, as it is visible in this comment from a Catholic civil society respondent (trade):

In our group, there was a fairly widespread assumption that not all taxes can be paid. It did not cause significant moral dilemmas among us. [43]

The same respondent continues:

We had several accountants in our association, we used to discuss with them about the shadow economy. They argued that this [shadow economy] is not right, but many of our members were convinced that this [shadow economy] is the necessary condition of the firm's survival... I was guided by my own consciousness' assessments how I should act towards the tax administration. I did not have major remorse if I did not pay. Lord you know everything. [43]

Respondents quite often pointed to the disadvantageous position of small firms when confronted with the complexity of governmental regulations as noted by the civil society respondent (trade):

It is hard to act right in every possible instance in the firm like mine. Large firms have attorneys and they know how to avoid problems, but small companies are threatened by the complex law. I cannot make sense of frequently changing laws, it is too complex.... Others do not care about all these changes thus I do not care too. [46]

As mentioned earlier the declarations of acceptance for engagement in the shadow economy were usually conditioned by the difficult market situation of small or medium-sized companies, which existence was threatened by combination of variety of factors – tax burden, over-regulation, high costs of labor. Only in such a situation respondents declared that the tax evasion might be performed. Also, what is significant, according to some respondents (mainly parishoners and Catholic civil society participants) such act should not be understood as a religious sin. It was evidenced for instance by the owner of drug store (parishoner):

If a company does not have money [to pay taxes] it is not a sin to not pay taxes. The other situation would be if somebody has money and just want to cheat. However, if somebody faces a very hard financial standing I think that not paying taxes would be justified... For instance a colleague of mine...has done some service for five hundred thousands zloties and he waited six months for cash from the customer. [58]

Another respondent (parishoner) continued in a similar vein (a logistic company):

I do not think that it [not paying taxes] would be a sin...A sin is related to moral values...and here the situation is simple, I have money thus I pay taxes or I do not have money then I do not pay taxes. [62]

It is important to note however, that respondents belonging to the category of non-revival organizations, either ordinary parishoners or members of the civil-society organizations although less frequently than revivalist respondents, nevertheless also declared necessity of compliance with the tax regulations even when the entrepreneur was confronted with the shadow economy niche and they perceived tax evasion and other shadow economy activities as sinful act.⁴⁷ Having

⁴⁷ As evidenced by the respondent from the service sector (civil society): “I have run my business for over 20 years. I have always employed people on full contract, I pay always all taxes. ... This makes our service more expensive than many our competitors.

stated this, the findings collected among parishoner respondents and Catholic civil society respondents contrasted with the greater volume of answers received from the Catholic revival organization-based respondents: a minor fraction of this group justified shadow economy activities or declared involvement of their firms in the shadow economy (3 revivalist Catholics, 1 multi-affiliation identity individual). A decisive number of the respondents associated with this organizational category declared compliance with tax regulations, social security law and other state's laws (however, 4 revivalist Catholics and 4 multi-affiliation individuals provided ambiguous answers about their involvement in the shadow economy) as the respondent from the service industry declared: "I have always paid taxes, we should give to Caesar what he deserves." [37].

The respondent representing a bakery industry relates to her religious experience as decisive in stopping her involvement in the past shadow economy (revival):

When I got converted I decided to clear all books in my bakery. My internal anxiety that has accompanied me over years has vanished.... Even if I am confronted now with the hard economic situation, because my costs have raised I feel a peace inside. [15]

For respondents associated with revival organizational category a non-compliance was usually perceived as a sinful deed. The interview data bring examples of respondents who declared the necessity of tax compliance even if it was potentially harmful for their companies' economic efficiency. According to the respondents, the very possibility of such a decision has been determined by the fact of religious conversion as declared by one of the revivalists (construction/service/revival):

In order to stay in the business we have to focus on the quality of the service."[45] Or similar declaration of the parishoners from the service industry: "I never go after fishy interest. This is my rule. I pay also all taxes, the country could not develop without tax revenues."[13]

Many customers traded with my company when I did not issue the invoices. For a long time, it has not posed any ethical problems for me. I have done it on a regular basis. But since I converted, I cannot do that. Everything must be legal. I have lost a number of customers, and the company is in real trouble sometimes. [16]

Another respondent indicates to the specific “omnipresence of dilemmas” engendered by religious maximalism in business practice (service/revival):⁴⁸

There is a lot of dilemmas you are faced with. The state abuses you, a number of your colleagues do not care and they rip off the state, they do black labor, do not pay taxes. You ask yourself why am I not supposed to follow this line? When I started to pay taxes, give people full contracts I was doing poorly and was frustrated in the beginning....It was like wondering if I should not have left this and go along as other do. [29]

Instead non-revival respondents, particularly parishoners generally have not perceived a significant impact of religious attitude on their business activities. Their professional conduct was understood as a separate sphere run by the logic of economic rationality as exemplified by the respondent from advertising company (parishoner):

I do not think that religious belief should impact professional activities. Sure you need to follow some...rules, which also stem from your faith...I do not know, say that you should not cheat your business partners, but I am not sure whether it comes directly from my faith

⁴⁸ The tax morale usually is interlinked with the broader scope of business ethics attitudes declared by the analyzed revival respondents, for instance avoidance of the opportunistic behavior as revealed in the declaration of the respondent from service/trade industry: “Besides selling without issuing an invoice, you could also upload the illegal software, or convince the customer to buy from us the products he really does not want. We do not do it.” [51] Or quite commonly respondents from both organizational categories were blocked towards bribery as the respondent from the production industry claims: “We do not bribe even if it would deteriorate our financial standing. We may give a gift, take to the museum for the visit, everything needs to be transparent.” [49]

or I was raised that way by my parents, or it would not be fair, I have never analyzed this stuff before. [59]

Another parishoner respondent continues in a similar vein (service):

In running my firm I have to follow the rules of law, know how to communicate with people and make right decisions. This is all what I need to know. Faith does not impact professional activities. It does not guarantee any success and does not lead to failure, there are other important aspects. [63]

An owner of gas station (parishoner): “I think a religious attitude does not impact business activities...It is hard question indeed...I would indicate to values as honesty, justice, reliability.” [60]

However, it needs to be noticed that while analyzing the interplay between religious incentives and the shadow economy we should avoid using interpretations of decisions made by the respondents within the perspective of value rationality alone. It is more proper to contextualize religiously-informed decisions made by the respondents in the specific industrial environment given respondents operate in. Namely, the specificity of a given economic sector, its volume of informal contracting or its level of bribery prevalence (what relates to earlier discussed Andvig-Bardhan model), but also specific tax regulation regime that appears in given sector may significantly co-determine the probability of being involved or being inhibited from the shadow economy⁴⁹ as evidenced by the respondent from the service industry (revival):

⁴⁹ Also, the incentives for opportunistic behavior are not equally distributed among all economic entities, for instance the firms which represent industries operating on the basis of repeated exchanges with the same customers logically are less exposed towards opportunistic behavior comparing with the tradesmen who operate within more irregular customers as evidenced by the one respondent from the mass production: “Our firm is based on the solid products, cheating the customers would be disadvantageous for our company, thus it does not take any religion and even it does not take any specific honesty. You have to be fair in this business in order to keep going.” [49]

I had a lump sum tax card in my firm, thus it would not make much difference if I do fake invoices, I am supposed to pay the same taxes regardless of the turnover, thus tax evasion in my case is pointless. [57]

Another respondent who as many other owners of the small-sized firms was previously struggling with the high tax burden points to the change in tax regulations that has brought relief to his company (service/revival):

The law has changed and the low limit of turnover that was VAT taxed was lifted up from 50 thousands to 150 thousands. For me paying a VAT tax is a question of life and death. Before I bankrupted because VAT killed me off when the limits were lower. [17]

2. Practical ethics and moral community

The significance of the religious organizational context on the propensity of acceptance of the shadow economy gains specific prominence when we consider the fact that the findings show a loose relation between the awareness of the ideological dimension of Catholic social teaching and actual business ethics attitudes of the analyzed respondents (representing all organizational categories). The awareness of the Church's official social teaching concerning social justice and subsidiary principles in the organizational environment among analyzed respondents was rather poor and inconsistent and their willingness to comply with business ethics standards/avoiding shadow economy activities – with few exceptions⁵⁰ – has not been formed by

⁵⁰ Catholic Social Doctrine (Compendium of the Social Doctrine of the Church 2004) although explicitly does not take a position on the shadow economy it might be assumed that this teaching as formulated in recent papal encyclicals (e.g., *Centesimus Annus*, John Paul II 1991) does not support e.g., informal labor, which is marked – among other aspects – by the practice of work without a valid contract. This shadow economy practice represents an example of the exploitation of workers that is unambiguously condemned by Catholic social teaching (e.g., *Centesimus Annus*, John Paul II 1991: 41). Tax fraud itself is also explicitly condemned by a broad Christian teaching dating back

any official business ethics training (see Smoczynski 2012). Interview data revealed that the entrepreneurs' self-reflexive articulations of the Catholic Church's teaching's impact on their business engagement does not simply imitate the Church's stand on economy.⁵¹ The in-

to Gospel itself. Although, in recent years there has been a growing number of institutional and pastoral activities designed for Catholic businessmen which have been organized across Poland, however, the impact of this process is still in *statu nascendi* and its impact is severely limited, also upon the actions of the analyzed respondents. It has to be admitted that these scattered actions may potentially constitute a kind of "religious expertise" understood as intellectual capital (Naphiet, Ghoshal 1998), which would impact certain firms to e.g., block their informal economy activities, improve business ethical standards and introduce effective changes in their organizational structure. Activity of some Christian coaching organizations can be seen as an instance of "institutional modeling" (DiMaggio, Powell 1983), which provides firms with the necessary "biblical expert knowledge" (e.g., the concept of stewardship, sanctification of work, biblical knowledge of finance) and moral support allowing to overcome the uncertainties during the organizational restructuring while e.g., leaving the shadow sector. This specific religious expertise distributed by collective narratives and codes of conduct coupled with the systematic normative pressure exerted by e.g., revival organizations, under certain conditions forms potential for organizational advantage of the company. As noted by Naphiet and Ghoshal (1998) the interaction of intellectual capital and social capital can support co-operation, innovation and the market exchange. The lack of professional ethics, which is replaced by some individual hazy principles informed by strategic leadership of business people might be also a symptom of the Catholic church's minor interest in business ethics. We have to remember that Polish hierarchical church after the 1989 communism demise has not paid any systematic attention to business ethics in its teaching and has rarely addressed this issue in its pastoral care, what was pointed out by the respondent (service/revival): "Priests are confused when it comes to questions of how to conduct oneself in the business realm. I was given a full variety of different pieces of advice ranging from those which support informal economy activities to condemning them. It is rather disappointing." [16] Or another revival respondent (service): "The Polish clergy was mainly socialized during the communist times, thus for many of them informality does not pose any ethical challenge." [18]

⁵¹ Naturally, the hierarchic Polish Catholic Church considers the Polish state and its regulations as legitimate what includes also a requirement for the respect towards a tax regime. The incoherency between official church's stand and tax non-compliance that may be detected among some segments of Polish Catholics usually has been explained by the lingering effect of the post-communist non-loyal attitude towards the state. However, the poor impact of Catholic social teaching on the analyzed respondents may also indicate to a broader phenomenon of inconsistency between individual self-reported Ca-

interviews showed instead that what drives respondents to supplement their professional life with the religious dimension are certain informally articulated forces (e.g., “inner spiritual life”, “practical experiences”, “prayer”, “faith”, “formation of my religious community”), that are not a result of the Church’s methodical “breeding” but rather represent an instance of Weberian practical ethics shaped by pragmatic contexts of various situations entrepreneurs might be confronted with (Weber [1915] 1946: 267–268 in Swedberg 2003: 228). As it was expressed by one of the revival respondents (service): “In our group we have had some talks about the possible application of biblical knowledge to professional life. But it is hard to remember all these citations.” [50]

Another respondent added (geodesia company/ parishoner):

I do not know much about Church social teaching, on the other hand I do not hear much how to run a business from the clergy during religious services...There is actually a silence about this. Probably we would need a sort of retreat – I do not know, perhaps some people would start thinking that while doing a business... we should also act ethically and follow commandments. [61]

The lack of training in business ethics/Catholic social teaching was also prevalent in the case of revivalists. The respondents belonging to this organizational category instead of Church’s social teaching pointed commonly to individual otherworldly perspective as an instance, which blocks their potential engagement in the shadow economy as the respondent from the IT service claims:

The material success is not crucial for me, my success means salvation, sometimes salvation does not lead to material success. [33]

Another revival respondent also indicates the crucial role of this perspective (service): “When I rely on fairness in business it is a basic

tholicism of considerable number of Poles and the normative teaching of Polish Catholic church (see also Mandes 2002).

consequence of the trust I have in God. Without the help of God I would not be able to make it.” [36] Another revivalist (service/trade) locates explicitly the agency of providence in his workplace: “I rely on divine providence in my firm, I believe that business is God’s thing and will be judged after the death how I run this business.” [51]

However, when we place these findings in the broader context of the literature, which has explored the relationship between religion and ethical conduct in business, the analyzed case of Polish religiously oriented entrepreneurs loses its exceptionalism. In fact it appears that practical ethics attitude has a broader cultural range of impact upon religiously oriented business people. Cheung and King (2004) found that those analyzed by them, it was the Chinese Confucian oriented entrepreneurs who were reminiscent of Berger’s notion about “vulgarized Confucians” (Berger 1998 cited in Cheung, King 2004: 249). Namely, they had a very limited knowledge about formal Confucian ethics, instead while running business they relied on their “normative and behavioral orientations instead of the ‘high’ Confucianism” (ibid.). The hiatus between religiously informed business ethics and ethical conduct in empirical setting is even more significant when we consider findings related to those business practitioners who were religiously schooled and do have substantial knowledge on business ethics. Conroy and Emerson (2004) found that formal training does not increase the probability of the ethical attitude in business. Also, Parboteeah et al. (2008: 388) concluded their comprehensive review on the possible impact of religion on avoidance of deviant behavior in business (spanning across different actions as cheating, petty delinquency, tax fraud etc.) that there is “no difference between religious and non-religious individuals on unethical behaviors.”⁵² Parboteeah

⁵² There is a comprehensive body of organizational studies literature providing data on the impact of various denominations on business ethics and corporate social responsibility, which brings contradictive conclusions as in Hegarty and Sims (1979), Kidwell et al. (1987) who did not confirm the positive relationship between religious commitment

et al. (2008) noted an important aspect of religious orientation, which is also relevant for this study. Apart from the cognitive or ideological layer of religion, which is reflected by individual religious beliefs (e.g., belief in God, life after death etc.) they have distinguished an affective component (e.g., emotional attachments of individuals to religion and religious practices) and behavioral (e.g., taking regular part in religious ceremonies) component of religiosity in order to find out if the last two components show any difference as compared with the cognitive one. The results of the regression analysis found that a respondent's religiosity based on the behavioral

of entrepreneurs and ethical behavior in their workplaces, whereas e.g., McNichols, Zimmerer (1985) and Kennedy, Lawton (1998) offered quite opposite findings. The scholarship that differentiated respondents according to their particular affiliation also does not bring clear conclusions. Lam, Shi (2008) indicated that Christians had a lower degree of acceptability of unethical behaviors compared to practitioners of the traditional Chinese religion. Longenecker et al. (1989) noted, for example, that among the evangelical (e.g., Pentecostals) there was a clear correlation between the professed religion and an ethical behavior in business. The same study has not established such a correlation among other respondents (e.g., the followers of Catholicism, Protestantism and Judaism). Similar statistical regularities between the declared ethical behavior in business and the evangelical affiliation have been found by Nash (1994), and Kennedy, Lawton (1998). Arslan (2001) conducted research among 277 Protestant, Catholic and Muslim managers. The aim of this study was to determine whether different faiths differently shape business ethics. The results have suggested the highest degree of commitment to business ethics among Muslim respondents, followed by Protestants and Catholics (almost to the same extent the declaration of compliance with business ethics). The study did not suggest however its universal applicability of identified ethical disposals, the author claimed that the results revealed a significant degree of cultural specificity of the countries in which they were carried out – the UK, Ireland and Turkey. Brammer et al. (2007) carried out their study on a relatively large sample: 17,000 respondents from 20 countries. In conclusion they claim that religious entrepreneurs tend to have more respect for business ethics than those indifferent to religion, however, they cautioned that this attitude does not apply to all categories of corporate social responsibility and did not include respondents derived from all religious traditions. Also, Weaver, Agle (2002) called for considering the particular function of religious doctrine in shaping economic activity. They pointed to important differences that may appear depending on the particular principles of faith, thus, a different religion confronted with the same problems can lead to various decisions.

and affective dimension was negatively correlated with the “willingness to justify unethical behaviors”, while the affective dimension was singled out as the best indicator of ethical behavior in business. Their argument, on the one hand, shows a loose relation between the ideological dimension of religious teaching and ethical performance in the business sphere as it was assumed earlier in the Weberian perspective of practical ethics. On the other hand, it demonstrates the importance of the social context in impacting the ethical business conduct. It indirectly reinforces, although not admitted by the authors, a moral community thesis: “[A]s religions are important in the shaping of societal values and norms, individuals identifying with such religions are more likely to live by these values and adhere to these norms” (Parboteeah et al. 2008: 394).

This conclusion resonates with the interview data, namely it’s not an abstract cognition of the church’s teaching or even the individual spirituality/religiosity, but the religious organization itself which represents a structural source of systematic pressure that indirectly sets ethical standards in the respondents’ businesses. The practical religious ethics being shaped by structural embeddedness into the community’s everyday life is visible for example in the following revival respondents’ statement (service):

There is no need for any additional courses of Catholic social teaching, the spiritual influence of community enhances the force of consciousness of our members thus they are able to find a right way in the situation of business dilemmas. [64]

Or another respondent emphasizes the impact of the belonging to a community on his ethical conduct in business (service/revival):

I have never been exposed explicitly to Catholic social teaching but I know how to act ethically in business. Our formation reaches business as it reaches every aspect of life. The knowledge of Gospel gives a rich life experience, I have been to the community over 40 years, thus I can distinguish between good and evil. [65]

Through gradual socialization, revival religionists establish a structure of repeated practices around which their everyday life gravitates, which is substantially different from typical activities undertaken especially by mainstream urban based Catholic Church goers. Participation in their communities involves meticulous fulfilment of a daily norm of piety, and religionists follow certain tangible recommendations/restrictions that affect bodily behavior (e.g., mortification, code of dress, avoiding consumption of certain substances), which mark their separation from the non-community members and create a sense of community (Siekierski 2012). The amount of social capital and the degree of moral closure accumulated in the revival organization, makes it capable of exercising normative sanctions and governing the course of its members' lives to a point that exceeds the ability of a civil society group and typical Catholic parish members (mainly urban-based, since rural parish members might differ in this respect). It is instructive to cite a respondent in this regard (production/revival):

The religious formation of my community is all-embracing, it reaches all aspects of my life and business...God is present in every possible aspect of my life. I have to respond to God's calling everyday and everywhere. It is possible because [name of the community] has taught me this. [19]

This partly explains why the revivalist moral community contributes to a religiously totalizing perspective of reality in which it is difficult to sustain the separation between the private religious sphere and the secular sphere, including business activities. This perspective may also elucidate why involvement in the shadow economy can be reduced, which, as it was mentioned earlier, has not been unambiguously perceived as an immoral act by some non-revivalist respondents. It was evidenced in the statement of one revival respondent (construction/service):

It seems that everybody in Poland is Catholic, but these people do not have dilemmas about not paying taxes. I also hear from some priests that if you do not hurt anybody, you should not be bothered with taxes. [...] This fishy attitude stops when you have a personal relationship with the living God. [16]

The revivalists' motivation to join communities, as they commonly express, is to find a "company to support on the road to salvation" as the revival/civil society respondent from trade industry claims:

Alone in the church you cannot make it. You need a systematic formation, you need a group of other people. It would be hard to sustain a Christian attitude in business, they help you a lot. [10]

Another revival respondent points to the similar role of the community:

The individual alone has not enough power to stick into demanding Christian teaching whatever aspect of life it relates to. The inner spiritual life needs a systematic practice, which is much more likely to happen when you have other people who help you with this. Everyday you attend mass, once a month confession, everyday adoration of holly sacrament, evangelization in the world than you start to live up to the Gospel not up to the world... If the community has an impact upon my spiritual life it has an impact upon my professional activities. [49]

Concluding this part, we may argue – paraphrasing Durkheim (1951: 331) – that where "the social bond is sufficiently present in the lives of individuals", there is a weaker inclination into undertaking shadow economy activities, which are perceived as a misdeed that might threaten transcendental principles shared with the other members of a community.

While attempting to understand the constraining impact of religiosity on shadow economy activities among Catholic-oriented entrepreneurs, this study following the moral community perspective argues that the likelihood of avoiding the shadow economy grows

with the integrative potential of the religious organization given entrepreneur is associated with. It will be discussed in more detail in the further chapters while comparing the integrative bond of the revivalists with non-revival respondents. Specifically, this study argues that the higher probability of business ethical attitude is determined by the role of social capital (Bourdieu 1985; Coleman 1988), which enhances mutual trust and acquaintance among religionists and significantly facilitates the exercise of norms among them. From this perspective, Catholic revival groups' constraining potential exceeds the ability of the less integrated non-revival respondents. Keeping this line of inquiry, it is argued that the conditions of the possibility of constraining the shadow economy and the role of religious organizations in this endeavour is ultimately a question of the group integration. Consequently, it is assumed that the proposed perspective allows to comprehensively inquiry into the relationship between the integrative and normative potential of religious organization in constraining deviant behavior in business realm and ponder about the very possibility of the constitution of the efficient social capital that may produce universalist obligations and hinder particularistic self-interest. It is important though to situate this argument within the existing Durkheimian debate about the role of religious organizations in constraining deviant behavior and anomic occurrences.

VI.

The role of religious organizations in constraining anomie/deviant behavior

For Durkheim, the concentration of population niches rendered by the growing communication capabilities implied competition for resources, and consequently, the social field was assuming differentiated functions (Durkheim [1893]1964). The advent of the gradual division of labor based on “organic and contractual” social integration was, however, for Durkheim inherently ambiguous. On the one hand, it led to a new type of social bond that under the condition of the existence of state coordinating institutions proved to be efficient as compared with the mechanical bond of the homogenous small group. Division of labor also meant the growing innovativeness of society that is not governed by the simple principle of the repetition of a social structure. On the other hand, functional differentiation threatened the principle of social integration, which previously in a mechanic type of solidarity was based on a shared morality and religious beliefs. Precisely, differentiation reduced the effectiveness of collective consciences, which for Durkheim consisted of representations, and which in mechanical solidarity societies through the mixture of collective effervescence and social control were transformed into an efficient set of values integrating the community.⁵³ In fact, Durkheim

⁵³ Durkheim [1893]1964: 408–409) stated it: “It has been said with justice that morality-and by that must be understood, not only moral doctrines, but customs-is

quite dramatically analyzed the possible consequences of the pluralization of normative systems, since these processes while corroding the moral discipline of the community, could cause a social failure, or in other words – a state of anomie as adversely exemplified by the rise of deviant behavior (e.g., suicide, crime, divorce). The disintegration of the normative cohesion for Durkheim was particularly visible within the perspective of the destabilized nature of homo-duplex, that is to say, when dualistic human nature comprising both particularistic passions and universalistic categories governed by social constraints was shifted into its selfish pole. This, according to Durkheim, led to the suffering of the disattached individual⁵⁴ affected by a sense of infiniteness.⁵⁵ The disintegrating likeness of mechanical bond societies that have unleashed selfish particularistic desires among other consequences brought the development of unconstrained markets where the only rule, to cite Durkheim, is “is that of self-interest” (Durkheim[1900] 1957). The realm of business that exceeded other

going through a real crisis. What precedes can help us to understand the nature and causes of this sick condition. Profound changes have been produced in the structure of our societies in a very short time; they have been freed from the segmental type with a rapidity and in proportions such as have never before been seen in history. Accordingly, the morality which corresponds to this social type has regressed, but without another developing quickly enough to fill the ground that the first left vacant in our consciences. Our faith has been troubled; tradition has lost its sway: individual judgment has been freed from collective judgment. But, on the other hand, the functions which have been disrupted in the course of the upheaval have not had the time to adjust themselves to one another; the new life which has emerged so suddenly has not been able to be completely organized, and above all, it has not been organized in a way to satisfy the need for justice which has grown more ardent in our hearts.”

⁵⁴ “Man is a moral being only because he lives in society, since morality consists in being solidary with a group and varying with this solidarity.” (Durkheim [1893]1964: 42).

⁵⁵ “The notion of the infinite, then, appears only at those times when moral discipline has lost its ascendancy over man’s will. It is the sign of attrition that emerges during periods when the moral system, prevailing for several centuries, is shaken, failing to respond to new conditions of human life, and without any new system yet contrived to replace that which has disappeared.” (Durkheim [1925]1961:43)

social subsystems appeared to be a quintessential expression of selfishness that was not governed even by professional codes, thus business in modern society was ultimately destructive for other social subsystems, which were at risk of becoming marketized. Naturally, the criticism of Durkheim, that self-interest in the business sphere is not constrained by social morality should rather be understood as an ideal type, which to some extent also applies to the conceptualization of the functional differentiation of the modern solidarity-bond societies. The latter model's empirical accuracy is not flawless given, as Turner (1990: 1090) showed, its "lack of an extensive conceptualization of the dynamics of power, inequality, and conflict." Careful empirical scrutiny shows that economic action, even in extreme anomic or liberal circumstances, is always to a smaller or greater extent shaped by social networks, collective interests that are capable of enforcing norms. It has been shown that even in the relatively highly liberal exchange stock market in New York (Abolafia 2001) profit maximization is clearly constrained by external and internal social norms. Also, as tax-morale literature shows, even in the least compliant countries there are people who comply (Torgler 2011a).

1. Research up to date

Although there is a substantial body of literature mapping the role of religious convictions in constraining different types of deviant behavior, Durkheim and Durkheimian current of studies systematically have not paid much attention to the role of religious organizations in constraining deviance in the business realm, for instance, there have been just a few publications that recently started mapping the problem of the possible role of religious organizations inhibiting the tax fraud acceptance usually conducted on large aggregated samples of individual taxpayers. Following the proposed moral community perspective of the integrative power of religious organizations in constraining deviant behavior, it is appropriate to

examine also shadow economy activities as a specific or perhaps “ambiguous” deviant symptom occurring in the post-communist country with the poor condition of the state’s institutional and legal framework, insufficient moral governance of civil society, and lacking universal business codes. The term “ambiguous deviancy” – what needs to be reiterated – does not allow for a definition of shadow economy activities the way burglary, abusing drugs or suicide are typically presented in the moral community literature as unambiguous deviance.

Bearing in mind inherent normative ambiguity concerning shadow economy activities in post-communist Poland, which has been discussed in previous chapters, the question arises if Catholic organizations analyzed in this study may exert an intermediate control power between the state and the market in hindering this ambiguous form of deviant behavior.

Firstly, we need to consider the ongoing and classic discussion on religiosity in constraining deviant behavior, which inspired the voluminous scholarship. Probably one of the most explored currents in this sociological literature relates to the role of religious attitudes and role of religious organizations in inhibiting suicidal expectancy. The scholarship on the function of religious constraint on suicidal expectancy is relevant in the context of the interplay between religious attitudes of entrepreneurs and the shadow economy, particularly when we consider its recent developments showing the importance of the subdominational difference of religious organizations in blocking deviant behavior as well as while exploring the relationship between integrative and normative potential of religious organizations in hindering anomie^{vi}. The function of religion impacting suicidal expectancy, understood as regulative model in studying the possibility of constraining different types of deviant behavior have been acknowledged numerous times in the sociology of deviance, disorganizational studies and social control studies (e.g., Stack, Kposowa 2011; Regnerus 2003; Bursik 1998).

Emile Durkheim in his classical study “Le Suicide” ([1897] 1951) used the suicide rate variable, defined as an indicator of the disintegration of social ties (egoism) and deregulation of the normative structure (anomie)⁵⁶. While analyzing the crucial role of the “social bond” in protecting community against anomie, he offered an assessment of three major European denominations of his era in their integrative potential guarding against suicide, with Catholicism as an example of the most integrated group in comparison with Judaism and Protestantism. Although Durkheim assumed that different denominations represent unequal power in protecting their members against the risk of suicide, he did not seem to be substantially interested in the normative aspects of Catholicism, Protestantism, or Judaism. His major concern was with the integrative power of religious organizations, that is to say, he analyzed how religious organizations effectively ordered daily life of individuals embedded within a given religious community. Catholicism according to him did better job in terms of its integrative potential than Protestantism and Judaism and consequently he asserted that Catholics had lower suicidal expectancy (Durkheim [1897] 1951: 45)⁵⁷:

⁵⁶ In fact, Durkheim in his analytical typology defined four types of suicidal acts: anomic, egoistic, altruistic and fatalist, of which altruistic and fatalist are characteristic for pre-modern societies and anomic and egoistic occur in modern societies mainly during socio-economic crisis, which decomposes the normative and regulative framework of the society or when the integrative bond of social groups (kin, family, religion) significantly weakens – than the rate of egoistic suicides increases. Subsequent sociological scholarship rendered the analytical distinction between anomie (weakened social control) and egoism (weakened social integration) problematic, namely, there is a number of authors who claim that these categories are closely related, particularly in an empirical setting and their separation is not justified (e.g., Pope 1976; Johnson 1965). In the monograph this separation is deemed to be of little importance too.

⁵⁷ Originally, Judaism was presented as the most integrated group, though Durkheim changed this argument in his follow up work, demonstrating a higher number of suicides among Jews comparing with Catholics. The results on the impact of Judaism is consistently unsettled, there are studies that demonstrate that the Jewish population has one of the lowest rates of suicide in the US as compared with Christians (Maris 1981).

The Church protects against suicide only if it is strong enough to control the group. Because the Catholic religion imposes on its followers truths and practices, penetrating into all the details of their earthly life, attaches them to each other more than Protestantism.

This narrow integrative potential that stands in the centre of Durkheimian interest was neatly grasped by Breault (1986: 640):

Durkheim's concept of social integration refers to the magnitude and intensity of people's ties or connections to one another (shared values being an important element in this)...[T]he more that people associate in religious societies or denominations, the higher the social integration is. Group association or membership is accordingly the key to Durkheim's theory of social integration. Catholics, for Durkheim, are more integrated because Catholicism as a traditional religion permits greater connectedness among believers.

Since seminal intervention of Durkheim, numerous sociological studies have been conducted to test if religion has an independent effect in lowering the suicide rate and the results of these explorations have been far from conclusive^{vii}. There is a wealth of literature, particularly carried out on aggregate samples, which argues that religion alone does not act as an independent variable in reducing suicidal expectancy. Simpson and Conklin (1989), in their review of the literature on religion and suicide concluded that this is the modernization which is the key variable in understanding who commits suicide. A number of researchers debunked the crucial Durkheimian notion of the superior efficiency of Catholicism in protecting against suicide (e.g., Pope, Danigelis 1981). On the other hand, contradictory findings were reported. Breault (1986), drawing on extensive data covering the span of 47 years in the US found support for Durkheim's social integration thesis that Catholic church membership significantly reduces the risk of suicide, and these findings seem to be even more important when – as Breault notes – we take into account that Catholics committed fewer suicide than non-Catholics during the long period of time when society was going through rapid social

change. Also, in Pescosolido and Georgianna's (1989), the moral community perspective on the low suicide rates were reported for Catholics and Evangelical Protestants while Judaism and mainstream Protestantism did not exert consistent hindrance on the suicide risk.

The ambiguous results of the above mentioned studies have raised criticism about their methodological appropriateness. Critics have noted that important variables in quantitative studies were ignored (quality, reliability and comparability of data have been questioned) (Breault 1986). A number of studies were not representative, and very rarely were samples collected in the cross-national context: mainly American and other advanced capitalist societies were studied. Pescosolido (1990) in turn noticed a bias that underpinned some studies undertaken within the implicit secularization perspective which produced simplistic analytical strategies framed according to the logic of negligible impact of religion upon contemporary society. The secularization thesis as we know is profoundly spurious and in its orthodox form has largely been neglected in contemporary literature (Casanova 1994). Nowadays, sociological approaches, as Pescosolido (1990: 339) notes, demonstrate a rather differentiated logic of religious agency operating in modern societies, which are marked by secularization, but also by religious revivalism and continuity. Bearing in mind that the monolithic indicator of church membership, embracing large aggregate samples is far from ideal in testing the integrative potential of religion constraining suicidal expectancy (Bertault 1986) and particularly while criticising the overwhelming secularist bias it seems that more promising approach to the interplay between religion and deviant behavior, has to bring into light a multi-dimensional aspects of religious practices.

Firstly, keeping close to the recent developments in the existing research we have to acknowledge that religious integration variable should be conceptualized beyond the basic undifferentiated category of religious affiliation, which usually in surveys implies self-nomination as "religious individual." The more refined approach should

rather rate the degree of religiosity in a given denomination and the extent of commitment to church-related activities. The simple declaration of religious identification – as Hong (1981) showed – does not provide any meaningful findings informing about the impact of religious organization on anomie, while the frequency of religious attendance, that marks importance of networking among co-religionists brings significant details informing how a specific type of religious commitment may reduce the risk of suicide. This more specific approach – as Stack and Kposowa (2011: 289) in a cross-national exploration, drawing on data from World Values/European Values Surveys 2000 (50,547 respondents from 56 nations) gives interesting results:

Persons residing in nations with relatively high levels of religiosity, who are affiliated with one of four major faiths, are religiously committed, and are engaged with a religious network are found to be lower in suicide acceptability.

This study found that individuals who attend religious services several times a week represent the lowest suicidal expectancy, while those who never attend scored highest on the suicidal expectancy ranking. The importance of frequency of attendance of religious services and the position of religious networks, that is the frequency of spending time with co-religionists as measures of religious commitment in affecting negatively the pro-suicide attitude, was also supported by other authors (e.g., Pescosolido 1990; Pescosolido, Georgiana 1989; Stack, Wasserman 1992). Hong (1981) argued for instance that the self-identification of religious belonging does not reduce anomie, but the ritual and performative aspects of religiosity, that is, frequent attendance of religious services and involvement in the religious networks significantly lower the suicidal tendency. These insights may perhaps resonate with homogenously religious societies (e.g., Polish Catholics) where even controlling for other variables like social status, education and church frequency might be misleading

because the declaration of religious affiliation may include a variety of identity meanings for the respondents: nationalist political declaration, civic identification, nominal membership, etc. Secondly, it is not enough to divide samples into different denominations, it is also necessary to grasp the sub-denominational differences (Hong 1981) which allows to properly conceptualize the integrative aspect of the religious organization in its potential of reducing suicidal risk.

The necessity of embracing a subdenominational perspective in studying the impact of religion on suicide attracted some attention in the literature as in Pescosolido and Georgianna (1989) and Pescosolido (1990). These contributions argued that assuming an unified subdenominational integrative potential of contemporary Protestantism is clearly empirically untenable, in fact contemporary Protestantism has considerably changed from the times when Durkheim asserted that Protestantism provides a weaker integrative basis as compared with Catholicism, at least since the emergence of new Protestant revival movements. These new groups, as compared with liberal currents of Protestantism, demonstrate a relatively strong normative and integrative potential, also in regard to its potential of reducing risk of suicide. Pescosolido, Georgianna (1989: 34, 45) rightly indicate that contemporary Catholicism itself has also been considerably differentiated from the time when Durkheim took it as an ideal type of religious group in suicide prevention. It is necessary to properly situate Catholicism which was of concern for Durkheim in the historical contexts of the late 19th century when the Church presented much more homogenous shape in terms of doctrine and discipline. Its coherency – which was appreciated by Durkheim – should be understood in the light of “the modernist crisis” against which the Church was waging a battle. This militant attitude that attracted Durkheim’s attention contributed to the increased normative discipline and enhanced integrative potential among Catholics that was greater as compared with the internally differentiated shape of post-Vatican Secundum Catholicism. Any

contemporary analysis involving aggregated undifferentiated samples of Catholics should be thus treated with caution.

2. The relationship between normative and integrative components

Another question that is also relevant for deviant behavior, including shadow economy activities relates to the normative teaching of religious organizations and whether it reduces a deviant behavior potential the way integrative aspect does. Let's consider the case of contemporary conservative Protestant communities and, to some extent, conservative Catholics in relation to suicide as the best explored deviant case example. It has been shown on several occasions that they continue to be protective against suicide, which apparently might be related to their conservative teaching which as – it was sometimes suggested – is more efficient in hindering deviancy/anomie than the liberal attitude of mainstream Protestant communities (Pescosolido 1990; Regnerus 2003). Pescosolido and Georgianna (1989), answering this question argue that this is mainly the strength of religious network ties that should be perceived as a crucial agency influencing individuals' attitudes and eventually the integrative aspect of religious organization reduces deviance. Conservative Christians are more active in religious life than mainstream Protestants who do not attend church services frequently and do not network with their co-religionists the way it is practiced among conservative Protestants and Catholics and “this participation in networks varies in ways consistent with the protective or aggravating effect of religions on suicide” (Pescosolido, Georgianna 1989: 43).⁵⁸ Therefore, the impact of doctrinal teaching

⁵⁸ Being an active member of a religious network immunizes its participants through critically linking them affectively with other members of the organization, what in the literature is usually understood within the psychological perspective on beneficial impact on well-being as in Ellison et al. (2001) who suggested that network bond provides its members with coherent plausibility structures, or in Sternhal et al. (2010) religious in-

alone is not of utmost importance because – as they argue – conservative denominations do not condemn suicide more than liberal denominations:

What separates religious groups is the degree to which practices conform to original dogmatic prohibitions. This depends fundamentally on the nature of the religious community and on ties that bind individuals to it. Moral rules must be backed by a cohesive community to endure; without it, beliefs, loyalties, and identities erode – explain Pescosolido and Georgianna (1989: 40).

The application of this notion seems to be adequate also to the situation of the informal economy, since the relatively weak concern with the Catholic social teaching relates to all segments of the analyzed Catholic respondents, only a small minority of entrepreneurs who were exposed to specialized Bible training on finances were aware of some aspects of this teaching, and even in this case “Bible knowledge” does not necessarily act as an efficient measure in reducing their acceptance of shadow economy activities. However, it is in order to note, exceeding the suicide-religion current of studies, that not all studies assume that deviance/anomie protection is uniquely related to an integrative component of a religious group. There are contributions exceeding the Durkheimian perspective of “social ties alone” arguing that normative teaching of religious communities matters indeed. For instance, in a specific perspective it might be detected from Barro and McCleary (2003) study using extensive cross-national data demonstrating that ethical behavior in economics is not related in fact to church attendance but it increases with the belief in the afterlife. In

volvement links individuals sharing normative systems what “may provide emotional, instrumental” support. Hong (1981: 241) suggested that the specific function of religion, particularly applying to frequent church goers might be related to religious rituals which enhance the awareness of transcendental forces: “religious rituals may provide individuals with a sense of connection with some transcendent entities; this connection may, in turn, provide the individuals with a more meaningful existence and a higher purpose in life. Hence, anomie is reduced.”

a similar manner, a privileged position of the normative teaching of afterlife upon the religionists was found in the study of Tao and Yeah (2007). According to them, these denominations which promise afterlife rewards are inclined to encourage “more contributions and volunteer frequency than other religions.” The equal aspect of the integrative function and normative teaching of a religious organization in reducing the risk of alcohol dependency of its members noted Ford and Kadushin (2002).⁵⁹

In another field concerning life satisfaction and the well-being of religious individuals, Lim and Putnam’s (2010) recent findings on the “communities of faith”, which on the one hand, confirm the classic Durkheimian argument that the religious organization shapes the well-being of individuals due to its social networking (it does not do equally good job in the case of those who keep a “private religious orientation”), but what is equally important, it reveals a unique function of the normative aspect of religious organization in improving the well-being of religionists. As Lim and Putnam argue, it is impossible to explain a religious organization’s efficiency in improving the quality of a co-religionists’ life that would be limited only to protecting the effect of the strength of social ties. They demonstrate that religious organizations offer different quality of social resources comparing with the secular social networks, and due to religious normative teaching

⁵⁹ According to Ford and Kadushin (2002: 272), the interaction between religious participants provides them with social support, networking, informal emotional backing, which might be considered as an agency “in relative independence from the doctrinal content of its professed beliefs”, and as such group membership may satisfy social needs that may decrease the risk of alcohol dependency particularly among those members of religious organization who attend frequently religious services once a month or more. They (2002: 272) conclude, that: “[B]oth denomination and service attendance are directly and inversely related to the likelihood of risk for alcohol dependency....the findings indicate that all though the norms of the religious reference group may be more important in predicting risk for alcohol dependency, the degree of social integration, as measured by frequency of service attendance, also contributes substantially to the likelihood of risk.”

provide a greater sense of comfort to co-religionists who use a similar interpretative framework of reality:

People who frequently attend religious services are more satisfied with their lives not because they have more friends overall [...], but because they have more friends in their congregations (2010: 920).

Lim and Putnam (2010: 920) thus suggest that:

<[S]itting alone in the pew> does not enhance one's life satisfaction. Only when one forms social networks in a religious congregation it leads to a higher level of life satisfaction.

According to Lim and Putnam, this intertwining improves life satisfaction because such an intimate context links individuals to their communities and “warms up” their identities, in other words, normative teaching acts as a vital symbol which is affectively invested by community closeness which cannot be limited merely to the discursive performance. Noticing a function of “affective investment” may improve a discussion on the interplay between the normative component and the integrative performance often troubled by essentialist interpretations. This will be explained later in this monograph.

It is important to avoid “communitarian idealism” here, because a religious organizational's integrative potential cannot be universally applied as merely beneficial. It is quite possible, as pointed out by Lim and Putnam (2010: 925), that only a limited number of individuals is capable of finding life satisfaction in religious groups and those who ultimately remain in the organization are clearly not representative of the population:

individuals may self-select into religion based on the expected effect of religious involvement; the benefit of religion may thus be limited to those who decide to become religious. Furthermore, people may choose to leave religion because they fail to find happiness in it. In this case, leaving religion may even enhance their well-being.

But also for those who remain in the religious organizations, the well-being might raise a number of doubts. There is a body of literature bringing a number of examples of possible adverse effects of religious involvement – a co-religionist might be critical when certain individuals are not complying with the organizational rules, which may contribute to growing symptoms of anxiety (Lincoln et al. 2003; Krause et al. 2000) or initiate stigmatization (Strawbridge et al. 1998). The integrative factor of religious communities, their effervescence may also have harmful social and political consequences as does political violence. This resonates with the broader findings of the literature on modern groups using dense social capital, which brings generally mixed conclusions ranging from “communitarian” types indicating to their beneficial impact on social cohesion through constraining deviancy to critical demonstrating their particularism and intolerance towards otherness that block functional differentiation of modern societies based on organic solidarity (Portes, Vickstrom 2011). This inherent ambiguity, also in a narrow perspective on the impact on attitude towards the shadow economy and economic efficiency of the analyzed companies will be demonstrated later on in this study.

VII.

The role of religiously informed social capital in economic performances

This study while focusing on the potential of the religious organizations (mainly revival) in constraining deviant behavior in the sphere of Polish business seeks to broaden the moral community argument. While supporting the proposed thesis, this monograph emphasizes not merely the impact of the group's social bond on the individual's conduct. Beyond the religious group's integrative aspect this study demonstrates the function of the intertwining of integration and affectivity which produces a protective added value that blocks deviant behavior. While doing this it is attempted to assess the factors commonly underestimated in the revival movement literature, which for a few authors as Robbins (2004: 126) constitutes the major appeal of these organizations: ritual life, emotional manner of worship and proselitism. In other words, revivalism, both Catholic and Protestant, as Robbins (*ibid.*) continues, "proves attractive to people around the world because it embraces enchanted and ecstatic cultural forms."

The remaining part of this chapter, firstly will broaden the discussion on the revival community through demonstrating how revivalism contributes to the process of tightening the social structure, which bears resemblance to the mechanic type of solidarity that enhances the integrative connection through introducing the state of likeness of its members. Under this process it is argued the accu-

mulation of social capital is taking place, linking religionists within a chain of equivalences (Laclau, Mouffe 1985: 129–30) that significantly reduces differences of belief among them and enhances social control.⁶⁰ The state of likeness mainly relates to their beliefs or shared “collective consciousness” constituting a relatively efficient pattern of collective action which in terms of community life operates with a limited degree of variation (Harms 1981). In contrast, non-revival forms of Catholic organizations analyzed in this study are decisively more differentiated what in turn weakens their members’ “collective consciousness” and their social integrative power is less eminent. Clearly, revival religionists besides being members of the religious organization hold at the same time other social and professional positions, and belonging to the revival organization does not suspend their modern hybrid multi-positioned subjectivities. The likeness that is achieved in revival organizations does not preclude the existence of fragmentation of certain beliefs or lifestyles, however – what is crucial – the allowed differentiation cannot cross certain thresholds, which while trespassed, would jeopardize maintaining the

⁶⁰ To grasp this insight, it is helpful to follow Laclau and Mouffe (1985: 129–30), who remind us that the social structure can be divided into two types of ordering logic: the logic of difference, which constitutes differences in the social field, and the logic of equivalence, which combines the particular differences into relational structures. This model conceptualizes the conditions of possibility of social change through demonstrating a linguistic agency of articulatory strategies (see Laclau, Mouffe 1985: 153), which transforms the systems of social meanings into chain of differences comprising a plurality of social demands, identities etc, which are not closed in their potential of transformation, and into chain of equivalence. In the latter case, a social structure opens to new forms of articulation is minimal, the social meanings and collective identities are relatively fixed, thus the possibility of accumulation of social capital over the time rises (see Laclau, Mouffe 1985: 138). This dichotomist logic of social structure is modelled upon the structural linguistics’ mechanism of combination and substitution, in which the logic of difference extends the syntagmatic field of language, and the number of differences can enter into relational combinations among themselves; the logic of equivalence, in turn, expands the paradigmatic field in which the differences can be replaced, and thereby reduces the number of differences that may constitute the combination of novel relationships (ibid.).

core practices constituting the collective “sentiments” of given group. This is why the revival communities, through the fragmentation of their subject positions, while guarding their core religious practices, might be linked with broader social contexts, without the necessity of radical sectarian gestures of self-social exclusion. Secondly, it is argued that the strategy of reproducing likeness among the members of the revival organizations that has continuity over time hinges upon specific mixture of structural closure and affectivity. These groups are divided into coherent small units what allows their members to keep systematic intimate contacts with their compatriots; their repeated religious practices are highly affectively charged, which creates the very sense of a “communitas.” Before proceeding to the core argument, it is important to elucidate briefly about the peculiarity of the Catholic revival organizations and locate them in the context of contemporary Polish Catholic landscape and the broader international revival community.

1. Peculiarity of the revival organizations

The degree of participation in various Catholic revival organizations in Poland is relatively insignificant: 7 percent of Polish Catholics declare belonging to various ecclesiastical movements (Wciorka 2005) and 71 percent declare a lack of interest in exerting any influence on activities in their local parish (*ibid.*), what is symptomatic of a broader tendency observed in Polish society, namely, the rather poor shape of civil society (Gliński 2010). There are more than 70 movements registered in the Polish Council for Catholic Movements affiliated with the Conference of Polish Episcopate (Siekierski 2012). The term Catholic revival includes various organizations such as the Neocatechumenate, Focolare, Communion and Liberation, the Families of Nazareth, Light-Life Movement, Charismatic Renewal in the Holy Spirit that constitute different ecclesial profiles. Their members are usually characterized by a shared belief in a personal relationship

between God and man, a relatively demanding moralism, the experience of conversion that separates the past and the present Christian life, and an intimate face-to-face relationship among co-religionists. Using Casanova's (1994: 45–48) dichotomy of the Catholic Church as a historical merger of the community cult and salvation religion, it would not be a gross misunderstanding to assume that the Catholic revival leans towards a salvation type of religion. The group with the largest membership is the Catholic Renewal (30,000 members) (Siekierski 2012).

On a more general level, although the Catholic revival has thrived worldwide for several decades, and have obtain a global nature (Casanova 2001), there is little systematic knowledge on this phenomenon (but see Csordas 1997). The literature exploring Catholic revival usually compares its origin with the Protestant Pentecostalism comprising different denominations (e.g., Baptists), whose emergence is linked to the North American Great Awakening. The revival movement placing in its core teaching the need for individual conversion and following traditional Lutheran principles of the Bible that needs to be read literally (Dayton 1987) has rapidly, especially in the nineteenth century, spread around the Anglo-American world and starting from the beginning of twentieth century has reached different cultures with the significant growth particularly in Latin America and Africa what made it the most vital part of contemporary Protestantism (Casanova 2001: 435). In the late 1960s, the revival spirit affected the Catholic Church with similar features as the gifts of Holy Spirit, speaking in tongues, perceiving Christ as individual savior (Csordas 1997). Although the Protestant revival is slightly better systematized than the Catholic revival, nonetheless as Robbins (2004: 123) notes there is still much taxonomic confusion about this religious phenomenon, and quite often various terms are used interchangeably: Evangelicals, Revivalists, Charismatic, Pentecostals, New Born Christians, which are not necessarily precise, particularly when these organizations are juxtaposed with Fundamentalists or Conser-

vative Christian political movements. Robbins (2004: 122) while agreeing that Pentecostalism and fundamentalism can be treated as “elements of the broader Evangelical movement”, which share evangelical features such as “conversionism, respect for the Bible, and ascetic tendencies”, nevertheless argues that “it is both a historical and analytic mistake to assume that they are the same.”⁶¹ There is also a difference in terms of the role of political mobilization (Martin 2002) among Pentecostal and fundamentalists, what relates to the discussion on the Catholic revival in Poland and their distinction from the Polish Catholic Right. Namely, the sources of the emergence of American fundamentalist^{viii} or Polish Catholic Christian Right^{ix} are by and large politico-cultural while the orientation of Catholic and Protestant revivalism are primarily otherworldly. Moreover, as Robbins continues (2004: 123), a common misleading conceptualization of the emergence of revival movements, both Catholic and Protestant might be related to the plain psychologization of the motivational sources of their emergence, usually explained in terms of the compensation, i.e., allegedly people are attracted to these movements because of social deprivation, lack of welfare, and education (e.g., Anderson 1979). While this argument may hold for some parts of the world it does not give a universal explanation, certainly not in an European environment, where there are different class and status categories of participants, including entrepreneurs who are usually better off in material terms. It is important to avoid lumping Catholic groups into one undifferentiated camp, also Catholic groups that constitute the part of the interview data cannot be aggregated into one group and their similarities should not erase differences between them, which are sometimes quite substantial. Some of the analyzed organizations, particularly the Catholic Charismatic movement or Neocatechumenate, might be considered as a phenomena similar to the Protestant Evan-

⁶¹ Certainly there are meticulous differences between two camps in their doctrinal interpretations of Christian faith (Cox 1995).

gelical movement given the similar tones emphasized on Christian life, nevertheless there are also important differences among them (although Catholic revival organizations emphasize the importance of Holy Scripture much greater than it is practiced in a mainstream Catholicism it would not be accurate to perceive them as movements based on the literal reading of the Bible, which reduces the significance of the ecclesiastical tradition, also less emphasis is placed on “gifts of the Holy Spirit”, some other practices that commonly occur among Pentecostal Protestants are rarely reported among Catholic Charismatic⁶²). And last but not least, some of the Catholic revival organizations represent substantially different types of historical and ecclesiastical lineage, which should be linked rather with the conservative and militant currents of traditional Catholicism (a case in point is Opus Dei, which formally does not fall into a category of new revival movements, it is a personal prelature).⁶³

Participation in the revival organizations involves meticulous fulfilment of daily norm of piety, religionists follow certain tangible recommendations/restrictions that affect bodily behavior (e.g., mortification, code of dress, avoiding consumption of certain substances). For example, numerary members of Opus Dei attend mass everyday, pray twice a day for 30 minutes, do spiritual readings and say the rosary on a daily basis, once a week they confess and practice corporal mortification (once a week they are supposed to flog themselves),

⁶² Casanova (2001: 437) reminds us: “Pentecostals are, for instance, everywhere leading an unabashed and uncompromising onslaught against their local cultures: against Afro-Brazilian spirit cults in Brazil; against Voodoo in Haiti; against witchcraft in Africa; against shamanism in Korea. In this they are different from both, from the traditional Catholic pattern of generous accommodation and condescending toleration of local folklore and popular magical beliefs and practices, so long as these assume their subordinate status within the Catholic hierarchic cosmos.”

⁶³ The need for more careful distinction was also addressed by a number of scholars in regard to Pentecostal community (Corten, Marshall-Fratani 2001), where there are different doctrinal emphasizes, a different degree of social control as expressed by rigorous moralism or practicing spiritual welfare.

their belonging to Opus Dei involves also such monitoring measures as consulting a list of readings with the clergy or lay directors in order to check if a given book does not pose any threat to their faith (cf. Allen 2007). In fact, every revival organization has its specific ways of integrating members, for the Catholic Renewal these are regularly organized renewal retreats, weekly prayers of the subgroups' members, apostolic missions, daily thanksgiving and adoration the Blessed sacrament, etc.⁶⁴ The revival respondents declared that their life is entirely penetrated by the community, and it is the very experience of this "penetration" that distinguishes them from the lifestyle of mainstream Catholics. As one respondent (revival/civil society/trade) expressed it: "Being just a lone parish member, who cannot find a support of the community, it is not enough. You cannot survive in this world. You cannot be a Christian entrepreneur either." [10] Or another revival respondent (service): "I do not think that I would

⁶⁴ Moreover, there are structural similarities of practices exercised by the revival movements regardless if these are Catholic or Protestant what interestingly is evidenced in Wilkins' (2008) paper on the Protestant's group emotional culture marking strong frontiers between their moral position and the external world. Members of the analyzed group by Wilkins usually joined a group after emotional change in their life, which transformed their "bad life" into good converted to Christ life. Repeated rituals heavily emotionally charged created the very sense of social connection but also created a sense of being separate from the non-group people, their emotional culture as Wilkins claims (2008: 297): "creates inclusion among participants, then it also depends on multiple exclusions: the exclusions of emotions like anger and anxiety, the exclusion of people who do not share their emotional repertoire, the exclusion of behaviors that might create bad feelings, and so forth." Wilkins carefully showed that the integration within the group implies integrating individual biography into a group common narrative framework (2008: 288). When the group members use a large volume of emotional rhetoric it is rarely spontaneous, it describes their "present happiness" according to the available, schematic formulations provided by the group: "just as participants learn to talk about good emotions, they also learn to refer to their pre-Christian lives in terms of bad emotions. Emotions take on meaning through the process of story-telling" (2008: 288). The group is equipped with the rituals that strengthen feeling of belonging to the group, this include regular prayers, regular meetings and giving testimonies of conversion, daily reading Bible, contemplating spiritual reading, mastering emotional control, practicing introspective techniques.

have been able to sustain a Christian belief outside the community.” [35].

Contemporary revivalism perhaps might be linked with a historical broader family of resemblance of integral Christian groups to use for example Kai Erikson’s (1966) well-known description of New England puritans whose “otherworldly sensitiveness” allowed them to grasp the presence of divine providence virtually in every sphere of life. A sense of divine omnipresence finds its expression, for instance, in this revival respondent’s description of his mundane activities (construction):

Our community accentuates radicalism of life and keeping unity with other people. This unity is to be achieved through paying attention to others. We are looking for God in small things of everyday life, in approaching other man. When you live up small thing you live up totality... We offer the smallest things to God, because he will resolve this thing rightly. He is resurrected. [65]

2. Locating the revivalist movements from a Durkheimian perspective

Lest there be any mistake, it has not been the argument of this monograph that the emergence of the revival movements signals any mechanism of simple historical regress to mechanic solidarity. Clearly, differences between premodern and modern socio-economic structures are beyond any possibility of concealment. Revival organization unlike pre-modern family and kin does not perform a number of fundamental functions typical for a feudal society, particularly related to economic modes of production and distribution, thus we cannot argue here even about a temporary reconstruction of a *Gemeinschaft* type of community. While arguing about mechanic solidarity as applied to the analyzed case it should be understood as an ideal type of social bond, which historically was more prevalent in the pre-modern societies, but in Durkheimian studies, a distinction between organic

and mechanic solidarity has still retained an analytical value as for instance expressed in Merton's (1934: 320–321) call who reminds us about the relevance of the mechanic solidarity and organic solidarity distinction in studying modern societies. He argues: “historically, the movement has been from mechanical to organic solidarity, though the former never disappears completely...” and the types proposed by Durkheim might “be considered as limiting cases, never obtaining in empirical reality, which may be fruitfully employed as poles of reference toward which empirical data are theoretically oriented” (Merton 1934: 326). Also Bellah (1959: 457) noted that Durkheim “was not a victim of the genetic fallacy” and “he knew that structures inherited from simpler societies might have quite different functions in more complex ones.” The relevance for this study of the interplay between the historical phase of mechanic and organic bonds is especially insightfully crafted in Lizardo's (2009) account. Drawing on Durkheimian concept of cognitive dualism he introduced the category of bio-psychological individualism (it produces individual representations covering as their objects phenomena related to biological survival) and sociological individualism which is formed socially and comprises collective representations of “individualism” as certain cultural projects. Lizardo rightly shows that the alleged decline of collective consciousness as the base of mechanic solidarity with the advent of organic society is a certain misunderstanding, because for Durkheim both types of solidarity were governed by the collective consciousness. The collective consciousness in differentiated society is dominated by abstract representations of the individual, what opposes pre-modern societies, where collective consciousness was structured by the symbols referring to the community: “the solidarity based on differences requires a replacement of the content of the collective consciousness from symbols of the collective to the abstract notion of the ‘individual’. This is at the same time as the collective consciousness itself weakens in intensity and thus <individualistic> cognition becomes more frequent” (Lizardo 2009: 538). Therefore,

what has changed, as Lizardo (2009) quoting Giddens claims, and this moment is crucial for the forthcoming line of inquiry, is “the *nature, content, intensity*, and extent of operation of this collective consciousness” (Giddens 1972 in Lizardo 2009: 538). It leads us to the moment where the very transformative possibility of the collective consciousness is revealed. Here the argument on the role of affectivity in the processes of social reproduction relates also to revival organizations where as Robbins (2004) mentioned “enchanted and ecstatic cultural forms” are prevalent. In line with Durkheim it is thus argued that the construction or transformation of the “individualistic consciousness” into “collective consciousness” that creates the surface of inscription of collective identities is conditioned affectively, that is to say, by the intensification or “warming up” of collective consciousness. The role of affective component in constructing efficient intermediary structures lies in very centre of Durkheimian legacy. In “*Les elementaires...*” Durkheim [1912] (1965) emphasized the fundamental role of collective effervescence in increasing social interactions and consequently cementing integrative potential of social group. The perpetuation of collective effervescence requires from the group to periodically uphold ritual activities which as Lukes explains “is rule-governed activity of a symbolic character which draws the attention of participants to objects of thought and feeling which they hold to be of special significance” (Lukes 1977: 54 in Carlton-Ford 1992). Also, the constitution of subgroups that creates “subcollective conscience, as the basis for integration in differentiated societies” (Turner 1990: 1097) cannot be reduced only to the accumulation of the social capital or imposing certain normative coordinating rules. There is need to include also the bodily aspect of this agency that will help to avoid a structural idealism. Turner (1990: 1100) in his interpretation notes that the efficiency of subgroups is determined by the corporal interaction of their members that through micro-ritual practices brings necessary forces for collective consciousness to take off:

The greater the level of structural differentiation among members of a population, the more likely are they to develop abstract and generalized cognitive orientations and regulative codes to bridge their differences in structural location; and the more this process occurs without a corresponding increase in normative specificity and subgroup formation sustained by ritual performances, the greater the level of anomie, and hence, the greater the level of disintegrative pressure among members of this population.

It becomes more visible why social bond cannot be understood merely as an external rational dynamics unaffected by collective emotions. Further, the principle of social integration cannot be identified as an ideal model that evolves linearly from the mechanic to organic, following the abovementioned studies, it is suggested rather that the social bond in the empirical setting is inclined to assume a more heterogeneous form. Merton (1934: 324), for example, refers to ethnographic studies showing that premodern societies were also governed to some extent by rules including individual rights and conversely in modern differentiated societies, particularly during rapid social change elements of mechanical social cohesion (“as conceptions of honor”) are restored to cement group identity. For this study, particularly Portes and Vickstrom’s (2011), the example of the re-emergence of the mechanic bond in the contemporary societies might be appropriate. They showed how a deficit of efficient coordinating institutions contributes to the rise of the mechanical bond in certain societies. Namely, the processes, which reduce complexity of social structures may occur in modern societies when the degree of the similarity upon which the social bond is constituted fluctuates as it happens, for instance, in the circumstances of social anomie when the mechanical solidarity bond may emerge as an anti-anomie defensive shield.⁶⁵

⁶⁵ But there are also other examples of the population niches in modern societies not affected by any particular strain where the likeness of social structure is carefully self-protected, namely, as it happens in modern nobility families through cherishing

But besides macro-structural processes which under certain circumstances may facilitate the emergence of likeness of a social bond, we have to remember about the religious otherworldly logic itself, which is underpinned by the struggle against “the spirit of this world.” This attitude creates a boundary between “us” (Christians) and the “them” (secular world). The sense of separation between “us” and “them” gains specific meaning especially in the light of conversion rapture that marks the crucial moment of individual transformation that has been repeatedly emphasized in the literature (Martin 1990: 163). For instance, Mossière (2007: 113) points to the fact that conversion in the revival movements is understood as “re-birth”, which cuts the life experiences “into a ‘before’ and ‘after’”, the past is critically assessed and rejected what constitutes the critical moment of “the construction of a new subjectivity.” A moment of rapture as Robbins (2004) notes introduces some militant tones, particularly vivid in the manifestation of spiritual warfare against demons, sinful temptations, etc. This dualist tension divides sin from virtue, “this world” and “the world to come”, but it also introduces skeptical tones about modern culture.⁶⁶ For example Siekierski (2012) pointed out that zealous practices of Polish Charismatic Renewal members mark the line between revival members and ordinary Catholic parishioners. This strand of “otherness” expressed by the revivalists who perceive

extensive kinship relations, performing marital homogamy and reproducing social and cultural capital over the generations. Noble families, on the one hand have well adopted to the modern societies in terms of their professional skills, on the other hand, carefully protect their pre-modern familial resources (Dronkers 2003; Smoczynski, Zarycki 2012; Saint Martin 2007).

⁶⁶ This perception of the separation is also a backbone that strengthen their commitment to the tangible links with the community as well as protects their relative isolation from the practices of the contemporary culture as neatly summed up by Robbins (2004: 128): “P/c dualism also brings itself to bear on action through its moral codes, which ban contact with the satanic world by forbidding drinking and drug use, extramarital sexuality, fighting and aggressive displays, gambling, ostentatious dress, and participation in secular entertainments such as cinema and dancing.”

themselves as qualitatively distinct from the mainstream Catholic believers was also present in the interview data. Respondents emphasized their status of a minority group within a broader context of Polish Catholicism and secular environment as this respondent (service/revival) said:

Catholic by the very definition is thrown into hostile environment, which is run by the mundane spirit, which is not God's spirit. It affects of course our way of doing business, this always creates tensions in this world. [42]

Or another respondent continued (revival/civil society/trade):

The ordinary Catholic imitates the practices of this world, and if shadow activities are popular he just does it because everybody does it... Poland is only a nominal Catholic country. [10]

Another respondent (revival/service) pointed to the unfriendly environment of the secular culture, which challenges Catholics on a daily basis:

Catholic is placed in the unfriendly cultural environment nowadays. It is not only about business environment. There are more dilemmas ... For instance you have to consider if it is wise to go to cinema and so forth... Secular culture is our challenge. [42]

The sense of the ongoing spiritual battle was neatly expressed by the respondent (revival/civil society/trade):

This is ongoing internal spiritual battle, which affects every aspect of life and professional dimension. Worldly dimension and divine dimension are all the time in the state of tension. Without grace which comes with the prayer the world would basically wipe me out. I would not be able to survive a single day as a just man in family, in business and elsewhere. [10]

The analyzed religious lifestyle render possible to view the revivalists as Weberian "sect members" who are systematically fed by their organizations with an otherworldly teaching, and more importantly,

who are under efficient group control which may cause a relatively high level of compliance with recommended forms of normative behavior.⁶⁷ The definition of a “sectarian movement” does not need to mean that given group is decoupled from the structure of hierarchical Church. For example, Finke and Wittberg (2000) following Stark and William Sims Bainbridge’ (1985) famous definition of a sect-church difference assuming that the former is in tension with the surrounding culture, has convincingly shown how the vast majority of Catholic monastic orders represented throughout history the very sectarian logic, as these orders were in state of conflict with “the spirit of this world”:

There was in monasticism a profound tension with the established order: This discord was radical... It laid blame upon the whole world. Nothing found favour in its eyes neither family ancestry, wealth, education, or knowledge (Hostie 1983: 70 in Finke, Wittberg 2000: 164).

This sort of antagonism establishes a sharp symbolic but sometimes tangible material frontiers between external world and rituals, practices and ideologies of a given group. Through imposing a strong distinctive culture sectarian movements were able to block their adaptation not only to dominant secular culture but also to specific economic arrangements. Therefore, what is important for this study, as a given national economy may tend to create shadow economy niches as it occurs in certain Polish sectors, revival organizations may potentially be able to prevent some of their members who professionally ran businesses from imitating the informality. The interview data revealed that a number of revival respondents has been engaged in the shadow economy during certain periods of their business career, usually before their “conversion”, or probably it would be appro-

⁶⁷ Which also raised controversies in some cases: community based movements were criticized for their fanaticism, “brainwashing”, dividing families and anti-intellectualism (Hanna 2005).

priate to write “before their re-affiliation” since formally almost all were members of Catholic church from their infancy (Stark, Finke 2000: 114–115). The crucial moment of conversion that establishes a radical division between old business and new business is visible in one of the respondents’ statement (revival/production/trade):

Many people who are into baking business are under enormous strain and competition, they seek to reduce this situation for example through not paying social security or employing people without legal contract. I used to do the same. It changed after my conversion. [15]

Or another respondent (construction/production/revival):

I used to run a retail store. Before I converted I did not declare around 30 percent of my turnover. I was not ashamed of it. [49]

The revival respondents often noted the crucial role of the role of revival organizations in affecting their business ethics attitude (trade):

I have no possibility to cheat in my firm because I am under constant observation of the community. It would be uncovered during the meetings of the community where my behavior is under assessment. [52]

Another respondent stated (trade/service):

I have to act as an aware Christian also in my firm. My community does not justify the shadow economy. This behavior can be justified in the family, but not in the community. The teaching of my community is a radical one. [56]

Another respondent indicates to the community context for the perceived impact of religious teaching on business conduct (baker shop/revival):

For running a fair business it is crucially important to belong to the community. When I am together with others and we read in the Bible that you should not steal than I treat this commandment literally and I put this into the practice in my firm. [15]

Without trying to resolve an ongoing question related to a scholarship on conversion, for example if it occurs in a Paulian way as a sudden change (Furgeson 1965) or it is a gradual process (e.g., Snow, Machalek 1983; Bromley, Shupe 1979), this study emphasizes two aspects important to cast a light on the entrepreneurs' decision to quick informality. Specifically, a conversion in certain instances involves a radical change in running a firm, that quite often, particularly at early stage of conversion, undermines an entrepreneur's existing optimal strategy of profit making. Any conversion that occurs in mediated socially environment represents thus a rupture of the current operational paradigm (Richardson 1985: 167), which implies both a significant change in individual's identity and installing new interpretative frameworks of reality. On the other hand, this change does not happen in the social vacuum, it is stabilized by a religious community's support. For example, a respondent, who after conversion blocked informality, points to the constant role of the community while avoiding undertaking an opportunistic behavior (service/revival):

I have been pondering a while if the patent on which rests all my advantage over the competitors is a fair one. [...]. I have discussed this issue in the community, and we have arrived at conclusion that it is okay. [17]

In this sense conversion might be analytically located in the same conceptual field as charisma which emergence requires an advent of new elements but also it is strongly linked with an institutional infrastructure within which a given charismatic individual is embedded.⁶⁸ Conversion, similarly like charisma involves also a destructive

⁶⁸ This paradoxical situation was explained by Peter Berger (1963: 950) who revised a classic Weberian concept of charisma: "Charisma represents the sudden eruption into history of quite new forces, often linked to quite new ideas. (...) Charismatic innovation may also be a trait of individuals located at the centre of the institutional fabric, a power of "radicalization" from within rather than of challenge from without."

potential that revolutionizes existing organizational equilibrium, which outcomes might be either efficient or suboptimal. The latter case was experienced by the revival respondent (service):

At some point I converted. Soon after our company started looking for making money, my colleagues wanted to use the customers data base we had in our previous firm. It was against the agreement we had with the previous employer that we would not use this data base.... Colleagues did not have dilemmas, they basically wanted to survive, I wanted also to survive but I did not like to act this way. I left the firm, it was a certain crazy thing about this because I did not have any stable job at that time, I did not have any reasonable perspective for any profits, any alternative.... [50]

3. Paradoxical primordial social organizations

Developing the “moral community” line of inquiry it is relevant to link this perspective with Weberian insights on modern rational reconstruction of social structure that marks the decline of “primordial social organizations” and an advent of “purposively constructed social organizations” that have been appropriated insightfully by Coleman (1993). Although Polish revival organizations do not represent formally “primordial social organizations” since they are not grounded in kinship, nonetheless they produce a specific social actor through developing intimate relations and control among co-religionists, which are substantially different from the typical activities undertaken by the mainstream Polish Catholic urban based religionists. Given the central position of the revival group in religionists life, which embraces their metaphysical aspirations, emotional commitment, familial relations and sometimes professional interests, the amount of social capital that is accumulated in the revival organization makes it capable of exercising normative sanctions over its members’ activities to a point that exceeds ability of the analyzed Catholic civil society groups and typical Catholic parishes. Unlike

a revivalist organization, a modern type of parish, particularly urban based, is highly bureaucratized what rather contributes to maintaining of anonymity among religionists. In contrast, the revival small group produces a tight intimate network featuring to use Coleman description; “informal relations, social norms, and status systems.” This type of social organization as Coleman continues: “does not die as the primordial institutions of family and church are replaced by constructed organization: The process reasserts itself wherever there is sufficient closure and continuity to provide the social capital that sustains it” (Coleman 1993: 12).

Revivalist “paradoxical primordiality” is based on the power to exercise social control in the informal mode which “comes from norms and moral force” (Coleman 1993: 9). The latter does not operate according to the logic of formal sanctions, its control efficiency depends precisely on specific capital, that was noticed by Coleman: “Informal consensus could generate norms, and rights could be allocated and enforced via that social capital” (ibid.).

This peculiarity of the social structure based on social capital contrasts with social organizations (e.g., the analyzed Catholic civil society groups), which penetrate only a fraction of their members’ activities, and cannot impact on a wide array of their norms, interests and aspirations. According to the interviewed entrepreneurs associated with the Catholic civil society organizations, the strength of their networking is rather poor, as one of them claimed (trade/service): “Officially, there are 100 members in our local branch; in reality, maybe 20 members come to our meetings sometimes.” [46] Formally, they meet once a month for a club discussion, but in reality, an average member shows up a few times a year, and sometimes even less. One of the association member claims (IT service):

I do not want to spend much time in the organizational meetings. It is waste of time. When you are on a board of the organization it takes 5 hours monthly it is far too much. [21]

In fact the major organization that gathers Polish Christian entrepreneurs is not particularly vital, as one of its leading figures argues (trade):

Our association basically dies off, and it does not function properly in [X]. Initially we had as members bank presidents, CEOs, directors. Now we are supposed to meet once a month, sometimes two individuals turn up. [46]

A number of Catholic civil society group members joined these organizations primarily for instrumental benefits, what seems to be more prevalent among Polish small and medium-sized companies (see Gardawski 2013: 195) as pointed out by the respondent (trade):

A man came from the US who wanted to set up a bank that in his intention was about to support Catholic business people. There was excitement about this idea in the beginning, many people joined our organization, they expected to get funding and so on. When it did not come off, our organization fell apart basically. More than 80 percent of our members simply vanished. [43]

Another respondent (service) explicitly exposed his instrumental intentions for joining a group: “I joined because I was looking for new customers.” [21]

Catholic civil society respondent develops his point (trade):

People who were revolving around organization mainly were from small businesses, we did not have people from large businesses. When this bank bankrupted they returned to their places...Our association among other goals functioned as a sort of vehicle of exchange of information and back up – we informed ourselves what is acceptable, what is punishable, that was a mutual exchange of information how to survive in the Polish economy. [43]

Seemingly, the instrumental goal that has driven some of the Catholic civil society respondents has not contributed to the accumulation of social capital the way it was observed among the revival type of respondents. The organizational structure of civil society has brought

not only less efficient results in terms of exercising norms, but also, as this study found, the instrumental objective has rarely led to successful contracting between members of the network as the Catholic civil society respondent asserted (service): “I do not do any business with the members of our association. How can I do business if one of them owes me 500 zlotys and does not pay it back?” [21]. His colleague noted (trade/service): “We have not really had success in joint businesses.” [44]

Another Catholic civil society respondent (trade) confirmed earlier findings on rather poor shape of small and medium-sized companies’ networks in Polish economy, which are local, usually informal and pragmatically oriented (see also Gardawski 2013: 178–182)⁶⁹:

We tried a few years ago to create a consortium of Catholic firms to reduce transaction costs. ... We tried to create a sort of Catholic business holding. The idea was to find an advantage out of this network, we were meant not to sell between us products but to exchange these products. Due to this operation we wanted to avoid paying a VAT tax, because we did not sell these assets but exchanged them. However we did not manage to include large companies in this network, they did not want to join us, small firms cannot make it alone... They lack important capital... We had controlled to some extent pork meat market ranging from the farmers to the butchers. But it did not work out. It turned out to be a great disgrace... People were totally disappointed, we could not pay farmers for the pork meat, the bank collapsed. [43]

The activities of the analyzed Catholic civil society organizations cannot also be understood as religious/spiritual or prayer meetings the way it is practiced in the revival groups but also in the ordinary parish groups. The typical activities of these groups include exchanging the

⁶⁹ Gardawski (2013: 179–180) adds that although analyzed in his study networks are rather small, nonetheless 27.9 percent of the analyzed companies have been involved in networking what shows some growing networking activities potential. These networking activities were also significantly determined by certain sector specificity.

experience of running companies, sharing specialist knowledge (e.g., tax law), or simply getting together with people of a similar mind-set. As one of the respondents claimed (service):

We discuss different issues among ourselves. We have, for example, an insurance agent here; thus, many people consult with him. Sometimes we invite a man from the tax administration to give a talk. [44]

The significance of dense social capital in impacting over wide variety of actions, including economic conduct is particularly visible while confronted with the poor social bond of the analyzed parishoner respondents, whose religious activity is usually related to routine Sunday mass attendance once a week or even less than this. For instance, an owner of an advertising company defined his religious identity in the following manner: “I am a believer and rather a moderate religious practitioner. I attend two, three times per month a Sunday mass.” Another parishoner respondent from the construction and renovation company continues:

I do believe but without any extremes, I am fairly normal, I do not sit in the front space of the Church, do not assist a priest ... I go to church because I go, I am not going to deny this...but I do not want to expose this fact too much. [66]

An owner of a car repair firm (parishoner respondent) describes his Catholic identity:

I am a Catholic trying to attend a mass once a week but sometimes it is not easy because I work also on Sundays until 12 or 13... Obvious thing, you are tired with doing business and afternoon you are not fit enough to go to church...Sometimes you have to visit friends or family. [67]

4. Collective effervescence and integration

MacIntyre (1996: 79) while analyzing a pre-modern socially oriented person noticed that his “good life” was conditioned by a „strict hierarchy of social bonds”, which protected him against the possibility of becoming an “outcast” (using Durkheimian terminology we would perhaps could say of becoming an individual who is threatened by the forces of anomie):

In many traditional societies, it is through his or her membership in a variety of social groups that the individual identifies himself or herself and is identified by others. I am a brother, a cousin, a grandson, a member of this household, that village, this tribe. These are not the characteristics that belong to human beings accidentally, to be stripped from it to reveal “real ego.” They are part of my substance and at least to some extent – and sometimes fully – define my obligations and responsibilities. Individuals inherit the specific space which is underpinned by the tight knit of social relations. When they lack this space, they become nobody, or at least a stranger or an outcast (MacIntyre 1996: 78–79).

While returning to an example of revival organization, and following MacIntyre’s remarks about the community’s strength we should grasp here the significance of the state of “teleological superstition” that is upheld in a revival group. According to MacIntyre this is the very “teleological superstition” (rejected by modern individualistic oriented societies), which facilitates an access to the “good life” and protects from alienation. Perhaps it might be helpful to re-interpret the category of “teleological superstition” as the agency of Solerian myth binding community together by which a group is equipped with the efficient interpretative framework of reality that drives its action and consolidates its collective consciousness (Durkheim [1912] 1965: 484–485). Ultimately, the state of “teleological superstition” makes social bond of the revival group more efficient as compared with

e.g., the analyzed non-revival groups. However, it is not sufficient to limit the organizational difference only to the pure representational horizon of the collective consciousness, to the contrary, it is asserted that the efficiency of collective consciousness relies on the possibility of a group's affective investment. In other words, the social structure of the analyzed religious organizations differs not only in terms of ideological content (instrumental vs. otherworldly), but hinges on the fact of being able to produce different degree of affective commitment of their members.

This study is concerned with the role of emotions understood as the constitutive element of the production of efficient social integration, therefore it neither follows the approaches which perceive affectivity as an individual domain of inner psychological life, neither emotions understood in Le Bonian (Le Bon 1896) manner reflecting old dichotomy of culture/nature as irrational potential that needs to be colonised by the normative forces during the socialization process. To pursue this study's argument it is rather proposed to re-read Durkheimian categories of representation and collective effervescence within the perspective of Laclauian social theory (e.g., Laclau, Mouffe 1985; Laclau 2005) concerned with the production of the universal social categories out of particular social demands which constitute the basis of the congregational life. The proposed perspective advances inquiry into the terrain of social ontology through emphasizing the relevance of the intertwine of affectivity with naming (articulatory/ideological potential), which avoids traps of the postmodern linguistic idealism, that sometimes reduces the constitution of the social to the pure effect of articulatory performance. An analysis of affectivity as intertwined with naming is also helpful in understanding the transformatory mechanism of forming and maintaining an integrative consistency of a social group based on dense social capital. This approach is not referring to the anthropological attempts to bridge the gap between individual psychology and social relationship through the introduction of corporal mediation as in some Merleau-

Pontian (Merleau-Ponty 2002) informed studies (Lyon 1995),⁷⁰ in this sense Laclauian conceptualization of affectivity is mediated by the Freudian notion that individual psychology from the very beginning functions as a social psychology given that individual is from the early childhood immersed in the social environment, therefore individual affectivity is immanently pro-social oriented (Laclau 2005).

Literature commonly (e.g., Shilling, Mellor 1998: 196) accentuates a sensual link of Durkheimian approach showing the origin of social energy when collective effervescence “harnesses people’s passions to the symbolic order of society” and demonstrates how this ritual mechanism replaces “the world immediately available to our perceptions for another, more moral world” (ibid.). Turner (1990) noticed that mechanism of reciprocity between ritual and effervescence enhances the density of social interaction through producing “collective conscience”, which comprises collective representations governing minds of individuals who associate themselves with certain symbols, ideas, norms. Representations are affectively invested, within the confines of the ritual gatherings what produces their authority and social control potential.

⁷⁰ The integrative aspect of the congregational life in its potential of reducing anomie or enhancing a well being/satisfaction of life has received a number of interpretations pointing to affective intimacy that is upheld among members of the congregation. Sternthal et al. (2010) pointed to “multisensory experiences involved in worship” including music, singing, loud prayers, particularly emotionally loaded in charismatic communities that may bring comfort (see also Idler et al. 2009). There is also literature showing how religion functions in managing negative emotions and traumas (Thompson et al. 1993), and prayer acts according to Sharp (2010) as “imaginary social support interaction” between religious actor and imaginary deity, thus it minimizes negative emotions. Smith (2007: 177) accentuates an overwhelming, emotional consequences of the transcendental belief since religion, particularly Christianity “meets many basic mental and emotional human needs and desires –security, love..., confession of wrong, forgiveness, bearings for moral living, and belonging.” There are anthropologic papers (e.g., Cataldi 1993) concerned with the bodily aspects of the ritual life, which reconstruct the subjectivity, and in turn, facilitate the act of conversion, establishing new ties within the community (see Tambiah 1985). This transformation of the subjectivity might be done both by the emotional pressure of the community but also by using sensory religious practices (Mossièrè 2007).

In fact – as Lizardo (2009) reminds us – Durkheim while writing about consciousness refers to two categories of cognitive systems that control the movement of representations in *homoduplex*, first represent “individual personality” and second “collective type”, and what is important – Lizardo (2009) continues – these representations should not be understood merely as cognitive frameworks, but also as motivational instruments that govern social behavior. These two types of cognition are relatively separate, that is to say, individual type is egoistic oriented towards individualistic survival, the second collective type stores social representations which through resemblance of their normative proximity connects individuals in a given community. Of course, the interplay between these two type of representations changes crucially in mechanical pre-modern and differentiated type of society, in the former type collective representations dominate, in the latter there is an increase of the individual type of representations what reduces the consistency of collective bond as Lizardo (2009: 536) argues: “the collective representations that change in character – becoming more abstract... and lose intensity.” With the deepening of the symbolic generalization that on the level of macrostructures produces as Turner (1990: 1099) notes “abstract and generalized cognitive orientations and regulative codes” the probability of ritual emotional arousal weakens and consequently anomic disintegration of “collective consciousness” increases.⁷¹ From the “moral community” point of view the crucial question remains how to increase the affective intensity of the collective representations guiding the course of collective action, which constitutes the ground for social integration, and which as it was demonstrated earlier, may inhibit deviance.

⁷¹ As Turner (1990: 1100) claims: “The greater the level of structural differentiation among members of a population, the more likely they are to develop to bridge their differences in structural location; and the more this process occurs without a corresponding increase in normative specificity and subgroup formation sustained by ritual performances, the greater the level of anomie, and hence, the greater the level of disintegrative pressure among members of this population.”

The sociological literature is rather sceptical about the possibility of using affective component in contemporary social integration processes as in Shilling and Mellor's (1998) comprehensive review, which demonstrated the broad consensus among scholars about the irreversible demise of productive role of affectivity in constructing contemporary social moral order. For instance, in Bauman's (1989 in Shilling and Mellor 1998) account, which acknowledged that modernity severely limited passions and spontaneity understood as a mechanism for social reproduction, or in Giddens' (1994 in Shilling and Mellor 1998) argument, which noted the replacement of impulsive sources of moral order for reflexing rationality and dialogical democracy that set the limits for modern society. These approaches, as Shilling and Mellor (1998) continue, for different reasons, do not offer a conceptual overcoming of the threshold of contemporary iron cave that seemingly has lost its affective component and any emotional arousals in collective identity building (e.g., Maffesoli's neo-tribalism 1996 in Shilling, Mellor 1998) are highly peripheral.

This monograph in turn, does not seek to give an account on the general manifestations of passions in the constitution of social formations, neither inquires whether the practices of collective effervescence have been available in modern society. The contribution of this study serves as a limited conceptual intervention, which suggests possible benefit of the incorporation into discussion the Laclauian social theory (or broader Essex School social theory) which provide a relevant framework for analyzing the role of affectivity in constructing social formation in the context of modern society. According to this approach, the possibility of "warming up" the collective consciousness is not hindered by the inevitability of disenchantment rationality that is explicitly present in the mentioned above theories of Bauman and Giddens. In other words, the Essex school approach (e.g., Howarth 2000; Stavrakakis 1999; Norval 2008) examines the re-creation of social formations which cannot function within the structure of social that is – as Mouffe (2005: 17–18) argues –

“unfolding the exterior to itself rational logic.”⁷² Instead, the Essex school approach should be analyzed against the background of the linguistic turn in social theory that is usually associated with Ferdinand de Saussure’s (1955) idea that the field of language consists of negative differences what leads to crucial premise, stating that the meaning of the word is not determined by its inherent content but by the external system of differences. The Saussurian model blended with Gramscian hegemony and Derridian deconstruction resulted in ontological implications assuming that the differential nature of language applies also to any field of significance, including the social, “insofar as no object is given outside every discursive condition of emergence” (Laclau, Mouffe 1985: 107). Within this conceptual perspective also religious relations understood as social phenomenon are deprived of the ultimate literality, because as Laclau and Mouffe (1985: 98), following Althusserian notion of overdetermination, assert – “it is impossible to reduce them to the moments of their necessary immanence”; thus for semiotic approach: “there are not two planes, one of essences and the other of appearances, since there is no possibility of fixing an ultimate literal sense for which the symbolic would be a second and derived plane of signification.” Consequently, the abolition of the transcendental centre embodied historically by different categories of privileged objects (e.g., telos, reason, principle of economic relations, necessity of history) demonstrated that the process of social evolution of religious movements is not managed by the objective rationality (e.g., the process of secularization or de-secularization), which would pose an external and

⁷² If, as Derrida (1987) suggests, social is equated with the differential field of language and there is no pre-given center that would ultimately stabilize its meaning, then discursive strategies represent the crucial agency, insofar as they construct the very existence of social relations (see Howarth, Torfing 2005). Following this post-structuralist premise that discursive strategies might form the field of inscriptions for social demands it is proper to perceive religious discourses as a structure of meaning which resonate with Catholics, converting them into groups and providing them with a sense of social interactions.

motionless instance above the differences of language (Power 1987; Marchart 2007). Following this argument we arrive at performative conclusions: the linguistic paradigm undermines the conditions of possibility for the traditional modus of *homo religiosus*, for whom religious centre used to be conceived as “a sacred revelation which is believed to be beyond doubt” (Hamilton 1965), but the historical necessity of the emergence of modern *homo non-religiosus* as classical functionalist assumption would put is equally undermined. The irreducible contingency embedded in social field demands thus to follow a detailed empirical research narrowed to the local historicizing perspective.⁷³ This local perspective found its relevance earlier in studying religious occurrences in Poland while critically engaging in the discussion of universal effects of secularization in Poland and broader in CEE.⁷⁴ According to this line of critical inquiry, although there

⁷³ The need to employ a narrow local and historical perspective may bring fruitful fruits in different settings as recently noted by Casanova (2001: 427) while discussing the vicissitudes of the interplay between community religion and salvation cult: “The truly puzzling question in Europe, one we need to address, is why churches and ecclesiastical institutions, once they ceded to the secular nation-state their traditional historical function as community cults, that is, as collective representations of the imagined national communities, also lost in the process their ability to function as religions of individual salvation. ...Ireland and Poland illustrate the case of churches which were strictly speaking not monopolistically established, in the Weberian sense, yet continued to function as community cults of the nation in the absence of a secular nation-state, and have maintained their ability to function also as religions of individual salvation. Elsewhere in Europe, by contrast, once the secular nation takes over their function as community cults, churches tend also to decline as religions of individual salvationOnce the Catholic Church ceased being the community cult of Quebec, people ceased going to church and stopped looking for alternatives, having apparently lost also the need for individual religious salvation, so evident only a decade before.”

⁷⁴ For instance while analyzing Poland and Eastern Europe we should rather avoid applying a universal notion of secularization or privatization of faith but instead employ local, careful empirical analysis of empirical setting, and particularly “historicize” the local context to explain the specificity of either religious decline or desecularization (Gorski 2000: 138). As, for instance, research in CEE demonstrated, that religious occurrences in CEE require an explanation that utilizes a theoretical framework that must vary, on the one hand, from the secularization paradigm, which according to Casanova

are solid tendencies in Poland that may mirror secularization and privatization that have been identified in Western societies, there is a growing empirical evidence, which proves resistance to this analogy. This novel scholarship suggests that employing historicizing perspective in studying Polish and broader Eastern European phenomena is more appropriate.^x

For the sake of this study, which explores the role of religiously informed social capital in constraining deviant behavior in economic realm, the Essex School's reflection draws attention to the multiplicity of historically constructed "contingent grounds" for re-creating the collective identities (cf. Laclau 1994: 2). Given that social field within the perspective of the semiotic turn is deprived of the privileged center, and according to this assumption there is no historical necessity, which would govern the course of the social change, Laclauian scholarship gives an account on the mechanism of historically constructed 'contingent grounds', which found the site of inscription for collective identities, including *homo religiosus*. This mechanism involves both articulation of certain ideological assumptions (e.g., otherworldly ideology) and affective investment within the confines of community based on social capital. According to Laclau (2005: 106) articulation may become the ground for social formations what resonates with the very Durkheimian assertion about the performative ground of the social reproduction processes (Durkheim 1898: 69 in Greenwald 1973: 153): "...everything that is social consists in representations and consequently is a product of

(1994) has served as a major theoretical and analytical model for social sciences to perceive interrelations between religion and modernization, and on the other hand, the proposed approach cannot flirt with other essentialist theories *à rebors*, as the concept of the return of the sacred. Careful empirical research rather asserts the predominance of contingent historical practices of re-articulation of social relations that cannot be situated in a context of inevitable social objectivity, guided by any rational or ideological necessity. The individualization, privatization, or political strategies of religious movements have been rather constituted by a series of contingent factors, which produced different path-dependent results in various CEE social settings (Smoczynski forthcoming).

representations.” An act of naming, which for Laclau constitutes the very ground for collective identity formation implies the same performative action, which is visible in Durkheim’s symbolic function of totemic emblems re-creating the social coherency of the clan:

Because the clan cannot exist without a name and an emblem, and because this emblem is continually within eyeshot of individuals, it is to it and to the objects whose image it is that the sentiments which society awakens in its members are directed ... a collective sentiment can become conscious of itself only by fixing onto a material object, and, by that very fact, it participates in the nature of that object and conversely (Durkheim [1912] 1965: 338–339).

However, the collective identity building that involves naming does not limit itself only to signifying operations (understood as textual idealism), which is evident for both Laclau and Durkheim. There must be a force that triggers the performative dynamics (Laclau 2005: 101), therefore the operation is complete when the linguistic agency is supplemented by the agency of affectivity. Laclau states: “There is no possibility of language in which value relations would be established only between formally specifiable units. So affect is required if signification is going to be possible” (Laclau 2005: 111).

As this argument expands (for detailed discussion see Smoczynski 2011a) we see that social formation is not merely founded upon arbitrarily picked up signifiers. In order to achieve an ontological consistency a collective identity requires an affective investment; this is the moment when isolated social particularities are transformed into collective wills. According to Laclau this elusive affectivity constitutes a necessary component for the social ontology and necessary ground for articulating strategy that founds the intersubjective social relations, this is where we find the sources of integrative potential of religious organization accumulating social capital.

The representations in Durkheimian argument or signifiers in Laclauian approach are deprived of immanent essence (signifieds) and their authority is valid as long as they are emotionally charged

through ritual practices, where social structures are reproduced. We see no essentialist necessity of concrete representations or signifiers in performative action, their efficiency is created by the very performative act invested with the affectivity. The intensive interaction within the group enhances a reciprocity and through this signifier resonating with the existing structures of the imaginary creates the surface for inscription of individuals in these representations. This is not to say that every representation is reliable or that every signifier holds a community together. Of course, we are not living in the unconstrained flux of meaning, thus efficiency of signifier as the instance of the interpellation of social formations is determined by their relation to the existing imaginary, on the other hand, signifiers have to be affectively invested on periodical basis. Secondly, signifiers are always partly entangled in the existing reservoir of symbolic content, and the efficiency of symbolic content is higher as Laclau (1990) claims when it is underpinned by potent historical resources. Revival communities provide these conditions: complex otherworldly imaginary as well as set of frequent rituals facilitating affective intimacy reinforce social bond. Hence even marginal revival movements through the operation of affective investment may accumulate social capital capable of inhibiting deviant behavior.

VIII.

The otherworldly perspective and economic performance

1. Censoring introspection of the “otherworldly” oriented mind

The social capital that is being produced within revivalist organizations, although it efficiently inhibits some aspects of deviant behavior it may also bring about ambiguous effects for the economic organizations. This study, without getting into aggregate terrain of the public spaces developed by Putnam (2000), but in line with Bourdieu's (1985) original perspective, examines the micro-level of firms where in contrast to the assumptions of the beneficial functionality of social capital also profound ambiguities for efficiency of economic outcomes were identified. Although there are studies demonstrating that social capital can also contribute to the emergence of the less beneficial outcomes as in Portes' (2010) example of “bad social capital”, which produces exceeding amount of social control that may constrain innovation, the discussion in the literature on networks, which are capable building social capital and impose normative constraint upon individual is rather dominated by the conclusions showing the prevalence of its beneficial functionality. For instance, in the context of trade and commerce where the coercive nature of societal morality has a limited impact there have been conducted

a number of studies demonstrating how religionists based on prescriptive norms can perform intermediary functions that facilitate market exchange. Coleman (1988: 107) for instance claims that the religious commitment of the economic actors increases “the trustworthiness of social structures that allows the proliferation of obligations and expectations” as in example taken from the wholesale diamond market dominated by the Hassidim from New York City. In this population niche, tight religious and ethnic affiliation of the market actors significantly reduces transaction costs, because no expensive bonding is required when the confidence in the contracting parties is taken for granted (Coleman 1988: 99). Also, the impact of the otherworldly perspective on the well-being of the individual has received by and large a positive examination (Pollner 1989), it needs, however, to be added that the existing literature examining this aspect was not tested in the business organizational environment. This monograph aimed at filling in a gap in this research, found that belonging to the otherworldly-oriented religious communities that emphasizes the constant presence of providence penetrating every aspect of private but also professional life clearly shapes behavior of economic actors.

Ellison et al. (2001) asserted that the perception of providence enhances the sense of mastery what enhances the “ability to control one’s environment and affairs” (see also George et al. 2002; Krause et al. 1998). This state of mind was also detected in the interview data as evidenced by this citation (production/revival):

I understand that my business makes sense as long as it follows divine plans. If I am still here it means that God still needs me. And I have been through a number of situations when I was 100 percent sure that I would go out of business. But I do not get desperate. God helps me because I invited God to run this business together, we are partners. Every day in the firm is played out in relation to the presence of God, thus the company cannot be only about profit-making, it is primarily about contacts with God mediated by contacts with people in the firm and beyond the firm. [19]

Another respondent demonstrates similar attitude (revival/service):

God acts 100 percent and I act 100 percent. There are two levels of complementary activities. God provides new possibilities for the development of the individual, thus there are new contracts coming up, new employees show up. But God also protects, you can see this when certain things do not work out, because some successes in the longer run may come out as a fundamental failure. [38]

The intrinsic meaning of one's life, which even affected by contradictions does not lose its consistency (e.g., Ellison, Levin 1998) finds its relevance also in business environment. Respondents declare the sense of ontological certainty and the ability to cope while confronted with a crisis situation (Inglehart 2010) as in this citation (revival/civil society/service):

My experience tells me that everything depends on God not on myself. It helps in difficult situations, and I do not look at my business as something that is separate from God's will. This is like I am not in command of these events, that ultimately God rules. When I fail I fail because it was supposed to be like that. [4]

Another respondent adds (revival/civil society/trade):

Of course we are called up to the reality which is governed by the laws of this world, but at the same time we have to function according to the spiritual logic. When I have a living relation with God, when I rely on his help I see the concrete results in my life. Thus I reflect upon the very decision together with God. [10]

Respondents informed by the otherworldly perspective when confronted with the challenge of antagonistic situation declared that they were able to re-arrange its meaning into new interpretation that would reveal itself as part of the providence's plan which also has tangible economic consequences as this respondent from the IT industry claims (revival):

I have heard during the prayer quite clearly: revise the contract. I amended the contract, I realised that it should be less aggressive. I did as God wanted, it changed everything, we slowly started to regain the customers....God taught us during 8 months quite hard, we were close to bankruptcy. [36]

The impact of otherworldly perspective also impacts the attitude towards the shadow economy as it was in this study revealed on many occasions. Respondents who are equipped with a greater supernatural confidence (see also Pargament 1997) are prone to re-arrange their attitude to the shadow economy which has been described in more detail in the preceding chapters. This state of mind reduces the room for compromises with the different categories of misdeeds and the possibilities to justify shadow economy activities are limited. The scholarship on the role of religion in hindering deviance suggests that religious attitude, particularly as examined on aggregate samples is efficient only in selected examples of deviant behavior. Some categories of deviant behavior are not constrained equally among religionists (e.g., drinking alcohol is not perceived as a major deviance among Catholics, what for Evangelicals is commonly perceived as a serious misdemeanour) (Cochran 1988; Welch et al. 1991). In the Polish context – given the structural and cultural determinants of post-communist country – it might be assumed that the shadow economy is not perceived as a serious crime for an average Catholic (see Stack, Kposowa 2006). However, as this study demonstrates, and some research showed it, the religious communities based on dense social capital are more likely to hinder a greater number of types of deviance, which in a broader social contexts are usually tolerated. This specific focus is evidenced, for instance, in this citation (revival/service):

When business is run in accordance with the biblical knowledge it is decisively different as compared with these Catholics who are not aware that we manage our business in the name of God, who is the only owner of the firm. An entrepreneur who knows that this

is God who owns the company will see profits differently, wealth, the attitude towards his employees. People who are convinced that everything depends on them are more likely to do illegal things. [38]

The censoring introspection of the “otherworldly” oriented mind limits the possibility of acting deviantly in the business realm also in subtle situations, that is to say, it seems the likelihood of complying with “the letter of the law” in certain economic regulations might be ruled out if these breach the “spirit of the law.” In other words, the otherworldly oriented mind stops not only purely criminal offenses at the motivational threshold, but also a number of manipulation and avoidance strategies are blocked insofar as these are considered sinful. A respondent asserts this point (revival/service):

I have learned how to use a sort of routine anti-corruption strategy on daily basis. I have a shield right now, I know how to turn down corruption offers, I know how to succeed in this battle, it does not take any special heroism, though it is not easy either. [42]

Another one adds (revival/construction):

I see my work sometimes as a kind of ascetic struggle, it is not about the legal dimension, it is not about ethics either. It is about keeping a relationship with God. [16]

It was revealed how economic actors driven by the otherworldly perspective may set up an efficient mechanism for blocking opportunistic behavior, which in some analyzed cases contributed to the improvement of the company’s productivity and strengthened their attractiveness among the potential customers as evidenced by the owner of electrical/electronic services company explains (civil society):

My company is driven by a supernatural perspective. I know that after death I will meet with the customer, then everything will be uncovered, so now I cannot cheat. The religious man will not generate any profits at the expense of others. [1]

He continues in a similar vein:

As a general rule I repair after other electricians who failed to do their job properly. This is what I do for a living. I correct their failures. Saving on the material and labor is likely to deceive man but not God, who sees everything.... Hence I say to my employees: Do everything properly. Because when you cheat it harms not only your spiritual life, you also put society at risk, because the costs of re-fixing are hindering economic growth what affects us all. [1]

2. Unpredictability, stagnation, free-riding

The qualitative interviews demonstrated that religiously informed social capital can also contribute to the emergence of more adverse outcomes for the organizational efficiency of firms run by the analyzed other-worldly oriented entrepreneurs. In line with classical contributions (Weber [1905] 2009; Eriksson 1966) indicating that the “otherworldly mind” may cause various unintended consequences for economic and social systems, and also following recent Beckford’s (2003) remarks on contemporary religion, this study, within a narrow perspective of the interplay between religiosity and the shadow economy, found that the respondents governed by the enduring awareness of God’s gaze penetrating their business activities undertake actions that may bring ambiguous results for the organizational efficiency of their firms, also in the shadow economy dominated niches of economy as evidenced by the respondent (revival/construction service):

I know some colleagues who converted and decided to comply with all regulations. Sometimes it did not help them. They got quite poor results comparing with their competitors. [16]

Any value-rationality self-constraining decision, which is not based on instrumental rationality by definition creates unintentional consequences for the economic activities. The economic actors who were forced by the non-instrumental principles to change their routine

strategies, even if the previous strategies were informal but predictable, were unable to foresee the possible consequences of their actions. This inherent unpredictability of value rationality action was noted by Streeck (1997: 204) in the different but relevant industrial relations context: “While actors can be expected to know and choose what is good for them in their present identity, they cannot be expected to know or investigate what would be in their interest to become someone else.” This logic was presented, for instance, by the respondent from the trade industry (revival/civil society):

Sometimes I do not know what I am doing actually or where am I heading to... The idea does not seem to be very clear, I do not have a solid financial standing, no insurance but I go for it and check if it works with the help of God's grace.... I trust God and follow his instructions in business life. [10]

The superiority of the otherworldly perspective over instrumental logic of economic life was declared by the owner of the electronic trade/service company (revival/civil society):

Firstly I have to comply with God's will, after that the company's interests come...I need to consider if a given business decision can be combined with God's will, business has to subordinate to this decision. Religion is first, business follows. [18]

This similar logic is exposed in the following account offered by the respondent from the construction industry (revival):

Everything depends on faith. I started as a small company, in time larger companies wanted to collaborate with me and now I am one of the leaders in the industry....We design important parts for highways in Poland.... I know that there are no impossible things, but God has to be there in the first place. [65]

For instance, this risky managerial strategy interpreted as the “hand of God” governing the company's growth was reported by a respondent from the service industry (revival):

I believe in this: take care of the Kingdom of God and the rest will be given. Once I sent off hundreds of proposals and the reactions: zero. Another time I do not put any effort in searching for customers and they contact me and give me a job... The things somehow are being sorted out automatically. I get everything at the right time. [35]

The censoring introspection of God's gaze may limit the very possibility of pursuing certain business activities. For instance, a respondent confronted with the deadlock of informality indicated a state of "self exclusion" from professional activities (construction/revival):

When you get converted it means that you cannot be involved in a certain number of business activities and your productivity may drop. I used to go for informality, I did not pay taxes and I was scared all the time. When I converted I do not work only for money, I want to be honest, [and] it means that I cannot get involved in a number of business activities, where being an honest entrepreneur is severely limited. [29]

The otherworldly attitude may even lead to market failure. A respondent who has run a cloth manufacturing shop stopped doing business when he realized that he could not comply with all the moral requirements (revival):

I used to run a cloth manufacturing business, and at some point I came up with the idea that if I am supposed to run it fairly and pay all the taxes, employees' social security, and so on, I will have to go bankrupt. I closed down. It was better to earn less but stop struggling with dilemmas. [40]

Consequently, the otherworldly mind may not only trigger inefficient economic outcomes as related to moral dilemmas challenged by the shadow economy, but it also triggers tensions between specific religious and moral standards (e.g., prohibition on trading certain products/services) and practical standards (e.g., resourcefulness, productivity, self-interest), which, as this study showed, in certain instances distorted the logic of instrumental rationality among some

respondents (see Brink 1996). A most telling example of hindering economic rationality by religious convictions was revealed when some of the analyzed respondents blocked maximizing profit decisions. Perhaps this situation can be described a “blocked exchange”, a term coined by Walzer (1983) and later applied by Beckert (2005) to economic sociology covering behaviors which prohibit market exchange of objects and services due to certain moral convictions. For instance, the owner of a retailing company related his own experience (revival):

A few years ago, together with two partners I decided to open a wholesale beer distribution business, but we were not certain if it was the right moral decision. After a brief discussion we decided to see what fruits this business would bring. After two years, it turned out that this was a profitable trade, but we noticed that we sold beer to retailers who could re-sell it also to underage persons. We could not control it, so we felt morally uncomfortable, and we decided to abandon this business. [6]

In a similar vein, another respondent from the IT trade turned down offers which he found inappropriate from a religious point of view; the owner of a recording studio did not rent his premises to musicians producing “immoral music”, the owner of an IT business rejected offers of designing “improper websites.” Exchange blockages were also identified while analyzing selected decisions made during the 2008–2009 economic crisis, when the principle of solidarity with the employees took precedence over economic rationality, and some of the analyzed respondents declared a significant reluctance to dismiss employees, even though it threatened the firms’ economic standing as an auto repair company owner says (revival/civil society):

Employee dismissal is the absolute last resort. We know that behind the employee are members of his family. If someone would be scheduled for dismissal, we would pick bachelors and not someone who has a family and children. [5]

A respondent continues:

We do not treat our employees as a cog in the machine but above all as people. God entrusted employees to us, therefore, we are interested in their salvation. Hence, there are familial ties between us and our employees.... We have fired only one person during the last 7 years. [5]

An owner of the advertising agency asserts (civil society):

The company follows this rule: first, to pay the employees, then pay taxes, and finally pay ourselves. From what I have noticed, in many other agencies this rule is reversed. [3]

Of course such protective employment policies, which are not separated from religiously motivated values, might potentially hinder a company's efficiency, as in the instance of an owner of an IT firm who invoked the religious category of charity, which brought into conflict the moral standard with practical efficiency (revival/civil society):

The Catholic perspective in my business is primarily visible in my approach to employees. Man is crucial. Suppose someone struggles with profound problems and he is not effective as usual, we do not treat him instrumentally. We are not concerned only about his effectiveness... A boy has worked with us for some time and he has had problems with drugs, he also cheated us. We did not fire him, we waited until he improved. [4]

The protective policy of employment is supposed to guarantee fulfilling the employee's obligations which produces stable relations within the organization, namely, through installing the defensive mechanism of trustworthiness among organizational members who share similar religious assumptions. Although the vast majority of the respondents declared that religious commitment is not required in order to get a job in their companies, there were nevertheless firms in the sample that assumed an employment policy based equally on the skills of the

employees as well as their religious identity. For example, according to a construction company owner (revival/civil society):

The most important issue is a proper selection of people who work in the company. I've never been guided by the principle of religious affiliation in recruitment policy, I paid attention to the skills of workers. But the fact is that those who work with us for 10 years and more share with me the similar religious point of view. [4]

A proprietor of an electrical and electronic services company states (civil society):

It is better when the staff consists of believers who share the boss' views on religion. A small company is like a single coherent organism, so when one fails all will lose. Small companies thrive when all employees have a sense of common cause....When there was a lack of such an identity in my firm I could not go along with some employees and they usually left the job....I believe that when the firm comprises Catholics, then it functions better. Catholics know that they will not be abused or cheated by employer, they better cope with stressful situations. [1]

An owner of a software development company (revival/civil society):

We have never had a recruitment policy based on religious affiliation, so it is not like this that the person who applies for employment with our company has to be a Catholic. On the other hand, the truth is that most of those who joined our firm changed their approach or converted to Catholicism. However, we always remember that you need to hammer nails straight and not spiritually. [4]

Importantly, religiously motivated protectionist employment policy, also contributed, in certain instances, to a free-riding problem, which plagued some analyzed firms as evidenced by a respondent (revival/service):

I had a carpenter start-up company in which I employed only people from my community. It was a disaster, they did not work properly, all the time they were involved in spiritual conversations and stuff like that....Eventually this firm failed. [35]

Another respondent has been affected by similar difficulties (revival/service):

I had several people from my community in my business, they were totally indolent; this business was seriously damaged by their terrible management. [39]

An “otherworldly” respondent who also used to employ religionists sharing the same labor code argued that it brought inefficient labor outcomes, thus he decided to implement a specific anti-free riding policy (revial/service):

Yes, this may be a serious problem when you have colleagues from your community at work. They may read religious sites online instead of working. In order to avoid these situations we made strict policy on this. If you want, for instance, to give testimony you take a leave and go whenever you want. [51]

There were also indications of religious fanaticism underpinning the business policy of some otherworldly oriented entrepreneurs, leading to market failure as this respondent indicated (civil society/trade):

I know entrepreneurs who went bankrupt because of their irrational religious behavior...One baker wanted to bake only the bread of God so he wanted to create a network of religious contrahents. He wanted to use for baking only components coming from pious Catholic farmers.... Sometimes he had difficulties obtaining such products, eventually he was pushed out of market. [43]

Besides the religiously informed “moral blockages”, the interview data also provided examples of inefficient economically outcomes in which we see how some firms’ profit-making was deliberately slowed down by “otherworldly incentives” which resonates with Swedberg’s (2003: 59) assertion on the role of different forms of symbolic capital in the organizational context, which “may either facilitate the process of profit making, slow it down or block it.” Naturally, not all of the analyzed companies deployed the same logic towards the “desire

for profit”, which, according to Swedberg (2003: 59), constitutes a fundamental feature of capitalism “driven not only by the need of consumption but also by the desire for profit, which has to be continuously reinvested.” Most of the analyzed firms, might be perfectly located within this strand of capitalist dynamics, however some of respondents revealed a purposive “desire for profit” self-limitation, representing a static modus of organizational re-production. These entrepreneurs (representing all organizational categories) identified the crucial factor of religious motivation that affected them in undertaking a self-limiting strategy, understood as means of maintaining an ethical stand threatened by the desire for profit maximization that also included profits earned out of informal activities. This self-constraint imposed on the incentives of market expansion is visible in the statement of this owner of a constructing company (civil society):

In a smaller company we have smaller contracts, but instead we have better relations with customers, with direct investors. I have a bad experience dealing with large companies that behave irresponsibly, as they often misestimate the investments, they operate using a short-term speculative capital. Large companies also intersect with the world of politics, and there is an increasing risk of corruption....At our level, we do not cross with the world of politics so, our company is less exposed to hazardous moral behavior. [2]

The respondent also indicated the risk of losing his religious life style when the company structure expanded:

In a large company it is easier to lose the Catholic moral orientation, you are faced with increasing greed and then it is difficult to be a Catholic. We are happy with our small size, we do not long for a huge profit, it is not necessary for your salvation. [2]

The peculiar “self-constraining” tendency, on the one hand, mirrors the Weberian example of the “spirit of traditional capitalism”, mediated by a religious culture that avoids severe competition, seeks moderate profits and shows a significant reluctance to innovation

(Swedberg 2003: 230); on the other hand, in certain instances the interview data reveal a specific anti-“prosperity” attitude underpinned by the sectarian antagonistic logic towards “the spirit of this world”, as evidenced in this quote from an auto repair company owner (revival/civil society):

In Catholicism, material prosperity is not associated with the development of man, it does not pave his way to salvation. Material success is not a necessary factor in our company. We do not look for it when it jeopardizes our friendship with God. [5]

The owner of an advertising agency continued in a similar vein (civil society):

The capitalist economy is originally linked with the non-Catholic spirit, thus this type of economy leads Catholic businessmen to many moral conflicts. Maybe that’s why Catholic companies are not particularly successful, because, by definition, they remain on the fringes of this unfriendly system, which is not beneficial for them....a Catholic will come across many difficult situations while engaged in business, and this may hinder his potential. [3]

Although some of the respondents justified their self-restraint in religious terms, we should bear in mind that this causal relationship between religion and a company strategy might be spurious. It is quite likely that religious rhetoric which has been used in certain cases instrumentally in order to legitimize the self-reproductory mode of existence cannot be properly analyzed only from the perspective of the impact of religion on an economic activity. Insofar as the self-limitation logic was economically rational for some companies located in a niche market, which were obtaining satisfying profit margins and were not confronted with intense competitive pressure. In turn, the respondents’ firms which were based on low profit margins and located in a highly competitive market environment, were forced to be more expansive regardless of the otherworldly orientation of their owners. Also, the effect of a given company size cannot be ignored as

a potent determinant of the possibilities of organizational development, and small-sized companies by the very nature of their internal deficiencies quite often are constrained in their efforts aimed at successful competition on the market (Gomolka 1978; Freeman et al. 1983). Additionally, hindering market expansion might be related to the relatively poor bridging social capital capabilities of Polish small and medium-sized business actors (e.g., as opposed to bonding social capital), which has been recently insightfully discussed by Gardawski (2013: 171–178).

3. Anomie and sin

There are two preliminary observations drawn out of the inquiry into the impact of the “otherworldly” perspective on shadow economy activities in the business context. Firstly, the ultimate reason of constraining a number of deviant acts in the economy as admitted by the respondents (representing mainly a revivalist organizational category) is the awareness of violating a universalistic principle of justice, that is to say, the divine order. Their self-constraining conduct is not driven, at least not directly by the citizenship responsibility for the well-being of society, the major motivation to avoid the shadow economy is rather conditioned by what Hirschi and Stark (1969) call the “hellfire effect.” Secondly, we may assert that the increased tax morale, the avoidance of bribery and opportunistic behavior might be understood as an unintentional consequence of an otherworldly motivated action. An issue of otherworldly sources of ethical conduct in business could be highlighted by Mestrovic’s insightful reinterpretation of the Durkheimian idea of social justice as confronted by anomie. This approach allows to problematize the ambiguity of the Catholic entrepreneurs’ value rationality action from another angle. Mestrovic (1985; Mestrovic, Brown 1985) in a series of articles demonstrated that Durkheim conceptualized anomie as “the secular counterpart of sin” which might be understood “as an incorrect arrangement of individual and collective repre-

sentations as the treatment of the sacred as if it were profane, and vice versa” (Mestrovic 1985: 124). Therefore, anomie is not the simple state of normlessness or breaching the rules, but as Mestrovic and Brown (1985: 93) – following Lukes (1972) – argue it needs to be understood as the inversion of the sacred and profane. This perspective, while avoiding a trap of an oversocialized idea of deregulation of the social that is present in the functionalist tradition, demonstrates less visible social justice agency inherent in Durkheim’s work. Importantly for this study, it helps to grasp how the religious sources of social justice may produce ambiguous outcomes for economic efficiency of companies run by otherworldly oriented religionists.

Conversely to the widely assumed definition of anomie as a state of normlessness Mestrovic (1985) and Mestrovic and Brown (1985) demonstrated that either the radical or moderate functionalist interpretations are not substantiated in the Durkheim’s writings. While employing linguistic and conceptual revision of the prevalent interpretations Mestrovic and Brown (1985) showed that the English translation of the meaning of anomie as “normlessness” is not accurate, and in fact, anomie’s meaning “dereglement” should be properly translated as “disregularment” which is also closer to the original intention of Durkheim and it is better integrated with his entire scholarship: “The French meanings of <dereglement> make the theological implications that it is a state of disarray, incorrect arrangement, even madness, but certainly nothing like deregulation or non-regulation” (Mestrovic 1985: 130). Anomie, in the realm of business, would mean that instead of social collective representations of universalistic ideals as altruism or social justice particularistic representations of egoism and materialism assert their dominance, hence anomie in Durkheimian scholarship is constantly referred to the “spirit of progress” or “rebellion”, the “prototype for sin.” (Mestrovic 1985: 132) Furthermore, sin hurts “conscience social” which should not be understood as “conscience collective.” The latter addresses simple offensive acts, like crime, the former in turn as anomie threatens the spirit of society,

the totemic energy that reproduces its moral strength. The perverse inversion of the sacred to profane hurts first of all as Mestrovic (1985: 128–130) argues “justice”, which cannot be narrowed to the letter of the law, that is to say, to “juridical equality”, instead, justice is socially legitimized by the “spirit of the law” that is shared by the organic solidarity based community (Schoenfeld, Mestrovic 1989). Schoenfeld and Mestrovic (1989), following Durkheimian notes from *The Division of Labor*: ([1893] 1933: 388 in Schoenfeld, Mestrovic 1989: 116) put it: “The task of the most advanced societies is, then, a work of justice.... Just as ancient peoples needed, above all, a common faith to live by, so we need justice.” In individualistic modern societies, Schoenfeld and Mestrovic (1989: 120) add that, unlike in pre-modern mechanic solidarity societies, “[the] justice presupposes the idea of contract between the individual and society that is binding on both; and that justice is an objective, not a subjective phenomenon” and what is important, this contract is governed by an elusive universalistic spirit of the law, that links the sacred principle with the society and through this blocks anomic inversion of the universal into the particular. What is crucial here, Mestrovic continues (1985: 132), citing Durkheim ([1912] 1971: 16), are the categories of universalism and particularism which, although they must be in a dialectic tension, they cannot be mingled. Ultimately, these are universalistic oriented social principles replaced by the particularistic instrumental objectives that create the very state of anomie, as in Mestrovic’s (1985) example of reduction of altruistic morality to utilitarianism. Thus, in the conclusion of his interpretation Mestrovic (1985: 130–131) argues that Durkheim was pointing to the state of this malicious inversion when he wrote about the “amoral character of economic life amounts to a public danger” and “the unleashing of economic interests has been accompanied by a debasing of public morality” (Durkheim [1900] (1957) in Mestrovic 1985).

This intellectual context provides a novel line of interpretation of the otherworldly informed universalism that may have challenged the

firms' organizational efficiency revealed in the analyzed interview data. When some of the revivalist entrepreneurs declared that they cannot pursue their business according to the logic of instrumental rationality, which has not necessarily represented a criminal activity *per se*, but rather has leaned toward a utilitarian decision that has not considered the presence of universal providence, they specifically revealed the threat of "malicious inversion." This is the reason why they declared the will to overcome it through complying with the universalistic principle of divine justice. Clearly, the analyzed respondents, particularly revivalists were not concerned with the explicit secular version of the universal concept of social justice, as for them ethical behavior in business which is not "malicious" has required an input of transcendental justification, thus the otherworldly informed universalism only to a limited extent resonates with Mestrovic's (1985: 132) reinterpretation of Durkheim for whom: "law, morals, and even scientific thought were considered... to be of religious origin... but when inverted, they represent sin." The religiously driven ethical attitude in business that is produced by the "otherworldly mind" does not represent the logical equivalent of the universalist social justice that might fulfil the same role in the context of secular setting of organic bond society, it is rather suggested that this attitude is informed by sectarian moral radicalism. This moral radicalism may effectively constrain deviant behavior in business, however as revealed in the case of the increased tax compliance among the revivalist respondents, their attitude rather does not represent a lay altruistic tax morale, it is rather a result of the "hellfire effect" and as such should be understood as an unintentional consequence of an otherworldly inspired action.

4. Ambiguities and market expansion

The Durkheimian duality as reinterpreted by Mestrovic, besides the impact on business ethics attitude, also constitutes a challenge for the economic efficiency of companies run by otherworldly oriented en-

trepreneurs. It has been acknowledged following a classical Weberian insight that religious organizations, through creating a distinctive subculture, may produce a change or block innovativeness. As, for instance, Finke and Wittberg (2000: 166) demonstrated, Catholic orders animated by a fervor for sectarian logic promoted organizational growth, through acting as “a testing ground for new ideas, they frequently lead to new innovations in teachings, music, and religious practice. But also they can serve to prevent change by supporting a distinctive subculture that guards Church teachings and practices from the dominant culture.” Indeed, as it has been demonstrated, the revivalists might significantly block the informal economy, but we cannot deny that the “otherworldly mind” driven by the penetrating awareness of providence may constrain the possibility of market expansion as it was earlier described and neatly evidenced by this construction firm owner (revival): “Religion helps me to keep a distance towards money. I am only a pilgrim in this world, thus I am prepared to face a calamity in business and will not commit suicide because of this.” [43]

An interesting example of ambiguities related to the revivalist spirit also comes from contemporary Protestant Evangelical communities (mainly American revival ones). As Robbins (2004) argues, in contrast to canonical assumptions of the Protestant inclination towards accumulation of wealth there is hardly any evidence to support this thesis. Although there are some studies which argue that Evangelical ideology may contribute to the improvement of economic standards, it seems that a vast majority of empirical evidence supports the opposite interpretation: the dominant skepticism towards “the world and its pleasures” blocks the prosperity and the material success of the Evangelicals.

Once it comes down to the interview data, these demonstrate that some otherworldly respondents were skeptical about the very possibility of holding a moral stand in the contemporary capitalist economy, which according to them is profoundly spoiled by the

malicious spirit of greediness that mirrors Durkheimian assertions on anomie in the market economy, as found for instance in Mauss (1967: 64): “the whole field of industrial and commercial law is in conflict with morality.” For some respondents this skeptical attitude led to suboptimal results of their companies as for the one from the trade industry (parishoner):

You cannot act honestly in trade, because the very foundation of trade is based on stealing from customers... We give you a better proposal and so on... Trade is not about fairness...I am badly frustrated, I think it is spoiled right to the very bone. I am about to stop trading because it is not a Christian industry. [37]

Some of the otherworldly oriented respondents refrain, for instance, from the assistance of courts in situations of legal disputes, when given the difficulties with money transfers from contrahents that plagues Polish economy may significantly worsen their market standing (revival/service): “We do not use vindication, this would be an anti-example of Christianity.”[51] And another one (revival/service): “A Christian does not sue his debtors.”[54]

However, it needs to be added that a skeptical attitude towards the very possibility of running a fair business was not equally distributed among the analyzed respondents as far their economic sector affiliation is concerned. It was more vividly present among these respondents who were operating in heavily competitive markets (e.g., trade), or some niches heavily affected by informality/bribery. Secondly, rational action in relation to a value that does not strive to reach other ends, such as economic efficiency alone, but aims towards an ethical end, as Streeck argues and this study confirms, may also bring economically efficient outcomes. Some of the analyzed respondents while shifting into formality, consistently complying with tax regulations or stopping contracting with informal partners were not deliberately searching for “innovativeness”, “productivity” or “good customers”, and instead they were acting according to the logic of

value-oriented rationality, some of their decisions from a retroactive perspective might be understood as an efficient market solution. For instance, it is evidenced by the owner of a construction company (revival):

I approach the customers in a fair way and I get good customers, they pay invoices on time, do not put things down... I separate good guys from those bad ones when we have a preliminary talk, those who want to get fake invoices are not good customers... Sometimes I lose large projects, but maybe other bad things do not affect me if I start with these folks, that is, I do not have to go to court, chase people and so on. In the last 8 years only one customer did not pay me for a job. [16]

Also, what turned out inefficient at the initial stage of shifting into the formal economy, in the longer run, sometimes unexpectedly, for some companies proved to be a source of beneficial outcomes as evidenced, among others, by the advertisement sector respondent (revival):

I used to bribe different institutions and it did not work out. They did not pay on time, they claimed products we offered them. Since I do everything legally, it turned out that in time we have somehow attracted people who pay timely and so on. [53]

Another respondent also relates to this deterred logic of unpredictability (service/revival):

These customers who want to participate in improper activities, for instance they ask you to upload illegal maps, they are not good customers. When you stop trading with them you do not lose much. It is not worth uploading this illegal programmes since it may compromise our legal safety. [51]

5. Religion and beneficial constraints

Focusing on the issue of economic efficiency of the religiously informed value-oriented decisions making in a business environment, it might be helpful to use the Streeckian (Streeck 1997) conceptual perspective in order to consider whether otherworldly constraint in certain situations can act beneficially in stimulating a firm's productivity, particularly as challenged by the shadow economy. The interview data have shown that some of the revival respondents who were previously involved in shadow economy activities at some stage, either suddenly or gradually transformed their "preferences" (Streeck 1997: 199) what – in line with the Streeckian concept – forced them to discover formal options of running a business. However, it turned out economically successful only for a limited number of them. This act of transformation involved a change in the style of running a given firm, that could, particularly at an early stage of the firm's reorganization, undermine their economic efficiency. Some of the analyzed firms after blocking shadow economy activities fell to sub-optimal economic positions or faced market failure. However, in the longer run, for some of the analyzed owners constraining themselves for other reasons than economic rationality, came out as a source of Shumpeterian destructive creativeness, which led to economically efficient results.

A blockage towards informality, which in the case of a number of small firms may pose a risk of jeopardizing their hidden advantage of e.g., operating at lower costs of labor against fully legal operating competitors, has to be replaced with another advantageous potential that will protect the firm from slipping under a suboptimal economic position. We have to remember here about La Porta and Shleifer's (2008) argument indicating the radical gap between the official and unofficial firms which operate largely in different markets and have different customers. The latter are often of insufficient scale, plagued by high transaction costs, which have a few opportunities to advertise

their products, and this type of firms is characterized by low technology and management skills, and thus they are unable to generate high income and capital accumulation. As one of the revival respondents that runs a coaching firm providing Catholic entrepreneurs with “Christian knowledge on business ethics” argues:

The informal sphere is linked with poor management. These firms have a mess in their books, people who run them are confused all the time, they do not know what data can be revealed and what should be hidden, thus their energy is thwarted.... People operating informally do not have a proper analysis of their firm’s activity, thus these firms are located on barely survival level... This is not a sound economic structure. [18]

Or another Catholic business trainer adds (revival):

Small firms I encounter while providing Catholic coaching typically get involved in informality as a ploy to survive competition in their given industry. This ploy constrains their growth abilities and creates sort of a vicious circle situation. I mean, these firms have no access to external capital, no modern management marketing and finance techniques. [29]

Thus it would be of utmost importance to examine the question if the analyzed religious organizations contributed to overcoming the radical gap between the unofficial and official sphere through causing a moral crisis of selected entrepreneurs (primarily associated with the revivalist organizations) over their involvement in informality. We should remember that only some of the respondents admitted involvement in the shadow economy, thus the following considerations have limited consequences in terms of generalized representative conclusions of the sample, however these tendencies reveal certain regularities of the “otherworldly mind” interplaying with the business sphere. The next chapter will examine the crucial role of the entrepreneurs’ change of preferences, which blocked their involvement in shadow economy activities and in a number of instances forced them to seek

market advantage in the realm of formality that poses a certain risk for small and medium-sized firms. The next chapter will also explore the impact of the consistent tax compliance on companies' economic outcomes of these respondents' who according to their declarations have not been previously engaged in the shadow economy.

IX.

Religion, innovation, ambiguities

1. Limits to religious voluntarism

Before proceeding to a more detailed description of the change of preferences, we need to identify first the structural limits to religious voluntarism impacting the economic realm. Although the size of the informal economy may fluctuate along economic cycles, nevertheless as Packard et al. (2012) notice, this movement is limited by the segmentation of the labor market, also the shadow economy, sometimes intertwined with corruption, tends to create a “bad equilibrium” in certain sectors of the economy, which has been earlier described within the perspective of the Andvig-Bardhan (Andvig 1991; Bardhan 1997 in Packard et al. 2012) model of “frequency dependent equilibrium.” The deadlock of informality is determined by the actual volume of informal transactions undertaken in a given economic niche which set specific “initial conditions” (Andvig 1991) of imitating efficient ways of doing business at a given time. If the analyzed niche – as the proposed model shows – is embraced by the prevalent informal activity, it is less likely to gravitate back to the level of lesser informality. A respondent describes this deadlock (revival/service):

For the early Christians participating in some industries as acting, public fighting was unacceptable. Their conversion meant that they had to leave some jobs. Similarly today, when people convert they have to exit some industries where it is hard to run a fair Christian

business... Sometimes people who convert go bankrupt because their idea of business was founded on a bad root, for instance they assumed that they would not pay taxes. [38]

Secondly, given the insignificant capital assets, the little profit margin obtained in highly competitive markets (e.g., retail), a limited number of customers, sometimes low management skills, which typically characterise the small and medium-sized sector (Stawasz 2008) – leaving the shadow economy meant placing a number of the analyzed firms below the level of optimal profits which drove some of them out of business. It is instructive to cite one of the respondents (service/revival):

When I was selling shoes it was virtually impossible to work legally, because the competitors almost completely do not pay taxes, they do not contract legal labor, hence their costs are low, if I had complied with formal procedures I would have gone bankrupt. When I converted I had to leave this industry. [29]

The threatening situation particularly relates to the construction sector, as evidenced by the respondent from this industry (revival):

In the public bidding usually rubbish wins because it is cheap. These firms are so cheap, because they have informal employees, they do not pay social security... The shadow economy kills us. State regulations would be needed, but inspection on the construction site is hard to exercise therefore the shadow economy wins. [49]

Besides the shadow economy, the interview data also brought examples of the prevalence of corruption in some industries that limited the space of running a fair business. The pressure of corruption which forces numerous avoidance strategies may lead to maintaining an unproductive, defensive scale of businesses indicated by the respondents (revival/service):

Because I do not give bribes I lose customers, I have to give up a part of my profit margin, I quite often have to change my customers thus

I am not able to establish durable trusting relations. This renders my performance costly. Corruption stifles the market. [42]

Another respondent, an owner of a bakery (parishoner):

You can sometimes hear that we will get your bread and cakes into our mall when you buy me a car. I do not get into this. Thus I do not increase my market, my activity is limited to my own store next to the bakery. [68]

In a number of cases moral constraints also contributed to sustaining an unproductive small-scale businesses, especially when these were located in highly competitive and heavily “informalized” submarkets, as it happens in the construction industry, which was expressed by one of the respondents (revival):

I have always tried to outsmart the state, which has changed since I converted. Now I get 20 percent less profits, I had to collect more than 400 thousand zlotys for the state. There is a large number of construction firms like the one I own, and the market is tight. I employ 35 people and need 10 million zlotys of turnover per year to keep things going. It is really hard now, I think it is quite likely that I will go bankrupt....The financial situation has severely deteriorated when I converted and started to comply with all regulations. My business strategy might be described as a survival strategy. [28]

Given the insufficient number of formally/not corrupted transacting partners in a “bad equilibrium” environment doing a business may also raise transaction costs that impact poor economic outcomes as evidenced, for instance, by the respondent running an electronic supply firm:

In order to not get corrupted I diversify subcontractors in order to reach the end-users. I have more sub-contractors than I need. All these measures are invented in order not to get involved in corruption, when one sub-contractor asks me for bribes and I am under time pressure I can switch to another one... I am very careful how to talk to them, what words should be used and what words should

not be used, I know all these games. It takes more time and energy to remain uncorrupted in my industry. [42]

Only in a situation – as Andvig-Bardhan model shows – when the initial history of a given niche represents an “unstable equilibrium”, there is a higher probability of detection of informal activity, and the costs of finding other informal transaction partners are getting higher, “the benefits of informal economy decline.” Consequently, entrepreneurs are confronted with a more ambiguous environment in shaping their expectations concerning transacting partners, and the economy may gradually start returning to the formality level, thus the chances of moving out of informality for individual firms grow. On the other hand, indicating the structural conditions of the prevalence of the shadow economy in a given economic niche in which entrepreneurs run their businesses does not *a priori* preclude the possibility of a successful shift into formality. Eventually, decisions made in the market are never completely “rational” and never spell success or failure given the contingent habits of market actors. The possibility of overcoming the informal/bribery transactions equilibrium, as this study demonstrates is possible, particularly for those entrepreneurs who are exposed to strong “otherworldly” normative pressure, intertwined with community-based networking. Sometimes the “irrational” potential is required to interrupt the “bad equilibrium” that is untenable for instrumental rationality. The otherworldly perspective creates the right conditions that introduce a greater potential of risk-oriented decision making which hinders informal transactions not in order to achieve companies’ higher market performances but quite often as a decision to please deity. Some of the analyzed respondents, while shifting to formality or consistently complying with tax regulations were not deliberately searching for “innovativeness”, “productivity” or “good customers”, instead they were acting according to the logic of value-oriented rationality, some of their decisions in retroactive perspective might be understood as an efficient market

solution. Similarly, what proved inefficient at the initial stage of blocking bribery, in the long run, sometimes unexpectedly, for some companies turned out to be a source of beneficial outcomes.

The dialectics of the shadow economy/corruption and religiosity described above does not support the thesis of the universal applicability of efficient solutions related to the shift from the informal to the formal sphere. As this research shows, the shift into the formal sphere had eliminated some of the analyzed firms, which were unable to supplement the “paradigm turn” with added value that might enhance their market advantage. Also the impact of the religiosity of the revival respondents on the shadow economy should be understood as a qualified concept of “beneficial constraints”, namely, the efficiency of economic action of this category of respondents is enhanced by socially embedded constraints only in combination with a number of other contingent factors, to mention just a few such instances detected during this research like flexible entrepreneurial skills, available assets, the scale of the shadow economy/corruption prevalence in a given type of market requiring an active strategy of avoidance which sometimes raises transaction costs. We should also mention the importance of the “culture of innovativeness”, which as Gardawski (2013: 101) identified is not equally distributed in all sectors (in his study the “culture of innovativeness” was more frequently occurring in financial and insurance industries as compared with other sectors).

2. Religious constraints and the learning process

Religiously informed self-constraint upon the shadow economy (mainly exerted by revival respondents, but it also applies to a lesser extent to non-revival respondents) – given the earlier mentioned specificity of the industry, the size of the firm which determines the company’s strategy – may also bring efficient results. The self-choice-

limiting obligation in the Streeckian example taken from industrial relations of not readily welcome implementation of obligatory social standards in a company (e.g., costly training programs) enforced by an external authority (in Streeck's (1997: 203) example enforced by governmental policy), closes certain options of running the business (e.g., ban on labor outsourcing) and by this action forces firms to discover new forms of market advantage, particularly through searching for niches, introducing quality products, finding efficient means of production etc.⁷⁵ We have to bear in mind the differences between the data. Streeck (1997) uses as examples rather large corporations that have significant capital assets to sustain the transformation process and which have time to implement new "learning mechanism", which is not necessarily the case of small and medium-sized firms, which do not have significant assets and their chances of survival sometimes ranges a few weeks ahead. Thus analyzed constraining may lead to different results in both cases; the second case perhaps more often leads to disadvantageous consequences of religious inhibition of instrumental action. Also, for Streeck constraints are enforced by existing industrial regulations, collective bargains between trade unions and employers, which are then enforced by public authorities, but Streeck admits that constraints might also be enforced in an informal way. This is precisely what this study found. Following Streeck, but also some earlier studies as Zelizer's (1979), in which it was demonstrated how moral concerns shape market rationality to the degree where the boundaries of value-rationality action and market materiality cannot be separate in empirical practice, this study argues that the fact of belonging to religious organizations acts as informal means imposing a constraint on instrumental economic action.

⁷⁵ "Firms that are barred from responding to competitive pressure by paying lower wages, employing more unskilled workers, cutting training programs and participation schemes may come to realize that, for example, higher investment in research and development may enable them to move on to competitive arenas where worker involvement and skills are an asset instead of liability" (Streeck 1997: 101).

Namely, being cut off from informal profit making practices through self-constraining deepens focus on current development strategies and prevents entrepreneurs “from spending time and resources on exploring suboptimal options” (Streeck 1997: 2004). This logic was identified in the interview data, for instance in the case of the respondent who runs a factory producing glass utility objects (civil society):

I pay all taxes, and if they were higher I would also pay them, I do not waste time thinking how to hide these 20 percent taxes, I want to invest 80 percent. [25]

Similar tones as related to bribery were revealed also by a respondent who runs a printing house (parishoner):

Bribery is omnipresent in publishing school textbooks, those who do not bribe get out of business, given that I did not bribe teachers I had to leave this industry. In order to survive I focused on printing services where the competition is fair and market set up standards of the game. [12]

Another respondent emphasizes a similar logic of switching to a sub region of industry after being confronted with morally unacceptable bribery (revival):

Our TV documentary production firm relied on contracts with National TV, one day we learned that we have to pay some extra bonus in an envelope if we are to remain in the TV. We rejected this proposal and lost contract overnight... This situation forced me to find a business solution, we return to [X] and started to work on projects related to audio-sound offers, related to music. [35]

Another respondent from the construction industry emphasizes also the forced re-orientation of his company (revival):

Our projects designing studio has consistently failed in a public tender. Although we were not provided with any direct corruption proposals nevertheless we could not go through this barrier of auctions. We were desperate to remain in the market, thus we

started to search for contracts on the foreign markets... We got some contracts out of Poland. [65]

The external constraint, in some instances, triggers what Streeck calls the “learning process” of owners, which may lead to “yet unknown opportunities” of a newly restructured firm as respondent put it (trade/revival):

When the company does not enlarge, it means it risks being wiped out from the market. The development and the growth of the company is necessary and it is also a Christian duty as in the Gospel passages about the talents that need to grow, because this is the way to salvation ... Thus we are searching actively for ways to find new products, every month we put something new in our offer, we analyze the conditions of the electronic market. [51]

Another respondent from the trading business, demonstrates the notion of flexibility (revival):

Development of the firm is possible only when you change all the time, when necessary. We used to have more stores and warehouses but we sold them when we realised that it may compromise our existence... All the time we refine the quality of our products, in time we came into situation where products based on fat we produce and sell, paved the way to a niche, and we dominated the market in the [X] region, we have 20 percent of the market share here. [14]

Another respondent from the trade sector adds (revival/civil society):

I have been trading furniture for long time but I realised that it will not lead to success, the competition was too stiff and only large firms are capable to succeed. Thus I started to re-profile my company, I started to think and decided to go into the real-estate industry... That was a part of spiritual battle, I trusted God that he would guide me in the right direction and wanted to imitate other firms which were successful... We have to develop and we have to trust God, many Catholics are nihilists who do not want to develop, who hide their talents, our way to holiness calls us to develop and our firm will survive only on this condition. [10]

We have to acknowledge the lack of religious exclusivity in triggering the learning process especially in regard to the trade industry. The cutthroat price competitiveness of the trading market, in contrast to other industries which are more likely to come up with product/service niches, produces a necessity of learning process that is a condition for company's survival regardless of religious inclination of the entrepreneurs. Religion acts as one of the available motivational scripts, which are clearly not only limited to normative scripts, instrumental ones are probably as much feasible to trigger a learning process in the market. Nevertheless, this study found in a number of analyzed instances that religiously informed self-constraining towards the shadow economy or corruption triggered an efficient form of re-definition of company's identity. One useful example comes from a respondent who re-profiled the automobile-repair shop's target that involved an active policy of replacing the owners of old and used cars for owners of new and luxury cars, the former customers are usually more prone to use cheap informal firms and according to the respondent it was pointless to compete with them (civil society):

It is important to re-profile a business when necessary to keep services well priced and compete with the quality products... We did research on our customers, the type of services we offered and what is the added value of our services. It turned out that we mainly repair old compact cars, there was no benefit out of it given that this sector is dominated by the shadow economy, thus we started to search the luxury car sector. [26]

The examples are abundant from variety of industries, even as small and least spectacular as a florist shop (parishoner):

We have dangerous competitors, the most dangerous is the funeral house next to our doorstep. They are using different dirty tricks to hurt us, due to these tricks we lost a major customer and we were close to bankruptcy. I do not fight back. I put all the emphasis on the quality of our products, I am looking for quality providers, am trying to sell our products out of our town, I take care of delivery, recently

started to offer our products online.... I also came up with idea of printing nice bands which are put on flowers, many customers are happy with this... This is the only way I can remain in the market. [27]

This respondent explicitly points to religion as a constraint:

I am not wasting my time reflecting how to find illegal solutions out of this hard situation. Religion stops this way of thinking, and I have to find something which will be OK. [27]

The innovative measures are also available in the notorious construction market, though it is important to note that it has led to relatively successful results in case of the respondent who runs large firms associated with other economic sectors. This diversification provides required resources for the existence of the firms challenged by the poor economic standing. The owner of the chain of these companies explained (revival):

The stakes in the public bidding are very low given the informal labor pushes the prices down.... The very condition of survival in this industry calls for innovation.... I figured out that our employees can work in Denmark during part of year because there was no a minimum wage level limit in this country, we could quite legally reduce our costs and people saved their jobs which in Poland were unattainable. [49]

In order to systemize this line of argument, it is appropriate to note that the interview data, in general, have identified two basic types of efficient outcomes of religiously oriented moral constraints on economic action: a) the diversification of economic activities and seeking competitive advantage through setting up a niche for the firm's products and services, b) creating new processes, products, novel business organization models. And one potentially efficient: c) shutting down the company and changing the industry if the entrepreneur and/or supporting community do not see the chances for running a fair business in a prevalent shadow economy environment.

The simplest example of a firm's reorientation of its market profile implies the diversification of services and products as this respondent's statement evidences within the perspective of the retail store (revival):

In our retail store industry profit margins used to be low, thus we have to fight hard to increase quantitative sales, we have to diversify our sale offer. We have introduced a large scale of electronic gadgets on our shelves which creates an effect of synergy. [51]

Or another respondent (revival/service):

If you want to survive as a formal firm that is surrounded by the shadow competitors you have to diversify your business endeavours. You cannot get away from it. When you are located in one business and the situation deteriorates you need to switch to something else, otherwise you might be tempted to act unethically, and you will have no big problems to justify your unethical behavior. Therefore you have to have a strategic imagination. [29]

Another respondent from the security industry (civil society):

Security service alone is not enough to keep things going, recently we started to improve our competences and now we are also into specialist fire-fighting business. [41]

Some respondents also indicated that the diversification is a way to defend their firms against the risk of being impacted by the inconsistency of the Polish legal system (civil society):

We have a number of activities we do *lege artis* – industrial tools, auto repair, steel manufacturing. This helps in a situation where the state unexpectedly surprises us with strange regulations. [26]

Another type of dialectics between the shadow economy and religiosity, which represents an efficient type of shift from informal into formal sphere (or consistently complying with formal rules), involves the practice of setting up a niche for the firm's products and services. A certain number of respondents in different instances, those who

shut down their firms and set up new ones, those who re-organized their firms, but also those who have remained in the formal system for a long time, started seeking competitive advantage by creating a market niche, which allowed them to increase a profit margin for their products. Their firms were thus able to obtain a market equilibrium without resorting to informal means. In the first two types of the interplay between informality/corruption and religiosity, economic change comprises two elements – the destructive potential at the initial stage of the firm’s organizational reconstruction, which a given company shares with the examples of inefficient firms described above, but there is another element that the unsuccessful firms are lacking – shifting into the formal sphere also provoked the emergence of an innovative entrepreneurship mode, namely it forced firms to implement new productive measures that eventually stabilized their market position. We are again returning to the Streeckian perspective of the analysis. The religious constraint closes certain options of running the business, sometimes the extent of this closure is large and not many options are left available.⁷⁶ Examples of the analyzed shift that comprises the two step logic vary across trade and industries, as for example in the respondent’s efforts of re-profiling his firm’s expertise from a civil construction market into an industrial construction market that is much less affected by the corruption (revival):

I left these segments of construction industry that were related to communal citizens buildings. In this segment you have to deal with different sort of public authorities, and where there are public officers who can use public funding, it means corruption. We therefore started to systematically explore industrial construction niche, in which you are assessed according to your competences, thus you may expect higher wages. [49]

⁷⁶ An interesting example of constraining certain possibilities of running businesses caused by the 2008 financial crisis in Polish small and medium-sized sectors that triggered the improvement of quality of products and services of some SM firms was elaborated by Starczewska-Krzysztozek 2011.

Similar efforts were detected in other firms' maneuvers to change sub-regions of particular markets. A re-location into sub-market with different customers occurred in the analyzed case of the TV sets repair firm, whose owner dropped his interest in petty customers and instead reoriented his services into large institutional customers (revival):

I cannot compete with informal firms. I pay VAT and all taxes, thus my turnover must be significantly higher in comparison with informal firms, I need large firms to provide them with my services. [57]

Market re-orientations require improvement of knowledge and skills, sometimes external investments, and bank loans. Especially, the latter might be obtained only under conditions of being formal, hence the respondent claims:

In order to get a corporate customer I had to develop my abilities, you know, I had to understand more complex technologies. It has paid off, quite recently I have established a cooperation with [X]. Now I am expanding my services and am rebuilding my office. [57]

The possibility of setting up a niche is not only limited to a large type of ventures, the interview data also detected small firms that seek for advantageous results in the niche as one self-employed owner of the electric repair firm claims (revival):

I found a niche for my services, I cannot develop this into a full blown large business but I feel relatively safe while doing this, there is no competition in repairing batteries for computers, since the profits are rather low and you have to have a specific expertise in this field. [17]

The making of a niche, apart from novel technological input, is based upon common market measures as a systematic improvement of quality of goods and services, which creates a chance of raising the prices especially in the competitive trade and services markets. Of course, quality competition is not an exclusive feature of the busi-

nesses run by religious oriented entrepreneurs, it is rather argued that religious motivation functions as the ethical source of informality avoidance, which triggers the search for a niche, which uses common quality competition means. The trading strategy, based on providing quality product/services is a universal technical approach itself, what was noted by one of the respondents (service/production/revival):

Our firm is based on the well done services and products. I always encourage my employees: treat the customer as you would treat yourself, people will appreciate this. But I would not say that it is related to the Catholic faith. If you are reliable then customers want to do business with you. [19]

Similar statements were revealed by other respondents, for instance by the respondent from the construction industry (civil society):

I have run my firm for 20 years, I have always employed people legally on full contracts, our competitors not always do so, thus we are more expensive. I have to pay attention to what I offer to customers, the quality must be beyond doubt, and this is most helpful, people recommend us to their colleagues and I do not need to advertise my company. [45]

The same strategy that leads to the reciprocity with the customers was employed by the IT industry's respondent (revival): "When you are reliable other will rely on you and they will return to you." [4] And respondent representing health service (revival): "The results of taking care of our patients must be good, we are trusted and they choose our services." [34] Another respondent from the competitive bakery trade where the quality of product is critical to succeed asserted (revival): "My costs are high given that I pay all taxes. I have no choice and I have to fight for the quality of products and I have to save on everything in my firm. This keeps me going." [15]

There were also respondents, though just a few, who as a result of a religiously informed ethical decision brought in a new technological product or unique service that constitute a proper example

of technical advantage in a niche. For example, one respondent runs a firm that designed a system to measure the temperature in the tanks storing grain, which is a cheaper option than comparable products of the competitors (revival):

We do not want to save money on medical examinations for employees and their social insurance. These are our fixed costs so we have to charge higher profit margins, therefore our company was looking for a niche... We specialize in unique technological projects, linking electronics with technological projects. As a consequence, we have come up with this measuring engine of gas in tanks, we also patented a cooling system in cellular phones; all our systems are cheaper than similar foreign technologies. [56]

Another respondent who left a job in international corporation in order to devote his time to his family and deepen his religious life, set up a micro firm that succeeded with producing an IT programme to monitor stock markets (revival):

The program I have come up with optimizes firms listed on the stock market. To my knowledge there are no other comparable products with mine, so you may say that I found a certain niche and I am not overwhelmed by competition.... This product in a way protects my religious life style. [39]

A niche that is linked with advancing the knowledge-based innovation was implemented in a private hospital that focuses on scientific development and research. According to its founder (revival):

We are avoiding contracting with the National Health Fund for health services, as this might involve bribery, so we had to secure other sources of funding and we have come up with our distinctive profile, that is, we have started developing a research-based hospital which makes us popular with our customers. [34]

Another respondent who owns a security firm adds in this vein (civil society):

When you pay taxes and you act entirely legal it means that you have to be expensive. In such a situation it is crucial to propose something new, what other firms in your industry are unable to offer. In my case I do specialize in a knowledge-based preventive strategy. Our firm tries to study a specific origin of criminal activity in given area and propose adequate solutions for the customers. [41]

3. Signaling formality

Entering the formal sphere with novel products/services may imply the rise of a company's costs as compared with cheaper offer of the informal competitors, which of course, especially at the initial stage of the firms' existence may deteriorate its market position. However, there is another less examined aspect of the shift into formal sphere (or maintaining in the formal sphere), namely, the relocation into different terrain in terms of customer targets. La Porta and Shleifer (2008) indicated that the radical division between informality and formality embraces both entrepreneurs and customers, also the latter who use the services/products of the informal firms represent informal type of "economic animal." The possibility of remaining or moving into the formal sphere – as this project has detected – required in some instances the shift from "informal customers" to "formal customers" as evidenced by the respondent from the agro-construction industry (revival):

You suddenly realize that you have lost all old customers who wanted to do business with you on the condition that you do not issue an invoice. It may disturb your market position. If you do not have assets that help you to survive during the hardship of this shift you may do really poorly. [16]

Shifting from informal to formal customers reveals a specific a mechanism of "signaling of formality" of given firm which was particularly visible in these segments of market, which were considerably affected by informalization/bribery and future transacting outcomes

were uncertain as in the statement of the respondent representing a construction industry (revival): “I am pretty solid on this. I do not bribe. Everybody knows it. I have been into business for 20 years nobody ever proposed me this, they know it is pointless.” [28] It is sufficient to quote a security services respondent in this regard (civil society): “Basically those who want to bribe they do not trade with me, they go somewhere else, and I got other customers.” [41] The same line is present in the citation of the IT service respondent (revival): “Customers sometimes wanted fake receipts from me and I have never done this. Thus some people are aware that I do not practice such things and they do not ask me for this very often.” [50]

The respondent representing large electronic firm confirms this logic also in the other size of business ventures (civil society):

When you keep devil at bay and do not discuss with him there are not too many threats about being involved in bribery and so forth... When you do not do this people will stop you asking for the fake stuff. [24]

The signaling of “formality” is also visible in the context of public bidding as is revealed in this quote from a construction industry respondent (revival):

There is corruption related to public biddings, I prayed a number of times to avoid these situations. Always I have tried to have very transparent situations when I talk with partners and contrahents, thus I have never been offered any bribe.... I have heard sometimes how people say ironically: he is a kind of saint. [65]

When the term signaling is used in this monograph, it is not referring directly to well known signaling theories that analyze price signals of products’ quality in uncertain environments, but it is rather indicated to a mechanism restoring trust between market participants in informalized markets. This study draws here on appropriation of Stiglitz’s (1987: 3) concept that “price serves an additional function than this which is ascribed to it” done by Velthuis (2007) for the art market

in New York and Amsterdam, who comprehensively demonstrated the symbolic performance of prices in the art market, which do not express economic value of goods but rather a certain status imagery depending on the professional position of art dealer, prestige of artists, wealth of customer etc. Following Velthuis we may add that “signaling formality” in the informalized environment serves an additional function than this which is ascribed to it in a stable market environment, namely as much as price conveys information about the quality of goods, a persistent signal of the company that one transacts formally, especially in the shadow economy niche may also affect behavior of customers. A shift into formality, which goes along with the increase of the services/products’ prices in a typical situation signals that demand exceeds supply, but besides this conventional perspective signaling of “being formal” may serve as a symbolical means conveying a meaning that the offered products and services are of value, that these are trustworthy in a market affected by uncertainty. This attitude in the longer perspective may potentially re-create trust relationship between formal entrepreneurs and formal customers as corroborated by the following citations. According to a respondent (the electronic goods trade/revival):

There are generally two models for dealing with customers. One that is based on uneducated, unconscious customer who is manipulated so that he could be sold these products of which you have too many in your warehouse. The second model is about selling customer these services and products which he really needs. We try to follow this second model, initially it perhaps does not give wonderful results, but in time – what I have observed – many people start appreciating this, they basically want to be well informed and served... Eventually customers will be looking for you, not you for customers. [18]

A similar point is noticed by a construction industry respondent (revival):

I do not practice marketing, which does not include the interest of the customer. We do not manipulate the customer's needs. Our products are not the same but we try to match the customers' needs... I think that manipulating customers' needs is a sin. [49]

This large electronic trading company respondent gives specific examples in this regard (civil society):

Giving testimony in professional life is possible. When you set a good example, give a good advice to the customer, deliver products to his house, extend insurance it will pay back.... This is not only about the price competition. You sometimes want to pay more in a good restaurant... We compete using the quality of the service. [24]

Again we have to bear in mind that the possibility of the quality service/product competition as expressed by the representative of the large company might be challenging for the small companies shifting from informal to formal economy. The initial period of “signaling formality” for small firms that have been recently relocated into the formality is usually critical given insufficient capital to compensate a sudden downturn caused by fleeing “informal customers” and a lack of new “formal customers” who did not have time to get familiarized with the new services and products. It is adequate to quote a security industry respondent in this regard (civil society):

Of course there were moments that competitors managed to marginalize us. We are more expensive than they are. We were given all sorts of indecent, immoral proposals. I rejected them all. I am not going to lose my life eternal for a few zlotys.... In time I have become well recognized that I do not do shadow things. I mean my potential customers have learned this. And basically those who want to bribe they do not trade with me, they go somewhere else, and I got other customers. [41]

The risk of downturn is acknowledged by other respondents, the one from the IT industry claims (revival): “In long run religiosity impacts positively upon the business, in short distance there might be

some problems.” [40] And another respondent adds (electric service/revival):

Of course I have lost a number of customers who wanted from us different things, like bribery and so on. But this is true that I have met also a number of people who appreciate our reliability. [57]

Eventually in the situation of the initial downturn respondents were choosing a most common way out of it, that is, a strategy of improvement quality of service/product as evidenced by this respondent (construction service/revial):

I am prepared to compete by means of quality services for the customers – I want to win not because I issue fake invoices but because I do a good job, of course it takes time to attract attention of the customer who will appreciate this. [16]

The respondent from the production industry sums it up (civil society/trade/production): “A good customer will find you in time.” [25]

On the one hand, these citations confirm Stinchcombe’s (1965) and Freeman’s et al. (1983) assertions that small and new organizations lacking legitimacy face greater problems with organizational survival. But sometimes such risk stimulates efforts to start learning process or improve the quality of products/services as evidenced above or search for additional resources to cover loses in income during the liminal period of transition as in the case of the respondent who re-profiled his auto repair garage from cheap vehicles to luxury vehicles (civil society): “I was using resources from my other company, otherwise I would have gone bankrupt.” [26]

However, it cannot be denied that the poor legitimacy of a novel brand constitutes a genuine risk for the potential “newcomers” into formality, what may lead them either to bankruptcy or block their shift into the formal economy. Another risk relates to the volume of informal transactions/corruption that is present in a given niche that decisively may reduce the opportunities of pursuing an optimal

performance as was evidenced by the laboratory engine trader (parishoner):

The quality of service does not help you. I did all the best for the quality of service. But to be reliable is not enough. When you believe that the customers will be loyal to you because you provide them with good quality services it is a misunderstanding. I had more than hundred customers but ended up with less than 10... OK, when you are reliable it is fine, but when you are confronted with the corruption and brutal market it will not help you much. My firm eventually was captured by a foreign firm which bought my vice-director and the whole data set about the customers. [37]

The signaling of “being formal” may function also as a potent symbol – to put it in a Streeckian way – that given actor’s economic actions are constrained by certain ethical principles. This constraint forces him/her to comply with formal rules even when opportunistic behavior would be beneficial that ultimately informs transacting partners: “[T]hat the other side has noneconomic in addition to economic reasons not to defect”, this signal hence “accelerates and consolidates the growth of trustful relations” (Streeck 1997). As data interview show in a number of situations available, common knowledge that a given entrepreneur “always pay on time”, “this product is of good quality” encouraged a reciprocity even in difficult market environment as trade what was confirmed by a number of respondents. For instance, the trade respondent indicated beneficial outcomes of trustful relations for him and his supplier through e.g., reducing transaction costs (revival/trade): “Retail stores pay us right away, we have trustful customers, warehouses we cooperate with do not turn things down.” [14]

The signaling particularly enhances reciprocity in the niches affected by the informal “bad balance” as evidenced by the respondent from the construction industry (revival): “We have one rule – we pay on time our partners and employees. Now I think that it helps a lot, people recommend us, they know we try hard.” [28]

A similar point was made by the respondent from the production of utility objects industry (civil society):

Our company has a good standing because among other things our suppliers know that we pay on time, thus they always provide us with the products, we have stable situation with them. Our rating is also perceived as good for the banks....I would say that business is always smoother when you are favorably disposed towards your partners. [25]

The signaling of formality in line with the literature on trust understood as social capital that reduces transaction costs (Fukuyama 1996), as some respondents argue, also contributes to the establishment of solid relations that resist crisis situations, this point was emphasized by a respondent from the advertisement industry (revival): “Trying to establish trust through bribery is superficial, it will not last for long time. I now understand that only a solid relationship with the customer pays off.” [53]

Similarly a respondent from the construction industry continues (revival):

If you want to be trusted you have to work on your company for years. We have a transparent process of shared decision making with our customers, they know what the process of production looks like. [49]

The trustful relations of course may occur helpful during the time of financial downturn as evidenced by the respondent from the security industry (civil society): “Sometimes I have to rely on people’s patience, they trust us and let us pay with some delay, without their trust our company would not have survived.” [41]

From a retrospective point of view, signaling turned out in a number of cases as an appealing magnet for a “good” transaction partners that eventually led to the establishment of the stable relationship of exchange, the reduction of transaction costs through the enhancement of trust between market actors. The latter logic is

visible in the respondent's quotation which points to the problem of delaying payment transfers between contracting partners. This opportunistic behavior introduces a certain amount of risk into organizations (trade/revival): "We pay always on time and we require the same from our partners... Eventually we lost those who do not pay on time, but it has come off beneficial. Our contractors know that we are reliable thus they give us large discounts." [51]

Another respondent adds (production/civil society):

It is a waste of time to extend the dates of payment for those who buy our products. They will be always late. If we do not get money from them thus I am not able to pay the factory where I order jars...I treat paying on time as religion. I wait 60 days if there is a delay in payment I sue such a contractor. This policy clearly wiped out a number of contractors, but those who remained are predictable ones, and it helped to stabilize financial situation of the firm since we do not need to get bank loans in order to cover a gap due to this payment delays. [25]

The above described trust building usually was not mediated by the explicit knowledge on the part of customers or suppliers that a given entrepreneur is religiously motivated, it was rather founded on continuous reciprocity as expressed by Granovetter (1985: 491): "[S]ocial relations, rather than institutional arrangements or generalized morality, are mainly responsible for the production of trust in economic life." We need to add that otherworldly oriented constraints imposed on certain number of respondents' economic action were rarely, if ever, meant with economic efficiency in mind. Nevertheless, indirectly this self-constraint in a number of analyzed cases set a tangible limit that in the long run made the economic performance of companies efficient insofar as it contributed to reinforcing reciprocity among contracting parties. Further, following more specific Streeckian notion that social constraints protect trust in institutional environment where there are structural unequal relations of power as it is between employer and employees, the fact that employer

is bound by the religious constraints in many respects led – as the interview data found – to deepening the employees’ participation in the company’s activities, improved their commitment to companies’ objectives, what in certain instances led to a more efficient performance of the company. For instance, a respondent from the trade industry acknowledged the necessity of the employees’ integration with the company as the efficient means stimulating a higher turnover and a higher profit margin (revival):

An employee must be engaged, he has to treat customers personally. Therefore you have to pay them decent wages because they will bring you back more... It is necessary to share with the employees money, information, responsibilities. We need to feel that we are in the same boat. [30]

In a similar vein the respondent from the bakery industry adds (parishoner): “Today different bosses want to make fast money, they are not after employees... I have all on full contracts, we are like a family.” [68] The respondent from the trade industry continues (revival): “Employees see that you save on him, thus he will cheat on you, steal from you. People need to be treated as legitimate persons and they will be integrated with the firm.” [30]

The respondents implement sometimes a very deliberate policy that aims at integration with the labor force as the respondent representing large factory claims (civil society):

I meet with the employees regularly and present them the policy of the firm, they need to be well informed about the situation, this helps to keep people responsible for the common good, people know why they earn this amount of money, what the financial condition of the firm is... We have low turnover. [26]

Another respondent from the IT industry similarly implemented transparent policy in his company (revival): “We have a structure of a clan, the employees have full access to the information on the financial situation of the firm, we listen they suggestions.” [22]

The policy stimulating loyalty towards the firm among employees potentially can contribute to its survival in the period of crisis when extra loyalty and sacrifice for the organization is required as evidenced by a respondent from the utility goods industry (civil society):

We have been through serious crisis recently, I was worried if the firm survives... I announced this fact to all workers that we may reduce either staff or we reduce our wages, including myself. Everybody agreed... after a few months we returned to the previous level of wages. [25]

Conclusion

Religious attitude which impacts economic behavior can be empirically studied on various levels, embracing different units of analysis. This study's approach has been modest, as it has not focused on the role of Catholic convictions in constituting broader interest groups, neither did it inquire into whether Catholic-oriented business people are able to create and distribute ethical standards on the market. Instead, this study explored the micro-level of individual entrepreneurs and their companies, inquiring whether the impact of entrepreneurs' religious convictions has shaped organizational strategies of their firms, while confronted by the shadow economy. Specifically, this monograph examined the moral community thesis among the selected entrepreneurs defined as ordinary parishoners, as well as those associated with the revivalist and civil society Catholic groups. It was found that the possibility of constraining the shadow economy is more likely to occur among the more integrated revivalists whose resistance towards informality, as argued, was based on their organizations' "dense and relatively closed social structure" (Coleman 1993: 9), which in line with the Weberian understanding of the functioning of sectarian movements caused among their members a relatively high level of compliance with the recommended forms of normative behavior (see Robbins 2004). This finding contrasted with the attitudes of the less integrated Catholic civil society groups' members and ordinary parishoners, who more frequently declared an acceptance of shadow economy activities, especially when related to businesses enmeshed in sectors highly affected by informal con-

tracting when leaving informality would outweigh the benefits of remaining in this niche. Clearly, given the methodological limitations of qualitative inquiry, these findings cannot be generalized since the sample was not representative. This difference calls for further more systematic inquiry, which may quantitatively test various coping strategies with the shadow economy pursued by the entrepreneurs linked with the Catholic groups underpinned by different degree of organizational integration.

Lest there be any mistake, it has not been an argument of this study that the Catholic revival groups signal any regress to pre-modern mechanical solidarity, clearly, the analyzed religionists are enmeshed in a variety of social structures based on the role differentiation functions, labor division and cultural heterogeneity. Although they produce a specific social actor and social structure through developing a family type of intimacy and control, which differ from the purposively constructed corporate organizations based on “positions or offices” (Coleman 1993: 7), it does not mean that this specific structure is inherited from pre-modern organizations. Its genesis is similar to other modern organizations rich in social capital what support Coleman’s thesis (1993: 12) – that “the natural process of spontaneous social organization, with its informal relations, social norms, and status systems, does not die as the primordial institutions of family and church are replaced by a constructed organization: The process reasserts itself wherever there is sufficient closure and continuity to provide the social capital that sustains it.” In the context of certain sectors affected by the shadow economy the anomie constraining role of dense social capital based organizations – as Portes and Vickstrom (2011: 473–475) noted – might function to a certain degree as an intermediary agency of control between markets and the poorly consolidated institutional order. Because efficiency in controlling the shadow economy of the Polish coordinating institutions during the transition period has been partly limited, the analyzed Catholic revivalists can be perceived as communities capable of gen-

erating informal incentives blocking to certain extent informal contracting. We may assume thus that religiously motivated action in certain circumstances performs supplementary function to the inefficient state's coordinating institutions (Portes, Vickstrom 2011: 473), but the intertwining of the otherworldly orientation and dense social capital also implies the potential of unpredictable and not always beneficial results for the economic efficiency of the analyzed firms. Among some respondents, despite their compliance with the rules of the formal economy, their religious bias in certain situations blocked their companies' market expansion, restricted the exchange of certain products and services, or produced free-riding problems due to employing co-religionists.

Secondly, this monograph explored whether religiously motivated behavior may function as the Streeckian beneficial constraint in its potential of hindering voluntaristic action of economic actors and through this increasing of the productivity of the analyzed small and medium-sized firms, challenged by the informal economy/corruption. It was found that the religious attitude of the analyzed entrepreneurs is strongly co-determined by the structural context in which the economic actors were set in (e.g., type of sector, the size of the firm, the degree of informalization of given sector, managerial skills, etc.). It was also indicated that otherworldly informed constraints aiming at ethical goals may produce numerous ambiguous effects, which were, to large extent, related to intrinsic uncertainty of the value rational action that rarely, if ever, was perceived by the respondents with pure intention of economic efficiency. As the interview data demonstrated, religiously informed entrepreneurs are capable of making risky decisions to stop contracting informally and moving into more universalistic "impersonal relationships" with "unknown" trading parties. This clearly involves a potential of uncertainty regarding future outcomes. Therefore the movement out of informality in terms of economic efficiency is successful just for a limited number of companies, since the underlying contingent market processes are

far too complex to be open to the instrumental control of actors. It is also not suggested that only religious motivation may facilitate a movement out of informality, nor that religiously motivated behavior necessarily opens towards efficient universalistic exchange relationships. In fact, a number of instances were observed where religiosity as intertwined with familial type of companies strengthened particularistic networks and deepened the economic stagnation of the analyzed firms. Given the profound ambiguity of the possible outcomes of the interplay between religiously oriented behavior and informality/corruption in a transition economy, it is rather suggested that a careful differentiation of empirical data would be recommended that includes various religious organizations, which often need to be analyzed in their sub-denominational specificity, historical context of a given region, socio-cultural path dependency that shapes perception of informality and possible ways of coping with it, the specificity of the industry and the prevalence of informality, the size of the company, or managerial skills to name but a few contingencies.

The empirical findings of the interplay between the shadow economy and religiously informed value rationality action in the Central and Eastern European regions open up a number of lines for further inquiry. One of the possible avenues relates to the role of value-rationality oriented behavior in overcoming a particularistic type of trust established within informal economy networks and launching a universalistic type of market exchange. Zucker (1986) among others in a Weberian line (Weber 1947) asserted that market contracting in a modern society, at least understood as an ideal type model, should be protected by a universalistic bureaucratic apparatus, capable of enforcing predictable rules governing market game. Given that market relations inherently imply the uncertainty of the future outcomes of contracting parties, economic actors reduce the possibility of potential loss by relying on predictable law, enforced routinely by the state without resorting to the trusted identifiable particularistic actors. However, in the situation of institutional instability of

post-socialist economy (e.g., in the Polish case of inconsistent tax laws), overlapping with the structural weakness of the small and middle-sized companies, some entrepreneurs tend to reduce risks of running a business by substituting deficiencies of universalistic bureaucratic forms by relying on particularistic trust networks. These networks, are located quite often in the shadow sphere, which cuts across a range of different phenomena such as bribery or the informal economy. Although the particularistic type of trust as expressed by some categories of shadow economy activities/bribery may reduce the uncertainty of dysfunctional economic sectors, on the other hand, this informal relationship may hinder the differentiation of broader markets and block rational allocation of resources. Also, given that informal trust building relations in an unstable institutional environment tend to reproduce themselves (Deepphouse 1996), the movement from informality to formality in certain post-socialist countries' shadow economy niches may be troublesome. The shift to formality requires efficient government's enforcement (Alm, Martinez-Vazquez 2003) and supplementary citizenship grassroots incentives that will break a routine pursuit of informality (Schaltegger, Torgler 2007; Hanousek, Palda 2004). The role of efficient governance in improving the legitimacy of the state, and consequently tax compliance, attracts the most attention in the literature, but there is still little evidence on the relationship between civic participation and rising tax morale (Torgler 2011). It might be valuable to explore whether under certain conditions religiously motivated action may perform a grassroots function (Pui-Yan 2006), which will disrupt particularistic relationships of shadow economy niches in selected settings in CEE.

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Notes

- ⁱ The concept of anomie has been tested in the business and organizational setting numerous times, particularly within the Mertonian perspective of the social environment in which “the rules once governing conduct have lost their savor and force” (Merton 1964: 226). The consequences of unethical/illegal conduct performed in firms are explained by the incoherence between prevalent cultural goals and inadequate means to achieve them (e.g., Cohen 1993; Passas 1990; Vaughan 1983). This theoretical framework draws usually on findings collected in the US demonstrating inequilibrium of cultural goals and class means, that is to say, the situation when access to resources within society is not equally distributed and the possibility of achieving “American dream” is not attainable to all. Within such imbalanced situation the probability of rejecting ethical/legal behavior that may constrain obtaining desired ends is high. The situation of anomie embraces also entrepreneurs’ whose professional goals are not achievable because they lack material and cultural capital necessary for the business success (Poveda 1994). Examples of unethical practices in the market or service industries embrace situations when profit goals are not feasible but there is pressure of the organizational culture to obtain them, what according to Saini et al. (2008) promotes an environment in which “the firm’s prescribed goals are placed ahead of the normative means to achieve them.” Cohen (1993) points out to the spreading anomie within business environment “when individuals perceive that others in the system disregard standards of legitimate practice, they may find it futile to observe these standards themselves and thus become more likely to engage in unethical actions.” The other strand of analysis that has been employed to identify anomie within business sphere was framed according to the concept of institutional anomie theory (Messner, Rosenfeld 1997), which was focused on the institutional factors and cultural values that may impact anomic crisis and deviant conduct. The studies carried out in this field identify specific cultural values (e.g., achievement values) in local settings that may encourage deviant behavior, what is

particularly evident in competitive individualistic cultures, where the traditional forms of social control are relatively insufficient (Cullen et al. 2004: 418; Trompenaars, Hampden Turner 1998).

- ii The qualitative data revealed the lack of unified, homogenous organizational model that would be applicable to all firms explored, it cannot be said either that the Catholic social teaching (e.g., the principle of subsidiary) had any decisive influence on a particular style of managing the analyzed companies. In other words, their shape and dynamics did not express the obligatory attempts to adapt the recommendations of the social teaching of the Church to the economic activity, but were usually based on the individual “strategic leadership” (Worden 2005) of the owners. Among analyzed firms just one was modeled according to the concept of total participation management, namely, the owner of the IT firm at some point decided to share the power of decision making with the employees, he offered his personnel an access to strategic information and company’s resources, what could be roughly understood as an implementation of the principle of subsidiary through delegating authority, information and decision-making to the lower levels of the organizational structure. Although it needs to be acknowledged that the respondent admitted that it was not a Catholic impact to re-organize company according to the Total Participation Principle but he was rather driven by an instrumental rationality, that is to say, by the search for an alternative and efficient structure of the firm’s governance. Generally as the interview data demonstrate analyzed companies were run according to the variety of organizational cultures and the owners employed the different strategies of economic efficiency. Given that the majority of the analyzed firms were small and medium-sized they typically represented hierarchical structure of decision-making with the exposed role of the omnipotent manager. The organizational culture of the majority of the analyzed firms was usually the result of the institutional isomorphism dominant in the field of a given commercial and industrial sector.

There is also no evidence that Catholic entrepreneurs have been able to create a network which would be intentionally cemented in order to accumulate social capital understood in a way Portes put it: “the ability to gain access to resources by virtue of memberships in networks and larger social structures” (Portes 2010: 27). Although a number of Catholic business organizations have been set up during the last two decades, their members according to this research have not constructed any visible structure of methodical economic exchange or cooperation between their firms what eventually would act as the source of their market advantage. Neither has the

hierarchical Catholic Church in Poland paid any systematic attention to the social problems related to business ethics since the 1989 fall of communism. This lack of official social teaching clearly indicates to different priorities of the Catholic community which emerged during the 1990s and 2000s, particularly during the first half of the 1990s, when a major part of the Polish Church defined its collective identity versus the cultural set of liberal ideology, and was focused on sexual ethics, atheistic secularism, anti-Catholic liberalism, and, last but not least, destructive cults (see Hall, Smoczynski 2010).

- iii The dominant position of Catholic Church after the fall of communism has been also unquestionable in public life while Catholicism has played a crucial role as a rallying point of collective identities and as a symbolic marker of affiliation for a number of dominant political forces during the 1990s transitory period. Of course, the transition period triggered significant differentiation processes within both the Polish ethno-political community and the Polish Catholic community as compared with the defensive stance of the Communist period. Firstly, the new emancipation processes within political community have begun to emerge what challenged the traditional concept of the organic Catholic nation of Polish people. A new definition of Polishness has started to emerge, characterized as Zubrzycki (2001) puts it, by the: “civic national identity based on the political community of citizens”, where the historical association of Polishness and Catholicism has been questioned and national identity was defined in plural civic terms. In contrast to the common perception of the Catholic community as homogenous it is instructive to acknowledge profound differentiation in terms of its political preferences. Even if during 1990s and the beginning of 2000s as Jasiewicz (2009) claims it was the hardships of transition period marked by serious corruption scandals, serious economic disturbances which have contributed to the return of former communists to political power, it is obvious that post-communist were elected by numerous Catholics not complying with the instructions coming from the hierarchy. In turn explicit Christian Right groups that were backed by certain influential bishops, which criticized socio-economic reforms starting from the Round Table of 1989, liberal tendencies in the sphere of private and public morals, have never attracted considerable support of the Polish public and have not been able to form an independent government (see Smoczyński 2011).
- iv The impact of the Catholicism upon the economic sphere as offered in the interview data should also be perceived in the broader context of the historical legacy of Polish Catholicism, its links with collective national identity

as well as macrostructural factors relating to the cultural change in Polish post-socialist society. The inconsistencies, which are present in this study – what is paradoxical – may not be the sign of religious decline or secularization, at least in the common sense of these terms, but rather the sign of institutional strength and unique historical relation of Catholicism with ethnicity. First of all, Catholicism in Poland likewise in some other regions in Eastern Europe (Slovakia, Croatia) or Western Europe (e.g., Ireland) besides its religious connotations demonstrates also other identity subcategories with the most prominent ethnic identification. The Catholicism in Poland notoriously overlaps with nationality, Polishness means Catholicism and Catholicism Polishness. Traditionally, the relative powerful position of Catholicism in Poland was conceptualized as a specific politico-cultural situation of the First Republic of Poland partition (1795–1918) which cemented this ethno-religious intertwining of both peasants and intelligentsia/waning nobility who identified themselves with Polish ethnicity as opposed mainly to Orthodox Tsarist Russia (which occupied 82 percent of the First Republic of Poland territory) and Lutheran Prussia. This remark is important because First Republic of Poland as well as its territories under partition and then Second Republic of Poland was a multi-ethnic and multi-denominational country, with significant numbers of non-Catholics, majority of them, particularly Eastern Orthodox and Jews did not identify themselves with the Polishness, usually associated with Roman Catholicism. After the Second World War when the Polish Jewry perished in the Holocaust and Eastern Territories of the Second Republic of Poland where the majority of Eastern Orthodox Christianity believers lived were annexed by the Soviet Union. Poland after 1945, formed in new borders came out as a homogenous ethnically and religiously country, probably as never existed in its 1000 year history. The oppressive nature of the state atheist communist rule triggered a paradoxical unintentional effects of strengthening Catholic community. Of course, secularization tendencies were unfolding during the “socialist modernization” period with e.g., the growing number of divorce rates among the population, also the segmentation of the public and private life emerged, what means that the considerable parts of the professional groups and elites of the communist country while constrained in practicing religion were gradually assuming a new secular life style and career paths disconnected from the Church. Thus although almost 80 percent of the population declared themselves as Catholics during the communist rules we have to bear in mind the variety of functions that this declaration served, including political resistance tones, identity building, etc. (Froese 2005).

This understanding of the intertwine between nationalism and Catholicism when analyzing position of religion in Eastern Europe has been confirmed in a numerous studies related to e.g., position of Catholic church in public sphere of Eastern Europe (e.g., Priede 2013).

v This ostentatious lack of loyalty towards the state and its regulations return often in the respondents' interviews, what on the one hand, reminds about the alleged cultural or even theological propensity of Catholic societies towards informality, corruption and particularistic separation between "us", that usually comprises family, and "them", that is the rest of society and the state. For instance Arruñada (2010: 13) argued that Catholic societies are "more tolerant of tax fraud than Protestants", the Catholic societies are also informed by the values which do not involve civic support for the public institutions when they collide with the particularistic communities as family or friends, however, at the same time, this study found the seemingly contradicting observation that Catholic societies demonstrate more "confidence in the political and legal institutions" as compared with Protestants (Arruñada 2010: 13). The approach as offered by Arruñada is not however explored in more detail in this study given the methodological differences (e.g., qualitative methodological approach focusing on significant differences in contemporary Polish Catholicism cannot draw on findings mainly based on aggregate quantitative findings). This study shows, for instance, very limited or almost non-existent impact of Catholic teaching, either social or doctrinal, on actual economic performance. In opposition to Arruñada, this study would argue that religious variable alone has little to do directly with economic performances employed by different categories of religious respondents. The linkage between traditional doctrinal approach and actual performance is not obvious. Thus this study indicates to the intertwine between normative and integrative pressure that may impacts upon the analyzed respondents.

vi The interplay between religion and other symptoms of anomie in sociological literature also covers other problems as divorce (Durkheim ([1897] 1951: 152–216), what has been tested in a number of publications as in Gove and Huges (1980). Other examples include e.g., the impact of religion on mental health (e.g., Sternthal et al. 2010). The literature analyzing linkage between mental health and religion stresses the relevance of the integrative function of religious organizations in reducing anxiety, providing material and emotional support and social interaction for their members (Maton 1989, 1987; Bradley 1995), but also some aspects of religious participation that enhances intensiveness of social ties may contribute to significant

reduction of divorce rate and familial conflicts (Ellison et al. 1999; Pearce, Axinn 1998). Ellison and George (1994: 48) argue also that religious involvement not only enhances the intensity of social ties but also improves the quality of the relations among the co-religionist due to their similarity of life-styles. Ellison et al. (2001) brought similar findings: frequent church attendance correlates positively with the well-being of church goers, it reduces stress. They also demonstrated the significance of the “hellfire effect” of religion, which may reduce deviant behavior of church goers.

vii A number of studies that applied Srole’s anomie scale indicated that anomie correlates with lower classes, that is to say, given the discrepancy between cultural values and means to obtain desired goals, the representatives of lower classes were allegedly more prone to score on the anomie scale (Bell 1957; Dean 1961, 1968). This assumption was however found unsubstantiated particularly in these studies which were showing that suicidal rates occur frequently in wealthier and modernized societies. Thus, the answers were quite often contradictory. For instance, Carr and Hauser (1976) found out that anomie was inversely related to class, and religiosity did not reduce the relationship between class and anomie, according to them no significant relationship exist between anomie and religiosity.

viii The emergence of American protestant fundamentalist communities was spawned primarily due to the effects of modernization and to a destabilization in the traditional order of American society. As a result of industrialization, a surge of immigration, and an ever growing population in American cities, Protestant communities were marginalized in modern differentiated society. Smoczyński (2010) using Gramsci’s terminology argued that the emergence of an “organic crisis”, which accompanied the advent of modernism, dislocated the image of the Protestant culture and traditional social practices. As a consequence of these historical changes, the Protestant agenda was moved from the society’s center to its peripheries. This marginalization is well highlighted by Bromley (1991: 50), who argued that this situation in modern societies founded the state of “institutionalized crisis” for Protestant fundamentalists. The failure of the Protestant hegemonic culture did not mean that their representatives simply vanished. On the contrary, as Marsden (1980) has demonstrated, a substantial portion of the fundamentalist community did not accept the modern state of affairs. In fact, beginning in the late 1800s, they had attempted to regain the ground they had lost and to again become the dominant point of reference in American society. Efforts to reintroduce a renewed Protestant civilization were undertaken in the name of various symbols organized under the ideo-

logical field of returning “Christian America.” For a more detailed analysis of Protestant imaginary, dislocation, and history of American fundamentalism see (Marty 1970; Handy 1971; Fuller 1995; Sandeen 1970).

- ix Political initiatives initiated by the Polish Christian Right during 1990s paralleled American “Moral Majority” moral crusades of the 1970s–1980s or ideological articulations generated by certain segments of the British Thatcherism of the 1980s (Smith 1994). They all represented a similar function aiming at the reconstruction of the “fullness of society,” which occupies a central position in the imagery of contemporary political Right movements. This imagery is structured around few crucial themes as “family values” that usually function as a positive part of the wider horizon of mythical meaning. On the opposite end of this ideological continuum, enemies of the family values are located (for the discussion on Polish Christian Right see Smoczyński 2011; see also Žižek 1992: 89–90). A similarity between the Polish and the Anglo-American right’s language should not be surprising. Almost 50 years of the communist regime has interrupted the institutional traditions of Polish right-wing parties, and thus the emerging Christian Right was destined to imitate dominant ideologies. Research findings on American fundamentalists’ political commitment struck with similar conclusions (Lorentzen 1980; Shupe, Stacey 1982; Johnson, Tamney 1982).
- x Dorota Hall (2012), for instance, emphasizes that we have to be careful with automatically applying a concept of individualization of faith to the Polish case. According to Hall, this attitude is rather underpinned by historical contingencies that shape the walks of life of Polish Catholics, one of them is the traditional anti-intellectual Polish religiousness what was corroborated also by other Polish sociologists cited by Hall: “Neither the clergy, in its teaching, nor regular believers attached a great importance to the principles of faith during the period of partitions and afterwards, during communism, instead they focused on religious practice and building a sense of common identity... Władysław Piwowski has dubbed the Poles as ‘unaware heretics’, referring particularly to those who declare themselves to be Catholics, but only selectively accept the religious and moral doctrine of Catholic Church.” Another aspect demonstrated by Hall (2012, 2007) that also impacts this ambiguity is a considerable intertwining between Catholicism and folk beliefs. In fact, this peculiarity of the bricolage of Catholic faith exceeds Polish specificity and applies also to other Eastern European countries (Alisauškiene, Schroeder 2012).

Rafał Smoczyński jest autorem cennej monografii z zakresu socjologii ekonomicznej, poświęconej moralnej infrastrukturze działań gospodarczych. Monografia ma wymiar teoretyczny i empiryczny. Ten pierwszy skupia się na klasycznym dorobku socjologii ekonomicznej, zwłaszcza na socjologii Durkheima i współczesnych kontynuatorów jego metodologii (autor odwołuje się przede wszystkim do tekstów Wolfganga Streecka), a także wielokrotnie nawiązuje do Webera, zwłaszcza do rozpowszechnionej w środowisku socjologów ekonomicznych Swedbergowskiej interpretacji koncepcji Webera. Przyjmując perspektywę socjologii ekonomicznej autor odnosi się także do dorobku Marka Granovettera i jego ujmowania działań rynkowych jako zakorzenionych w strukturach socjo-normatywnych. Współczesne odniesienia teoretyczne są bardzo szerokie, wykraczają daleko poza główne, najczęściej cytowane teksty czołowych reprezentantów nowej fali socjologii ekonomicznej; Autor przytacza wiele aktualnie rozwijanych koncepcji, jego monografia jest erudycyjnie gęsta. [...] Rafał Smoczyński stawia pytanie badawcze, czy w warunkach społeczeństw postsocjalistycznych, naznaczonych anomijnym deficytem więzi społecznych, niskim poziomem zaufania (i szerzej, kapitału społecznego), mizerną kondycją społeczeństwa obywatelskiego itd., zaangażowanie religijne może ograniczać pewne kategorie zachowań dewiacyjnych w gospodarce, a co za tym idzie, wypełniać funkcję suplementarną w stosunku do państwowych instytucji regulacyjnych.

(z recenzji prof. dr. hab. Juliusza Gardawskiego)



ISBN 978-83-7683-112-1



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