PART I

History and methodological reflections

1 *Defining culture*

1.1 Introduction

To most of us, culture means something like a society's traditions, its values, norms and beliefs. Culture also refers to artistic activity, its products and the historical heritage of a society. In addition, most of us would agree that culture is linked to the collective identity of communities and, as such, refers to differences between societies.

What ties all these meanings together? What is culture *exactly*? It is when we start thinking about these questions that things start to get blurry. In spite of the attention that has been paid to culture in social sciences over the centuries, we are still no closer to an unambiguous, widely accepted definition of the term. Conceptualizations of culture vary across disciplines, between schools and simply between authors. In their authoritative review of the culture concept, Kroeber and Kluckhohn (1963) had already counted more than 170 different definitions of culture in the literature. Another half a century of social sciences later that number has increased only further. Although we all seem to have vague ideas of what culture is about, it seems to be very difficult to agree on its exact definition.

This lack of a clear-cut, unambiguous definition is a rich source of misunderstandings in debates. The fact that most of us have a notion of what culture is in the back of our minds only adds to this. If an anthropologist and an economist are discussing the role of culture in economic development, they may think they understand each other, but are they really discussing the same things? The former may believe they are talking about ideas and values that are the contested product of current political–economic processes, while the latter may interpret culture as ancient traditions that are inherent to a society's static identity. Without making clear what we understand by culture beforehand, any discussion of the role of culture in economics is bound to be fruitless.

Before we start our discussion of culture in economics, we therefore first have to make an attempt to define the object of our inquiry and delineate culture more precisely. Needless to say, we do not claim to be able to come up with a definition of culture that trumps all existing ones. What we will do in this chapter is stipulate what we understand by culture throughout this book, so as to familiarize the reader with the scope and limits of our discussion. In order to do that, it serves to shortly review various conceptions of culture that can be found in the literature. In doing so, we rely on the classic overview of Kroeber and Kluckhohn (1963), complemented by more recent literature.

1.2 Culture as artificial

A very basic way to delineate culture is by focussing on its opposition to nature. Culture is generally understood to refer only to those aspects of the environment that have been made or shaped by humankind. This element has been stressed especially in definitions stemming from the first half of the twentieth century. For example, Ostwald (1907: 510) defines culture as "that which distinguishes men from animals." Another such definition runs "the man-made part of the environment" (Herskovits 1948: 17). A more recent contribution in this line is Inglehart (1990: 18), who argues that "while human nature is biologically innate and universal, culture is learned and may vary from one society to another."

An interesting observation about these definitions is that, apart from natural differences, they exclude virtually nothing. Culture covers all aspects of social reality. This view of culture as a "comprehensive totality" (Kroeber and Kluckhohn 1963: 85) is especially prominent in cultural anthropology. Perhaps one of the most famous definitions of culture capturing this view is the classic one formulated by Tylor [1871]. According to Tylor, culture is "that complex whole which includes knowledge, belief, art, morals, law, custom, and any other capabilities and habits acquired by man as a member of society" (1924 [1871]: 1). Others include Boas' (1930: 79) statement that "culture embraces all the manifestations of social habits of a community," or Malinowski's definition of culture as "an integral composed of partly autonomous, partly co-ordinated institutions. It is integrated on a series of principles such as the community of blood through procreation; the specialisation in activities; and last but not least, the use of power in political

organisation. Each culture owes its completeness and self-sufficiency to the fact that it satisfies the whole range of basic, instrumental and integrative needs" (1969 [1944]: 40).

Obviously, the distinction from biological and physical aspects of reality alone does not get us very far in delineating culture. Culture still means close to everything. If we want to give the debate about culture in economics any direction, we need to identify other dimensions of the concept.

1.3 Culture as ideas and worldviews influencing behavior

Closely related to the nature–culture dualism is the distinction between mind and matter. Since the second half of the twentieth century, authors discussing culture generally interpret culture as being about the worldview of people rather than the material world out there. The view of culture as everything that humans made gave way to a view of culture focussing on everything that humans thought, felt and believed. Except perhaps in the sphere of arts, culture has come to be not so much about material artefacts themselves as about the perceptions, ideas, norms and values underlying them.

This is most obvious in anthropology, where culture came to be identified with systems of meaning. Clifford Geertz, probably the most famous ethnographer of the second half of the twentieth century, typically defines culture as "an historically transmitted pattern of meanings embodied in symbols, a system of inherited conceptions expressed in symbolic forms by means of which men communicate, perpetuate, and develop their knowledge about and attitudes towards life" (Geertz 1973: 89). Geertz's view is symptomatic of anthropology, which usually understands culture as complexes of distinctive properties, including norms, worldviews and beliefs (Wolf 1999: 21). Outside anthropology, this interpretation of culture is widespread as well. We encounter it in the works of Hall (1995) or Wuthnow, who writes about culture as "overarching symbolic frames of reference, which we shall refer to as meaning systems, by which people come to grips with the broader meaning and purpose of life" (Wuthnow 1976: 2–3). It "is at base an all embracing socially constructed world of subjectively and inter-subjectively experienced meanings" (Wuthnow *et al.* 1984: 25). Cross-cultural psychologist Geert Hofstede (1991: 5), finally, has something similar in mind when he describes culture as "the software

of the mind." Culture, in most contemporary conceptions, refers to the intangible. It is about values, ideas, routines and beliefs held by people. But does this mean that all ideas and beliefs are cultural?

1.4 Culture as group distinction

One of the most crucial aspects of culture is that it is about distinction. It has to do with how groups differ from one another. This element of distinction is stressed in various definitions that can be found in the literature. Geert Hofstede defines culture as "the collective programming of the mind that distinguishes the members of one group or category of people from another" (Hofstede 2001: 9). Other examples include Kluckhohn and Leighton (1946: xviii), who maintain that "a culture is any given people's way of life, as distinct from the life-ways of other peoples"; Hall (1995: 176), claiming culture is "the systems of shared meanings which people who belong to the same community, group, or nation use to help them interpret and make sense of the world"; Gellner (1992: 18) arguing culture is "a shared set of ideas, held to be valid simply because they constituted the joint conceptual banks of custom of an ongoing community"; or Schweder (2001: 3153), who defines culture as "community-specific ideas about what is true, good, beautiful, and efficient."

While distinction from other groups is an important element of a definition of culture, questions remain about how to identify the groups in which culture is thought to be residing. To derive one's conception of culture from collective identity requires clearly demarcated groups, so that collective identities are unambiguous. However, as the definitions by Hofstede (2001) or Gellner (1992) indicate, it is often culture itself that distinguishes members of one group from another. Culture is not only an aspect of distinctive groups, it is also a means to distinguish groups. This element can also be found in older writings on culture, such as in Wallis' (1930: 9) definition of culture as "the artificial objects, institutions, and modes of life or of thought which are not peculiarly individual but *which characterize a group*" (emphasis added) or Benedict's argument that "what really binds men together is their culture" (Benedict 2005 [1934]: 16). This two-way reasoning is potentially problematic. It means that to identify culture we have to look at differences between groups, while to identify groups we have to look at culture. The way out of this is to look for any clusters in

the distribution of ideas, values and beliefs as culture of an apparent group. Indeed, Hofstede takes such an empirical approach in his work, not defining cultural communities *a priori*, but identifying cultural boundaries and differences on the basis of patterns in survey data (*see* Chapter 5). A definition that takes this route explicitly is the one by Brumann (1999: S1), which says that culture refers to "the clusters of common concepts, emotions, and practices that arise when people interact regularly."

There are limits to such an approach. For one thing, empirically derived clusters in habits, ideas and behavior often overlap, so that any individual belongs to various cultures simultaneously. Individuals share ideas, values and symbols with their religious communities, their country, their street, their age group and the supporters of their favorite soccer club. All these units might be taken for cultural communities, and it is next to impossible to come up with exclusive, clearly demarcated groups of people who are the holders of a distinctive culture (Sen 2006). What is more, it has been shown that identities are fluid. Whether national identity, gender, age, class or family serves as dominant basis for identity is dependent upon the context (Eriksen 1993). The fluid character of cultural identity is more fully recognized in the description of culture by Collier (1989) as an "historically transmitted system of symbols, meanings, and norms. The emphasis in this conceptualisation is upon identities, inter-subjectively defined by similarities in symbols and norms, which are posited to potentially change during the course of a conversation . . . In some encounters, nationality may be a key construct, but in others, gender, the relationship, or one's professional position may be key constructs in the understanding and accounting for outcomes. Therefore, I believe that identity adopted, managed, and negotiated during an encounter can be an important focus. Culture can be measured thus as background and heritage, and as emergent patterned conduct around a particular thematic identity" (Collier 1989: 295). The cultural group to which one belongs, and its difference from other groups, is not a fixed given. Individuals constantly switch identities, depending on the context. This multi-layered and fluid character is by itself no problem, but it does make things difficult when we want to move beyond theory development and pinpoint cultural groups and differences in practice. Letting go of the link to collective identity is no option either, however, as the element of distinction between groups is essential to how culture is understood.

Culture refers to ideas that are (supposed to be) shared among a group. Without this element, it is more useful to talk simply of ideas, tastes, norms or values in general.

1.5 Culture as inherited, unquestioned given

Culture refers to what is shared among a group, but most of us would not argue that any set of ideas that a number of people happen to hold at a particular time makes up their culture. For any shared set of ideas to be part of the culture of a group, it has to be perceived as inherent to that group. In other words, to individual members of the group it must be a given, following from their collective identity. This element of culture is stressed in Gellner's definition (1992: 18), which runs: "a shared set of ideas, held to be valid simply because they constituted the joint conceptual banks of custom of an ongoing community." The idea of culture as a system of norms and beliefs that individuals inherit rather than consciously choose can also be found in the definitions of culture used by anthropologists such as Tylor or Geertz, who portray culture as inherited, "comprehensive totality" (Kroeber and Kluckhohn 1963: 85). Inglehart (1990: 18) also describes culture as a system transmitted from generation to generation. What all these definitions imply is that culture is assumed to be a given to the individual member of a group. It is simply held valid, unquestioned by the individual as a member of the cultural community.

This view of culture as unquestioned makes it possible for researchers to demarcate culture from economic or political patterns of thought and behavior, while allowing them at the same time to incorporate culture as a factor influencing such behavior. In sociology, for example, culture has been generally understood as the realm of intimate communitarian ties that bind, as opposed to ideology which denotes scenarios of factional strife among self-seeking interest groups (Wolf 1999: 21). Culture is thus distinguished from purposeful, self-interested (political) action, though communitarian ties may still inform such political strife (e.g. Huntington 1996). In those schools within social sciences that focus on rational choice by individuals rather than collective action, we can see something similar occurring. According to the rational choice framework, people make decisions based on preferences and limited means, seeking to optimize outcomes. In such a framework, culture enters as an external force,

influencing the individual rational agent. Political scientist Chai (1997: 45), for example, sees culture "as the basis for individual preferences (goals) and beliefs." Alternatively, culture can be treated in the manner of Coleman (1990), as "norms that mandate action that is not in one's own interest or proscribe behaviour that is" (DiMaggio 1994: 29).

Within economics we observe the same trend. Culture is typically turned into a factor influencing rational behavior, while not being subject to rational design itself (e.g. Williamson 2000). Lal (1998) talks about "unintended consequences" in this respect. Culture is understood as those things that were not rationally chosen but are given to the individual. It serves as an input for (bounded) rational choice. This latter element is obvious in the definition of culture employed by Douglass North: "the transmission from one generation to the next, via teaching and imitation of knowledge, values, and other factors that influence behavior" (North 1990: 37; the definition is taken from Boyd and Richerson 1985: 2). Other economists have interpreted culture more limitedly as informal institutions (Greif 1994; Williamson 2000), shared values and preferences (Fernandez 2008; Guiso *et al*. 2006; Tabellini 2007a, 2007b) or religious beliefs (Barro and McCleary 2003; Guiso *et al*. 2003; McCleary and Barro 2006). What all these interpretations have in common is that culture is explicitly reduced to an exogenous input factor influencing behavior and choices, which makes it compatible with the framework commonly employed by economists. Conceptualizations of culture as an exogenous factor allow it to enter the causal framework of economics without many (apparent) problems.

1.5.1 Challenges to culture as inherited given

This view of culture as inherited, comprehensive totality is not universally shared. In anthropology, it has been challenged in recent decades by a focus on the production and negotiation of culture in individual practices. As noted, the project to define culture in terms of distinctive properties of given groups runs into the problem that in real life groups are not given. Anderson (1991) argues that all collectives transcending the level where people have face-to-face relations with each other are in fact "imagined communities." An Islamic IT specialist from California and a Presbyterian plumber from Detroit may never have met, may not have anything in common and may not have any mutual

acquaintances, yet, they might still feel they are bound together by way of both belonging to the community of the United States of America. Because of the fact that an imagined community called America exists, they are each other's "fellow Americans."[1]

This opens the door for a conception of culture in which culture is not so much an inherited, given "thing" but a schema produced, reproduced and negotiated by agents in their practices. As Anderson has shown, national identity is not self-evident; it is the product of an historical process in which the imagined community of the nation has actively been constructed. America, like France or China, has been made by the people, through their imagining. If culture is understood as that which distinguishes the way of life of one imagined community from another, it follows that culture is also a factor in this imagining. Sharing a common system of symbols, meanings and norms binds people together in an identifiable group. It is our shared culture that tells us who we are, making us different from other groups. In contemporary contributions, culture is therefore often seen as "a term of differentiation that separates 'us' from 'them' through the construction of general characteristics that are meant to define, and mark off, a given group or collectivity vis-à-vis another group or collectivity" (Hau 2000: 126).

The conception of culture as being produced and renegotiated by individual agents through their actions and practices is typical for contemporary anthropology and cultural studies. In the words of anthropologist Richard Fox (1985: 197): "there is no weight of tradition, only a current of action." Culture is not a given to be re-enacted but is "always in the making." It is still only occasionally that this interpretation of culture as contested and negotiable enters economics (*see* Heydeman 2008 for an example).

As a consequence of the more dynamic understanding of culture, attention in anthropology has shifted to the social processes of the construction and reproduction of culture, away from the product of this process. The question is no longer what culture is but how culture is produced, by whom and why. Since culture serves as a way of marking off one group vis-à-vis the other, as Hau (2000) maintains, the construction of culture has important political and economic effects.

[1] That is not to say that the state of the USA is imagined; it is only to say that the American nation is an imagined community.

For example, consider an employee who is part of a certain company. Companies might push a process in which being part of the company evolves into a distinctive business culture, with its own norms, symbols and meanings. As a result, the employee's sense of belonging to the firm is strengthened – it is now not only a job contract but also a set of collectively shared meanings, norms and symbols that binds her to the company. At the same time, the gap with other companies has become larger, as they have distinctly different cultures. Such a cultural binding of employees to the company gives the company a stronger position in its wage bargaining with employees, since people are less inclined to leave their cultural in-group.

Politically, the construction of distinctive, national cultures has been an important factor in the legitimation of nation-states. In this respect, Appadurai (1996: 15) speaks of culturalism as the mobilization of cultural differences in the service of national or transnational politics. The construction of a distinctive culture has the effect of mobilizing people toward a given end, such as the erection and defence of a unified state on certain territory. Note that although it may be constructed to that end, culture can have this effect only because its members usually do not perceive it as constructed. This idea also is central in the ideas of cultural theorist Peter Berger, who argues that man "forgets that the world he lives in has been produced by himself" (Berger and Pullberg 1965, 2000). Were people to perceive their national cultural identity as a product of the political interests of the state, they would be less willing to make sacrifices for their country. It is because people assume culture to be given and do not question their cultural identity that culture is able to mobilize people and make them endorse culturally specific institutions that are not always in their own interests.

1.6 Competing terms: ideology, institutions, ethnicity, nationality

By now, we are able to identify a few distinctive aspects of culture. As we have seen, culture is most usually interpreted as being:

a. human-made
b. about ideas and worldviews underlying behavior
c. about distinction between collective identities
d. assumed as given to the individual.