Religion, discrimination and trust across three cultures

Swee Hoon Chuah [e], Simon Gächter [b,c,d], Robert Hoffmann [e],
Jonathan H.W. Tan [a,b,*]

[a] Centre for Research in the Behavioural Sciences, Nottingham University Business School, University of Nottingham, Jubilee Campus, Wollaton Road, Nottingham NG8 1BB, United Kingdom
[b] Centre for Decision Research and Experimental Economics, Nottingham School of Economics, University of Nottingham, University Park Nottingham NG7 2RD, United Kingdom
[c] IZA Bonn, Germany
[d] CESifo, Munich, Germany
[e] Behavioural Business Lab, School of Economics, Finance and Marketing, RMIT University, 445 Swanston Street, Melbourne, Victoria 3000, Australia

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ABSTRACT

We propose that religion impacts trust and trustworthiness in ways that depend on how individuals are socially identified and connected. Religiosity and religious affiliation may serve as markers for statistical discrimination. Further, affiliation to the same religion may enhance group identity, or affiliation irrespective of creed may lend social identity, and in turn induce taste-based discrimination. Religiosity may also relate to general prejudice. We test these hypotheses across three culturally diverse countries. Participants' willingness to discriminate, beliefs of how trustworthy or trusting others are, as well as actual trust and trustworthiness are measured incentive compatibly. We find that interpersonal similarity in religiosity and affiliation promote trust through beliefs of reciprocity. Religious participants also believe that those belonging to some faith are trustworthier, but invest more trust only in those of the same religion—religiosity amplifies this effect. Across non-religious categories, whereas more religious participants are more willing to discriminate, less religious participants are as likely to display group biases.

1. Introduction

In this paper, we investigate the role of religion-based discrimination in trusting and in trustworthy behaviour when interacting with people from various social groups or cultures. Understanding the role of religion is important, because conflict between and within different religions is rising globally (The Institute for Economics and Peace, 2014; Grim, 2014) and fast becoming a defining feature of the post-cold war world order (Huntington, 1996). A standard manifestation of this religious conflict is inter-religious strife. Another, newer dimension involves religious radicalisation and extremism which can turn individuals against their compatriots and moderate fellow adherents. However, despite its ubiquity, importance and controversy, economists have only recently developed an interest in the effects religion has on economic outcomes (Iannaccone, 1998; Guiso et al., 2006; Tan, 2006). Religion can influence economic behaviour in at least two ways, by creating differential social group identities (Jackson and Hunsberger, 1999) and through individual differences in religiosity, i.e. the strength of an individual's religious attachment or commitment to a particular faith commonly measured as religious

belief, ritual and experience (Tan, 2006). Identity (e.g. Akerlof and Kranton, 2000; Chen and Xin, 2009; Currarini and Mengel, 2013) and acculturation (Guiso et al., 2003) generally affect economic outcomes and might act as conduits for the economic influences of religion.

One economic approach to examining these effects is the experimental economics of religion, as critically discussed by Hoffmann (2013) and Tan (2014), where the influences of religious variables on various kinds of individual economic decision are studied systematically in controlled settings. Previous studies demonstrated the first effect, that individuals treat others differently in economic contexts based on same or different religious affiliation even when other social identifiers such as nationality and ethnicity are shared. For example, we conducted a laboratory experiment with student participants from different cross-cutting ethnic and religious groups in Malaysia (Chuah et al., 2014). While participants cooperated relatively more within their own ethnic groups irrespective of religious affiliation, having the same religion as well enhanced their cooperation further. Conversely, participants divided by different ethnic identity cooperated more when they shared religious affiliation. A field experiment where both Indian Hindus and Muslims in Mumbai trusted members of their own religious groups relatively more (Chuah et al., 2013) lends further support.

However, our work as well as that of other researchers failed to demonstrate the second effect, of religiosity, directly. In two experiments participants of higher religiosity were equally cooperative (Chuah et al., 2014) or trusting (Tan and Vogel, 2008) than others. These results suggest that religiosity, in reflecting an individual's socialisation into and internalisation of particular religious precepts (e.g. Ryan et al., 1993) does not independently affect consequent behaviour. However, both studies provided hints of a second avenue by which religiosity might influence decision making as a vehicle for taste-based or statistical discrimination. One such hint is that among the entirely Christian participant pool of Tan and Vogel (2008), those of known higher religiosity receive greater trust from others, and especially (but not exclusively) from those who share this trait. The second hint is that high religiosity amplified the higher cooperation which Chuah et al.'s (2014) multi-cultural participants paid their religious fellows.

In this paper, we propose that religious identities serve as cues on the nature and degree of connectedness between interacting individuals, and thus religion influences strategic behaviour, in particular trust and trustworthiness on which we focus here. In trust games (Berg et al., 1995; Johnson and Mislin, 2011), a *sender* decides how much to trust a *receiver* by sending an amount of money. The receiver receives thrice the amount sent and decides how trustworthy to be in returning a proportion of it. In equilibrium, by backward induction, assuming that receivers are rational and money-maximising, senders anticipate nothing in return, and so send nothing. Social connectedness is a psychological concept describing the closeness of people e.g. family or acquaintance, friend or foe (Aron et al., 1991; Gächter et al., 2015).

We call closeness in religion-based relationships *religious connectedness.* Consistent with research on social connectedness in general (Laurenceau et al., 1998), we argue that individual religiosity operates through religious connectedness to affect trust. Religious connectedness increases with the duration and frequency of interactions, knowledge of others, the extent of (mutual) self-disclosure, and the number of people in the other's network one is also connected to. Religious beliefs, rituals, experiences and activities that unite or divide people facilitates this. We consider four forms of religious identity: (1) a connection at the fundamental level of individual religiosity; (2) group membership based on religious affiliation to the same creed; (3) religious affinity arising from the mere affiliation to some religion, regardless of creed; and (4) religious anonymity, where religiosity effects operate on the wider societal level of prejudice across social identities including non-religious ones.

In turn, we examine four corresponding religious discrimination effects on trust and trustworthiness. The first is *statistical discrimination* (e.g. Mueser, 1999; Anderson et al., 2006), where more religious people are generally believed to be trustworthier and treated accordingly. The second is that religiosity amplifies intergroup bias on the basis of religious affiliation. Intergroup processes including *taste-based* outgroup discrimination or ingroup favouritism are strengthened by an individual's identification with the group (Farnham et al., 1999; Smurda et al., 2006). The third is that religiosity is used as a social identifier of *affinity* which unites religious people regardless of creed. The fourth is that religiosity is a correlate of greater *general prejudice*, i.e. discrimination based on social identity differences even in non-religion categories (e.g. Hunsberger and Jackson, 2005).

For this purpose, we conduct a trust game experiment where participants can incur a financial cost in order to discriminate between co-participants of different religions and other social identities. We extend the trust game by allowing participants to make decisions conditional on the social identities of co-participants they might face. We then measure participants' religiosity and consider their religious affiliations, their responses to co-participants of diverse religious affiliations, and corresponding beliefs regarding co-participants' actions. In particular, we study how trustworthy senders think receivers are or how trusting receivers think senders are. We also test how much senders invest trust or receivers reciprocate trust. Further, we analyse whether these beliefs and actions relate to the religiosity and religious affiliation of sender and receiver. This informs us on the relevance of statistical and taste-based motives of discrimination, and whether religiosity per se is related to general prejudice, i.e. on the basis of even non-religious categorisation.

Our design has a number of novel features. In many previous experiments, discrimination was observed in a particular context such as gender or ethnicity. In contrast, we are able to measure discrimination based on different social identifiers which vary within a multi-national participant pool. This allows us to measure discrimination tendencies in a more general way, and to compare these across different social identifiers. Further, we measure discrimination in participants' intention or *willingness* to discriminate as the resources they are willing to use in order to be able to make decisions contingent on the characteristics of their co-participants. This provides a graduated measure of discrimination intentions, elicited in an incentive compatible way in line with the costliness of discrimination in many real world settings and economic models