

Diversity enforces social exclusion: Does exclusion never cease?

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Abstract

Diversity plays a vital role in sustainable development of any country. Discrimination, segregation and bigotry are escalating the pressure on the world's population. This study aims to investigate the impact of ethnic and religious diversity on social exclusion (in the form of economic exclusion, exclusion from public service and exclusion from civic and public participation as indicated by United Nations Development Program (UNDP) by using data from 187-countries. Based on panel data methodology this study concludes that diversity, either ethnic or religious or both, can increase social exclusion and affect wellbeing at a population level. This study suggests that ethnic and religious diversity is an inherent part of most societies in a globalised world and is unlikely to be halted yet the unintended negative impacts of such increased diversity can be minimized by establishing cohesiveness in society.

Keywords: Ethnic Diversity; Religious Diversity; Social Exclusion, United Nation Development Program (UNDP).

Introduction

Diversity is a complex, multidimensional and worldwide phenomenon. It has been important for the prosperity of any country since globalization. Due to its multidimensionality, there are numerous definitions used to explain the concept of diversity. Ethnic heterogeneity and religious divisions have become burning global issues (Azam, 2001). It is truly hard to find any place or field where there is no existence of more than one ethnic or religious group. The flow of ethnic groups within totally different cultures and norms is increasing in volume every year (Barth, 1998; Bates, 2000; Castles, 2000; Sung, 2014). Cross-border communities and the coexistence of multiple communities in local spaces are common, not the exception. A more severe challenge relates to maintaining cohesiveness when people discriminate on the basis of emotional, cultural and religious identities. However, international migration, as well as persistent social changes and pluralism, are having an economic, social and political impacts around the world.

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Diversity plays a central role in societal transformation but higher diversity often limits equal opportunity to all the members of society (Thomas & Ely, 2001) and can be the cause of social exclusion. Social exclusion is essentially social disadvantage and relegation to the fringe of society (Simandan, 2010). This terminology is well understood across disciplines such as psychology, sociology, politics, education and economics (Peace, 2001; Silver, 2007). The United Nations Development Program (UNDP) virtual round table defined exclusion as any distinction, restriction or preference, which is based on grounds such as race, colour, sex, language, religion, social class, and consequently nullifies or impairs the recognition, enjoyment or exercise by all persons, on an equal footing, of all rights and freedoms (Peace, 2001; UNDP, 2011). Diversity is one of the main components which causes societal alteration and which in turn forces individuals in the direction of exclusion or the margins of society. (Walsh, 2006; Young, 2002).

Levitas et al. (2007) showed that diversity affects the well-being of individual's, equity and cohesion of society (social inclusion) as a whole. The result can be an exclusionary process whereby people are cut off for a significant period of their lives from institutions and services, social networks and developmental opportunities that the great majority of society enjoys (Mathieson et al., 2008). Aasland and Fløtten (2001) argue that social exclusion is about more than income poverty and becomes more critical when people or areas face a combination of linked problems, such as discrimination, poor skills, low incomes, unemployment, poor housing, high crime and family breakdown (Amin & Ahmad, 2018; Jehoel-Gijsbers & Vrooman, 2007). These problems are linked and mutually reinforcing (Unit, 2004). These excluded individuals show inability to participate in the basic social, economic and political process of the society (Peleah & Ivanov, 2013; Thorat & Neuman, 2012) and are more likely to break the rules and fail to follow social norms of the society (Popay et al., 2008).

Rawal (2008) explore the extent or deepness of social exclusion by elaborating on the multifarious aspects of culture, institutions and social deprivation. The strength of social exclusion is derived through social deprivation/distinction to poverty, exclusion from intergroup class, norms status and political power (Benington & Geddes, 2013). In this view, social exclusion theoretically emerges from insufficient access to social rights, material deprivation, limited social participation and a lack of normative integration. It is then regarded as the combined result of macro-societal changes including social, demographic, economic, labor market developments, social norms, government legislation and social policy (Vrooman & Hoff, 2013).

Levitas (2004) pointed out that dealing with social exclusion as a single discourse for Europe would be unfair and inappropriate as it is spreading all over the world rather than only in advanced economies. The different patterns of exclusion increase day by day, which damages the prosperity of the country. Cultural factors, namely ethnic diversity has also received much attention in relation to building social cohesiveness. A strong but mixed relationship exists between diversity, social cohesion and institutional quality (Amin, 2019; Ellis, Beaver, & Wright, 2009; Hooghe & de Vroome, 2016), which is mostly based on geographical areas, such as the sphere of exclusion is different in heterogeneous communities as compared to homogenous communities (Ellis et al., 2009). In this modern era, where societal development is putting people towards the centre of development processes, social inclusion is found to be a critical component for economic development and sustainability of a country (DESA, 2007). On the other hand, diversity can create conflict and clashes in societal development. The aim of this study is to analyse diversity (ethnic or religious) and social exclusion from a worldwide perspective.

The rest of the paper is as follows: Section II consists of the theoretical framework. Section III contains methodology and data sources. The next section highlights empirical results and

the last section concludes the study, providing brief policy recommendations based on the findings.

Theoretical Framework

Recent literature shows various determinants of social inclusion/exclusion and its relationship with wellbeing. The development process started by Sen's claims, that the capability approach is not a theory of justice or equality, but a theory of a society which directly links high levels of wellbeing and quality of life (Robeyns, 2005).

According to relational theory, to create a society in which there is equal respect, regardless of whether there is any actual material equality of condition, what matters is the relations between people in a diverse society (Rosen, 2004). The provision of sufficient capabilities in heterogeneous communities is required so that no-one is forced to feel ashamed of their circumstances. However, the theory of social exclusion is related to choice, welfare and fairness for each individual within society, and how goods are provided (Barry, 2002).

Many have suggested, that the capability approach is not a neutral formation of a person's good and hence cannot be a theory, at least not a liberal theory, or theory of justice (Schumpeter, 2017). In this context, capability approaches are considered the best way to conceptualize social exclusion, (Fleurbaey, 2002; Robeyns, 2005). So the concern with social exclusion can be seen by combined effects of capabilities theory of social justice¹ and the theory of equality of opportunity (Miller, 2006). This approach reflects the multidimensionality of social exclusion (Levitas et al., 2007).

Interestingly, Wolff and De-Shalit (2007) and Esping-Andersen, Gallie, Hemerijck, and Myles (2002) have both endorsed the capability approach but not as a theory of quality of life or social welfare. They focus on providing a minimum level of functioning as a way of addressing disadvantage. They have argued that clusters of disadvantage are created, much like the set of mutually reinforcing linked problems that are the concern of analysts of social exclusion. These interlinked problems are the most critical for social action and present empirical questions for social welfare and decision-makers.

Furthermore, the theory of relational equality does insist upon a sufficient level of functioning, as to ensure respect among citizens (Vigoda, 2002). However, most individuals excluded from social opportunities relate or identify as a marginalised underclass (Lister, 1998). Such groups often experience 'exclusion' from mainstream society not only in an economic sense, but also as a cultural, political and organisational phenomenon (Karlsen & Nazroo, 2002; McAdam, 2000). The focus on citizenship also links with one of the key problems experienced by theorists of social exclusion; the issue of inclusion and social diversity (Uslaner, 2012).

The question of how to combat social exclusion, poverty, and ethnic discrimination is discussed today in tandem with calls to increase economic efficiency, growth, and deregulation of the labour market (Silver & Miller, 2003). Talk about diversity has become social and political rhetoric that conceals growing unregulated new forms of discriminatory ethnic divisions. By using the theoretical framework and empirical studies of Alesina et al. (2003), this study analyses the direct effect of religious and ethnic diversity on social exclusion, through adopting the standard model of Jehoel-Gijsbers and Vrooman (2007)

¹ Indeed, the SEU's 2004 report indicate social exclusion as the problem, but the solution is not "inclusion", but greater equality of opportunity. That is, the goal of policies to reduce social exclusion is to promote equality of opportunity (2004: 34).

such as;

$$SE_{j,t} = a + \beta_i (div)_j + \beta_i (X')_j + \varepsilon_{j,t}$$

Whereas, “SE” indicate indicators of social exclusion, “div” shows the diversity both ethnic and religious, “X” shows the other control variables such as GDP per capita, urbanization, education and health expenditure, population density, literacy rate, institutional quality and “et” is the error term.

Methodology and Data Sources

In order to find the relationship between diversity and social exclusion, this study used panel data methodology to explore this nexus and dynamics for empirical analysis. Basically, panel data methodology is the mixture of cross-sectional and time series data which does not just increase the power and size of data but also restructuring or re-examining effects that are difficult to distinguish with only cross-sections or time series data (Hsiao, 1986). Baltagi and Kao (2001) describes the key advantages of using panel data, such as how heterogeneity in countries is absent when using aggregate time series data. Panel data permits more variability, less collinearity among variables, while the cross sections of time series provide more degree of freedom and more efficiency when estimating models.

Panel data under fixed effect can be expressed as;

$$Y_{it} = \alpha_i + X'_{it} \beta + v_{it}$$

Whereas $t = 1 \dots T$, $i = 1 \dots N$ and v_{it} is the error term. In a fixed effects model, the unobserved variables are permitted to have any relations whatever with the observed variables. This shows the rationality following the assumption of the relationship between error term and outcome variables. One of the important assumptions of the fixed effect model is that time-invariant characteristics are unique and should not be correlated with other characteristics of the individuals. So, this technique is more suitable to empirical testing the relationship between diversity and social exclusion.

Dataset of all the variables used in this paper are freely available/access for empirical testing.² This paper initially looks at the relationship between diversity and social exclusion by using panel data analysis of 187-countries (listed in appendix), for the time period from 1990 to 2010 with time interval of averages of 05-years. Diversity is measured by using the following formula of Alesina et al. (2003) such as;

$$FRACT_j = 1 - \sum_{i=1}^N D_{ij}^2$$

Whereas, D_{ij} is the share of group i , ($i=1 \dots N$) in the country j . The range of the result is between 0-1. Zero “0” means a homogenous country and “1” shows total heterogeneity in a country. Social exclusion means excluded individuals from society on the basis of economic, political and civic participations.³ This study therefore followed the definition of UNDP (2013) for measurement of social exclusion (in form of exclusion from economic, public services and civic and public participations).

² For more details of variables description and data source, see the appendix at the end of this study.

³ For more information about all the indicators of social exclusion, see the appendix at the end of this study.

Empirical Results

Table 1a – Effects of ethnic and religious diversity on Economic Exclusion

Dependant Variables	Coff.	C	R-sqd.	Obs.	Cros. Sec	Coff.	C	R-sqd.	Obs.	Cros. Sec
	(e)	(e)	(e)	(e)	(e)	(r)	(r)	(r)	(r)	(r)
UNEMP	2.203 ^{††} (0.938)	10.123 ^{†††} (0.49)	0.176	716	148	2.587 ^{††} (1.086)	10.27 ^{†††} (0.492)	0.075	749	155
GINI	1.459 ^{†††} (2.46)	3.346 ^{†††} (1.124)	0.132	233	100	4.080 [†] (2.91)	40.39 ^{†††} (1.181)	0.017	250	105
Depth Food Deficit (kilocalories)	0.507 ^{††} (3.460)	1.036 ^{†††} (0.082)	0.24	201	79	0.727 ^{†††} (0.715)	0.272 ^{†††} (13.59)	0.027	194	80
Poverty (Head count Ratio)	0.612 ^{†††} (0.007)	0.301 ^{†††} (0.934)	0.101	681	151	3.295 ^{†††} (0.51)	0.284 ^{†††} (0.436)	0.034	690	148
Poverty (Gap Ratio)	3.144 ^{†††} (1.439)	3.700 ^{†††} (3.572)	0.259	575	141	0.153 ^{†††} (3.413)	0.261 ^{†††} (0.92)	0.171	545	139
Corruption Score	06.16 ^{††} (0.302)	5.453 ^{†††} (1.804)	0.112	542	144	10.75 ^{††} (4.256)	37.68 ^{†††} (1.92)	0.011	573	152
Intentional Homicides (per 100,000 people)	6.588 ^{†††} (2.284)	5.734 ^{†††} (1.152)	0.229	532	148	-0.21 (2.573)	8.414 ^{†††} (1.146)	0.120	560	155
Out-of-pocket health expenditure	0.057 ^{††} (0.0355)	0.006 ^{†††} (0.0002)	0.013	239	89	0.059 ^{†††} (0.353)	0.18 ^{†††} (0.002)	0.0835	194	78

Note; Results shows the robust analysis using the ordinary least square. (e) and (r) columns show the values of independent variable i.e. ethnic and religious diversity respectively. Coff., C, R-sqd., Obs, Cros.Sec shows the coefficient value, constant, residual squared, observation and cross sections respectively. Values of standard error are in parenthesis (), (†††) (††) (†) shows the level of significance at 1%, 5% and 10% respectively.

Table 1b – Effects of ethnic and religious diversity on exclusion from public services

Dependant Variables	Coff.	C	R-sqd.	Obs.	Cros.Sec	Coff.	C	R-sqd.	Obs.	Cros.Sec
	(e)	(e)	(e)	(e)	(e)	(r)	(r)	(r)	(r)	(r)
Lack of save drinking water	1.93 ^{††} (0.28)	7.81 ^{†††} (0.669)	0.234	716	148	0.723 ^{††} (0.711)	0.274 ^{†††} (13.77)	0.029	691	141
Out of school Children	3.27 ^{†††} (0.508)	0.291 ^{†††} (1.32)	0.133	432	129	3.295 ^{†††} (0.51)	0.297 ^{†††} (0.449)	0.359	411	127
Lifetime risk of maternal death (%)	3.336 ^{†††} (0.484)	0.859 ^{†††} (0.871)	0.086	390	101	0.231 ^{†††} (0.034)	0.173 ^{†††} (0.002)	0.003	290	89
Low-birthweight babies (% of births)	0.413 ^{†††} (0.412)	0.371 ^{†††} (1.043)	0.064	289	78	0.280 ^{†††} (0.33)	0.219 ^{†††} (0.031)	0.012	232	81
Maternal mortality ratio	0.212 ^{†††} (0.922)	0.072 ^{†††} (0.226)	0.108	320	99	0.825 ^{†††} (0.102)	0.790 ^{†††} (0.082)	0.028	339	108
Mortality rate, under-5	0.831 ^{††} (0.357)	0.942 ^{†††} (0.405)	0.182	680	144	0.433 [†] (0.92)	0.452 ^{†††} (0.936)	0.197	520	129
Number of under-five deaths	0.011 ^{†††} (0.002)	0.011 ^{†††} (0.009)	0.034	578	140	0.183 ^{†††} (0.53)	0.242 ^{†††} (0.47)	0.015	501	134
Prevalence of Undernourishment (% of population)	0.723 [†] (0.711)	0.274 ^{†††} (13.77)	0.052	452	102	3.295 ^{††} (0.51)	0.297 ^{†††} (0.449)	0.039	396	99
Prevalence of underweight	3.295 ^{†††} (0.51)	0.297 ^{†††} (0.449)	0.035	391	89	0.349 ^{†††} (4.331)	0.112 ^{†††} (0.101)	0.019	331	90
Children living with HIV	0.180 ^{††} (0.350)	4.174 ^{†††} (0.002)	0.045	452	134	1.482 ^{†††} (3.361)	0.270 ^{†††} (0.937)	0.091	441	121
Contraceptive prevalence	0.193 ^{†††} (0.103)	0.001 ^{†††} (0.002)	0.102	561	142	0.139 ^{†††} (0.767)	0.786 ^{†††} (0.35)	0.027	501	148
Incidence of HIV	0.932 ^{†††} (3.373)	0.260 ^{†††} (0.925)	0.086	501	144	0.723 ^{†††} (0.711)	0.274 ^{†††} (13.76)	0.096	445	130
Incidence of malaria	0.510 ^{†††} (0.494)	0.356 ^{†††} (0.931)	0.01	352	111	3.295 ^{†††} (0.51)	0.296 ^{†††} (0.449)	0.058	391	109
Incidence of Tuberculosis	0.723 ^{††} (0.711)	0.274 ^{†††} (13.77)	0.059	396	129	4.254 ^{††} (0.252)	0.425 ^{†††} (0.154)	0.023	334	115

Note; Results shows the robust analysis using the ordinary least square. (e) and (r) columns show the values of independent variable i.e. ethnic and religious diversity respectively. Coff., C, R-sqd., Obs, Cros.Sec shows the coefficient value, constant, residual squared, observation and cross sections respectively. Values of standard error are in parenthesis (), (†††) (††) (†) shows the level of significance at 1%, 5% and 10% respectively.

Table 1c – Effects of ethnic and religious diversity on exclusion from civic and public participation

Dependant Variables	Coff.	C	R-sqd,	Obs.	Cros.Sec	Coff.	C	R-sqd.	Obs.	Cros.Sec
	(e)	(e)	(e)	(e)	(e)	(r)	(r)	(r)	(r)	(r)
Vulnerable employment	5.806 ^{†††} (0.434)	0.275 ^{†††} (0.127)	0.093	376	90	3.650 ^{†††} (0.195)	0.345 ^{†††} (0.779)	0.036	294	88
Gender inequality	0.732 ^{†††} (0.581)	1.541 ^{†††} (1.207)	0.025	564	127	0.056 ^{†††} (0.015)	0.003 ^{†††} (0.016)	0.093	419	117
Lack of civil Activism	0.516 ^{††} (0.601)	0.220 ^{†††} (0.313)	0.081	678	151	0.462 ^{†††} (0.361)	0.007 ^{†††} (0.051)	0.014	309	140
Lack of intergroup cohesion	1.259 ^{†††} (0.119)	0.080 ^{†††} (0.027)	0.030	658	149	0.122 ^{†††} (0.042)	0.404 ^{†††} (0.329)	0.022	588	151
Less of club And membership	1.855 ^{†††} (0.354)	0.103 ^{†††} (0.044)	0.015	580	141	0.906 ^{†††} (0.967)	0.698 ^{†††} (0.751)	0.038	549	133
Less safety and trust	0.678 ^{†††} (0.338)	0.774 ^{†††} (0.625)	0.040	618	145	0.210 ^{†††} (0.69)	0.254 ^{†††} (0.454)	0.078	640	144
territory of asylum	0.519 ^{†††} (0.745)	0.463 ^{†††} (0.551)	0.062	388	97	3.650 ^{†††} (0.195)	0.401 ^{†††} (0.836)	0.042	330	92
Emigrants	0.254 ^{†††} (0.598)	0.247 ^{†††} (0.429)	0.037	498	123	1.978 ^{†††} (0.048)	0.003 ^{†††} (0.008)	0.025	410	110

Note; Results shows the robust analysis using the ordinary least square. (e) and (r) columns show the values of independent variable i.e. ethnic and religious diversity respectively. Coff., C, R-sqd., Obs, Cros.Sec shows the coefficient value, constant, residual squared, observation and cross sections respectively. Values of standard error are in parenthesis (), (†††) (††) (†) shows the level of significance at 1%, 5% and 10% respectively.

Table 2a – Effects of ethnic and religious diversity on economic exclusion

Variables	Unemployment (UNEMP)	Inequality (GINI)	Depth Food Deficit (kilocalories)	Poverty (Head count Ratio)	Poverty (Gap Ratio)	Corruption Score	Intentional Homicides (per 100,000 people)	Out-of- pocket health expenditure
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Ethnic Group	4.254 ^{†††} (5.806)	0.024 ^{††} (0.487)	0.107 ^{††} (0.223)	0.789 ^{††} (1.324)	0.160 ^{††} (0.671)	0.126 ^{†††} (0.019)	0.100 ^{†††} (0.018)	0.467 [†] (0.500)
Religious Group	0.252 ^{††} (0.434)	0.352 [†] (0.104)	-0.004 (0.013)	3.262 ^{††} (1.405)	0.152 (0.019)	-0.026 [†] (0.022)	0.068 ^{††} (0.021)	1.374 [†] (0.581)
GDPPC	0.425 [†] (0.275)	0.001 ^{††} (0.006)	4.131 [†] (1.708)	1.518 ^{††} (3.422)	0.120 ^{††} (0.286)	0.401 ^{†††} (0.203)	-0.001 ^{††} (0.001)	0.002 (0.007)
Urbanization	0.154 (0.127)	-0.073 (0.068)	-0.003 (0.006)	0.011 (0.041)	0.412 (0.922)	-2.106 (9.863)	-6.131 (9.26)	0.406 (0.202)
Education expenditure	-0.023 (0.093)	-0.008 (0.052)	-0.001 (0.003)	-0.016 (0.011)	-0.003 (0.560)	9.524 (8.642)	-4.000 (1.532)	0.003 (0.002)
Pop. Density	0.046 (0.176)	-0.096 (0.030)	-0.004 (0.003)	-5.194 (4.182)	0.003 (1.336)	0.297 (0.057)	0.288 [†] (0.053)	0.429 (1.451)
Health expenditure	-0.006 (0.003)	-1.373 (0.255)	-2.638 (1.264)	0.089 (0.036)	6.081 (3.625)	-0.006 (0.002)	-0.041 (0.016)	-0.026 (0.012)
Literacy rate	-0.552 (0.357)	-0.002 (0.012)	1.016 (2.773)	-0.054 (0.039)	0.031 (0.717)	4.572 (3.351)	3.343 ^{††} (3.632)	6.474 (9.651)
Institutional Quality	-0.277 (0.190)	0.309 (0.193)	3.921 (0.185)	-0.545 [†] (2.677)	0.158 (24.71)	-0.560 (0.310)	-0.446 (0.260)	-0.005 (0.012)
C	0.094 ^{†††} (0.221)	0.009 ^{†††} (0.083)	0.007 ^{†††} (0.116)	2.030 ^{†††} (2.635)	7.339 ^{†††} (2.908)	0.583 ^{†††} (0.048)	0.513 ^{†††} (0.046)	3.392 ^{†††} (1.272)
N	315	256	216	246	270	272	253	267
R ²	0.247	0.344	0.269	0.241	0.181	0.251	0.284	0.091
Adj. R ²	0.198	0.309	0.231	0.202	0.156	0.228	0.245	0.063
F-Stat	1.64	9.67	7.22	6.24	7.24	11.03	7.16	3.24

Notes: Number of proxy variable used to measure the economic exclusion as indicate by UNDP. Values of standard errors are in parentheses (.). (†††) (††) (†) shows the level of significance at 1%, 5% and 10% respectively.

Table 2b – Effects of Ethnic Diversity on Exclusion from public services

Variables	Lack of save drinking water	Out of school children,	Lifetime risk of maternal death (%)	Low-birth weight babies (%) of births)	Maternal mortality ratio	Mortality rate, under- 5	Number of under-five deaths
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Ethnic Group	8.14 [†] (1.344)	0.053 ^{††} (0.025)	8.347 ^{††} (3.205)	0.512 [†] (1.811)	0.467 ^{†††} (0.500)	0.297 ^{††} (0.439)	0.006 [†] (0.263)
Religious Group	1.166 (1.576)	0.043 ^{††} (0.030)	8.475 ^{††} (3.480)	1.993 (2.095)	1.374 [†] (0.581)	1.682 (0.520)	0.816 (0.308)
GDPPC	-0.073 ^{†††} (0.021)	-0.001 ^{††} (0.003)	-0.119 [†] (0.045)	-0.028 ^{††} (0.027)	-0.002 [†] (0.007)	-0.210 ^{†††} (0.160)	-0.001 ^{†††} (0.004)
Urbanization	-0.012 (0.006)	0.406 (0.210)	0.012 (0.011)	-0.016 (0.008)	0.010 (0.012)	-0.001 (0.002)	-0.003 (0.001)
Education expenditure	-0.002 (0.006)	-4.121 ^{††} (1.340)	-0.034 (0.016)	0.024 (0.008)	0.003 (0.002)	0.010 (0.002)	0.015 (0.001)
Pop. Density	13.77 (3.975)	-0.039 (0.081)	-13.95 (9.724)	-4.199 (5.404)	0.429 ^{††} (1.451)	2.088 (1.301)	0.822 (0.778)
Health expenditure	-0.033 (0.035)	-0.360 (0.160)	-0.500 (0.275)	-0.013 (0.045)	-0.026 (0.012)	-0.033 (0.011)	-0.008 (0.006)
Literacy rate	-4.370 (1.704)	-1.097 ^{†††} (0.112)	-0.200 (0.110)	-3.021 ^{††} (4.226)	6.473 (9.652)	-8.404 ^{†††} (8.744)	7.087 (5.283)
Institutional Quality	-0.084 (0.031)	-0.001 ^{††} (0.002)	0.409 (0.070)	-0.120 (0.041)	-0.005 (0.012)	-0.022 (0.010)	-0.005 (0.006)
C	69.32 ^{†††} (3.470)	0.428 ^{†††} (0.064)	43.60 ^{†††} (7.285)	21.05 ^{†††} (4.553)	3.392 ^{†††} (1.272)	4.953 ^{†††} (1.131)	3.182 ^{†††} (0.679)
N	273	310	245	217	272	256	275
R ²	0.122	0.385	0.191	0.163	0.241	0.162	0.142
Adj. R ²	0.095	0.351	0.164	0.123	0.218	0.131	0.120
F-Stat	4.59	7.01	7.00	4.09	10.46	2.04	16.3

Notes: Number of proxy variable used to measure the economic exclusion as indicate by UNDP. Values of standard errors are in parentheses (.). (†††) (††) (†) shows the level of significance at 1%, 5% and 10% respectively.

Table 2c– Effects of Ethnic Diversity on Exclusion from public services

Variables	Prevalence of Undernourishment (% of population)	Prevalence of Underweight	Children living with HIV	Contraceptive Prevalence	Incidence of HIV	Incidence of Malaria	Incidence of Tuberculosis
	(8)	(8)	(10)	(11)	(12)	(13)	(14)
Ethnic Group	0.304 ^{††} (1.273)	0.999 (0.986)	0.992 [†] (0.818)	0.796 ^{††} (5.102)	0.834 ^{†††} (4.004)	1.895 (1.563)	0.055 (0.025)
Religious Group	0.300 (1.260)	1.535 [†] (2.098)	1.557 (2.009)	0.506 ^{††} (3.444)	0.579 (3.191)	0.754 (0.286)	0.031 [†] (0.030)
GDPPC	-0.708 [†] (0.324)	-1.743 ^{††} (3.063)	-0.403 (0.749)	-0.457 [†] (1.451)	-0.209 (0.564)	-0.399 (0.463)	-0.001 (0.001)
Urbanization	-1.217 (1.55)	-2.581 (4.680)	-0.180 (0.029)	-1.406 (3.045)	-0.850 (2.073)	0.010 [†] (0.057)	2.601 (0.683)
Education expenditure	-1.175 (2.77)	-1.007 (2.420)	-0.832 (0.642)	-0.129 (0.325)	-0.193 (0.448)	0.136 (0.251)	-0.108 (0.540)
Pop. Density	-0.998 (3.019)	-2.444 (3.910)	0.869 (0.927)	-2.661 (5.801)	-1.84 (4.249)	-0.416 (0.682)	-0.022 (0.075)
Health expenditure	1.111 (1.974)	1.858 (4.148)	0.301 (0.645)	1.872 (4.778)	1.345 (3.704)	0.677 (1.271)	-0.220 (0.114)
Literacy rate	1.620 [†] (2.964)	1.878 (2.133)	1.565 (3.012)	-1.421 ^{††} (2.453)	1.52 ^{†††} (3.003)	1.318 ^{††} (2.294)	6.905 (5.145)
Institutional Quality	-1.479 (6.554)	-1.383 (5.856)	-1.64 (5.302)	-2.190 (5.073)	-1.95 (5.947)	-1.725 (4.207)	0.451 (0.224)
C	0.533 ^{†††} (1.202)	1.068 ^{†††} (2.221)	-1.670 ^{†††} (2.769)	-0.308 ^{†††} (0.512)	-0.081 ^{†††} (0.139)	0.816 ^{†††} (1.084)	0.006 ^{†††} (0.003)
N	256	233	251	239	298	273	262
R ²	0.087	0.166	0.344	0.351	0.516	0.122	0.144
Adj. R ²	0.058	0.135	0.309	0.325	0.487	0.095	0.117
F-Stat	2.97	5.33	9.67	17.38	9.41	4.59	5.33

Notes: Number of proxy variable used to measure the exclusion from public services as indicate by UNDP. Values of standard errors are in parentheses (). (^{†††}) (^{††}) ([†]) shows the level of significance at 1%, 5% and 10% respectively.

Table 2d – Effects of Ethnic Diversity on Exclusion from civic and public participation

Variables	Vulnerable Employment	Gender inequality	Lack of civil Activism	Lack of intergroup cohesion	Less of club And membership	Less safety and trust	territory of asylum	Emigrants
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Ethnic Group	0.050 [†] (0.123)	4.474 [†] (2.097)	0.140 ^{†††} (0.5174)	0.159 ^{††} (0.5982)	0.233 [†] (0.807)	7.048 ^{†††} (2.290)	2.174 [†] (0.025)	0.676 [†] (0.933)
Religious Group	0.196 ^{††} (0.385)	4.454 (3.796)	0.112 ^{††} (0.340)	0.463 ^{†††} (1.453)	0.360 [†] (0.974)	0.647 [†] (0.396)	1.041 ^{††} (2.644)	3.231 (2.362)
GDPPC	-9.180 [†] (4.011)	9.807 (5.080)	9.210 (2.810)	-6.530 [†] (3.326)	-4.869 [†] (2.447)	5.416 (1.037)	-4.354 (0.438)	-0.094 (0.357)
Urbanization	0.194 (0.179)	-0.033 (0.046)	-0.266 (0.298)	-0.155 (0.260)	-0.515 (0.802)	1.028 [†] (1.294)	-0.197 (-2.715)	-0.517 (0.355)
Education expenditure	-1.328 (2.047)	-1.743 (2.989)	-0.328 (0.235)	-1.221 (2.039)	-1.063 (1.658)	-1.050 (0.829)	-2.145 (12.37)	5.042 (1.626)
Pop. Density	0.398 (0.402)	-0.516 (0.452)	2.382 (2.114)	0.131 (0.277)	0.493 (0.755)	0.2235 (0.209)	-0.291 (1.055)	1.604 (0.295)
Health expenditure	-1.397 (1.774)	-1.568 (2.91)	-0.291 (0.252)	-1.874 (1.631)	-0.714 (0.994)	0.1924 (0.191)	-0.837 (1.271)	-2.948 (2.074)
Literacy rate	2.558 ^{††} (3.234)	1.27 (2.461)	3.091 (2.881)	1.052 (1.251)	1.994 (2.282)	3.101 (2.468)	0.013 (1.341)	-0.960 (0.670)
Institutional Quality	-2.962 [†] (9.635)	-3.181 ^{††} (9.437)	-2.516 ^{††} (7.511)	-2.549 [†] (5.463)	-2.74 (5.95)	-3.499 ^{††} (5.501)	-1.949 (0.962)	-2.207 ^{††} (0.453)
C	2.582 ^{†††} (5.145)	2.922 ^{†††} (5.032)	1.839 ^{†††} (3.375)	2.022 ^{†††} (2.488)	2.633 ^{†††} (3.141)	4.531 ^{†††} (3.384)	14.47 ^{†††} (0.958)	3.462 ^{†††} (2.573)
N	251	262	264	291	270	267	273	224
R ²	0.263	0.485	0.339	0.420	0.526	0.395	0.234	0.402
Adj. R ²	0.223	0.418	0.297	0.346	0.473	0.324	0.152	0.337
F-Stat	6.57	7.27	4.12	5.46	9.86	5.52	2.84	6.24

Notes: Number of proxy variable used to measure the exclusion from civic and public participation as indicate by UNDP. Values of standard errors are in parentheses (.). (†††) (††) (†) shows the level of significance at 1%, 5% and 10% respectively.

Table 3 – Effects of Diversity on Social Exclusion⁴

Variables	Index for Economic Exclusion	Index for exclusion of public service	Index for exclusion of civic and public participation
	(1)	(2)	(3)
Ethnic Group	0.314 ^{†††} (0.148)	0.100 ^{††} (0.150)	0.154 ^{†††} (0.956)
Religious Group	0.116 ^{††} (0.019)	0.127 ^{†††} (0.050)	0.013 ^{††} (0.153)
GDPPC	-0.002 ^{†††} (0.020)	-0.047 [†] (0.049)	-0.153 ^{††} (0.018)
Urbanization	0.951 (0.603)	0.153 (0.377)	5.512 (7.310)
Edu. expenditure	-0.190 [†] (0.100)	-0.150 (0.368)	-0.048 ^{††} (0.079)
Pop. Density	8.625 (2.694)	-1.252 (0.242)	10.082 (4.687)
Health expenditure	-3.791 (4.382)	-0.055 (0.166)	-0.265 (0.186)
Literacy rate	-2.238 (7.258)	-1.653 [†] (0.272)	-2.762 (5.480)
Institutional Quality	-6.314 ^{††} (4.078)	-0.011 ^{†††} (0.154)	-0.154 ^{††} (2.952)
C	0.111 ^{†††} (0.019)	0.027 ^{†††} (0.070)	0.019 ^{†††} (0.0143)
N	267	296	266
R ²	0.395	0.526	0.402
Adj. R ²	0.324	0.473	0.337
F-Stat	5.52	9.86	6.24

Notes: Indices of social exclusion is created by using PCA technique. However, social exclusion is comprised on index of economic exclusion, index for exclusion of public service and the exclusion of civic and public participation as indicated by UNDP. Values of standard errors are in parentheses (.). (†††) (††) (†) shows the level of significance at 1%, 5% and 10% respectively.

The results indicate that diversity either ethnic or religious present enormous obstacles in development processes and variously contribute to social exclusion. In above tables 1a-1c and 2a-2d (using different proxies of each indicator of social exclusion) a robust relationship

⁴ In order to check the relationship between diversity and social exclusion, results show robust analysis by using ordinary least square (OLS), fixed effect and random effect. Here the table shows only OLS results for ease of understanding for the reader.

between diversity and social exclusion emerges using data from 187-countries. However, table-3 shows the direct effect of diversity on social exclusion (by created indices of economic exclusion, exclusion from public services and exclusion from civic and public participations). The results indicate that diversity (ethnic and religious) has a significant positive impact on social exclusion. Becker (1962) illustrates theoretically that discrimination in society can create prejudice that could lead to lower outcomes. The results are more illuminating in the regards that diversity appears to cause not only economic exclusion but also results in the exclusion of individuals from public services and civic/public participations. However, there are obviously numerous explanations for how diversity contributes toward social exclusion worldwide.

Firstly, higher diversity increases chances of conflict within society and the market place which ultimately results in low income, less economic development and low institutional quality (Alesina & Rodrik, 1994; Alesina & Spolaore, 1997; Alesina & Tabellini, 1989; Easterly & Levine, 1997; La Porta, Lopez-de-Silanes, Shleifer, & Vishny, 1999; A. Sutherland, 1997). Secondly, ethnically polarized societies have difficulty agreeing on public goods like infrastructure, education, and public policies. It further brings about two fundamental setbacks, which are endemic diseases for development, i.e. rent-seeking activities and incongruity on public policies (Easterly & Levine, 1997). Thirdly, ethnic and regional competition tends to degrade the institutional foundations of the economy such as when ethnic and personal attachments are the leading principle rather than the rule of law, ultimately contributing toward the deterioration of public institutional capacity (Nafziger & Auvinen, 2003). These results are similar to Delhey and Newton (2005) and Dincer and Wang (2011) where they argued that diversity diminishes economic development and quality of institution because the ethnocentric members of an ethnic group favour their group members over others (Glaeser & Saks, 2006; Nafziger & Auvinen, 2003; Treisman, 2000; Van den Berghe, 1994).

Appasamy, Guhan, Hema, Majumdar, and Vaidyanathan (1996) indicate religious diversity is one of the prominent indicators of social exclusion. Bardsley and Flatley (1998) have argued that diversity in form of social class race, religious and ethnicity results in more exclusion for individuals denied equality of opportunity in areas of education, health, employment, basic needs and enjoyment of life. The current study's findings support this conclusion. People belonging to certain groups are disproportionately excluded from the benefits of achieving their full human potential and enjoying dignity and social standing.

Mason, MacGillivray, Steel, and Wilson (2003) have produced a step by step guide to community sustainability indicators and found that diversity has direct impact on socio-economic development because it impacts civil society, social development and institutional performance of a country. Socially excluded people are more likely to be involved in breaking institutional rules (formal and informal) because they are not treated equal in society in all aspects and bypass the rules, regulations and social norms (Ananiev, Atanasov, Gerovska-Mitev, & Shukarov, 2011; Mathieson et al., 2008).

Other control variables such as GDP per capita, education expenditure and institutional quality show significant impact on social exclusion. These results are supported by the literature as increasing the GDP per capital, educational expenditure and institutional quality reduced the effect of social exclusion (Lechman, 2014; Levitas et al., 2007; J. Sutherland, 2001).

Conclusion and policy implication

This study aimed to show the relationship between diversity (ethnic and religious) and different dimensions of social exclusion, i.e. economic exclusion, exclusion from public services and civic/public participation, using data from 187-countries of the world. In order to judge the nexus between dependent and independent variables, panel data methodology was used in empirical analysis. The results elucidate the strong significant positive relationship between diversity and social exclusion and the need to redress this if the aim is to avoid creating more conflict among diversified groups which in turn, undermine society and institutional quality (Easterly, Ritzen, & Woolcock, 2006). Diversity accompanied by weak institutions divides the society posing risks for religious and cultural confliction, civil wars, social tensions, political violence and unrest, corruption and are a recipe for underdevelopment (Alesina & Rodrik, 1994; Alesina & Spolaore, 1997; Alesina & Tabellini, 1989; Easterly & Levine, 1997; La Porta et al., 1999; A. Sutherland, 1997). The literature also shows diversity can create weak public institutions since 'elites' or those in positions of privilege have no time or willingness to contribute towards the growth of the national economy to reduce inequalities (Keen, 2000; Väyrynen, 2003). In this contemporary world, multi-ethnic cultural states of different races, colour, language, religion and regions are commonplace. Hence, diversity has important implications to improve social development globally. The findings of this study demonstrate that diversity is another important and significant variable affecting socioeconomic development and suggests that economies can prosper by better managing heterogeneity.

This study acknowledges that diversity cannot be reduced; however, its effects can be minimized by providing equal opportunities to all the individuals of the society, in order to create a secure and peaceful society through shaping the economic life of a country in a variety of ways and by promoting more cohesiveness. In this regard, there are some lessons to be learned from countries where there are numerous religions, race and cultures celebrated. For instance, celebrating various religious/festive days and showing respect for each other in public forums. Although, achieving diversity and respect for people is a challenge all over the world, there is also good progress being made in some corners of the world.

Limitations and Prospects for Future Researches

Every study has some limitations which require researchers to interpret the results within certain parameters. This study has also its limitations regarding limiting scope to consider the relationship between diversity and social exclusion. In addition to this, diversity is a multidimensional concept, i.e., demographic, socioeconomic, political, geographical cultural and dynamic in nature, so this study does not claim that the variables included are the only determinants or predictors of social exclusion and diversity. This study has also some limitations regarding the weakness of data on social exclusion, because this study used different proxy measures to undertake an empirical analysis of social exclusion.

The study of social exclusion is a vast field. Future research may seek to analyze some other factors (e.g. judicial, deterrence, ecological) that are related to diversity and social exclusion. Future researchers may also seek to collect their own data instead of using secondary data which may increase the reliability and validity of findings and reveal other socioeconomic determinants of exclusion. This study uses diversity on the basis of ethnic and religious differences only, whereas other determinants of diversity such as gender, may be opportunities for further research. It is also acknowledged that the current study did not include any political or ideological variables.

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Biographical Notes

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Appendix

List of Countries:

Andorra	Ireland	Qatar	Samoa	Eritrea
Antigua and Barbuda	Israel	San Marino	Sao and Principe	Ethiopia
Australia	Italy	Saudi Arabia	Serbia and Monten.	Gambia, The
Austria	Japan	Seychelles	Solomon Islands	Guinea
Bahamas, The	Kuwait	Singapore	South Africa	Guinea-Bissau
Bahrain	Latvia	Slovak Rep.	Sri Lanka	Haiti
Barbados	Liechtenstein	Slovenia	St. Lucia	Zimbabwe
Belgium	Lithuania	Spain	Sudan	Senegal
Brunei Darussalam	Luxembourg	Sweden	Afghanistan	Sierra Leone
Canada	Malta	HK, China	Benin	Somalia
Chile	Monaco	Hungary	Burkina Faso	Tanzania
Cyprus	Netherlands	Iceland	Burundi	Togo
Czech Republic	New Caledonia	Switzerland	Central African Rep.	Uganda
Denmark	New Zealand	Trinidad & Tob.	Chad	Rwanda
Estonia	Norway	UAE	Comoros	Liberia
Finland	Oman	UK	Congo, Dem. Rep.	Madagascar
France	Palau	United States	Nepal	Malawi
Germany	Poland	Uruguay	Niger	Mali
Greece	Portugal	Fiji	Kiribati	Mozambique
Albania	Cameroon	Gabon	Kyrgyz Republic	Pakistan
Algeria	Cape Verde	Georgia	Lao PDR	Panama
Angola	China	Ghana	Lebanon	Pap. New Guinea
Argentina	Colombia	Grenada	Lesotho	
Armenia	Congo, Rep.	Guatemala	Libya	
Azerbaijan	Costa Rica	Guyana	Macedonia, FYR	
Bangladesh	Cote d'Ivoire	Honduras	Malaysia	
Belarus	Croatia	India	Maldives	
Belize	Cuba	Indonesia	Marshall Islands	
Bhutan	Djibouti	Iran, Rep.	Mauritania	
Bolivia	Dominica	Iraq	Mauritius	
Bosnia and Herz	Dominican Rep.	Jamaica	Mexico	
Botswana	Ecuador	Jordan	Micronesia, Fed. Sts.	
Brazil	Egypt, Arab Rep.	Kazakhstan	Moldova	
Bulgaria	El Salvador	Kenya	Mongolia	
Cambodia	Equatorial Guinea	Timor-Leste	Turkey	
Suriname	Taiwan, China	Tonga	Turkmenistan	
Swaziland	Tajikistan	Tunisia	Ukraine	
Syrian Arab Republic	Thailand	Vanuatu	Uzbekistan	
Venezuela, RB	Yemen, Rep.	Morocco	Paraguay	
Vietnam	Zambia	Namibia	Peru	
Nicaragua	Philippines	Russia		

Variables Description and Data Source

Indicators and Description	Definition	Data Source
Analysis for Ethnic Diversity	% of population with ethnic groups (out of total population) and used formulation of Alesina et al. (2003) for its calculations.	Database of the Cline Center for Democracy
Analysis for Religious Diversity	% of population with religious groups (out of total population) and used formulation of Alesina et al. (2003) for its calculations.	Database of the Cline Center for Democracy
<u>Economic Exclusion</u>		
Unemployment rate	Unemployment, total (% of total labor force)	World Bank Indicator
Gini Coefficient	GINI index (World Bank estimate)	World Bank Indicator
Depth food deficit	Depth food deficit (kilocalories per person per day)	World Bank Indicator
Poverty (head count ratio)	headcount ratio at \$1.90 a day (2011 PPP) (%)	UNICEF
Poverty (Gap Ratio)	Poverty gap at \$1.90 a day (2011 PPP) (%)	UNICEF
Corruption Ratio	International Corruption perception index	World Bank Indicator
Intentional homicides	Intentional homicides (per 100,000 people)	World Bank Indicator
Out of pocket health expenditure	Out-of-pocket expenditure (% of current health expenditure)	International Monetary Fund
<u>Public Service Exclusion</u>		
Lack of drinking water	People using at least basic drinking water services (% of population)	UNICEF
Out of school children	Children out of school (% of primary school age)	World Bank Indicator
Life time risk of maternal death	Lifetime risk of maternal death (%)	UNICEF
Low birth weight babies	Low-birthweight babies (% of <i>births</i>)	World Bank Indicator
Maternal mortality ratio	Maternal mortality ratio (modeled estimate, per 100,000 live births)	World Bank Indicator
Mortality rate under 5 years	Mortality rate, under-5 (per 1000 live births)	World Bank Indicator
Number of under 5 deaths	Number of children dying before reaching age five.	World Bank Indicator
Prevalence of undernourishment	Prevalence of undernourishment (% of population)	World Bank Indicator
Prevalence of underweight	Prevalence of underweight, weight for age (% of children under 5)	UNICEF
Children living with HIV	Children (0-4) living with HIV	UNICEF
Contraceptive prevalence	Contraceptive prevalence, any methods (% of women ages 15-49)	UNICEF
Incidence of HIV	HIV infections (populations ages 15-49)	UNICEF
Incidence of tuberculosis	Incidence of tuberculosis (per 100,000 population)	UNICEF
<u>Civic & Public Participation</u>		
<u>Exclusion</u>		
Vulnerable employment	Vulnerable employment, total (% of total employ.)	World Bank Indicator
Gender inequality	1 minus the index of gender equality	Indices of social development
Lack of civic activism	1 minus the index of civic activism	Indices of social development
Lack of intergroup cohesion	1 minus the index of intergroup cohesion	Indices of social development
Less of club & membership	1 minus the index of club & membership	Indices of social development
Less intergroup safety & trust	1 minus the index of intergroup safety & trust	Indices of social development
Territory of asylum	Refugee population by country or territory of asylum	World Bank Indicator
International migrants	% of people other than they lived.	World Bank Indicator
<u>Control variables</u>		
GDPPC	GDP per capita (Current US \$)	World Bank Indicator
Urbanization	Urban population (% of total)	World Bank Indicator
Education expenditure	Expenditure on Education (% of GDP)	World Bank Indicator
Pop. Density	Population density (people per sq. km of land area)	World Bank Indicator
Health expenditure	Expenditure on Health (% of GDP)	World Bank Indicator
Literacy rate	Literacy rate, youth total (% of people ages 15-24)	World Bank Indicator
Institutional Quality	Absolute legal institutional quality (simple avg.)	Kuncic, A. (2014).