

Marquette University

**e-Publications@Marquette**

---

Economics Faculty Research and Publications

Economics, Department of

---

3-2012

## Subsidizing Religious Participation through Groups: A Model of the “Megachurch” Strategy for Growth

Joseph P. Daniels

*Marquette University*, [joseph.daniels@marquette.edu](mailto:joseph.daniels@marquette.edu)

Marc von der Ruhr

*St. Norbert College*

Follow this and additional works at: [https://epublications.marquette.edu/econ\\_fac](https://epublications.marquette.edu/econ_fac)



Part of the [Economics Commons](#)

---

### Recommended Citation

Daniels, Joseph P. and von der Ruhr, Marc, "Subsidizing Religious Participation through Groups: A Model of the “Megachurch” Strategy for Growth" (2012). *Economics Faculty Research and Publications*. 140.  
[https://epublications.marquette.edu/econ\\_fac/140](https://epublications.marquette.edu/econ_fac/140)

# Subsidizing Religious Participation through Groups: A Model of the “Megachurch” Strategy for Growth

Marc von der Ruhr

*St. Norbert College*

*De Pere, WI*

Joseph P. Daniels

*Department of Economics, Marquette University*

*Milwaukee, WI*

## Abstract

Either despite or because of their non-traditional approach, megachurches have grown significantly in the United States since 1980. This paper models religious participation as an imperfect public good which, absent intervention, yields suboptimal participation by members from the church's perspective. Megachurches address this problem in part by employing secular-based group activities to subsidize religious participation that then translates into an increase in the attendees' religious investment. This strategy not only allows megachurches to attract and retain new members when many traditional churches are losing members but also results in higher levels of an individual's religious capital. As a result, the megachurch may raise expectations of members' levels of commitment and faith practices. Data from the FACT2000 survey provide evidence that megachurches employ groups more extensively than other churches, and this approach is consistent with a strategy to use groups to help subsidize individuals' religious

investment. Religious capital rises among members of megachurches relative to members of non-megachurches as a result of this strategy.

## **Keywords**

Megachurches Religious investment Subsidy

## **Introduction**

The phenomenon known as “megachurches” (defined as Protestant churches having at least 2000 attendees per week) has garnered significant attention both in the popular media (see Cooper 2009; Shah 2008; Woodfill 2009, for example) and among academics (Thumma 1996; Thumma et al. 2005). Studies of megachurches suggest that the churches are significantly different from more established, traditional, denominational churches in some important ways (see Thumma 1996; Thumma and Travis 2007; Kraczkowski 1997 for detailed analysis). For example, some megachurches deliberately work to attract new attendees by requiring little or no early involvement or commitment from them; there is no pressure to participate, contribute money, or volunteer time. Many megachurches take the appearance more of a mall or college campus than a traditional church. They are large, open in architecture, and often do not display crosses or other religious symbols even though they are rooted in Christianity. Last, small groups linked to both secular and religious activities often play an important role in the church’s organization.

Though some conservative churches that maintain strict requirements for membership are growing, many moderate or liberal churches are experiencing declining memberships (Kosmin and Keysar 2006). Finke and Stark (1992) and Iannaccone (1992, 1994) suggest religions that require personal sacrifice and are rooted in doctrinal content will flourish while those that do not will atrophy. Despite their non-traditional approach, however, megachurches have recently experienced large and significant growth in the USA. Thumma et al. (2005) document their success between 2000 and 2005, noting that megachurches have done very well in not only recruiting new members but also retaining them. The success of megachurches in this light is therefore worthy of study.

The growth and apparent success of megachurches raises many interesting questions. Among these questions are, first, how can a church encourage increased participation to grow into a megachurch; and second, whether they succeed in increasing a member's religious capital? This paper primarily contributes to the literature by addressing the first question in the following two ways. It summarizes much of the key literature on megachurches emphasizing important characteristics that may explain their success in attracting and retaining members. Second, the paper focuses on megachurches' unique strategy to use small groups (which are often centered on secular activities) as a means of subsidizing the individual's participation at the megachurch.

Though not the focus of the paper, it also presents data analysis suggesting that the megachurch's strategy succeeds in increasing the individual's investment into their religious capital associated with the megachurch, thereby allowing the church to raise commitment expectations of its members.

To facilitate our analysis, we employ a model of utility maximization allowing for both private and spillover benefits from participating in religious activities. The model is developed in the following manner. An individual consumes both secular and religious goods. The secular good is considered a private good in which the individual receives all the benefits of its consumption (i.e., none of the benefit goes to a third party). The individual's consumption of the religious goods has a public goods nature to it in that its consumption affords the participant benefits as well as other participants benefits. The fact that others benefit suggests that some of the benefits "spill over" to third parties. With these spillovers, the individual's optimal level of participation is below that which the church finds optimal since the individual does not internalize the positive externality associated with going to church.

In turn, the church is motivated to provide a subsidy in order to increase participation. Providing small groups activities that package religious participation (which could be prayer before and/or after the activity or even networking within the religious group) within a secular activity (say an exercise group) is an important means of subsidizing participation in an effort to increase participation. The subsidy acts to reduce the full cost of attending the service. Hence, the model explains

megachurches' success (at least in part) as a function of its willingness to subsidize members' participation in religious activities through the use of groups that in turn increase the attendee's participation and religious capital. As a result, it may also allow the megachurch to increase its expectations of a person's commitment to the church as she goes from becoming a casual attendee to an actual member of the church.

The analysis last examines survey data from Faith Communities Today 2000 (FACT2000), allowing us to compare megachurches and non-megachurches on a number of survey questions related to the model's predictions. The data provide empirical support for the model's conclusions.

The remainder of the paper is organized as follows. Section "Megachurches and Religious Trends in the USA" provides an overview of trends in the US religious market as well as a general overview of the characteristics of megachurches. Section "Religious Consumption and Investment" presents our model to illustrate how megachurches might subsidize participation so as to successfully compete in the current religious market. Section "Empirical Analysis" examines the results of the FACT2000 survey and provides data on the use of group activities, the emotional attachment of participants, and the expected level of commitment. Section "Conclusion" provides a conclusion.

## **Megachurches and Religious Trends in the USA**

Thumma and Travis (2007) estimate that there are 1,250 megachurches in a market of 335,000 congregations and that approximately 100 new megachurches are established each year. The seeker-oriented megachurch (such as Saddleback in California and Willow Creek in Illinois) is often the one that comes to mind when megachurches are discussed. They have grown rapidly in the 1980s and 1990s and are focused on evangelizing to those who may seek God. They attempt to appeal to those individuals previously turned off by organized religion, trying to connect with people who have abandoned or have remained outside of a traditional faith. They downplay denominational affiliation and traditional religious services. Instead, they rely on a modern look (e.g., a mall or college campus), have music driven by drums and electric guitars, and frequently

employ media during a service. In order to better understand their success, we explore recent trends in the US market for religious affiliation and characterize key features of megachurches as they grow in this market.

## *Market Characteristics*

Churches active in the market for followers will not only compete with one another to gain members but also with secular activities. Iannaccone ([1992](#), [1994](#)) makes the case that strict churches are most likely to experience growth while more liberal denominations will decline. He argues that participating in a religion is like a club good in that the utility an individual derives from participating is a function of, among other things, the degree to which others also participate. The public good aspect, however, of such an activity can engender free riding. To minimize such behavior, a strict church employs strategies to only attract committed members and thereby minimize the free-riding problem. Consequently, strict churches will be successful while lax churches will atrophy.

Kosmin and Keysar ([2006](#)) study religious trends in the USA based on data gathered through their *American Religious Identification Survey*, conducted in 2001. They note that Americans are increasingly comfortable employing their rights as consumers of religion to switch between religions. In fact, they found that 33 million Americans (16% of the adult US population) had changed their religious affiliation. Their study finds a polarization with regard to the winners and losers in the market for religion. On one end of the spectrum, groups demanding significant commitment are growing while on the other end of the spectrum, many people are switching to "No Religion," thereby leaving religion altogether. While both extremes are finding favor with US adults, most low-commitment religions, or the middle, are not faring so well. These trends support the predictions of Iannaccone's ([1992](#), [1994](#)) theory of the success of strict churches. He categorizes the more mainline or liberal denominations as least distinctive or strict, which include Presbyterian, United Churches of Christ, and Methodist, whereas more distinctive or strict denominations include Born Again Fundamentalist, Pentacostal, and sects, such as Jehovah's Witness and Seventh Day Adventist. Table 1 illustrates Kosmin and Keysar's

findings regarding the growth or contraction across religious groups and shows that the relatively strict denominations are among the growing while the least distinctive are in decline.

**Table 1** Gains and losses by religious group

Religious group	Iannaccone <sup>a</sup> (1994)	Campbell <sup>b</sup> (2000)	Smith <sup>c</sup> (1990)	Change (%)
Evangelical/born again		S	F	42
Non-denominational			M	37
No religion				23
Pentacostal		S	F	16
Buddhist				12
Christian		S		11
Jehovah's Witness	F		F	11
Seventh Day Adventist	F	S	F	11
Muslim			F	8
Assemblies of God	F	S	F	7
Episcopalian/Anglican	L	M	M	5
Church of God		S	F	5
Mormon	F		F	0
Baptist	M/C	S	F	-1
Lutheran	M/C	S/M	M	-1
Presbyterian	L	M	M	-2
Churches of Christ	L	S	F	-2
Jewish			L	-4
Congregational/UCC	L		M	-6
Methodist	L	M	M	-7
Catholic	M		M	-9
Protestant				-14

Sources Iannaccone (1994), Campbell (2000), Smith (1990), and Kosmin and Keysar (2006)

<sup>a</sup> F fundamentalist, Pentacostal, and sects, C conservative and evangelical, M moderate mainline, L liberal mainline

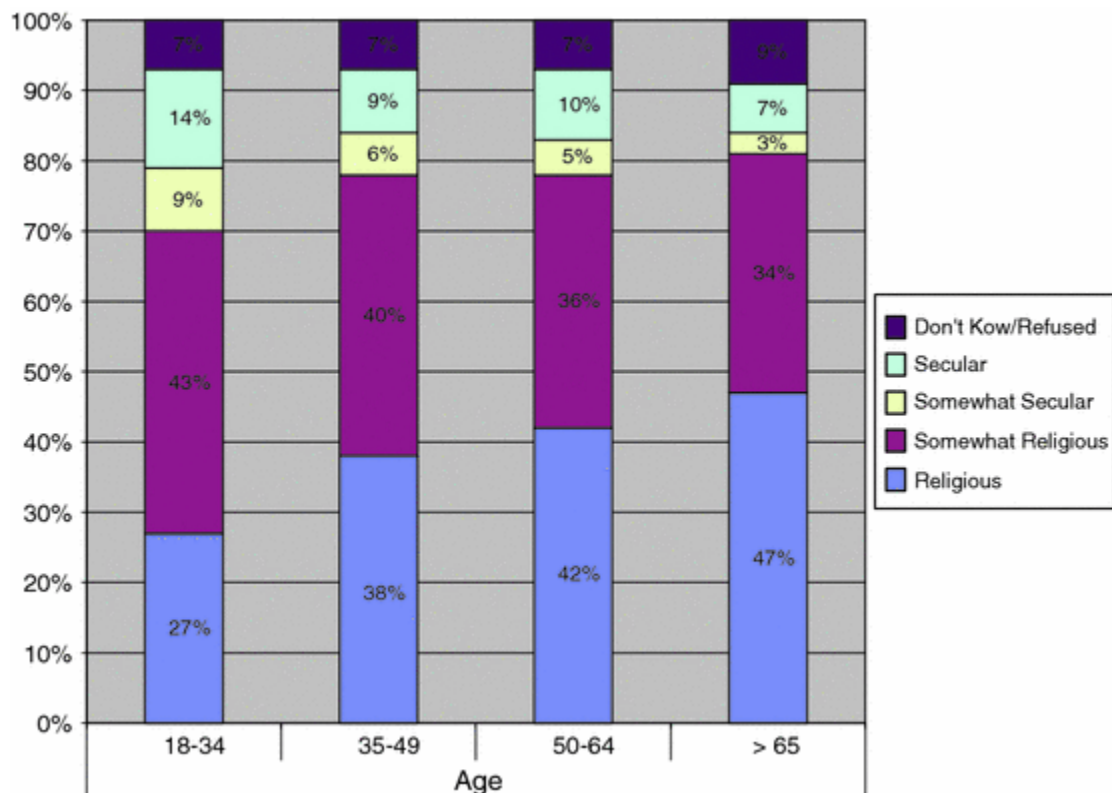
<sup>b</sup> S strict denominations, M mainline Protestant

<sup>c</sup> F fundamentalist, M moderate, L liberal

In the same study, Kosmin and Keysar note that there is a significant group of adults that identify with a church but do not affiliate. They find that 81% of American adults identify with a religious group, but just over one-half live in households where somebody is currently a member of a church. Further, of those that claim an affiliation, 30% have no tie to a congregation. With regard to a religious market, these findings suggest that many of the national population are "religious refugees," either affiliating with no religion or having weak ties to a church. Based on their previous affiliation, they have at least some form of religious capital (as in Iannaccone 1990)

and may serve as promising recruits to a church seeking to grow in numbers.

The distribution of those who characterize their religiosity across different age groups further shows that churches are more likely to have access to these religious refugees within younger age groups. Figure 1 summarizes self-reported religiosity across age groups.



**Fig. 1** Religiosity across age groups. *Source* Kosmin and Keysar (2006, p. 42)

Examining Fig. 1, we see that there is a larger market for somewhat secular and secular individuals among 18–35 and 35–49 year olds. Karnes et al. (2007) examine the spatial growth of megachurches and note that they not only target these age groups, but that these groups are associated with relatively high income earnings, impacting megachurches' ability to finance growth.

The religious marketplace has also changed in that churches previously were chosen first by their doctrine, and then by name and denomination. According to Kraczorowski (1997), churches are now



primarily chosen by function and form. Strategies for church growth that succeeded when doctrine trumped function and form may be outdated as churches increasingly reach out to religious refugees in order to grow. Among these new strategies, churches may invoke more secular culture into their religious message in order to attract new followers from the pool of religious refugees. It may be argued that churches are considering "pull" rather than "push" strategies. In other words, given increased secularization and willingness of individuals to part with the religious upbringing, churches need to compete in a market for followers, and they do so by "pulling" people in via efforts to personalize the spiritual quest rather than "push" via unquestioning adherence to dogma. To this end, Kaczorowski observes that the new church is not a dictator but rather is a servant of the people.

Miller (2002) considers competitive strategies of growth-oriented religious organizations that impact our examination of megachurches. Despite Iannaccone's strictness theory and the empirical support in favor of it, Miller raises a key issue that directly impacts the focus of this paper. Miller (p. 445) notes that the strictness theory "...may conflict with the dynamic goal of increasing total organizational resources through growth in the number of participants." He adds that accommodating distinct preferences can engender high commitment. With this in mind, we next consider characteristics of megachurches before introducing a model to illustrate megachurches' strategy.

### *The Megachurch Business Model*

Given the increased trend of religious switching, Thumma (1996) suggests that this is a particularly fertile period for seeker-oriented megachurches. The megachurch has an opportunity to employ a new strategy to expand its organization, specifically targeting the growing group of religious refugees.

In order to successfully draw in religious refugees, megachurches deliberately present themselves as distinct from traditional churches, signaling their new approach to a religious life. For example, they have a modern look and downplay the display of religious symbols. They accept new attendees without pressure to

participate, contribute money, or volunteer time. They provide group activities, many of which are anchored in secular activities, in an effort to help assimilate new members and deepen their affiliation with the church.

While the existence of small groups at church is not a new phenomenon, the megachurch strategy does represent a novel approach. Wuthnow (1994) presents a thorough study of groups at churches, placing an emphasis on self-help groups. His study acknowledges that groups can attract attendees to a church, but he questions whether this approach appeals to a narcissistic need for personal validation in the self-help groups or whether it fosters increased spirituality through deepened commitment and desire to live in conformity with God's will. Interestingly, at the time of Wuthnow's study, the majority of groups dealt with Sunday school, Bible study, and self-help groups. The minority were categorized as "special interest," which included discussions of current events, politics, and the pursuit of hobbies, which happen to be a large focus of this study. Miller (1999) comments on new paradigm churches which, like megachurches, break with many characteristics of traditional churches in an effort to be contemporary and attract new members. They also employ groups, often managed by lay members of the church. However, the use of groups may not be a sure fire way to grow a church. As Chaves (2004) points out, the strategy of offering many groups to appeal to many diverse interests may just become an aggregation of disjointed efforts to appeal to many attendees and not ultimately successfully reflect the congregation.

Our study of megachurches draws from all these insights (in particular Miller). However, it also extends the work of Wuthnow (1994) and Chaves (2004) to make the case that the unconventional techniques used by megachurches, including the use of small groups in many contexts, are no accident and do represent the congregation as a deliberate strategy to attract new attendees. They are the result of, in many cases, polling people to better understand what potential and actual members want and accommodating those needs in church programming. Some even employ church growth specialists (Thumma and Travis 2007). Putnam and Campbell (2010) go so far as to characterize American Evangelicals as innovative entrepreneurs in their efforts to grow their church.

Since the megachurch's strategy to grow is based on reaching out to religious refugees, it maintains a deliberate flexibility to respond to the perceived needs of potential members. Wuthnow (1994) points out that groups represent a good way to accommodate change as members' needs change and provide a church additional flexibility in adapting to social change. Thumma (1996) likewise notes that this approach can be seen not only in their institutional practices but also in their physical structures: both are designed to be flexible, anticipating adjustments that will allow for future growth.

One important manifestation of their flexibility is the use of small groups based in many popular secular interests (for example, a fitness group or sports team) as a way to engage new attendees. The idea being that, as new attendees participate in these church-sponsored activities, they add to their religious capital.

Operationally, the megachurch provides "seeker" services that allow new(er) attendees, often religious refugees, to visit the church's religious services without the expectation of participation. Over time newer attendees are invited to smaller group meetings, organized by themes that allow interaction with more devout members. These groups are often based on secular interests but offered through the church. The strategy also acts as a subsidy to individuals' participation by lowering the full cost of participation since the activity is based on something they would likely do outside of church. In a sense, they lower the opportunity cost of participating in a church-based activity. These groups become the conduit by which new attendees increasingly participate, thereby investing in their religious capital and deepening their association with the church. Later, there are "believer" services in which greater participation is expected as attendees transition from being visitors to the church to actual members of the church. This process is clearly a different approach than that taken by traditional churches seeking to minimize free riding by requiring significant commitments by members throughout their association with the church.

Naturally, the strategy involves risk. It may be the case that new attendees do free ride, enjoying the services without becoming participatory members. Were this predominantly the case, the megachurch would not grow. The evidence, at least at first glance,

suggests that the megachurch strategy is successful. Thumma et al. (2005) document trends of megachurch growth between 2000 and 2005 and find that the number of megachurches has nearly doubled in the last 5 years. Moreover, attendance at megachurches has grown while national trends in denominational affiliation have fallen. Consequently, megachurches are among the most successful churches today in attracting and retaining members, suggesting that they foster on-going commitment in their members (Thumma et al. 2005).

## **Religious Consumption and Investment**

Given the above discussion, we view a megachurch as a unique religious organization whose strategy is to capitalize on the increasingly competitive market for followers in a time of empowered religious consumers. Megachurches deliberately work to attract religious refugees offering numerous ways to encourage participation and additional religious investment through their various group-based activities related to religious and secular interests. These characteristics of megachurches provide our basis for examining their strategy and success. In particular, we consider what role small groups play at megachurches. Also, we question whether there are indicators suggesting that participation in these group activities results in increased investment in an attendee's religious capital.

### *A Simple Model of Optimal Religious Consumption*

We begin with the utility of the individual and focus on both the private and the non-private aspects of participating in religious activities, following Cornes and Sandler's (1996) model of an imperfect public good.<sup>1</sup> In our application of this model, individual  $j$  allocates their resource endowment (here, we consider the full resource endowments of money, time, effort, etc.) toward consuming two goods, a purely private and secular good,  $y$ , and the religious good,  $q$ . Purchases of good  $y$  at price  $P_y$  are converted directly into a private consumption good with no benefit accruing to another party. The individual's "purchases" of  $q$  represent the individual's expenditure of their resource endowment in order to consume the religious good. This expenditure of resources takes the form of participation, tithing, prayer, volunteering, reading the bible, networking with other church

members, and so on. When an individual commits to a unit of  $q$ , she produces two goods: a purely private religious good,  $x^j$ , and a non-private religious good  $z$ , which benefits both the individual and the other members of the church. Hence,  $z^j$ , has an externality (or spillover) that is assumed here to be positive.<sup>2</sup> The individual also benefits from the investment of other church members through this positive externality. To simplify the analysis, we assume that this effect is additive across all  $j$  individuals and denoted as  $\tilde{z}^j$ , where

$$\tilde{z}^j = \sum_{i, i \neq j}^J z^i \quad (1)$$

Individuals may also possess a stock of existing religious capital,  $q_0^j$ , acquired prior to the entry into the new church (thus,  $q_0^j$  represents the individual's stock of religious capital that existed at the end of the previous period). The portability of existing religious capital may play an important role in switching and the growth of megachurches, but this aspect is beyond the scope of this paper, and so it plays a secondary role in the current analysis.

Based on these assumptions, we model the utility function of the individual as:

$$U^j = U(y^j x^j z^j + \tilde{z}^j) \quad (2)$$

where

$$x^j = \alpha(\lambda q_0^j + q^j) \quad (3)$$

$$z^j = \beta(\lambda q_0^j + q^j) \quad (4)$$

$$\tilde{z}^j = \sum_{i, i \neq j}^J z^i = \sum_{i, i \neq j}^j \beta (\lambda q_0^j + q^j) \quad (5)$$

The parameters  $\alpha$  and  $\beta$  capture the rates that the existing stock of religious capital and new investment are transformed into the private and non-private religious goods, respectively. The parameter  $\lambda$  captures the portability of religious capital acquired at another institution or outside of the new church. In other words, it reflects the quality or match of the existing religious capital to the new church.<sup>3</sup>

The individual faces a resource constraint given by:

$$P_y y^j + C(q_0^j)q = I^j \quad (6)$$

where  $P_y$  is the price of good  $y$ ,  $C(q_0^j)$ , represents the cost of participation in the religious activity, with  $C'(q_0^j) < 0$  and  $C''(q_0^j) < 0$  (following Iannaccone 1990). Hence, as the stock of religious capital increases, it reduces the marginal cost of the next unit of religious participation, but with diminishing returns. We can see that the larger  $\lambda$  is, the more that past religious capital can be utilized at the megachurch, thereby reducing the marginal cost of the initial units of religious participation.  $I^j$  is the combination of money income and available time of the individual. For simplicity, we can refer to the right hand side of (6) as the resource endowment the individual has to apply toward the purchase of the secular good and participation in the religious activity.

The utility maximizing individual would optimally invest into  $\hat{q}^j$  units of the religious product up to the point where the marginal private benefit (marginal utility accruing to the individual herself) is equal to the marginal cost. This solution is denoted as<sup>4</sup>:

$$U_{\hat{q}}^j = C'(\hat{q}^j), \text{ or } U_{\hat{q}}^j - C'(\hat{q}^j) = 0 \quad (7)$$

From the church's perspective, the value of the individual's investment of  $\hat{q}^j$  should reflect the total marginal utility, which includes both the private benefit and the spillover benefit that other church members receive from the individual's investment. We denote this spillover as  $V_{qj}^i > 0$ . By definition this spillover is not internalized when the individual decides on the optimal level of participation. Thus, from the church's perspective, the optimal level of investment of individual  $j$ ,  $\tilde{q}^j$ , is therefore:

$$U_{\hat{q}}^j + V_{qj}^i - C'(\hat{q}^j) = 0 \quad (8)$$

Consequently, the church would desire a higher level of religious participation and investment than would the individual due to the external benefit of an individual's participation.

### *Subsidizing Participation*

The church could induce a higher level of participation by lowering the relative cost. This can be done by either lowering the cost, or subsidization, of  $q$  or increasing the cost of  $y$ . The latter could be accomplished by "penalizing" the individual for the consumption of the secular good  $y$  and is consistent with a strategy of "strictness" to minimizing free riding (Iannaccone 1992, 1994). However, subsidizing participation and investment would represent a more realistic strategy to attract religious refugees. Hence, we shift the focus from increasing the price of the secular good to the church reducing the cost by subsidizing additional participation.

As mentioned in section "Megachurches and Religious Trends in the USA," megachurches encourage participation by employing what otherwise would be a secular activity as the theme for a church-based group. Thus, in the context of our model, they accomplish two important outcomes. First, they lower the cost of participation by housing a religious activity in what would otherwise be a non-religious activity (e.g., a running group organized by members of a church that enjoy exercise). This serves as an immediate and direct way to increase participation.

Second, by accepting participation in a secular activity and bundling it within overall religious participation, as opposed to viewing secular activities as competing activities, they create a complementary relationship between secular interests and church group activities. The impact this has on the individual's private benefit and consequently her optimal decision making can be illustrated in our model as follows. To focus attention on this outcome, we simplify the analysis and omit the spillover effects mentioned previously by assuming that  $z^j$  and  $\tilde{z}$  both equal zero.

We define the individual's utility as a function of the consumption of the secular good and the religious good:

$$U^j = U(y^j, q^j), \quad (9)$$

with utility maximized subject to the constraint given in Eq. 6. This constrained maximization allows us to calculate comparative statics with regard to the exogenous variables. Of interest to us is the response of the optimal investment in the religious good to a change in the endowment of resources,

$$\frac{\partial q^*}{\partial I} = \frac{(-C(q_0^j)u_{yy}) + (P_y u_{qy})}{|H|} \quad (10)$$

Note that  $u_{yy}$  is the second-order partial derivative of utility with respect to the private good ( $y$ ) and is negative by assumption. Similarly,  $u_{qy}$  is the cross-partial derivative of utility with respect to the religious and secular good. Its sign is either positive or negative, depending on the complementarity or substitutability of the private and religious good. Since, as mentioned above, many of the group activities provided by the megachurches are housed in a secular activity, we maintain that the megachurch has made the two goods complements in consumption (in contrast to many traditional churches that view them as substitutes). Finally, the denominator is positive by the second-order condition. As a result, the comparative static carries a positive sign. This is important for the megachurch in that, by making the religious and secular goods complements as opposed to



substitutes as "strict" churches do, they create the opportunity for attendees to increase their participation as their resource endowment grows. This outcome is compromised for churches that view religious and secular activities as substitutes.

In the context of our model, this strategy has a secondary effect insofar as increased participation in the religious activity in this period results in a higher level of religious capital next period. We assume that the cost of religious participation falls (at a decreasing rate) as the stock of religious capital rises (i.e.,  $C'(q_{0i}) < 0$  and  $C''(q_{0i}) < 0$ ). Consequently, the future cost of religious participation will decrease with current participation, thereby encouraging additional religious participation in the future.

The emphasis on small groups united by a common interest (often, on its own a secular interest) is one way to accommodate distinct preferences and subsidizing a member's investment in the church. Thumma and Travis (2007) state that Americans want choices, and the act of choosing creates commitment. The options provided by different groups at the megachurch allow members to interact with the church and its members on their own terms. This allows members to increase their participation, commitment, and religious capital through a process whereby the megachurch shares in or subsidizes the investment via interest-specific groups. This then helps to reduce the cost of engaging in the religious activities for the member in the future.

## Empirical Analysis

Our portrayal of a typical megachurch strategy lends itself to two specific hypotheses. First, in an effort to subsidize participation, megachurches employ groups more than non-megachurches. Second, if indeed, megachurches employ groups more than non-megachurches, then individuals invest more in their religious capital when they are members of a megachurch than a non-megachurch. The available data allow the first of these hypotheses to be credibly and explicitly tested. The second hypothesis requires a more implicit or nuanced approach that informs our discussion but less decidedly than for the first hypothesis. More importantly, it motivates the need for additional data

to carefully study megachurches as well as characteristics of the faith of their members.

Given the fact that megachurches have only recently garnered significant attention among academics, empirical researchers have been hindered by an absence of data. However, work was recently done to gather data on megachurches through the Faith Communities Today 2000 (FACT2000) survey. The data are available through the Association of Religion Data archives, [www.TheArda.com](http://www.TheArda.com), and were collected by Roozen (2000).<sup>5</sup>

Since the FACT2000 survey plays an important role in our analysis, we briefly describe the survey before we evaluate the empirical results. The FACT2000 survey is the largest survey of congregations in the USA. It also allows for the first systematic study of megachurches. FACT2000 allows researchers to investigate a variety of congregational characteristics including their growth patterns, programming efforts, and congregational life. It measures 280 variables, and the responses represent 41 denominations and faith groups (approximately 90% of all US congregations and faiths). Bird (2007) notes that the survey averaged over a 50% return rate, resulting in approximately 14,000 returned surveys. The survey was completed by a "key informant". Each institution was free to choose who this person would be but was in almost all cases the senior religious figure, or in their absence, the senior lay leader.

Our data analysis consists of comparing the responses of megachurches to non-megachurches on a number of issues related to our hypotheses. To conduct the analysis, we first separate megachurches from non-megachurches. We apply the definition of megachurches being Protestant churches with weekly attendance of 2000 or more. FACT2000 classifies denominations as belonging to one of the following categories: Liberal Protestant, Moderate Protestant, Evangelical Protestant, Historic Black, Catholic and Orthodox, or other. Our megachurch subset thus includes liberal, moderate, and evangelical Protestant congregations with 2000 or more attendees. The non-megachurch sample includes Catholic and Orthodox, Historic Black churches, and "other".<sup>6</sup> Of these returns, the survey received 120 usable responses from megachurches and 13,259 usable responses from non-megachurches.

Our first hypothesis states that megachurches employ groups more than non-megachurches. We conduct a difference of means test between megachurches and non-megachurches offering a variety of different groups.<sup>7</sup> We examine groups engaged in the following activities: bible study, theological study, prayer/meditation, spiritual retreats, community service, parenting or marriage enrichment, choir, performing arts, book discussion, self-help, fitness activities, sports teams, youth groups, and young adult programs. The survey responses are categorized into whether the church offers a group in that category or not. Results showing the percent that do offer a given type of group are provided in Table 2.

**Table 2.** Megachurches compared to non-megachurches for groups

Type of group	Megachurch (%)	Non-megachurch (%)	p-Value
Bible/Scripture study	58.00	62.00	0.040
Theological study	86.00	43.00	0.000
Prayer/meditation	93.00	56.00	0.000
Spiritual retreats	89.00	35.00	0.000
Community service	89.00	66.00	0.000
Parenting/marriage enrichment	88.00	29.00	0.000
Choir	90.00	58.00	0.000
Performing arts	90.00	45.00	0.000
Book discussion	71.00	30.00	0.000
Self-help	88.00	30.00	0.000
Fitness activities	77.00	18.00	0.000
Sports teams	83.00	26.00	0.000
Youth groups	91.00	68.00	0.000
Young adult activities	88.00	35.00	0.000

The results indicate that, aside for Bible/Scripture study groups, megachurches do employ groups more than non-megachurches. In all cases, the difference is statistically significant and in many cases, the absolute difference is also rather striking. With regard to the Bible/Scripture study groups, we see only a 4% difference. This result may be explained by the fact that, as noted earlier, megachurches employ groups more related to secular activities to bring seekers to the church. Thus, the significantly larger number of groups focused on (for example) parenting and marriage enrichment, fitness, and sports activities substitute in part for a more traditional church group.

In fact, the results illustrate the greatest disparity between megachurches and non-megachurches are those groups related to

secular activities. The top four largest differentials (parenting/marriage enrichment, fitness, self-help, and sports teams, all showing nearly a 60% difference) are all related to non-directly religious activities. Further, aside from Bible/Scripture study, the proportion of megachurches that offer both religious- and secular-based groups is much larger than the proportion of non-megachurches that do.

Though Warren (1995) clearly argues that groups were employed to draw religious refugees to the church and grow the church, an argument can be made that these groups are a function of a supply side effect suggesting a larger church can offer more groups than a small church, and that these differences are not an outgrowth of a deliberate strategy. To investigate this, we would ideally like to consider the number of groups that this sample of megachurches offered at times when they had fewer attendees (i.e., they were not yet megachurches). Unfortunately, that is not possible.

As a second best, we consider which of the smaller churches may be aspiring to become megachurches. To do so, we examine whether, in our sample, the established megachurches were liberal, moderate, or evangelical. Our sample was comprised of 11 liberal, 5 moderate, and 104 evangelical megachurches. Given that 87% of our megachurches are evangelical in our sample, we assume for the sole purpose of investigating the supply side argument that the smaller evangelical churches in our sample are using groups to grow their church. Therefore, to test the supply side theory, we compare evangelical churches to non-evangelical churches in four market sizes. We define the "mini-market" as churches with a weekly attendance of 200 or fewer; "small market" as churches with attendance greater than 200 and up to and including 500; "medium market" as churches with attendance greater than 500 and up to and including 1,000; and "large market" as churches with attendance greater than 1,000 and up to and 2,000. Table 3 shows the proportion of evangelical churches and non-evangelical churches that offer various groups across these market sizes. The percentages in bold indicate whether an evangelical or non-evangelical church had a statistically significantly larger proportion of churches that offered that group.

**Table 3.** Evangelical churches compared to non-evangelical churches for groups

Group	Mini market			Small market			Medium market			Large market		
	Attendance ≤ 200			200 < attendance ≤ 500			500 < attendance ≤ 1000			1000 < attendance < 2000		
	Evangelical	Non-Evangelical	p-Value	Evangelical	Non-Evangelical	p-Value	Evangelical	Non-Evangelical	p-Value	Evangelical	Non-Evangelical	p-Value
Scripture	89.2	86.1	0.000	97.1	85.3	0.000	97.8	88.9	0.000	99.1	88.9	0.001
Theological	62.1	51.0	0.000	78.9	50.7	0.000	73.0	52.7	0.000	71.2	52.7	0.000
Prayer	83.9	70.1	0.000	93.2	69.7	0.000	97.8	73.7	0.000	99.1	73.7	0.000
Retreats	39.3	37.7	0.133	71.8	38.8	0.000	82.9	37.7	0.000	83.0	37.7	0.000
Community service	69.2	87.3	0.000	81.6	88.2	0.000	89.9	87.7	0.194	91.1	87.7	0.284
Choir	55.7	82.9	0.000	83.2	84.7	0.195	94.2	84.0	0.000	99.1	84.0	0.000
Parenting/family	32.3	31.2	0.133	73.3	32.2	0.000	84.5	30.6	0.000	95.0	30.6	0.000
Other arts	49.2	58.5	0.000	77.1	59.9	0.000	93.3	58.4	0.000	89.3	58.4	0.000
Book	20.5	40.1	0.000	40.2	40.6	0.781	38.5	41.8	0.193	53.1	41.8	0.016
Self help	31.5	38.3	0.000	60.4	38.4	0.000	75.6	39.8	0.000	92.9	39.8	0.000
Fitness	20.0	22.3	0.009	50.8	22.7	0.000	76.4	22.0	0.000	84.8	22.1	0.000
Sports teams	21.2	27.0	0.000	64.9	28.8	0.000	77.8	24.2	0.000	83.9	24.3	0.000
Youth groups	83.2	83.4	0.801	98.1	84.6	0.000	100.0	83.8	0.000	99.1	83.8	0.000
Singles groups	39.3	38.6	0.224	78.0	39.8	0.000	93.1	37.8	0.000	99.1	37.8	0.000

When we compare the proportions of evangelical to non-evangelical churches offering these groups, the turning point comes at the small market. Once the church experiences attendance rates between 200 and 500 weekly attendees, the evangelical churches have clearly established the use of small groups—in particular groups based in secular activities—as a priority. Thus, it seems as though the supply side argument is viable when comparing churches with 200 or fewer attendees to larger churches but is not relevant to comparing megachurches to the churches with greater than 200 attendees.

As a matter of interest, we consider the sample of our megachurches that are evangelical and consider the use of groups by this subsample. Table 4 provides these results, extending the analysis of Table 3.

**Table 4.** Evangelical megachurches compared to non-evangelical megachurches for groups

Group	Megachurch		
	Attendance ≥ 2000		
	Evangelical	Non-evangelical	p-Value
Scripture	100.0	91.7	0.030
Theological	95.0	66.6	0.000
Prayer	100.0	87.2	0.000
Retreats	99.0	50.4	0.000

Group	Megachurch		
	Attendance ≥ 2000		
	Evangelical	Non-evangelical	p-Value
Community service	93.0	73.8	0.000
Choir	89.9	65.2	0.000
Parenting/family	98.0	46.2	0.000
Other arts	89.1	59.2	0.000
Book	64.0	26.7	0.000
Self-help	96.0	42.2	0.000
Fitness	82.2	32.1	0.000
Sports teams	97.0	36.0	0.000
Youth groups	100.0	87.9	0.000
Singles groups	98.0	53.2	0.000

The results support our previous conclusions and in fact strengthen the results of our previous analysis, when we compare the evangelical megachurches to non-evangelical megachurches.

Our next hypothesis states that, as a result of these groups, individuals attending a megachurch participate more in church group activities and as a result invest more heavily in their religious capital than a members of a non-megachurch. Naturally, measuring a person's religious investment and their resulting religious capital is a difficult endeavor. Further, the FACT2000 survey has no direct measures of such variables.<sup>8</sup> As a result, we cautiously approach how we can evaluate the data, following Warren's (2007) approach.

Increased investment in religious capital may be reflected in a congregation's expectations of individuals' behavior in their home and personal practices (i.e., practices outside of church services) as well as perceptions of the strictness of the church. The idea being that if the church has successfully engaged the attendee (here, through small groups) and the attendee is participating in church activities, she is investing in her religious capital. Our model assumes that as religious capital rises, the perceived marginal cost of additional participation falls. As a result, the church can hold higher expectations of the attendee. Table 5 provides data on four items regarding the church's emphasis on personal prayer and other spiritual practices, family devotions, fasting, and abstaining from pre-marital sex. The scores range from 1, associated with "Not at all," to 5, associated with "A great deal."

**Table 5.** Megachurches compared to non-megachurches for emphasis on expected practices

Practice	Megachurch	Non-megachurch	p-Value
Personal prayer, Scripture study, etc.	4.65	4.14	0.000
Family devotions	3.96	3.44	0.000
Fasting	2.90	2.35	0.000
Abstaining from pre-marital sex	4.00	3.19	0.000

The results suggest that megachurches do have statistically significantly higher expectations of home and personal practices in each of these categories. Accommodating these expectations may indicate that individuals are investing in their religious capital.

For the sake of complete and consistent analysis, we also conduct a comparison of means test between evangelical and non-evangelical megachurches. Table 6 provides the results.

**Table 6.** Evangelical versus non-evangelical megachurches for emphasis on expected practices

Practice	Evangelical megachurch	Non-evangelical megachurches	p-Value
Personal prayer, Scripture study, etc.	4.82	4.57	0.000
Family devotions	4.03	3.79	0.170
Fasting	3.05	2.40	0.000
Abstaining from pre-marital sex	4.22	4.10	0.242

In this case, the previous results are generally supported, though the difference with regard to pre-marital sex is statistically insignificant.

Finally, if we consider the outcome of increased religious investment to include an increased emotional engagement in their beliefs, there is another set of survey responses that deserves attention. The survey inquired how well a series of questions described the congregation. The questions dealt with the congregation's spiritual vitality, its ability to help members deepen their relationship with God, whether the members are excited about the future of the congregation, whether the congregation welcomes innovation and change, and whether the congregation has a clear sense of mission and purpose. Scores are presented in Table 7 and range from 1, for "Not at all" to 5, for "Very well".

**Table 7.** Level of emotional agreement for attendees of megachurches and non-megachurches

Statement about congregation	Megachurch	Non-megachurch	p-Value
Spiritually vital	4.37	3.86	0.000
Helps members deepen relationship with God	4.31	3.89	0.000
Reflects excitement about future	4.50	3.90	0.000
Welcomes innovation and change	4.15	3.41	0.000
Clear sense of mission and purpose	4.40	3.62	0.000

Across all dimensions, the data indicate that the members of the megachurch have a statistically significantly higher emotional attachment to their church than members of non-megachurches. Again, this may indicate a higher level of religious investment.

We repeat the analysis comparing the evangelical to non-evangelical megachurches. Table 8 provides the results that suggest that the evangelical megachurches demonstrate increased emotional engagement than non-evangelical megachurches.

**Table 8.** Level of emotional agreement for attendees of evangelical versus non-evangelical megachurches

Statement about congregation	Evangelical megachurch	Non-evangelical non-megachurch	p-Value
Spiritually vital	4.43	3.82	0.000
Helps members deepen relationship with God	4.28	3.96	0.000
Reflects excitement about future	4.05	3.44	0.000
Welcomes innovation and change	4.61	3.97	0.000
Clear sense of mission and purpose	4.38	3.77	0.000

Finally, the questionnaire also asks which of the following statements best describes the congregation. The choices are:

- Our congregation has only implicit/vague expectations for members that are seldom, if ever, enforced (coded 1).
- Our congregation has fairly clear expectations for members, but the enforcement of these expectations is not very strict (coded 2).
- Our congregation has explicit/definite expectations for members that are strictly enforced (coded 3).

The mean for the megachurch is 1.97 vs. 1.78 for the non-megachurch ( $p$ -value of 0.014). Thus again, we see that megachurches do expect



more of their members than non-megachurches. The difference is statistically insignificant (4.22 vs. 4.10) for the evangelical to non-evangelical megachurch comparison.

Taken together, the FACT2000 data suggest that megachurches employ groups to a greater degree than non-megachurches and that, in turn, encourages additional investment in religious capital. This manifests itself in increased expectations of personal practices and emotional investment in the megachurch compared to the non-megachurch.

## Conclusion

Megachurches have generated attention both in the popular media and among academics from various disciplines. Studies suggest that these churches are significantly different from more established, traditional, denominational churches. Their success seems to contradict a significant amount of prior literature that emphasizes strictness as a strategy for success, suggesting that megachurches employ a novel approach for church growth. This paper provides an economic model of utility maximization, allowing for both private and spillover benefits from participating in religious activities, to explain the success of megachurches to attract and retain members. The model focuses on megachurches' ability to subsidize individuals' investment in religious capital by providing a variety of groups to the individual thereby increasing participation. In turn, megachurches may expect individual attachment to the organization to rise and then place greater expectations on the individual's participation.

Data from the FACT2000 survey support these hypotheses. Responses from the survey indicate that megachurches employ groups more than non-megachurches, that megachurches achieve higher participation than non-megachurches, and that the emotional commitment among megachurch members exceeds that of non-megachurch members. This leads us to repudiate the claim that megachurches represent a "low-commitment" form of religion. Instead, we conclude that megachurches employ a strategy of offering participation in groups that combine secular and non-secular activities. This strategy transforms secular activities and religious participation into complementary goods as opposed to substitutes. This, in turn,

increases the individual's optimal level of investment in religion and therefore the desired level of participation. As a result, individuals display a higher level of satisfaction and stronger emotional commitment to the church, thereby allowing for the church to raise expectations of individual faith practices.

## Footnotes

<sup>1</sup>We thank an anonymous referee for pointing out that the analysis of our paper is consistent with the literature on club theory. The interested reader is directed to Sandler and Tschirhart (1980) for an excellent review of club theory.

<sup>2</sup>Wuthnow (1994) identifies many channels through which group activities benefits other members, for example receiving encouragement from other members, hearing other members' views, having discussion partners, etc. Putnam and Campbell (2010) go further commenting on the fact that belonging to a religious social network is a more important factor than religiosity in being a "good neighbor," further extending the nature of the positive externality.

<sup>3</sup>This parameter need not be the same across goods or individuals as is assumed here for simplicity. Note that the individual is not only concerned with the match of their existing religious capital with the new church, but also with the quality or match of other individuals' religious capital. Hence, the individual might want a certain "type" of individual to join the church. Again, these considerations are beyond the scope of this paper but present a possibly interesting avenue of additional research.

<sup>4</sup>For a complete solution of a model of impure public goods and the related comparative statics, the reader is referred to Cornes and Sandler (1996, pp. 290–299).

<sup>5</sup>We are indebted to Warren Bird whose 2007 Ph.D. thesis made us aware of the data set and who also applied similar tests to some of these questions. Our results support and extend his results.

<sup>6</sup>While it may be argued that Historic Black churches may be treated as Protestant, and thus potentially be included in our megachurch sub-sample, we follow Coreno (2002) and Welch et al. (2004), who argue for a separate classification for Black Protestant denominations because of the unique historic experience of black denominations.

<sup>2</sup>While it would be preferable to illustrate more details regarding the number of groups relative to the size of the church, the specific phrasing of the survey questions does not allow more detailed analysis than a difference of means test.

<sup>8</sup>A survey such as the US Congregational Life survey does cover attendance at services. It, however, does not allow us to distinguish whether the person surveyed attended a megachurch or not. Though the FACT2000 survey was completed by a "key informant," we argue that any bias this may introduce will be common across responders, thus still allowing reasonable statistical comparisons across churches.

## References

- Bird, Warren. 2007. Megachurches as spectator religion: Using social network theory and free-rider theory to understand the spiritual vitality of America's largest-attendance churches. Ph.D. thesis, Fordham University.
- Campbell, David E. 2000. Acts of faith. Harvard University Department of Government Working Paper, December 2000.
- Chaves, Mark. 2004. *Congregations in America*. Cambridge: Harvard University Press.
- Cooper, Clint. 2009. Alternative churches serve those who don't want church as usual. *Chattanooga Times*, August 2.
- Coreno, Thaddeus. 2002. Fundamentalism as a class culture. *Sociology of Religion* 63(3): 335–360.[CrossRef](#)
- Cornes, Richard, and Todd Sandler. 1996. *The theory of externalities, public goods, and club goods*, 2nd ed. New York: Cambridge University Press.
- Finke, Roger, and Rodney Stark. 1992. *The churching of America 1776–1990*. New Brunswick: Rutgers University Press.
- Iannaccone, Laurence. 1990. Religious practice: A human capital approach. *Journal for the Scientific Study of Religion* 29(3): 297–314.[CrossRef](#)
- Iannaccone, Laurence. 1992. Sacrifice and stigma: Reducing free riding in cults, communes, and other collectives. *The Journal of Political Economy* 100(2): 271–291.[CrossRef](#)
- Iannaccone, Laurence. 1994. Why strict churches are strong. *American Journal of Sociology* 99(5): 1180–1211.[CrossRef](#)
- Karnes, Kimberly, Wayne McIntosh, Irwin L. Morris, and Shanna Pearson-Merkowitz. 2007. Mighty fortress: Explaining the spatial distribution of American megachurches. *Journal for the Scientific Study of Religion* 46(2): 261–268.[CrossRef](#)

- Kosmin, Barry A., and Ariela Keysar. 2006. *Religion in a free market: Religious and non-religious Americans—who, what, why, and where*. Ithaca: Paramount Books.
- Kraczorowski, Laura M. 1997. Willow Creek: Conversion without commitment. Unpublished document. Distinguished Majors Honor Thesis Paper, University of Virginia, Department of Sociology. <http://religiousmovements.lib.virginia.edu/nrms/superch.html>.
- Miller, Kent. 2002. Competitive strategies of religious organization. *Strategic Management Journal* 23(5): 435–456.[CrossRef](#)
- Miller, Donald E. 1999. The reinvented church: Styles and strategies. *Christian Century*, December 22–29: 1250–1253.
- Putnam, Robert D., and David E. Campbell. 2010. *America grace: How religion divides and unites us*. New York: Simon and Schuster.
- Roozen, David. 2000. Faith communities today. Available from the Association of Religion Data Archives, [www.TheArda.com](http://www.TheArda.com).
- Sandler, Todd, and John T. Tschirhart. 1980. An economic theory of clubs: An evaluative survey. *Journal of Economic Literature* XVIII: 1481–1521.
- Shah, Angela. 2008. Megachurches count on software to help track members. *The Dallas Morning News*, August 2.
- Smith, Tom W. 1990. Classifying protestant denominations. *Review of Religious Research* 31: 225–245.[CrossRef](#)
- Thumma, Scott. 1996. *Exploring the megachurch phenomena: Their characteristics and cultural context*. Excerpt from Ph.D. dissertation, Emory University. [http://hrr.hartsem.edu/bookshelf/thumma\\_article2.html](http://hrr.hartsem.edu/bookshelf/thumma_article2.html).
- Thumma, Scott, Dave Travis, and Warren Bird. 2005. Megachurches today 2005. [http://hrr.hartsem.edu/org/faith\\_megachurches\\_research.html#research](http://hrr.hartsem.edu/org/faith_megachurches_research.html#research).
- Thumma, Scott, and Dave Travis. 2007. *Beyond megachurch myths: What can be learned from America's largest churches*. San Francisco: Jossey-Bass.
- Warren, Rick. 1995. *The purpose driven church*. Grand Rapids: Zondervan.
- Welch, Michael R., David Sikkink, Eric Sartain, and Carolyn Bond. 2004. Trust in God and trust in man: The ambivalent role of religion in shaping dimensions of social trust. *Journal for the Scientific Study of Religion* 43(3): 317–344.[CrossRef](#)
- Woodfill, David. 2009. Church planning huge expansion in E.V. *The (Mesa, AZ) Tribune*, May 3.
- Wuthnow, Robert. 1994. *Sharing the journey*. New York: The Free Press.