

Why the European Union is not Delivering. An Essay on the Role of Diversity

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The European Union (EU) has suffered from fall-out recently. Clear cases in point were the anti-EU outcomes of the referenda in France and the Netherlands, as well as the messy process in response to the Euro crisis. More broadly, recent elections in many European countries have resulted in winning parties that advertise an explicit anti-EU sentiment, often linked to an equally explicit anti-immigrant stance. Apparently, in the eyes of many, the EU is not delivering – quite to the contrary. In this essay, insights from a variety of social sciences will be reviewed that may shed light on this issue, with a focus on the role of a multidimensional conception of diversity.

Introduction

The European Union (EU) has suffered from fall-out, recently. Clear cases in point were the anti-EU outcomes of the referenda in France and the Netherlands, as well as the messy process in response to the Euro crisis. More broadly, recent elections in many European countries have resulted in winning parties that advertise an explicit anti-EU sentiment, often linked to an equally explicit anti-immigrant stance. Nationalist and anti-EU parties do or did very well in, for example, Austria (the late Jörg Haider), Denmark (Pia Kjaersgaard), France (Jean-Marie Le Pen), Hungary (Gábor Vona), Italy (Gianfranco Fini), the Netherlands (Geert Wilders) and the Czech Republic (Václav Klaus). Apparently, in the eyes of many, the EU is not delivering – quite to the contrary.¹ In this essay, insights from a variety of social sciences will be reviewed that may shed light on this issue. Of course, many social sciences' analyses of the EU are published on a daily basis, in academic journals as well as in the popular press, referring to such issues as economic globalisation and Islamic terrorism. This essay is an attempt to move beyond this current state of the art by discussing complementary insights not yet explicitly applied, to the best of my knowledge, to EU issues. In so doing, this essay will suggest a future research agenda.

Table 1. Four selected topics

No.	Level	Discipline	Diversity	Impact	Study
1	Individuals	Psychology (linguistics)	Language	Cooperation	Ref. 5
2	Groups	Management (psychology)	Demography	Decision-making	Ref. 8
3	Cities	Sociology (economics)	Religion	Growth	Ref. 10
4	Countries	Public administration (ecology)	Cabinet	Regulation	Ref. 12

I start by emphasising a specific aspect of European integration that makes this political project so special: diversity. What the EU does, is to bring together a large group of countries that are different in many ways – they differ in culture, ethnicity, history, language, and much more. This multidimensional conception of diversity in the European setting is the starting point of this essay, as I believe that this is why the EU can be viewed as a unique social experiment. That is, I explore how this concept of multidimensional diversity may explain why the EU is unable to deliver, at least in the eyes of the majority or sizable minority of the population, and why this perceived inability is gaining force over time. In this context, I take an explicitly multi-level and multidisciplinary perspective by briefly discussing insights from the psychology of individuals, the management of teams, the sociology of cities and the public administration of countries. Of course, given the sheer enormity of this multidisciplinary literature (or, more precisely, set of different literatures), I cannot but engage in cherry-picking. That is, I select four topics, rooted in my own work, that I believe nicely illustrate the central point I want to make in this essay. In that sense, this is an exploratory essay, only revealing the tip of the iceberg – nothing more, and nothing less. In the appraisal, I return to this issue. Table 1 summarises this essay's selection of cherries, or topics.²

First, this essay's starting point is individual behaviour. A key aspect of Europe's diversity is language heterogeneity. In psychology, at the interface with linguistics, recent studies emphasise the effect of different languages on individual behaviour. What might this imply for an EU in which people with dozens of different mother tongues must collaborate in English? Second, another aspect of the EU is that groups of people from very different backgrounds have to cooperate. In management, inspired by social psychology, a large literature deals with the antecedents and consequences of diversity in the setting of top management teams, particularly focusing on the impact of team diversity on corporate performance. Can this literature be applied to the European Commission or any other of the 'top teams' running the EU? Third, the EU is a conglomerate of communities, within and across countries. In sociology, as well as in economics, the impact of population diversity on economic performance of cities, countries and regions is well-studied. Has the expansion of the EU to the East generated too much diversity? Fourth, the EU as a formal entity is essentially a policy-making machinery that operates on top of 27 national legislation machineries. In public administration, applying insights from (organisational) ecology, the theory of

red tape predicts that over-bureaucratisation and over-regulation generate under-performance. Is this what is happening in the EU?³ Below, I will briefly summarise the key findings from the four selected studies, speculating about what these results might imply if applied to the EU context, and/or what future research issues follow from these findings. In a concluding section, I will reflect on what these examples might have to say about future research on diversity in the EU.

The Psychology of Individuals

Language and Economic Behaviour

Within the EU, people from 27 different Member States are lumped together under the roof symbolised by ‘Brussels’ and a blue flag with yellow stars. To argue that these people differ in many ways is too obvious to be very interesting. Of course, someone from, say, Ireland is different from a colleague EU-citizen from Greece or Poland. People from different countries refer to different histories, and are imprinted by different cultures and experiences. Rather, however, the interesting question is what types of differences have what sorts of effects. Here, I could explore a plethora of differences. One difference that stands out as immediate, though, is language. Hence, therefore, I take this as my example to explore how salient differences across individuals in the EU can impact interaction between such different individuals. Starting point of such an exploration is the field of cross-cultural psychology. Cross-cultural psychology studies the impact of culture on individual attitude and behaviour.

A key finding in cross-cultural psychology relates to the substantial impact of culture and language on attitudes and perceptions.⁴ In this essay, I focus on recent work at the interface of cross-cultural psychology, on the one hand, and psycho- or socio-linguistics, on the other, that moves beyond the focus on the language effect on thinking, but instead shifts gear by investigating the impact on behaviour. I do so by briefly discussing a recent paper by Akkermans *et al.*⁵ This paper is the first to explore the impact of language on economic behaviour, to the best of my knowledge. As is standard in the psychology of fundamental human brain processes and behavioural patterns, this is done through an experiment. At the Dutch University of Groningen, about 360 first-year bachelor students in business and economics had to decide 36 times to either compete against or cooperate with a fellow student. This decision was framed as a so-called Prisoner’s Dilemma, in which a decision-maker could either seek to maximise expected own benefit by competing or expected joint benefit by cooperating.

The context was a Bertrand duopoly game, in which setting a low price reflects competition and opting for a high price implies cooperation. If both students selected a high price, they could share a cartel profit. With two low prices, the outcome would be a loss-generating price war. If one decided to go for the low price whilst the other picked the high price, then the former would earn a mega profit at the expense of the latter’s mega loss. Half of the students played the game in Dutch, and the other half in English. All students were Dutch by birth, but some had lived for three months or more in an Anglo-Saxon country. Figure 1 reveals how this pair of variables – Dutch or English

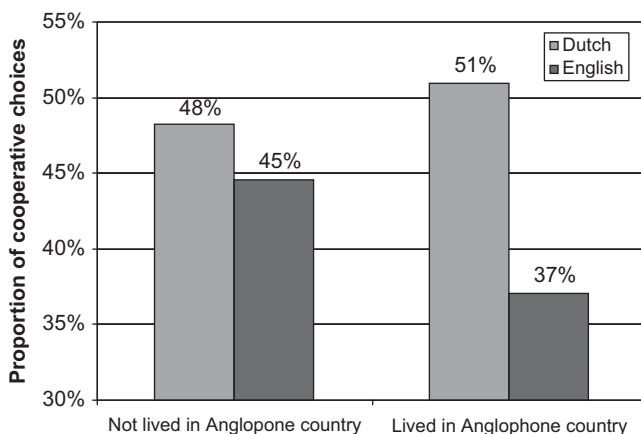


Figure 1. The language prime effect.

language, and having lived in an Anglo-Saxon country for at least three months – affects the choice to compete or to cooperate, separately and jointly.⁶

The first observation is that the students opt to compete more often in the English than in the Dutch treatment. The second observation is that this conclusion applies particularly to those students who lived in an Anglo-Saxon country for three months or more. The question is what may explain this pair of findings. One explanation may be that students associate English with the Anglo-Saxon – specifically the American, probably – culture. In turn, this culture is known for its competitive and individualistic orientation. This interpretation is supported by the finding that particularly those students who lived in an Anglo-Saxon country for at least three months play considerably more competitively. Precisely because of this interaction effect, the alternative explanation – that students simply behave more competitively in another language than their mother tongue – is unlikely to be valid. Apparently, language operates as a trigger – in modern psychology parlance, a prime – that stimulates students to switch from the Dutch cooperative to the Anglo-Saxon competitive mode.

So, what might this result imply for the effect of language diversity in the EU? Of course, all I can do here is to speculate, as I cannot simply generalise the findings from a laboratory experiment of students to the ‘real’ world of Brussels. One immediate implication may be that the need to switch to English in many European settings will trigger competitiveness, making it more difficult to cooperate. If this is so, this may offer part of the explanation why the EU is often unable to deliver. If policy-makers or politicians from different Member States, all with different mother tongues, have to agree on policy, the language effect will further complicate already complex negotiations. With the expansion of the EU toward Eastern Europe, this language effect has been reinforced – an effect that operates on top of the complexities of different cultures and different preferences. From this perspective, the conclusion could be that the EU should be reluctant to expand beyond the current level of over-diversity, and wait until the current flux has settled into a workable equilibrium.

The Management of Teams

Sorting and Selection in Organisational Teams

Homo sapiens are social animals. Much of what people do, they do in groups. These can be informal groups, such as friendships, or formal teams, such as task forces. Within the EU, such informal groups or formal teams with people from different Member States abound. Sometimes, these are spontaneous social groups that emerge from interaction in an international context. An example is international student exchange in the context of Europe's Erasmus programme. At other occasions, such teams are formally established in organisational settings, in the private or public sector, to perform specific tasks. Within a merged private enterprise such as Air France–KLM, Dutch–French groups can now be found from the upper echelon to the work floor in the newly structured organisation. In Brussels, the European Commission is itself such an international team, as are the thousands of working groups within and across EU Directorates. In the management domain, inspired by work in social psychology and organisational sociology, a booming tradition emerged that focuses on the study of work teams within organisations. An important topic in this tradition deals with the impact of team member diversity on group behaviour and performance.

The literature on teams is huge.⁷ Here, I take the study of Boone *et al.*⁸ as an example. In this study, selection processes of people into and out of top management teams of five large Dutch publishing companies are investigated over a 25-year period, running from 1970 until 1994. In this study, top management team diversity is measured using four straightforward demographic characteristics of individuals working in an organisation: age, career history (insider or outsider), education and experience. Entry and exit analyses reveal that the teams involved feature cloning processes. That is, those managers who are demographically dissimilar from their colleagues are the ones who are most likely to leave, to be replaced by newcomers who are demographically more similar to the incumbents. This homogenisation process is reinforced in times of 'threat' – for example if the firm's performance is declining.

In supplementary analyses, Boone *et al.*⁸ explore the effect of such cloning on the short and long-run performance of these five organisations. Their finding is twofold. On the one hand, team homogeneity is positively associated with short-run performance, as measured by profitability. On the other hand, team heterogeneity is positively related to long-run performance, as proxied by growth. So, team homogeneity is a two-edged sword. At the upside, such teams are efficient and effective decision-making bodies. People who are similar, sharing a common background, agree more easily, and are less likely to slip away in conflict. Such decisive behaviour is good for short-term performance. But this behaviour is associated with an important downside. A group of similar people is much less likely to come up with new ideas. Team homogeneity is negatively associated with creativity. Such unimaginative team behaviour is bad for long-run performance. Figure 2 visualises both effects.

Combining both forces implies that there might well be an 'optimal' level of team diversity. On the one hand, too little heterogeneity is harmful by reducing the team's creativity. On the other hand, too much heterogeneity is bad for performance, too, by

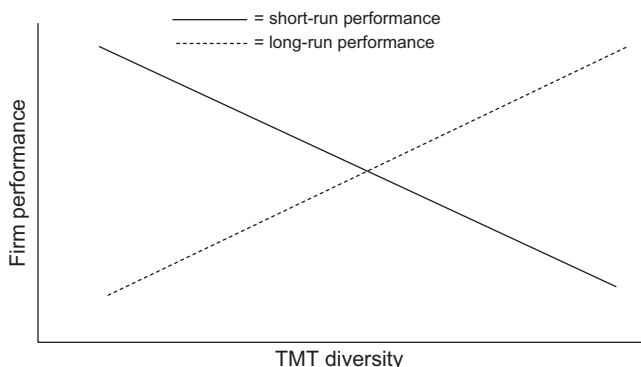


Figure 2. The team diversity effect.

triggering inefficient and conflict-rich decision-making. What might this imply in the context of the EU? By construction, many EU teams feature much heterogeneity. With the expansion toward the East, this heterogeneity might well have increased beyond the ‘optimum’. This increases the likelihood of inefficient and conflict-rich decision-making processes. To decrease the probability of this happening, the careful design of team composition in combination with tailored training programmes will help to increase the efficiency and effectiveness of EU decision-making.

The Sociology of Cities

Population Diversity and Economic Performance

Society is a community of communities. These communities are organised in many different ways. The church is a community, as is a high school. The essential communal structure is reflected in geography. Countries are communities, as are provinces or municipalities. A much-studied community is the city. Within disciplines such as economics, geography and sociology, specialised sub-disciplines have been developed that focus on the study of geographical communities, such as cities, regions or countries. A key puzzle is to explain why some communities perform so much better than others. Within the EU, no doubt, this is a key issue, too. The fact that countries and regions lag behind in their economic development is something put high on the EU’s agenda. Special funds are channelled from rich to poor parts of the EU in an attempt to decrease the gap. Here, again, an essential feature of such countries or regions – or communities, more generally – is that they are very different. An aspect of communities that is hotly debated in the 2000s is ethnic and religious pluralism. How is such diversity related to a community’s economic performance?

Particularly interesting is the rapidly expanding literature on the impact of ethnic diversity on the (economic) performance of communities.⁹ My case in point is the paper of de Zwaan *et al.*¹⁰ This is a historical study of three Dutch cities – Apeldoorn, Deventer and Zwolle – during the second Industrial Revolution in the period from 1851 to 1910. In this time of history, Dutch society developed a sophisticated system of ‘pillarisation’

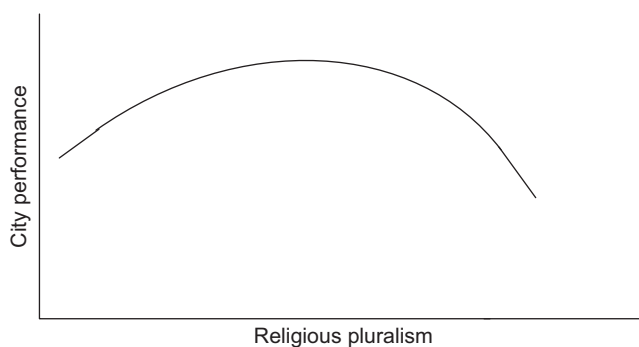


Figure 3. The religious pluralism effect.

(in Dutch: *verzuiling*), being associated with religious pluralism and tolerance. In 1910, for instance, Zwolle's population was registered in seven categories: Calvinist (6%), Catholic (23%), Judaist (2%), Lutheran (2%), Baptist (1%), other Protestant (64%), and Other (1%). Using this type of information, Zwolle's annual religious diversity can be calculated. For this purpose, de Zwaan *et al.*¹⁰ argue that the Shannon index H is appropriate in their context, as this index gives relatively large weights to smaller categories. The Shannon index H has, in this sample, a minimum diversity value of $H = 0.9$ to a maximum diversity value of approximately $H = 1.5$. The heart of the paper is an econometric estimation of the effect of religious pluralism on a measure of city prosperity: population growth. Arguably, in this period of Dutch history, such urban growth was a good proxy for economic prosperity. The outcome of this estimation is visualised in Figure 3.

Clearly, the effect of religious pluralism on urban growth is hill-shaped, with the peak being located at roughly $H^* = 1.3$. In the literature, the downward slope beyond the peak is explained with reference to increasing inter-group conflict and decreasing public investment. If a society features too much population diversity, tolerance can no longer be sustained. Moreover, agreement as to where to invest public funds is more difficult to reach.

The question is how this finding can be translated to modern European times. This relates to two issues: what are insightful dimensions of a population's diversity, and how are the dimensions of diversity related to the economic performance of European communities? Of course, more work is needed before these questions can be answered. For now, two observations should suffice to illustrate the logic. First, with the expansion of the EU, ethnic and religious diversity have increased dramatically, within and across countries. For instance, ethnic diversity comes with tensions in countries that were part of the former Austrian-Hungarian empire, such as Hungary, Romania and Slovakia. Second, the debate about the integration of large Islamic minorities within EU societies reveals a classic religious tension. This is witnessed by the increasing popularity of anti-Islam parties in many EU Member States. Future research could focus on institutional and policy moderators that may dampen or even turn around the negative effect of population diversity.

The Public Administration of Countries

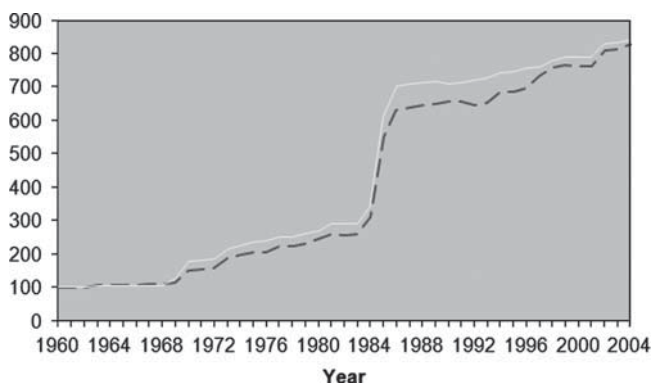
Policy-making and Red Tape

The core of the EU is policy. Over the history of European integration, the defining development has been the one toward more centralised policy-making. Of course, the debate about what should be handled decentrally within each Member State and what centrally in ‘Brussels’ reflects a never-ending story. However, the essence of European integration has been to regulate more and more at the EU level, with the aim to stimulate economic progress and to create a ‘level playing field’. Indeed, popular rhetoric in many – if not all – EU Member States is that ‘Brussels’ is intervening way too much now, and that countries should be ‘given back to their citizens’. It is this type of rhetoric that has defined many European elections in the 2000s, including the Dutch and French ones as to the ‘European constitution’. In public administration and the study of public policy, studies emerged (a) to quantify the actual degree of ‘Europeanisation’ of rule-making and (b) to unravel the underlying drivers of the policy-making process. In both cases, a question is how these issues relate to diversity.

In public administration, a series of studies focuses on understanding the rule-production process.¹¹ The example discussed in this essay is van Witteloostuijn and de Jong.¹² Their study focuses on counting the number of formal rules created by Dutch government in the domain of higher education law in the period from 1960 to 2004. Figure 4 provides the count data.

One of the key explanatory variables in their regression analyses is cabinet political homogeneity, next to such factors as the current rule stock and the minister’s professional background. They find that the cabinet’s homogeneity is non-linearly related to rule birth, with a hill-shaped functional form. This finding can, perhaps, be explained with reference to the team diversity effect as discussed above, emphasising a trade-off between the decision-making efficiency associated with team homogeneity and the decision-making creativity linked to team heterogeneity.

Similar drivers of the rule-production process within the EU have not yet been studied. What can explain the pace of growth of the EU rule stock in different domains,



1960 = 100; light line = articles; and dark dotted line = sentences.

Figure 4. The rule production effect.

from agriculture to competition policy? The study of van Witteloostuijn and de Jong¹² would suggest that at least two issues are likely to be critical: the intrinsic growth dynamic that tends to characterise any stock of rules ('rules breed rules'), and the compositional features of the rule-making teams ('rule-makers breed rules'). As far as the latter is concerned, a study of the impact of multi-dimensional team diversity of, for example, the European Commission (EC) is warranted. How is the multi-dimensional diversity of the EC related to the degree of Europeanisation of (national) law?

Taking Stock

And Where to Take it from Here

These and other issues are discussed in an attempt to further our understanding as to why the EU, according to many, is performing below par. Key is that dealing with diversity in its many forms and shapes implies a real challenge. Diversity comes with a large variety of advantages and disadvantages. Understanding which advantages and disadvantages are associated with which types of diversity in what contexts is key. This suggests an agenda for future research within an EU context. Without such understanding, the EU will struggle to effectively fight against the tendency in the enlarged EU to perceive the downsides of diversity as dominant. With such an understanding, the EU can introduce measures that reduce the disadvantages and/or reinforce the advantages. For instance, highly diverse decision-making teams abound within the EU. This increases the likelihood of inefficient and conflict-rich decision-making processes. To decrease the probability of this happening, the careful design of team composition in combination with tailored training programmes will help to increase the efficiency and effectiveness of EU decision-making.

Acknowledgement

Arjen van Witteloostuijn gratefully acknowledges the financial support through the Odysseus programme of the Flemish Science Foundation (FWO).

Notes and References

1. Of course, the rise of these nationalist movements across Europe cannot – and should not – *only* be explained with reference to anti-EU sentiments. The point I try to make here is that this anti-EU sentiment offers part of the explanation. In this essay's context, this claim suffices.
2. For the sake of the argument, below I will not refer to many other studies. For those interested, the four papers discussed here include long literature lists with references to many related and background studies.
3. This list seems to suggest that, although this essay's overall perspective is multidisciplinary, the study of the impact of diversity at different levels of analysis is not. Nothing could be more wrong. As will be clear from the discussion below, all studies that pass under review here are themselves multidisciplinary as well. However, by and large, this multidisciplinary perspective is developed after taking a specific monodiscipline as the steppingstone. Indeed, in doing so, other disciplines than the one referred to in the main text are taken on board, too – a prominent example being economics. To signal this, I included a secondary discipline in

Table 1's overview, indicating with which other discipline the primary discipline is being cross-fertilised.

4. A. W. K. Harzing, M. Maznevski and ten country collaborators (2002) The interaction between language and culture: a test of the cultural accommodation hypothesis in seven countries. *Language and Intercultural Communication*, **2**, pp. 120–139.
5. D. H. M. Akkermans, A. W. K. Harzing and A. van Witteloostuijn (2010) Cultural accommodation and language priming: competitive versus cooperative behavior in a prisoner's dilemma game. *Management International Review*, **50**, pp. 559–583.
6. In this discussion, as well as the one of the other three example studies, I do not present the statistical details, for the sake of brevity. For sure, all four studies apply advanced multivariate statistics to derive the results presented here, including relevant control variables and using the appropriate estimation techniques. Interested readers can consult the original sources for details. Suffice to say, in the context of an essay like this, that all the discussed results are significant at the standard minimum level of 0.1 or better.
7. S. T. Certo, R. H. Lester, C. M. Dalton and D.R. Dalton (2006) Top management teams strategy and financial performance: a meta-analytic examination. *Journal of Management Studies*, **43**, pp. 813–839.
8. C. Boone, W. van Olffen, A. van Witteloostuijn and B. De Brabander (2004) The genesis of top management team diversity: selective turnover within management teams in the Dutch newspaper publishing market in 1970-1994. *Academy of Management Journal*, **47**, pp. 633–656.
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10. M. de Zwaan, C. Boone and A. van Witteloostuijn (2010) Does religious pluralism affect urban growth? Working paper, Antwerp: University of Antwerp/^ACED.
11. F. Maltzman and C. R. Shipman (2008) Continuity, change, and the evolution of law. *American Journal of Political Science*, **52**, pp. 252–267.
12. A. van Witteloostuijn and G. de Jong (2010) An ecology of national rule birth: a longitudinal study of Dutch higher educational law, 1960-2004. *Journal of Public Administration Research and Theory*, **20**, 187–213.

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