

# HETEROGENEOUS SOCIETIES

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Heterogeneous Societies: The Future of Economic Success

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## **Abstract**

In this paper, I demonstrate the economic advantages that heterogeneity brings to society over homogeneity. Whereas heterogeneous societies are defined as societies of diverse ethnic and cultural backgrounds, homogeneous societies are defined as societies of the same ethnic and cultural background. I support my position with the following arguments. First, heterogeneous societies create a space for cultivating creativity and fostering diverse skills, facilitating economic progress. Second, heterogeneous societies are highly adaptable and resilient to the challenges they may face, ensuring economic longevity. I also consider the following arguments against heterogeneity in societies. These arguments claim that heterogeneous societies can be politically unstable, economically exclusionary, and socially divided. Although these arguments are true to a certain degree, I show ways that governments and businesses could minimize these potential drawbacks of implementing heterogeneity. I conclude this paper by highlighting the benefits of heterogeneity, especially within the context of a rapidly globalizing world.

*Keywords:* Heterogeneous societies, international trade, cultural heterogeneity, cultural tolerance, inclusive government

### **Heterogeneous Societies: The Future of Economic Evolution**

In this paper, I argue that heterogeneous societies have an economic advantage over homogenous societies. Enz (1986) defines a heterogeneous society as “... one in which numerous population groups have specific and distinct values and understandings,” (p. 3). Meanwhile, the author defines a homogeneous society as “...one in which the shared meanings are similar and little variation in beliefs exists; that is, the culture has one dominant way of thinking and acting.” (p. 1). Heterogeneity is an important factor in many thriving modern societies as it contributes to a nation’s progress and development. Implementing a more heterogeneous system is critical because it encourages inclusivity, embraces various perspectives, promotes creativity, and enables nations to address increasingly complex global concerns. Despite the apparent benefits of heterogeneity in generating growth, some nations are still hesitant to implement such a system. Therefore, I will be addressing the concerns related to implementing a heterogeneous system by providing evidence of how heterogeneity helps societies thrive.

I support my position on heterogeneity with the following arguments. First, I argue that heterogeneous cultures are likely to see rapid economic progress because of their creativity and diverse skill range. As Bove and Elia (2017) argue, workers from all ethnicities can contribute unique perspectives and skills that increase efficiency, thus increasing productivity in the workplace. Finally, I argue that heterogeneous societies are more likely to sustain economic growth because of their ability to adapt to change. Compared to homogeneous groups, heterogeneous groups demonstrate greater durability against challenges because of their wide range of ideas and experiences that stimulate cooperative and competitive environments (Galinsky et al., 2015).

## HETEROGENEOUS SOCIETIES

I also consider alternative views to my position. First, some argue that heterogeneity often results in the exclusion of minorities from certain economic opportunities such as improved job prospects (Portes, 2014). Second, many argue that heterogeneous societies face challenges related to racism and bigotry that lead to social division and hinder social cohesion (Pager & Shepherd, 2008). I show that the above claims have merit, but that they may not be considering the full picture. For instance, stunted economic growth and economic instability are signs that policymakers may not be maximizing the benefits of heterogeneity while trying to minimize its drawbacks (Galinsky et al., 2015).

This paper is important because it raises awareness of the numerous economic benefits of heterogeneity. One of the modern problems that the world faces is to satiate the wants of individuals as the global population continues to increase. A potential solution to this problem is to globalize their labor force to meet these demands. However, this solution results in a more diverse and heterogeneous society. As such, it is important for countries to embrace heterogeneity as it may aid in economic prosperity. On a macro-scale, global trends show that economies of heterogeneous countries are on the rise while the economies of homogeneous countries are struggling to sustain economic growth (Asharf & Galor, 2011; *The Curse of Cotton*, 2005). Meanwhile, on a micro-scale, companies with a diverse workforce are 35% more likely to experience economic success in contrast to other competitors (Hunt et al., 2015). I conclude this paper by proposing ways for governments to leverage the advantages of heterogeneity while acknowledging the potential problems that it may entail.

### **Benefits of Heterogeneity**

Despite the poor reputation of heterogeneous societies, there are a wide variety of benefits that majorly impact economic progress and societal well-being. Some benefits include how heterogeneous societies are a nursery where creativity and innovation can

## HETEROGENEOUS SOCIETIES

flourish. Another benefit of heterogeneity is how heterogeneous societies leverage their diverse set of skills, ideas, and resources to enhance their resilience during crises.

### **Encourages Innovation**

Certain historical events of heterogeneous societies played in the breeding of innovative and creative environments in heterogeneous societies. Britannica (n.d.) illustrates this point by considering how slavery pulled people from multiple backgrounds and forced them into bonding over a common struggle. The author notes that heterogeneity within enslaved communities contributed to the development of a distinct culture that was heavily influenced by the various enslaved communities and existing local traditions. As observed by Johnson (2013), enslaved individuals in plantations used their skills and knowledge to adapt and innovate in order to ensure their survival. Thus, the author illustrates how a culture of innovation and resilience emerged within certain groups by using traditional knowledge and innovating them in an advantageous way for survival.

Since heterogeneous societies created an environment that requires creativity and innovation to survive, a culture of entrepreneurial spirit emerged. As posited by Pidduck and Zhang (2021), individuals who have been exposed to multicultural environments have a greater capacity to recognize and seize entrepreneurial opportunities, attributed mostly to their widened points of view. To support their claims, the authors gathered a multicultural group of prospective entrepreneurs in the United Kingdom to assess if they had the necessary skills to open a business. The results of the study suggests that heterogeneous societies expose individuals to diverse cultures enabling them with the necessary entrepreneurial traits to launch a business. In fact, a similar study conducted by Galinsky et al. (2015) showed that diversity plays a role in enhancing information processing and critical thinking. Simply put, the diversity present inspires fresh ideas and innovation by stimulating unique approaches to problems and their solutions (Leung et al., 2008).

## HETEROGENEOUS SOCIETIES

The United States is one example of a nation that benefits from the high entrepreneurial spirit of its citizens. In fact, the GEDI Institute (2019) ranks the United States as the most entrepreneurial country in the world. Akcigit et. Al (2017) explored the possible relation between the immigrant population of the United States of America and the rise of American ingenuity. In order to explore this hypothesized correlation between immigration and innovation, they observed the annual US patent and census data. Separately, they empirically viewed the productivity rates of companies before and after the introduction of immigrants into their workforce. The authors found that the industries where immigrants were most prevalent had the highest productivity rate patents. In addition, the study has also shown that years with larger influx of immigrants showed the highest numbers of patents and citations, notably between 1880-1940 and 1940-2000. The authors conclude their hypothesis that immigrants do have a significant impact in the ingenuity and innovation of the United States.

Similar to how nations prosper in heterogeneity, corporations like Amazon are examples of businesses that leverage heterogeneity for economic success. Amazon became one of the largest online marketplaces globally by adapting its products and services to diverse cultures, providing experiences that appeal to specific consumer groups, and launching targeted advertising campaigns (Etrata et al., 2021; Webster, 2019). Although Amazon is an American corporation, Babar (2023) details the extensive efforts Amazon puts into hyper-localizing its services to its multicultural customer base that allows it to operate beyond the United States. Amazon localizes its services by creating country-specific websites with a familiar user-interface with localized payment methods, customer service styles, and advertisements. All these features ensure the success of Amazon in its operating countries.

Similar to how Amazon profits from customizing its services to specific demographics, the various businesses within heterogeneous societies also profit from

## HETEROGENEOUS SOCIETIES

localizing their services. These businesses may be segmented based on specific cultural, ethnic, or subcultural traits within a diverse society's broader scope (Nezakati, 2013). Antonio et al. (2021) show that businesses catering to specific cultural preferences and customs, such as specialty supermarkets, restaurants, clothing shops, and entertainment venues, are more likely to succeed in culturally niche markets. The authors provide an example of a grocery shop owner who understands the demand for specific ingredients and goods used in Asian cuisine in a community with a sizable Asian population. Lin and Liu (2009) discusses the common occurrence in Asian American communities to open businesses that provide a wide range of Asian spices, restaurants, and foreign goods in their respected diaspora. Supplying the need of certain demographics stimulates trade activities between nations that benefits the broader economy in the long run. All in all, heterogeneity encourages creativity and innovation that benefit the economy in all levels.

### **Open-Mindedness and Resilience**

Heterogeneous societies create an environment to encourage the open-mindedness that is vital to economic success. For example, Florida and Gates (2001) conducted a study to observe the relationship between diversity and the prominence of its high-technology industry in 50 of the most populated cities in the United States. The authors found that on average, cities that had a higher level of diversity consistently placed in the top 15 of the Milken Tech-Pole Index. The authors concluded that there is a direct correlation between the prominence of high-technology industries and diversity. However, it is important to highlight that the findings of this study transverse beyond the technology industry and into other areas of the economy. Since heterogeneous groups are more tolerant of varying perspectives, these groups are equipped with the openness needed to consider all possible opinions to reach an inclusive decision (Lu et al., 2021).

## HETEROGENEOUS SOCIETIES

By overcoming cultural differences through tolerance, heterogeneous societies become resilient against challenges it may face. Some extreme changes that a society may face are bankruptcies, pandemics, and political instability (Stainer, 2010). For example, Ang and Stratton (2018) describes how Singapore was able to propel itself into economic success after being colonized by building a nation that prioritizes multicultural harmony. As such, Singapore has become one of the most successful nations in the world. UNESCO (n.d.) points to cultural diversity as a nation's backbone as it promotes inclusive decision-making and adaptive problem-solving through tolerance. Given the special type of bond connecting the various cultures that exists within a society, this bond encourages social cohesion without risking the monotonous social dynamics that exists within homogeneous societies. UNESCO further supports the importance of cultural diversity by showing that extremist groups in Iraq and Mali deliberately strategize to eliminate cultural diversity in order to cause a divide that would eventually weaken the country. The weakening of the country will then cause a power void that the extremist groups can then take advantage of, allowing them to control a homogeneous population of their preferred culture and ideology.

### **Arguments Against Heterogeneity**

Some critics hold the perspective that heterogeneous societies do not positively impact the economy. For example, critics hold the claim that heterogeneity perpetuates socioeconomic inequality through favoritism towards certain ethnic groups. Additionally, some argue that heterogeneity creates an environment that fosters the potential for racism and bigotry. Although these claims hold some degree of merit, I show that these claims are often generalized and may not be considering other perspectives.

### **Disproportionate Socioeconomic Opportunities**

Critics argue that in homogenous communities the level of social equality is somewhat equal between its citizens. In fact, previous research has attempted to demonstrate



## HETEROGENEOUS SOCIETIES

that diversity may limit societal opportunities for certain groups of the population caused by discrimination, social divisions and social political instability (Pager & Shepherd, 2018).

Additionally, Alesina et al. (2012) suggests that cultural differences contribute to unequal opportunities in heterogeneous societies as some may face challenges when attempting to adapt their religious and cultural practices.

Although these claims may hold some validity, it fails to consider the drawbacks that come with a homogenous system. Homogenous societies are not exempted from having biases and prejudices that intervene in allowing everyone to have equal opportunities, and South Korea is an example. For example, Kim (2017) argues that the people who struggle with mental illnesses in South Korea are significantly limited from job opportunities because of the perpetuated stigma of mental illness. In fact, South Korea has one of the highest numbers of institutionalization and it remains as the most common method of treating mental illnesses in the country. Despite the high level of admission into psychiatric facilities, little is put into the rehabilitation of these patients into society. Individuals who suffer from mental health conditions often face limited job prospects, resulting in a significant portion of them relying on the underfunded mental healthcare system. Therefore, being a homogeneous society does not guarantee equal socioeconomic opportunities.

Critics may argue that heterogeneous communities leave room for economic inequality among the individuals within these societies. Alesina et al. (2012) argue that significant amounts of ethnic fragmentation could potentially have a negative effect on economic growth and income equality. Furthermore, the paper associates the low trust and cooperations among individuals of heterogeneous societies to the large contrasting interests and beliefs. This conflict leads to a lack of harmony between the individuals that leads to lower productivity.

## HETEROGENEOUS SOCIETIES

Although economic inequality in heterogenous communities is somewhat common, Bove and Elia (2017) highlight that other studies have found conflicting results, indicating that heterogeneous societies promote equal economic opportunities to enhance economic growth. The paper argues that in communities with diversity, individuals bring a variety of skills, abilities, and experiences that can only be fully utilized if there is equal opportunity for everyone. For example, Liu et al., (2020) uses China as an example of a diverse nation that has seen great benefits from giving equal opportunities to its citizens. This approach was made possible by implementing anti-discriminatory policies that proved to be effective against racial inequality. All in all, this evidence suggests that economic inequality is not a byproduct of heterogeneity, but a consequence of bad policymaking.

### **Racism and Bigotry**

Critics may argue that homogeneous societies do not experience racism as compared to heterogeneous societies. Burgees (1986) attributes the lack of racism is because all members of society share the same ethnicity and cultural background. In addition to the lack of ethnocultural diversity, Burgees notes that there is a higher mutual understanding and tolerance of one another.

Although it is true that homogeneous societies do not face racial discrimination, they are not exempted from other forms of discrimination (Fan, 2009). For example, homogeneous societies such as Japan may exhibit xenophobic and ableist tendencies because of the lack of exposure to diversity. Japan News (2010) reported that although the UN acknowledges that Japan improved upon its xenophobia, this problem is far from eradicated. In fact, Japan still continued to impose xenophobic policies even a decade later during the COVID-19 pandemic by blaming visitors and foreign residents for carrying and spreading the virus (Wilson, 2022). In addition to Japan's xenophobic policies, Japan trails behind in enforcing policies to protect its people from ableism. Although Japan signed a new anti-discrimination law in 2014, the

## HETEROGENEOUS SOCIETIES

ableist stigma still persists in Japanese society (Otake, 2016). There continues to be crimes committed against individuals with disabilities because of Japan's intolerance to what they deem as abnormal (Santamaria, 2021). Sieg and Ha (2016) interviews one of the few parents that chose to publicly commemorate the loss of their children during the Sagamihara facility stabbings. The writers reported that most families chose to stay anonymous to protect their deceased loved ones from the potential public scrutiny over their disability. Therefore, being a homogeneous society does not exempt it from discrimination.

Others may argue that homogeneous societies are more socially cohesive. This social cohesion can be attributed to all individuals being culturally, ethnically, and ideologically similar. On a smaller scale, Cheung and Leung (2011) argues that neighborhood homogeneity encourages social cohesion because people tend to trust others that share similar characteristics with. The authors explore this hypothesis by conducting a household survey in a poor neighborhood in Hong Kong. Based on their findings, Cheung and Leung believe that neighborhood homogeneity is needed to encourage social cohesion.

Although Bai et al. (2020) agrees that introducing other cultures into a society may erode its social cohesion, the effects are not permanent as time helps people to adapt to diversity. In fact, social cohesion becomes more stable once people are more exposed to diversity. This exposure will significantly diminish the tendency of categorical thinking and stereotype reinforcement, allowing heterogeneous societies to experience social cohesion without losing on the benefits of heterogeneous societies.

### **Conclusion**

There are numerous conflicting opinions regarding whether heterogeneity in societies contributes significantly to economic growth as compared to homogeneity. In this paper, I argued that heterogeneous societies have an economic advantage over homogeneous societies. Cultivating heterogeneity is essential since appreciating diversity fuels creativity,

## HETEROGENEOUS SOCIETIES

cross-cultural cooperation, and resilience during phases of change that contribute to economic growth. Among the advantages of heterogeneous societies is their ability to foster innovation through enhancing problem-solving skills, leading to financial success. The diversity within these societies encourages resilience, resourcefulness, and flexibility during challenging times.

Despite the many hopes placed on heterogeneous societies, overcoming several challenges from critics and misinformed members of the public still remain. First, heterogeneous societies are frequently attributed as more discriminatory since people from diverse backgrounds could make everyday interactions more challenging. However, the evidence shows that greater exposure to diversity improves social cohesion by reducing the reinforcement of stereotypes. This mutual understanding tends to increase as heterogeneity increases in a community. Second, some argue that people from marginalized groups experience varying luck opportunities than other members in the same heterogeneous communities. Although this claim holds some validity, it is worth noting that this view generalizes the otherwise wide range of individual experiences and circumstances in diverse communities. Since there are multiple instances of when individuals of diverse communities traversed barriers to achieve success, assuming that luck is the only determining factor is inaccurate.

Although recognizing the economic advantages of heterogeneous societies may present challenges, the disparities resulting from homogeneity have significantly obstructed economic progress. Nevertheless, we must study our past beliefs of overly homogenizing societies and learn to adapt to a more heterogeneous society for further economic development. To accomplish this economic success, we must promote diversity, empathy, and open-mindedness. By fostering strong connections based on understanding and tolerance, we can tap into the existing benefits of heterogeneous societies. This paper concludes as a

## HETEROGENEOUS SOCIETIES

call to action for governments and businesses to actively promote policies of inclusive practices within social and economic sectors. While maintaining unity in diversity may pose challenges, there is potential to build flourishing economies and communities that benefit from inclusivity and diversity in heterogeneous societies.

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