The Role of Religious Capital in Relating Religion and Economic Development

Abstract

The concept of religious capital is emerging as a vehicle for examining the relationship between religion and economic development. Religious capital is a relatively new concept that has mostly been used to explain religious commitment and organisational change at the individual and household level; however it useful in wider spheres is now emerging. A theoretical framework that may be useful for a more detailed understanding of how religious capital interacts with economic development is suggested based on Smart’s seven dimensions of the research experience.

Introduction

This paper examines how the concept of religious capital could be used to understand the relationship between religion and economic development. Increasing numbers of studies utilise religious capital as a concept or examine the effect of religion on economic development. However, very few do both. To examine whether the concept of religious capital does have a place in understanding economic development the first section of this paper defines religious capital and identifies research that utilises the concept. The second section suggests a theoretical framework that may be useful for a more detailed understanding of how religious capital interacts with economic development, and tests this using existing research. This study concludes with
analysis of the implications of this framework for understanding of the relationship between religious capital and economic development.

The Concept of Religious Capital

Research on the interrelationship of religion and economic growth has long been a topic of interest, and the concept of religious capital provides a new means of dialogue between these two areas. Religious capital differs from religion in that religious capital relates to the effects of religious belief and practice. The most commonly used definition of religious capital is: “Religious capital consists of the degree of mastery of and attachment to a particular religious culture” (Finke, 2003, p.3). To properly understand this definition it is helpful to revisit its predecessors: human capital and social capital. Finke’s definition of religious capital arises from the combination of ideas of human capital, and social capital with household production (Finke, 2003, pp.2-3).

To begin with human capital, Becker’s well-known work on this defines human capital as a means of production, similar to other means of production (1975). Human capital can be built through education, training and healthcare, and thus features prominently in debates on these issues. Human capital can thus also be built through religion; however, the concept of religious capital differentiates religious human capital from human capital more generally. Whilst human capital enhances human productivity, the concept of social capital recognises the role of relationships in production. Social networks are seen to have value in enabling outcomes ranging from better jobs to happier marriages. Social capital plays a key part in the
development of religious capital, as the vast majority of religious activities and some religious experiences occur within communal settings. Furthermore, attachment to a religious culture is reinforced by location within a religious community. Putnam’s work on social capital in the United States of America identified religious communities as a key source of social capital (2000).

The concept of religious capital was introduced to explain people’s religious beliefs and behaviours, demonstrating that behaviours such as marrying with one’s own religion and maintenance of one religion throughout lifetimes and generations were the outcomes of “capital” built through religious activities and beliefs (Iannaccone and Klick, 1993. p.6). The link between religious capital and religious activity is vital, as each builds the other (Iannaccone, 1990, p.3). Religious capital can be measured in ways similar to human capital – years of experience, and levels of knowledge and skills (Iannaccone and Klick, 1993. p.6). In this sense capital is not monetary capital, but the degree of “mastery or attachment”. In this context mastery refers to both the knowledge needed to participate fully in a religion and the strengthening of emotional ties to the religion through increasing belief and religious experiences (Finke, 2003, p.3).

Finke and Dougherty provide further definition through their elucidation of two components of religious capital: mastery of religious culture and emotional attachment to the religious culture. Mastery of religious culture includes “instruction in religious doctrine, religious history and the performance of rituals”, while emotional attachment is built “through religious practices and experiences: worship, prayers, rituals, miracles and mystical events” (2002, p.116). Their work examining
differences in the acquisition of religious capital of clergy undertaking seminary education and that of the laity demonstrates the importance of these two components; for example, while seminary education builds mastery of religious culture very well, it does not necessarily provide emotional attachment (2002).

The concept of religious capital has to date been most commonly used to explain religious commitment and organisational change at the individual and household level, such as patterns in religious mobility, intermarriage, conversion ages, church attendance and the influence of upbringing (Finke, 2003; and Iannaccone and Klick, 2003). Similar studies by other researchers include: Neuman and Branas-Garza’s study of intergenerational transmission of religious capital (2006); Cameron’s analysis of how frequency of attendance at religious services builds religiosity and thus religious capital (1999); Doktor’s argument that differences in individuals’ religious capital levels prior to joining affects what type of movements they will join (2003); and Smith’s analysis of linkages between religious capital and community volunteering (2000).

Other research explores the application of religious capital in other areas: for example, Hoffmann, Dufur and Lapray examine of how adolescent health behaviours are affected by religious capital levels (2003); McBride highlights of the necessity of allowing some degree of free-riders in religious communities to promote religious capital formation (2007); and Roof suggests that religious capital can only be recognised and understood within a community or organisational context and subsequently that there needs to be understanding of new forms of community to properly understand religious capital’s presence and effects (1996, p.149). Studies are also increasing from a social capital viewpoint, linking religious capital to community
regeneration (Graham and Baker, 2004).

While the concept of religious capital is widening beyond the applications of micro-economics, its usefulness in even wider spheres needs testing. For example, it is not clear whether the concept of religious capital allows for analysis of interrelationships with key components of economic development such as the market or governance structures. There is also still little research on differences in religious capital across different sects or religions, cultures or time periods.

A Theoretical Framework

As work on religious capital continues to grow it is worthwhile identifying a typology for understanding the content of these studies. There is much existing work on the linkages between religion (rather than religious capital) and economics in general terms that may be valuable for the subject at hand if a better framework for analysis could be identified. Work has been done in areas such as religion and national/regional economic development, church-state relations, religion and business, and religion and globalisation; however, these classifications are somewhat arbitrary. To understand how the concept of religious capital can be used to understand the relationship between religion and economic development, it might be useful to construct a framework in which to situate future studies in this area. As the topic under exploration includes religion, theory in the field of studies in religion may have relevance. In the past attempts at categorisation have utilised a sociological or economic approach to understanding the relationship; consequently the use of a framework for religious studies may open new doors.
Of particularly use may be Smart’s widely used seven dimensions of religion (1989). Religion as a concept is notoriously difficult to define. To assist in this ongoing academic endeavour, Smart suggested a framework approach to understanding religion that identifies seven possible dimensions of religion: practical/ritual, experiential/emotional, narrative/mythic, doctrinal/philosophical, ethical/legal, social/institutional and material dimensions. Smart noted that different religions may emphasise these dimensions to varying degrees. Smart’s framework could thus be used to illustrate the seven dimensions that religious capital can be created in and through, and consequently identify seven types of religious capital whose effects can then be analysed. To begin to test this framework, issues raised in relation to religious capital and some examples of existing work on religious capital are identified in relation to each dimension:

1. **Practical/ritual dimension**: refers to rituals and practices such as ceremonies and holidays.

Malloch has raised issues in this area, suggesting that work on the effects of religion and spirituality should examine practices that “directly or indirectly affect economic behaviour, choices and economic policy” such as those that “concern interest, investment, inflation, growth, government authority, charity and trade in various spiritual worldviews” (2003, p.8). There is much work on how religious practices affect economic development in the broader sense that could also be useful in understanding the practical/ritual dimension of religion in relation to economics. These include studies on the role of religion in community regeneration (Graham and
Baker, 2004); the effects of religious participation on children’s education (Fan, 2005); and religious activity and charitable activity (Heller Clain and Zech, 1999).

2. **Doctrinal/philosophical dimension**: concerns the official formal teachings of a religion.

Malloch has again highlighted issues that could be classified within this dimension with his recommendations that work on the effects of religion and spirituality should examine doctrines in terms of the “the exegetical, economic and historical roots and traditions which give rise to contrasting work ethics and economic systems” (2003, p.8). Examples of existing studies on religion and economic development that focus on the doctrinal/philosophical dimension include how the concept of Jihad can support contemporary economic and business approaches (Ali, Gibbs and Camp, 2003) and the identification of elements in Hinduism that could be utilised to support and enhance business’s adherence to Corporate Social Responsibility, and to enrich the Global Compact (Sharma and Talwar, 2005).

3. **Ethical/legal dimension**: focuses on laws, both formal and informal (morals), that are either written or orally transmitted.

Work commissioned by the Metanexus Institute on spiritual capital has identified issues for study in this area including linkages between religious capital and civic involvement or religious capital and morality (Finke, 2003, p.2), how private economic decisions are affected by personal values and religious ethics, and how religion affects people’s behaviour as roles such as employees, employers, consumers,
producers and citizens (Malloch, 2003, p.8). Relevant studies in this area that focus on how religious ethics apply to business include arguments that Buddhism ethics are compatible with Western economics (Bubna-Litic, 1995; and Daniels, 1998) and studies of the implications regarding the use of the Ten Commandments in work and business organisations in Christianity, Judaism and Islam (Ali and Gibbs, 1998).

4. **Social/institutional dimension**: includes religious institutions such as the church or Sangha, and other associated organisations including charity operations.

Studies of this dimension could focus on the value of religious capital in relationship to the proximity of its linkage to the national or local culture, the value of religious capital when it can be used for political means, explanations of religious consumption and changes in religious organisations, and relationships between “the social context of immediate networks and the social context of the community or nation shape religious capital” (Finke, 2003, p.7). Other suggestions include whether religious capital is more valuable when not linked explicitly to the state (Demerath, 1991, p.34), the role of societal institutions based on faith ranging from companies to trade unions to political parties to non governmental and intermediating structures” (Malloch, 2003, p.8), consequences of changes to religious capital investments to individuals and societies, and comparisons between investing in religious capital and investing in other forms of capital (Woodberry, 2003, p.2).

Studies already completed that could be classified as focusing on this dimension in relation to economic development in general include work on charities (including
non-sectarian organisations such as hospices, libraries and ecumenical organisations),
research on faith-based welfare programmes and the economic regulation of the
church (Iyer, 1999) and church-state relations (Romero, 2001).

5.  *Material dimension:* concerns all physical objects of importance, both natural
and man-made.

Studies on the effects of sacred tourism and pilgrimage, and sacred space would be
relevant here. For example, Waitt’s study of the Nan Tien Temple in Wollongong,
Australia, suggests that the local government’s permission for the building of this
Buddhist temple was given based in its potential to increase tourism (2003, p. 14). In
this case it could be argued that the religious capital generated by the local Buddhist
community provided economic benefits to a much broader community in unexpected
ways.

6.  *Narrative/mythic dimension:* is concerned with written and oral tales, informal
teachings, predictions etc.

It is difficult to locate any work that has been done in this area. It is possible that
some of the diverse work completed on cargo cults or millennial movements that
identifies how these beliefs have affected governance structures, and thus economic
development, could be re-examined from a religious capital viewpoint to identify
issues of relevance.
7. *Experiential/emotional dimension:* deals with religious feelings including direct experiences of the divine such as visions and enlightenment.

Studies focusing on issues on studying religion and/or types of cultural and social capital focusing on religion generally note that measuring experiential effects is deeply problematic (Daniels, 1998; Fornaciari and Lund, 2001; and Inayatullah, 2005). A number of scholars have raised questions about how this dimension could be studied in relation to economic development, although none have actually attempted to do so. For example, Woodberry’s work on spiritual capital, of which religious capital could possibly be a subset, reminds that while religion may have affect economic areas of life, understanding of spiritual capital cannot be reduced to this: “Although people may use religion to gain financial capital, social capital, and cultural capital, many also seek something uniquely spiritual, something that cannot be reduced to money or sex or power” (2003, p.2).

By attempting to classifying issues raised in relation to religious capital, and some examples of the existing work on the relationship between religion and economic development it can be seen that a framework based on Smart’s seven dimensions of religion could be used to structure study of this area. While some studies would naturally cover more than one dimension, analysis by dimensions could help identify different types of religious capital and their varying effects.

**Levels of Application**

While use of Smart’s seven dimensions of religion to structure studies in the area of religious capital seems constructive, incorporating levels of application could further
refine this framework. A useful typology for incorporating levels of application into Smart’s framework could be provided by Thompson’s work on equality, which identifies three levels: personal, cultural and structural (2003, pp.13-20). To further test the framework, some examples of the existing work on religious capital will now be classified in relation to each level.

1. **Personal level:** one’s thoughts, feelings and actions (Thompson, 2003, p.13).

The most common studies on religion and economic development that address this sphere of influence are those studying how an individual’s religion affects their ethics. For example, Angelidis and Ibrahim’s survey of American business students established a link between individual religiousness and attitudes on Corporate Social Responsibility. While their analysis of the implications of this link mostly focuses on recommendations for teaching business students, this paper provides an excellent example of papers of this type (2004). Other studies at the personal level includes those that evidence strong links between the degree of an individual’s religiosity and a wide range of economically relevant social behaviours, such as criminal activity, drug and alcohol consumption, physical and mental health, marriage, fertility and divorce (Mangeloja, 2005). There is also research that could fit this classification that examines the implication of religious practice on individual consumers’ behaviour (Cornwell, Cui, Mitchell, Schlegelmilch, Dzulkiflee and Chan, 2005; and Delener, 1995). Incorporation of these papers into Smart’s framework could thus be seen to allow identification at the personal level of issues in the ethical and practical dimensions.
2. **Cultural level:** sets of patterns shared across particular groups (Thompson, 2003, p.15).

One example of religion’s effect at the cultural level is Corporate Social Responsibility. The ethical aspects of religion have caused many to hypothesise links between religion and Corporate Social Responsibility, and this could be categorised as cultural rather than structural as adherence to initiatives such as the Global Compact remains voluntary. This is perhaps the area where most publication has occurred, although much of it has been popular manuals detailing how religion and/or spirituality can improve business efficiency (Cavanagh, 1999; Korac-Kakabadse, Kouzmin, and Kakabadse, 2002; Krishnakumar and Neck, 2002; Vinten, 2000; Worden 2005; and Zohar and Marshall, 2004). There are also academic considerations of the subject that demonstrate that religion affects corporate values (Fernando and Jackson, 2006). These types of studies could be identified as focusing on the ethical dimension of religion at the cultural level.

3. **Structural level:** “the macro-level influences and constraints of the various social, political and economic aspects of the contemporary social order” (Thompson, 2003, p.17).

Research that could be included at this level includes the vast number of studies that examine the secularisation of religion and state in various contexts. Studies that focus on how various influences have affected economic development are also relevant; such as work on research on Weber’s argument that the Protestant work ethic made capitalism possible (Mangeloja, 2005), or Falk’s work on how Hindu nationalism
contributed to economic development in India (2002). These types of studies focus on the doctrinal dimension of religion.

Conclusion

While a range of research has examined links between religion and economic development, the concept of religious capital has not been utilised widely in this regard. The preceding sections have demonstrated that the combination of Smart’s seven dimensions of religion and Thompson’s three spheres of influence could be used to create a framework for structuring the study of the relationship between religious capital and economic development. The content of the framework can then be used to demonstrate how religious capital can affect economic development at different levels by illustrating what types of religious capital have an effect.

The benefits of understanding whose religious capital is being invested are many. Understanding the linkages between religion and economics could contribute very constructively to understandings of economic globalisation. Since definitions of globalisation changed from a focus on purely the interaction and integration of economic systems across national boundaries, to include cultural and sociological aspects such as religion, information on the role of religion has been important. While research on religion and globalisation has been in process since the definition of globalisation broadened to include cultural and sociological issues, links between religion and economic globalisation (a subset of globalisation) are far less understood. Economic globalisation is still criticised for not incorporating adequate understanding of cultural and sociological elements in its analysis. There are now calls for the effect
of religion on economic globalisation to be considered, so it is necessary to find some way of understanding this linkage at the global level.

This type of research may also shed some enlightenment on globalisation more broadly. For example, some research on religion and globalisation asks whether globalisation will encourage the development of a world in which the world’s religions can peacefully co-exist, or whether that is not possible and the world will remain fragmented (Falk, 2002; Huntington, 1996; Strenski, 2004; and Thomas, 2001). It is possible that the answer to this question can be found by analysing the effects of religious capital from various traditions to identify, for example, whether the dominant form of globalisation is an outcome of Judaeo-Christian enlightenment economics.

References


