

Religion and Volunteerism

Abstract

This paper uses a standard Tobit to explore the effects of religion on volunteerism. It analyzes cross-sectional data from a representative sample of about 3,000 American heads of household contained in the 2005 Panel Study of Income Dynamics. The results do not indicate a significant connection between religious preference and volunteerism. However, they do indicate that more frequent attendance at religious services increases both an individual's total level of volunteering and level of religious volunteering. Most of the gains in total volunteering appear to come from increases in the religious volunteering category. Far more significant determinants for increasing volunteerism are one's sex (namely, being a female) and education level.

Ben Labe
University of North Carolina
Department of Economics
May 5, 2013

Data

The data for this analysis is from the Panel Study of Income Dynamics (PSID), a nationally representative survey that has followed 5000 families encompassing 18,000 people since 1963. Every other year¹, a member from each participating family completes an extensive survey requesting information about their demographic information, economic status, health, philanthropic efforts, and other topics.

Data for this paper is taken from the year 2005. This is the first year in which PSID has collected information about individual volunteering. While the original data set contains 8,002 observations, in the data cleaning process I have removed observations that are ambiguous along a variable of interest or do not apply to a head of households. This process has stripped the number of observations to 3,003. The remaining individuals in the sample are therefore heads of household who reported information along each of the following dimensions: personal and family demographics, income, religion, and philanthropy (charitable giving and volunteerism).

Table 1² contains summary demographic and income statistics, Table 2 contains summary religious statistics, Table 3 contains summary statistics on charitable giving, and Table 4 contains summary statistics on volunteering for the sample of interest.

The tables indicate how the study breaks down each of the primary variables of interest. For religion, respondents may identify as Catholic, Jewish, Protestant, Non-Christian ("NonChrist-") yet still religious, Orthodox, "Other", and None/Atheist/Agnostic, which will be treated as the base case. They may also report the frequency with which they attend religious services.

Meanwhile, the types of philanthropy in which respondents can report engagement are as follows: for charitable giving, respondents may include donations to religious ("Relig-") organizations, combo purpose (religion plus general charity) organizations, organizations for the needy, organizations devoted to improving health care, organizations focusing on education ("Edu-"), youth organizations, cultural ("Cult-") organizations, community ("Comm-") organizations, environmental ("Env-") organizations, organizations devoted to international peace ("IntPeace-), organizations helping the victims of the 2004 Asian tsunami, and "others";

¹ Until 1997, it was every year.

² All tables can be found in the Appendix.

for volunteering, they may include that which is for one's religion or church, youth programs, programs for seniors, health care, the needy, social change ("SocChange-"), or some "other" program.³

Model

To motivate the econometric model, I consider an extension of theoretical model of Bergstrom, Blume, & Varian (1986). Assume a private provision public goods model where agents value private consumption (x_i), public good consumption, and leisure (l_i). Further, there are two types of public goods; those provided through charitable donations (denoted by $G = (G_1, \dots, G_K)$ to account for K such goods) and those provided through volunteerism (denoted by $V = (V_1, \dots, V_J)$ to account for the J goods produced through volunteering). Individual i 's utility function is given by

$$U_i = u(x_i, G, l_i, V; y_i),$$

where u is strictly concave and increasing in all of its arguments. y_i represents a vector personal characteristics related to individual i . Thus, we assume that the functional form of U_i is completely determined by individual i 's personal characteristics.

For each monetary public good G_k , production is determined by simply summing over all of the agents contributions:

$$G_k \equiv \sum_{i=1}^I g_{i,k},$$

where $g_{i,k}$ is individual i 's contribution to G_k . The production technology for each temporal public good V_j is defined similarly:

$$V_j \equiv \sum_{i=1}^I v_{i,j},$$

³ Whenever a variable begins with "WRT-", it denotes a dummy variable corresponding to the variable to which the rest of its title refers. It will always equal 1 when the corresponding variable's value is positive and zero otherwise, except in the case or "WRTDonated," whose threshold is 25.

where $v_{i,j}$ is individual i 's contribution to V_j .

After a common transformation, we can finally define the utility maximization problem for individual i as

$$\max_{x_i, \{G_k\}, l_i, \{V_j\}} u(x_i, G, l_i, V; y_i)$$

subject to

$$\begin{aligned} x_i + \sum_{k=1}^K G_k &\leq \left(1 - l_i - \sum_{j=1}^J v_{i,j}\right) w_i + \sum_{k=1}^K G_{-i,k}, \\ l_i + \sum_{j=1}^J V_j &\leq 1 + \sum_{j=1}^J V_{-i,j}, \\ G_k &\geq G_{-i,k} \text{ for all } k, \\ V_j &\geq V_{-i,j} \text{ for all } j. \end{aligned}$$

where $G_{-i,k}$ and $V_{-i,j}$ represent the sum of the contributions to G_k and V_j by individuals other than i , e_i and w_i represent the endowment and outside wage option corresponding individual i , all prices are normalized to 1, and the time endowment for the individual has been normalized to 1. The first two inequalities are the individual's budget constraints with respect to money and time, respectively, while the last two inequalities encapsulate the notion that the individual is not allowed to contribute negative amount to any public good.

Denote by $g_{i,k}^*$ and $v_{i,j}^*$ the Nash Equilibrium solutions for $g_{i,k}$ and $v_{i,j}$ when ignoring the non-negativity constraints. Then clearly,

$$\begin{aligned} g_{i,k}^* &= g_{i,k}^*(y_i, w_i, G_{-i}, V_{-i}; e_i), \\ v_{i,j}^* &= v_{i,j}^*(y_i, w_i, G_{-i}, V_{-i}; e_i), \end{aligned}$$

where $G_{-i} \equiv \sum_{k=1}^K G_{-i,k}$ and $V_{-i} \equiv \sum_{j=1}^J V_{-i,j}$. Solutions for the individual contribution levels when we reinstate the non-negativity constraints are therefore given by

$$\begin{aligned} g_{i,k} &= \max\{0, g_{i,k}^*\}, \\ v_{i,j} &= \max\{0, v_{i,j}^*\}. \end{aligned}$$

There are two things to note at this point. The first is that if we treat $g_{i,k}^*$ and $v_{i,j}^*$ as latent variables, then $g_{i,k}$ and $v_{i,j}$ become obvious candidates for a Tobit analysis. This becomes more obvious if you rewrite the above contribution rules in the following way:

$$g_{i,k} = \begin{cases} g_{i,k}^* & \text{if } g_{i,k}^* \geq 0, \\ 0 & \text{if } g_{i,k}^* < 0. \end{cases}$$

$$v_{i,j} = \begin{cases} v_{i,j}^* & \text{if } v_{i,j}^* \geq 0, \\ 0 & \text{if } v_{i,j}^* < 0. \end{cases}$$

Any data collected on $g_{i,k}$ and $v_{i,j}$ directly is therefore likely to be left-censored at zero.

The second point to notice from the solution formulas is that the variables upon which $g_{i,k}^*$ and $v_{i,j}^*$ depend are not all included in the data for my sample. G_{-i} , V_{-i} , and e_i are more or less explicitly excluded⁴ from the data, while it is unclear whether all of the relevant variables of y_i have been chosen as regressors.

Suppose that the data generating process is incomplete, so that there exists some y_n which has not been included in the data for each individual. Denote the vector y_i with the n^{th} element missing as $y_{i,-n}$. Assuming additive separability of $g_{i,k}^*(\cdot)$ and $v_{i,j}^*(\cdot)$ with respect to the missing variables, we may rewrite $g_{i,k}^*$ and $v_{i,j}^*$ as functions of the included information plus an error term. Thus,

$$g_{i,k}^* = g'_{i,k}(y_{i,-n}, w_i) + \epsilon_{i,k}^g(G_{-i}, V_{-i}, e_i, y_{i,n}),$$

$$v_{i,j}^* = v'_{i,j}(y_{i,-n}, w_i) + \epsilon_{i,j}^v(G_{-i}, V_{-i}, e_i, y_{i,n}).$$

To proceed with the Tobit model, we must make a few more assumptions. First of all, since each philanthropic category contained in the PSID is large, I will assume that each individual's contribution has only a negligible effect on the total level of a given charity at equilibrium. As a result, I assume zero variation in G_{-i} and V_{-i} . Second, I assume that e_i has no effect on the distributions of the error terms $\epsilon_{i,k}^g$ and $\epsilon_{i,j}^v$. This is probably the most suspect assumption of the paper, but for the purpose of the paper it lets us ignore e_i . Third, I assume that $g'_{i,k}(\cdot)$ and $v'_{i,j}(\cdot)$ are both linear in their arguments. Without this, a linear regression of the latent variables would not be appropriate. Finally, I assume that $\epsilon_{i,k}^g(y_{i,n})$ and $\epsilon_{i,j}^v(y_{i,n})$ are normally distributed with means of zero. Mathematically, this is equivalent to assuming a correct data generating process with non-deterministic contribution amounts.

⁴ It is possible to find e_i in the data as a measure of aggregate wealth, but I have decided to exclude it for the time being.

Results

To obtain estimates of the effects of an individual's religiosity on their levels of volunteering, I use the procedure developed by Tobin (1958).

In the first series of regressions, I include variables for demography and religion as regressors. Demographic variables include age, a dummy for sex, a dummy for having a child in the household, the number of children in the household, dummies for marital status (married, widowed, divorced, and separated, with never married as the base group), dummies for employment status (working, temporary leave, retired, disabled, housekeeper, student, and "other employment", with unemployed as the base group), a dummy for being in good health, family income, a dummy for attending any college, and years of education. Religious variables include dummies for religious preference (Catholic, Jewish, Protestant, Non-Christian, Orthodox, and "other religion," with none/Atheist/Agnostic as the base group) and the frequency of attendance at religious services.

In the second series, I do the same thing as in the first, but replace the religion dummies with a single "religious" dummy.

In both series, I estimate the total amount of volunteering, amount of religious volunteering, and amount of non-religious volunteering as distinct dependent variables. The results are displayed in Tables 5-10.

Table 5 shows the results of a series 1 regression on an individual's total annual volunteer hours. The statistically significant variables leading to an increase in hours are being employed as a housekeeper, having attended college, years of education, and the frequency of attendance at religious services. The significant variables leading to a decrease in hours are being male, being Catholic, and being Protestant.

Table 6 shows the results of a series 1 regression on an individual's religious volunteer hours. The statistically significant variables leading to an increase in hours are years of education and the frequency of attendance at religious services, while the only significant variable leading to a decrease in hours is being male.

Table 7 shows the results of a series 1 regression on an individual's non-religious volunteer hours. The only statistically significant variable leading to an increase in hours is years of education, while the only significant variable leading to a decrease in hours is being male.

Table 8 shows the results of a series 2 regression on an individual's total volunteer hours. The statistically significant variables leading to an increase in hours are being employed as a housekeeper, having attended some college, years of education, and the frequency of attendance at religious services. The significant variables leading to a decrease in hours are being male and being religious.

Table 9 shows the results of a series 2 regression on an individual's religious volunteer hours. The statistically significant variables leading to an increase in hours are years of education and the frequency of attendance at religious services, while the only significant variable leading to a decrease in hours is being male.

Table 10 shows the results of a series 2 regression on an individual's non-religious volunteer hours. The only statistically significant variable leading to an increase in hours is years of education, while the only significant variable leading to a decrease in hours is being male.

Overall, there is not much to be said about the effects of religion of volunteerism. It appears that more frequent attendance at religious services generally leads to an increase in both total volunteering and religious volunteering. However, since in both series the coefficient on attendance frequency in the religious volunteering regression is approximately double the coefficient in the total volunteering regression, it appears that the majority in total volunteering gains from attendance at religious services is occurring through the increase in religious volunteering. This seems to be corroborated by the quite small and insignificant coefficients on religious attendance in the non-religious volunteering regressions. Nonetheless, the results do not indicate that the extra religious volunteering cuts into people's non-religious volunteering.

Despite the significance of attending religious services, there does not appear to be much of an effect from being religious or having a particular religious preference. It appears that what is vastly more important in increasing a person's proclivity to volunteering in both categories is whether that person is female or is educated.

Appendix

Table 1. Demographic Summary Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
AgeHD	3003	43.40526	17.13475	16	99
SexHD	3003	.3293373	.4700509	0	1
Married	3003	.011655	.1073453	0	1
WRTChild	3003	.3499833	.4770438	0	1
NumChild	3003	.6709957	1.124932	0	8
Working	3003	.6756577	.4682066	0	1
FamInc	3003	35304.8	105419	-1000	5500000
College	3003	.4299034	.4951445	0	1
GoodHealth	3003	.5351315	.4988473	0	1

Table 2. Summary Statistics on Religiosity

Variable	Obs	Mean	Std. Dev.	Min	Max
Religious	3003	.8624709	.3444625	0	1
Catholic	3003	.1448551	.3520133	0	1
Jewish	3003	.011322	.1058185	0	1
Protestant	3003	.6889777	.462989	0	1
NonChrist	3003	.009657	.0978107	0	1
Orthodox	3003	.001998	.0446618	0	1
OtherRelig	3003	.005661	.0750389	0	1
FreqReligA~n	3003	3.454212	8.400066	0	75

Table 3. Summary Statistics on Charitable Giving

Variable	Obs	Mean	Std. Dev.	Min	Max
WRTDonated	3003	.4818515	.4997537	0	1
TotalDon	3003	597.8238	2180.163	0	82700
WTRReligDon	3003	.3106893	.4628529	0	1
ReligDon	3003	346.6287	1522.615	0	65000
WRTNonReli~n	3003	.4378954	.4962107	0	1
NonReligDon	3003	251.1951	1054.754	0	34450
WRTComboDon	3003	.1754912	.38045	0	1
ComboDon	3003	63.7982	383.0658	0	10000
WRTNeedyDon	3003	.1871462	.3900938	0	1
NeedyDon	3003	67.08125	346.5504	0	7500
WRTHealthDon	3003	.1292041	.3354816	0	1
HealthDon	3003	27.17982	236.6205	0	8000
WRTEduDon	3003	.0845821	.2783051	0	1
EduDon	3003	31.82984	580.929	0	29000
WRTYouthDon	3003	.0695971	.2545091	0	1
YouthDon	3003	9.897769	98.43991	0	3500
WRTCultDon	3003	.042291	.2012859	0	1
CultDon	3003	9.40293	188.4722	0	10000
WRTCommDon	3003	.037296	.1895178	0	1
CommDon	3003	5.030969	58.67554	0	2400
WRTEnvDon	3003	.045621	.2086966	0	1
EnvDon	3003	6.545455	70.06342	0	2583
WRTIntPeac~n	3003	.026973	.1620316	0	1
IntPeaceDon	3003	5.578089	75.73921	0	2800
WRTOtherDon	3003	.0529471	.2239651	0	1
OtherDon	3003	10.34332	82.00931	0	2000
WRTTsunami~n	3003	.1688312	.3746651	0	1
TsunamiDon	3003	14.50749	80.2155	0	2000

Table 4. Summary Statistics on Volunteering

Variable	Obs	Mean	Std. Dev.	Min	Max
WRTVolunteer	3003	.2497502	.4329405	0	1
TotVolHrs	3003	71.99667	679.2034	0	31200
ReligVolHrs	3003	32.58275	631.8676	0	31200
NonReligVo~s	3003	39.41392	242.192	0	6570
YouthVolHrs	3003	14.87945	110.0001	0	2920
SeniorVolHrs	3003	3.578089	36.86345	0	780
HealthVolHrs	3003	3.731269	53.80374	0	2090
NeedyVolHrs	3003	5.871795	123.4823	0	5840
SocChangeV~s	3003	2.860806	36.78539	0	1170
OtherVolHrs	3003	8.492507	147.438	0	6570

References

Bergstrom, T., Blume, L., & Varian, H. (1986). On the Private Provision of Public Goods. *Journal of Public Economics*(29), 25-49.

Panel Study of Income Dynamics, public use dataset. Produced and distributed by the Institute for Social Research, Survey Research Center, University of Michigan, Ann Arbor, MI (2013).

Tobin, J. (1958). Estimation of Relationships for Limited Dependent Variables. *Econometrica*, 26(1), 24-36.