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Cultural Diversity: Advantage or Liability?

Authors¹: Anna Triandafyllidou and Iryna Ulasiuk

Highlights

The recurrent discussions on the presumed “death of multiculturalism”, and the growing cultural diversity all over the globe, makes it now more than ever necessary to approach the issue of cultural diversity with a fresh look. What does it mean, in practice, to manage cultural diversity in a way consistent with the principles of human development? Which are the costs of ignoring cultural diversity? And what are the costs of lost opportunities because of the discrimination on the grounds of ethnicity, religion, race or language? How can public policies contribute to turning cultural diversity into an asset for employment, productivity and overall economic growth?

More specifically, can affirmative action be an effective answer to discrimination and exclusion of minority and immigrant groups? What are the advantages and pitfalls of keeping ethnic statistics? Are such statistics necessary to reveal and address different types of discrimination, or are they rather a risk as they disclose people’s ethnic, religious or cultural affiliation? The legacy of World War II in Europe in this respect remains still too sensitive, but can we go beyond it?

This Policy Brief aims to answer these questions on the basis of recent research carried out by the Global Governance Programme Research Strand on Cultural Pluralism and discussed with a group of European policymakers and leading academics in the field of cultural diversity who met for the High-Level Policy Seminar “What Policies are Needed

¹ Anna Triandafyllidou is Director ad Interim of the Global Governance Programme of the European University Institute, and leads the “Cultural Pluralism” research strand. Iryna Ulasiuk is Research Assistant of the GGP “Cultural Pluralism” research strand (EUI).

to Turn Cultural Diversity into an Asset for Socio-Economic Development?”, at the European University Institute on 10 May 2013.

We suggest that managing cultural and religious diversity is more cost effective than simply ignoring the challenges that diversity brings.

Measures should be taken to encourage cultural diversity in the workplace: culturally and religiously diverse staff shows more creativity and innovation when confronted with complex issues or when devising new products.

Combating discrimination is also important so as to avoid wasting human resources. This requires an effective monitoring strategy, notably the use of “ethnic statistics” that will allow to assess the effectiveness of anti-discrimination policies

Affirmative action is an important and necessary measure to combat ethnic disadvantage especially when a group is particularly marginalised. Affirmative action is an important first step for empowering the group and re-integrating in politics, the labour market or education. Affirmative action policies should however be periodically assessed so that they are not eventually perceived as mere favourable treatment of some groups over the majority.





Background

Managing cultural diversity is not just a challenge for a few “multi-ethnic states”. In one way or another all countries are multicultural today with a variety of ethnic, racial, religious or linguistic groups that have common ties to their own culture, values, heritage and life styles.

The world’s nearly 200 countries have some 5,000 ethnic groups. Eurostat data for 2010 note that there are 49.7 million foreign born people residing in the EU27 of whom 2/3s were born outside the EU27 and one third was born in a member state other than the one of her/his residence. Thus the foreign born correspond to nearly 10% of the total EU population with more than 80% of the foreign born living in the EU15. These basic data suggest a significant ethnic and cultural diversity within EU countries even if they do not include second generation migrants or ethnic minorities. Cultural diversity is a feature everywhere. Looking outside the EU, in cities like Toronto and Los Angeles almost half the people are foreign born, and in Abidjan, London and Singapore more than a quarter of inhabitants were born elsewhere. This cultural diversity is the result of long-standing processes of interaction and influence, as well as of more recent increases in migration flows.

At a time when information technology makes the world ever more interconnected and opens up local societies to other peoples, cultures, customs and economic realities, finding answers to the old questions of how best to accommodate people with diverse ethnic, cultural, linguistic and religious backgrounds can no longer be ignored. Experience has also shown that looking at cultural diversity in a traditional conflict/ problem/difficulty framework yields poor results. Addressing the demands for cultural accommodation becomes a political imperative in any state; and if managed in a responsible way will lead us towards new forms of coexistence and solidarity.

Key Issues

Costs of Diversity

Much of the debate surrounding the appropriateness of measures to protect or promote cultural diversity associated with language, religion, race or ethnicity is centred round the question of the costs of such measures, to the extent that cultural diversity is more often seen as a cost than anything else. Moreover, while the actual costs of accommodating diversity are little-known, they are frequently exaggerated to the effect that sustaining diversity is often thought of as too costly and its benefits are completely ignored.

For example, the costs of maintaining linguistic diversity have traditionally been referred to (although with no empirical evidence) as a way too high. In reality, as a recent study shows,² the costs are much lower than is commonly believed. Thus, for instance, data indicate that the added cost to the Basque education system as a result of the introduction of bilingual education system is about 4.75%. A similar figure (4 to 5 %) has been calculated with respect to added cost to the education system in view of the development of Maya medium education in Guatemala. Several more examples of the estimations of the costs associated with other multilingual policies, as Table 1 shows, are not excessively high either.

Thus, cultural diversity should be addressed in a realistic way by evaluating its real costs, instead of ignoring it and being driven by unfounded exaggerations of the actual costs of accommodating linguistic, ethnic or religious needs of vulnerable groups. The political legitimacy of such diversity may

2 François Grin. 2004. “ On the Costs of Cultural Diversity”, in Ph. Van Parijs (ed.) *Cultural Diversity versus Economic Solidarity*, De Boek, pp.189-202



Table 1

<i>Language policy case</i>	<i>Description of measures</i>	<i>Costs of measures</i>
French Language Charter Québec, 1977	Set of measures to promote the use of French as the main language of the province of Québec	Total cost of Charter is between 0.28% and 0.48% of provincial GDP
Canadian bilingualism	Total expenditure on bilingual programmes by the Canadian federal government	The provision of federal services in both official languages represents 0.03% of the cost of all federal services. The total cost of all official languages expenditures amounts to 0.44% of federal spending.
Bilingual road signs in Wales	Road signs in Wales give place names in Welsh and English	Bilingualism of directional and safety signs costs about 22 pence per resident and per year.
Naíonraí	Irish-medium pre-schools	Average cost (incl. parents' contribution) is € 400 per child and per year
Yleisradio	Swedish-language broadcasting in Finland	Average cost is 10 to 15 cents per person and per hour
Raidió na Gaeltachta	Irish-language radio	Average cost is 20 cents per person and per hour

Source: François Grin. 2004. "On the Costs of Cultural Diversity", in Ph. Van Parijs (ed.) Cultural Diversity versus Economic Solidarity, De Boek, pp.189-202

then be strengthened, and as a result the willingness to subsidise economic solidarity will increase.

Costs of Discrimination

Across the globe, migrants, native minorities and other vulnerable groups suffer ethnic penalties in various fields of life. They experience major disadvantages in education, in the labour market and also in terms of their participation in public and political life generally. The Minorities at Risk data set estimates that 750 million people face socio-economic discrimination because of their cultural identities; more than 800 million people face political disadvantage or discrimination based on ethnic, language or religious identities.³ The causes of these inequali-

3 UNDP Human Development Report 2004, pp.6, 33, 35

ties are multifactorial, including racial discrimination, lack of 'bridging' social ties and lack of information about opportunities available, the so-called 'chill factor', that is anticipating unfriendly reactions from the bureaucrats or fellow-workers for instance.

Discrimination in employment – when looking for work and at work – is one of the most significant areas for discriminatory treatment. (Box 1)

These inequalities in the labour market have major economic and social costs for states/governments. On the economic side, discrimination is costly, on the one hand, because less productive workers from a favoured group are being hired instead of more productive workers from a disfavoured group.⁴

4 Heath, A. F. and S. Y. Cheung (eds). 2007. Unequal Chances: Ethnic Minorities in Western Labour Markets.



Box 1

EU-MIDIS

European Union Minorities and Discrimination Survey on discrimination in Employment

In 2008 EU-MIDIS surveyed 23,500 people from various ethnic minority and immigrant groups across the EU's 27 Member States. The survey asked respondents about their experiences of discrimination on the basis of their immigrant or ethnic background in different fields of life. Discrimination in employment emerged as the most significant area for discriminatory treatment.

On average, 38% of Roma job seekers indicated that they were discriminated against because of their ethnicity at least once in the last 12 months when looking for work. For other groups the rate of discrimination when looking for work was: 22% for Sub-Saharan Africans, 20% for North Africans, 12% for Turkish respondents, 11% for Central and Eastern European and also for former Yugoslavians.

Ethnic discrimination continues also when ethnic minorities and migrants get employed. The figures are quite telling. 19 % of Roma said they had experienced discrimination against at work because of their ethnicity. Figures are also high for other ethnic groups: 17% for Sub-Saharan Africans, 16% for North Africans, 13% for Central and Eastern Europeans, 10% for Turkish respondents, and 4% for both former Yugoslavians and Russians.

Furthermore, of those who indicated they were discriminated against, the survey showed that the overwhelming majority did not report their experiences of discrimination to an organisation or at the place where it occurred.

Source: FRA 2009 EU-MIDIS Main Results Report, Vienna: European Union Agency for Fundamental Rights

On the other hand, the economic costs that ethnic minorities, for example, have to pay to equalise their chances of getting a job with those of their majority-group counterparts are also high. The 2008 OECD Employment Outlook reveals that ethnic minority applicants typically need to send between 40% and 50% more applications to receive the same number of call-backs as their majority-group counterparts. This means that minority-group members typically have to search on average twice as long as their majority-group counterparts before receiving a job offer, which, if unemployed, translates into correspondingly longer unemployment durations and corresponding unemployment benefits. On the social side, discrimination of the disadvantaged groups can lead to negative consequences for mental health and family instability, disaffection from the

society and its institutions, and may become a source of social disorder.⁵ While social costs like these are rarely quantified, they could well be even more important than the direct economic costs. Closing doors to people from national minorities or new minorities originating from migration is thus neither practical nor in the interest of national development.

In contrast, diversity “pays”. Diversity represents a compelling interest—an interest that meets customers’ needs, enriches one’s understanding of the pulse of the marketplace, and improves the quality of products and services offered.⁶ Moreover, diversity

Proceedings of the British Academy 137. Oxford: Oxford University Press for the British Academy.

5 Social Inclusion. Its Importance to Mental Health. 2007. Mental Health coordinating Council, <http://www.mhcc.org.au/images/uploaded/MHCC%20Social%20Inclusion%20booklet.pdf>

6 Cox, Taylor. 1993. Cultural Diversity in Organizations: Theory, Research, and Practice. San Francisco, CA: Berrett-Koehler; Cox, Taylor and Ruby L. Beale. 1997. Devel-



enriches the workplace by broadening employees' perspectives, strengthening their teams, and offering greater resources for problem resolution.⁷ As cultural diversity becomes an ever more prominent concern in corporate intercultural management studies, researchers have also sought to assess the diversity-performance link in an increasingly competitive marketplace. Recent research indicates that there is a positive link between a diverse workforce and the financial and economic performance of businesses.⁸ The recent UNESCO commissioned survey of the 120 multinational corporations quoted on the Paris Stock Exchange's SBF 120 index has come to the same conclusion stating that a causal link does exist between diversity and global economic performance.⁹

Affirmative action is no easy nor one-size-fits-all solution for dealing with ethnic/cultural disadvantage.

States need to be proactive to combat discrimination. The provision of formal rights of freedom and equality is a necessary condition for the well-being of individual persons and the overall development of a substantively free and egalitarian society. But it is not

enough. Affirmative action is needed when there is a strong ethnic or cultural disadvantage for minority groups in education, the workplace, politics and public life in general. Affirmative action presupposes allocation of jobs, promotions, public contracts, business loans, admissions to higher education and legislative seats on the basis of membership in a disadvantaged group.

Examples from countries with a history of affirmative action – Malaysia, United States, India and South Africa (Box 2) - show that affirmative action policies do bring positive results. After decades of affirmative action, for example, the African American elite in the USA has grown with the highest percentages ever in professions such as lawyers, judges, engineers, professors. In India, where several social groups (castes) were traditionally excluded from the structure of power, affirmative action, which covers about 65% of the population, has led to the emergence of a new political leadership from among the disadvantaged groups and has changed the nature and the composition of the Indian middle class. In South Africa the introduction of the 1998 Employment Equity Act has led to the situation where nearly half South African middle managers and a quarter of top managers are black, compared to hardly any at the end of the apartheid era in 1995. Similarly in Malaysia, the adoption of the 1969 New Economic Policy led to impressive reduction of income disparities among different ethnic groups.

Relying only on general policies of economic growth with equity for removing group inequalities in all of the examples given above would take an unjustifiably long time and would hardly bring the results described, but would rather lead to resentment and civil conflict.

However, while affirmative action policies have had many successes, experience also indicates that it is not an easy rule that can fit everyone and its applica-

oping Competency to Manage Diversity. San Francisco, CA: Berrett-Koehler; Hubbard, Edward E. 2004. The Diversity Scorecard: Evaluating the Impact of Diversity on Organizational Performance. Burlington, MA: Elsevier Butterworth-Heinemann; Richard, Orlando C. 2000. "Racial Diversity, Business Strategy, and Firm Performance: A Resource-Based View." The Academy of Management Journal 43:164-77; Smedley, Brian D., Adrienne Stith Butler, and Lonnie R. Bristow, eds. 2004. In the Nation's Compelling Interest: Ensuring Diversity in the Health-Care Workforce. Washington, DC: The National Academies Press

7 Cox, Taylor. 2001. Creating the Multicultural Organization: A Strategy for Capturing the Power of Diversity. San Francisco, CA: Jossey-Bass.

8 Herring, Cedric. 2009. Does Diversity Pay?: Race, Gender, and the Business Case for Diversity, American Sociological Review 2009 74: 208

9 UNESCO World Report 2: Investing in Cultural Diversity and Intercultural Dialogue, p.178



Box 2

Experiences with Affirmative Action in India and South Africa

India has one of the longest histories of any country in implementing affirmative action policies. Affirmative action policies, known as “reservations” apply to three castes: the scheduled castes, scheduled tribes and “other backward classes” which were traditionally excluded from the structure of power. The result was that for centuries poverty was systematically concentrated in certain social groups. Reservations, which cover about 65% of the population, are designed to bring power to these peoples. There are quotas for the scheduled castes (15% of the population) and scheduled tribes (8%) in legislative bodies at all government levels (local, provincial and national), in government jobs and in educational institutions. Since 1991 the other backward classes, the largest and most heterogeneous group, have had quotas in government jobs and higher education institutions. Reservations have changed the nature and composition of the Indian middle class which now has a significant portion of the second and third generation beneficiaries of reservations. The entire structure of political power with a new political leadership emerging from among the scheduled castes, scheduled tribes and other backward classes. However, the widespread gaming of the system has brought about some negative aspects to the fore as well. Namely, it increased the rancour, bordering on animosity, of the “forward” castes and classes towards the “backward” ones. It also increased the disparities within the under-privileged groups.

In **South Africa** the end of the apartheid era in 1995 initiated a series of steps aimed at advancing the black population of the country and redressing past grievances. While whites accounted for 13% of the population they earned 59% of personal income and Africans, 76% of the population, earned only 29%. In a 2000 survey of 161 large firms employing 560,000 workers, whites still held 80% of management positions. The racial wage differential was also very substantial. The 1998 Employment Equity Act requires employers to submit data on compensation and benefits for each occupational category by race and gender and to take appropriate measures if disproportionate income differentials exist. Firms above a certain size are obliged to provide the government with annual reports outlining how they plan to make their workforce more demographically representative at all levels. The law in section 20 (5) also states that a protected group member’s lack of necessary “experience” is not sufficient reason for hiring someone else as long as the applicant has the “capacity to acquire, within a reasonable time, the ability to do the job”. In addition, “black empowerment charters” for every industry set targets for the proportion of shares that must be transferred to blacks (indigenous Africans, coloureds and Asians).

How have these efforts worked? In 2004, about half of South Africa’s middle managers and a quarter of top managers were black. Blacks have been promoted especially fast in the public sector—the government does not face competitors. However, since many under-qualified people had been promoted, the government had to hire a large number of consultants to assist them, but that situation is changing. Efficiency is an issue. Under procurement rules, black-owned firms can charge more and still win government contracts, leaving less money for public goods such as roads, bridges and houses. As for the empowerment charters, it is still unclear how this transfer of shares will be funded.

Source: Sabbagh, Daniel. 2004. “Affirmative Action Policies: An International Perspective.”

tion should be determined by several considerations. First, affirmative action should be a temporary first measure to redress past injustices; once discriminated groups catch up, it should be evaluated if a second generation should continue to benefit from affirmative action policies or if more general policies, such as those that promote equitable economic

development, for example, should be put in place. Second, the time frame for the application of affirmative action should be periodically examined to make sure that it is effective and does not create unwarranted inequalities. Third, monitoring should be in place to assess the efficiency and the need to continue or discontinue affirmative action practices.



Box 3

“It is difficult to develop and effectively implement policies [...] without good data”.
(ECRI General Policy Recommendation n°1: on Combating Racism, Xenophobia, Antisemitism and Intolerance)

In its first General Policy Recommendation against Racism and Intolerance (1996), the European Commission stresses that “it is difficult to develop and effectively implement policies [...] without good data”, and recommends collecting, “in accordance with European laws, regulations and recommendations on data-protection and protection of privacy, where and when appropriate, data which will assist in assessing and evaluating the situation and experiences of groups which are particularly vulnerable to racism, xenophobia, anti-Semitism and intolerance”.

Just as these data provide a picture of the situation regarding discrimination and exclusion based on ethnic, racial or national origin, religion, nationality or even language, so collecting and including them in official statistics involves recording characteristics which may be threatening those who are identified. This is why the international texts on data protection, freedom of information and respect for privacy term them “sensitive”, and contain special regulations on processing them.

The so called “ethnic statistics” are associated with the following risks:

- if racial or ethnic stereotypes are the product of racism, then the use of “ethnic or racial” categories is certain to confirm them and ultimately reinforce racism and discrimination;
- the appearance of “ethnic or racial” categories in official statistics tends to strengthen identities and make visible divisions which policies aimed at achieving cohesion by obscuring differences are trying to reduce;
- there is always a danger that the information contained in statistics will be used for persecution purposes.

For decades, ethnic and racial classifications have been conceived and used to segregate, build hierarchies and nurture racial and ethnic stratifications and inequalities. The rationale behind collecting ethnic and racial data has dramatically changed now. Among the new challenges to be faced by national governments, international organisations, and civil society, is a rising political and social demand for evidence-based policies. These measures, in order to be effective, require precise definitions of group boundaries, hence the proliferation of ethnic and racial categories in numerous population censuses. Ethnic or racial data are collected today to describe objective and subjective group realities in order to facilitate the enforcement of generally progressive social programmes. Measuring the extent and nature of the diverse forms of discrimination is essential to the formulation, monitoring and evaluation of anti-discrimination policies, be they national, regional or global.

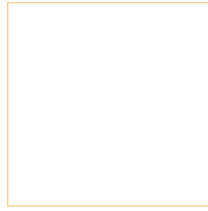
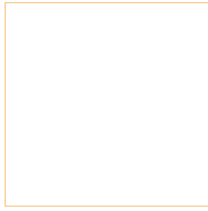
Source: Simon Patrick. 2007. “Ethnic” Statistics and Data Protection in the Council of Europe Countries. Study Report. Strasbourg

Making the invisible visible: measuring discrimination

To address discrimination and to implement affirmative action in an efficient way we need to make the invisible visible by disclosing the existing discrimi-

natory practices. For this matter statistics are an indispensable tool.

Statistics can help capture how cultural diversity is lived on the ground and can stimulate reflection on the methodologies to be used in designing equal treatment policies.



While widely used for fighting against sex discrimination and inequalities, statistics are scarce, contested and rarely substantiated against ethnic and racial discrimination. The reasons for this is the continuing dilemma of whether distinguishing and characterising populations according to their ethnic origins constitute a risk of stigmatisation or, on the contrary, an asset for measuring and explaining discrimination and for demanding more inclusive policies.(Box 3)

The new generation of anti-discrimination laws and policies set by two equality directives enacted in 2000¹⁰ in Europe has drastically challenged the traditional framing of “ethnic statistics” by fostering the need to monitor unfair treatment; a need that clearly outweighs the arguments against the use of “ethnic statistics.” The production of detailed statistics has become a prime necessity for compliance with European laws that have now been transposed into the domestic law of most countries. Data collection has become a major issue for EU equality bodies, especially with respect to indirect discrimination, which by its very nature, calls upon statistical reasoning. Notwithstanding that, statistics on ethnicity are scarce in Europe and are nearly non-existent with respect to migrants. Therefore the situation of exclusion of various ethnic groups in different fields of life is not entirely clear. Indeed, reliable and easily accessible data on the socio-economic situation of persons belonging to national minorities and migrants in order to compare it with the situation of the majority population is an essential precondition for developing effective measures to address discrimination and encourage effective equality. Until this pre-requisite is a reality, laws remain a dead letter. Thus, statistics can and should be used as a tool for more general measuring of discrimination.

10 Directive 2000/43/EC on “implementing the principle of equal treatment between persons irrespective of racial or ethnic origin” and Directive 2000/78/EC “establishing a general framework for equal treatment in employment and occupation”

Policy Recommendations

States should stop ignoring cultural diversity. Cultural diversity is here to stay and it will increase. Economic development should not be viewed as antagonistic to an ethnically and religiously diverse makeup of contemporary societies, to the contrary.

1. Governments should bear in mind that the costs of not managing diversity are higher than those entailed in managing it, thus measures should be taken to use cultural diversity as an asset in the labour market (the business case for diversity, using cultural and religious diversity to improve creativity and innovation), while also effectively combating discrimination (making sure that talent and human resources are not wasted because of discriminatory practices or attitudes).
2. Governments should introduce ways to monitor effectively and regularly the results of anti-discrimination policies in place, with a group-specific approach, as the discrimination challenges that each group faces are not the same.
3. Governments should collect “ethnic statistics”, especially in relation to the labour market and to the access to public services domains, to assess the policies in place and effectively address the root causes of ethnic disadvantage.
4. Governments should consider the use of affirmative action more actively, especially as the first step in addressing inequality towards particularly disadvantaged groups. After a first period (between 10-20 years for the effects of the policy to become significant in society and in the labour market), affirmative action policies should be evaluated and in some cases replaced by broader equality policies.

Global Governance Programme
Robert Schuman Centre
for Advanced Studies

European University Institute
Villa Schifanoia
Via Boccaccio 121
50133 Firenze - Italy

Contact GGP Outreach Coordinator:
Eleonora.Carcascio@eui.eu

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