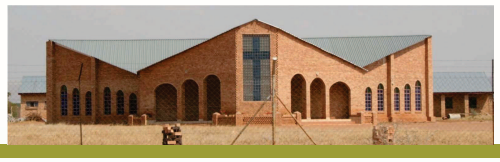
He shall lift you up?

The Impact of Religiosity on Economic Success in Rural South Africa

Philipp Öhlmann



Background and Objectives

Economic literature:
religion as determinant of economic performance

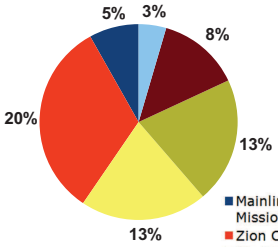
- Ambiguous results; no general effect identified
- Unresolved methodological issues, inter alia:
  - Bias: people self-select being religious
  - Contextuality and heterogeneity of religion

Massive growth of Pentecostal Churches

- Particularly in developing and emerging economies
- Holy spirit influences all areas of life
- Prosperity Gospel:
  "Jesus wants you to drive a 4x4"

Economic effects of religiosity?

Church Membership



Religious Adherence

- Church members: 111 = 62%
- Practicers of African traditional religion: 79 = 44%
- Overlap: 21 = 12%

Data

- Fetakgomo Local Municipality, Limpopo Province, South Africa
- Preparatory study: rapid rural appraisal workshops
- Data collection: household survey (N=180)
- Personal interviews using structured questionnaire
- Economic success: income of rural households including implicit income from subsistence production
- Religiosity: membership in Pentecostal Churches and practice of African traditional religion → not mutually exclusive

Econometric Analysis

- Regression of household income on religiosity
- Account for differences in household composition, human capital, social capital, and geography
- Dummy variables for church membership and practice of traditional religion
- Logarithmic-linear regression model

$$\ln(Income_i) = \mathbf{X_i\beta} + \beta_M \cdot Mainline_i + \beta_Z \cdot Zion\ Christian_i + \beta_E \cdot St.Engenas_i + \beta_A \cdot Apostolic_i + \beta_C \cdot Charismatic_i + \beta_T \cdot Traditional\ African_i + \beta_O \cdot Other_i + e_i$$

(i indexes household; e_i error term)

- Selection bias? → Heckman correction
- Alternative: multiplicative dummy regression model

Theoretical Transmission Mechanisms

Religiosity
the degree to which religion dominates every-day life

Intrinsic dimension
- Weber's thesis of the "Protestant ethic"
- Work ethic and frugality
- Mental stability

Social dimension
- Social capital
- Particular strength of network
- Constantly re-affirmed through religious ritual

Religiosity changes preferences

Resource with economic returns

Economic Success

Results

Estimates

constant	6.184***
gender of household head	-0.344***
age of household head	0.016***
school years completed by household head	0.034**
tertiary education of household head	0.648***
number of household members	0.096***
tertiary education of other household members	0.363**
distance to nearest tar road	-0.024*
household head member of Zion Christian Church	**0.469*** **
householod head practices African traditional religion	**0.314****
N, K	180 / 23
corr. R^2	0.480

Dependent: ln(Income)
Variables with insignificant coefficients omitted. *, **, and *** indicate significance with 10%, 5%, and 1% error probability.

- Church membership in general: no significant effect
- Differentiating → significant effect of two religious groups:
  - Zion Christian Church +60% income
  - African traditional religion +37% income
- Zion Christian Church: high indicators of individual religiosity as well as religious social capital
- Future research: what exactly causes the effect?
- Results are robust over model specifications
- Test on selection bias cannot reject hypothesis that results are unbiased

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