

Investigating the Impact of Religion on Economic Mobility: A Comparative Study of Hindu and Muslim

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ABSTRACT

Religion often influences entrepreneurial trajectories and one's economic status. This study investigates the effect of religion on intergenerational economic mobility among shop owners. It examines three aspects of mobility: educational attainment mobility, occupational level mobility, and asset ownership mobility. A cross-sectional quantitative survey was conducted with 98 shop owners in Lucknow, India, both Hindu and Muslim entrepreneurs. The study used grouped charts and independent t-tests, with Levene's test for variance, to analyze the effects of religion on economic, educational, occupational, and asset mobility among Hindus and Muslims. For both religions, two generations were interviewed. The findings revealed that Muslim shop owners demonstrate higher overall economic mobility compared to their Hindu counterparts, primarily as a result of advantages experienced in asset accumulation. Educational and occupational mobility remain consistent across both groups. Further analysis indicates that while first-generation Hindu entrepreneurs initially exhibit stronger occupational and asset profiles, these differences diminish and converge with Muslims by the second generation. The asset advantage among Muslim entrepreneurs can be said to be a byproduct of the modernization of informal finance networks and greater market participation, whereas norms surrounding familial succession cause offspring to choose the same career paths as their parents. Equitable access to education within these entrepreneurial families contributes to uniform educational levels independent of religious affiliation.

Keywords: Economic mobility, Religion, Business outcomes, Entrepreneurship, Intergeneration

1. Introduction

1.1 General Background

Religion influences entrepreneurial and economic motivations, financial behaviour, and

economic mobility. Transcending various socio-economic contexts, religious values are central to shaping ethical norms and steering financial practices. For instance, Hidayat (2020) analyses the role of Islamic entrepreneurial values in Indonesia, finding that principles such as honesty, perseverance, and leadership enrich success among small and medium-sized enterprises in the halal industry. Leadership is a crucial factor contributing to success, suggesting that religious teachings foster entrepreneurship and reinforce the values of organizations. However, when applied in various cultural situations, these principles conflict with systemic hurdles and adversities. The assessment of economic success in India is made tougher by the combination of religion and the caste system's enduring existence. According to Audretsch et al. (2007), religion has an impact on entrepreneurial behavior; while Hinduism, with its emphasis on the caste (varna) system, provides notable impediments, Islamic and Christian beliefs yield a stronger likelihood to exhibit entrepreneurial behavior. Despite being outlawed and repeatedly denounced, this system exists in both overt and covert forms, limiting economic participation and strengthening structural inequality. Research indicates that these socio-religious identities create inequalities that restrict upward mobility by limiting access to networks, markets, and loans (Audretsch et al., 2007).

Although Islamic teachings emphasize entrepreneurship and strong ethical conduct, challenges in the formal economic sector impede economic growth. Discriminatory behaviour arising as a result of their religious affiliation, such as exclusion from mainstream markets and barriers in accessing government schemes, prevents Muslims from experiencing higher economic growth (Ali & Alam, 2025). To comprehend the aforementioned dynamics, the examination of Muslim identity is crucial. In addition, the challenges such communities face are deepened in regions like Lucknow, where socio-economic diversity clarifies the interplay between tradition and modernity. Muslim businesses more often than not function within close-knit networks-deeply rooted in historical practices, which, despite providing support and economic assistance, force many to seek alternative employment (Akhtar et al., 2001; Abbas, 2012).

Thus, religion plays a notable role in determining economic mobility. Economic mobility, defined as the ability to transition between socio-economic strata-whether upwards or downwards, is a critical indicator of a society's inclusivity and equity (Chetty et al., 2014). Intergenerational mobility, another important aspect, reflects the extent to which children's socio-economic outcomes are independent of their parents' socio-economic position (Corak, 2013). It sheds light upon the effect of systemic and institutional factors such as education, access to resources, and biases that may or may not be perceived.

1.2 Literature Review

To analyse the impact of religion on intergenerational mobility, various studies have been

conducted in the past years. Azam's (2015) research on intragenerational mobility provides a comprehensive view of mobility trends across rural and urban India. His study highlights significant gaps in economic mobility among Muslims compared to other groups, with institutional barriers and socio-religious factors playing a dominant role in leading to poorer business performance across the board. With Muslim men being the least mobile group in the country, their mobility gap suggests structural and possible discriminator hindrances that go beyond poverty or educational deficits. Asher et al. (2024) evaluated the likelihood of children from the lower half of the education distribution moving upward in educational attainment compared to their parents. Their study, using data from the India Human Development Survey (IHDS), surveyed 41,554 households across two rounds (2004–05 and 2011–12), making evident that intergenerational mobility has remained low and stable since before economic liberalization. Despite economic growth, opportunities for upward mobility have not particularly improved for many families. Affirmative action emerges as a reason behind the improved mobility of SCs, while its absence is noted as a significant factor in the declining mobility of Muslims, suggesting again the community's lack of recognition.

With regards to the running of a business, intergenerational mobility evaluates whether entrepreneurial success is decreased, sustained, or improved intergenerationally. Muslim entrepreneurs in India often experience slower upward mobility compared to other religious groups owing to socio-political marginalization, reduced access to resources (both educational and financial), and systemic discrimination. Although greater Muslim disadvantage has been perceived, there exists little in the name of policy intervention to correct the same (Asher et al., 2024). Muslim's outcomes now fall below those of the Scheduled Castes, who have recently seen modest gains. In contrast, the absence of institutional support has left Muslims in a state of uncertainty (Asher et al., 2024). Another study conducted by Raj et al. (2024) focuses on Dalit entrepreneurs, showing how caste-based discrimination reduces income and limits entrepreneurial growth, even when accounting for socio-economic factors like education. With Dalit shopowners earning 15.9% less than other non-stigmatized groups, these findings agree with studies conducted on muslim entrepreneurs facing structural challenges due to religious discrimination, often exacerbated by a lack of institutional support. Similar to caste stigma, religious identity can trigger consumer bias, and discriminatory lending practices, all of which curtail long run growth. In both cases, education plays an amelioratory role, mitigating the effects of stigmas. Similarly, Choudhary's (2023) work on Muslim women entrepreneurs reveals how they balance religious practices with entrepreneurial demands, creating opportunities for empowerment while navigating cultural and gender biases. In largely non-Muslim societies, these entrepreneurs use religion as a means to reaffirm their economic identity, incorporating Islamic values into business practices. In this case, religious identity is both a powerful tool, serving as a source of strength, and a barrier to opportunity. Karlsen et al. (2020) investigate how

ethnicity, religion, and gender shape intragenerational economic mobility in England and Wales. Religion is, here too, a considerable and independent determinant of economic outcomes; even after accounting for human capital factors, Muslims remain significantly disadvantaged, pointing to either entrenched discrimination or structural barriers, maybe a combination of both. It can be argued that these inequalities are driven by discriminatory practices in recruitment and promotion, occupational segregation, and lower returns to education for certain groups, as well as by cultural norms that influence career trajectories. Chetty et al. (2023) also stress upon the influence economic connectedness has on upward mobility alongside traditional factors such as school quality and local job availability. In communities and areas where low-income individuals have more cross-class friendships, children from disadvantaged backgrounds may achieve notable greater incomes in adulthood. More recent works reinforce these dynamics, with Alesina et al. (2023) demonstrating how religious affiliation continues to shape educational mobility across developing economies, while Raj et al. (2024) show that stigmatized identities, including religious ones, systematically constrain entrepreneurial income despite broader economic growth. Thus, at a broader level, meta-analytic evidence suggests that religion consistently shapes entrepreneurial outcomes across contexts, with effects mediated by institutional restrictions, cultural norms, and religious diversity (Lehmann & Weiße, 2025). This perspective, although global, also reinforces the Indian case, showing that the economic role of religion is inseparable from wider structural conditions.

More often than not, opportunities to form the aforementioned cross-class relations are often constrained by segregation along lines of income, race, and religion. Moreover, when these cross-group relationships do exist, discrimination and social bias can limit their value by mitigating access to job referrals, mentorship, and other economic benefits. Yet, even when such ties are possible, their impact is mediated by the broader religious structure of communities. Clark & Stroope (2017), in their study, highlighted that religious ecology, or the presence of specific religious traditions in a community, significantly impacts intergenerational mobility. Their findings show that the dominant religion, more often than not, influences local norms and overall upward mobility. Traditions that promote engagement with broader society tend to foster bridging social capital, which enhances access to networks, information, and resources. Conversely, fragmented community structures can limit exposure to opportunity-enhancing mechanisms. Thus, it is not just faith, but the cultural and institutional nature of groups that may contribute differently to long-term economic outcomes.

1.3 Literature Gap and Rationale of the Study

Despite these insights, significant gaps in the literature persist. Conducted research, more often than not, lacks a specific focus on the Muslim community, particularly in cities like Lucknow, where the socio-economic dynamics play a pivotal role. Moreover, there is limited exploration

into how intergenerational mobility, including all the dynamics such as education, occupation, and asset ownership, is affected by religious and cultural affiliations. Most importantly, the underrepresentation of the Muslim community in both studies and government policy highlights the need for more focused, specific research.

Subsequently, this study seeks to address the apparent gap that exists between understanding the close relationship between religious beliefs and practices and economic mobility, specifically in the context of the Muslim community in Lucknow. Having been the capital of the erstwhile kingdom of Awadh, Lucknow has long been home to various religions, causing a unique interplay between each that is rarely seen. The city's ongoing commitment to religious and interfaith harmony can be seen in various educational institutions, many of which house mosques, temples, and even Christian graveyards. While inherited businesses have always been a part of Lucknow's entrepreneurial and industrial fabric, recently, there has been an emergence of evidence of new business creation, with new ventures becoming increasingly ubiquitous. The unique challenges faced by religious minorities remain underexplored, and given the socio-economic significance of this group, understanding the factors that hinder upward mobility and growth is vital to promoting inclusive economic growth. This study aims to contribute to policy discourse by, first and foremost, determining the nature of religion's impacts on the degree of economic success, and second, highlighting areas of intervention in order to provide equitable access to opportunities and resources.

2. Methodology

2.1 Research Aim and Objectives

The study aimed to investigate the influence of religion on shop owners' intergenerational economic mobility- whether upwards, downwards, or negligible. Consequently, Hindu and Muslim shop owners were surveyed to evaluate the aforementioned mobility. To analyse the aim, the study is divided into three objectives:

To assess the difference in the level of intergenerational economic, asset ownership, occupational level, and educational attainment mobility in Hindu and Muslim shop owners in Lucknow

To evaluate the difference in economic, asset ownership, occupational level, and educational attainment scores in Hindu and Muslim shop owners among Generation 1

To evaluate the difference in economic, asset ownership, occupational level, and educational attainment scores in Hindu and Muslim shop owners among Generation 2

2.2. Research Hypotheses

To address Objective 1, the following hypotheses have been considered:

- Null Hypothesis 1 ($EM_H - EM_M$) There is no significant difference between Hindus and Muslims with regard to intergenerational Economic Mobility (EM).
- Null Hypothesis 2 ($EAM_H - EAM_M$): There is no significant difference between Hindus and Muslims with regard to intergenerational Educational Attainment Mobility (EAM).
- Null Hypothesis 3 ($OLM_H - OLM_M$): There is no significant difference between Hindus and Muslims with regard to intergenerational Occupational Level Mobility (OLM).
- Null Hypothesis 4 ($AOM_H - AOM_M$): There is no significant difference between Hindus and Muslims with regard to intergenerational Asset Ownership Mobility (AOM).

For Objective 2, the following hypotheses have been considered:

- Null Hypothesis 5 ($EMS_H^1 - EMS_M^1$) : There is no significant difference in Hindus and Muslims with regards to Economic Mobility Scores (EMS) within Generation 1.
- Null Hypothesis 6 ($EAS_H^1 - EAS_M^1$) : There is no significant difference in Hindus and Muslims with regards to Educational Attainment Scores (EAS) within Generation 1.
- Null Hypothesis 7 ($OLS_H^1 - OLS_M^1$): There is no significant difference in Hindus and Muslims with regards to Occupational Level Scores (OLS) within Generation 1.
- Null Hypothesis 8 ($AOS_H^1 - AOS_M^1$): There is no significant difference in Hindus and Muslims with regards to Asset Ownership Scores (AOS) within Generation 1

For Objective 3, the following hypotheses have been considered

- Null Hypothesis 9 ($EMS_H^2 - EMS_M^2$): There is no significant difference in Hindus and Muslims with regards to Economic Mobility Scores (EMS) within Generation 2.
- Null Hypothesis 10 ($EAS_H^2 - EAS_M^2$): There is no significant difference in Hindus and Muslims with regards to Educational Attainment Scores (EAS) within Generation 2.
- Null Hypothesis 11 ($OLS_H^2 - OLS_M^2$): There is no significant difference in Hindus and Muslims with regards to Occupational Level Scores (OLS) within Generation 2.

- Null Hypothesis 10 ($AOS_H^2 - AOS_M^2$): There is no significant difference in Hindus and Muslims with regards to Asset Ownership Scores (AOS) within Generation 2.

Herein, H in subscript represents Hindus, and M in subscript represents Muslims. Moreover, 1 and 2 in superscript denote generation 1 and 2, respectively.

2.3 Data Collection Tool and Process

This study seeks to investigate the role a shop owner's religion plays in their intergenerational economic mobility, specifically in Lucknow. A quantitative research approach was adopted, which utilized a survey from standardized scales with regard to data collection.

The survey begins with a brief introduction explaining the study's aim: to assess intergenerational economic mobility and wealth accumulation among shop owners in Lucknow. It defines Generation 1 as the older generation and Generation 2 as the younger one. Furthermore, it assures participants of anonymity, confidentiality, and voluntary participation. The first section gathers demographic details, age, gender, and religion, along with information pertaining to the respondent's business: its type, years in operation, and whether it was inherited or self-established. Next, participants identify their generational status and relationship to the other generation. They also indicate whether both generations live together and, if a successor, at what age they joined the business. The survey then compares education and occupation between generations. It collects each generation's highest education level and latest job category, allowing for direct measurement of economic mobility in terms of qualifications and employment types. Asset ownership is explored in the next section. Participants list household items owned, type and quality of housing, cooking fuel used, and the number of cars. These are used as indicators of the standard of living and changes across generations. The final section gathers data on land and gold ownership, distinguishing between rural and urban property and estimating jewelry in grams. These traditional markers help assess overall wealth progression within families over time.

Furthermore, the survey was used to ascertain any prejudiced behavior towards shop owners, which may have adversely contributed to their Economic Mobility Score. Economic mobility was measured through a standard composite Economic Mobility Index (EMI), which consisted of three sections:

- Educational Attainment Score (EAS): Assigns a weighted score based on the highest level of education achieved by two generations
- Occupational Level Score (OLS): Evaluates the occupational categories of both generations, weighted based on apparent skill level

- Asset Ownership Score (AOS): Accounts for both quantity and quality (location-based) of household assets across both generations

These components are adapted from pre-existing frameworks. Each component was categorized into below average, average, and above average, with scores of 1, 2, and 3, respectively. The composite EMI was calculated as the sum of the three components, ranging from 3 (Low Mobility) to 9 (High Mobility). The scale for the Economic Mobility Index has been sourced from Gangadharan (2019).

The survey, comprising and measuring the aspects pertaining to the aforementioned scales, was circulated as a Google form in both English and Hindi, owing to the city's diverse representation from various religious and ethnic communities. Prior to the data collection, informed consent was taken, and consequently, participants were engaged in their preferred language.

2.4 Sampling and Sample Characteristics

Data was collected using targeted sampling of shop owners with two consecutive generations, where Generations 1 and 2 represented the older and younger generations, respectively. The total sample size was 98, with all of the respondents being male. Amongst all the respondents, 50 shopowners were Muslim and 48 were Hindu. The respondents owned a variety of businesses, including Textiles (26.5%), Food and Beverages (23.5%), Consultancies (5.1%), and Watch Shops (5.1%). Of all businesses, 56 were inherited and 42 were self-established. 98% of business owners in Generation 1 were aged 61 and above, with the rest lying between 31 and 45. The age split was more varied for Generation 2, with 80% of shop owners being aged 41-60, 13% lying between 31 and 45, and 7% falling under 61 and above. Also, for 79.6% of respondents, both generations resided in the same house, with 20.4% staying separately. Although the methodology employed is rigorous, the relatively small sample size (n=98) and limited diversity of respondents restrict the generalizability of the findings beyond the specific urban context of Lucknow

2.5 Ethical Considerations

The study adhered to ethical guidelines, ensuring participant welfare and data confidentiality. Informed consent was prioritized; participants were further told that their responses would not be revealed and would remain confidential. Anonymity when obtaining responses was given importance, as the survey did not require any information that could be used to identify the individuals. They were given the option to opt out if they, at any point, felt uncomfortable answering. The bilingual survey fostered inclusivity, and respondents were spoken to in their preferred languages, one Hindi or English.

2.6 Data Analysis Method

The collected data is analysed using visualizations and statistical tests. Four grouped charts were prepared to illustrate the results. They represent the percentage of upward, downward, and zero mobility between two religious groups. For the statistical analysis, Levene’s test was employed to determine whether to assume equal or unequal variances under the independent t-tests. The null hypothesis for Levene’s test states that there is no significant difference in the variances of the two groups. If the test yields a p-value less than 0.05, it indicates that the t-test assumes unequal variances; otherwise, equal variances are assumed if the p-value is greater than 0.05. The t-test was then used to compare the mean scores of economic, educational, occupational, and asset mobility and scores across the groups and the generations, identifying statistically significant differences. For the t-test, the null hypothesis states that there is no significant difference between the groups. If the p-value is found to be less than 0.05, then there exist significant differences in the two groups.

3. Results

This section represents the breakup of Upwards, Downwards, and No Asset Ownership mobilities in charts of both Hindus and Muslims.

Figure 1 depicts the graph illustrating the percentages of upwards, downwards, and no economic mobility among the specific religions. Among Hindu respondents, 33.33% experienced upward mobility, 37.5% faced downward mobility, and 29.17% remained in the same economic position. Among Muslim respondents, 74% achieved upward mobility, while 12% faced downward mobility, and 14% experienced no mobility. Overall, across all respondents, 54.08% reported economic advancement, 24.49% experienced economic decline, and 21.43% remained unchanged.

Figure 1: Graphical representation of Economic Mobility based on Religion

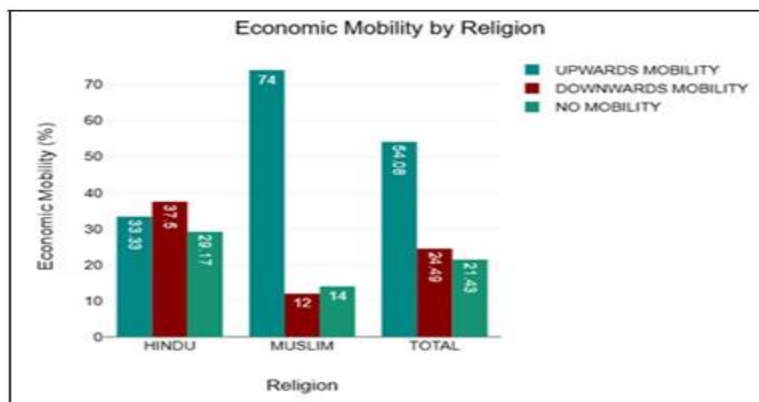
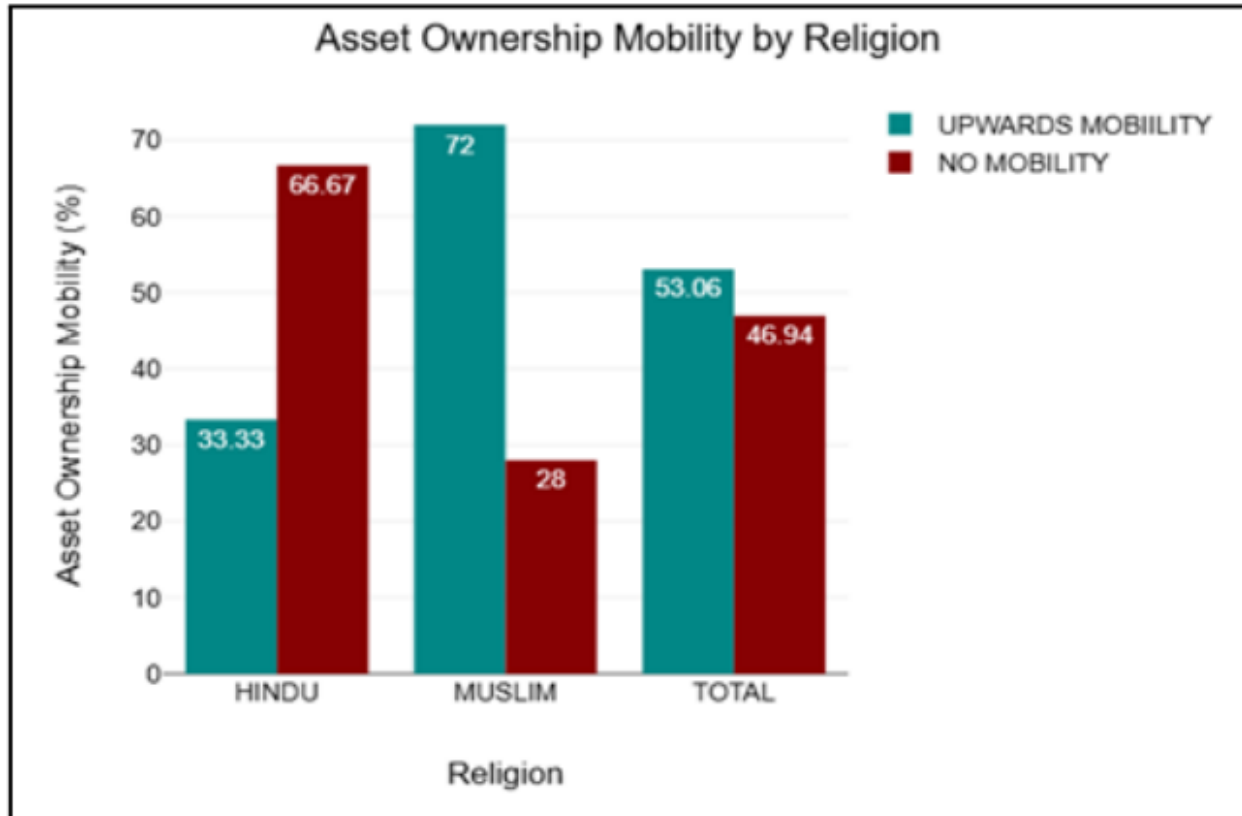


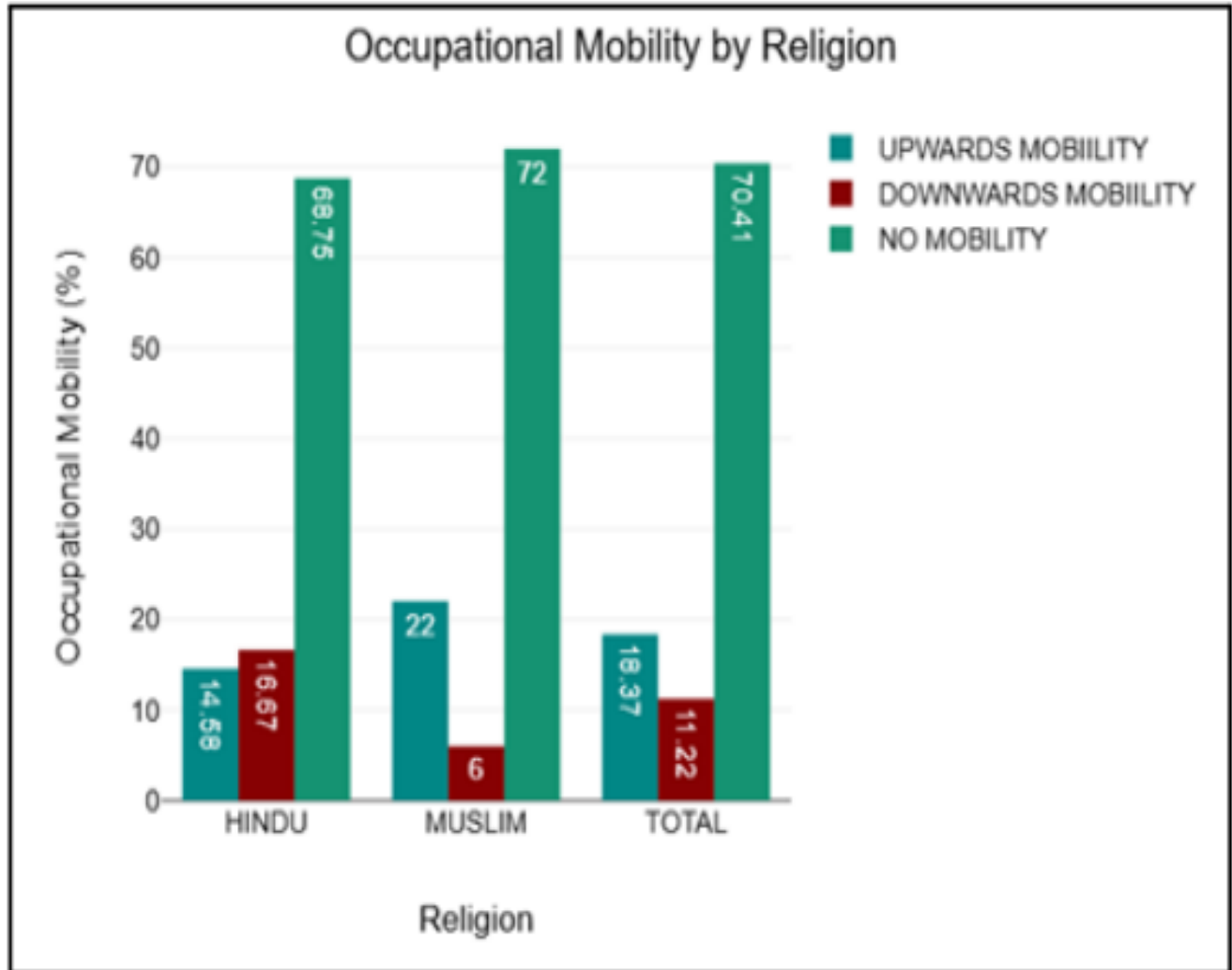
Figure 2: Graphical representation of Asset Ownership Mobility based on Religion



The mobility of the Asset ownership component amongst the religions can be interpreted from Figure 2. Among the 98 respondents surveyed, 53.06% exhibited upward asset ownership mobility. When disaggregated by religion, 72% of Muslim respondents (n = 50) experienced upward mobility, whereas only 33.3% of Hindu respondents (n = 48) reported the same. Also, a greater number of Hindus experienced no mobility as compared to their Muslim counterparts. These findings suggest a significant disparity in asset ownership mobility between the two religious groups.

As seen in Figure 3, among Hindu respondents, 14.58% experienced upward mobility, 16.67% faced downward mobility, and 68.75% reported no mobility. In contrast, 22% of Muslim respondents experienced upward mobility, while 6% faced downward mobility, and 72% reported no mobility. As can be seen, a larger number of Muslims experience greater upward occupational mobility as compared to Hindus; furthermore, a greater number of Hindus experience occupational mobility as compared to Muslims. Overall, across all respondents, 18.37% exhibited upward mobility, 11.22% experienced downward mobility, and 70.41% reported no change in occupational status.

Figure 3: Graphical representation of Occupational Mobility based on Religion



Additionally, Figure 4 represents the percentage of Educational mobility according to the religions. Among Hindu respondents, 16.67% achieved upward educational mobility, while 83.33% experienced no change. In contrast, 26% of Muslim respondents reported upward mobility, whereas 74% remained in the same educational status. In contrast, 26% of Muslim respondents reported upward mobility, whereas 74% remained in the same educational status. As can be seen, a greater number of Hindus experience no educational mobility, while a greater number of Muslims experience upward mobility. Overall, across all respondents, 21.43% exhibited upward mobility, while 78.57% experienced no mobility. The following section substantiates the graphical findings through statistical tests.

Figure 4: Graphical representation of Educational Mobility based on Religion

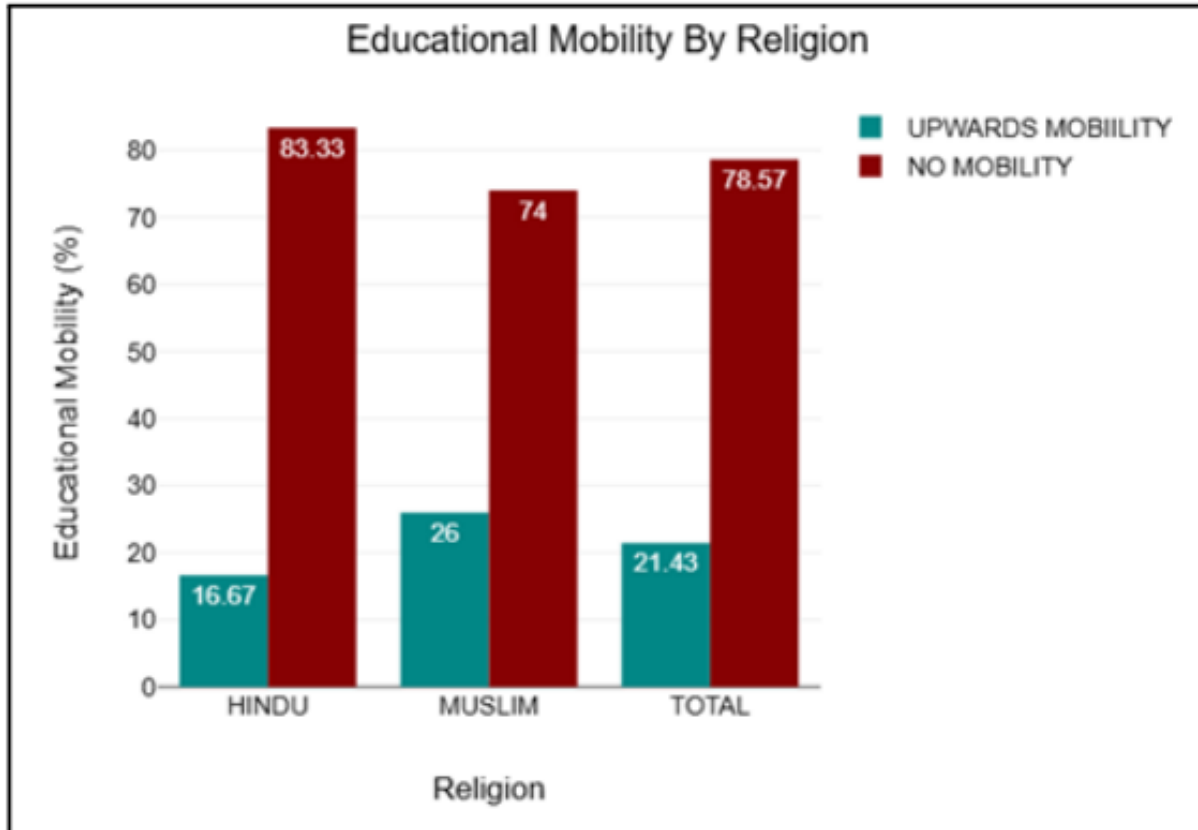


Table 1: Results for Levene’s Test and Independent t-tests of Economic Mobility based on Religion

Hypotheses	Group	Mean	Standard Deviation	Levene’s test p-value	t-statistic	t-test p-value
$EM_H - EM_M$	EM_H	0.06	1.02	0.449	4.42	<0.001***
	EM_M	0.96	0.99			
$EAM_H - EAM_M$	EAM_H	0.17	0.38	0.025	1.13	0.263
	EAM_M	0.26	0.44			

Hypotheses	Group	Mean	Standard Deviation	Levene's test p-value	t-statistic	t-test p-value
$OLM_H - OLM_M$	OLM_H	-0.02	0.56	0.599	1.67	0.099*
	OLM_M	0.16	0.51			
$AOM_H - AOM_M$	AOM_H	0.33	0.48	0.801	4.46	<0.001***
	AOM_M	0.82	0.6			

Note: *** represents $p < 0.01$, * represents $p < 0.10$

From Table 1, it can be depicted that the p-values for Levene's Test are greater than 0.05, indicating equal variances across Economic Mobility and all components of the Economic Mobility Index: AOM, EAM, and OLM. Subsequently, the t-test results revealed a significant difference in the overall Economic Mobility between Hindu ($EM_H = 0.06$) and Muslim ($EM_M = 0.96$) shop owners, with Muslims exhibiting significantly higher mobility (p-value < 0.001). Asset ownership mobility was significantly higher for Muslim shop owners ($AOM_M = 0.82$) compared to Hindu shop owners ($AOM_H = 0.33$), with a p-value of less than 0.001. Occupational level mobility showed no significant difference at the conventional 5% level ($OLM_H = -0.02$, $OLM_M = 0.16$, $p = 0.099$), although it was marginally significant at the 10% level. However, no significant difference was found in educational attainment mobility ($EAM_H = 0.17$, $EAM_M = 0.26$, p-value = 0.263).

Table 2: Results for Levene's Test and Independent t-tests of Economic Mobility Scores of Generation 1 based on Religion

Hypotheses	Group	Mean	Standard Deviation	Levene's test p-value	t-statistic	t-test p-value
$EMS_H^1 - EMS_M^1$	EMS_H^1	7.94	1.02	0.449	-4.42	<0.001***
	EMS_M^1	7.04	0.99			

$EAS_H^1 - EAS_M^1$	EAS_H^1	2.83	0.38	0.025	-1.13	0.263
	EAS_M^1	2.74	0.44			
$OLS_H^1 - OLS_M^1$	OLS_H^1	2.44	0.5	<.001	-3.69	<0.001***
	OLS_M^1	2.12	0.33			
$AOS_H^1 - AOS_M^1$	AOS_H^1	2.67	0.48	0.801	-4.46	<0.001***
	AOS_M^1	2.18	0.6			

Note: *** represents $p < 0.01$

Regarding Table 2, Levene’s Test indicated equal variances for most hypotheses, except for $OLM_H - OLM_M$, where unequal variances were assumed for the t-test. The t-test results for Generation 1 showed that Hindu shop owners ($EMS_H = 7.94$) had a significantly higher Economic Mobility Index compared to Muslims ($EMS_M = 7.04$, $p < 0.001$). Hindu shop owners in Generation 1 demonstrated significantly higher occupational level scores ($OLS_H = 2.44$, $OLS_M = 2.12$, $p < 0.001$) and significantly higher asset ownership scores ($AOS_H = 2.67$, $AOS_M = 2.18$, $p < 0.001$) compared to their Muslim counterparts. However, no significant difference was observed in educational attainment mobility between the two groups ($EAS_H = 2.83$, $EAS_M = 2.74$, $p = 0.263$).

On the contrary, for generation 2, Levene’s Test p-values were not provided, suggesting no significant variability issues between the groups. The t-test results for Generation 2 indicated no significant difference in the overall Economic Mobility Index between Hindu ($EMS_H = 8.00$) and Muslim ($EMS_M = 8.00$) shop owners. Similarly, no significant differences were found in educational attainment mobility ($EAS_H = 3.00$, $EAS_M = 3.00$), occupational level mobility ($OLS_H = 2.42$, $OLS_M = 2.28$, $p = 0.159$), and asset ownership mobility ($AOS_H = 3.00$, $AOS_M = 3.00$) between the two religious groups in the second generation.

4. Discussion

The findings of the study show Muslim shop-owners experiencing significantly higher economic mobility when compared to their Hindu counterparts, as is evident from the Economic Mobility

Scores, where Muslims scored an average of 1.96, while Hindus scored 0.06. Consequently, no particular differences were found in the educational attainment mobility and occupational mobility displayed by both groups. Hence, only higher asset ownership mobility among Muslims contributed to their overall economic mobility. Traditional business practices for Muslims mandated reliance on small, temporary partnerships, while their Hindu counterparts operated through large family-owned enterprises, with each member contributing. The difference limited long-term and large-scale investments, but with regard to shop ownership, the flexibility and lower capital requirements favoured Muslims in terms of higher economic mobility (Kuran & Singh, 2013). Muslim shop owners have experienced greater asset ownership mobility compared to their Hindu counterparts, perhaps primarily as a result of the modernization of informal finance and their concentration in the informal sector. The expansion of credit lending equalized access to capital for entrepreneurs, with Muslims now acquiring capital such as property and equipment at comparable rates (Swain & Wallentin, 2016; Hassan, 2015). Although Hindus began with larger capital bases and more extensive capital networks, the equalizing effect of improved access to finance and flexible market participation allowed Muslims to catch up, resulting in a relatively larger jump across economic strata, explaining why asset ownership mobility is higher among Muslim shop owners despite historical disadvantages (Hassan, 2015). Better access to official financial services in areas with a Muslim-majority has mitigated unemployment and led to higher GDP growth, enabling wealth creation and thus, higher asset ownership (Ozili, 2025).

On the contrary, occupational mobility remains comparable between Muslim and Hindu shop owners ($OLM_H = -0.02$, $OLM_M = 0.16$, $p = 0.099$), largely due to the frequently hereditary nature of businesses, with nearly 88% of Indian entrepreneurs planning to pass their businesses to their children, perpetuating the same trade across generations and mitigating intergroup differences in occupational change (Azam, 2015; Chadha, 2024). Familial succession proves to be constant across both groups, with most second-generation shopkeepers inheriting their parents' trade. This trend is further reinforced by the concentration of these groups in occupations characterized by poor indicators of work decency, as highlighted in studies on occupational segregation (Mansoor & Abraham, 2021). Although Hindus have higher initial occupational scores due to larger inherited capital bases and networks, the level of mobility experienced is similar across groups (Kuran & Singh, 2013). Lastly, educational attainment mobility showed no significant difference between Muslim and Hindu shop-owners ($EAM_H=0.17$, $EAM_M=0.26$, $p=0.263$). This parity suggests that access to education, at least within shop-owning families, is relatively equitable across the two groups. It is worth noting that systemic barriers to education—such as socioeconomic disadvantages and limited institutional support, equally affect both communities, thus neutralizing any potential differences. Economic growth and better schooling access have facilitated better educational opportunities for both groups, causing their mobility to converge

(Bansal, 2023).

Therefore, it is worth noting that occupational, educational, and asset ownership mobilities between one group are closely linked. While Muslims exhibit higher asset ownership mobility now due to improved access to finance, occupational and educational mobilities remain constant due to prevailing sentiment on familial succession and comparable educational opportunities.

5. Conclusion

Religion plays a pivotal role in shaping the economic trajectories of small-scale entrepreneurs, influencing their access to resources, opportunities, and upward mobility. This study investigates the impact of religious affiliation on economic mobility among shop owners, examining three key dimensions: educational attainment, occupational status, and asset accumulation. Data were collected from 98 Hindu and Muslim shop owners in Lucknow through bilingual surveys and structured interviews. Comparative analyses using independent t-tests revealed meaningful insights into mobility patterns across communities. The findings highlight that Muslim shop owners exhibit higher upwards overall economic mobility than their Hindu counterparts, driven primarily by stronger asset accumulation and a higher inter-generational increase in Asset Ownership Scores. Although Hindus began with larger capital bases, the effect of improved finance and growing market participation led to Muslims catching up to Hindus, thus leading to the equalization of their scores. Traditional business practices caused Muslims to depend on more fleeting partnerships; consequently, the lower capital requirements favoured Muslims with regard to higher intergenerational mobility. Educational and occupational mobility are similar across both groups. Although Hindu shop owners held an initial advantage in the earlier generation, these differences became negligible by the second generation. The ability to compare occupational mobility across both groups could be a result of familial succession and the consequent passing down of businesses it entails, which is experienced by both groups similarly. Educational access, though relatively equal within entrepreneurial families, could perhaps undergo further improvements to foster long-term intergenerational mobility.

6. Policy Implications and Limitations

Greater educational attainment for entrepreneurs is essential. The rational underpinning the following recommendations is rooted in the observation that while religious affiliations influence the economic mobilities of shop-owning families, systemic factors- such as access to quality education and inclusive entrepreneurial ecosystems- play a great role too.

Local community centres and NGOs should designate targeted scholarship programs and academic support services for shop-owner families, which could perhaps offset the constraints faced by numerous families. Endeavours like business literacy classes and youth mentorship

programs could enhance entrepreneurial skills. Incorporating vocational education into the standard curriculum can create opportunities for children from these communities, allowing for access to higher education and, at the same time, supporting their family businesses. Similarly, greater occupational diversification across communities can be fostered. Municipal economic development agencies could issue grants and incentivise the diversification of business offerings and explore rising sectors, such as digital commerce or specialized retail, allowing shop owners to increase both the quality and quantity of output. Workshops on modern retail practices, alongside mentorship opportunities with successful entrepreneurs in diverse industries, can foster skill development and encourage occupational transitions. Finally, strengthening cross-community collaboration remains vital. Inter-community business councils could facilitate regular networking events and joint ventures, enabling Hindu and Muslim shop owners to exchange expertise, skills, and access new markets. Such partnerships can reduce community-specific biases that are more often than not perceived and increase avenues for mutual growth via shared innovations in commerce and industry.

The findings of this paper can be used to evaluate the promotion of greater economic mobility in broader contexts, with the informal financial networks and community-based mechanisms leading to greater prosperity where help from formal institutions is either exclusionary or insufficient; in such situations, community investment schemes or rotating savings may serve to empower economically marginalised groups globally. Furthermore, governments, in an attempt to reduce the economic gap and cause greater economic convergence, may achieve more equitable economic outcomes across religious lines, such as in the case of India, through the implementation of increasingly inclusive educational policies.

One cannot, to a great extent, generalize this study to other religious groups, such as Sikhs or Christians, because it is limited to store owners in a single metropolitan area and only includes Hindu and Muslim participants. Also, the sample size is still modest and mainly undiversified, and the results might not be applicable in non-urban settings. Additionally, because the questionnaires are closed-ended in nature, it is challenging to evaluate any prejudice faced by both groups and ascertain its effect on economic mobility. Despite the same, the study's results make clear the potential for contextual financial reform and the usage of educational support and aid to drive upwards economic mobility in groups that have otherwise been socioeconomically disenfranchised.

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