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RELIGIOUS BELIEFS AND ECONOMIC DECISION-MAKING IN NIGERIA

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Abstract

This paper examines the influence of religious beliefs on economic decision-making in Nigeria. Additionally, it examines the diverse religious influences present in Nigeria, including Christianity, Islam, and indigenous African religious beliefs. The research spotlights the influence of religious beliefs on economic decision-making across different faiths as well as other economic parameters that may be impacted by religious views, including savings and investment levels, entrepreneurship rates, and business strategies. Ultimately, this paper offers a vital understanding of the influence of religious beliefs on economic decision-making in Nigeria and highlights novel findings to help policymakers make informed and balanced economic policies in Nigeria.

Keywords: Religious Beliefs, Economic, Decision-Making, Nigeria

Introduction

Nigeria boasts a rich tapestry of cultural diversity and a multitude of religious traditions, making it an ideal location for exploring the intricate relationship between religion and economic decision-making. Hence, the objective of this research is to shed light on how religious factors influence economic behaviors at both an individual and communal level in Nigeria. By delving into the impact of Islam, Christianity, and indigenous belief systems on economic choices, this study seeks to provide a deeper understanding of the complex socio-economic landscape in Nigeria. Such an understanding is crucial, as the intersection of religious practices and economic activities can have far-reaching consequences for individual decision-making on economic matters, community development, and national economic trends.

Religion and Economics

Religious beliefs have a potential influence on entrepreneurship and business practices. Certain religious teachings may encourage entrepreneurial spirit and economic self-sufficiency, which could be influential to individuals when making decisions regarding business establishment or engaging in specific economic activities. The effects of religious beliefs on entrepreneurship and business practices have been a subject of growing interest in the academic and business communities.

Religion as known is a collection of structured convictions, rituals, and frameworks that typically center on the veneration and worship of a higher power, be it a personal deity or some other supernatural entity. It frequently incorporates cultural tenets, philosophies, scriptures, visions, and ethics that hold deep spiritual significance for adherents of a given faith and can encompass a wide array of customs, including homilies, ceremonies, supplication, mindfulness, sacred grounds, emblems, trances, and festivities. Although basic definitions of religion exist, the concept of religion remains multifaceted and diverse. It is important to note that not all religions are centered on the belief in a deity, deities, or

supernatural forces. The understanding of religion varies across cultures and individuals alike, encompassing a range of beliefs, practices, and traditions. Therefore, scholars and researchers must approach the study of religion with sensitivity and an appreciation for cultural diversity.

The philosopher and economist Karl Marx (1844) famously referred to religion as the "opium of the people." Religion, he maintained, served as a social and economic opiate, dulling the agony of oppression and exploitation and diverting attention away from material conditions. Otto (1917), a theologian and philosopher, used the term "numinous" in his essay "The Idea of the Holy: An Inquiry into the Non-Rational Factor in the Divine Idea and its Relation to the Rational." Religion, he defined, is the meeting with the "wholly other" or the "tremendous and fascinating mystery" that evokes wonder, dread, and curiosity. While Eliade (1957), a religious historian, stressed both the sacred and profane in his understanding of religion. He put it this way: "Religion is a complex of stories, rituals, myths, and symbols that allow people to experience and express a transcendent reality or force that goes beyond the everyday world."

Religious ideas are complex and diverse, differing widely between civilizations, nations, and individuals. Religious beliefs usually contain a wide range of notions, such as the divine's nature, morality, ceremonies, and the afterlife. Monotheism (belief in a single, all-powerful deity) (e.g., Christianity, Islam, Judaism); Polytheism (belief in multiple gods and goddesses) (e.g., Hinduism, ancient Greek and Roman religions); and Pantheism (belief that the divine is identical to the universe or nature) are the deities and the divine. Sacred Texts; the sacred texts or scriptures of most major faiths contain teachings, laws, and narratives. The Bible in Christianity, the Quran in Islam, the Vedas in Hinduism, the Torah in Judaism, and the Tripitaka in Buddhism are all examples. Morality and ethics are religious beliefs that frequently provide a moral and ethical framework for adherents, directing their behavior and decision-making. Positive attributes such as compassion and charity may be included in moral codes, as well as prohibitions against lying, stealing, and killing.

Religious ideas are commonly expressed through rituals and ceremonies, which serve as a means of worship and connection with the divine. Prayer, meditation, rites, sacraments, and pilgrimages are examples of practices. Many religions address the idea of an afterlife as the continuation of life after death. Reincarnation (Hinduism, Buddhism) to paradise and hell (Christianity, Islam, and Judaism) are among the many beliefs regarding the afterlife. Religious views frequently involve explanations for the universe's genesis, the purpose of human life, and the nature of reality. Symbols are important in religious expression because they reflect beliefs, deities, or values. The Christian cross, the Islamic crescent moon and star, the Hindu Om sign, and the Buddhist wheel of dharma are all examples. Many religions have clergy or religious leaders who are in charge of guiding the congregation, performing rituals, and interpreting sacred texts. Some people identify as atheists, agnostics, or secular humanists, rejecting religious beliefs in favor of a secular worldview. It is crucial to realize that there can be a vast range of beliefs and interpretations within any major religion. Furthermore, views can change over time, and members of a religious community may hold opposing viewpoints. Understanding religious views necessitates an awareness of cultural and individual diversity. Religious beliefs can be understood as something that can shape the way people save, invest, and give to charity. Islamic finance, for example, emphasizes principles like risk-sharing, socially responsible

investments, and avoiding interest. In addition, religious values can impact how businesses approach ethical considerations, such as fair business practices, employee treatment, and social responsibility. People may also choose educational and career paths that align with their religious principles. Charitable giving and helping the less fortunate are often emphasized in religious teachings, leading to economic decisions that prioritize social welfare and poverty reduction, as seen in Nigeria. Religion can also have an impact on government policies related to the economy, including regulations on business practices, financial transactions, and social welfare programs. Cultural practices rooted in religion can also influence economic decisions, particularly in societies where religion plays a central role.

Economic decision-making on the other hand, is the process by which individuals, businesses, or governments allocate resources to achieve specific objectives. This process is crucial to economics since it entails weighing trade-offs and making decisions based on limited resources. The concept of scarcity forms the foundation of economic decision-making, as time, money, labor, and natural resources are all finite while human wants and needs are almost boundless. To meet their immediate requirements and objectives, decision-makers must prioritize and allocate resources efficiently. Opportunity cost refers to the value of the next best alternative foregone when a decision is made. Because resources are limited, opting for one choice implies missing out on the benefits of another. A solid grasp of opportunity costs is vital for making sound economic decisions. According to economic theory, decision-makers are rational actors who aim to maximize utility or well-being. Rational decision-making requires analyzing the pros and cons of several options and selecting the one that provides the most overall satisfaction or utility. Decision-makers frequently use marginal analysis to estimate the additional benefit or cost of making a small, incremental change in a decision. By comparing the marginal benefit to the marginal cost, individuals can determine whether it is advantageous to alter their current course of action. Individual preferences and the concept of utility, which represents the satisfaction or enjoyment obtained from consuming goods or services, influence economic decisions. People tend to make decisions based on their perceived utility. Hence, the decision-making process is a complex activity. Conway (1976) argues that it is that in which “awareness of the problematic state of a system, influenced by information and values, is reduced to competing alternatives among which a choice is made, based on perceived outcome of the system.

In a market economy, the decisions made by individuals and businesses are often shaped by market forces such as supply and demand. Prices act as signals, communicating information about scarcity and helping guide decision-making processes. Economic decision-making also extends to governmental and policy levels, where choices are made regarding taxation, public spending, regulations, and other interventions that can impact the economic well-being of society. Assessing the likelihood and potential impact of various outcomes is an essential component of economic decision-making, which often involves an element of risk and uncertainty. Decision-makers may use strategies like risk management to mitigate potential losses. Additionally, behavioral economics recognizes that individuals do not always make perfectly rational decisions and explores how psychological factors, cognitive biases, and social influences affect economic decision-making. In summary, economic decision-making is a dynamic process that involves thoughtful evaluation of choices in the face of scarcity, considering opportunity costs, and striving to allocate

resources in a way that maximizes overall satisfaction or utility. It is influenced by individual preferences, market conditions, and broader economic factors.

This study explores several issues as its main objectives. Firstly, it investigates the link between religious practices and savings behavior. Secondly, it assesses the relationship between entrepreneurship and religious affiliation. Thirdly, the study examines the influence of religious policies on economic development. Fourthly, it evaluates the association between charitable giving and religious affiliation. Finally, the research analyzes the socioeconomic disparities present across various religious groups. By exploring these issues, the study provides valuable insights into the intersection of religion and economics, with the potential to inform policies and practices in both spheres.

Religious convictions often play a significant role in shaping the work ethic and values of individuals. In Nigeria, where a considerable proportion of the populace identifies as either Muslim or Christian, the teachings of religious texts concerning hard work, honesty, and integrity can impact how people engage in their economic activities. These religious values can influence the economic behavior of individuals in ways that range from their willingness to work hard to their propensity to engage in corrupt practices. Thus, an understanding of the interplay between religious beliefs and economic activities is vital for policymakers, business leaders, and researchers seeking to comprehend the complexities of the Nigerian economy.

1. Theoretical Review

This section of the work tries to look at some of the theories that have tried to link religion with economic decision-making.

a. Max Weber's Protestant Ethic and the Spirit of Capitalism:

Max Weber, a German sociologist, proposed that certain religious beliefs, particularly those associated with Protestantism, contributed to the development of capitalism. In his 1905 work "The Protestant Ethic and the Spirit of Capitalism," Weber argued that the Calvinist emphasis on hard work, thriftiness, and a disciplined lifestyle fostered the accumulation of capital and the development of modern capitalism. Key concepts include asceticism, characterized by a disciplined and self-denying lifestyle, and calling, the belief that individuals are motivated by a sense of duty to fulfill their worldly vocations as part of their religious calling.

The Protestant movement, especially Calvinism, emphasized living a disciplined and frugal lifestyle. This extended to economic activities, encouraging individuals to invest their earnings for productive purposes rather than indulging in lavish consumption. This focus on capital accumulation for productive purposes contributed to the growth of capitalism, as businesses reinvested their profits into expansion and innovation. Weber argued that this ethic also led to the rationalization of economic life, where success was pursued in a systematic and duty-driven manner. These values influenced the development of economic institutions and practices, ultimately contributing to the emergence of modern capitalism in the Western world.

Although Weber's theory has had a significant impact, it's crucial to acknowledge that it hasn't been immune to critique and discussion. The connection between religious beliefs and economic consequences is intricate, and alternative scholars have examined diverse facets of this linkage within several cultural and religious settings. Nevertheless, the

notion that religious convictions can impact economic actions and choices is still a compelling subject of inquiry in the realm of economic sociology.

b. Religious Economy Theory:

The Religious Economy Theory, as proposed by sociologist Rodney Stark, posits that religion operates like a marketplace, with organizations vying for followers. This theory suggests that religious groups are highly responsive to the needs of their members and adapt their practices to retain their followers. Two key concepts of this theory include religious pluralism, which refers to the coexistence of multiple religious options in a society, and religious economies, which highlight the competitive environment in which religious organizations operate and adjust their doctrines to attract and retain followers.

2. Empirical Review of Literature

Cameron (2006) studied "The Economics of Religion, Jewish Religious Observance and Jewish Identity" through the use of econometric analysis. Cameron's research delved into the economic factors that impact Jewish religious observance and identity. Results of the research indicated that income and education levels played a significant role in shaping Jewish religious behavior, with higher income and education being linked to greater religious observance and a more robust Jewish identity.

Kuran (2011) "Religion and Economic Development - A Study on Islam" In his cross-country analysis, Kuran delved into the correlation between Islam and economic development. The study revealed that specific Islamic legal and economic principles, specifically those relating to contracts and property rights, played a role in influencing economic growth. The research underlined the significance of institutional factors in comprehending the relationship between religion and economic outcomes.

Ogunleye & Iwayemi (2012) "Religious Practices and Economic Well-Being in Nigeria", this study investigated the relationship between religious practices and economic well-being in Nigeria, using survey data. The research explored how religious practices, including attendance at religious services and adherence to religious teachings, influenced economic outcomes. It provided insights into the role of religion in shaping economic behaviors in the Nigerian context.

Stenholm et al., (2013) studied "Religion and Entrepreneurship: A Global Analysis." Data from the Global Entrepreneurship Monitor was used to explore the link between religion and entrepreneurial activity. The results showed a positive correlation between religiosity and entrepreneurship. Nevertheless, the relationship appeared to be influenced by cultural and institutional factors, which varied across different regions, highlighting their role in shaping the connection between religion and entrepreneurial activity.

Adeyemo (2015) looked at "Christianity and Entrepreneurship in Nigeria." The study focused on the relationship between Christianity and entrepreneurship in Nigeria, using surveys and interviews. The research explored the influence of Christian beliefs and practices on entrepreneurial activities. It considered how religious values shaped business decisions and strategies among Christian entrepreneurs in Nigeria.

Suleiman Adeniyi Suleiman (2016) studied "Religious Values and Economic Development: A Case Study of Nigeria." Suleiman investigated the impact of religious values, including ethical considerations derived from Islam and Christianity, on economic

development in Nigeria. The study addressed issues related to economic policies, governance, and social welfare.

Umar & Ahmed (2017), "Islamic Banking and Economic Development in Nigeria." The study focused on the impact of Islamic banking on economic development in Nigeria, using quantitative methods to analyze economic indicators. The research explored the economic implications of Islamic banking practices in a predominantly Muslim country like Nigeria. It considered factors such as financial inclusion, investment patterns, and economic growth.

Aminu Umaru (2017), "Islamic Banking and Economic Growth in Nigeria." Umaru investigated the impact of Islamic banking practices on economic growth in Nigeria, considering how Islamic financial principles influenced investment, entrepreneurship, and overall economic development.

Hill et al., (2017) "Charitable Giving among Muslims in the United States." The study used survey data to investigate patterns of charitable giving among Muslims in the United States. The research revealed that religiosity and religious practices were significant predictors of charitable giving among Muslims. Individuals who were more religiously active were more likely to engage in charitable activities.

Olajide Olubanjo (2018) "Religion and Entrepreneurship in Nigeria: An Overview." The study explored the influence of religious beliefs, particularly within the Christian and Islamic contexts, on entrepreneurial activities in Nigeria. The study provided insights into the motivations and challenges faced by religious entrepreneurs.

Adeyemi & Adeyemo, (2019) "Religious Diversity and Economic Development in Nigeria." This study investigated the relationship between religious diversity and economic development in Nigeria, employing both qualitative and quantitative methods. The research explored how religious diversity, with Nigeria being home to various religious groups, impacted economic development at the regional and national levels. It considered factors such as social cohesion and economic cooperation.

Oluwaseun Peter Olabode (2020) "Religious Pluralism and Economic Development: Evidence from Nigeria." Olabode examined the relationship between religious pluralism, the coexistence of different religious traditions, and economic development in Nigeria. The study considered the dynamics of religious diversity and its implications for economic policies.

3. Methodology:

To investigate the impact of religious belief on economic decision-making in Nigeria, the study covered the six geopolitical zones in Nigeria- North Central (NC), North East (NE), North West (NW), South West (SW), South East (SE) and South-South (SS). The population of the study is 600 and using the Krejcie and Morgan (1970) table the sample size is 234. The study employs a comprehensive qualitative methods approach to capture the complex nature of the relationship being examined. To gather qualitative data on economic behaviors, religious practices, and socio-demographic factors, a questionnaire was administered to a sample of 234 persons representing various religious affiliations. A statistical technique was utilized to identify correlations and patterns within the data during the analyses.

4. Result and Discussion of Findings:

The analyses that follow are based on the data collected from the 200 copies of the questionnaire returned out of the 234 copies distributed.

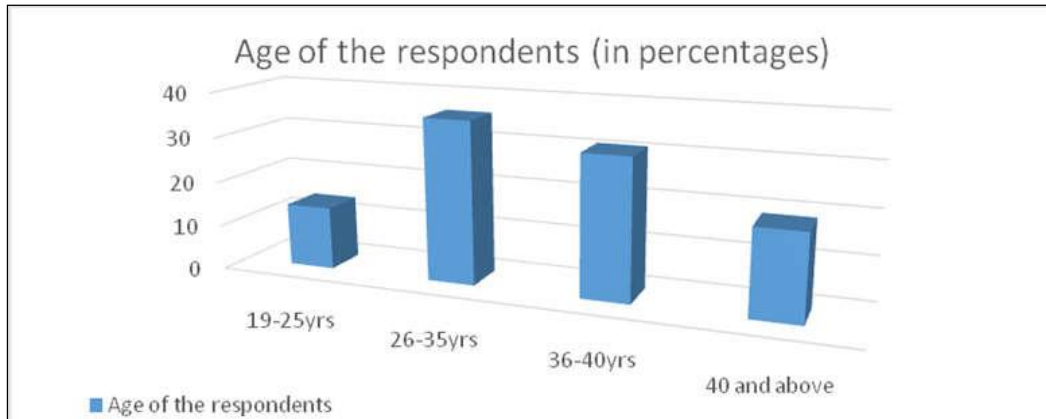


Figure 1: Participants' Age

Source: Field Survey, 2023

From figure 1, 14% of the respondents are between the ages of 19 and 25 years, 36% of the respondents are between the age of 26 - 35 years, 31% of the respondents are between the age of 36 - 40 years while 19% of the respondents are either 40 years or above. This further implied that a good number of the respondents are adults and should be aware of what religion, investment and savings are all about. This in no small measure, will improve general reliability on the findings of our study as it will reduce ignorance on the impact of religious believe on economic decision-making. This is because of the valuable experience which is expected of our experienced respondents with respect to their advanced age brackets.

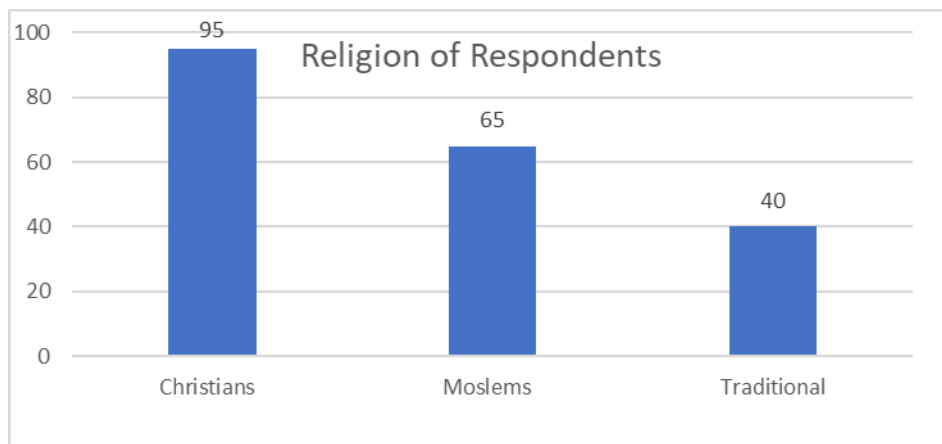
Table 1: Frequency and Percentage Distribution of Respondent Gender

	Frequency	Percentage
Male	111	55
Female	89	45
Total	200	100

Source: Field Survey, 2023

The results in table 1 revealed that 111 of the respondents were males while 89 were females accounting for about 55% and 45% respectively.

Figure 2: Religion of Respondents

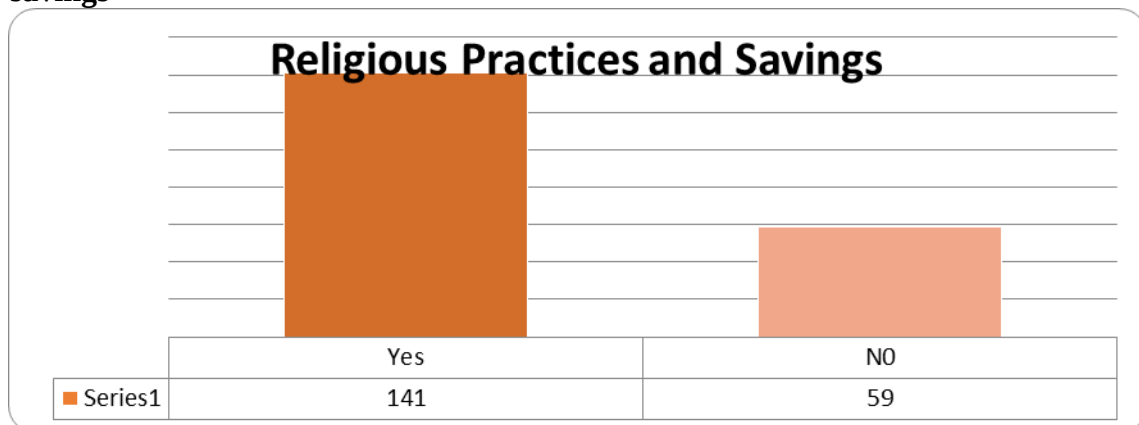


Source: Field Survey, 2023

The survey report reveals that 47.5% (95persons) of the respondents are Christians, 32.5% (65persons) are Moslems while 20% (40 persons) are traditionalists.

Analysis based on questions

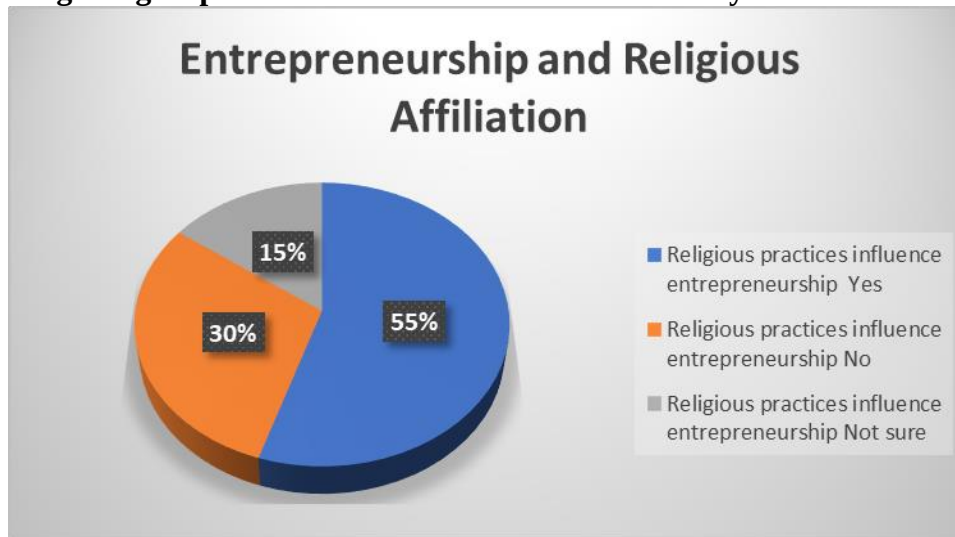
Figure 3: Participants' response on whether religious practices influence individual savings



Source: Field Survey, 2023

The findings (fig 3), suggest a positive correlation between religious practices and savings behavior. While 141 participants (70%) indicate that religious practices influence savings, 59 participants (30%) are of the opinion that religious practices do not influence savings. This implies that individuals exhibiting higher levels of religious engagement demonstrate increased propensities to save a portion of their income, suggesting that religious values emphasizing thriftiness and future planning play a role in economic decision-making.

Figure 4A: Participants' responses on whether Religious Affiliation among different religious groups influences the kind of businesses they do.



Source: Field Survey, 2023

The research reveals that entrepreneurial activities among different religious groups are influenced by their religious beliefs, shedding light on the ways religious beliefs influence business ventures and strategies. Figure three shows that 55% of the participants believe that religious beliefs determine the kind of business different cultures in Nigeria undertake, while 30% believe that there is no relationship between entrepreneurship and religious affiliation and 15% of the participants are not sure of the relationship between the two variables (see Fig 4A).

Figure 4B: Participants' responses on whether Religious Affiliation among different religious groups influences the kind of businesses they do.

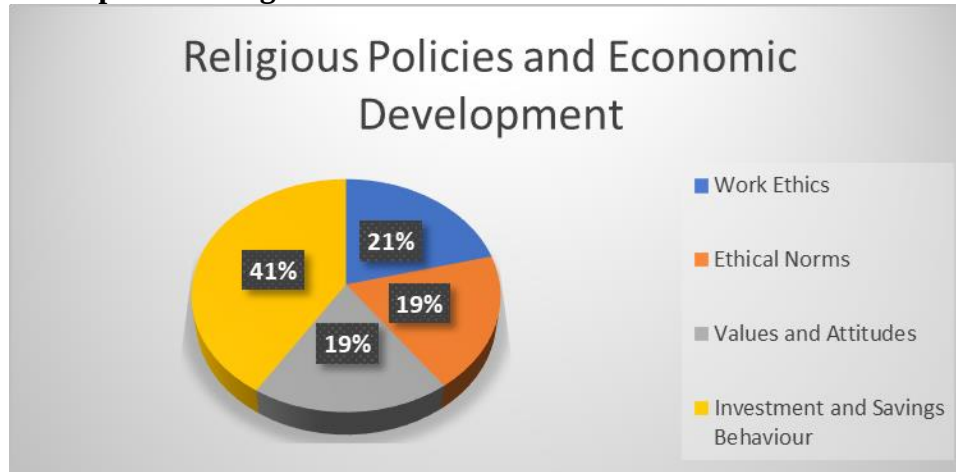


Source: Field Survey, 2023

Further investigation (Figure 4B) reveals that Christian respondents exhibit a higher likelihood of engaging in entrepreneurial ventures compared to their Muslim and traditional

counterparts, potentially influenced by teachings on stewardship and the pursuit of economic prosperity within the Christian faith.

Figure 5: Participants' responses on whether religious policies impact economic development in Nigeria



Source: Field Survey, 2023

Figure 5 shows that religious policies impact economic development in Nigeria through work ethics (21% impact), values and attitudes (19% impact), ethical norms of different religions in Nigeria (19% impact), and investment and savings behavior (41%). These outcomes provide insights into the intersection of religious governance and economic development in Nigeria.

Summary and Implications

The empirical findings presented offer valuable insights into the intricate connection between religious beliefs and economic decision-making in Nigeria. The study indicates that religious practices, affiliations, and policies play a crucial role in shaping economic outcomes such as savings behavior, entrepreneurship, and socioeconomic disparities. These findings highlight the importance of comprehending the complex interplay between religion and economics in Nigeria, underscoring their potential impact on policymakers, religious leaders, and society as a whole. The findings aim to inform policymakers, scholars, and the general public about the multifaceted relationships between religion and economic behavior in the Nigerian context. Therefore, policymakers must take into consideration the issue of religious beliefs as they enact policies especially if it concerns savings and investment.

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