

Culture as a Driver of Economic Development: A Theoretical and Empirical Review

Dr. Alaka Hujuri

Associate Professor,
Department of Economics,
B. P. Chaliha College, Nagarkeri, Assam, India

hujuralaka[at]gmail.com

Abstract: Culture and development are two words which can never reach the goal without going hand to hand together. Culture can contribute to a better quality of life, the other name of which is 'Development'. Global development discourse increasingly acknowledges that culture is not a peripheral concept but a central determinant of economic, social and human development. International bodies such as UNESCO and UNDP recognize cultural diversity, cultural capital, and cultural freedom as drivers of sustainable development. A report by UNESCO Houses noted that cultural and creative industries contribute over 3.1% of global GDP and around 6.2% of global employment. Similarly, cultural tourism accounts for nearly 40% of global tourism revenue, generating millions of livelihoods in developing economies. In the World Conference of UNESCO on Cultural Policies and Sustainable Development - MONDIACULT 2022, a declaration was adopted affirming culture as a 'global public good'. These declarations have grounded culture at the heart of public policy and international cooperation by recognising its essential value for sustainable development. (UNESCO, 2023). This paper examines the multi-dimensional role of culture-including cultural values, traditional knowledge, cultural industries, creative economies, institutions and social norms-in influencing development outcomes. Drawing from literature and global data, the study argues that culture is not only a facilitator but often a precondition for inclusive and sustainable development.

Keywords: Culture, Development, Cultural Industries, Cultural Tourism, Human Development

1. Introduction

Culture is a complex and a multidimensional concept. Anthropologists define it as the shared patterns of meaning through which people interpret and organize the world (Geertz, 1973). Sociologists emphasize norms, values, and institutions that guide social behaviour, while economists define culture as a set of preferences, expectations and beliefs that influence decision-making of individual and society (Alesina & Giuliano, 2015). Culture in general sense often means intellectual and creative products, including literature, music, drama and painting. It is not only used to describe the beliefs and practices of a society, but also the way people or community live their life. It shapes "the way things are done" and our understanding of why this should be so. So, culture is the system of shared beliefs, values, customs, behaviours and artifacts that the members of society use to cope with their world and with one another and that are transmitted from generation to generation through learning. Culture in its broadest sense is cultivated behaviour; that is the totality of a person's learned, accumulated experience which is socially transmitted or more briefly, behaviour through social learning. This more comprehensive approach is proposed in the definition of culture adopted at the World Conference on Cultural Policies (Mexico, 1982) that "Culture is the whole complex of distinctive spiritual, material, intellectual and emotional features that characterize a society or a social group. It includes not only arts and letters but also modes of life, the fundamental rights of the human being, value systems, traditions and beliefs". That is, culture is a way of life of a group of people - the behaviours, beliefs, values and symbols that they accept, generally without thinking about them and that are passed along by communication and imitation from one generation to the next.

The concept of development was initially equated with industrialization, income growth and modernization. It has undergone significant transformation over the years. Development is the process of change by which a society can increase their rate of growth of Gross Domestic Product (GDP) and that process of change needed to take place in every sphere of a society. Development initiatives are taken by investments in promoting social and economic changes by which more income can be generated. The whole process of development requires positive changes in infrastructure, education, health and social factors like cultural dynamism of society. But now development is widely recognized as a multidimensional process involving social, political, institutional and cultural changes (Sen, 1999). Cultural change occurs as communities and households respond to social and economic shifts associated with globalization, new technologies, environmental pressures, armed conflict, development projects etc. For example, in Bangladesh, changes in trade policies allowed for the growth of the garment industry, which drew large numbers of women into the urban labour force. This process has involved a reinterpretation of the norms of purdah (female seclusion) by the women entering this employment and by their families. The much greater visibility of women in cities such as Dhaka is also influencing public perceptions of possible female roles in the family and the workplace. Change also results from deliberate efforts to influence values through changes in the law or government policy, often due to pressure from civil society. And these type pressures and deliberate change only be possible by the utter efforts of a civil society which is also the outcome of 'Culture'.

Across multiple studies in different region by different scholars had try to link the culture-development ties. And in about all studies they unanimously agree the prime role

that culture can play in the process of development of a nation. The literature unequivocally positions culture as a central, rather than peripheral, engine of national and human development, arguing that progress is inherently bound to a society's belief systems and practices. The core assertion, as put forth by Mbakogu (2004), is that any leadership aiming for technological, political or economic advancement must prioritize culture. This conclusion stems from the historical observation that the divergence in prosperity during the Industrial Revolution was less about access to technology and more about a nation's cultural adaptability to change.

Rogoff (2007) emphasized the dynamic nature of culture, participating behaviour of the community and openness - as the determining factors of development.

In report of Ministry of Foreign Affairs of Denmark (2009) it was mentioned that a dynamic cultural life is a central element in an independent civil society. Art and culture give rise to critical reflections and engagement and are an important part of the development of modern, democratic societies.

Iyaji and Gomment (2011) in discussing culture and development, a distinction is made between positive or negative or regressive culture. Positive or progressive culture is one that is exploited for human and national development. Negative or regressive culture is the one that offers no contribution to nation building. Therefore, practice of positive culture, according to them may be one of the prime reasons for social change and development.

It was UNESCO which in 1966 indicated in an international document the unavoidable need to consider culture within international cooperation. In subsequent decades it went deeper into the concept of development and with the appearance of human development in 1990, which goes beyond mere economic growth and, under the leadership of the internationally renowned Amartya Sen, promotes development as a process to boost people's capacities and broaden their options, a reference framework was obtained which included a wide range of development-related issues. Culture -as well as cultural diversity and freedom- has also been the object of investigation and interest as a necessary element for the full development of people and communities.

2.Objectives of the Study

The overarching objective of this study is to critically examine and analyze the specific role that culture plays in driving the economic development of a nation, seeking to establish the precise mechanisms and contributions of cultural factors toward achieving national prosperity and an improved quality of life.

3.Methodology

The study employs a qualitative research methodology utilizing the Content Analysis Method applied exclusively to secondary data sources.

- **Data Sources:** To draw a conclusion for this work, we consulted extensively and made use of literature from secondary data sources. Specifically, we systematically consulted and utilized a broad array of existing literature including research reports, academic textbooks, government documents, institutional publications and a host of academic journals. Consequently, we adopted the Content Analysis Method of data analysis to analyse the information gathered through these earlier-mentioned secondary sources of data.
- **Analysis Technique:** The Content Analysis Method was adopted to rigorously analyse the information gathered. This technique involves reviewing, interpreting, and synthesizing the concepts, findings, and arguments presented across the diverse secondary sources to draw a robust and comprehensive conclusion on the interconnectivity between culture and economic development.

4.Discussion

Culture is not a mere beneficiary of development but an intrinsic determinant of outcomes, deeply influencing a society's responsiveness to change and its capacity for economic expansion and social stability. The integration of culture into development planning provides both direct, quantifiable economic avenues and essential social infrastructure and data.

4.1. Cultural Adaptability as a Prerequisite for Growth

The foundational role of culture lies in its capacity to handle innovation and change. As observed by Iyaji and Gomment (2011), the success of nations hinges on whether their culture is dynamic and receptive rather than antagonistic and resistant.

A culture that values inquiry, critical reflection and tolerance for new ideas will naturally accelerate technological and economic adoption. Conversely, traditional values and deeply entrenched norms that resist modern industrial or commercial operations can severely retard the pace of development, as reported by Isamah (1996). For development to take root, the task must have roots in a people's culture. Scholars like Mokyr (2008) emphasize that economic progress, especially during the Industrial Revolution was dependent on a culture that valued "useful knowledge" and permitted its widespread adoption and application. A culture of "open innovation"- one that actively seeks and integrates external knowledge- is key to sustaining long-term growth and development (Chesbrough, 2003).

Morris (1976) cautioned that while change is necessary, it must be gradual with innovations steadily tested and absorbed. This prevents instability and ensures that the society's core institutions remain intact, highlighting that cultural assessment is key to determining the speed and relevance of developmental change.

4.2. Direct Economic Drivers: Cultural Industries and Tourism

Culture has evolved into a powerhouse of economic sector offering quantifiable returns and robust job creation. Cultural industries and Creative Industries (CCIs), encompassing media, visual arts, performing arts, and cultural services, function as a strategic global economic engine. Globally, CCIs accounted for more than 7% of global GDP in 2005 (UNESCO, 2009). This sector is highly dynamic and resilient, having grown at an annual rate twice that of service industries and four times that of manufacturing in OECD countries during the 1990s. This growth profile makes investment in the creative sector highly attractive for modern economies seeking diversification and high-value export opportunities.

Major cultural institutions-universities, museums, theatres, and craft centres-are significant generators of employment and revenues. High-profile examples, such as the Tate Modern Museum bringing in over £100 million to London annually, illustrate their capacity to catalyse local economic activity, supporting the hospitality, retail, and transportation sectors. Cultural tourism is a dominant force in the global travel market, leveraging a nation's unique heritage as a primary economic asset. (UNWTO, 2007).

Tourism is India's largest service industry, contributing significantly to both national GDP and total employment. It has experienced substantial growth, consolidating its position as a major economic force, particularly after a strong recovery from pandemic-related disruptions, largely fuelled by domestic travel. Based on the latest data from the World Travel & Tourism Council (WTTC) for 2024 (with projections for 2025), the sector's total contribution to India's Gross Domestic Product (GDP) is estimated at 6.6%, with a total value of approximately US\$249.3 billion (₹20.9 trillion). This represents a significant jump from pre-pandemic levels.

A key driver of this growth is the strong preference for local exploration with domestic visitor spending soaring to ₹15.5 trillion (US\$185.6 billion) in 2024, which is 22% higher than the 2019. Furthermore, the sector's contribution to employment is robust, supporting a record high of almost 46.5 million jobs in 2024, which accounts for 9.1% of total employment in the country. By 2035, the industry's GDP contribution is projected to nearly double to approximately US\$501.1 billion (₹41.9 trillion), or about 10.9% of the national GDP, positioning India as a global tourism powerhouse. This expansion is supported by government initiatives and a renewed focus on cultural, spiritual and wellness tourism (World Travel and Tourism Council, 2025).

4.3. Inclusive Economic Opportunity and Resource Utilization

Culture's economic contribution extends to the grassroots level, fostering inclusive growth and capitalizing on local resources. Cultural goods and services often require low capital investment, relying on local materials and existing community skills. This model is highly effective for empowering marginalized populations, particularly

women, as evidenced by the success of micro-credit enterprises. A culture-conscious economy creates greater potential for market creation, directly contributing to an increase in per capita income.

Again, culturally embedded livelihood practices-such as specialized building crafts, traditional agriculture, and indigenous natural resource management techniques-serve a dual purpose: they retain invaluable local knowledge and generate employment, supporting sustainable and localized economic development.

4.4. Cultural Foundations for Social Stability and Global Goals

The most profound contribution of culture is its capacity to build the essential social and political stability necessary for long-term development-often referred to as the "enabling environment." Culture acts as a powerful stabilizing and healing force, crucial for societies facing conflict or disaster. Intercultural dialogue is a proven method for preventing conflict and generating possibilities for reconciliation.

Francis X. Hezel, S.J. (2009), stated that culture provides the fundamental values that determine a society's potential for economic success. In the field of economic development, cultural factors are equally influential like capital, technology, or governance. Specifically, Hezel contrasts the culture required for modern, rapid growth-characterized by thrift, individualism, generalized trust, and a persistent work ethic-with the traditional values of Micronesian societies. In the islands, the priority is often given to communalism, kinship solidarity, lavish generosity, and social status over the accumulation of wealth. Therefore, for Micronesian islanders, money serves to achieve social ends (security, status, and solidarity) rather than purely financial expansion, leading to choices that often mystify outside economic consultants who fail to understand the deep impact of the local cultural values.

Following a disaster, culture in all its forms (rituals, arts, community gatherings) helps communities reconstruct their disrupted lives and restore collective psychological well-being. Given that social factors like peace and stability are recognized as being equally responsible for development as economic factors, culture's role here is fundamentally strategic.

4.5. Creating an Enabling Environment for Development Goals

The cultivation of a "cultured nation"-one prioritizing dialogue and inclusivity-directly supports international development objectives, such as the MDGs. Through intercultural dialogue, culture helps create the optimal conditions for achieving these goals by actively preventing conflict, building peace, and protecting the rights of women and marginalized groups. This ethical and social stability is the bedrock upon which all successful development programs must be built, making the creation of this enabling environment an essential exercise of a cultured society.

5.Conclusion

Culture is not merely a beneficial consequence of development but it is one of its most important strategic factors. It holds a decisive, appropriate place in the development process by contributing directly to the social and economic growth of any economy.

The most critical takeaway for governance is that a leadership interested in the technological, political, and economic advancement or development of its nation should never disregard the role of culture. Ignoring this factor is tantamount to ignoring the bedrock upon which successful and sustainable change must be built. There must be an increased awareness among politicians and societies alike that culture actively fulfils an important and instrumental role in development. This intellectual acceptance is the first step toward effective integration.

This heightened awareness must be translated into tangible policy by ensuring the inclusion of references to culture in the most important legal acts of the government. This institutionalization is not simply symbolic; it is pragmatic, as it contributes directly to the acquisition of funds for culture, securing the necessary investment to harness cultural assets effectively.

When culture is appropriately promoted as a factor of development, it creates a powerful platform for setting up networks of cooperation among the entire economy of the globe. By fostering mutual understanding and shared objectives, culture can effectively build oneness and bring about prosperity and comprehensive development of all nations, transforming cultural difference from a potential source of conflict into a catalyst for global collaboration and economic integration.

In essence, the role of culture moves beyond being a simple asset; it is the ultimate enabler that determines a nation's adaptability, stabilizes its society, empowers its people economically, and provides the foundation for successful engagement in the globalized world.

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