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Review

Religion and wellbeing: A theoretical analysis

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This study is an extensive bibliography of those studies which offers a economic analysis of wellbeing and religion. One aim of this study is to provide a literature survey, which will be useful for further work in this area. At the same time, this study attempts to evaluate the major contributions to the literature, and place them in the context of related writings. Moreover, the work of theologians, wellbeing philosophers is juxtaposed with the contribution of economists, which results in some interesting comparisons and insights for future researches.

Keywords: Religion, wellbeing

INTRODUCTION

It is repeatedly discussed in economic literature that religion was brought to economic framework in 18th century. That is when economics “sprang at least half grown from the head of Adam Smith” (Boulding 1952). Usually we see a lot of economic issues being discussed among economist from religious perspective. The main reason is conventional approach finds it self unable to give reasons for inequality amonth countries and communities only using material factor reasons (Schlicht 1997).

Different studies see religion as a significant role player in their analysis of economic issues, for instance, Azzi and Ehrenberg (1975), Ehrenberg (1977), discussed church attendance and household time allocation, Barro and McCleary (2003) viewed religion as factor affecting

economic growth across countries, Becker (1965,1976,1997,2007) broadly discussed the role of religion in time allocation and human capital, Bell (1968) highlighted the impact of religious leader decision on meat demand on Friday in fish market, Heaton (2006), linked crime with religion.

Economic literate brings religion in the discussion of economics differences in societies in three different ways; religious belief and faith Barro and McCleary (2003), religion's effect on institutions (Alesina *et al* 2003), influence of religion on attitudes of individuals (saving/demand) Guiso *et al* (2003). There are few studies which discuss religious factors as determinants of growth for instance Heath et al (19950, Crain and Lee (1999), Lipford and Tollison (2003).

Economist today admit that wellbeing should be target of public policy makers, so researchers of modern era are identifying new determinants of wellbeing. Some have added religion to their analysis but religion has yet not got

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Table 1. Evolution of Economics of Religion Period

	Contributors	Geographical region(s) of concern
1775-1849	Adam Smith - Self-interested income maximizing players in market for religion; human capital based explanations; church-sect dichotomy; political economy of religion, Blaise Pascal - Pascal's Wager (rational choice in religious sphere)	Western Europe
1850-1944	Karl Marx - strictly materialist interpretation of religion, Joseph Schumpeter - assessment of Scholastic economics, Max Weber - Protestant ethic hypothesis, Frank Knight - limits to establishing causal relationship between religion and social outcomes, Richard T. Ely	Western Europe, North America
1945-1974	Boulding (1957) - general, Kane (1963, 1964, 1966) - church as oligopolistic firm with endogenous doctrine and lexicographical preferences	Western Europe, North America
1975-1986	Corry and Ehrenberg (1975) - Household production model, Carr and Landa (1983) - Club goods model, Dixit and Grossman (1984) and Bhagwati and Srinivasan (1986) - organized religion and rent/revenue-seeking	North America, Israel
1987-1998	Ekelund <i>et al</i> - Public Choice models, Iannaccone <i>et al</i> - Religious capital/Church-Sect models, Religious economy models, Akerlof (1991) - indoctrination, Montgomery (1992, 1996a) - cognitive dissonance	Christendom, North America, Israel
1999-	Widely distributed (almost everything except origin of beliefs and preferences)	Christendom, Middle East, Taiwan, India, International panels

the due coverage in research while studying wellbeing of individuals. Individual's wellbeing is gaining popularity among economic researchers of 21st century specially after the work of Layard (2005) who suggested public policy makers to focus on the inequality of happiness in societies. According to him policy makers should focus on happiness and misery rather than money.

The default measurement of economic and social progress is Gross Domestic Product (GDP) but still there are questions whether GDP is an adequate indicator of the well-being of countries and their citizens (Dipierto and Anoruo 2006; Eisler 2007; Sen 1999; Stiglitz 2009). The UN conferees have anticipated this need in the draft outcome document for Rio+20:

Paragraph 111. "We also recognize the limitations of GDP as a measure of well-being. We agree to further develop and strengthen indicators complementing GDP that integrate economic, social and environmental dimensions in a balanced manner. We request the Secretary-General to establish a process in consultation with the UN system and other relevant organizations".

GDP ignores the environmental cost a country is bearing, wealth variations between poor and rich, factors impacting wellbeing of individuals like mental health,

social relations and personal safety (Anheier and Stares 2002; Fleurbaey 2009; Michaelson et al. 2009). The history of measuring wellbeing, happiness and subjective wellbeing is nearly a half century old (Shown in 2500 references in Veenhoven 1993). Different studies have used different notions for subjective wellbeing that includes happiness, wellbeing, satisfaction, welfare, utility which are interchangeable. An increasing attention has been given to happiness as a subjective indicator in studies on quality of life and standard of living (Blundell et al. 1994, Elster and Roemer 1991 and Offer 1996). Many social scientists tried to find out the factors effecting subjective wellbeing and one of them is religion. Religious activities have direct effect on self reported wellbeing level (Chang 2003) and indirect impact through variations in consumer basket as presented in our paper.

This is especially true when studying adolescent religiosity, since church affiliation and church attendance might reflect family behavioral requirements rather than individual religiosity (Benson, Donahue, and Erickson 1989).

Background

Consumption has everything to do with individual needs, choices, and satisfaction, but it is also inextricably related to our current climate crises. Consumption basically

means what we consume or what a consumer consumes. The use of final goods is called as consumption (Mark Millard).

Consumption activities most of the time directly affects people's living standard (or lifestyle) goals. People usually have other goals as well, with reference to self-realization through work, fairness, liberty, ecological balance, etc., which may either be supported by, or destabilized by, their actions as consumers. Looking at the input of consumption to individual and social well-being requires taking a broader view than that of marketers, who are first and foremost paying attention in selling their products. It also means taking a broader view than that taken by utility theorists, who are primarily paying attention in modeling consumer choice.

"The basket of consumer goods or consumer basket is the market price intended for tracking the prices of consumer goods and services, i.e., it is a sample of goods and services, offered at the consumer market.

The list used for such an analysis would contain a number of the most commonly bought food and household items. The variations in the prices of the items on the list from month to month give an indication of the overall development of price trends. The market basket may be further classified into Household Items, Personal Goods and Services". Islam encourages its ummah to consume goods and services moderately, and prohibits them from wastage or extravagance. With these encouragements and prohibitions firmly embedded in the teachings of Islam, it is expected that the Muslims will save more out of their given income. Further, the limitation of consumption basket within the Islamic concept of permissibility (halal) and prohibition (haram), the potentiality of saving amongst the Muslims is obviously enhanced. This will in turn imply that a practicing Muslim (i.e., the Muttaqin) who obeys all the shari'ah injunctions will tend to save more than the ignorant Muslims, ceteris paribus. (Naziruddin Abdullah, M. Shabri Abd.Majid)

"And the earth hath He appointed for His creatures wherein are fruit and sheathed palm trees, Husked grain and scented herb. Which is it of these favors of your Lord that ye deny?"
"(Quran 55: 10-13)

We used following goods in religious consumption basket (RCB) that are recommended by Holy Prophet (P.B.U.H) for our study

Honey

Allah has said: "there comes forth, from within [the bee], a beverage of many colours in which there is a healing for you". Al Quran (16:67) b

"Honey is the remedy for every illness and The Quran is the remedy of all illness of the mind, therefore I recommend to you both remedies, The Quran and Honey". [(Bukhari), (Zulma and Lulat (1989)), (Crame E (1975))]

"By Him in whose hand my soul, eat honey for there is no house in which honey is kept for which the angels will not ask for mercy. If a person eats honey, a thousands remedies enter his stomach and a million diseases will come out. If a man dies and honey is found within him, fire will not touch his body [i.e. he will be immune from the burning of hell]". [(Bukhari), (Zulma and Lulat (1989)), (Crame E (1975))]

Vinegar

Aisha (R.A) narrates that the Holy Prophet (P.B.U.H) once said that vinegar is a best soup. Muslim,(vol.3, PP335)

The Prophet Muhammad (P.B.U.H) reportedly said "to have once remarked that vinegar was the seasoning of all the prophets who came before Him".

"Another Hadith states that a house containing vinegar will never suffer from poverty".

A food Prophet (PBUH) use to eat with olive oil. Cracker Potato (2009)

Lentils

"Hadith say that the eating of lentils produces a sympathetic heart, tears in eyes, and remove pride. (Dar-ul-Iman, Foods of Prophet SAW)"
(http://chishtti.org/foods_of_the_prophet.htm)

Fig

The Prophet (P.B.U.H) is reported, "If you say that any fruit comes from paradise, then you must mention the fig, for indeed it is the fruit of Paradise. So eat of it, for it is a cure piles and help gout". Cracker Potato (2009)

Pumpkin

Anas (R.A) said, "The Prophet (P.B.U.H) used to like pumpkin". (Ahmed and Tirmithi)

Kalongi

"The Prophet (P.B.U.H.), told us about an affective medicine which can cure all diseases except death. He said, "Use the Black Caraway (Kalongi) for, indeed, it is a remedy for all diseases except death." [(Bukhari), (Karima Burns (2001))]

Need and importance

This study is based on how wellbeing of an individual will be affected through the variations in consumption basket. The study is based on Divine Economic framework, some people think that religion has no relation with economic system, but most of the time it is found wrong. Religion plays an important role in economic decision and policies. The study is expected to generate further grounds for such type of studies.

Problem statement

Consumer Basket

■ The basket of consumer goods or consumer basket is the market basket intended for tracking goods and services, i.e., it is a sample of goods and services, offered at the consumer market.

■ Islam encourages its Ummah to consume goods and services moderately, and prohibits them from wastage or extravagance. With these encouragements and prohibitions firmly embedded in the teachings of Islam, it is expected that the Muslims will save more out of their given income. Further, the limitation of consumption basket within the Islamic concept of permissibility (halal) and prohibition (haram), the potentiality of saving amongst the Muslims is obviously enhanced.

So consumer basket of a more religious person could not be same as of a less religious person, as Islam encourages us from some commodities in our basket and forbids us from some goods. Islam tell us the way to spend money in a way which leads us to higher level of wellbeing.

"And let not your hand be tied (like a miser) to your neck, nor stretch it forth to its utmost each like a spendthrift), so that you may become blameworthy, and in severe poverty" (17:29).

"And those who when they spend, are neither extravagant nor niggardly but hold a medium (way) between those (extremes)" are the true believers (25:67).

Religiosity plays a vital role in determining the consumption basket as Freeman's (1986).

Objectives

- (1) To study the need of economics of wellbeing under divine economics framework
- (2) To find future research scope of behavioural studies under divine economics frame work, specially Islam.

Organization of the study

The second chapter consists of literature review of different researcher. Third chapter is about the model specification. Forth chapter is the study of results and interpretation of econometric model while the fifth chapter is about the overall conclusions; recommendation, reference.

Review of literature

Introduction

A lot of work has been done in the field of scientific study of religion and impact of religiosity on wellbeing and consumer behavior. This chapter is an attempt show the previous work done related to our topic of study.

Consumer and Religiosity

Religiosity effects demand side of consumer as discussed by Monzer Kahf (1992). He stated religion as exogenous factor affecting consumer behavior. According to him religion creates demand for certain goods which are called religious goods. He suggested that spending for the sake of God must be treated as separate from the conventional two distributions of disposable income: consumption and saving.

Abdolreza et al (1993) conducted a study about demographic and life style determinants of household

consumption patterns. Respondents in this study were 1852 females ages 18 to 65, selected from a consumer mail panel in such a manner as to reasonably represent the general characteristics of the population. Using a life style survey of adult females in the U.S., underlying life style patterns were identified and combined with socioeconomic variables to discriminate among consumption groups. He studied spiritual and religious aspects of consumers with the help of these questions in questionnaire; "I often read the Bible, I go to church regularly, If Americans were more religious, this would be a better country, Spiritual values are more important than material things, I believe that miracles happen daily"

Wellbeing and consumption pattern

Bruce and James (2003) studied measuring of happiness, they used data from CES, CPS and evaluated consumption and income measures of poor's material well being. They found arguments in terms of which is better measure for poor's wellbeing either income or consumption and almost favor consumption.

Religiosity and wellbeing

HewittSource (1994) examined the connection between religion and wellbeing in Canadian University students. They used a sample of 299 students and further divided them in tow groups out of which 172 are in first group who were members of Christian Clubs, remaining were grouped in second group with no membership in any faith club. Psychological well-being was assessed primarily through the well-known Bradburn Affect-Balance Scale (Bradburn 1969; Bradburn and Caplovitz 1965). They also included a number of composite measures of belief or depth of faith. Using a scale adapted from Bibby (1987). They found that the affiliated students seem to be more satisfied with their lives and to express more positive psychological states than their nonaffiliated counterparts.

Research on religion and physical health has revealed a similar pattern regarding the relative strengths of intrinsic versus extrinsic religiosity measures in explaining well-being. Levin and Markides (1986), for example, demonstrated no effect of extrinsic variables such as religious denomination or church attendance on physical well-being.

By comparison, measures of inward or intrinsic religiosity appear to be associated with physical well-

being in much more consistent fashion. Ferraro and Albrecht-Jensen (1991), found that strength of adherence to religious prescription is positively associated with better health outcomes.

Rajeev et al. (2005) examines the impact of individuals religious organization involvement as determinant of their stream of consumption and happiness. Using data from the Consumer Expenditure Survey (CEX), they studied the impact of contribution to religious organizations by household on income shocks effects on consumption stream. They found strong happiness insurance effects for blacks than whites.

Using cross-sectional data from the General Social Survey, Ellison (1991) concluded that people who are more religious in terms of beliefs, have less negative impact of accidents which can cause trauma, and their well being is high.

Chang (2009) studied the impact of church attendance on SWB in easter culture communities. He found strong impact of religiosity of church attendance on wellbeing and satisfaction from relationships and health.

Caldas(2010) studied that the huge amount of money spent every year in purchasing material goods do not seem very effective in increasing consumers happiness. Indeed, higher income and correspondingly expensive consumption do not make people much happier, which implies that current consumerism is extremely inefficient in terms of producing happiness. He used data from 191 countries, including nation-level happiness, life satisfaction, ecological impact, population, and cultural orientation. Available data varied across categories, with a maximum of 178 levels for happiness and ecological impact measures, and a minimum of 65 for cultural dimensions. Besides testing the link between happiness and consumption entropy, the study tested cultural trends as moderators of this relationship by comparing happiness, entropy, materialism, individualism, and economic indexes. He used descriptive statistics, pair wise correlation coefficients and OLS regressions were conducted using SPSS software.

Hamburg and Hannover (2011) found a 'U' shaped relation in wellbeing and religiousness. At a certain income level, the same level of wellbeing can be reached with high and low levels of religiosity, but can't be attained with middle levels. When income increases, happiness increases, but level of religiosity decreases.

Conventional Economics

Conventional economics is defined by many economists.

Hamdani (2006) defines the conventional economics as "*conventional economics is intellectually rich and internally consistent. But it works only when it is set to work by laws of nature.*"

Much work has been done in the vast field of conventional economics on economic variables. But as a whole less attention is paid by economists on other key variables (religion). There is only short number of economists who studied the economic activities by taking these variables a very important factor.

Religion plays an important role in economic decisions. Religion is defined as "Any shared set of beliefs, activities, and institutions premised upon faith in supernatural forces" Stark and Bainbridge (1985). Religion is an important factor to influence the Economic activities of individuals and nations. But as a whole less attention is paid by economists on this key variable. There are only short number of economists who studied the economic activities by taking the religion as a very important factor, and it is divine economic.

Divine Economics

Hamdani (2006) defines the Divine Economics as "Divine Economics is the study of Economics and Religion in each other perspective". There are short no of economics which are attracted towards such type of study According to the proposition presented by Hamdani and Eatzaz (2002) "*A more religious person clearly knows what is obligatory (Wajib), prohibited (Haram) or allowed (Mubah). Hence, he will consume, produce and accumulate assets in an ordained manner. Therefore, he is likely to leave behind more 'intentional bequests' and 'donations' as compared to his counterpart (less religious person) who may or may not leave intentional bequests.*"

Hamdani (2002) developed the functional relationship between the utility and consumption of the goods. He also added the charitable donations of commodities used for satisfying needs of other human beings in an Islamic prospective. The study provides same guideline for future research on religiosity and consumption behavior. He concluded that to maximize total utility of current and after life from the entire different activities and consumer is likely to substitute same part of personal consumption to charitable donations.

Munir et al. (2011) in their empirical study found a positive relationship between prayers and subjective wellbeing of individuals. Their study found a strong positive correlation between prayer offered by individuals and level of their subjective wellbeing. Their study was innovative in the sense because of modeling prayer as proxy of worship level to study wellbeing of individuals.

CONCLUSION

This discussion document is an attempt to further explore the hidden dimensions of measuring wellbeing. Well being is a broad term covering objective wellbeing which illustrates overall quality of life and subjective wellbeing which gives information about individuals self satisfaction level. Religious beliefs influence the consumer choice of distributing income for alternative usages, Kahf (2000). Thus the alternative usage of income on consumer basket leads to different level of wellbeing.

Researchers found a number of factors which affect wellbeing, which are included for economic judgment. There are also many non-material factors which can affect wellbeing, presented in McAllister (2005), including personal relationships (e.g. Helliwell and Putnam, 2004); social and community relationships (e.g. Keyes, 1998), employment (e.g. Layard, 2005); and political regimes (e.g. Donovan and Halpern, 2003). contextual and situational factors, demographic factors; (iv) institutional factors, (Andre van Hoorn 2007). Some studies included religious factors as the determinant of well being (e.g HewittSource 1994, Chang 2003).

Divine economics is a term associated with the study of economics and religion in each other framework. Up to now limited work has been done in the field of divine economics, and this study is an attempt to show progress and scope of divine economics particularly in the field of economics of wellbeing or simply economics of happiness.

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