

**Entrepreneurship and Values in Latin American Culture, 1850-2000.
From Modernization and Dependency Theories Toward an Economic and
Business History Perspective***

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Abstract

The past decade and a half have seen a revival in interest in entrepreneurship and the individual entrepreneur. Consistent with this trend, this paper surveys the field of economic and business history in Latin America for clues to the relationship between cultural features and entrepreneurship. It also examines the challenges and opportunities confronting future research into the historical explanation of entrepreneurship in this part of the world. The focus is on historical literature dealing with the role of values (from “traditional” to “modern” and their relationships to entrepreneurship between 1850 and 2000. The influence of two currents of thought that exerted considerable influence in the post-II war decades in Latin America is examined. On one side are psychological and sociological theories of “modernization” (status-withdrawal, non-achievement, national culture values and social deviance). On the other side are Marxist theories of imperialism and its Latin American variant (“theory of dependency”). Within Latin America’s broad scope and diversity (the region consists of 21 countries), this paper encompasses Mexico and seven South American nations (Argentina, Brazil, Chile, Colombia, Perú, Venezuela and Uruguay), with particular emphasis on an Andean country (Colombia). On the basis of general surveys of Latin American business historiography this paper provides a more focused, selective, specialized perspective, placing entrepreneurship in its relationships with cultural values at center stage. The contents of this paper could prove useful to policy makers fostering entrepreneurship in Latin America, as well as to business schools engaged in needed discussion about the extent to which culture and values must change in order to induce entrepreneurship.

Latin America is not a jurisdictional or political area; rather is it a space defined in geographic, historic and cultural terms. In current usage, it refers to the Americas south of the United States, covering Mexico, Central America (seven countries), South America (nine countries), Cuba and the Dominican Republic; it does not include the Caribbean Antilles, i.e., those territories colonized by France, the United Kingdom or the Netherlands, nor the Commonwealth of Puerto Rico. Despite their common features, including their Spanish colonial past, Spanish as a mother tongue (except for Portuguese in Brazil), Roman Catholicism as the predominant religion and their condition as “emergent economies,” Latin America is a vast area with geographic, economic, social and political diversity expressed in various levels of economic development. In this context, the present paper encompasses Mexico and seven South American nations (Argentina, Brazil, Chile, Colombia, Peru, Venezuela and Uruguay), with particular emphasis on one Andean country (Colombia).

Its purpose is to offer a selective, non-comprehensive survey of the field of economic and business history in Latin America for clues to the relationship between cultural features and entrepreneurship and its relation to economic development; it also

examines the challenges and opportunities confronting future research into the historical explanation of entrepreneurship in this part of the world

The paper is organized into six sections. The first makes note of the renewed interest in studying entrepreneurship historically and the potential value of examining the evolution of Latin American business history in this context. The second section summarizes the “decade of development” (1960s) and “modernization” theory with its emphasis on the social and cultural factors in economic growth, examining the application of the “modernization” theory in various Latin American countries during the 1970s and the negative consequences this had on the study of the relationship between cultural features and entrepreneurship. The third section addresses the revival since the mid-eighties of national values theory, a descendant of “modernization” theory, and its impact on studies of economic growth. The fourth section analyzes the influence of dependency theory - with its Latin American roots – and Marxism, two highly pervasive currents during the sixties and seventies that discouraged the study of business and its actors (entrepreneurs and firms). The fifth section presents a selective survey of Latin American business history, dealing with two areas of scholarly work: studies of local/regional entrepreneurship in some of the countries and studies related to backwardness and substitutes to pre-requisites to economic development.

Entrepreneurship in theory and history in Latin America: an eventful path

In terms of the renewed academic interest in entrepreneurship in theory and history, both in the business history and the entrepreneurship international academic communities, there are various reasons to look at the case of Latin America. First, in the postwar period, this part of the world served as a testing ground for diverse disciplinary perspectives on non-economic factors of economic growth, one of them being the role of culture. The results of that experience appear to have been neglected, or at least forgotten. Second, nowadays, to situate the Latin American case in a wider international framework may contribute to the recent interest to see the evolution of business history as an academic field in a comparative perspective. In fact, it seems to depart from the experience of the United

States wherein a shift of interest from the individual Schumpeterian entrepreneur to the study of Chandler's large scale company took place since the early 1960s; interestingly, four decades later "entrepreneurial history is now in the process of being reborn."¹ In contrast, in its recent, brief life span business history in Latin America has focused more on entrepreneurial history (individual entrepreneurs, families, immigrant and related networks) than on the history of individual firms.²

On the other hand, together with the idea of the "enterprise culture", since the end of the 1980s there has been a rebirth in some quarters of the thesis about the alleged anti-entrepreneurial values of Latin American culture, and its correlated lack of entrepreneurship, now under the dictum that "culture matters". As the present paper argues, scholars as well as policy makers, entrepreneurship consultants and educators in the region would do well to consult the British and American business history's renewed methodological approaches to the history of entrepreneurship as well as the growing Latin American business research on business history. Thus, for example, the British long-standing debate about the role of the values and attitudes of the entrepreneurs on the British decline in the first half of the 20th Century offer valuable lessons.³ And the Latin American experience shows something very interesting. The theoretical approaches of the **sixties and** seventies that were applied to entrepreneurship in this part of the world were seriously flawed in terms of rigorous empirical research. Despite this, the causal mechanisms and relations between culture, entrepreneurship, and economic growth are important enough and deserve to be approached from more cogent theoretical and methodological perspectives. The further evolution of research showed that work done on the business history of the region urgently needs to link history with theoretical developments in the international business history community.

From the onset it should be stated that Latin American business history is a young, new academic field whose origins date back to the seventies; it was preceded by an

¹ Cassis and Minoglou (2005, p. 11). See also Jones and Wadhvani (2007) for whom there are "now exciting opportunities for renewing the research agenda on entrepreneurship, building on the strong roots already in place, and benefiting from engaging with advances made in the study of entrepreneurial behavior and cognition" (p.1).

² It should be noted that the latter only exceptionally have enjoyed the size and scale of the large business enterprise distinctive of Chandlerian managerial capitalism.

³ See Goodley's comment (2003, p. 223): "If there were a leitmotiv for British business history it would be its concern for British failure." A renewed approach to the vision about entrepreneurial culture is reflected in the collection of studies about elites and minorities in economic growth edited by Brezis and Temin (1999).

embryonic development (after 1950) of economic history in almost all countries of the region. Economic history arose as a general economic history, which gave a central role to economic phenomena in more general explanations of the development of Latin American societies. That centrality receded after the seventies, freeing it of “its obligation to be a *global* explanatory tool, of *all* the known history, of *the entire* reality studied...Economic history, then, became a greater window...little by little, among the related windows, entrepreneurial history and studies appeared.”⁴

In Latin America, business history has evolved not just under the influence of economic history but also as an interdisciplinary field – a “no man’s land”- in interaction with socioeconomic history, social history, economic development literature, sociology and management. Since the beginning of the 1990s business history has experienced important growth in the volume and quality of its academic output, as well as in its degree of institutionalization (that is, presence in international conferences, positions in editorial boards of top journals of the discipline, networking, and instruction in business schools). This growth has been unequally divided among the countries: Mexico, Argentina and Brazil have received the most attention, followed by Colombia, Uruguay and Chile; these have seen greater development in the new field than the other Andean countries (Peru, Venezuela and Bolivia), as attested by recent surveys of the field.⁵

The “decade of development” in Latin America, “modernization” theory and social and cultural factors of economic growth

At the end of 1961 the United Nations General Assmenbly agreed that the decade of the seventies would be the “United Nations Development Decade. A program for international economic co-operation” aimed at advancing economic and social progress for the less developed countries.⁶ A few months before, in March 1961, the late US president John F. Kennedy launched the Alliance for Progress, “a vast cooperative effort” aimed at changing U.S. policies towards Latin America to “help create the political, social and economic framework for better living conditions in the hemisphere.”⁷ Behind the stated

⁴ Cerutti (2006, p. 26).

⁵ See Barbero (2003) and Dávila (2003).

⁶ Resolution 1710 /XVI) of the General Assembly of the United Nations, December 19, 1961.

⁷ John F. Kennedy Presidential Library and Museum.

purpose there was a political concern: the Alliance would prevent other Latin American states from following communist Cuba's recent (1959) example of falling under the influence of the Soviet Union.

Social stratification and economic development

As part of these initiatives, scholars at leading American universities (Harvard, MIT, Yale, Princeton, Chicago and the University of California at Berkeley, among others) made their reputations as development economists (e.g., Alexander Gerschenkron, Walter Rostow, Everett Hagen and Albert Hirschman), sociologists (led by recognized figures such as Neil Smelser and Seymour Lipset), political scientists (Lucien Pye, Gabriel Almond and Joseph La Palombara) and psychologists (David Mc Clelland). They were concerned with economic growth and development as a new, policy-oriented field of inquiry. These specialists had begun to appear since the end of the 1950s, in economics departments, in recently created multidisciplinary centers studying economic development as well as in some social sciences departments (e. g., sociology, political science).⁸ Those circumstances converged during this eventful decade into the study of the economic factors of growth (capital accumulation, investment and savings; labor and land),⁹ culminating in preoccupation with the non-economic aspects of development. It was symbolic that a pioneering work in this area had been published in the *American Economic Review* at the end of the 1950s.¹⁰ For its author (Bert F. Hoselitz), a respected economist who taught at the University of Chicago: “Economic growth is a process which affects not only purely economic relations but the entire social, political and cultural fabric of a society.”¹¹

Growing interest in the non-economic aspects of development formed part of the current of thought rooted in North America known as the “modernization” current.

<http://www.jfklibrary.org/JFK+Library+and+Museum/News+and+Press/New+JFK+Exhibit+Celebrates+US+Latin+American+Friendship.htm>, March 13, 1961

⁸ The date of the existence of specialized committees in the Social Science Research Council in the United States is an interesting date to recall when researching the appearance of scholarly interest in a subject. Thus for example, the Committee on Economic Growth, existed between 1949 and 1968; that of Economic History, between 1940-51; that of Latin American Studies existed between 1942-47 and later between 1959-1996; that of urbanization existed between 1958 and 1964 and that of Business Enterprise Research between 1958-1964.

⁹ A pioneering work on economic growth was that of Solow (1956).

¹⁰ Hoselitz (1957/1968).

¹¹ Hoselitz (1957/1968, p. 281). It is noteworthy that in 1963 Hoselitz published an article about entrepreneurship and traditional elites in *Explorations in Entrepreneurial History* the journal of the Harvard Center on Entrepreneurial History, one of whose founders was Joseph Schumpeter (in 1948) and that existed until 1962.

Drawing on an anthropological perspective and a strong kinship with Talcott Parsons' structural functionalism, this current conceived economic development as involving fundamental alterations in the social and political structures.

Concepts like social change, societies as social systems, pattern variables, integration and differentiation, political development, social deviance, modern man, and authoritarian personality were developed and became widely used alongside the "traditional," "transitional" and "modern" society typology. In that context, mainstream sociology's concern to relate social structure to economic development included examining the mutual interaction between development and industrialization on social stratification and social mobility¹².

Theories of entrepreneurship and economic development

Besides social mobility (in its sociological, cultural and psychological components), education, technical know-how and the politics of development and entrepreneurship were other central themes for the modernization current in its search for the "missing component" in the process of economic growth in underdeveloped countries. Among these, entrepreneurship is our focus of attention. At the end of the 1960s it had generated growing interest, reflected in a number of theoretical constructs about entrepreneurial supply, both psychological (McClelland, Hagen, Kunkel) and sociological (Cochran, Lipset, Young) approaches that in various forms were reflecting some Weberian and/or Schumpeterian influence.

Theories about entrepreneurship in economic development were surveyed in a volume published in 1971 by Peter Kilby, an American economist. Kilby put together a collection of theoretical works as well as pieces of empirical research informed by theories of entrepreneurship.¹³ In an insightful introduction, called "Hunting the Heffalump," a classic of entrepreneurial literature, he stated, "The importance given to the entrepreneur

¹² For example, a conference took place in Berkeley in 1964 after two years of careful planning by a group of the most prestigious American sociologists of the postwar period (Neil J. Smelser, Seymour Martin Lipset, Richard Bendix, Bert F. Hoselitz and Wilbert E. Moore.). The resulting volume, compiled by Smelser and Lipset, was conceived as a "modest inroad on this ignorance" reflected in the fact that "neither a theoretical framework nor a consolidated tradition of empirical research was available on the subject." (Smelser and Lipset, 1966, p.v).

¹³ Kilby (1971).

[who in his analogy he compared to the heffalump] as a causal variable in the growth process is strongly influenced by the ‘particular scholar’s field.’¹⁴ More than thirty years later, in “Revisiting the Heffalump” he reaffirmed that he was refining his propositions about entrepreneurial tasks, the entrepreneurial personality, and the entrepreneurial abilities that he was now seeing, dissimilar depending on the setting in which they take place (underdeveloped countries vs. industrialized societies).¹⁵

It is noteworthy that with few, notable exceptions such as Gerschenkron,¹⁶ who in a 1962 work approached “economic backwardness [in Europe] in historical perspective,”¹⁷ a distinctive characteristic of the 1960s-era modernization literature was its lack of historical perspective. Generally, in these theories there was little concern for answering in detailed form the questions of historians (who, where, when, how, and why), preferring to focus in measuring the causal relationships between the model’s variables as the basis for theory testing and generalization. The interest in providing input for policy-making and to make academic work “applicable” to policy-making promoting economic and social development in that decade influenced scholarly work. It is important to recall the international political context of that “decade of development,” in which comparative research projects came to fruition. Particularly, it was the period of the “cold war” between the postwar superpowers, which formed the backdrop for the alignment and future of the underdeveloped countries of Latin America, which in the view of the North, was the “backyard” of the United States. The situation and options were very different back then. On one hand, it was the patient work of a researcher who spent years in order to set the record straight about selected aspects of entrepreneurship in a given geographical space and during a specific historical period; on the other, the task at hand was to carry out a cross-sectional survey of entrepreneurship that attempted to cover various countries in order to test a given theoretical formulation.

The following two sections focus on two of the psychological theories: those of David Mc Clelland (professor at Harvard) and Everett Hagen (an economics professor at MIT) and on two of the sociological theories, that of Thomas Cochran (well-known

¹⁴ Kilby (1971, p.3).

¹⁵ Kilby (2003).

¹⁶ Gerschenkron has been called the “doyen” of economic history in the United States (Fishlow, 2001, p.2).

¹⁷ Gerschenkron (1962)

business historian at the Center for Entrepreneurial History at Harvard Business School) and that of Seymour Lipset, a Berkeley professor.

*McClelland's psychological theory and its
practical application in underdeveloped countries*

The theory of McClelland, who made clear his admiration for Weber's thesis on the Protestant ethic and the spirit of capitalism, shifted attention away from external factors and to the man: his motives and values take center stage. He introduced a psychological motive (the need for achievement motive, N-achievement) as a causal factor in economic growth; this motive is promoted by child rearing and family socialization as a determinant of entrepreneurial behavior. In McClelland's own words: "n-Achievement is a causative factor – a change in the minds of men which produces economic growth rather than being produced by it."¹⁸ For this reason, "...a society with a generally high level of n Achievement will produce more energetic entrepreneurs who, in turn, produce more rapid economic development."¹⁹ McClelland goes on to claim its debatable relationship with Weber's spirit of capitalism: "Perhaps the new spirit of capitalism Weber describes was none other than a high need for achievement – if so, then achievement has been responsible, in part, for the extraordinary economic development of the West."²⁰ Of the preceding approaches, that of n-Achievement was the most action-oriented: training programs aimed at increasing the level of n-Achievement took place in several countries of the region, Colombia being one of them (as also happened in other underdeveloped areas of the world, Turkey, for example). In this country, during the second half of the sixties a project based upon McClelland's theory was promoted since a governmental office in charge of improving public administration, part of the President of the country's office. His instrument for individual measuring of n-Achievement (the Thematic Apperception Test –TAYT-) was widely used as part of that and subsequent scholarly work in the first half of the seventies. A replication of this instrument was used in a pilot study to measure n-Achievement of college students in a private Colombian university.²¹ In the Department of Industrial Engineering and School of Management of that university during the seventies

¹⁸ McClelland (1963/1968, p. 145).

¹⁹ McClelland (1961, p. 205).

²⁰ McClelland (1963/1968, p. 141).

²¹ Universidad de los Andes in Bogotá, the capital of Colombia. See Rodríguez (1969).

McClelland's ideas inspired research projects that without seeking to establish the causal relationship pursued by McClelland, led to examining the n-Achievement motive as part of the motivational profile in various sectors in various cities in the country.²² It should be recalled how during the last two decades, in programs to promote entrepreneurship, McClelland's methodology for motivations training in n-Achievement were used, especially by consultants and practitioners. Interestingly, no attention is currently paid to the controversies related to the flaws in theory, method and empirical validity in his approach that is distinctively ahistoric.²³

Hagen's theory of status withdrawal and its paradoxical impact in nascent Colombian business historians

A second theory, that of Everett Hagen about status withdrawal, provided a mediating psychological explanation (personality formation) for the transition from traditional (authoritarian) into (modern, creative) societies that undertake economic growth. In his words: "The historical sequence seems to be: authoritarianism, withdrawal of status respect, retreatism, creativity. This seems to have been the sequence of events over a period of some generations in Japan, Colombia, England (where the retreatism was probably less intense), and Russia."²⁴ Hagen and McClelland have a lot in common: "Not only is Hagen's theory a mediating psychological explanation, but his 'creative personality' is an individual characterized by a high need for achievement, order, and autonomy."²⁵ This theory oriented a three-year, multidisciplinary team project carried out under his Hagen's directions at MIT's Center for International Studies and funded by a grant from the Rockefeller Foundation. Paradoxically for an economist like Hagen, his point of departure is that theories of economic barriers (inadequate saving, markets, capital, infrastructure,

²² McClelland's ideas about the trilogy of needs (achievement, power and affiliation) is one of the bases of an instrument developed by Sudarsky (1977), a professor at the Universidad de los Andes, to measure organizational climate. Measurement of the Colombian motivational profile was another project directed by the same researcher in the second half of that decade. In 1991 he published an essay about the influence of traditional Hispanic culture in Colombia; in that decade he also put forward a large-scale project for measuring Colombia's social capital. (Sudarsky, 1991, 2001).

²³ For example, flaws in correlating achievement scores measured by a dubious proxy (achievement imaginery in primary school textbooks) with debatable indicators of economic growth (production of electric energy) for a sample of twenty-two countries. Kilby's (1971, pp. 16-21) incisive criticism of McClelland, also covers his book published a decade after his first book (McClelland and Winter, 1969). It is worth revisiting. Additionally, see the critical appraisal of Sayre P. Schatz (1965/1971) who specified that he does it solely from the point of view of an economist. He concludes: "If economists are to take McClelland's hypothesis seriously, however, it must have sturdier and more objective hypothesis than McClelland has managed to provide." (Kilby, 1971, p.190).

²⁴ Hagen (1962, p.217)

²⁵ Kilby (1971, p. 10).

technology) provide insufficient explanations of social change. Instead, he presents a theoretical model, in which “personality affects society and society affects personality.”²⁶ His subject is broad and encompassing: the transition of underdeveloped “traditional societies” into societies that undertake economic growth. Hagen offers a mediating psychological explanation for this kind of societal shift that is related to personality formation. His central construct is the dichotomy between the authoritarian and the creative personality. According to Hagen, the authoritarian personality is prevalent in traditional societies, but as societies undergo economic growth, creative and innovational types come to predominate. The mechanism that triggers the shift in personality formation is “a change in social structure leading to change in personality”²⁷ The phenomenon that disrupts the stability of the traditional society is the “withdrawal of status respect” from the elite group, whose members in turn feel they are no longer looked up to or valued. Hagen then articulates some highly speculative theories to support his argument.

Four groups—the Old Believers in Russia, the Nonconformists in England, the samurais in Japan, and the *Antioqueños* in Colombia—are selected, but the provocative ideas he puts forth in support of these choices are attenuated by his decision to cover many centuries in a few pages. His empirical evidence does not measure up to the standards for the collection and analysis of facts and counterfactual evidence. Chapter 15 of Hagen’s *On the Theory of Social Change* is dedicated to the *Antioqueños* (“The Transition in Colombia.”). Hagen singled out the Antioqueños (inhabitants of a certain region of Colombia who were sometimes called the “Yankees of South America”), “not simply [for their] greater entry into industry, but also [for] their greater business acumen, entrepreneurial foresight, and organizational skill”²⁸. In explaining his selection of the Antioqueños to illustrate his thesis, Hagen writes (unconvincingly, it turns out, considering Antioquia’s subsequent economic historiography) that growth occurred, not for conventional economic reasons, but because of the Antioqueños’ enterprise. Their entrepreneurship, Hagen insists, could not be attributed to their economic advantages but, rather, evolved from a “Puritan ethic.”²⁹ Their increasingly innovative attitude, he claimed,

²⁶ Hagen (1962, p.263).

²⁷ Hagen (1962, p.237).

²⁸ Hagen (1962, p.376).

²⁹ Hagen (1962, p.376).

grew out of a need for aggression, autonomy, and achievement (the *n*-achievement described by his colleague McClelland). He attributes the emergence of the “creative personality” among the Antioqueños to their being more willing to adopt this attitude than residents of other parts of the country, but he ascribes other causes as well, including ethnic differences, mining experience, and participation in large-scale trading. To his credit, Hagen is careful not to discard these characteristics as explanatory factors, but he gives primacy to the hypothesis “that the *Antioqueños* reacted gradually over a period of several centuries to withdrawal of status respect, and that this reaction and its impact on their personalities form an important strand in the explanation of economic growth in Colombia”³⁰ Nevertheless, in concluding the chapter, he seems to backtrack, observing, “No doubt, the combination of these factors explains their predominance in economic entrepreneurship.”³¹

Among the critical reviews of the book by American scholars (authored by the likes of Alexander Gerschenkron³²) was one, published in Spanish in 1965, by economic and business historian Frank Safford³³, a professor at Northwestern and pioneer in Colombian business history. He had written his doctoral dissertation on commerce and enterprise in central Colombia during the nineteenth century. Applying a rigorous historical analysis and summoning a considerable amount of compelling evidence, he dismantled the fragile foundation of Hagen’s theses. Safford pointed out that the Antioqueños were admired in other regions of the country for the fact that the capitalist Antioqueños had “*mucho oro*” (a lot of gold), a liquid resource that was scarce in other regions.

Ten years later, another American historian, Ann Twinam³⁴, concluded her doctoral dissertation on the Antioquian elite at the end of the Colonial period by stating that status withdrawal was “hypothetical,” based solely on Hagen’s “own inferences” and drawn from “his own fertile imagination.” Hers was one of a series of criticisms by Colombian, British, and American economic and business historians who laid the foundations for business history in this country. By the beginning of the eighties they were producing important work

³⁰ Hagen (1962, p.378).

³¹ Hagen (1962, p 379).

³² Gerschenkron (1965)

³³ Safford (1965)

³⁴ Twinam (1976)

on the region of Antioquia. Hagen's debatable interpretations, baseless conclusions, dangerous analytical lapses (at the individual, group, and regional levels) and shaky probative methods incited them to grace the following decades with valuable historic works based on meticulous primary- and secondary-source research. These included works on Antioqueño mining (Roger Brew³⁵, Alvaro López³⁶, Luis Fernando Molina³⁷, Gabriel Poveda³⁸), commerce (Ann Twinam³⁹), sociocultural values (Frank Safford⁴⁰), coffee (Marco Palacios⁴¹), industrialization (Fernando Botero⁴²), ethnic origins (Twinam⁴³), politics (Christopher Abel⁴⁴), colonization (James Parsons⁴⁵, Keith Christie⁴⁶), technical education (Alberto Mayor⁴⁷), and transportation (Germán Ferro⁴⁸).

It is noteworthy that a good deal of the business historiography on Antioquia examined to varying degrees the interplay between features of local and regional culture and entrepreneurship. The authors of these works are, for the most part, historians who, in contrast to the followers of modernization, do not start from explicit theoretical constructs about entrepreneurship and culture. Yet the results of their research were fruitful both in empirical as in theoretical terms. For instance, the mentioned works on mining and commerce highlighted the opportunities for social mobility that the mining exploitation system opened to thousands of itinerant small miners prone to business opportunities. At the same time, the links between mining and commerce were a fertile ground for nurturing and consolidating a strong capitalist work ethic (in a profoundly Roman Catholic region), with respect for manual work, frugality, risk taking and innovation. And the studies on colonization during the nineteenth century pointed out not only to the entrepreneurship of poor Antioqueños colonists but also to large colonization enterprises organized by wealthy businessmen.

³⁵ Brew (1977)

³⁶ López (1970)

³⁷ Molina (1988, 2003)

³⁸ Poveda (1981)

³⁹ Twinam (1982, 1985)

⁴⁰ Safford (2002)

⁴¹ Palacios (1979)

⁴² Botero (1985)

⁴³ Twinam (1981)

⁴⁴ Abel (1987)

⁴⁵ Parsons (1949)

⁴⁶ Christie (1974)

⁴⁷ Mayor (1984)

⁴⁸ Ferro (1994)

Going back to Hagen, his missteps also inspired a handful of scholars, in the late 1970s, to begin conducting micro-level research into business and entrepreneurship in other regions of Colombia, without losing sight of the larger implications of their particular histories. Paradoxically, nascent Colombian business history owes much to Hagen's book. He moved others to delve into and debate his overriding generalizations and to make empirical comparisons. Hagen's determination to discern the factors contributing to economic growth was admirable. He failed, however, because he refused to focus on the questions that should guide the historian: who, where, when, how, and why, preferring to adopt a kind of determinism that historians abhor.

Sociological role theory and entrepreneurship: Cochran's national value theory and Lipset's entrepreneur as a deviant

Among the sociological theories one is that of historian Thomas Cochran from the mid 1960s. Cochran was a renowned Harvard history professor and member of the Center for Entrepreneurial History who, after studying railroad leaders in the United States in the second half of the nineteenth century, wrote a well-known work of historical synthesis about the American business system.⁴⁹ Cochran proposed a cultural framework whose key elements are anchored in Talcott Parson's sociology: cultural values, role expectations and entrepreneurial roles, and social sanctions. In this theoretical framework, entrepreneurs are not deviant individuals with superior abilities, but instead they represent "society's modal personality."⁵⁰ "The entrepreneurial role model is defined by the personality of the actor, the expectations of groups with power to sanction deviations from expected behavior, and the operational needs of the function to be performed....."⁵¹ Society's values are the most important determinants of individual attitude regarding one's occupation and of the role expectations generated by the groups in charge of social sanctions. In the American culture those values, according to Cochran, are those of a "egalitarian atmosphere of an outgoing, pragmatic, democratic society" that from their childhood teaches entrepreneurs that "co-operation for mutual benefit is good."⁵² In contrast, in Latin America, for Cochran there is a "more subjective, inward-looking individualism" that "tended to put a ceiling on

⁴⁹ See Cochran (1953, 1962).

⁵⁰ Kilby (1971, p. 13)

⁵¹ Cochran (1965/1971, p. 98).

⁵² Cochran (1965/1971, p. 103).

corporate expansion at the level where one man or a small family group can give personal attention to the details of the operation.”⁵³

A couple of years before Hagen would publish his well-known work about the theory of social change., Cochran completed his book about the Puerto Rican businessman⁵⁴ and three years later co-authored (with an Argentinean anthropologist) another book about entrepreneurship in Argentine culture, which its authors define as a study in cultural change. Both works embrace the idea that the values of these societies in transition determine the role that entrepreneurs play. A constant in Cochran’s work is the comparison between the impact of the values or ethos traits prevalent in the United States and Puerto Rico and/or Argentina about entrepreneurial behavior.

Undoubtedly Cochran made a suitable choice in taking the case of Argentina. In 1930 that country was showing a spectacular start on the road to economic growth and industrialization; but it did not succeed in being sustainable over the long term. In 1960 its economy was not that of the developed country that it seemed to be becoming in 1930. To investigate the cause of this was a very suggestive case in point to study.

In Argentina he studied a magnate of Italian origin (Torcuato di Tella), a pioneer of the metallurgical and electrical industry in the period 1910-1960. It was based on interviews with the entrepreneur’s collaborators of long standing, his personal files, the files of the company and secondary sources. His book is more of an entrepreneurial history – focused on di Tella’s personality and his role – than a company history. In the eyes of one reviewer from the period, published in an anthropology journal, the volume “relies rather heavily on conjectural history;” he considered that it “falls somewhat short of a satisfactory anthropological account”⁵⁵ and he saw it as “one-sided,” based almost entirely on the managerial and family point of view. Three decades later an American business historian made the point that Cochran’s book was a “straightforward business biography, with little to suggest the application of anthropological methodology”⁵⁶.

⁵³ Cochran (1965/1971, p. 104).

⁵⁴ Cochran (1959a).

⁵⁵ Adams (1964, p. 177).

⁵⁶ Sicilia (1995).

Within his theoretical framework, for Cochran it is important that di Tella, responding to the demands that the Argentine culture placed on his social role, had to manage the diffuse ambition of being simultaneously a business leader, family head, intellectual and patron of the arts. In contrast, American culture demanded of Henry Ford (with whom he is compared) that he be an entrepreneur focused solely on being a great industrialist.

During the seventies in Latin America there were also repercussions from a theory closely related to Cochran's social roles, also based on Parson's pattern variables and associated with a prominent American sociologist (Seymour Lipset) who in 1967 co-edited a well-known book about "Elites in Latin America."⁵⁷ Although Lipset is reiterative in that his theoretical approach is comparative (contrasting the United States with Latin American nations) and his point of departure is that "No society is equalitarian, ascriptive or universalistic in any total sense,"⁵⁸ the balance is sufficiently definitive to conclude: "...the available materials from many Latin American countries seem to agree that the predominant value which continue to inform the behavior of the elite stem from the continued and combined strength of ascription, particularism, and diffuseness..."⁵⁹ These values were portrayed as distinctive of traditional societies. In this context, and with the same logic as Cochran, Lipset's theory of deviance "assumes that those who introduces change must be deviants, since they reject the traditional elite's way of doing things.....The restraints upon entrepreneurial activity imposed by the network (of social relations) would be less effective against such a person. Thus, an immigrant may be outside of many of the networks of the nation and freer to engage in entrepreneurial activity', in other words, freer socially to deviate."⁶⁰

It must be said that the available material to which Lipset would refer was relatively scarce and belonged to an embryonic development of social sciences in Latin America at

⁵⁷ Lipset and Solari (1967). This book came out of a seminar held in Montevideo (Uruguay) in 1965, as part of a research project on Comparative National Development led by Lipset, initially in e Berkeley afterward in Harvard.

⁵⁸ Lipset (1967, p. 6).

⁵⁹ Lipset (1967, p. 12).

⁶⁰ Lipset (1967, p.23).

the beginning of the 1960s. Various of these represented an erudite essay tradition more so than rigorous academic research.

As in Cochran's case, Lipset's ideas caused repercussions in the US academic world, more so than in Latin America, where the seventies witnessed penetration by other currents of thought (Marxism and dependency theory, addressed in a later section). Nevertheless, it was during these years that Colombia again served as a testing ground. In an exploratory study published in 1966 about industrial entrepreneurs in the Colombian capital of Bogotá, US sociologist Aaron Lipman conducted a cross-sectional study inspired in Lipset approach.⁶¹ The survey, which covered 61 business people and addressed a range of variables in their social and economic background and their behavior and attitudes, provided unedited information. The idea that the entrepreneurial role is "both unusual and crucial. Colombia is not a nation of commerce"⁶² permeated his book; his empirical proof was based on the high percentage of foreign entrepreneurs (41%). Without argument and with no empirical proof about predominant values, Lipman stated that ".....instead of being an outcome of his cultural stimulation and motivation, Colombian entrepreneurship seems to exist in spite of, and often at odds with, the cultural milieu....." This study approaches the Bogotá entrepreneur and defines him as a cultural nonconformist or deviant.⁶³

Between 1963 and 1966 and under a broad array of theoretical influences that were not circumscribed by the modernization theory, the Economic Commission for Latin America (ECLA), an agency of the United Nations, put together a four-country project (Argentina, Colombia, Chile and Paraguay) on the industrial entrepreneur in Latin America, that was preceded by was a study of industrial entrepreneurs in Brazil conducted by Fernando H. Cardoso⁶⁴. As mentioned, in the case of Colombia the project was undertaken by Aaron Lipman whereas in the other countries Latin scholars coming from other disciplinary and ideological backgrounds carried out it. The project was framed in a broader

⁶¹ The book was originally published in Spanish in 1966; an English version followed in 1969 (Lipman, 1969).

⁶² Lipman (1969, p. 21). To attest for this statement Lipman cross-referenced to Hagen (1962, p. 30).

⁶³ Lipman (1969, p. 37).

⁶⁴ Fernando H. Cardoso became one of the pioneers of the theory of dependence (Cardoso and Faletto, 1969) and perhaps the best know Latin American scholar in North America and Europe during the seventies. In the nineties he became president of Brazil during two periods (1995-1999; 1999-2003).

perspective that encompassed “the structural and historical differences that entrepreneurial activity has taken in Latin America.....and the limitations of the sector as a pressure group and a political force⁶⁵.” Cardoso wrote an insightful synthesis of this project that was included in the aforementioned book edited by Lipset.⁶⁶

What other studies followed in Latin America in the direction of Cochran and Reina, Lipset and Lipman’s conceptual framework? During the next two decades there were not followers to notice not research projects and publications ensued on entrepreneurship in the direction of the modernization theory. Yet this decline of interest in culture as an explanatory factor of development took place not only in Latin American but also in the American academic community, as Samuel Huntington has recently noted it.⁶⁷

It would be until the mid eighties that this and related cultural explanations resurged at the same time that entrepreneurship and the enterprise culture would become at center stage for governments, international agencies, private foundations as well as for academic circles.

National culture thesis

comeback: Latin America as part of the world’s losers

At the wake of a revival on culture as an explanatory factor in several realms of life, Lawrence E. Harrison wrote a book that was published by the Harvard Center for International Affairs in 1985. As its title it conveys, its central idea is that “underdevelopment is a state of mind.” It is based on his author’s experiences and reflections from the vantage point of his official mission as a US Agency for International Development official in several countries of the region between 1965 and 1981. Based in parallel case studies, related basically to his own experiences and observations he concludes that in most Latin American countries culture has been an obstacle for development.⁶⁸ Harrison’s book raised protest from several quarters in Latin America as

⁶⁵ Cardoso (1967, p. 94).

⁶⁶ Cardoso (1967).

⁶⁷ Huntington (2000, p. xiv)

⁶⁸ Harrison (1985).

well as from economists and other experts in the region.⁶⁹ But at the same time for the next years received favorable reactions from scholars, journalists, politicians and development practitioners active in the renaissance of cultural studies. Several of them reunited in 1999 at a symposium on “Cultural Values and Human Progress” held at Harvard that led to a book entitled “Cultural Matters. How Values Shape Human Progress.”⁷⁰ Nine of the twenty two chapters dealt with the relationships between culture and economic and political development and were authored by distinguished scholars that ranged from David Landes, Francis Fukuyama and Ronald Inglehart to Seymour Lipset, Jeffrey Sachs and Michael Porter. By 2002 an international research project on “Culture Matters” was started at Tufts University led by Harrison and is underway having published two recent volumes; one of them include case studies from several poor areas of the world, five of them on same number of Latin American countries.⁷¹ Only one of them gives some attention to a historical perspective.⁷² Although this project has a broader focus than entrepreneurship - development and poverty being the dependent variables that are determined by culture- it is interesting to note its similarities with the modernization approach of the sixties.

For the audience economic and business historian to whom the present paper is purported, it should be stressed that the idea of “national culture” is at the core of Harvard’s preeminent historian David Landes’s thought in his book of 1998. In his words: ” If we learn anything from the history of economic development it is that culture makes all the difference.”⁷³ And later on: “what counts is work, thrift, honesty, patience, tenacity.”⁷⁴

It must be said that the approach of a “national culture” has been the subject of various critiques. As a recent working paper on business history and entrepreneurship points out, its underlying premises of research agenda “has proven questionable.”⁷⁵ In the case of France (the case Landes studied in the late 1940’s) the “initial premise of failure was at least partly misleading, and based on the preconceived expectation that big business

⁶⁹ See Huntington (2000, p. xiv) for an overview of recent developments and debates in cultural interpretations.

⁷⁰ Harrison and Huntington (2000).

⁷¹ Harrison and Kagan (2006) and Harrison and Berger (2006).

⁷² Hojman (2006).

⁷³ Landes (1998, p. 516)

⁷⁴ Landes (1998, p. 523).

⁷⁵ Jones and Wadhvani (2007, p. 5).

was equated with entrepreneurial success. Recent business history research has shown that French industry was more technologically advanced than had been imagined.”⁷⁶ As another critic points out, Landes’ “desire to summarize an entire society in one pithy sentence inevitably falls flat.”⁷⁷

Landes dedicated a chapter to “The South American Way,”⁷⁸ often taking Argentina as a case – “the Latin country with the best chances – a country that like the entire region is in the category of ‘losers.’”⁷⁹ He calls attention to the region’s instability and insecurity, which in the 19th century was a “penny-dreadful of conspiracies, cabals, coups and countercoups with all these entailed in insecurity, bad government, corruption, an economic retardation.At the top, a small group of rascals, well taught by earlier colonial masters, looted freely.”⁸⁰ In these circumstances, the new independent republics “saw few economic changes” to the point that their “industrial beginning did not generate an industrial revolution. Once again, natural and social circumstances were unfavorable.”⁸¹ Among these, the immigration compared to that which flowed into the United States (“a land of hope and unlimited possibilities”⁸²) was less in volume and quality. For Landes, Latin America was a “simulacrum of Iberian society;⁸³ Spain exported its weaknesses overseas.” Among them “its spiritual homogeneity and docility, its wealth and pursuit of vanities....The road to wealth passed, not by work, but by graft and (mis) rule.”⁸⁴ In a nutshell, and to no one’s surprise, in the eyes of Landes, in conclusion; “The Latin American countries had not program, then no vision of economic development.”⁸⁵ In this grim picture of the vast continent to the south of the United States, there was no place for entrepreneurship nor entrepreneurs. The interesting fact is that these cultural interpretations are prone to be accompanied by a vision where race and geography are present.⁸⁶

⁷⁶ Jones and Wadhvani (2007, p. 5). The book Jones and Wadhawani refers to is the one by Smith (2006).

⁷⁷ Landes (1998, chapter 20).

⁷⁸ Landes (1998, chapter 20).

⁷⁹ Landes (1998, p. 315).

⁸⁰ Landes (1998, p. 313).

⁸¹ Landes (1998, pp. 314, 315).

⁸² Landes (1998, p. 323).

⁸³ Landes (1998, p.312).

⁸⁴ Landes (1998, p. 312).

⁸⁵ Landes (1998, p.314).

⁸⁶ “In addition to culture, there was geography. It is always logically tempting to rely on geography because by and large geography is truly exogenous. Culture, technology, trade, institutions, and government, all are determined by each other in a logically over determined system. But geography, climate, soil fertility, and accessibility are all largely given, and so they determine economic growth but are not determined by it” (Mokyr, 1999, p. 9).

These overriding generalizations are based on debatable empirical evidence and do not leave space to counter factual evidence, at least regarding the causes for South America remaining among the poorest parts of the world. This does not deny that Landes' book "is just beautifully written, filled with bon mots and witty observations, speckled with devastating and at times irreverent dismissals of opposing views. Landes commands a seemingly endless arsenal of interesting and neat anecdotes and historical miniatures that are used in virtuoso fashion to illustrate a point. The width and depth of the historical knowledge at his disposal is simply so vast that even his most determined opponents will have to admit their respect for this work."⁸⁷ With Landes' vision, justifiably called "Eurocentrically triumphant" by one reviewer, "few business historians will agree with everything it says -but everyone will be awed by its erudition and verve."⁸⁸ Certainly business historians who have studied this part of the world would agree with few things he wrote on Latin America.

As a matter of fact, during the same decade in which Landes' book was published, a growing business historiography was already in existence.⁸⁹ That historiography was the product of both Latin American and foreign researchers. Thus, for example, in various countries there were advances in the study of immigrants as groups with outstanding entrepreneurial activity who were not dissenters but partners and/or competitors of local entrepreneurs and who, in many cases, became part of local elites. Mexico and Argentina are leaders in this type of study.⁹⁰ In the first case, research advanced in both regional settings pointed out the distinction between foreign capital and foreign last names for the case of Spanish immigrants who came from northern Spain and became prominent businessmen, especially in the period between 1870 and 1910.⁹¹ Also underway were specialized studies about other singular immigrant groups of various nationalities. Those studies were examining, for example, their articulation within the society and the local culture and their business practices in the local economy. Such is the case of the Barcelonettes, immigrants from a locality in France who set down roots in Puebla and other Mexican cities. There have been studies throughout various generations of this group

⁸⁷ Moky (1999, p. 1).

⁸⁸ Moky (1999, p. 9).

⁸⁹ Dávila (1996,2003); Barbero (2003).

⁹⁰ See Cerutti (1999) about Northern Mexico and García (1999, 2007) about Argentina.

⁹¹ Cerutti (1999).

in the period 1845-1928.⁹² In Argentina, studies about foreign capital companies, for example the railroads, banks and British meat processors represented the modal category of Argentine business history.⁹³ These works, without explicitly attempting to, raised many questions about the ideas of rejection of foreigners, or of foreigners as exemplars of entrepreneurial values that supposedly only they possess, in contrast to local businessmen. Generally they are not interested in theory testing, going to the opposite extreme of defining their work in conventional historian's terms ("to set the record straight"). Perhaps it is a good idea to remind the Latin American business historian that his empirical support cannot be separated from hypotheses and questions about the role that culture, institutions, geography and technology play in what a noted economist of Latin American development called the "journey toward progress."⁹⁴

.In closing this section, it should be stressed that modernization theory made a modest contribution to the study of entrepreneurship and its cultural determinants in Latin America. Paradoxically, as a reaction to its deficiencies, it demonstrated the need for a historical perspective to frame business activity and its determinants. It particularly clarified the need to examine, historically and more cogently, the interaction between values, the economic and social structures in which they develop and entrepreneurial activity in specific countries. All these conditions notwithstanding, another major intellectual current in the region served to discourage the study of entrepreneurship, for ideological and political reasons. This was dependency theory and Marxism, which enjoyed wide currency in Latin America during the sixties and seventies.

The impact of dependency theory in the study of entrepreneurship

Dependency theory represented the Latin American contribution to the study of economic development. For the purposes of this paper, there will be only brief mention of its central tenets and its negative effect in discouraging the study of business people, private business and entrepreneurship. There is a vast amount of literature about dependency

⁹² Gamboa (2004).

⁹³ García (1999).

⁹⁴ Hirschman (1963).

theory available to the interested reader.⁹⁵ A precursor of this theory was the work of ECLA in the fifties about “central-peripheral” relationships, which came to be known as “ECLA structuralism.” The seventies saw fruitful intellectual production on the part of Latin American scholars, for the most part sociologists, centering on ECLA (especially in its headquarters in Santiago de Chile). The classic work is by Cardoso and Faletto,⁹⁶ part of a harsh critique of modernization theory based on its conception of development as an evolutionary, linear process that is part of a passage from a traditional society to a dual one and later a modern one. These concepts were considered excessively general. They also reject the idea that underdeveloped nations exhibit anomalous development, and seem to assume that they must repeat the history of developed nations, without taking into account historical phases and various contexts. The central concept is that of the dependency (economic, cultural, technological) that Latin America has experienced with relation to the urban centers of various historical stages. This phenomenon has generated “dependent development’ in Latin American countries, in which exploitation and ownership by central countries (first Spain, then Great Britain and since the beginning of the 20th century, the United States) played a great role in the underdevelopment of the countries on the periphery.

Underdevelopment is not merely an economic phenomenon, but has deep social roots, which is why it is imperative to consider the role of various forces, groups and social classes. One of these, entrepreneurs, together with large landowners and merchants, are seen by various dependency authors as internal beneficiaries who are responsible for underdevelopment in their respective countries.

In these circumstances, entrepreneurs were seen as villains and often demonized. Some of the characterizations resonated throughout Latin America: they were called “sellouts,” “imperialistic stooges,” “plutocratic autocrats,” “fat and reactionary bourgeoisie,” “principal enemy,” “exploiters.” In the heat of the political, trade union and university conflict of the seventies, these characterizations were hurled in anger, especially in the university environment. The denunciatory attitude provided a doctrine on which the

⁹⁵ A sample of good reference works on dependency theory include Chilcote (1974), Cardoso (1977), Halperin Dough (1982) and Kay (1989)

⁹⁶ Cardoso and Faletto (1969)

political left could base its movements and direct intervention in various academic and intellectual sectors vis-à-vis rigorous academic research. In such conditions, it is not surprising that entrepreneurial activity, its actors – entrepreneurs and business people – and entrepreneurship lacked legitimacy as subjects of study. It is not strange that those who sought to promote entrepreneurial studies and business history were called “apologists of the bourgeoisie” and were viewed with suspicion.

It should also be added, that some of the foreign historians specialized in Latin American “were concerned primarily with the dominant controversies over imperialism and dependence or with writing company history of a rather traditional kind, rather than with transferring to the study of Latin America some of the major changes which were taking place in business history in the developed world under the influence of historians like Alfred Chandler or Mira Wilkins⁹⁷”

It bears mentioning that despite some ideological affinities, dependency theory was the subject of critiques emanating from some currents of orthodox Marxism. Drawing on the Marxist theory of imperialism, some authors criticized dependency theory for remaining silent on the contemporary character of imperialism and for its careless application of Marxist theory.⁹⁸ For others, the theory of economic imperialism was the “missing link” in dependency theory.⁹⁹

Since the mid seventies, and specially during the eighties, changes in the economic, political and ideological environment (e.g., the Latin American foreign debt crisis of 1982, return to democracy in several countries, political and economic reforms that ran the hemisphere from state’s protectionism towards the market economy and globalization, the downfall of communism, and the global shift towards the enterprise culture) had an impact in academia across Latin America, as in other parts of the world (Spain is a case in point).. Business and entrepreneurs came back to be considered as central actors in economic development and gained legitimation in research agendas as well as in education programs;

⁹⁷ Miller (1999, p. 7)

⁹⁸ Fernández and Ocampo (1974).

⁹⁹ Bodenhimer (1970).

the latter as reflected in the accelerated expansion of business education in the region since the mid-eighties

Local/regional culture in historical perspective: an alternative to the value analysis and national culture perspective

As mentioned, Cochran's theory of society's values as the most important determinants of entrepreneurship was applied in the early sixties to the business biography of a leading industrialist in Argentina. Not similar studies ensued in Argentina or other Latin countries in the two next decades. Argentina, Brazil, Chile and Uruguay were engulfed for the rest of the sixties and during the seventies with profound political instability and later military dictatorships. These circumstances seriously affected the academic world, very militant in its political activity, with a strong anti-American and anti-imperialist attitude that later was the target of repression by the military dictatorship. As already explained, this was fertile soil for dependency and Marxist theory of imperialism to flourish among scholars and intellectuals, rather than for approaches to underdevelopment coming from the American academic community.

It was not until 1979 that in a well-known economic history journal there appeared an article by an American historian whose title appeared to evoke Cochran ("The Cultural Determinants of Entrepreneurship and Economic Development").¹⁰⁰ Its author revived the regional and local setting as a focus of economic development and of entrepreneurial activity. In his study of entrepreneurship in an Argentine province (Mendoza) in the period 1861-1914, Fleming contrasted the "clear-cut formulations of Parsons, Schumpeter and Weber" with the "paradoxical assertions of contemporary scholars" and the lack of cultural relativity in the works of the latter.¹⁰¹ It rightfully called attention to the bias of these scholars in the sense that social change "should be in the direction of North Atlantic models." For Fleming, the dilemma of modernization "lies not so much in the 'Westernization' of Latin American society as in the adaptation of development models to

¹⁰⁰ Fleming (1979).

¹⁰¹ Fleming (1979, p. 211).

the configuration of local cultures.”¹⁰² It would appear that some of the studies of culture were becoming a case in point of ethnocentrism.

Fleming showed how the original native, highly cohesive elite displayed numerous instances of economic leadership in trade and commerce that permitted the initiation of modern economic growth. In the early 1860s it was an economy based on commercial agriculture and stock raising. Later with the arrival of the railroad in the late 1870s and early 1880s and growing Italian and Spanish immigrants, a wine industry came into being that grew rapidly and for which today the region is well known. Interestingly, those immigrants did not have to be “deviants,” since the Mendocino culture was not inimical to entrepreneurial activity, but instead had local pride and faith in the entrepreneurial capacities of the Mendocinos. Neither were they looked down upon, but “operated on a par with their native Mendocino counterparts in a collective effort to develop the province.”¹⁰³ The pioneering immigrants that Fleming sketched in his article created family businesses, with strong kinship links, not just in the wine industry but also in commerce. As opposed to a Hagenian subdominant elite seeking redress of social grievances, they were integrated into regional society. They knew how to take advantage of the Mendoza tradition of small-to medium-scale farms and ranches and the relative abundance of land. As turned out, Argentina has humid and arid pampas; not all of Argentina is the pampa of the large cattle ranchers and landowners. Nor is the rural interior of that South American country similar to the large, urban Buenos Aires metropolis. The findings of historical studies such as this are, without any doubt, more compelling than the sweeping generalizations that gained current with the modernization theories. They supported with ample empirical evidence that the Mendocino entrepreneurs (either native or immigrants) had “supportive social institutions” and “public policies” in a regional space “where personal initiative and drive had traditionally been rewarded.”¹⁰⁴ The development record is positive: it had “sustained regional economic development, the integration of Mendoza into the emerging national

¹⁰² Fleming (1979, pp. 215).

¹⁰³ Fleming (1979, p.222).

¹⁰⁴ Fleming (1979, p. 220).

economy, and the establishment of one of Argentine's richest interior provinces as an exception to the rule of interior stagnation."¹⁰⁵

In brief, evidence such as this historical study about the cultural determinants of entrepreneurship open the door to a more cogent theoretical and methodological option than that those of national culture and entrepreneurs as deviants or non-conformists. Research had to pay attention to the particularities of the local culture, grounded in resource endowment, either urban or rural, tuned to large landowning and to small and medium size land plots, isolated from the national economy or an integral part of it. It is necessary to situate the explanations on culture in a regional and temporal space. It would also suggest the need to adjust development programs to local cultural exigencies, rather than the reverse. Finally, it was a counterpoint to generalizations about "traditional" and "modern" societies, whose theoretical appeal had not been on a par with the need to fulfill academic research standards. It called for exploration of the potentialities of historical methodology and historical research rigor in studying the relations between culture and economic growth. But in turn, the challenge for the Latin American business historian is to frame its skills for crafting empirical evidence within the theoretical advances of the discipline in the international academic community.

In the next decade after Fleming study, Argentinean economic and business historians were contributing numerous works about entrepreneurs and family businesses in the wine, sugar and cattle ranching sectors of the inland Argentine provinces (Mendoza, Patagonia and Cuyo, principally). At the same time, studies on British, Italian and French immigrants engaged in a variety of businesses and entrepreneurial ventures since the last decades of the nineteenth century became one of the outputs of growing Argentinean business history, as attested by a recent survey of the literature.¹⁰⁶

In the latter studies culture was not the central issue by itself; the purpose was not to test grand theoretical frameworks or enter into debates about the role of entrepreneurship but rather to study its origins, behavior and performance. The cultural elements were immersed in the social networks (of the local and regional elites, the family, immigrants

¹⁰⁵ Fleming (1979, p. 216).

¹⁰⁶ García (2007).

and friends), the economic conduct of entrepreneurs, political relations and their lifestyles. It belonged to a category of business history, which has also appeared in Mexico and Colombia, where studies about the origins and formation of regional entrepreneurship had seen particular development.¹⁰⁷

Latin American backwardness and substitutes to economic pre-requisites: another fruitful perspective for research

It is a good idea to recall that another writer of the 1960s, also a Harvard professor, the economic historian Alexander Gerschenkron, has in the past few years attracted new interest in his ideas about the economic backwardness in historical perspective.¹⁰⁸ This interest has to do as much with the vicissitudes of Latin American economic development in the years of globalization, as opposed to the rapid pace of development in East Asia. The central notion in Gerschenkron “is the positive role of relative economic backwardness in inducing systematic substitution for supposed prerequisites for industrial growth.”¹⁰⁹ Having studied industrialization in Russia, Germany, France, Italy, Austria and Bulgaria, he found that diverse historical experiences of those countries show that when there were inadequate supplies of capital, skilled labor, entrepreneurship and technological capacity, there arose substitutes such as state intervention (Russia) or the rise of the large banks. (Germany). For the case of business history in Latin America it would be very useful to take into account that, according to this prominent economic historian, that aside from the substitutes there is something very important in the same experience of industrialization. This consists in “a rapid process of transformation of the entrepreneur was initiated, at the same time that their ranks were growing rapidly. . . more important than all the historical prerequisites of modern entrepreneurial behavior, is the effect on entrepreneurs of passing through the professional training of industrialization. Few are as surprising as a great

¹⁰⁷ During the eighties and nineties, in Colombia the case of Antioquia was followed by studies about the origins regional entrepreneurship in five regions in the second half of the 19th century (see Dávila, 1999). In Mexico, the region northeast of the United States and center of Mexican industrialization (Monterrey), had at the end of the 1990’s a broad and rich bibliography (“...there now exists some quite detailed information about the emergence and development of significant segments of the bourgeoisie during the nineteenth century ... [they] have maintained and even increased their importance in the twentieth century”). (Cerutti, 1999, p.120).

¹⁰⁸ Gerschenkron (1962, 1966).

¹⁰⁹ Fishlow (2003, p.4).

change in values, attitudes and standards that Russian business people experienced in only one generation between the 1880s and the years preceding the first world war.”¹¹⁰

Studies have been carried out about industrialization and entrepreneurship in industrial centers of Argentine (Buenos Aires),¹¹¹ Brazil (Sao Paulo, Minas Gerais),¹¹² Colombia (Medellín),¹¹³ Chile (Santiago de Chile),¹¹⁴ and Mexico (Monterrey)¹¹⁵ from various perspectives. They have been examined in surveys of the business history literature in these countries, which point out that some were done during the sixties and seventies, and have supported the idea of the importance of entrepreneurial experience and learning. These emerged around issues such as management of industrial labor, capacity to adapt to foreign technology and the handling of credit in highly unstable political circumstances, even in eras such as the Mexican revolution. Complementing Gershenkron’s thesis, in the case of gold mining in Antioquia, various works converge on what constituted from the mid 19th century a “practical entrepreneurial school,”¹¹⁶ prior to the industrialization of the regional capital (Medellín) that started in the first decade of the 20th century.

In closing this paper, it should be recalled that the interplay between cultural values and entrepreneurship is a promising field of research in business history in Latin America. The lessons derived from the eventful evolution of theory and research on this topic in this part of the world over the last fifty years leaves several lessons. One is the drawback of trying to test grand theoretical schemes of the type of “modernization” theory or national culture through cross sectional research strategies, devoided of any historical perspective. The orientation of the recent revival of current research on national culture demonstrates that the pitfalls of the large research projects carried out in the sixties have been obliterated. A second lesson is positive: the criticism of those approaches conducted by some of the pioneers of nascent business history in Latin America was furthered by research that became a counterpoint to many of the preconceptions and generalizations of the modernization theory. More to the point, five areas of business history research has proved

¹¹⁰ Gershenkron (1969, p. 324).

¹¹¹ Garcia (2007).

¹¹² Lewis (1999).

¹¹³ Dávila (1999).

¹¹⁴ Ortega (1999).

¹¹⁵ Cerutti (1999).

¹¹⁶ Brew (1977).

to be promising in the region: origins of local and regional entrepreneurship, origins of industrialization, business elites, entrepreneurial and family business history and immigrant networks. The revival of interest in Weberian, Schumpeterian and Gerschenkronian theories related to entrepreneurship and values has led to recent theoretical and methodological advances in the international community of business historians¹¹⁷. These advances in topics such as entrepreneurship and family firms, entrepreneurial networks and diasporas, and more generally entrepreneurship, culture and historical explanation offer an opportunity for the strengthening of Latin American business history. The challenge is to critically incorporate them in the research agenda for the next decades.

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¹¹⁷ See for example Cassis and Pepelasis Minoglou (2005), Godley and Westall (1996), Jones and Wadhvani (2007) and Cuff (2002).

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