Cultural Diversity
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A broad consensus surrounds the notion of cultural diversity. It has become an unavoidable concept in international negotiations related to the cultural field (Stenou 2004) and has been described as a common heritage of humanity (UNESCO 2005). The sheer existence of cultural diversity enriches the whole of humanity. Having diversity in cultural goods and services offered to citizens, so that they have access to a broad range of available views and ideas, is perceived as a desirable objective for policies addressing the cultural sectors. Another premise is that consumers value diversity because they have different tastes or because every consumer has a taste for diversity (Ranaivoson 2012). Both conditions (diversity of supply and overall taste for diversity) should lead to the ultimate objective that citizens take advantage of the diversity of available content, by having a diverse consumption (Napoli 1999).

This chapter provides a brief overview of how cultural diversity has been addressed by cultural economists, in particular in relation to the cultural sector. It first provides a definition of cultural diversity and, secondly, explains how the diversity of cultural identities contributes to team efficiency. The chapter then focuses on the diversity of cultural expressions, considering the ambiguous impact of market concentration, of online platforms and of recommendation systems.

**HOW TO DEFINE AND ASSESS CULTURAL DIVERSITY? THE STIRLING MODEL**

All academic papers on cultural diversity work with a definition of cultural diversity – albeit sometimes an implicit definition. Cultural economists (and scholars in various fields) have been increasingly using the Stirling model, which has the merit of proposing a general way of defining, and furthermore of assessing, diversity (Stirling 2007). It contributes to unifying the approaches towards cultural diversity, thus enabling international and cross-sector comparisons. More importantly, the Stirling model answers criticisms of the concept of cultural diversity being blurry (Bonet and Nègrier, 2011).

The Stirling model defines diversity as a mix of variety, balance and disparity (Moreau and Peltier 2004; Ranaivoson 2007; Stirling 2007). Its main characteristic is to rely on a definition of diversity that goes beyond the sheer number (for example, of films, of titles, and so on) to integrate how, for instance, each genre or origin is represented compared with the others, and how genres or artists that are very different from the others are present or not.

More precisely, the diversity of a system can only be assessed when its elements have been grouped into categories. When this categorization has been achieved, variety corresponds to the number of categories, balance is the way the elements are spread among categories (for example, market shares) and disparity corresponds to the level of difference between the categories.
the categories (for example, between every pair of categories or between the two most distinct categories; Farchy and Ranaivoson 2011). Every component of diversity appears to evolve independently from the other components. However, this is only true to a certain extent. They are inextricably linked through the notion of diversity, with variations in any component having an impact on the other components (Ranaivoson 2007).

To make this definition clear, let us consider the evolution of music diversity on a French radio station (Ranaivoson 2007). This station initially broadcasts around 100 different French pop songs. Five of these songs are played every hour while the others are broadcast far less frequently. To increase variety, one can, for example, increase the number of different songs broadcast, from 100 to 150. To increase balance, one can reduce the number of broadcasts of the most broadcast songs and increase the broadcasts of the others. To increase disparity, one can choose to replace some of the French pop songs by songs of other styles, which were previously not broadcast, for example Brazilian Bossa Nova or Pakistani Qawwali songs.

Other, more specific dimensions can be added to the Stirling model, for example, the distinction between source, content and exposure diversities (Napoli, 1999), or that between supplied and consumed diversities (Eaton and Lipsey 1989; Van Cuilenburg and Van der Wurff 2001).

Also, the Stirling model needs to be applied to specific categories or typologies, themselves based on the issues addressed and, more pragmatically, on the available data. In every case, it is important to define the diversity of what is at stake. There are here two main instances for cultural diversity: the diversity of cultural identities and the diversity of cultural expressions. The diversity of cultural identities can be linked to Hofstede’s definition of cultures as ‘a collective programming of the mind which distinguishes the members of one group of category of people from another’ (Hofstede 1991, p. 6). This definition implies that culture has to be analysed as a collective phenomenon, since it is shaped by the individuals’ social environment with the importance of commonly shared sets of value. Alternatively, the diversity of cultural expressions corresponds to the diversity within, or produced by, cultural sectors. Such an approach is more output orientated.

THE POSITIVE IMPACT OF THE DIVERSITY OF CULTURAL IDENTITIES ON TEAM EFFICIENCY

The diversity of cultural identities is often tackled from a management position with the view of how to ensure that organizations best adapt to, or take advantage of, their inner diversity. Reviewing the links between the diversity of cultural identities and entrepreneurship, Vecco and Ranaivoson (2017) show that there is a general consensus on the positive impact of cultural diversity within the entrepreneurial field.

The diversity of cultural identities has a positive impact on team performance. Jackson et al. (1995) show that diversity is positively related to the creativity and the decision-making effectiveness of teams. Cultural diversity can also favour innovation. Cross-cultural teams (that is, those whose members are of diverse cultural backgrounds) tend to be more open to various ideas from their members. The level of acceptance of ideas is supposed to be higher. Different knowledge and thinking processes may facilitate problem-solving, the generation of ideas and their implementation (Nathan and Lee 2013). The interchange of
ideas may lead to more innovations and a higher rate of entrepreneurial initiatives (Sobel et al. 2010). All this can support team effectiveness.

Teams benefit not only from the diversity of their members but also from these members’ access to more and diversified information and resources thanks to their own networks (Vecco and Ranaivoson 2017). Moreover, owing to these diversified networks, organizations can access international markets better (Nathan and Lee 2013). Finally, diversity (such as of knowledge, skills and approaches) within business networks is a key factor in innovation potential, as it allows the discovery of new opportunities (Ehrenmann and Warschat 2013). There is a well-established literature demonstrating the positive role of these business networks in cultural sectors (de-Miguel-Molina et al. 2012). All this mirrors the United Nations Educational, Scientific and Cultural Organization’s (UNESCO, 2001) statement that cultural diversity is a capacity for expression, creation and innovation.

However, a diversity of cultural identities can imply some drawbacks that can affect negatively teams’ performance. Different cultures mean different values and, sometimes, different languages. This can lead to communication difficulties and higher levels of conflict (Ehrenmann and Warschat 2013) since rules and codes may not be shared or respected. Thus, organizations or individuals with similar status, for instance, (Ebbers 2009) or the same ethnic background (Koopmans and Schaeffer 2015) are more likely to collaborate. This may lead to create cluster sub-groups that can limit the overall team performance.

THE MARKET STRUCTURE’S AMBIGUOUS IMPACT ON THE DIVERSITY OF CULTURAL EXPRESSIONS

A large body of research has analysed how market structure, and in particular market concentration, impacts the diversity of cultural expressions, with premises in microeconomics and industrial economics, and ambiguous results (Van Cuilenburg and Van der Wurff, 2001). There is a conflict between economies of scale and diversity (Dixit and Stiglitz 1977; Lancaster 1979). Economies of scale exist when fixed costs are large relative to variable costs as is the case for many creative products. For example, this phenomenon leads video-game publishers to focus their development and marketing efforts on a few games since an increase in their consumption will decrease their average production costs (by unit sold). The opposition between diversity and cost reduction is a standard result in the literature on monopolistic competition, starting with Chamberlin (1933). Findings of this strand of research suggest that, in order to reduce production cost, producers tend to provide fewer diverse products than consumers want.

In addition, economic models such as Hotelling’s spatial model show a tendency for competing producers to end up offering standardized products (Hotelling 1929), thus reducing products disparity. Producers want to obtain the greatest market share and, to do so, aim to produce the product that best fits the tastes of the average consumer. However, they fail to cater for consumers with more marginal tastes. Although there may seem to be an increasing variety of cultural goods and services, even more of them target the average consumer and are therefore even more alike. Thus, Assogba (2015) argues that having several media companies does not necessarily lead to diversity of news, notably because each then lacks sufficient means to produce quality content.
Alternatively, economies of scope can also motivate producers and distributors to offer a more diverse range of products as they get bigger. Economies of scope can be realized in those sectors where product diversification can be based on the common and recurrent use of an infrastructure with high fixed costs (for example, a warehouse). In addition, a diversified catalogue has several assets. It first allows companies to limit portfolio risks, akin to the management of financial assets (Markowitz 1952). It is also a way to reduce competition: saturation of the market enables the erection of barriers to entry (Curien and Moreau 2005; Lancaster 1979). For instance, museums diversify their activities to face budgetary restrictions; art galleries and art dealers diversify their portfolio in order to reduce risks.

ONLINE PLATFORMS’ IMPACT ON THE DIVERSITY OF CULTURAL EXPRESSIONS

Digitization and the development of the Internet have led to a reformulation of traditional questions on the impact of market structure. Cultural sectors are increasingly becoming organized as two-sided markets (Rochet and Tirole 2002), in which new online companies play the role of platforms mediating between different categories of users. They behave in a different way from traditional cultural industries since they have to take into account the interactions between their various categories of users – consumers, advertisers, application developers, and so on.

Online platforms are motivated to provide a huge diversity of products as it gives them a competitive advantage over their competitors (Brynjolfsson et al. 2010). Anderson coined the long tail to predict that digital technology will allow consumption to become a great deal more diverse (Anderson 2006), which consists in two trends: (1) the decreasing importance of the head (blockbusters, best-sellers, and so on.) in relative or even absolute terms; and (2) the increase of the tail, that is, the increase of niche products. The latter idea was already put forward by Brynjolfsson et al. (2003) when they discussed the importance of obscure works in online sales. For the moment, online platforms have an interest in remaining open and fostering internal competition (Ranaivoson 2016): openness in ensuring that platforms welcome third party’s content or application, in order to attract users; and competition between their providers, in order to propose as broad a range of catalogues or offers as possible.

Online platforms typically offer a large selection of niche products and provide the relevant filters to discover niche products (Brynjolfsson et al. 2010). There is a much greater amount of content available to citizens owing to the democratization of content production, the reduction of distribution to an audience that is potentially global, and the constant emergence of new services relying on innovative business models (Masnick and Ho 2014). These services or new activities are at all steps in the value chain from creation to distribution. A consequence would be greater diversity also at user level (Cowen 2002).

However, digital technologies are likely to threaten traditional stakeholders in the cultural sectors (creators and intermediaries) to the benefit of these online platforms. While platforms may provide a huge diversity of cultural content, they tend to become more than actors in value chains, with an impact on consumption choices that is difficult to assess (Kulesz 2015). Goel et al. (2010) believe that there is a risk that the online platforms’
increasing control over access to cultural works may threaten the visibility and promotion of marginal cultural works even compared to the current situation. Online platforms’ commercial strategies and business models are likely to lead to more homogeneity in content supply and consumption (Guèvremont et al. 2013).

More fundamentally, arguments developed by superstar theory can explain possible evolution towards less diversity. The theory (Adler 1985; Rosen 1981) aims at explaining why consumption is focused on a restricted number of products or creators, the superstars. Rosen’s (1981) most interesting argument is the role played by technology, namely, distribution and consumption technologies’ low marginal costs, which allow better products or more talented creators to benefit from economies of scale when reaching wider markets, and thus become superstars. With digitization, marginal costs for distribution and consumption are decreasing even more. Adler (1985) assumes that consumers get increasingly satisfied the more they know about what they are consuming, and that consumers mainly know via discussion with others. Therefore, information is at the core of his theory. Since consumers try to know as much as possible about what they consume, the most famous creators or products – those that most people are talking about – are advantaged, and this is a self-reinforcing feature (Adler 1985). Information about superstars becomes even more ubiquitous owing to the Internet.

THE DIVERSITY OF RECOMMENDED CULTURAL EXPRESSIONS: A NEW FRONTIER FOR CULTURAL ECONOMICS

The diversity of cultural expressions has been primarily analysed from the point of view of production and distribution, and their impact on consumption. With digitization, it is important to consider – beyond what is available – what gets recommended to users.

Recommendation systems have been studied since at least the mid-1990s (Adomavicius and Tuzhilin 2005). They are useful to help filter out large amounts of information. An increase in the diversity of available options makes it harder to cope with the related increase in the load of information, as research in psychology shows (for an overview, see Ranaivoson 2012). With digitization, some physical limitations have disappeared, notably space (for storing) and time (for scheduling). Others remain: not only attention but also what can be displayed to users – for example, what the Netflix user will see when connecting to the platform. Thus, Mulligan (2014) argues that the size of the online music services’ catalogue is an inconvenience for their users. This is, he argues, mainly owing to the small amounts of visual display space digital services have compared with bricks and mortar stores’ footage of window space and of front-of-store display space. For these reasons, the selection process of an item can become cumbersome and complicated (Kunaver and Požrl 2017). A strategy for users can therefore be to limit the riskiness of their choice and opt for what they already know (Ranaivoson 2016). Conversely, relevant filters that help consumers find what is likely to please them, in spite of the abundant supply, were already identified in the long tail theory as necessary for the advent of the long tail (Anderson 2006).

With, on one side, users with their different tastes and profiles and, on the other, available items, recommendation systems aim at displaying for each user the set of items
that is the most likely to maximize the user’s utility (Adomavicius and Tuzhilin 2005). Most recommendation systems follow the same steps (Kunaver and Požrl 2017): first they analyse the available information about the user; second, they create a user model which stores the information required by the recommendation process in order to select the most appropriate item(s) for the user; third, they present items to the user; fourth a feedback mechanism enables the recommendation system to track the user’s satisfaction with the presented recommendations and adjust the user model accordingly. This feedback can be implicit (based on the observed behaviour, for example, whether the content was watched until the end), or explicit (based on rating).

Recommendation systems are usually classified into three categories, based on how recommendations are made (Adomavicius and Tuzhilin 2005): content-based recommendations (the user will be recommended items similar to those the user preferred in the past), collaborative recommendations (the user will be recommended items that people with similar tastes and preferences liked in the past) and, hybrid approaches, which combine the first two.

By definition, recommendation systems reduce the number of items displayed to consumers. This does not necessarily mean that users would have a more diverse consumption in the absence of such recommendation systems. The introduction of diversification into the recommendation process receives growing attention by scholars and practitioners (Kunaver and Požrl 2017). This could be seen as a form of diversity by design (Helberger 2011), where diversity is an objective already at the level of the conception and implementation of the algorithm.

However, recommendation systems’ biases can, on the contrary, in some cases lead to a reduction in diversity (Ranaivoson 2019), in particular selection bias and the filter bubble. Selection bias occurs when not all items in the target population are equally likely to be displayed (Groeling 2013), for example, items that do not belong to the catalogue, but also items that do not have sufficient historical data. Tan et al. (2015) explain that recommendation systems can reduce sales diversity because these systems tend to recommend only products with sufficient historical data, and obscure works do not have enough historical data.

The filter bubble relies on three specific dynamics (Pariser 2011): a person is alone in his or her filter bubble; the filter bubble is invisible; and, the person does not choose to enter the bubble. Pariser sees the filter bubble as a drawback of personalization, often overlooked by users: ‘in a personalized world, important but complex or unpleasant issues . . . are less likely to come to our attention at all’ (Pariser 2011, p. 18). The direct consequence of the filter bubble is that every user has access to less diverse content – viewpoints, ideas, stories, and so on – than what is available, or than what they think they have access to (Hendrickx 2018).

Empirical research proving the existence of a filter bubble remains scarce (Hendrickx 2018). Thus, Zuiderveen Borgesius et al. (2016) conclude that, in spite of the serious concerns voiced, there is no empirical evidence that warrants any strong worries about filter bubbles, but the debate about them is nonetheless important. In a similar vein, Haim et al. (2017) note that empirical evidence on the existence of the filter bubble and its effects, especially in the context of news, is limited. To our knowledge, none of the existing handful of studies has been able to prove genuine negative effects of filter bubbles.
CONCLUSION

This chapter has provided a brief overview of how cultural economics has tackled cultural diversity in the cultural sector. After explaining how the Stirling model can provide a basis to define it, it has identified four main lines of research: the impact of the diversity of cultural identities on a team efficiency; the impact of market structure on the diversity of cultural expressions; how the question is renewed with the advent of online platforms; and the diversity of recommended cultural expressions.

I formulate two conclusions from the overview. A first important aspect is that any research on cultural diversity requires a proper definition of the concept, how it is addressed by the research and, eventually, how it is assessed; otherwise, the concept gets too broad and blurry, leading to contradictory conclusions. It does not mean that I believe there is one definition of cultural diversity and one proper way to analyse it. Instead, each researcher providing their own definition should make it clearer for the reader what are the underlying assumptions. This is more of an attempt to make assumptions as explicit as possible.

Finally, as digitization constantly brings innovations, the analysis of its adoption and its impact will lead to very interesting research. In particular, algorithms, how they are integrated in online platforms' strategies and their role in how citizens are exposed to diversity, remain under-researched in social sciences.

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SEE ALSO:

Chapter 18: Cultural capital; Chapter 33: Intangible cultural heritage; Chapter 54: Superstars.

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Adomavicius, G. and A. Tuzhilin (2005), ‘Toward the next generation of recommender systems: a survey of the state-of-the-art and possible extensions’, *IEEE Transactions on Knowledge and Data Engineering*, 17 (6), 734–49.
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FURTHER READING

Ranaivoson (2007) provides an overview of the economic literature on the diversity of cultural expressions. In Stirling (2007), we can find a thorough definition of the Stirling model, and indexes that can be used to assess diversity. Van Cuijlenburg and Van der Wurff (2001) provide a good overview of the impact of competition on diversity. For the impact of digitization on the diversity of cultural expressions, see Brynjolfsson et al. (2010) and Anderson (2006). The former is more rigorous from a scientific viewpoint; the latter is more accessible.