

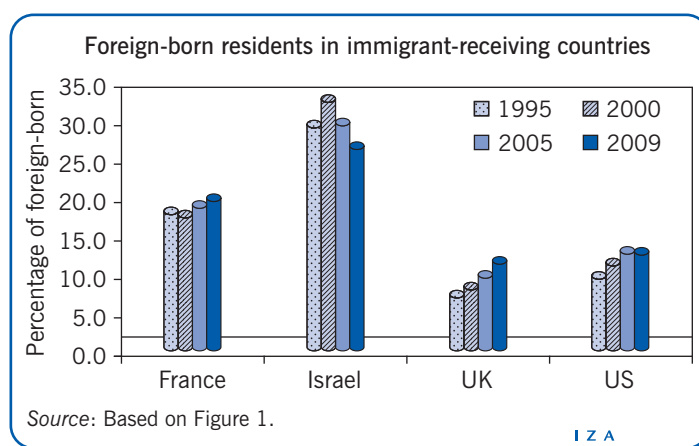
Superdiversity, social cohesion, and economic benefits

Superdiversity can result in real economic benefits—but it also raises concerns about social cohesion

Keywords: ethnic diversity, social cohesion, innovation

ELEVATOR PITCH

Empirical studies have found that achieving superdiversity—a substantial increase in the scale and scope of minority ethnic and immigrant groups in a region—can provide certain economic benefits, such as higher levels of worker productivity and innovation. Superdiversity can also provide a boost to local demand for goods and services. Other studies have found that these benefits can be compromised by political and populist anxieties about ethnic, religious, and linguistic diversity.



KEY FINDINGS

Pros

- + Studies find a diversity dividend of higher productivity and innovation for regions and cities with large immigrant populations.
- + Diversity creates an environment for the cross-fertilization of ideas that contributes to creativity and innovation.
- + Investments and increased local aggregate demand created by diversity encourage product and process innovation.
- + Superdiversity reflects and contributes to new global connections and a local or international cosmopolitanism.

Cons

- Superdiversity challenges the assumptions and practices of a shared civic culture and citizenship, and raises concerns about social cohesion.
- Anxieties about the growing diversity of labor markets and communities have been associated with discrimination and anti-immigrant politics.

AUTHOR'S MAIN MESSAGE

Superdiversity can lead to positive social and economic benefits for welcoming communities and economies. However, the benefits can be compromised by the anxieties and hostility of some community members. The scale and growth of cultural diversity have implications for social cohesion, economic performance, and social mobility. Policy is critical in addressing these dimensions to realize the potential of superdiversity. Governments can support intercultural dialogue, adopt anti-discrimination laws, improve credentials recognition, promote language training and job search techniques, and ameliorate disadvantage that impedes social mobility.

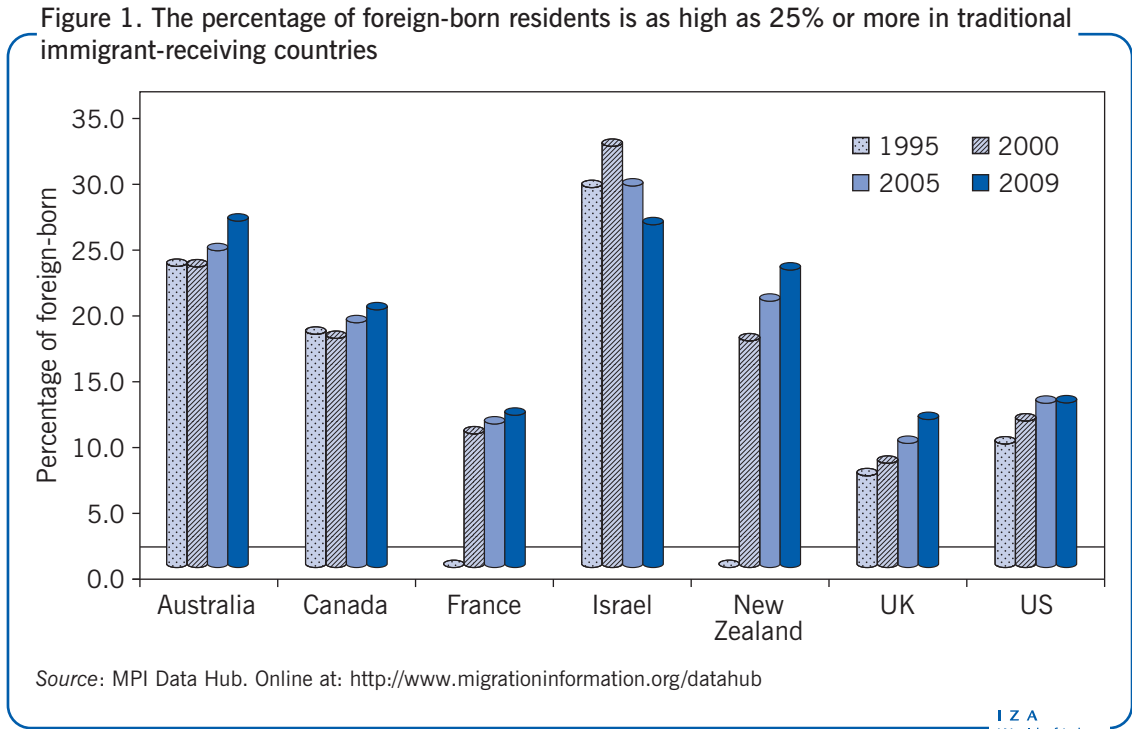
MOTIVATION

Many countries have seen major increases in immigrant arrivals since the 1980s (see Figure 1). In traditional immigrant-receiving countries such as Australia, Canada, Israel, and New Zealand, 25% or more of the population are foreign-born. Even in countries that have historically not relied on immigration for skills or population growth, such as France and the UK, the foreign-born populations makes up as much as 12% of the population.

As a result, ethnic and immigrant diversity has become a salient characteristic of many countries and cities. The presence and dynamics of these large minority ethnic and immigrant communities are collectively referred to as “superdiversity” [1]. The term is also used to indicate a more complex interplay of variables (such as immigration status, rights, divergent labor market experiences, gender and age, spatial distribution, and local responses).

Superdiversity

Superdiversity typically refers to having a large number or percentage of immigrants and people of different ethnicities in a society or area. Superdiversity can also refer to religious or linguistic diversity, especially as these have implications for a shared civic culture or economic outcomes. Equivalent terms are hyperdiversity, diversification of diversity, and deep diversity.



This paper highlights some of the positive and negative factors that arise from superdiversity and looks at whether superdiversity provides societies with real economic benefits. Inevitably, the answer is mixed. This is due, in part, to limitations of the research and policy literature on immigrant settlement and integration, which does not always provide empirical evidence directly related to the contemporary circumstances of superdiversity. In addition, the policy issues are inherently complex and provoke concerns about societal cohesion (some reasonable, but some that reflect an anti-immigrant prejudice) that often represent a challenge to communities and countries.

DISCUSSION OF PROS AND CONS

Diversity and innovation

New levels of immigration in recent decades, along with the resulting rise in ethnic diversity, have raised fundamental questions about the benefits of diversity, especially true when it reaches superdiversity levels. One obvious policy issue is whether this diversity is associated with economic benefits (a “diversity dividend”), particularly at the city or regional economic level. Do immigration and enhanced levels of ethnic diversity yield economic benefits?

There is growing evidence of verifiable benefits, especially in studies of the links between diversity and productivity, creativity, and innovation. A complicating factor is the possibility that other influences besides diversity also contribute to this association. For instance, self-selection might propel people who are “more entrepreneurial and less risk-averse” to migrate. Or, where high-skilled migrants make up a good part of the mix, “occupational diversity might be just as important as cultural diversity” [2].

However, the research literature does suggest that there are benefits from immigration and ethnic diversity alone. A study exploring the association between diversity and creativity and innovation in the US found that areas that were open and tolerant were able to attract more talent and, as a consequence, exhibited higher levels of innovation [3]. While the study focused on sexual orientation (“Gay Index”) as a key marker of diversity, it also explored the role of immigration, along with more orthodox input factors (such as research and development spending, venture capital, and start-up firms). The study offered three conclusions:

1. Regional growth in the US is driven by immigration.
2. An openness to outsiders attracts entrepreneurial individuals and firms, including immigrants (described as “innovative outsiders”).
3. Immigrants play a key role in innovative areas such as Silicon Valley.

The study found no strong statistical association between the percentage of foreign-born residents in a region (“Melting Pot Index”) and the number of patents granted per capita (“Innovation Index”). Nevertheless, it showed convincingly that diversity—involving a mix of artists, gays, and ethnic minorities—is associated with resourceful, highly self-reliant communities that are tolerant of newcomers, and who are motivated to build networks and mobilize resources. A study of superdiversity and urban economic performance in the UK reached a similar conclusion.

This connection between immigration (especially the doubling of foreign-born residents in developed countries since 1980) and innovation has been the subject of a number of other studies. One study used data for 12 European countries to test whether an increase in immigrants was associated with higher levels of innovation [2]. It found that “innovation levels are...positively associated with the cultural diversity of the migrant community,” while noting that “this effect...only operates beyond a minimum level of diversity.”

Diversity can provide a boost to local aggregate demand for goods and services [2]. New investment encourages product and process innovation, just as migrants, especially skilled migrants, add to the capital stock of host regions. The “benefits of size, density, and diversity in large cities yield higher returns to capital.” Diverse areas provide an environment conducive to the cross-fertilization of ideas that contributes to innovation. Even after controlling for the effect of other factors that enhance innovation, “the positive contribution of diversity survives; hence a diverse society enhances the creativity of regions.”

Another study—which also used data for 12 European countries—examined the relationship between diversity and productivity, and reached similar conclusions [4]. A key finding is that cultural diversity has a positive effect on both production and consumption. Using data for the US, the study found that Americans are also more productive in a culturally diverse environment. In Europe, diversity (here defined as the foreign-born share of the population, using a fractionalization index) is positively correlated with productivity. Moreover, the study concluded that causation runs from diversity to productivity.

Each of these studies suggests that there is a “diversity dividend”—an economic benefit of higher productivity and innovation—for immigrant-receiving regions and cities. But while the level of diversity is an important factor, the nature of immigration is also relevant, from the source countries to the level of worker skills and experience.

While many studies have identified positive economic benefits from diversity, other studies have examined the economic costs of immigrant-related (and other forms of) ethnic heterogeneity. One study asked the question: “Is ethnic diversity ‘good’ or ‘bad’ from an economic point of view?” [5]. For example, when there is considerable heterogeneity and fragmentation in a society, are there trade-offs between diversity and, in particular, the provision of public services? Looking at US cities, the study concluded that there are certain costs, including lower or less efficient provision of public goods, as well as less trust and an unwillingness to redistribute income.

Diversity, inequality, and social cohesion

The potential economic benefits aside, superdiversity can pose a challenge to shared civic culture and values. Citizenship implies a degree of commitment to shared values and practices as part of membership of a national community. Issues of integration and equity also arise, as well as the willingness of local and national authorities to recognize and protect minorities and encourage integration.

Shared values and practices have been under pressure, both in countries with modest levels of immigration and in countries, regions, and cities where immigrants

and ethnic minorities constitute a substantial proportion of the population. As a consequence, research and policy interest in settlement outcomes and in relations between native-born populations and immigrants and minority ethnic groups has intensified, especially as these factors often constitute barriers to the acceptance of superdiversity. There are important distinctions to be made between country-specific histories of immigration and the way in which immigration is seen as contributing to—or undermining—national and local interests.

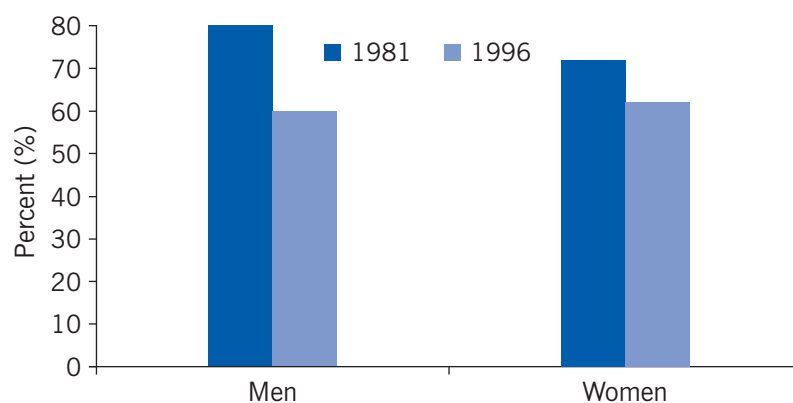
Persistent inequalities between immigrant and native-born populations

Canada is an example of a superdiverse society (a quarter of all Canadian residents were born in another country). It is also home to a number of superdiverse cities—most notably Toronto, where 45% of the population is foreign-born. Despite the early adoption of multicultural policies (in the 1970s) and a prevailing national narrative that values immigration and immigrants, persistent inequalities between majority and minority ethnic groups have prompted concerns about outcomes and equity.

Researchers have found evidence for the existence of both objective and perceived ethno-racial inequalities in Canada [6]. Obstacles to immigrant success appear to have increased, as is reflected in the “downward trend in the employment rates and earnings of successive cohorts of newly arrived immigrants, both male and female.”

In 1981, immigrant men earned average wages equivalent to almost 80% of the wages earned by native-born men. By 1996, that ratio had fallen to just 60%. For immigrant women, average earnings dropped from 73% of the wages earned by native-born women to 62% (Figure 2). These drops in relative wages came despite rising education levels among immigrants. This disadvantaged position of immigrants, which was unrelated to their skills, suggests that the Canadian labor market was not adequately recognizing immigrant skills and experience. The income gap between the native-born population and immigrants was largest for visible immigrants, those who are distinctive in terms of physical appearance compared with the majority white host population.

Figure 2. Average wages of immigrants as a % of native wages in Canada



Source: Based on Reitz, J. G., and R. Bannerjee. “Racial inequality, social cohesion and policy issues in Canada.” In: Banting, K., T. J. Courchene, and F. L. Seidle (eds). *Belonging? Diversity, Recognition and Shared Citizenship in Canada*. Montreal: Institute for Research on Public Policy, 2007 [6].

The low income levels appeared to have slowed immigrant integration only slightly [6]. Statistically more influential for immigrant integration was the level of trust between immigrant and other communities, combined with the immigrants' experiences of discrimination and feelings of vulnerability. These effects applied not only to the first generation of immigrants, but remained significant for the integration of the second generation. The benefits of diversity were thus undermined by poor economic outcomes and the effects of discrimination and low levels of trust.

Public attitudes toward immigration

The negative effects of discrimination are typically reflected in public attitudes towards immigrants. A study that summarizes the results of public opinion polls in 13 countries found significant variation in attitudes toward the level of immigration (whether it should be increased, stay the same, or be decreased) and the belief that immigrants improve a society by bringing new ideas and enriching the culture [7].

Where immigration is part of a nation-building effort (as in Australia, Canada, and New Zealand), attitudes tended to be more positive toward immigrants. For example, in Australia and Canada (and to a lesser but still significant extent in New Zealand), about a quarter of those who responded indicated that they wanted to see the level of immigration increased. This contrasts starkly with European countries, where the percentages of people who wanted to see immigration increase were in single digits. About one-third of Australian and Canadian respondents believed that immigration should be decreased, while in France, Germany, and the UK, two-thirds (or more) responded in the same way.

Attitudes about the benefits of immigration also varied considerably. Survey respondents in Switzerland were most likely to agree that immigration provides benefits, followed by respondents in Canada and New Zealand. The figures ranged from a high of 76% (in Switzerland) to a low of 33% (UK).

Government promotion of diversity

In situations of superdiversity, evidence indicates that government policy needs to address particular challenges: integration and social cohesion, economic performance, and social mobility [8]. The Cities for Local Integration Policy (CLIP) network provides an extensive list of policy options as part of a good-practice guide to promote integration and social cohesion [9]. In particular, they recommend that governments address a range of factors, including inclusive intercultural dialogue and the adoption of anti-discrimination law and policies, and provide support for migrant organizations. An important element is addressing negative attitudes and discrimination as contributing factors to community tension and exclusion.

Negative attitudes about the benefits of immigration, combined with discrimination, inhibit positive settlement outcomes and contribute to community tension. This raises the question of whether national and local authorities have been (or can be) influential in promoting the acceptance of immigrants and diversity, especially where communities are indifferent or even hostile to immigrants.

The European Union's Attitudes to Migrants, Communication, and Local Leadership (AMICALL) project examined how local authorities in six European countries (Germany, Hungary, Italy, the Netherlands, Spain, and the UK) have responded to the challenges of immigrant integration, especially given anti-immigrant attitudes. In 2004, EU member states agreed that integration was a "dynamic, two-way process of mutual accommodation by all immigrants and residents of Member States." The project sought to identify strategies for local authorities to promote integration, given the presence of large immigrant communities in some EU countries, as well as strong anti-immigrant attitudes (indicated by disagreement with the statement that diversity is a positive attribute and agreement that multiculturalism has reached its limit).

The AMICALL project discovered that local authorities are contributing to integration, even where national authorities have been reluctant to promote integration policies. There are substantial challenges in addressing anti-immigrant attitudes. The research concluded that strong leadership was required, along with a strong and inclusive local identity, two-way communication with citizens, and partnerships with stakeholders. It also noted, however, that evaluation and impact assessments of what works were lacking in the European context.

A second factor in the successful settlement of immigrants and acceptance of diversity is related to economic performance and outcomes. Governments can enhance economic outcomes for immigrants through:

- credential recognition;
- transition programs that provide relevant qualifications or work experience;
- language training; and
- job search techniques or business start-up support, as well as by encouraging firms to employ migrant job-seekers.

Vancouver provides a case study of a superdiverse city and the way in which federal and local government combine to enhance the economic integration of immigrants.

A third factor, social mobility, is directly related to economic outcomes, but research also links mobility to the social capital that is available to immigrants and to neighborhood effects such as the ethnic or socio-economic character of residential areas [8]. Impoverished and segregated communities have been associated with limited mobility, low levels of trust, and political radicalization (immigrant and anti-immigrant). Local and national government policies play an important role in ameliorating disadvantage and enhancing social mobility.

Superdiversity and culture

Superdiversity extends as well to issues of culture, including religion and language. Superdiversity has important implications for the use of language, especially an official language, and the notion that there are inevitably native speakers and a mother tongue. The plurality of language communities and the diversity of language use affect a range of communal and institutional practices and policies.

For example, in a superdiverse state like California, the question of the use of the Spanish language—such as whether it should be a formal or recognized language of California and what that would mean in practice—has been very divisive, despite the fact that Latinos now constitute a majority-minority in the state. Superdiversity is testing and altering the way in which a language is socialized—in both formal and informal settings—and the normative assumptions about language use. New technologies and online networking are adding to the complexity of the politics of language use.

Religious diversity has also increasingly characterized contemporary migration issues. The September 11 terrorist attacks in New York and Washington, DC, for example, increased anxieties in Western countries about non-Christian religions and the accommodation of newcomers' religions. A review of religious diversity highlighted the ways in which “Islam has become a symbol of religious and cultural otherness, illiberalism and pre-modernism,” particularly for Europeans and North Americans [9]. As a consequence, large Muslim populations have “become problematic for many people in the West.”

According to this review of religious diversity, the anxiety about religion extends beyond concerns about superdiversity to concerns about the place of religion more broadly in modern liberal democracies [10]. Thus, it reflects not only the particularities of specific countries and communities, but also their historic experiences with immigration. Superdiversity, as well as immigration generally, has become increasingly associated with religious diversity and difference, and has produced new anxieties among communities of immigrant-receiving countries.

LIMITATIONS AND GAPS

The academic study of superdiversity has so far been confined to a limited number of countries, mostly those in the Organisation for Economic Co-operation and Development (OECD). The literature also lacks a firm definition of what constitutes superdiversity in a country or region. One study uses a cultural-ethno-linguistic measure of cultural diversity. But there is a much larger literature on cultural diversity that examines superdiversity in the context of societal processes and outcomes.

Moreover, if ethnicity is used as the defining characteristic of superdiversity, then the way ethnic identity or immigrant status is recorded becomes an important concern. For example, some European countries record children born in the country to immigrant parents as “immigrants,” while countries such as Australia, Canada, and New Zealand reserve this definition strictly for those who are foreign-born.

The quality of the data and the way in which ethnicity is recorded not only make country comparisons more difficult, but also make it difficult to establish causality. More countries and cities are becoming superdiverse as global migration flows add to the presence of already established local ethnic minorities. Evidence on the positive benefits of superdiversity is critical to the public debate.

SUMMARY AND POLICY ADVICE

The term “superdiversity” was coined to help explain the implications of the rapid growth in recent decades of immigrant and ethnic minority communities in many regions around the world. Academic researchers and policymakers are interested in understanding the implications of superdiversity for the nature of social interaction and the functioning of core institutions. There is evidence to indicate that the presence of superdiversity is a contributor to open and innovative societies and cities. At the same time, higher levels of diversity pose challenges, especially where the state or host communities expect conformity and immigrant assimilation. How societies ought to approach growing diversity has become a charged and politically sensitive issue.

Policy issues concern the benefits and outcomes of greater diversity: Does diversity contribute positively to economic and social development? What policies are required to successfully settle immigrants? And what is needed to help host communities adjust? The populism of anti-immigrant sentiments does not contribute to reasoned policy debates and often precludes policy options.

In situations of superdiversity, evidence indicates that government policy needs to address the challenges of integration and social cohesion, economic performance, and social mobility. To promote integration and social cohesion, governments can support inclusive intercultural dialogue, adopt anti-discrimination law and policies, support migrant organizations, and address negative attitudes and discrimination that contribute to community tension and exclusion.

Governments can work to enhance economic performance and outcomes for immigrants through credential recognition, transition programs that provide relevant qualifications or work experience, language training, and job search techniques or business start-up support, as well as by encouraging firms to employ migrant job-seekers. Local and national government policies also play an important role in ameliorating disadvantage and enhancing social mobility, which is directly related to economic outcomes and social capital.

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Competing interests

The IZA World of Labor project is committed to the *IZA Guiding Principles of Research Integrity*. The author declares to have observed these principles.

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