



# *Economics, Theology and Religion Newsletter #6*

*Erasmus Economics & Theology Institute*

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## New Articles

### *IN: RELIGION IN THE AGE OF RE-GLOBALIZATION*

#### **The Business of Religion: A Religious Business?**

Roland Benedikter

All the described shifts and trajectories in the meta-material (idealistic and organizational) spheres coexist with a more materialistic, strictly profit-oriented machinery. This machinery is related to the interface of belief, values and lifestyle—making religion a huge contemporary business that seems to get stronger every day the more instabilities, crises and uncertainty grow.

### *REVIEW OF SOCIAL ECONOMY*

#### **Dimensions of Religiosity, Altruism and Life Satisfaction**

Ilker Kaya, Volkan Yenziaras & Ozgur Kaya

This study utilizes data from 3008 adult individuals in Turkey and examines the direct and indirect relationships between the dimensions of (Islamic) religiosity and life satisfaction. We took a dual approach in examining the proposed web of relationships and treated (i) charitable giving and (ii) volunteering as mediators that account for the relation between dimensions of religiosity and life satisfaction. We provided empirical evidence that religious orientation determines the choice between charitable giving and volunteering. The results show that the adherents that use religion for social gains (inner peace and comfort) are more likely to volunteer (donate) but less likely to donate (volunteer). Further, our findings indicate that individuals that expect inner peace and comfort (social gains) from religion get more life satisfaction from donating (volunteering) whereas the life satisfaction of those adherents that use religion for social gains (inner peace and comfort) diminishes if they were to donate (volunteer).

*Keywords:* Dimensions of religiosity, altruism, life satisfaction, Islam, Turkey

### *JOURNAL OF BUSINESS ETHICS*

#### **The Effects of Spirituality and Religiosity on the Ethical Judgment in Organizations**

Faisal Alshehri, Marianna Fotaki & Saleema Kauser

Despite the obvious link between spirituality, religiosity and ethical judgment, a definition for the nature of this relationship remains elusive due to conceptual and methodological limitations. To address these, we propose an integrative Spiritual-based model (ISBM) derived from categories presumed to be universal across religions and cultural contexts, to guide future business ethics research on religiosity. This article aims to empirically test (ISBM) in the context of Islam. It examines how different Muslims' views of God (emotional component) influence their ethical judgments in organizations, and how this process is mediated by their religious practice and knowledge (behavioral and intellectual components). Comprising focus group and vignette designs, the study was carried out with a random sample of 427 executives and management professionals from Saudi. After data collection, the study hypotheses were tested using structural equation modeling (SEM). The findings confirmed that a view of God



based on hope might be more closely associated with unethical judgments than a view based on fear or one balancing hope and fear. Furthermore, religious practice and knowledge were found to mediate the relationship between Muslims' different views of God and their ethical judgments. These results provide unique theoretical insights into religiosity's influence on ethical judgment, with important implications for management.

### **Drivers of Sustainability and Consumer Well-Being: An Ethically-Based Examination of Religious and Cultural Values**

Elizabeth A. Minton, Soo Juan Tan, Siok Kuan Tambyah & Richie L. Liu

Prior research has examined value antecedents to sustainable consumption, including religious or cultural values. We bridge together these usually separated bodies of literature to provide an ethically-based examination of both religious and cultural values in one model to understand what drives sustainable consumption as well as outcomes on consumer well-being. In doing so, we also fulfill calls for more research on socio-demographic antecedents to ethical consumption, particularly in the domain of sustainable consumption. We examine this relationship using data from the religiously and culturally diverse country of Singapore (n = 1503), collected from a door-to-door, representative sample utilizing numerous quality control techniques. Our path analysis and logical follow-up tests reveal that both religious and cultural values influence sustainable consumption, and then sustainable consumption positively influences consumer well-being. Implications are provided for consumer ethics, business' ethical practices, and belief congruence theory.

### **Competing Logics in the Islamic Funds Industry: A Market Logic Versus a Religious Logic**

Khaled O. Alotaibi, Christine Helliard & Nongnuch Tantisantiwong

In contrast to the conventional fund management industry with a profit-oriented logic based on risk and return, ethical and faith-based funds should follow the religious principles of their investment-style philosophy. Islamic funds should obey the theological teachings of the primary sources of Islam, the *Quran* and *Sunnah*, as stakeholders expect these religious teachings to influence the investment decisions of fund managers. In practice, Islamic fund managers use Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI)'s screening criteria, based on secondary sources of Islam, which allow investments that are only partially halal (allowable) to be included in their portfolios. This study finds that a more religious logic in screening practices, although impairing diversification, does not necessarily harm performance. Thus, Islamic investment funds, and the wider ethical fund management industry, should, and could, adopt stricter screening criteria that match their investment mandates and bring more ethical business practices to the industry.

## *INTERNATIONAL REVIEW OF ENTREPRENEURSHIP*

### **Self-enhancement or Self-transcendence? Enriching Baumol's Concept of Productive Entrepreneurship Using the Biblical Narrative**

Cornelius A. Rietveld, Cornelis van der Kooij & Henri Slob

Policy makers and entrepreneurs increasingly use storytelling to nurture cultures inside and outside organizations. In this article, we explore how the biblical narrative in which God is characterized by a lasting entrepreneurial commitment to achieve "win-win" situations may inspire commercial entrepreneurs to take actions in which they transcend their own utility maximization in order to let other stakeholders (e.g., their employees) flourish. We argue that such self-transcendence, in contrast to self-enhancement, is an important but overlooked



element of productive entrepreneurship. As such, by drawing on the biblical narrative, we enrich Baumol's seminal conceptualization of productive entrepreneurship. We explore and illustrate the ecological validity of self-transcendence in commercial organizations using two case studies. The case studies underscore the power of narratives, and illustrate the potentiality of entrepreneurial self-transcendence in commercial organizations and its possible consequences.

### *THE AMERICAN JOURNAL OF ECONOMICS AND SOCIOLOGY*

#### **“The Poor Feel it the Most”: The Antilles Bishops, the Poor, and Climate Change**

Anna Kasafi Perkins

This discussion examines the critical nexus that the Antilles Episcopal Conference (AEC) identifies between the poor and climate change. Attention is paid to the AEC's 2015 Declaration on Climate Change, particularly its concern with the unjust impact of climate change on the poor, poor communities, and poor countries, among which are to be found the small-island developing nations and people of the Caribbean. Indeed, the bishops are clear that, although the negative impact of climate change is felt by various population groups, including the well-off, “the poor feel it most.” In line with Catholic social teaching, the Antilles bishops call out poverty as the result of injustice and a lack of attention to the common good. Some of the key insights of *Laudato Sí* treat similar concerns expressed in the repeated refrain “cry of the poor and the cry of the earth.” These concerns are discussed in an attempt to deepen and challenge the AEC's thoughts while rooting its ideas squarely in the Catholic social teaching tradition. Francis's method, like that of the Antilles bishops, is marked by dialogue that takes on real problems, especially those of the poor. Francis echoes and reinforces the AEC's concern with the outsize effect of climate change and environmental destruction on the poor, which is even more urgent in the face of the COVID pandemic, which has disproportionately affected the poor in nations marked by great inequality.

### *INTERNATIONAL JOURNAL OF ISLAMIC THOUGHT*

#### **The Role of Effective Governance in Determining the Relationship Between Muslims' Religiosity and Their Income**

Sidrah Khalil & Hoda Mansour

Most of the studies which examine the effect of religiosity on income in the literature have found the relationship to be negative among Muslims and non-Muslims. The waves of migration of religious Muslims to non-Muslim majority countries have raised concerns about the future of the economic growth of such hosting countries. This paper introduces the government as a variable that interacts with religiosity and explains this complex link. In this study, we use panel data from the World Values Survey and the World Bank Governance Indicators for 68 countries over 14 different years from 1996 to 2014 to test how governance explain the religiosity-income link among Muslims. The study found evidence that countries with higher government effectiveness levels experience a lower negative impact of religiosity on income. Results show that the negative size shrinks with better governance until it becomes statistically insignificant when countries are at a very high government effectiveness level.

*Keywords:* Governance, Religiosity, Government Effectiveness, Muslims, Income



## *EPHEMERA: THEORY & POLITICS IN ORGANIZATION*

### **Economic Theology: A Question of Academic Primacy? A Response to Beltramini**

Stefan Schwarzkopf

I would first like to thank Enrico Beltramini and the editors of *ephemera* for giving me the opportunity to respond to the review, which I found to be a very thoughtful and balanced piece. The review raises a number of substantial issues. Most importantly, it laments a supposed absence of meta-theoretical reflection in the Handbook. My concern is that the review's call for metatheory is in fact not much more than an insistence on the academic and intellectual primacy of theology over what Beltramini calls the 'secular disciplines' of the social sciences. (...)

## *JOURNAL OF PHILOSOPHICAL ECONOMICS*

### **Justice and Just Price in Francisco de Vitoria's Commentary on Summa Theologica II-II q77**

José Luis Cendejas Bueno

Following Thomas Aquinas, Francisco de Vitoria's analysis of justice in exchanges takes place by commenting on the corresponding questions of the *Summa Theologica*. The identification of the just price with that of common estimation occurs under a sufficient concurrence of sellers and buyers. A high level of concurrence limits the ability to take advantage of the need on the other side of the market. This fact guarantees a full consent of the parties involved in trading. Under conditions of market power or when some authority fixes a legal price, just price should also be taken as a normative ideal.

*Keywords:* School of Salamanca, Scholastic economic thought, just price theory, Francisco de Vitoria

## *JOURNAL OF INTERNATIONAL FINANCIAL MANAGEMENT & ACCOUNTING*

### **The Impact of Catholic Religion on Earnings Management: A Case of Poland**

Konrad Grabiński & Piotr Wójtowicz

This paper investigated the impact of religiosity on accrual and real earnings management. Unlike most previous studies which consider this issue in a multi-religious setting, we use a mono-religious setting, specifically Poland where the Roman Catholic Church holds a dominant position. Thus, we are able to study the impact of religiosity on earnings management ignoring the impact of different religious denominations magnified by cultural factors. Our study focuses on the impact the Catholic religion has on earnings management. A novelty of this study is our proxy for religiosity. We use the communicantes ratio applicable only to Catholic and Orthodox denominations. This study contributes to the literature by providing a broader picture of the impact of religiosity on earnings management. Based on a sample of Polish companies, we find that Catholicism positively (negatively) influences the level of accrual (real) earnings management. We carefully examine the issue of differences between religiosity and personal faith and highlight the problems related to selecting a proxy for religiosity. The results indicate that a firm's preferred earnings management strategy depends heavily on the values shared by the national community. The majority of previous studies find that religiosity has a negative (positive) impact on accrual (real) earnings management. We provide empirical evidence that this is not always the case. There exists a setting in which the impact of religiosity is opposite, and the mechanisms through which



religiosity influences earnings management are much more complicated than what was previously assumed.

## *EUROPEAN ECONOMIC REVIEW*

### **Religion, Social Interactions, and COVID-19 Incidence in Western Germany**

Ioannis Laliotis & Dimitrios Minos

This paper investigates how social interactions, as shaped by religious denomination, are related to COVID-19 incidence and associated mortality in Western Germany. We observe that the number of infections and deaths during the early pandemic phase were much higher in predominantly Catholic counties with arguably stronger family and social ties. The relationship was confirmed at the county level through numerous robustness checks, and after controlling for a series of characteristics and county fixed effects. At the individual level, we confirmed that Catholics, relative to non-Catholics, have tighter and more frequent interactions with their family and friends. Moreover, the intensity of social interaction was able to partially explain the relationship between COVID-19 incidence and share of Catholics at the county level. Our results highlight the number of dimensions that have to be taken into account when designing and implementing mitigation measures in the early stages of disease outbreaks.

*Keywords:* COVID-19, Religion, Mortality

*JEL-codes:* H12, I10, Z10

## New Books

### ***You Shall Not Bow Down and Serve Them: The Political Economic Projects of Jesus and Paul* (Wipf and Stock, November 2021)**

Richard A. Horsley

Economic justice is the core of the biblical tradition. In this innovative volume, Horsley takes the reader deep in examining how Jesus' economic project was shaped in opposition to the Roman imperial order and how Paul's development of communities around the Mediterranean was part of creating an alternative society among those subject to Rome. This analysis sets in the foreground the fundamental issues of food security, access to resources, and liberation. These movements emerged in opposition to Roman violence, political oppression, and economic extraction. This ultimately leads the author to consider how these issues are more relevant than ever in confronting the most recent form of empire in global capitalism. While we are not living in a Roman imperial world, we must strategize to confront the ways in which the new empire uses violence, oppression, and extraction to the detriment of the vast majority in the world, but especially those who are most vulnerable.

### ***Morality in the Marketplace: Reconciling Theology and Economics* (Brill, December 2021)**

Paul van Geest

What does Keynes have to do with Qohelet? At first sight, economy and theology seem to be disciplines with mutually exclusive objectives. Yet, as the Covid crisis has recently shown, if economic development is to really stand a chance of success, it should go hand in hand with relational values like honesty, reliability and empathy: this will contribute to a society with a culture of reciprocity, respect, love and trust. In this essay, Paul van Geest pleads for a renewal



of the old ties between economics and theology as scientific disciplines, so as to arrive at a deeper and richer anthropological fundament for economic research.

***The Time That Belongs to God: The Christian Prohibition on Usury in the 12th-13th Centuries and the Making of the Subject of Debt*** (dissertation, University of Toronto, 2021)

Sean Capener

This dissertation traces the meaning of the idea that usurers sell time through 12th- and 13th-century Christian debates about the ethics of usury in the intellectual milieu of the University of Paris. According to a frequently recurring argument, the problem with usury is that the usurer is a ‘thief’ because he sells time, which cannot be bought or sold. The present study reconstructs the philosophical and theological conception of time implicit in this argument. (...)

***Climate Change, Radical Uncertainty and Hope: Theology and Economics in Conversation*** (dissertation, Vrije Universiteit Amsterdam, December 2021)

Jan Jorrit Hasselaar

This research explores a hopeful response to radical uncertainty in the context of climate change. Views on climate change are often either pessimistic or optimistic. But it is not constructive to divide the world into pessimists and optimists. There is a third way, one of hope, to deal with radical uncertainty in the context of climate change. This study develops a response to climate change based on hope, derived from the work of the late Jonathan Sacks, leading British public intellectual and Chief Rabbi. The necessity for this study emerged out of the debate within economics on radical uncertainty in the context of climate change. Radical uncertainty, uncertainty inherent in the human condition (derived from Hannah Arendt), appears not to be adequately addressed by the critical assumptions underlying conventional economic modelling, in particular the social cost-benefit analysis (SCBA). Following Dan Rodrik’s approach to economics, an economic model is only useful when it captures the most relevant aspects of reality. Therefore, this study questions the critical assumptions underlying SCBA. The study argues that Sacks’ understanding of hope, derived from the ancient narrative of the Exodus, lends itself to several alternative critical assumptions to address radical uncertainty: emunah (particular type of trust), chessed (particular type of love), change of identity and two supporting institutions, namely covenant and public Sabbath. Hope appears to be a realistic journey of taking courageous and practical steps together and thereby gradually becoming aware that there is something new and liberating possible in the midst of radical uncertainty. The study develops a conversation or transversal reasoning between Jonathan Sacks and the economists Bart Nooteboom, Samuel Bowles, Dan Ariely and John Kay & Mervyn King, using van Huyssteen’s postfoundational approach. In this conversation the alternative critical assumptions are discussed and the relevance this conversation for a social response to radical uncertainty in the context of climate change is shown. The conversation shows also that hope is not contrary to contemporary economic insights, but remarkably compatible with them. At the same time, it is also shown that both disciplines can learn from one another.

## Upcoming Conferences

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## Call for Papers