

CHAPTER 4

FOLLOWING DIFFERENT PATHS OF MODERNIZATION: THE CHANGING SOCIO-CULTURAL BASIS OF SOUTHERN EUROPE

Emmanuele Pavolini, University of Macerata
Gemma Scalise, University of Milan-Bicocca

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4.1. The socio-cultural roots of Mediterranean capitalism: Toward a process of internal divergence?

Comparative political economy provides an insightful framework for understanding the mutual influence between economic, social, and political arenas and their regulation in different institutional contexts. In particular, the debate on the Variety of Capitalisms (VoC) that has been ongoing since the 1980s has focused on the different institutional forms of advanced economies and has highlighted the existence of various models used to regulate economic activities. In an effort to explain these differences, research has mostly focused on the institutional and political structures that have historically arisen in different countries (Albert 1991, Hall and Soskice 2001, Amable 2003, Bohle and Greskovitz 2012). Most of these analyses aim to explain the interplay between several institutions, the labor market, and economic development and usually focus on socio-political institutions used to regulate the economy, with socio-cultural institutions receiving much less attention. However, the role of socio-cultural variables in explaining differences among political economies is critical as these variables determine how values and social networks influence the path of economic growth and institutional change.

As Bruff (2008) argues, in the VoC literature, culture tends to be conflated with institutional norms and conventions. However, culture is much more than a set of shared understandings (Hall and Soskice 2001); indeed, it shapes capitalism. Capitalist development is deeply interwoven with

how people organize even the most-personal aspects of their social lives (Streeck 2012): Value orientations and collective beliefs shape behaviors, identities, and attitudes, all of which influence and legitimize political actions and economic organization.

This work complements other chapters in the present volume on economic outcomes and institutions by focusing on how socio-cultural attitudes and values ultimately affect institutions. We find support for insights gained by previous approaches to developmental and comparative political economic studies by examining the role played by socio-cultural and structural elements – such as social values and core social networks (beginning with families) – and assess whether Southern European countries (SEs) show relative homogeneity in this respect or are (increasingly compared to the past) different among each other.

As the chapter demonstrates, the socio-cultural setting influences both the supply of and demand for policies in key institutional arenas in the VoC approach, and the evolution of social attitudes and cultural values has led to an internal differentiation within the Mediterranean model. A cluster analysis based on data selected from several databases reveals (1) the connection between traditional attitudes on gender roles and the feminization and structure of the labor market; (2) how family values and organization influence the configuration of the welfare system and the development of social policies; (3) the impact of social capital on labor relations, entrepreneurship, cooperation between and within companies, and the mechanisms through which innovation is produced; and finally, (4) how values influence the structure and development of education systems.

4.2 The relevance of socio-cultural factors

In economic sociology and political science, at least four important strands of studies have examined the role of socio-cultural variables since the end of WWII. The first is the so-called “theory of modernization,” which was developed in the 1950s and maintains a typical functionalist approach with the goal of explaining differences in economic growth while also recognizing the

role played by socio-cultural values. Talcott Parsons (1964) can be considered the pivotal scholar of this approach, whose core idea is that “traditional” societies need to change in their socio-cultural features in order to become “modern” and be able to exploit technological change and economic opportunities. A shift from particularistic values and ascribed status to more-individualistic and universalistic values based on individuals’ capacity and performance allows societies to become better equipped to exploit innovation and to thrive economically. According to this perspective, a process of functional differentiation renders the economic sphere increasingly independent from the cultural and religious spheres (Smelser 1959, Eisenstad 1966). Traditional religious beliefs and cultural traits thereby become less important as modernization takes hold. An increasingly educated population, scientific rationalism, and technical knowledge are all keys in order to transform traditional societies into modern ones.

Since the 1960s, another strand of research, which stems from the sociology of organization, has highlighted the importance of socio-cultural elements in explaining economic innovation and change. On the one hand, the so-called ecological approach to organizations (beginning with Stinchcombe 1965) introduced the idea that a relationship exists between the socio-cultural characteristics of a given environment and the creation of innovative organizations. The concept of the “liability of newness” explains why new and innovative organizations have greater chances of failing than do other types of organizations for several reasons. This approach emphasizes the extent to which a society is open to innovation (in this respect, Stinchcombe follows a similar argument to that found in the theory of modernization – namely that “modern” societies have greater chances of accepting new ways of organizing economic activities than do “traditional” societies) and the degree to which members of an organization are able to cooperate with and trust one another (this concept was successively developed by the so-called “social capital approach”). On the other hand, the neo-institutionalist approach to organizations, which began in the 1970s, highlights the importance of normative (cultural) institutions as well as cognitive institutions in

shaping the emergence and diffusion of certain types of organizations (Di Maggio and Powell 1983).

A third strand of research emerged in the late 1980s as a new and innovative elaboration of the “theory of modernization” of the 1950s. In fact, the theory of modernization was subject to major critiques in the 1970s and 1980s as it conceived a unidirectional, universal trajectory of development in which traditional values decline, as had taken place in Western societies. In the late 1980s, however, a new wave of research on the relationship between culture and economy acknowledged both the potential importance of this relationship and the limits of the earlier theories. If the theory of modernization of the 1950s and 1960s considered Western values to be the values that societies needed to incorporate in order to become “modern” and economically successful, the new approaches from the late 1980s – especially those that became labelled the “new comparative political economy” (Evans and Stephens 1988) – adopted a Weberian perspective on the influence of some original traits from different cultures and civilizations that help societies successfully address similar socio-economic issues in different ways, as shown by studies on Asian capitalisms (Dore 1987, Hamilton and Biggart 1988, Hamilton 1994). Among other factors, these studies highlight the role of social networks (at least those which are based on communities and family ties) in influencing the creation of successful economic networks among enterprises on one hand and the role of religious heritages (e.g., Confucianism) in providing obstacles to as well as resources for capitalist economic development on the other hand. In this respect, Dore stressed the necessity of examining the extent to which socio-cultural values favor the legitimization of authority, interpersonal trust, work ethics, and elites’ orientation toward supporting technological innovation.

In parallel to the new comparative approach to political economy, the 1990s and the following decades bore witness to a fourth strand of research, which is based on the concept of social capital and its relationship with economic development. This strand of research stems from the works of Bourdieu (1986), Coleman (1990), and Putnam (1993) and has continued to expand. Concepts such

as institutional and interpersonal trust, networks and associations, public involvement, and the respect of norms of civiness have been used increasingly often to explain differences in economic growth. In Putnam's work, for instance, the endowment of social capital at the local/national level plays an important – direct and indirect – role in terms of fostering economic development: directly because it promotes collaboration among economic actors and reduces transaction costs among them, and indirectly because it fosters a better and more-efficient public administration.

Since these groundbreaking works, Durkheim's concepts of primary social ties, community trust and support, informal obligations, and reciprocity has gained again a central role in theories explaining economic development. At the same time, since the 2000s, cognitive theories have been increasingly used in debates in relation to how political economies change. Ideational forces – that is, enduring modes of thought and discourse that are informed by culture and values – are today considered key factors in explaining the production and legitimization of changes in economic policies and practices (Blyth 2002, Schmidt 2008, Rodrick 2014, Ban 2016). Ideas are defined as historically constructed beliefs, values, and perceptions, and they shape human behavior and policy decisions (Béland 2016). Campbell (2004) conceives of them as public sentiments – that is, widely shared assumptions regarding embedded national cultures and understandings in the economy.

These most-recent approaches to the study of different political economies bring the role played by socio-cultural factors back into the debate on VoC. Following Weber's insights, we assume that normative patterns as well as changes in cultural symbols, rules of behavior, social organizations, and value systems influence economic and political institutions. This assumption has remained largely unexplored in the VoC literature. However, as highlighted in the following sections, a full understanding of the growth trajectories of contemporary capitalisms requires a focus not only on the interplay between political and economic institutions but also on the socio-cultural factors that frame and shape these institutions and serve to conceptualize interests.

4.3. How socio-cultural values and social capital influence VoC models

The VoC approach postulates that several institutions shape the chances of economic innovation and socio-economic growth. These institutions can play both a direct and an indirect role in socio-economic growth.

If we examine the direct role, we can begin our analysis with macroeconomics theory, which postulates that medium- and long-term economic growth stems from several factors: capital accumulation, technology, and the size of the labor market in the medium-term; education, the capacity/attitude toward saving economic resources, and the quality of the bureaucracy/government; and the capacity to innovate in the long term (Blanchard 2012). These factors also play a significant role in economic sociology and in VoC analysis, both of which examine the institutional roots of such factors and hence also of economic growth. In the present chapter, we focus on socio-cultural institutional roots and in particular on their roles in relation to the size of the labor market and their capacity to foster innovation.

Moreover, the sociological and VoC literatures have highlighted the important role of families within different VoC not only as a potential source of support or limitation for direct economic action (Granovetter 1985) but also as welfare producers for their own members. As indicated in the introduction to the present volume, one of the core and distinguishing traditional characteristics of Southern European countries is supposedly the very strong role played by the family in welfare provision, which reaches a level that can be defined as familialism (Saraceno and Keck 2010). We next examine in detail how socio-cultural values can shape or interact with these factors and dimensions.

4.3.1 The size of the labor market

If economic growth can stem from an increasing size of the labor market, this size can increase in two main ways in European countries: Given that male activity rates are relatively high (they reach almost 80% for individuals aged between 20 and 64 years), a further growth in size can come either through female labor market participation or through migration. Both of these phenomena are

strictly connected to socio-cultural elements and involve the ideas a society has regarding women's roles as well as its openness to "outsiders." In this respect, attitudes toward women and their participation in the labor market – as well as attitudes toward migrants – can partially shape the size of the labor market. Indeed, these attitudes can affect women's and migrants' chances in the labor market and the positions that they hold in it. These dimensions are intertwined with family structures, gender roles, and attitudes toward (gendered) entrepreneurship, which can inhibit or enhance the development of the female labor force and women's contribution to the economy.

Additionally, social capital and education have an impact on the size of the labor market since they are both tools for boosting job opportunities. On the one hand, networks of friends, family ties, and wider social connections are important when it comes to creating job opportunities and job-related contacts (Granovetter 1978). Both strong and weak ties can facilitate job searching by yielding information, providing personal recommendations, or even influencing the hiring process. On the other, education increases employment chances, which is particularly true in advanced post-industrial societies.

4.3.2 Human capital accumulation

In the VoC literature, the focus on the role of innovation in firms as a method of supporting economic growth (Hall and Soskice 2001) has paved the way toward a more-nuanced approach to the role of education. In this respect, education provides a more-skilled labor force that can exploit more innovation opportunities. The educational level reached by the population is a good indicator in this sense, as are attitudes toward gender equality and roles within family given that women are an important source of human capital accumulation: In many countries, their educational level can be similar – if not superior – to that of their male peers.

Moreover, social capital within both the family and the community can play a role in creating human capital since interpersonal family networks can be a resource in children's education just as both family financial capital and human capital are (Coleman 1990, Bourdieu 1986).

4.3.3 The capacity to innovate

From a socio-cultural perspective, innovation can be sustained through different mechanisms. If we examine modernization theories as well as the socio-organizational approaches *à la* Stinchcombe, the problem of the “liability of newness” for new and innovative organizations can be found to be negatively correlated with how traditional and closed to diversity a society is. Therefore, indicators that measure attitudes toward traditional values and “diversity” as well as those related to gender equality and migrants all capture the same underlying concept of how open or closed a society is to new and innovative ways of organizing (economic) activities. Attitudes toward entrepreneurship and creativity exist along similar lines. In addition, education increases the chances that innovations – especially radical ones – will take place. Social capital has been studied as a source of economic collaboration and innovation.

4.4. Methodology and data

The analysis presented in this chapter aims at discovering the extent to which Southern European countries can be grouped together when framed within a European perspective. For the analysis, we constructed a database with results from surveys on attitudes and behaviors for which information on all EU countries was available, which thereby enabled us to highlight socio-cultural variation among VoC and across time. Given that our interest also lies in a diachronic analysis, we chose databases that contain data over time. The most-used databases were the European Social Survey (ESS) and the European Value Survey (EVS), which have been ongoing since the 1990s on a regular basis; the Eurobarometer, which runs surveys on several (often-rotating) topics every year; Eurofound, which has run three pan-European surveys since the 2000s; and OECD statistical data collections. Given that these databases do not always cover all EU countries over time, we decided

to exclude from the analysis Luxemburg, Romania, Lithuania, and Latvia – countries for which data were often missing.

The items selected from each database were mainly related to gender equality, tolerance towards “diversity”, social capital, family values and traditions, and entrepreneurship (See URL for Supplementary Table 4.A). The single items were synthesized through a principal component analysis (PCA), and we clustered the countries based on PCA results. Four items were usually used to measure each dimension, and Cronbach’s alpha and well as the KMO value reveal that items are quite linked to one another in each dimension. We tested the validity of our findings by also using other items that measure single dimensions. We kept all items that had data available on all four Southern European countries for the PCA.

4.5. Socio-cultural values and behaviors: Southern Europe in a European context

The single dimensions strongly correlate with one another – especially attitudes toward gender equality, tolerance toward diversity, family values, and social capital (See URL for Supplementary Table 4.B). If countries score low on intolerance, they also score high on gender equality, have good “stocks” of social capital, and adopt non-traditional family values. It is also important to highlight the fact that attitudes toward entrepreneurship have a strong correlation with the other dimensions, although this correlation is not as strong as the one that exists among the other dimensions.

We used the five above-mentioned indicators to run a cluster analysis, the results of which are presented in Figure 4.1. The main findings of the analysis are presented below (See URL for Supplementary Table 4.C).

First, two main country clusters exist in Europe in terms of socio-cultural factors. Central and Eastern European countries (CEEs) and some Southern European countries (those in the Central-Eastern Mediterranean area: Italy, Greece, and Cyprus) belong to the first cluster. Western

European countries (including those on the Iberian Peninsula (i.e., Spain and Portugal)), Estonia, and Slovenia belong to the second group.

Second, whereas the first cluster is relatively homogeneous, the second cluster contains two sub-clusters. Nordic countries together with the Netherlands show partially different characteristics than the rest of Western Europe.

Third, the different clusters display a relatively homogenous overall profile in relation to socio-cultural values and attitudes. CEE and Central-Eastern Mediterranean countries score relatively low on gender equality, tolerance toward “diversity,” social capital, and attitudes toward entrepreneurship, but they score high on traditional family values. On the other hand, Nordic countries and the Netherlands score high on four dimensions and low on traditional family values, whereas the rest of Western Europe shows medium-to-high levels on all dimensions except for traditional family values.

Fourth, with very few exceptions, a deep divide exists between Western and Central-Eastern Europe: Slovenia and Estonia belong with the West, whereas Italy, Greece, and Cyprus belong with the East. This finding is highly interesting for the overall implications of this chapter and for the entire book. Southern Europe is not homogenous in terms of socio-cultural values, and its four countries belong to two different clusters: Spain and Portugal group together, as do Italy and Greece. In the following sub-sections, we provide details regarding the differences and similarities among countries along each of the five dimensions.

< Insert Figure 4.1 here >

4.5.1 Attitudes toward gender equality and female labor market participation

Overall, Southern Europe does not seem to cluster together on gender equality or female labor market participation as a clear divide exists between Iberian countries and Central-Eastern Mediterranean countries. Table 4.1 reports values for Southern Europe and the three main clusters introduced above for the four variables used to measure this dimension. A very small percentage of

people in Northern Europe and the Netherlands agree that men should have more rights to a job when jobs are scarce, and relatively few agree with this statement in the rest of Western Europe with the exception of Italy (22.5%) and (to a greater extent) Greece (46.7%). In this respect, these two countries share views typically held in CEE (Cluster 1). Similar patterns apply in relation to the other three items considered: CEE residents as well as Italians and (to an even greater extent) Greeks typically share the view that taking care of the home and family is the most important role for women, and men are not expected to take parental leave in order to take care of their children or to perform an equal share of household activities. These views are shared by a minority in Northern Europe but by a larger minority in the rest of Western Europe. Even if we consider other items that we could not include in the PCA due to missing data (in this case, the EVS of 2017, from which data for Portugal and Greece are not available), the pattern does not change. A majority of individuals in CEE (36.8%) and Italy (40.1%) believe that children suffer if their mother works full-time, and a large minority agree that men should be responsible for earning an income and women should take care of household duties (46.5% in CEE, 34% in Italy). The opposite view is found in Western Europe, including Spain (12.8%), which often is more similar in these respects to Nordic countries than to Continental ones.

<Insert Table 4.1 here>

4.5.2 Tolerance and cultural attitudes toward “diversity”

Attitudes toward migration and homosexuality are considered here as proxies of how individuals welcome diversity (Table 4.1). In this respect, the items chosen in relation to migration refer more to socio-cultural traits (cultural homogeneity) than to socio-economic traits, and homosexuality is considered only in relation to individuals’ freedom to choose the type of relationship they prefer (and not, for instance, in relation to the right to adopt children, which is an issue discussed in the other dimension). The patterns found among clusters and countries in relation to gender equality are also confirmed when (in)tolerance and attitudes toward “diversity” are taken into consideration.

Spain and Portugal belong to the Western European cluster and lie halfway between the two Western sub-clusters, whereas Italy and (to an even greater extent) Greece display facets quite close to CEE, as is well exemplified by the percentage of people who declared that their national culture is being undermined by immigrants (38.8% in Italy, 58.2% in Greece, 14.8% in Spain, and 15.9% in Portugal) or who would feel uncomfortable having an immigrant as friend, colleague, doctor, family member, manager, or neighbor (48% in Italy, 60% in Greece, 11% in Spain, and 16% in Portugal). Again, if we consider other items that could not be included in the PCA due to missing data, results remain the same: 16.1% of Italians declared being ashamed of having a close family member who is gay/lesbian, as compared with 8.2% for Spaniards.

4.5.3 Social capital

As shown in the literature quoted above, social capital refers to at least three key dimensions: first, to trust and obligations; second, to channels of information; and third, to norms and effective sanctions. These three dimensions affect a society's efficiency by encouraging coordination and cooperation among individuals or social groups (Coleman 1988).

Nordic countries and the Netherlands represent environments with the highest stocks of social capital (Table 4.1). The rest of Western Europe follows, whereas CEE is quite different. Civicism and general trust in the quality of the political, legal, and institutional environment influence individual outcomes as well as social-group interactions, thereby increasing a society's overall effectiveness. While most of the data on trust used in Table 4.1 come from the European Social Survey (ESS), the information at the bottom of the table comes from an experiment conducted by Cohn et al. (2019) on "civic honesty" in 40 countries around the world. The researchers submitted over 17,000 lost wallets with varying amounts of money to public and private institutions and measured whether the recipients contacted the owners to return the wallets. In virtually all countries, citizens were more likely to return wallets that contained more money. The last two rows of the table show the share of wallets reported in the money condition in each country. Although

some of the European countries studied in the present chapter were absent from the experiment (Finland, Belgium, Ireland, Austria, Cyprus, and several CEE countries were not included), the picture that emerges from the study by Cohn et al. supports the ESS data and the clustering to a significant extent. In particular, Spain appears to have a higher level of civic honesty compared with other Southern European countries, with Nordic countries (and the Netherlands) and Germany showing the highest level of civic honesty. This finding is particularly relevant since individuals who feel safe in the surroundings in which they live develop stronger ties within their community. Together with effective norms, this environment facilitates exchange, decreases transaction costs and the cost of information, and encourages the collective management of resources.

4.5.4 Traditional family values and ethical issues

If we focus on traditional family values and ethical issues linked with religious faith, the two (or three) clusters hold (Table 4.2). Northern Europe is the most secularized area, with issues such as abortion and artificial insemination being widely accepted. The rest of Western Europe and Slovenia follow, with a majority of people also approving of these issues. On the other hand, CEE countries are grouped with some of the Central-Eastern Mediterranean countries, in which a minority of people agree with these ethical questions. Traditional values regarding belief go hand in hand with the role of the family, whose members are linked together by a strong bond and mutual recognition of the value of family culture. This value is confirmed by other items not included in the PCA. For instance, the share of individuals who agree that children have a duty to take care of their parents if they are in need of care is 70.1% in Cluster 1 (74.8% in Italy, 52.8% in Spain), while it is only 21.1% in Cluster 2.1 and 50.6% in Cluster 2.2.

< Insert Table 4.2 here >

4.4.5 Attitudes toward entrepreneurship

Table 4.2 also shows how the different European countries cluster in relation to entrepreneurial behavior and attitudes. The clusters we find generally fall in line with those found previously in this chapter. In Central-Northern Europe along with Spain and Portugal, behaviors and attitudes are more supportive of entrepreneurship than in the rest of Southern Europe or – partially – in CEE countries. Among European countries, Italians find themselves in a very difficult situation for several reasons: (1) a very high percentage of individuals believe they have good opportunities to start a business but also indicate that fear of failure would prevent them from doing so; (2) compared to many other European societies, social and cultural norms do not really encourage or allow actions that could lead to new business methods or activities increasing personal wealth and income (as indicated by panels of experts); and (3) a relatively low percentage of adults have a positive view of entrepreneurship and competition and rely on the public sector as an employer more than in many other contexts.

On the one hand, this picture of Italy is surprising given that the country has built a good share of its fortune from dynamic SMEs. On the other hand, normative factors related to family ties can explain these differences. Primary ties shape business in Mediterranean countries, where a large share of SMEs and micro-enterprises are family firms. These enterprises and firms represent around 80% of firms in Greece and Spain and about 90% of all companies in Italy, where over 40% of the 300 largest companies are family-owned (the highest percentage in Europe). The particular relevance of family bonds in Italian businesses is well exemplified by the fact that managers external to the family are less-often employed than in other countries: 66% of Italian family businesses are fully managed by family members, while this is the case for only 26% of French family businesses and just 10% of family businesses in the UK.

However, the roots of economic activity within the family can act both as an economic engine and as a limit to company performance. Indeed, beliefs about the importance of family are correlated with the relevance of family ownership, and the capitalization of family firms stems from family funds and the value system (i.e., honesty, credibility, respect, etc.). The personal

commitment and engagement of family members within the local community is particularly relevant for the development and functioning of such economic activity.

At the same time, as some scholars have shown, stronger family ties are linked to organizational structures that are geared toward greater self-employment, rely less on external finance, and are more prevalent in traditional and labor-intensive sectors (i.e., manufacturing). These families focus on long-term sustainability more than on renewal and are more reluctant to abandon their traditional core businesses and venture into risky new activities, thereby showing little capacity to adjust to economic changes (Bertrand and Schoar 2006). Additionally, since innovation is tied to the management's knowledge and approach, certain characteristics of family firms can work against business development and innovation, such as limited exposure and openness to diverse ideas from outside, a lack of work experience elsewhere, a lack of willingness to adopt outside skills and capabilities, and a limited desire to take risks because all family efforts and resources are concentrated in the business.

4.5. Regional trends toward modernization

Data used in this chapter display two diverging paths of modernization within the Mediterranean VoC and differentiate Iberian countries from the other Southern countries. At the same time, some literature indicates that the Southern European countries are traditionally characterized by a high degree of territorial divide in terms of development and economic activities (Molina and Rhodes 2007). Although additional details would exceed the scope of this chapter, revealing intra-regional variations that show internal differentiations is extremely important. In relation to the Italian case, many studies show internal differences regarding social values and behaviors (the most well-known study at the international level is likely that by Putnam et al., 1990, on social capital in the Italian regions).

If we consider the sub-national level, at least for the two most-populated countries in Southern Europe (i.e., Italy, and Spain), we can aim to answer two sets of questions: First, are both countries

highly fragmented internally in terms of social values, and is the level of geographical differentiation within each of them comparable? Second, once we split Italy into two or more different geographical sub-areas (e.g., Northern vs. Southern Italy), does a part of Italy show at least some facets that are more similar to Western European countries, such as France, the UK, or Germany, or does Italy remain quite different?

Table 4.3 helps in answering both sets of questions. Internal differentiation is not really a significant element for Spain, though it is still very strong in Italy. Spaniards are much more territorially homogenous in terms of their social values and attitudes, whereas Italians maintain a strong North–South divide, with Northern Italians being closer to other Western Europeans in many respects than are Southern Italians. However, even (Central-)Northern Italians display values and attitudes that are often quite different from those of other Western Europeans.

< Insert Table 4.3 here >

4.7. Religion and secularization

The present chapter examines Southern Europe in a comparative perspective in order to understand whether countries share similar socio-cultural facets or are relatively different. As we have seen, differences exist between Iberian countries on the one hand, Italy and Greece on the other hand. Although it is not possible to investigate the roots of such differences in depth in this chapter, it is important to examine at least at one key variable: the role of religion. Indeed, a major split among VoC is linked to traditional values and family roles, which represent a legacy of deep-rooted societal habits and religious beliefs. Traditional legacies and conservative religious orientations continue to foster a cognitive closure toward diversity and to emphasize the significance of gender roles and strong family ties, which influence female labor market participation and discourage gender equality in work and in the household.

Examples of religious influence on economic performance have occurred throughout history, as evidenced in Weber's argument that the rise of capitalism is rooted in Protestant ethics. Economists

and sociologists have tested the modernization argument that links economic development to secularization and have revealed both great socio-cultural change across countries and the persistence of distinctive cultural traditions (Barro and McCleary 2003, Grief 1994, Rodrik et al. 2004). Inglehart and Baker (2000) demonstrated that economic development is associated with shifts away from absolute norms and toward increasingly rational and tolerant values, but they also stressed that cultural change is path-dependent and that broad socio-cultural values inherited from religious faiths leave an imprint that endures despite modernization. Thus, although participation in religious practices has decreased over time in all developed countries and an increasing number of individuals have no direct contact with the Church today, the impact of living in a society that was historically shaped by once-powerful religious institutions persists and continues to shape national cultures.

For these reasons, the evolution of the relationships between the Church and the state and the process of secularization – together with increasing religious diversity – are considered key features of European modernity and are believed to influence socio-cultural values within models of capitalism (Therborn 2010).

The Church is known to have played a central role in the process of nation-state building and the formation national identity in some countries (i.e., the Orthodox Church in Greece and the Catholic Church in Ireland and Poland) and maintains a high level of socio-political legitimacy, presenting itself as the guarantor of a country's unity. On the other hand, in other cases, such as in Spain and (to a lesser extent) in Portugal, where the Catholic church has traditionally been extremely powerful and the closest ally of the government, secular and anti-clerical forces emerged with the end of the authoritarian regime and forged a political identity. This is particularly evident in Spain, where the presence of the Church in public decision-making arenas was greatly reduced with the process of democratization, and religious elites lost their position of social leadership and their role in society (Requena 2005).

As for secularization, this long historical and institutional process led European capitalisms to move away from the idea of a confessional state, thereby distancing the Church from political institutions and civil society. However, although secularization is a generalized process, it is not linear; rather, it has manifested in different forms and has tendentially affected Protestant Churches more than Catholic or Orthodox Churches. In Protestant countries, secularization has been more radical, and institutional distancing between the Church and society has gone hand in hand with a loss of the Church's influence over customs and social norms (Galland and Lemel 2007). On the other hand, the Catholic and Orthodox Churches have not lost their institutional or cultural influence, which is exercised both in a formal-institutional way and in indirect ways in society, for instance, on matters such as patriarchy, abortion, homosexuality, and divorce. Indeed, as some studies have shown, values and attitudes on issues such as fertility and divorce significantly affect female engagement in the labor market (Iversen and Rosenbluth 2010). In these cases, when the Church continues to maintain a dominant role, it can inhibit social change (Crouch 1994).

These differences can be considered part of the reason for the split between Portugal, Spain, and Central-Eastern Mediterranean countries in terms of the importance associated with religion and traditional family values. Table 4.2 displays the relevance of religion in people's lives. Nordic countries are among the least-religious nations, followed closely by other Western European countries. However, in Central-Eastern Mediterranean countries and some CEEs, religious affiliation and practices are widespread and represent an important part of individual and national identity, even in countries in which communist regimes once repressed religious worship and promoted atheism.

4.8. Conclusions

This chapter aimed at reintroducing the role played by socio-cultural factors into the debate on VoC by showing that different socio-cultural patterns underlie institutional variations across European countries. While keeping in mind the mutual influence among economic, political, and

socio-cultural institutions and of the role of policies in affecting socio-cultural change, we emphasized the role played by the socio-cultural sphere, which is largely overlooked in the literature on capitalist development in the VoC approach.

We illustrated salient differences among capitalist models in terms of social values, thereby demonstrating why it is highly relevant to consider these dimensions and how much they can add to the scientific debate on Southern European capitalism. More specifically, we highlighted an increasing divergence within Southern European countries. The split runs along the East (Greece and Italy) – West (Spain and Portugal) divide.

Indeed, Southern Mediterranean countries are characterized by *differentiated modernization*. Conservative and traditional values and family structures, which used to characterize Southern Europe, have gradually lost social and cultural significance in the Western part of Southern Europe, which has become increasingly more tolerant and open and has come to more closely resemble Continental and Northern Europe and to separate itself from Southeastern countries. These evolving socio-cultural attitudes – which began in a context of political and economic restructuring after the dictatorships in Spain and Portugal and continued to evolve throughout the 1990s – have particularly influenced civil society, the role of women, and their access to economic opportunities. Gender roles have changed drastically within a short period of time and have played a significant role in the vast expansion of the female workforce.

This path toward modernization, which is grounded in the expansion of civil rights and liberties, the gradual increase in educational levels, and the steady rise of an active female labor population (even during periods of economic recession), has gone hand in hand – and is fully compatible – with an economic model based on low productivity and labor-intensive jobs. The expansion of the workforce has taken place mostly in low- and medium-skilled services and in low-productivity sectors (i.e., restoration, construction, tourism) and only little in highly productive service sectors (i.e., communications, finance, business activities). Therefore, modernization has not enhanced a

type of development based on innovation, and competitive knowledge economy and has not been able to foster productivity growth based on strengthening human capital.

However, our long-term perspective highlighted the persistence of traditional values and the attachment to the patriarchal family found in Italy and Greece, where hostility toward diversity has even increased in the last decade. The persistence of stable gender roles affects female labor market participation, which continues to be particularly low in these countries. This finding means that increasing female human capital and women's average level of education – as is currently underway – is essential albeit not sufficient for female emancipation and participation in the labor market, which is strongly linked to gender roles in society and to household models. Additionally, although the inflow of a young cohort is attaining levels of education in line with the EU Lisbon 2020 target (with at least 85% of the population having earned a secondary-school degree), in Mediterranean countries, almost half of the population in working age falls short of this goal.

In these Mediterranean countries, the perception that immigration poses a threat and acts as a limitation to economic development is linked with a low level of general and institutional trust and weak social cohesion. This public sentiment has certainly been influenced by the recent and heavy economic crises and by the growing inadequacy of the Mediterranean welfare model, which is not able to protect against new social risks. Disaffection and distrust influence and legitimize the political and economic choices in these countries. This context has hampered reforms addressed at supporting the research system, education, and innovation-based firms and has created very few incentives for human capital development or technological innovation, thereby hindering socio-economic development.

Instead, the socio-cultural context continues to support a development model based on the predominance of small firms and self-employment in low- and medium-technology sectors. These latter sectors favored growth until the 1980s in Southern Europe, but with the challenges of the internationalization of markets and the need for upgrading in technology and skills, they have become much less efficient at promoting economic growth. Additionally, the lack of trust in

collective endeavors limits the propensity of these firms to cooperate with other firms and to develop public–private partnerships in order to exploit technology and knowledge.

Our analysis revealed that a path toward internal diversification is being followed in Southern European countries in terms of socio-cultural structure, but it is unclear whether this divergent trend is linked to other changes and differentiations among these countries (or within the most-internally fragmented countries). While Southeastern countries seem to be stuck in a low-productivity equilibrium model, a shift toward a different trajectory could be expected from the Western part of Southern Europe, which would require these countries to overcome their traditional institutional weaknesses, reduce long-term economic competitiveness, create mechanisms to increase investment and foster their productive capacity in key sectors, and expand research facilities for firms in order to develop an innovation-based economy. The increasing number of highly educated young cohorts, especially in Spain, could lead to such a transformation. Exactly which factors could lead to a further differentiation and what impact they could have from a socio-economic point of view remain interesting issues for a future research agenda.

Figure 4.1.: Socio-cultural values and attitudes in Europe: the main country clusters

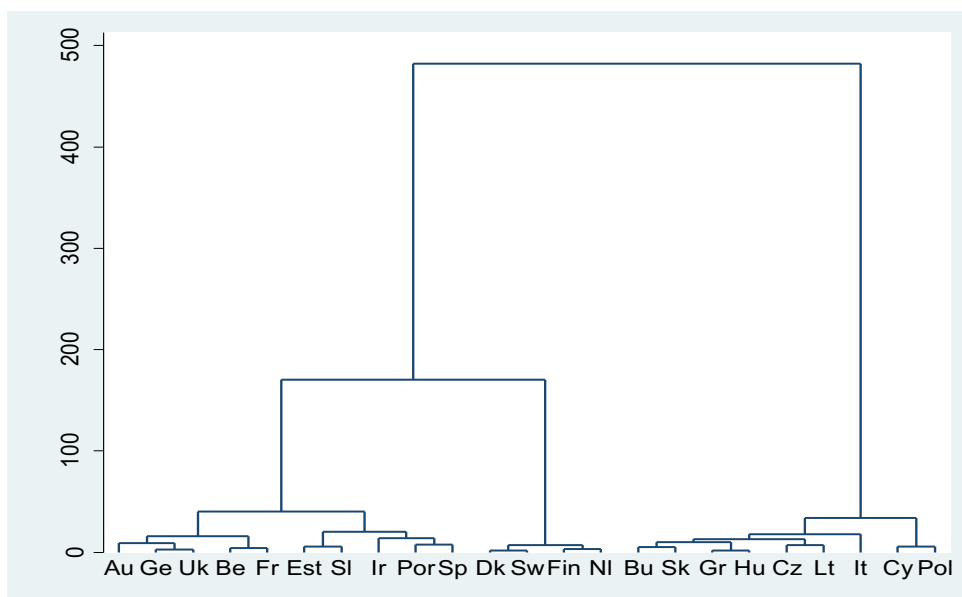


Table 4.1.: Views on gender roles, tolerance, and social capital

<i>% of individuals who agree that:</i>	<i>Cluster 1</i>	<i>Cluster 2.1</i>	<i>Cluster 2.2</i>	<i>ES</i>	<i>PT</i>	<i>IT</i>	<i>GR*</i>
<i>Gender equality and female labor market participation</i>							
Men have more rights to a job than women when jobs are scarce (ESS 2016)	30.4	3.7	9.2	7.1	12.9	22.5	46.7
The most important role of a woman is to take care of her home and family (Eurobar 2017)	71.0	20.0	42.5	29	47	51	69
Strong approval men taking parental leave to take care of their children (Eurobar 2017)	35.1	80.2	55.2	66	57	36	48
Strong approval men doing an equal share of household activities (Eurobar 2017)	34.8	75.5	52.2	72	55	35	39
<i>Tolerance</i>							
Allow few/no immigrants from different ethnic/race groups from majority (ESS pooled data 2014-16)	67.4	24.2	39.5	39.2	36.6	58.2	85.5
National culture undermined by immigrants (ESS pooled data 2014-16)	38.0	12.9	20.6	14.8	15.9	38.3	58.2
Would feel uncomfortable with an immigrant as friend, colleague, doctor, family member, manager, neighbor (at least one of social relations above (Eurobar 2018b)	56.1	25.7	28.0	11	16	48	60
Gay/lesbians free to live as they like (ESS pooled data 2014-16)	54.8	90.2	81.4	89.5	80.5	66.2	51.5
<i>Social capital</i>							
Most people can be trusted (% agreement)	32.3	70.3	43.0	40.8	21.5	36.5	25.5
% of individuals interested in politics	34.3	61.2	45.4	40.9	42.1	26.8	30.0
% of individuals who trust Parliament	18.2	57.5	29.6	25.7	22.1	20.5	7.7
% of individuals who trust the legal system	33.5	74.7	47.8	28.8	27.6	39.2	21.4
% of individuals involved in work for voluntary or charitable organizations at least once a month in the last 12 months	5.1	18.2	15.7	18.5	5.3	14.1	5.0
<i>Items not included in the PCA</i>							
Most people try to be fair (% agreement)	35.8	77.6	54.8	48.2	43.4	38.9	21.3
Share of wallets reported in the money condition (2019)	n.a.	79.5	62.8	59.0	46.0	48.0	52.0

* ESS data for Greece refer to 2010

Source: ESS various years; Cohn et al. (2019)

Table 4.2.: *Ethical issues*, religion, and attitude toward entrepreneurship*

% of individuals who affirm:	Cluster 1	Cluster 2.1	Cluster 2.2	ES	PT	IT	GR
<i>Ethical issues</i>							
Abortion can be justified (EVS2008)	28.6	64.8	40.6	38.9	26.9	26.8	30.5
Artificial insemination or in-vitro fertilization can be justified (EVS2008)	59.4	79.3	60.1	74.1	56.0	47.8	75.3
Euthanasia can be justified (EVS2008)	30.3	66.3	45.4	56.1	30.0	40.8	21.1
It is important to follow traditions (ESS pooled data 2014–16)	63.5	43.2	48.3	54.8	41.7	66.3	76.7
<i>Religion in people's life</i>							
They belong to a religious faith (Eurobarometer 2018)	83.8	62.9	69.5	67.3	88.2	87.1	96.3
They belong to the most common religious faith in the country (Eurobarometer 2018)	76.2	48.2	52.7	58.5	83.9	77.3	95.2
They attend at least weekly religious services (EVS2008)	23.6	7.2	16.9	18.5	22.3	32.0	31.1
They attend at least weekly religious services (EVS2017)	21.4	6.1	11.1	18.2	n.a.	27.6	n.a.
<i>Entrepreneurship</i>							
Individuals perceiving good opportunities to start a business who indicate that fear of failure would prevent them from setting it up (GEM 2018)	44.4	36.6	36.2	36.2	38.1	51.7	57.8
Social and cultural norms encourage or allow actions leading to new business methods or activities potentially increasing personal wealth and income (mean value)** (GEM 2018)	2.3	3.0	2.8	3.0	2.5	2.1	2.4
Positive view of entrepreneurship (mean 2016-18) (%) Eurobar	77.0	89.5	80.6	88.6	81.2	64.3	83.9
Positive view of competition (mean 2016-18) (%) Eurobar	68.5	81.6	75.6	70.2	82.0	57.5	63.5
The private sector is better placed than the public sector to create new jobs (mean 2016-18) (%) Eurobar	63.3	70.6	66.9	66.7	65.0	51.0	62.0

* Given that we mostly had to use 2008 data for this dimension, we examined correlations between the 2008 and 2017 EVS values at the country level for all countries available in both surveys. The correlations are very high, and the values are as follows: abortion justified .882; artificial insemination or in-vitro fertilization justified .900; euthanasia justified .850.

**Experts' ratings: 1 = highly insufficient, 5 = highly sufficient

Table 4.3.: *Socio-cultural values and territorial differentiation in Spain and Italy**

	<i>Gender equality</i>	<i>Intolerance</i>	<i>Social capital</i>	<i>Traditional family values</i>	<i>Entrepreneurship</i>
<i>Spain:</i>	<i>1.96</i>	<i>-1.73</i>	<i>-1.17</i>	<i>-0.24</i>	<i>0.85</i>
Northwest	1.91	-1.68	-1.22	-0.15	0.81
Northeast (inc. Catalunya)	1.99	-1.70	-1.12	-0.21	0.91
Central (inc. C. de Madrid)	1.90	-1.74	-1.18	-0.27	0.89
South(-east)	1.96	-1.75	-1.16	-0.26	0.84
<i>Italy:</i>	<i>-1.12</i>	<i>1.32</i>	<i>-2.17</i>	<i>2.04</i>	<i>-3.45</i>
North	-0.60	1.29	-1.15	1.45	-2.90
Central	-0.82	1.31	-1.50	1.92	-3.25
South	-1.55	1.36	-2.95	2.97	-3.82
<i>CEEs, Italy, Greece, and Cyprus</i>	<i>-1.89</i>	<i>2.03</i>	<i>-2.65</i>	<i>1.49</i>	<i>-0.99</i>
<i>Nordic countries, the Netherlands</i>	<i>2.81</i>	<i>-2.08</i>	<i>3.54</i>	<i>-3.10</i>	<i>1.78</i>
<i>Western Europe, Slovenia, and Estonia</i>	<i>0.63</i>	<i>-1.00</i>	<i>0.05</i>	<i>-0.13</i>	<i>0.39</i>

* The indicator of entrepreneurship was calculated only for three items, as data were not available at the sub-national level for two of them (GEM items).