

*Interdisciplinary Journal of
Research on Religion*

Volume 10

2014

Article 4

Is Religious Freedom Good for Business?:
A Conceptual and Empirical Analysis

Brian J. Grim*

Georgetown University
Washington, D.C.

Greg Clark and Robert Edward Snyder

Brigham Young University
Provo, Utah

* Brian@religiousfreedomandbusiness.org

Is Religious Freedom Good for Business?: A Conceptual and Empirical Analysis[†]

Brian J. Grim

Georgetown University
Washington, D.C.

Greg Clark and Robert Edward Snyder

Brigham Young University
Provo, Utah

Abstract

Against a global backdrop of steadily rising religious restrictions and hostilities, we expand the religious economies theory by articulating how religious freedom contributes to better economic and business outcomes. Most important, we expand on previous empirical work on the social impact of denying religious freedom, first by examining and finding a positive relationship between global economic competitiveness and religious freedom as exemplified by low government restrictions on religion and low social hostilities involving religion. Second, going beyond correlational relationship, we empirically test and find the tandem effects of religious restrictions and hostilities to be detrimental to economic growth while controlling for other theoretical, economic, political, social, and demographic factors. We conclude that religious freedom contributes to better economic and business outcomes, as is suggested by the religious economies theory.

[†] Jens Rasmussen and Bill Atkin provided helpful assistance in the development of this article.

A wave of religious hostilities has swept the globe during the early years of the 21st century. The terrorist attacks of September 11, 2001, leading to the wars in Afghanistan and Iraq, made clear that even a few people motivated by religious extremism can trigger wars and major economic disruptions. Beyond such wars, data show that 74 percent of people today live with high levels of religious hostilities, violence, or conflict, a markedly higher percentage than just five years ago, when 45 percent of people lived with such levels (Pew Research Center 2014).

This wave of religious hostilities, violence, and conflict has been accompanied by a rising tide of government restrictions on religious freedom. The number of people living with high government restrictions increased from 58 percent of the world's population in 2007 to 64 percent in 2012 (Pew Research Center 2014).

The simultaneous rise of religious hostilities and government restrictions is not a coincidence. Research shows a robust and consistent connection between the lack of government respect for religious freedom and higher levels of social hostilities involving religion (Grim 2012). Indeed, previous theory and research go beyond drawing correlational connections to establishing a case for causation.

The religious economies theory postulates that as restrictions on religious freedom by governments increase, adverse outcomes for religion and society result and that one of these outcomes is more violence, not less (Grim and Finke 2007). Multivariate tests of this theory have empirically demonstrated that government restrictions on religious freedom are the strongest predictor of religious violence and conflict, even when the tests control for other theoretical, economic, political, social, and demographic factors (Finke 2013; Finke and Harris 2011; Grim, Skirbekk, and Cuaresma 2013).¹

In this article, we expand the religious economies theory by briefly articulating how the lack of religious freedom contributes to worse economic outcomes and how the presence of religious freedom contributes to better business and economic outcomes. We then expand the empirical work of previous research by examining the relationship between global economic competitiveness and religious freedom. We also test whether the tandem effects of religious restrictions and religious hostilities are detrimental to economic growth, controlling for other theoretical, economic, political, social, and demographic factors.

RELIGIOUS FREEDOM AND BUSINESS

Religious hostilities and restrictions create climates that can drive away local and foreign investment, undermine sustainable development, and disrupt huge sectors of economies. Such has occurred in the ongoing cycle of religious regulations and

¹ The religious economies perspective was first innovated in the late 1980s through the work of Rodney Stark, Roger Finke, and others (see Finke and Stark 1988, 1992; Finke 1990; Gill 1994; Iannaccone, Finke, and Stark 1997; Stark and Finke 2000; Froese 2001).

hostilities in Egypt, which has adversely affected the tourism industry (see Bell 2013). A few current examples from the Muslim-majority countries, which are countries with particularly high levels of religious restriction (Grim and Finke 2011), illustrate how the lack of religious freedom contributes to worse economic and business outcomes.

Examples from Muslim-Majority Countries

Religious restrictions in Muslim-majority countries take many forms. One direct religious restriction that affects economic freedom involves Islamic finance. For instance, businesses involved in creating, buying, or selling Islamic financial instruments can find themselves in the situation that one Islamic law board deems a particular instrument acceptable while another board does not (Lawrence, Morton, and Khan 2013), making the instrument's acceptance on stock exchanges subject to differing interpretations of Islamic law. Other examples include the banning of Hollywood films in some Arab countries for religious reasons (Browning 2014) and the misuse of anti-blasphemy laws to attack business rivals (Tarin and Uddin 2013). Perhaps most significant for future economic growth, the instability associated with high and rising religious restrictions and hostilities can influence young entrepreneurs to take their talents elsewhere (Younis and Younis 2011).

Positive Impact of Religious Freedom on Economies

More generally, research has shown that religious freedom is a key ingredient to peace and stability, as measured by the absence of violent religious persecution and conflict (Grim and Finke 2011). This is particularly important for business because where stability exists, there are more opportunities to invest and to conduct normal and predictable business operations, especially in emerging and new markets.

Beyond promoting peace and stability, religious freedom can contribute to positive socioeconomic development in much the way that freedom in general does. Amartya Sen (1999: 3), for instance, argues that societal development requires the removal of sources of "unfreedom." According to Sen's reasoning, religious restrictions are a source of unfreedom. Removing impediments to religious freedom facilitates freedom of other kinds. Research finds that religious freedom is highly correlated with the presence of other freedoms, such that it can be considered part of a bundled commodity of social goods that have significant correlations with a variety of positive social and economic outcomes ranging from better health care to higher incomes for women (Grim 2008).

Religious freedom is also correlated with one of the key ingredients of sustainable economic development: lower corruption. For instance, Lipset and Lenz

(2000) find that laws and practices burdening religion are related to higher levels of corruption. This is borne out by comparing the Pew Research Center's 2011 Government Restrictions on Religion Index with Transparency International's 2011 Corruption Perceptions Index. Eight of the ten most corrupt countries have high or very high governmental restrictions on religious liberty.^{2,3}

Gill (2013) reviews six theoretical frameworks for understanding why religious freedom may relate causally to positive economic outcomes. These models are the religious economy model, the religious ideas model, the civic skills model, the charitable giving model, the migratory magnet and merchant model, and the contingent liberty model. Gill (2013: 6) observes that the religious economy model perhaps provides the most direct causal path because it recognizes that "religious activity is economic activity and that religious freedom results in more religious activity, hence more economic growth."

Indeed, when religious groups operate in a free and competitive environment, religion can play a measurable role in the human and social development of countries. For instance, Robert Woodberry (2012) found that the presence of proselytizing Protestant faiths, that is, faiths competing for adherents, was associated with economic development throughout the world. Alexis de Tocqueville (1955 [1835, 1840]) recognized that in the United States in the 19th century, Protestant associations—in an open and generally free environment with other religious and civic associations—had established seminaries; constructed inns; created churches; disseminated books; and founded hospitals, prisons, and schools. Contributions of this type are not just a legacy from the past. Katherine Marshall, former director of the Development Dialogue on Values and Ethics at the World Bank and former director in the World Bank's Africa and East Asia regions, recognized that present-day faith communities not only provide education and health services, but also provide social safety nets for orphans, disabled people, and people who fall behind (Pew Forum 2006).

² The ten countries that are listed as the most corrupt on the 2011 Corruption Perceptions Index are (1) Somalia, (2) North Korea, (3) Myanmar, (4) Afghanistan, (5) Uzbekistan, (6) Turkmenistan, (7) Sudan, (8) Iraq, (9) Haiti, and (10) Venezuela (Transparency International 2011).

³ The countries with "very high" governmental restrictions on religion are Uzbekistan and Burma (Myanmar). The countries with "high" governmental restrictions on religion are Turkmenistan, Sudan, Afghanistan, Iraq, and Somalia. Although North Korea is technically not classified as a "very high" or "high" restriction country, lack of information about the country has led to its not being categorized at all. I consider the following note sufficient to classify North Korea as "very high" or "high" restriction country for the purposes of this article: "The sources clearly indicate that North Korea's government is among the most repressive in the world with respect to religion as well as other civil and political liberties. . . . But because North Korean society is effectively closed to outsiders and independent observers lack regular access to the country, the sources are unable to provide the kind of specific, timely information that the Pew Forum categorized and counted . . . for this quantitative study. Therefore the report does not include a scores for North Korea" (Pew Forum on Religion & Public Life 2009: 5).

Positive Impact of Religious Freedom Within Companies

Religious freedom, when respected within a company, can directly benefit the company's bottom line. The benefits include both lower costs and improved morale. An example of lower costs includes less liability for litigation. The clothing retailer Abercrombie & Fitch fought and lost a religious discrimination case in 2013 related to firing a Muslim stock girl for wearing a scarf in violation of the company's dress code. The case resulted not only in substantial legal costs but also in negative national publicity. Respect for reasonable accommodation of religious freedom in the workplace can improve employee morale, increase retention of valued employees, and help with conflict resolution (Richards, Svendsen, and Bless 2011).

Moreover, businesses may gain a competitive advantage by engaging the expectations of stakeholders who are increasingly demanding that companies play a positive role in addressing environmental, social, and governance concerns. As business consulting group McKinsey & Company points out, the ethical stakeholder "has clearly emerged and is on the rise" (Oppenheim et al. 2007: 8). Important business stakeholders include business partners, investors, and consumers; and a growing segment of ethically sensitive customers tend to prefer companies that are responsive to human rights (Schwab 2010). Schwab argues that consumer (and, we would add, government) preferences given to human-rights-sensitive companies may give such companies an advantage in competitive markets and enable them to charge premium prices and land choice contracts. Recognizing the impact of human rights concerns on branding, companies such as Gap, Inc. have assumed shared responsibility for the conditions under which its goods are manufactured (Wright and Sage-Gavin 2006).

DATA AND ANALYSIS

New data analysis allows us to test whether religious freedom contributes to global competitiveness and economic growth, as suggested by the religious economies theory. Here, we look at the relationship between indicators of global economic competitiveness and religious hostilities and restrictions. Then we test the tandem effects of government restrictions on religious freedom and social hostilities involving religion on economic growth, controlling for other theoretical, economic, political, social and demographic factors.

Religious Freedom and Global Competitiveness

Competitiveness Data. The twelve pillars of microeconomic and macroeconomic national competitiveness are measured in the World Economic Forum's multi-

component Global Competitiveness Index (GCI). The GCI report defines competitiveness as “the set of institutions, policies, and factors that determine the level of productivity of a country” (World Economic Forum 2013: 4). In the report’s framework, the level of productivity determines the level of prosperity that an economy can earn as well as the rates of return obtained by investments in an economy, which the report considers to be the fundamental drivers of an economy’s growth rate. By these metrics, the more competitive an economy is, the more likely it is to sustain growth.⁴

The twelve CGI pillars are as follows:

- Primary education and health
- Higher education and specialized training
- Technological readiness
- Innovation, a measure of new technological and nontechnological knowledge that also takes into account investment in research and development, especially by the private sector
- Communications and transport infrastructure
- Goods market efficiency, a measure of an economy’s openness and competitiveness, reflecting a minimum of impediments from government intervention
- Business sophistication, including the quality of a country’s overall business networks and the quality of individual firms’ operations and strategies
- Financial market development
- An institutional environment promoting wealth, including the soundness and fairness of the legal and administrative framework
- Labor market efficiency
- Market size
- Macroeconomic environment, which takes into account inflation and fiscal deficits, which limit a government’s reactions to business cycles and ability to invest in competitiveness-enhancing measures

Analysis of the Data. We now compare country scores on each of the twelve pillars with levels of government restrictions on religion and social hostilities involving religion.

The comparison looks at what share of countries are strong on a particular pillar within countries that have high versus low government restrictions on religion

⁴ The twelve components are added together to create an overall CGI, but it is weighted in ways that take the stage of economic development into account, so the comparison of the overall index scores for countries is less useful than looking at the specific measures for each pillar. Each pillar is a numerical index that takes into account both quantitative data and qualitative expert assessments. Rather than having the more than 100 measures that go into the pillars listed here, readers may consult www3.weforum.org/docs/GCR2013-14/GCR_TechnicalNotesSources_2013-14.pdf.

and high versus low social hostilities involving religion (“strong” being defined here as being one or more standard deviations above the mean score for that particular global competitiveness pillar). For instance, 19 of the 143 countries had strong scores on the first pillar: primary education and health. Of these 19 countries, 17 (89 percent) had low government restrictions on religion, according to the Pew Research Center’s Government Restrictions Index; two (11 percent) had moderate government restrictions on religion; and none had high government restrictions on religion. In other words, strength in primary education and health occurs overwhelmingly in countries with low religious restrictions and does not occur in any countries with high religious restrictions.

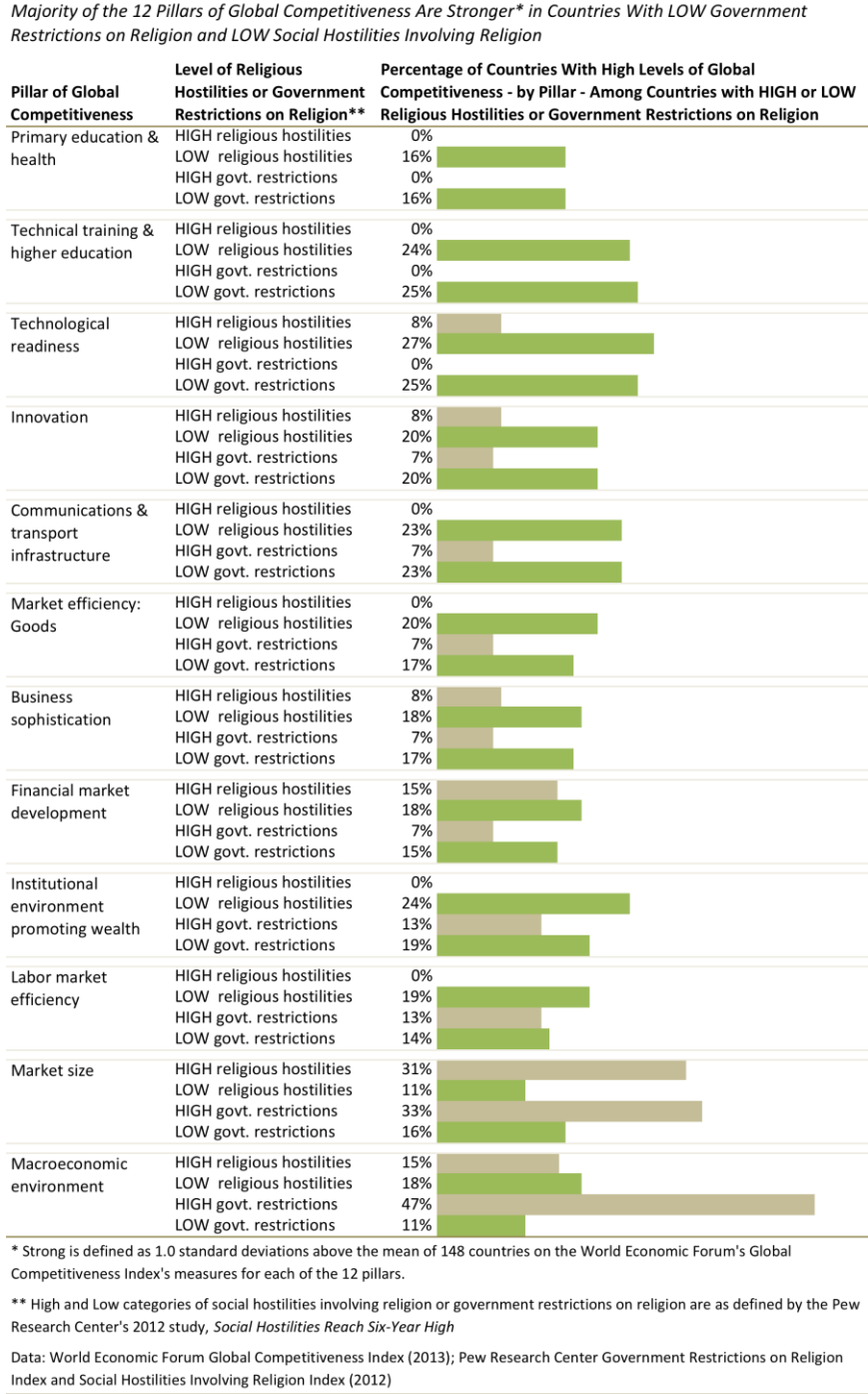
Although this way of examining the results has some utility, it may be somewhat misleading. In the Pew Research data, nearly half of the countries in the study have low restrictions or hostilities, while only around a third of countries have high restrictions or hostilities. Therefore a more reasonable approach is to look at the share of countries within each level of religious hostilities and restrictions that are strong on each pillar (see Figure 1). When this method is used, 16 percent of countries with low government restrictions are strong in primary education and health, 7 percent of countries with moderate government restrictions are strong in primary education and health, and no countries with high government restrictions are strong in primary education and health.

Figure 1 presents the results of using this way to view the data for all twelve pillars. The results for the group of countries with moderate religious hostilities and restrictions are omitted for space purposes. This does not distort the findings because, with almost no exceptions, the results for the moderate category fell between the results for the high and low categories.

As anticipated by the religious economies theory, the vast majority of indicators of global competitiveness—ten of the twelve—are stronger in countries with low religious hostilities and low government restrictions on religious freedom. While it is beyond the scope of this article to establish the contributing factors for each, a few general observations can be made.

Given the global role religious groups play in providing educational and health services (Pew Forum on Religion & Public Life 2006), it is not surprising that health as well as primary, secondary, and technical education is stronger in countries with more religious freedom and less religious hostility. Environments with religious freedom allow religious groups to better provide educational and health services, which are often part of their core mission.

Figure 1: Strength of Global Competitiveness with Religious Freedom



Religious freedom may contribute to innovation and technological readiness to the degree to which these are stimulated by the ability of people to act freely and without fear of government or social reprisals for new thoughts. Indeed, a core component of religious freedom is that there is no religious board by which innovative ideas and technologies must be passed; for example, there is no threat that innovation will carry a death penalty if it crosses a religious red line such as blasphemy. This does not minimize the importance of religiously inspired ethical codes and standards, but religious freedom implies that such codes are not enforced by government or religious authorities over matters in which they may have no particular expertise. Rather, these are matters for professional deliberation, perhaps informed as appropriate by such moral codes.

Indeed, it seems that religious freedom may encourage ethical codes, as shown by the stronger relationship with the CGI pillar that takes ethics into account: institutional environment promoting wealth. This pillar is captured in the CGI by measures of the absence of onerous government bureaucracy, overregulation, corruption, dishonesty in dealing with public contracts, lack of transparency, and trustworthiness. The degree to which religious freedom fosters greater religious participation, as suggested by religious economies theory, may help to explain why religious freedom relates to a stronger institutional environment promoting wealth.

Similarly, the development of communications infrastructure may be stimulated when there are no excessive restrictions on broadcasting and literature, as are found in countries with high levels of religious restrictions.

Business sophistication, a measure of the quality of business networks and strategies, may be helped along by a competitive religious economy. In such environments, religious groups engage in branding, marketing, distribution, and the production of unique and sophisticated products and services. Indeed, while religion involves core spiritual dimensions, the service, publication, and outreach activities of religious groups provide large numbers of people with local and perhaps homegrown examples of sophisticated networking and growth strategies.

Regarding the labor pillar, religious freedom may relate to stronger labor market efficiency to the degree to which it is associated with a lack of discrimination with regard to religion in the workplace, allowing all workers to realize their most effective place in an economy with the incentive to give their best effort on the job.

When it comes to indicators that are associated with market size and the macroeconomic environment, the relationships are somewhat different. The dip in the economy in the West that triggered fiscal deficits may explain why only 11 percent of countries with low government restrictions had strong macroeconomic environments, whereas the relative strength of the economy in countries such as China

may explain why countries with high government restrictions scored higher on this measure.

Finally, the data show that market size is stronger (i.e., larger) in countries with high government restrictions (such as China) and high social hostilities (such as India). However, rather than religious freedom being a determinant of market size, this indicates that future growth potential is in countries that currently have large market sizes, many of which have high government restrictions on religion. On the basis of the other indicators of global competitiveness, size alone is not likely to ensure sustainable growth (Singha and Jaman 2012). Indeed, large size and short-term growth without a sufficient pillar to support global competitiveness may result in large-scale failures or reversals. For instance, the World Bank (2011: 6) observes that continued “progress on structural reforms will be important to sustain [developing] economies’ growth momentum.”

The results of the data analysis just discussed provide support for the thesis that that religious freedom is associated with global competitiveness. But the analysis does not answer the fundamental question of whether the relationship between religious freedom and positive economic indicators extends to actual economic growth as measured by growth in gross domestic product (GDP). Most important, does the relationship hold up when controlling for other possible explanations?

Religious Freedom and GDP Growth

Testing the hypothesis that religious freedom contributes to economic growth is possible. To do this, we constructed a structural equation model that tests the tandem effects of government restrictions on religion and social hostilities involving religion on economic growth as measured by gross domestic product growth adjusted to reflect the value of a dollar in purchasing power parity terms (\$PPP GDP). The measures are of the inverse of religious freedom; however, if they have a negative effect on economic growth, this would support the thesis that religious freedom is tied to growth.

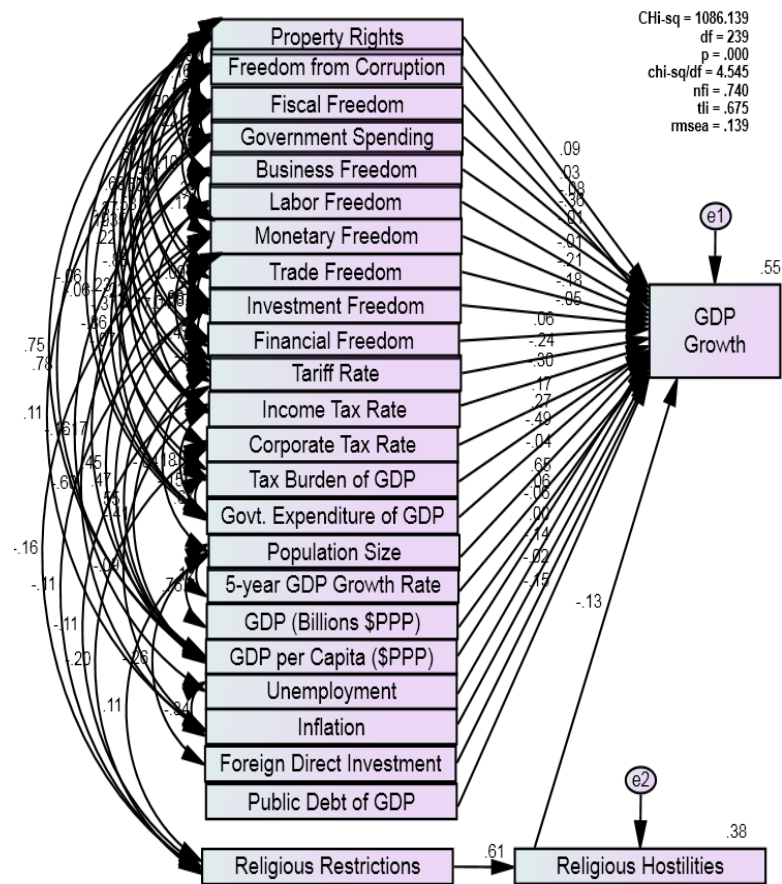
We tested this proposition using religious restrictions data (Pew Research Center 2013) while controlling for other economic and business freedoms with data from the Heritage Foundation/Wall Street Journal Economic Freedom Index (Miller, Holmes, and Feulner 2012), along with measures of government regulation and taxes, labor issues, demographics and economic circumstances using data from the World Bank (2014). The data used are all for 2011, the latest year for which data for this extensive battery of questions were available to the authors for analysis. See the appendix for descriptive statistics for each variable.

Structural equation modeling, in addition to being able to control and test for alternative causal explanations, provides two other important advantages. First, it

permits the combined effects of government restrictions on religion affecting social hostilities involving religion to be modeled as tandem effects on GDP growth. This tests the effects of Grim and Fink’s (2007) “restrictions leading to violence” finding on GDP growth. Second, it allows for correlations among all the independent variables to be taken into account so that any results that are found to be statistically significant can be considered robust because multicollinearity is controlled for by taking significant correlations between the variables into account.

The procedure that we used was to first control for all significant correlations among the independent variables (as shown in Figure 2) and then run the model and see whether the model was a good fit with the data. If it was not a good fit, we eliminated insignificant pathways and repeated the procedure. (See the appendix for full results.)

Figure 2: Tandem Effects of Religious Restrictions and Hostilities on GDP Growth, 2011 (All Controls)

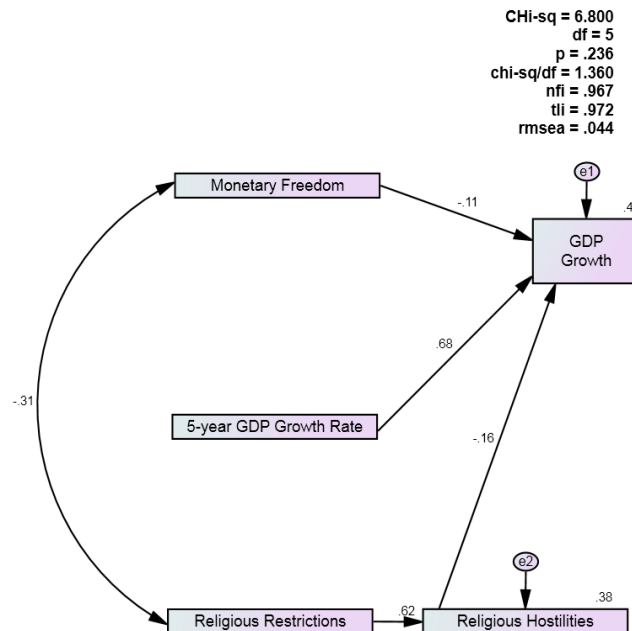


Only five of the twenty-five variables included in the model had statistical significance. The Pew Research government restrictions on religion index (GRI) strongly and significantly predicted the social hostilities involving religion index (SHI), which in turn had a significant *negative* impact on GDP growth. The strongest positive predictor of GDP growth in 2011 was the previous five-year average GDP growth. In addition, monetary freedom and public debt both had significant *negative* impacts on GDP growth.

This model, however, was not a good fit with the data because of the noise of variables that had no significant relationship with the dependent variable, GDP growth. The fit statistics ($\chi^2 = 1086.139$, d.f. = 239, $p = 0.000$, RMSEA = 0.130) show that any departure of the data from this model is statistically significant at $p = 0.000$, and an RMSEA of 0.130 means that the model is 13 percent away from the best-fitting model.

After we eliminated all variables that had no significant relationships with the dependent variable, only four relationships remained significant, as shown in Figure 3. Government restrictions on religion continued to strongly and significantly predict religious hostilities, which also continued to have a significant *negative* impact on GDP growth. Indeed, a notable finding is that religious freedom—taken as the inverse of religious restrictions and hostilities—is one of only three variables that remains a significant predictor of GDP growth.

Figure 3: Tandem Effects of Religious Restrictions and Hostilities on GDP Growth, 2011 (Significant Paths Only)



The model in Figure 3, in contrast to that in Figure 2, is an excellent fit with the data. This model fits very well ($\chi^2 = 6.8$, d.f. = 5, $p = 0.236$, RMSEA = 0.044), that is, any departure of the data from this model is statistically insignificant at $p = 0.236$, and an RMSEA of 0.044 means that the model is 4.4 percent away from the best-fitting model. These three variables explain 49 percent of the variation in GDP growth ($R^2 = 0.49$).

The strongest positive predictor of GDP growth in 2011, not unsurprisingly, continued to be the previous five-year average GDP growth.

Public debt dropped from the model, but monetary freedom continued to have a significant negative impact on GDP growth.

Monetary freedom, a measure that takes into account price stability/inflation and price controls, had a negative effect on GDP growth. On the one hand, this makes sense. The measure is set up so that a country with no inflation and no price controls scores highest. To the degree to which some inflation stimulates growth, the negative impact of low inflation on growth is what may be reflected in this result. For instance, in 2011, the inflation rate in developing countries was slightly above 2 percent (Japan at -0.3 percent inflation with -0.6 percent GDP growth and the United States at 3.2 percent inflation and 1.8 percent GDP growth), while the average in the developing world was around 5 percent (Turkey at 6.5 percent inflation with 8.8 percent GDP growth and China at 5.4 percent with 9.3 percent GDP growth). On the other hand, very high inflation is not conducive to growth either, so these results are best not to be read as an argument for high inflation but rather as an indication that very low inflation is detrimental to growth.

CONCLUSION

This study adds to the body of research finding that respect for religious freedom by governments and groups in society has positive social and economic outcomes, including economic growth. However, the mechanisms by which religious freedom contributes to economic growth have seldom been studied. The results of this research suggest that it is a topic worth further serious inquiry, including attention to better understanding the mechanisms by which religious freedom is associated with global economic competitiveness.

Although this research does not suggest that religious freedom is the antidote to poor economic performance, it does suggest that religious freedom is correlated with economic success. One implication may be that businesses would benefit from taking religious freedom considerations into account in their strategic planning, labor management, and community interactions. For instance, in evaluating locations for future research and development operations, countries with good

records on religious freedom may provide a favorable environment in which to practice innovation and experimentation.

On the basis of arguments from the religious economies theory and the empirical results presented, we conclude that religious freedom contributes to better economic and business outcomes and that advances in religious freedom are in the self-interest of businesses, governments, and societies by contributing to successful and sustainable enterprises that benefit societies and individuals.

REFERENCES

- Bell, Bethany. 2013. "Egypt's Economy Hurt by Post-Morsi Curfew." *BBC News* September 6. Available at www.bbc.co.uk/news/world-middle-east-24109906.
- Browning, Noah. 2014. "Hollywood Blockbuster 'Noah' Face Ban in Arab World." *Reuters* March 8. Available at www.reuters.com/article/2014/03/08/us-islam-film-censorship-idUSBREA270BK20140308.
- de Tocqueville, Alexis. 1955 [1835, 1840]. *Democracy in America*. New York, NY: Vintage Books.
- Finke, Roger. 1990. "Religious Deregulation: Origins and Consequences." *Journal of Church and State* 32: 609–626.
- Finke, Roger. (2013). "Origins and Consequences of Religious Restrictions: A Global Overview." *Sociology of Religion* 74: 1–17.
- Finke, Roger, and Jaime Dean Harris. 2011. "Wars and Rumors of Wars: Explaining Religiously Motivated Violence." In *Religion, Politics, Society and the State*, edited by Jonathan Fox, 53–71. New York, NY: Oxford University Press.
- Finke, Roger, and Rodney Stark. 1988. "Religious Economies and Sacred Canopies: Religious Mobilization in American Cities, 1906." *American Sociological Review* 53: 41–49.
- Finke, Roger, and Rodney Stark. 1992. *The Churching of America, 1776–1990: Winners and Losers in Our Religious Economy*. New Brunswick, NJ: Rutgers University Press.
- Froese, Paul. 2001. "Hungary for Religion." *Journal for the Scientific Study of Religion* 40: 251–268.
- Gill, Anthony J. 1994. *Rendering unto Caesar: The Catholic Church and the State in Latin America*. Chicago, IL: University of Chicago Press.
- Gill, Anthony J. 2013. "Religious Liberty & Economic Development: Exploring the Causal Connections." *The Review of Faith & International Affairs*, 11: 5–23.
- Grim, Brian J. 2008. "Religious Freedom: Good for What Ails Us?" *The Review of Faith & International Affairs* 6(2): 3–7.
- Grim, Brian J. 2012. "Religion, Law and Social Conflict in the 21st Century: Findings from Sociological Research," *Oxford Journal of Law and Religion*, 1: 249–271.
- Grim, Brian J., and Roger Finke. 2006. "International Religion Indexes: Government Regulation, Government Favoritism, and Social Regulation of Religion." *Interdisciplinary Journal of Research on Religion* 2(article 1): 1–40.

- Grim, Brian J., and Roger Finke. 2007. "Religious Persecution in Cross-National Context: Clashing Civilizations or Regulated Economies?" *American Sociological Review* 72: 633–658.
- Grim, Brian J., and Roger Finke. 2011. *The Price of Freedom Denied: Religious Persecution and Conflict in the 21st Century*. New York, NY: Cambridge University Press.
- Grim, Brian J., Vegard Skirbekk, and Jesus C. Cuaresma. 2013. "Deregulation and Demographic Change: A Key to Understanding Whether Religious Plurality Leads to Strife." *Interdisciplinary Journal of Research on Religion* 9(article 13): 1–19.
- Iannaccone, Laurence R., Roger Finke, and Rodney Stark. 1997. "Deregulating Religion: Supply-Side Stories of Trends and Change in the Religious Marketplace." *Economic Inquiry* 35: 350–364.
- Lawrence, Jonathan, Peter Morton, and Hussain Khan. 2013. "Resolving Islamic Finance Disputes." Pittsburgh, PA: K&L Gates. Available at m.klgates.com/files/Publication/e952b276-56dc-4ed9-ba56-8efd898b7f4a/Presentation/PublicationAttachment/59397cd5-f146-4fb7-879e-9e7e2c885b7e/Resolving_Islamic_Finance_Disputes.pdf.
- Lipset, Seymour Martin, and Gabriel Salman Lenz. 2000. "Corruption, Culture, and Markets." In *Culture Matters: How Values Shape Human Progress*, edited by Lawrence E. Harrison and Samuel P. Huntington, 112–125. New York, NY: Basic Books.
- Miller, Terry, Kim R. Holmes, and Edwin J. Feulner. 2012. "2012 Index of Economic Freedom," Washington, DC: Heritage Foundation and The Wall Street Journal. Available at www.heritage.org/index/pdf/2012/book/index_2012.pdf.
- Oppenheim, Jeremy, Sheila Bonini, Debby Bielak, Tarrah Kehm, and Peter Lacy. 2007. *Shaping the New Rules of Competition: UN Global Compact Participant Mirror*. New York, NY: McKinsey & Company. Available at www.unglobalcompact.org/docs/summit2007/mckinsey_embargoed_until020707.pdf.
- Pew Forum on Religion & Public Life. 2006. "Religion and International Development." Interview with Katherine Marshall. Washington, DC: Pew Research Center. Available at www.pewforum.org/Government/Religion-and-International-Development.aspx.
- Pew Forum on Religion & Public Life. 2009. *Global Restrictions on Religion*. Washington, DC: Pew Research Center.
- Pew Research Center. 2013. "Arab Spring Adds to Global Restrictions on Religion." Washington, DC: Pew Research Center. Available at www.pewforum.org/2013/06/20/arab-spring-restrictions-on-religion-findings.
- Pew Research Center. 2014. "Religious Hostilities Reach Six-Year High." Washington DC: Pew Research Center. Available at www.pewforum.org/2014/01/14/religious-hostilities-reach-six-year-high.
- Richards, Mathew K., Are L. Svendsen, and Rainer O. Bless. 2011. "Voluntary Codes of Conduct for Religious Persuasion: Effective Tools for Balancing Human Rights and Resolving Conflicts?" *Religion and Human Rights* 6: 151–183.
- Schwab, Klaus. 2010. "Foreword." In *The New Pioneers: Sustainable Business Success Through Social Innovation and Social Entrepreneurship*, by Tania Ellis, xi–xiii. Hoboken, NJ: Wiley.
- Sen, Amartya. 1999. *Development as Freedom*. Oxford, UK: Oxford University Press.

- Singha, Komol, and M. S. Jaman. 2012. "Nexus between population and economic growth in India: A co-integration analysis." *Scientific Journal of Pure and Applied Sciences*. 3: 1–7. Available at sjournals.com/index.php/SJPAS/article/view/450.
- Stark, Rodney, and Roger Finke. 2000. *Acts of Faith: Explaining the Human Side of Religion*. Berkeley, CA: California University Press.
- Tarin, Haris, and Asma Uddin. 2013. "Rethinking the 'Red Line': The Intersection of Free Speech, Religious Freedom, and Social Change." Washington, DC: Brookings Institution. Available at www.brookings.edu/research/papers/2013/11/free-speech-religious-freedom-social-change-tarin-uddin.
- Transparency International. 2011. "Corruption Perceptions Index." Available at cpi.transparency.org/cpi2011/results/.
- World Bank. 2011. "Rebalancing, Growth, and Development: An Interconnected Agenda." Washington, DC: World Bank. Available at siteresources.worldbank.org/DEC/Resources/84797-1320153303397/Rebalancing_Growth_and_Development-WB_paper_for_G20.pdf
- World Bank. 2014. "Data." Available at data.worldbank.org.
- World Economic Forum. 2013. "Global Competitiveness Report." Available at www.weforum.org/reports/global-competitiveness-report-2013-2014.
- Woodberry, Robert. 2012. "The Missionary Roots of Liberal Democracy." *American Political Science Review* 106: 244–274.
- Wright, Patrick M., and Eva Sage-Gavin. 2006. "Corporate Social Responsibility at Gap: An Interview With Eva Sage-Gavin." CAHRS Working Paper #06-14. Ithaca, NY: Cornell University, School of Industrial and Labor Relations, Center for Advanced Human Resource Studies. Available at digitalcommons.ilr.cornell.edu/cahrswp/455.
- Younis, Ahmed, and Mohamed Younis. 2011. "The Role of Entrepreneurship and Job Creation in U.S.-Muslim Relations." Washington, DC: Brookings Institution. Available at www.brookings.edu/~media/research/files/papers/2011/8/entrepreneurship%20younis%20younis/08_entrepreneurship_younis_younis.pdf.

Appendix: Descriptive Statistic and Results Summary

Descriptive Statistics

Variable	N	Minimum	Maximum	Mean	Std. Deviation
GDPgrowth2011	173	-10.480	21.816	4.163	3.845
SHI_2011	184	0.000	10.000	2.599	2.468
GRI_2011	184	0.165	8.885	3.185	2.285
PropertyRights_HF1	179	5.000	95.000	43.184	24.228
FreedomfromCorruption_HF1	183	0.000	95.000	39.940	21.099
FiscalFreedom_HF1	178	39.600	99.900	77.820	12.168
GovtSpending_HF1	179	0.000	96.800	61.764	23.784
BusinessFreedom_HF1	182	10.000	99.900	64.703	17.353
LaborFreedom_HF1	181	20.000	95.500	61.127	16.410
MonetaryFreedom_HF1	180	0.000	90.600	73.944	8.951
TradeFreedom_HF1	179	33.400	90.000	75.020	11.143
InvestmentFreedom_HF1	181	0.000	95.000	51.961	23.773
FinancialFreedom_HF1	179	10.000	90.000	48.883	19.282
TariffRate1	180	0.000	28.300	6.391	5.172
IncomeTaxRate1	182	0.000	60.000	28.257	13.016
CorporateTaxRate1	183	0.000	50.000	23.909	9.760
TaxBurdenofGDP1	181	2.000	342.000	22.270	26.177
GovtExpenditureofGDP1	180	10.358	156.400	35.048	15.148
PopulationMillions1	184	0.036	1348.121	37.542	137.479
GDPperCapitaPPP1	184	348.000	124485.000	14813.864	17842.343
Unemployment1	131	0.400	95.000	12.000	12.733
PublicDebtofGDP1	179	0.000	229.773	47.366	32.326
FDIInflowMillions1	183	-5585.500	226937.000	7974.426	23262.373
Inflation1	183	-0.283	53.228	6.612	5.750
GDPBillionsPPP1	184	0.200	15094.000	430.095	1507.208
fiveYearGDPGrowthRate1	177	-14.669	16.587	3.631	3.246
Valid N (listwise)	122				

Model 1: All paths Included, model fit is poor

Dependent variable	Independent variable	Estimate	S.E.	C.R.	P	Sig.
SHI_2011	<--- GRI_2011	0.665	0.063	10.576	0.000	***
GDPgrowth2011	<--- PropertyRights_HF1	0.015	0.030	0.484	0.628	
GDPgrowth2011	<--- FreedomfromCorruption_HF1	0.006	0.032	0.203	0.839	
GDPgrowth2011	<--- FiscalFreedom_HF1	-0.026	0.071	-0.362	0.717	
GDPgrowth2011	<--- GovtSpending_HF1	-0.063	0.046	-1.374	0.170	
GDPgrowth2011	<--- BusinessFreedom_HF1	-0.004	0.021	-0.171	0.864	
GDPgrowth2011	<--- LaborFreedom_HF1	-0.003	0.016	-0.218	0.828	
GDPgrowth2011	<--- MonetaryFreedom_HF1	-0.100	0.038	-2.591	0.010	**
GDPgrowth2011	<--- TradeFreedom_HF1	-0.066	0.091	-0.726	0.468	
GDPgrowth2011	<--- InvestmentFreedom_HF1	-0.008	0.019	-0.435	0.664	
GDPgrowth2011	<--- FinancialFreedom_HF1	0.013	0.024	0.559	0.576	
GDPgrowth2011	<--- TariffRate1	-0.183	0.181	-1.013	0.311	
GDPgrowth2011	<--- IncomeTaxRate1	-0.085	0.047	-1.827	0.068	
GDPgrowth2011	<--- CorporateTaxRate1	0.070	0.042	1.679	0.093	
GDPgrowth2011	<--- SHI_2011	-0.214	0.099	-2.165	0.030	*
GDPgrowth2011	<--- TaxBurdenofGDP1	0.044	0.030	1.483	0.138	
GDPgrowth2011	<--- GovtExpenditureofGDP1	-0.129	0.088	-1.465	0.143	
GDPgrowth2011	<--- PopulationMillions1	-0.001	0.002	-0.443	0.658	
GDPgrowth2011	<--- GDPperCapitaPPP1	0.000	0.000	-0.527	0.598	
GDPgrowth2011	<--- Unemployment1	0.000	0.029	-0.003	0.998	
GDPgrowth2011	<--- PublicDebtofGDP1	-0.019	0.008	-2.457	0.014	*
GDPgrowth2011	<--- FDIInflowMillions1	0.000	0.000	-0.226	0.821	
GDPgrowth2011	<--- Inflation1	-0.090	0.063	-1.434	0.152	
GDPgrowth2011	<--- GDPBillionsPPP1	0.000	0.000	0.466	0.641	
GDPgrowth2011	<--- fiveYearGDPGrowthRate1	0.787	0.095	8.268	0.000	***

Model 2: Only significant paths included, model fit is excellent

Dependent variable	Independent variable	Estimate	S.E.	C.R.	P	Sig.
SHI_2011	<--- GRI_2011	0.665	0.063	10.576	0.000	***
GDPgrowth2011	<--- MonetaryFreedom_HF1	-0.05	0.025	-2.003	0.045	*
GDPgrowth2011	<--- SHI_2011	-0.252	0.091	-2.767	0.006	**
GDPgrowth2011	<--- fiveYearGDPGrowthRate1	0.813	0.073	11.12	0.000	***