

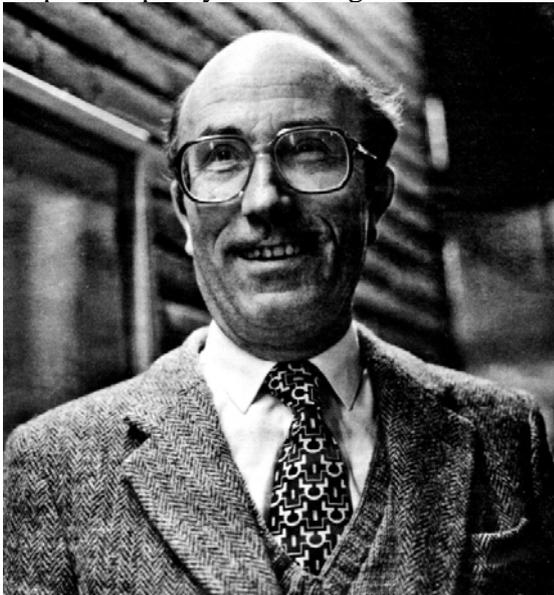
The Value of Diversity

Hans-Dieter Evers

Studies in Europe and the US have shown that areas and organisations with a highly diverse workforce are also innovative and productive. Ethnic diversity in particular is seen as an asset for developing a knowledge-based economy. Penang has increased its ethnic diversity – this is a positive sign for further economic growth.

1. Diversity

Diversity is defined in terms of gender, age, ethnicity, cultural values and religious beliefs. We are living in a world of increasing diversity, both in terms of the physical environment and technology, but also in terms of social organization, imagination, thoughts and constructions of reality. A complex array of theories and concepts has arisen to take account of these changes in our real world. Theories differ greatly, whether diversity is a valuable good or detrimental to progress and social cohesion. Sociological systems theory (Niklas Luhmann), to cite just one influential tradition, assumes that increasing differentiation of social systems enhances their adaptive capacity to challenges ahead.



Prof Niklas Luhmann

The result is a diversity of social structures, organisations and schools of thought that are more and more specialised to solve specific problems, leading to an overall advancement of research and development. Increasing social diversity creates, however, also increasing problems of governance. Managing complex systems requires additional social mechanisms of control and guidance, of resource allocation and conflict mediation.

Ethnic diversity or, as it sometimes called, “ethno-diversity” describes the degree of variety of ethnic groups living together on a common territory. There is a very large literature in the social

sciences on what constitutes an ethnic group and what binds them together. Ethnic groups may live together in a “plural society” or form cultural enclaves or “diaspora” in a host society. The issues around ethno-diversity, formerly the domain of social anthropologists, are also frequently taken up by the mass media and by politicians and imbued with a normative tinge, being mostly seen as a burden or a challenge, rather than a boon, especially in nation-building efforts.

2. The Value of Diversity

In management theory in contrast to politics the valuation of diversity has meanwhile taken a positive turn. “Diversity management” is used to turn diversity into a business advantage . Ethnically diverse teams are deliberately created to increase innovations and improve output. To cite just one example: The Hongkong and Shanghai Banking Corporation (HSBC), one of the world’s largest banks, refers to the positive aspects of diversity on its website: “At HSBC, we believe in the power of diversity. Diversity is central to the HSBC brand. Beyond gender, ethnicity, disability or age, we recognize and appreciate individual differences and how diverse perspectives spark creativity, productivity and performance – that would lead us to progress”.

Even economists have now started to ask, is ethnic diversity “good” or “bad” from an economic point of view, and why?. The general verdict seems to be that ethnic diversity is good for innovations, but could also be disruptive if social cohesion is lacking. The business studies literature is even more firm in stressing the positive aspects of diversity, here defined as “workforce diversity” in terms of ethnicity, gender and age. A diverse workforce is able to produce innovations, drive research and development and enable a path towards a knowledge-based economy. The Silicon Valley in California is often cited as an example of a highly diverse, but innovative area. A recent study by the Brookings Institute revealed that diversity “strongly predicts high-tech growth” in the US. A rank order of American high technology regions correlates highly with a ranking of regional ethnic diversity and case studies of high tech companies showed that high diversity is profitable. Similarly a recent survey of the European Commission asserts that companies that implement workforce diversity policies strengthen long-term competitiveness and also show improvements in performance.

3. Ethno-diversity as Value and Resource

National governments have frequently stressed national unity, the assimilation of migrant communities and reduction of ethnic identity. Some governments have even gone as far as reducing ethnic diversity by “ethnic cleansing” as a means to create a uniform society. Even policies of affirmative action have a basis in the goal of uniformity rather the diversity. One ethnic community, seen as lagging behind, is supported to bring it up to the same level of (usually economic) standards as other groups. It is hoped that economic and ethnic differences will be reduced, gaps will be closed and diversity will be diminished.

Political leaders generally tend to stress unity (or at least, like in Indonesia and Malaysia, “unity in diversity”; “Perpaduan dalam Kebelbagaian” in Malay and “Bhinneka Tunggal Ikha” in

Indonesian). The “Satu Malaysia – One Malaysia” policy of the Malaysian government stresses the unity of the nation and conveys the message that “we are all Malaysians”, rather than Malays, Chinese, Indians and others. This position is debated and disputed, ethnic supremacy is an issue and ethnic diversity is still perceived as a cause for conflict, disorder and trouble. Especially political science thrives on conflict and conflict studies.

As Distinguished Professor Shamsul A.B. of UKM has pointed out in a recent conference paper , “academic and popular analyses on plural societies in Southeast Asia has privileged the ‘conflict approach’ ...A heavy emphasis has been given to the working of centrifugal forces, which divide, as the ruling societal pattern, and less on the centripetal ones, that encourage convergence”.



Prof Shamsul AB, UKM

Even in the UNESCO World Report 2000 entitled “Cultural Diversity, Conflict and Pluralism”: diversity and pluralism is mentioned side by side with conflict, though in 2010 the emphasis has changed. The new report is entitled “Investing in Cultural Diversity and Intercultural Dialogue”.

4. The Ethnoscape of Malaysia

Ethnodiversity creates distinct, but constantly shifting “ethnoscapes” (Appadurai) of ethnic groups, distributed across the geographical space of nations. Measured by our recently developed Simpson index of ethnic diversity (KITA-UKM), Malaysian states differ greatly in terms of ethnic diversity, even if we only use the broad categories of Malays, Chinese, Indian and others.

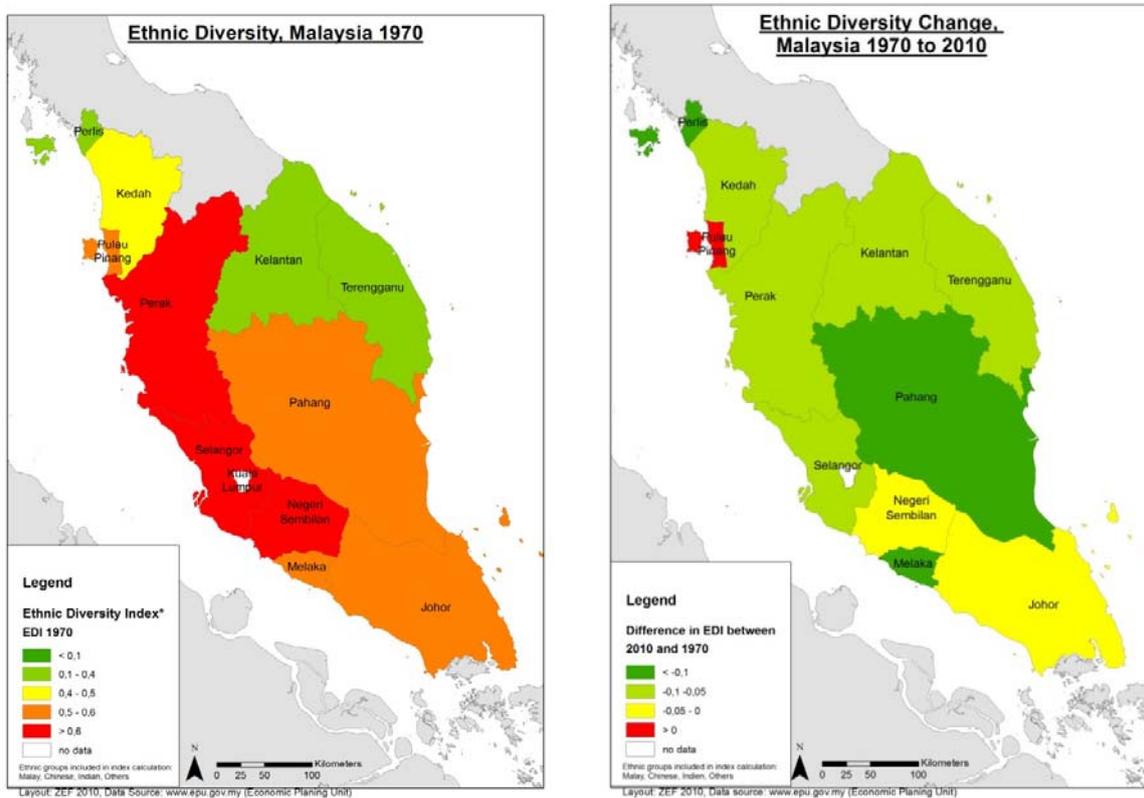
The index shows that Malaysian states can be grouped in three categories.

Table Ethnic Diversity Index, West Malaysian States 2000

Ethnic Diversity	States
Very low 0-0.1	Kelantan, Terengganu
Medium 0.2 – 0.4	Perlis, Pahang, Kedah
High diversity 0.5 - 0.7	Melaka, Perak, Johor, Negeri Sembilan, Penang

More interesting than the distribution of ethnic groups at any particular time is the dynamics of ethnic diversity. The following maps show the changing ethnoscape of West Malaysian states. These maps can be explained with reference to the well-known population distribution of the West Malaysian states. More surprising, however, is the change in ethnic diversity between 1970 and 2010. In only one state, namely Penang the ethnic diversity has **increased**, whereas in all other states, particularly in Perlis and Pahang, ethnic diversity has been reduced.

Figure Ethnic Diversity 1970 and Change of Ethnic Diversity between 1970 and 2010



Data: EDB. Map design: Hans-Dieter Evers, Cartography: Pamela Nienkemper (ZEF, University of Bonn)

5. Conclusion

The ethnic diversity index correlates highly with economic performance indicators, but too many factors are involved in economic growth to warrant any robust conclusion as to the relevance of ethnic diversity. We can, however, conclude that ethnic diversity does not hamper economic development, but appears to be a positive factor.

The analysis of ethnic diversity rests on the assumption that “ethnic diversity” is a variable in its own right. It treats all ethnic groups as equal, irrespective of their cultural, social and economic status. Social and cultural diversity is a valuable asset for the production of new knowledge, for innovations and ultimately for sustainable economic development. High and increasing diversity, like in Penang, poses a challenge for good governance, but also provides the basis for the upcoming knowledge-based economy and society.

In Penang, not conflict, but ethnic solidarities and inter-ethnic connections have created stability over long periods of time. Regular interaction between members of different ethnic groups within state and national boundaries leads to cohesion and integration. Penang now has to face the situation of increasing diversity as more and more new migrants, Bangladeshis, Pakistanis, Burmese, Indonesians and Philipinos, want to stay and probably settle in Penang and Malaysia.

High and increasing diversity, like in Penang, poses a challenge for good governance, but also provides the basis for the upcoming innovative knowledge-based economy and society.

Author

Professor Dr. Hans-Dieter Evers is a Senior Fellow, Centre for Policy Research and International Studies (CenPRIS), Universiti Sains Malaysia. He is the co-editor of “Beyond the Knowledge Trap: Developing Asia’s Knowledge-Based Economies (World Scientific 2011) and author of many other books and articles on knowledge management, urbanization and development in Southeast Asia.

