

Chapter 2

Modifying Culture to Advance Economic Growth: The Case of Singapore

Balbir Bhasin

University of Arkansas – Fort Smith, USA

Sivakumar Venkataramany

Ashland University, USA

Lee Keng Ng

Toulouse Business School, France

ABSTRACT

In furthering the discussion on the linkage between economic development and culture, this chapter attempts to answer the question, “Can culture be modified to advance economic growth?” and uses Singapore as a case in point. It traces the country’s restructuring of cultural values to foster economic growth and development, which allowed Singapore to grow from a small island state with a sagging economy and no natural resources to one of the most respected and widely recognized developmental models of the modern era. This study shows that social controls can help newly developing countries in creating political stability and social cohesion that allows for rapid economic development. However, the side effects of such measures lead to the creation of a compliant society that lacks creativity and innovation, is risk averse in entrepreneurial activity, and is prone to talent depletion.

INTRODUCTION

Over the past two decades numerous efforts have been made to link economic growth to cultural influences and values. In their efforts to pursue modernization and industrialization, developing countries have adopted different approaches using various economic models of restructuring to

enable positive changes to take place. The attempt has been to empower their citizens in adapting to modern practices of specialization and professionalism in the workplace.

Not many countries with diverse populations have succeeded in adjusting the attitudes of their people in a way that they could make rapid changes to conform to the requirements of mod-

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ern technology and a competitive environment. Singapore is such a case in point. Japan, South Korea and the other Asian Tigers had more or less homogenous workforces that required little cultural adjustment.

This paper traces the successful implementation of policies by a developing country in its conscious efforts to modify the cultural values of their population to foster economic development. This study seeks to identify the evolution of such a policy and its effects on the short and long term development of the country. It seeks a general answer to the question “Can culture be modified to advance economic growth?”

Culture and Economic Development: Literature Review

The Nobel laureate economist Amartya Sen has lamented that social scientists have often commented on the tendency of economists to pay inadequate attention to culture in investigating the operating of societies in general and the process of development in particular (Sen, 2004). Economists have been reluctant to rely on culture as a possible determinant of economic phenomena as the notion of culture is so broad and so vague that it is difficult to design testable hypotheses. A narrower definition of culture that allowed for a simpler methodology was developed to test cultural-based definitions (Guiso et. al., 2006). Subsequently, numerous attempts were made to empirically identify the effects on culture and to answer the question, ‘does culture matter and, if so, how much?’ (Palgrave, 2008).

Fukuyama (2001) posited that there is a cultural dimension to economic behavior and that cultural factors affect economic development in four ways: through its impact on organization and function; through attitudes towards consumption and work; through the ability to create and manage institutions; and through the creation of social networks. Papamarcos and Watson

(2006) empirically examined the role of culture in encouraging or discouraging country-level economic performance. They found that, when it comes to economic growth, not all cultures are created equal.

The clear finding has been that cultural values and attitudes have a direct effect on economic development. Johnson and Lenartowicz (1998) found a significant relationship between measures of culture, economic freedom, and economic growth. Williamson and Mather (2011) found that culture and economic freedom are both independently important for economic prosperity. In an Asia specific empirical study on cultural values and economic growth, Khan, Zhang, Hashmi and Bashir (2010) created a model which incorporates both cultural and economic variable and were able to measure the impact of certain cultural factors on economic growths of selected Asian countries.

A research study *Route Mapping Culture and Development* (Vincent, 2005) found that cultural activities were widespread in development. But despite 350 examples from five development agencies over two years, the research found limited explicit policy on cultural issues. The study found a lack of consistency in implementing projects, little understanding of how cultural processes work, and few examples of appropriate evaluation. Four aspects of the use of culture in development were identified:

1. **Culture as Context:** The wider social environment and setting.
2. **Culture as Content:** Local cultural practices, beliefs, and processes.
3. **Culture as Method:** Cultural and creative communication activities (popular theatre, music, dance, visual media, symbols).
4. **Culture as Expression:** Creative elements of culture linked to beliefs, attitudes and emotions, ways of engaging the world, and imagining the future.

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