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Living in concentrated poverty

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3. Neighborhood-based networks, social resources and labor market participation in two Dutch neighborhoods

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Abstract

Numerous neighborhood effect studies have reported on the negative consequences of living in disadvantaged neighborhoods for various employment outcomes, such as the duration of welfare-dependence and level of income. One hypothesis for explaining this relationship is the social isolation hypothesis which assumes that low-income residents in disadvantaged neighborhoods are worse off than their counterparts in mixed neighborhoods because they rely on other disadvantaged neighbors to find work. These ideas are addressed by comparing survey data on social resources in the social networks of residents in a low-income neighborhood and a socio-economically mixed neighborhood in the Dutch city of The Hague. Findings show that living in a low-income neighborhood influences labor market participation indirectly by limiting residents' access to job information. However, differences in access to job information cannot be explained by the high degree of neighborhood orientation in the social networks of residents in the low-income neighborhood.

3.1 Introduction

In the field of neighborhood effects, substantial attention has been paid to the relationship between segregation and social mobility. An important point for discussion is whether being poor in a low-income neighborhood is worse than being poor elsewhere, not only in terms of having to deal with the day-to-day livability problems and relatively high crime rates in the area, but also in terms of unfavorable socio-economic outcomes (i.e. Buck and Gordon, 2004; Friedrichs, Galster, et al., 2003; Murie and Musterd, 2004). In short, the question is whether and how a neighborhood influences the labor market performance of its residents. At first glance, this question might in itself seem irrelevant if one believes that labor markets function on a regional scale and that most people do not work in the neighborhood they live in. As many of us commute daily, why would we assume that a different situation applies to low-income households in disadvantaged neighborhoods? Nevertheless, numerous neighborhood effect studies indicate that living in a disadvantaged neighborhood context can have negative consequences in terms of employment outcomes, such as in the duration of welfare-dependence, the level of income, or the type of job (Allard and Danziger, 2003; Andersson, 2004; Clark and Drinkwater, 2002; Holloway and Mulherin, 2004; Klaauw and Ours, 2003; Mus-



terd, Ostendorf, et al., 2003; Musterd and Andersson, 2006; Reingold, Ryzin, et al., 2001). However, a lot of questions remain regarding the explanatory mechanisms that operate behind the reported neighborhood effects.

A number of hypotheses have been developed to explain the relatively unfavorable labor market performance of residents of high-poverty neighborhoods (Briggs, 2003; Galster and Killen, 1995). On the one hand, structural explanations for neighborhood effects on social mobility focus on the demand side of labor. For example, unskilled or low-skilled jobs might be unattainable due to the substantial distance between employment centers and potential employees (referred to as the mismatch hypothesis), or due to discrimination by employers on the basis of residential location (referred to as the stigmatization hypothesis). Neighborhood effects resulting from these mechanisms are described as correlated neighborhood effects because they result from processes outside the neighborhood. On the other hand, individual explanations focus on the supply side of the labor market. Besides human capital explanations, this includes explanations that focus on the social fabric of disadvantaged neighborhoods and the social networks that residents are part of. Such explanations assume that there is some kind of spillover between residents within a neighborhood that functions as a social multiplier to create unwanted outcomes. These endogenous neighborhood effects might be the result of two possible mechanisms. First, neighborhood relations might function as socializing agents, shaping residents' work ethics by defining what is 'normal' and 'accepted' and how important work is for one's social status. For example, in the case of low-income neighborhoods, residents might develop deviant norms with regards to work through interaction with unemployed neighbors (referred to as the socialization hypothesis). A second mechanism relates to the fact that social relations are an important source of information and informal support when it comes to finding work. In the case of low-income neighborhoods, it is hypothesized that disadvantaged residents lack access to potential or better employment opportunities due to the fact that they interact with fellow residents with weak labor market positions (referred to as the social isolation or limited resource hypothesis). By contrast, disadvantaged residents in more mixed neighborhoods are assumed to benefit from contacts with their more highly educated neighbors.

This article aims to contribute to the debate by studying the degree to which this last hypothesis about social isolation and limited resources resulting from neighborhood-oriented personal networks can explain employment outcomes. Interestingly, while a lot of studies focus on the endogenous mechanisms behind neighborhood effects related to the social context of disadvantaged neighborhoods, these rarely focus on socio-economic outcomes. By using survey data on social networks of social housing residents in a socio-economically mixed and a low income neighborhood in the Dutch city of The Hague, this study raises the question of to what degree differences can be found in the job search strategies and job information networks of two neighborhood groups and how said differences influence the employment outcomes in the two neighborhoods.

3.2 Social networks, employment and the role of neighborhood

Social relations are important in shaping our working lives. Social networks can provide resources that shape employment opportunities by providing work-related information, advice and support

(Coleman, 1988; Granovetter, 1995; Lin and Dumin, 1986; Lin, 2001). Informal contacts with family, friends and acquaintances can be instrumental in creating connections between job seekers and potential employers, for example by providing information about job openings and recommending them to employers. Consequently, different segments of the labor market become more or less accessible based on the social networks in which one is embedded. A more diverse social network in terms of the socio-economic positions of network members will potentially provide better and/or more information, leading to better employment outcomes, while a social network consisting of network members with largely unskilled jobs or with no jobs at all will limit one's opportunities to find work. Thus, as Waldinger and Lichter state, "*social factors become the crucial factors lubricating movement through the labor market and across the threshold of the employer's door*" (2003, p.10). Although social networks are, in general, important for people's working careers, informal job search strategies are particularly prevalent amongst poorly educated and minority job seekers, and informal referrals are used more often for unskilled or low-skilled jobs in specific segments of the labor market.

Besides functioning as potential job information networks, family, friends, or acquaintances can also provide day-to-day work-related advice and support. This can take the form of helping out with a job application, sharing their experience with a certain employer or even giving advice on what to wear to a job interview. As these examples show, relatives and acquaintances not only connect people directly to employers, but can indirectly improve their chances of finding a job by providing knowledge and experience and by transferring skills. Such work-related advice or support is of varying usefulness, depending on the work experience and educational background of the people who provide it. As is the case with job information, more diverse social networks are therefore expected to provide better support.

As a potential place of interaction, the neighborhood is hypothesized as being one of the factors that influences the social resources (information/support/advice) available to residents to improve their employment situation. Consequently, the social composition of this meeting place can shape one's social network (Blokland, 2003; Fischer, 1982; Wellman, 1996). For example, a number of American studies have found that neighborhood poverty is related to smaller social networks (Small, 2007; Tigges, Brown, et al., 1998). Moreover, place is assumed to be particularly important for low-income residents in shaping their social networks because they are expected to be more locally oriented in their social contacts due to a lack of resources which prevents them from covering larger distances (Briggs, 1997; Dawkins, 2006; MacDonald, Shildrick, et al., 2005; Sampson, Morenoff, et al., 2002; Small and Newman, 2001). In terms of job information networks and the opportunities they provide, this means that low-income residents not only use informal sources of job-related information and support more often, but that these informal sources are also more frequently located in their own neighborhood.

A relatively small number of empirical studies have been carried out that specifically address the relationship between neighborhood characteristics, social networks and economic outcomes (Andersson, 2004; Elliott, 1999; Kasinitz and Rosenberg, 1996; Kleit, 2001; Wilson, 1987). The researchers in question generally hypothesize that living in a poor neighborhood leads to social isolation which in turn leads to negative employment outcomes: residents of low income neighbor-

hoods miss the connections to the labor market because they rely on other poorly-connected local residents in their search for work. For example, Bertrand, Luttmer and Mullainathan (2000) found a strong and positive relationship between neighborhood-oriented networks and welfare participation. Kasinitz and Rosenberg (1996) also illustrate this point in a case study in New York: *“The social networks of local residents are not only limited but are increasingly one dimensional and lacking in what Boissevian (1979) calls ‘multiplexity’ [...] With fewer residents in the labor force, the amount and variety of job information declines. As public life has constricted, social ties are increasingly made private, i.e. with people of similar interests. The resulting social networks are more homogeneous and less useful in a dynamic labor market”* (p. 190). In another study, Elliott (1999) found that residents in neighborhoods characterized by a higher share of low-income households were more likely to look for jobs through informal channels, probably because they are often excluded from formal recruitment procedures. *“To the extent that isolation exists, it appears to involve, first, isolation from jobs filled through formal recruitment procedures. Given exclusion from formal job openings, social isolation then involves increased use of personal contacts to find employment [...] In high-poverty neighborhoods, these informal networks contain high proportions of friends, relatives and neighbors and lead to jobs in smaller, predominantly nonwhite settings”* (p. 213). Kleit (2001) reports a similar finding in a study on job search networks and strategies of public housing residents. Residents in dispersed public housing had more diverse local social networks than residents in clustered public housing, although they do not use these contacts to look for work. Instead, dispersed residents were more likely to use formal job search methods than their counterparts in clustered public housing sites.

To summarize, a review of the research literature on neighborhood effects, social networks and employment outcomes tells us that the relatively unfavorable employment outcomes of residents in disadvantaged neighborhoods can potentially be explained as follows. Regardless of their residential location, low-income residents are generally oriented locally in their social networks and they often use informal contacts to find work. Low-income residents in low-income neighborhoods have less diverse networks. In addition, they use informal contacts even more often than their counterparts in more mixed neighborhoods. This then leads to a relative labor market disadvantage.

The aim of this paper is to address these assumptions by comparing job acquisition methods and job search networks of social housing residents in a low income neighborhood and a socio-economically mixed in The Hague (the Netherlands). One obvious limitation of this research design is the limited number of cases both in terms of neighborhoods and in terms of respondents, which puts limitations on the possibilities to control for different neighborhood characteristics or other neighborhood mechanisms in multivariate analyses. However, it does provide specific data on social networks that cannot be found elsewhere in larger datasets and therefore permits some interesting insights into one of the mechanisms that might explain neighborhood effects. Specifically, four research questions will be addressed. First, to what degree can differences be found in labor market participation of low-income residents in the two neighborhood contexts? Second, to what degree do they differ in terms of formal or informal job acquisition methods? The third question focuses on whether and how the two neighborhood groups differ in terms of their social

networks, with a focus on the relationship between the degree of neighborhood orientation and the potential social resources in these networks. The final question is to what degree differences in job acquisition methods and social networks, if found, can help explain differences in labor market participation.

3.3 The Dutch context

A short note on neighborhood effects in the Netherlands is necessary to understand the context of this study. The hypotheses about neighborhood effects and their underlying explanatory mechanisms, such as the social isolation hypothesis, have been largely developed on the basis of American studies. It has been an ongoing debate amongst European researchers to what degree they are valid in European contexts due to the differences in social welfare and housing systems that reduce differences between neighborhoods (Friedrichs, Galster, et al., 2003; Kesteloot, et al., 2004). These doubts might be most applicable to the case of the Netherlands, where levels of income and ethnic segregation have been traditionally low (Laan Bouma-Doff, 2007; Musterd, 2003) as result of a large supply of affordable social housing in major cities, extensive welfare programs of the national government and active state involvement at the local level. In recent years it has nevertheless been shown through a number of quantitative studies that these factors do not entirely compensate or mute neighborhood effects on employment and social mobility (Klauw and Ours, 2003; Musterd, Ostendorf, et al., 2003). So far, however, it is unclear whether the relatively heterogeneous population composition of Dutch low income neighborhoods and the living conditions in these neighborhoods reach the necessary thresholds to limit the socio-economic opportunities of residents through processes of social isolation.

3.4 Research design

The study was performed in two centrally located neighborhoods in the city of The Hague. The Hague is characterized by the highest level of income segregation (SCP and CBS, 2003) among cities in The Netherlands and is a city of rather marked contrasts between working class and upper class areas (see Figure 1). Within this urban context, Transvaal-Noord is one of the most marginalized areas of the city and was selected as a research area based on the expectation that if neighborhood effects were to appear anywhere in the Netherlands, the neighborhood of Transvaal would be a likely location. The case of Transvaal is compared to the case of Regentesse, a socio-economically mixed neighborhood that borders Transvaal. In terms of relative distance to large employment centers and access to public transportation facilities residents in the two neighborhoods have similar access to employment opportunities within the city region.

Table 1 provides an overview of demographics of the two research areas. It is worth noting here that the labels of low-income neighborhood and mixed neighborhood are in some respect misleading because, even in the ‘extreme’ case of Transvaal, the majority of households do not fall into the category of low-income households. The low income neighborhood label can, instead, be interpreted as a relative term, referring to the relatively high level of social inequality compared to the city average.

Figure 1: Spatial concentration of low income households in The Hague, The Netherlands. Source: Regional Income Statistics, Central Bureau of Statistics. Map produced by author.



Table 1: Demographics of research areas in percentages (Central Bureau of Statistics 2005)

	Transvaal-Noord	Regentesse	The Hague
Residents (N)	4.220	4.770	472.090
Social housing	76	27	35
Average yearly disposable income (per person in euro)	8.300	12.300	12.400
Families with income below poverty line, of which...	33	18	14
On unemployment benefits	53	45	42
Families with income in highest income group (top 20%)	5	14	20
Working population without job	50	26	25
Household structure			
Single	47	56	48
Family, no kids	16	20	23
Family with kids	37	24	29
Ethnic background			
Dutch	11	44	55
Surinamese	25	19	10
Turkish	25	6	7
Moroccan	17	6	5
Immigrant non-developed country	20	13	14
Immigrant developed country	2	11	9

Despite their comparable location, the research neighborhoods represent vastly different worlds. Transvaal-Noord is characterized by numerous social problems such as crime, vandalism, degradation of the housing stock and an unfavorable reputation. Three quarters of the housing stock is social housing. The share of households with an income below the poverty line is more than twice the city average and the level of unemployment is high. The neighborhood has a long history of immigration and its share of non-Dutch residents is amongst the highest in the country. In order to address the accumulation of social problems in Transvaal-Noord, a large share of the social housing stock is to be demolished and replaced by a more mixed housing stock in the coming years.

By contrast, the adjacent neighborhood of Regentesse is socio-economically and ethnically more mixed. Sandwiched between Transvaal and the more affluent areas of the city, it is one of the city's few middle-class areas and has the reputation of being a decent neighborhood whose residents' greatest concerns are parking and local traffic. Social housing accounts for a quarter of the housing stock. The share of households below the poverty line, and the level of unemployment, reflect the city average. The share of non-Dutch residents is slightly higher than the city average, particularly due to a substantial group of Surinamese residents, largely of Hindustani background.

A survey was carried out in the two neighborhoods amongst potential labor force participants in the age group 18 – 65. The selection criterion of living in social housing served as a proxy for having a low income, because data on personal incomes at the individual level are unavailable and a selection question about one's personal income at the beginning of an interview was considered to be problematic. Potential respondents were selected randomly from an address database of all social housing units in the two neighborhoods provided by the local government. Since the middle of the 1990s social housing in Dutch cities is allocated according to a 'choice based' or 'market-oriented' system by which potential tenants can reply to adverts for rental units anywhere in the city-region (Haffner and Hoekstra, 2006). As a result of a supplementary housing allowance scheme, low income residents have access to a large range of social housing units in terms of location and quality. It has often been argued that this has contributed to relatively low levels of socio-economic segregation in Dutch cities (Kempen and Priemus, 2002). In theory, the rent controlled social housing units in the two research areas of this study are therefore equally accessible to low income households. However, irrespective of their personal income potential tenants are still ranked according to other allocation criteria such as their length of residence and registration. This could result in differential opportunities to move into more desirable units or better neighborhoods, but there are no recent studies to address such selection mechanisms within the social rental sector. To deal with potential selection mechanisms between the two neighborhoods in this research, various individual characteristics are controlled for in the multivariate analyses, such as age, sex, ethnic background, level of education and household characteristics and, in the case of neighborhood orientation of residents' social networks, years of residence in the neighborhood.

The survey questionnaires were collected face-to-face in residents' homes by interviewers of different, and where possible matching, ethnic backgrounds in view of the relatively large share of low-educated and minority residents. The survey included a number of questions about residents'

employment situation and location, the job acquisition methods for their current or last position, and the role of neighbors in their search for jobs. In order to study the relationship between social networks and employment outcomes, the survey distinguished between social networks as potential job information networks and social networks as actual support networks. Residents' potential access to job information was measured using the position generator method by providing insight into the socio-economic diversity of respondents' networks (Lin and Dumin, 1986; Lin, 2001). The assumption on which this social capital measurement tool is based is that network members with a higher prestige job provide access to better social resources, in particular the type of information that is needed to improve their social position, such as finding a job. Respondents were confronted with a list of occupational positions², ranging from domestic work to a politician and judge. If they knew anyone with such a job, they were asked the nature of the relationship (kin or friendship³), the ethnic background of these contacts and whether they lived in the neighborhood. A prestige score was calculated for each occupation based on standardized codes for occupations of the Central Bureau of Statistics. These scores were used to create socio-economic prestige indicators of their networks. These included the percentage of occupations known, the range in accessed prestige calculated as the difference between the highest position and the lowest position, the position of the network member with the highest job prestige as an indicator for upward reach and the average accessed prestige indicator. A second method was used to provide insight into the actual work-related support and advice that residents receive from network members. This resource generator is a social capital measurement tool that focuses on practical support and advice in people's daily lives (Gaag and Snijders, 2005). Respondents were confronted with a list of concrete examples of support and advice, such as support in the personal or home domain (measuring expressive resources) and support in dealing with formal/political institutions or financial support. In this survey, three work-related questions were included. Respondents were asked whether anyone in their surroundings could provide such support, and if so, what their relationship was and whether this person lived in the neighborhood.

Finally, to acquire a greater insight into selection mechanisms between the two neighborhoods the survey also included questions about people's residential history, their appreciation of the neighborhood and their wish to move out of the neighborhood. A comparison of these findings shows that, despite the great difference in neighborhood conditions, social housing residents in the two neighborhoods do not differ greatly with respect to their residential history, neighborhood satisfaction and wish to move (see Table 2).

Table 2: Residential history and neighborhood satisfaction of respondents in the two neighborhoods in percentages (N=399)

	Low income (Transvaal)	Mixed (Regentesse)
Choice for neighborhood		
Wanted to live here	40	40
Did not want to live here	49	51
No preference	11	9
Knew people in the neighborhood before moving there	35	36
Has moved within neighborhood	28	26
Feels at home in the neighborhood		
Feels very much at home	48	55
Feels at home	29	29
Neutral	7	8
Does not really feel at home	8	5
Does not feel at home at all	6	3
Wants to move	43	41
Currently looking for other apartment	21	17
Preferably in some neighborhood	24	28
Preferably in other neighborhood	65	55
No preference	11	17
Years in neighborhood	12	13

3.5 Data

The respondents' demographics are reported in Table 3. The response was similar in both neighborhoods (54 %).⁴ Respondents scored lower than the neighborhood average in terms of level of education and employment status and were also more often of minority background, particularly in Regentesse which was to be expected considering the selection of social housing tenants and their relatively low social positions compared to residents of the owner-occupied or private rental homes in these neighborhoods. The two groups of respondents differ from each other in ethnic composition, educational background and household composition. The two neighborhood groups do not differ in terms of age or sex composition.

Of obvious interest to this study is the difference between the two research groups with respect to labor participation. Social housing residents in the mixed neighborhood of Regentesse are

² This method was partially adapted from the Social Survey of the Networks of the Dutch Volker, B. & H. Flap (2002). *The survey of the social network of the Dutch, SSND1. Data and codebook.* Utrecht: Utrecht University.

³ Based on the experiences in test phase of the questionnaire a distinction was made between first degree family (parents/siblings/children) and extended family (cousins/aunts and uncles) in view of importance attached to of extended family relations by many ethnic minority residents. Moreover, in contrast to other studies on social capital, the categories of friends and acquaintances were combined because this distinction was not made and understood by respondents.

⁴ It is not possible to indicate to what degree the survey sample is representative for social housing tenants in the two neighborhoods, because no census data are available for subgroups at the local level due to privacy considerations. However, non-response was not geographically biased within the two neighborhoods and in the case of Transvaal - where social housing accounts for the majority of the housing stock - the ethnic composition of the research sample in broad lines reflects neighborhood statistics.

Table 3: Demographics of respondents by neighborhood in percentages (N=399)

	Low income (Transvaal)	Mixed income (Regentesse)
N	221	178
Labor market participation		
Employed, of which	36	47
Works in neighborhood	39	37
In education	11	9
Unemployed, of which...	53	44
Used to work	62	79
Currently looking for work	14	17
Occupational prestige (current or last job)		
Low	70	56
Middle	23	32
High	7	12
Higher education		
None (only elementary school)	31	22
Low (<4 years of high school)	25	26
Middle (>4 years high school)	28	33
High (University / Professional training)	16	20
Non-Dutch		
	95	68
Ethnic background of non-Dutch residents		
Surinamese	34	32
Turkish	28	13
Moroccan	20	19
Immigrant non-developed country	16	14
Immigrant developed country	2	14
Immigration history of non-Dutch residents		
First generation (imm. as adult)	54	56
First generation (imm. as child)	28	26
Second generation	18	18
Household		
Single	26	37
Couple without children	16	15
Single parent family	14	15
Couple with children	42	31
Other	2	2

employed significantly more often than social housing residents in the low income neighborhood of Transvaal. Moreover, currently unemployed social housing residents of Regentesse are more likely to have worked than their Transvaal counterparts. In terms of job status, residents in the low income neighborhood in Transvaal more often hold jobs of lower occupational prestige than residents in the mixed neighborhood.

In terms of job search strategies there is a marked difference between the two neighborhood groups. Table 4 reports the job acquisition methods used by respondents to find their current or last job. Formal applications account for almost half of all job searches in the mixed neighborhood of Regentesse, but only for slightly more than one third of all job searches in the low-income neighborhood of Transvaal. By contrast, informal referrals are used much more frequently in Transvaal than in Regentesse (respectively 32 % versus 21%). Moreover, not only do residents in the low-income neighborhood make more frequent use of informal contacts to find a job, these contacts are also more likely to be neighborhood contacts. At first glance, therefore, these findings seem to support the social isolation hypothesis. However, the question is to what degree the differences observed can be attributed to compositional differences between the two neighborhood groups. Multivariate analysis (data not shown) indicates that no relationship exists between residential context and job acquisition method after controlling for personal characteristics, and particularly the level of education. By contrast, the different role of neighbors in looking for work in the two neighborhoods persists after controlling for differences in personal characteristics between the two groups (data not shown).

Table 4: Summary statistics for job acquisition methods by neighborhood in percentages (N=399)

	Low income (Transvaal)	Mixed income (Regentesse)
N	221	178
Job acquisition method (current or last job)		
Formal job application	34	46
Social services	17	17
Job agency	8	9
Informal referral	32	21
Other	1	2
No answer	6	2
% informal referral by neighborhood contact		
	60	50
% job agency in neighborhood		
	62	25

3.6 Access to job information

Since social housing residents in the low-income neighborhood make more frequent use of informal neighborhood contacts to find work, the next relevant question is to what degree living in such a neighborhood context and depending on neighbor relations might influence their access to job information. A position generator questionnaire was used to address this question. Findings for the two neighborhoods are reported in Table 5. In terms of access to job information, four indicators for socio-economic diversity were calculated. Only the first indicator shows a significant, although small, difference between the two neighborhood groups, namely that residents in the mixed neighborhood of Regentesse have a more diverse network than residents in the low-income neighborhood of Transvaal, measured by the number of occupational positions filled by network members. However, there are no differences in the mean occupational prestige, range of occupational prestige or the upward reach of their networks. Moreover, both groups score remarkably lower than the general Dutch population, as was reported in the Survey of Social Networks of the Dutch (Gaag, 2005). As a result, based on the socio-economic diversity of their networks, respondents in the mixed neighborhood should have a slightly better access to job information than respondents in the low-income neighborhood, but this is limited to information about the lower end of the labor market. In simpler terms, social housing residents in the mixed neighborhood might be acquainted with both a cleaning lady and a truck driver, while residents in the low-income neighborhood may only be acquainted with a cleaning lady. It can be argued that this might provide residents in the mixed neighborhood with better opportunities to maintain one's social position rather than improve one's situation by providing opportunities to find a higher prestige job. In other words, the observed difference in socio-economic network diversity might have little implication in terms of upward social mobility, although it might indeed influence the chances of becoming long-term unemployed.

Table 5: Summary statistics for socio-economic diversity indicators by neighborhood (N=394)

	Low income (Transvaal)	Mixed income (Regentesse)
Socio-economic prestige		
% of occupations in network	20	25***
Mean prestige	46	47
Range in prestige	39	42
Highest prestige	68	71

*** $p < 0.01$; ** $p < 0.05$; * $p < 0.10$

To understand the relationship between access to job information and neighbor relations, respondents were asked about various background characteristics of their network members, such as their place of residence, ethnic background and relationship to the respondent. The findings are shown in Table 6. What stands out in general is the difference between residents in the low-income and mixed neighborhood as regards the number of weak ties. For example, the substantial difference between the two neighborhood groups in the share of neighborhood contacts in their networks can be explained by the fact that residents of the mixed neighborhood have a larger number

of contacts outside the neighborhood, but a similar number of neighborhood contacts. This relative difference in neighborhood orientation remains after controlling for differences in personal characteristics such as age, sex, level of education, ethnic background and immigrant generation, and household composition. The number of family relatives is also similar for the two neighborhood groups, although low-income neighborhood residents have much smaller numbers of non-family relations. The relative importance of family in the social networks of these respondents remains after controlling for compositional differences. By contrast, the relative share of own-ethnic contacts in respondents' social networks is very similar for the two neighborhood groups. The difference in the absolute number of weak ethnic ties can be largely attributed to the high proportion of non-family contacts in the social networks of residents in the mixed neighborhood.

Table 6: Summary statistics for personal characteristics of network members by neighborhood (N=346)

	Low income (Transvaal)	Mixed (Regentesse)	All respondents
Neighborhood contact (%)	52	38***	46
Type of relationship (%)			
Family	32	29	31
Extended family	33	21***	27
Friends/acquaintances	36	50***	42
Ethnic diversity (%)			
Same ethnic background	84	81	83
Other ethnic background, minority	10	10	10
Other ethnic background, Dutch	6	9	7
Ethnic diversity of non-family members (%)			
Same ethnic background	58	54	56
Other ethnic background, minority	31	36	34
Other ethnic background, Dutch	11	10	11
Number of non-neighborhood ties (mean)	2.1	3.3***	2.6
Number of non-family ties (mean)	1.7	3.1***	2.2
Number of other-ethnic ties (mean)	0.6	1.1***	0.8

*** $p < 0.01$; ** $p < 0.05$; * $p < 0.10$

A multivariate regression analysis was performed to ascertain to what degree the small, but significant, difference in socio-economic diversity of respondents' network can be explained by their residential context and the degree of neighborhood orientation of their networks. The results are reported in Table 7. In the first model, neighborhood is the only explanatory variable. Living in the low-income neighborhood of Transvaal is negatively associated with the share of occupations known. When individual characteristics are included in a second model, the strength of association between residential location and socio-economic diversity declines, but remains fairly significant. In the third and final model three background characteristics of respondents' network members are added, namely the share of non-family contacts, the share of non-neighborhood contacts and the share of contacts outside one's own ethnic group. These can be viewed as the share of weak ties. It

is important to note that this model only applies to those residents who indicated that they have at least one network member.⁵

This third model confirms the importance of weak ties in terms of ethnicity and the importance of relations other than family ties for a more socio-economic diverse social network. At the same time, the share of neighborhood contacts does not seem to influence the socio-economic structure of people's network. Thus, despite the substantial difference between residents in the two neighborhoods as regards the importance of neighbor relations, this cannot explain the differences in socio-economic network diversity after controlling for individual characteristics.

Table 7: OLS Regression analysis for socio-economic diversity of residents' networks (share of occupations known) as an indication of residents' potential access job information

	Model 1 (Beta)	Model 2 (Beta)	Model 3 (Beta)
Low income neighborhood	-0.167***	-0.097*	-0.101*
Age		-0.052	0.004
Female		0.038	0.033
Education (ref=no high school education)			
Low		0.160***	0.155**
Middle		0.372***	0.354***
High		0.297***	0.331***
Ethnic minority (ref=Dutch)			
Surinamese		-0.253***	-0.121
Moroccan		-0.153**	-0.077
Turkish		-0.087	-0.039
Other Western immigrants		-0.110**	-0.063
Other non-western immigrants		-0.335***	-0.231***
Grew up in the Netherlands		-0.069	-0.013
Household (ref=couple)			
Single or single parent		-0.127**	-0.182***
Years in neighborhood		0.117**	0.110*
Network members			
non-neighborhood contacts			0.009
contacts of other ethnic background			0.099*
non-family contacts			0.208***
Model summary			
R ²	0,019	0,240	0,270
N	328	328	289

*** $p < 0.01$; ** $p < 0.05$; * $p < 0.10$;

There are two ways to interpret the remaining negative relationship between living in the low-income neighborhood and socio-economic network diversity. On the one hand, there is always the

⁵ This is the group of respondents who score 0 on the socio-economic diversity variable because they do not know anyone with an occupation from the position generator item list. Often, they are of minority background and, in particular, first generation immigrants.

possibility that the remaining influence of neighborhood is an expression of unmeasured compositional differences between the two neighborhoods that have not been controlled for in the model. On the other hand, the negative findings for low income neighborhood residents could also suggest that other mechanisms are at play. Perhaps it is not the quantity of neighbor relations but rather the quality of these relations that leads to constricted social networks. For example, one explanation might be found in socialization mechanisms amongst residents in the low-income neighborhood which limits their interaction with 'others' or 'outsiders'. While the survey data do not provide evidence to further study these mechanisms, an in-depth case study in the low income neighborhood has shown that there is evidence of socialization mechanisms amongst neighbors that limit their contacts with the 'outside world' and keep them oriented around their own group (Pinkster, 2007). Another explanation for the remaining difference in socio-economic network diversity might be actual or perceived discrimination or stigmatization of residents in the low income neighborhood by the outside world (Laan Bouma-Doff, 2007; Wacquant, 1993). A third and related explanation might be that discrimination by employers has limited residents' employment opportunities, which in turn has restricted their social networks (Kasinitz and Rosenberg, 1996). So far, however, there is no evidence from the Dutch context to test this hypothesis.

It is important to note that the strength of the relationship between residential context and socio-economic diversity of residents' networks is much weaker than various other individual characteristics, in particular the level of education, household type and being of a non-western ethnic background (which might be related to either the relatively recent arrival of these immigrants and/or the relatively small size of these immigrant communities). Finally, a relationship was also found between the number of years that residents had lived in the neighborhood and the socio-economic diversity of their networks. As the low-income neighborhood of Transvaal is historically a first destination for new immigrants to The Hague, the effect of this variable might actually be an indication of recent immigration. Unfortunately, no data are available to control for this directly. Nonetheless, especially in view of the small number of respondents and the limitations this puts on the possibilities of multivariate analyses, it is interesting that living in the low-income neighborhood does indeed influence socio-economic diversity.

3.7 Work-related support and advice

Besides the potential job information network, respondents were also asked about the degree to which they actually received work-related support and advice from family and friends as part of a larger set of support items in the resource generator section of the questionnaire. Table 8 reports the findings in the two neighborhoods.

What stands out is the low level of support in general, particularly in the case of the most concrete form of support, namely arranging a summer job. By comparison, during the 1999 survey on social networks (SSND), 61 % of the respondents indicated that they knew someone who could help them in this respect (Gaag, 2004). The scores of the social housing residents in this study on the other two items are similarly low. Moreover, at least one third of the social housing residents in this survey does not know anyone who could provide work-related support or advice and only 15

% can name a family, friend or acquaintance for all three items. Further multivariate analysis (data not shown) indicates that the degree to which residents receive work-related support is not related to individual characteristics such as ethnicity, level of education, household type or sex. The only factors of influence are whether someone grew up in the Netherlands and his or her age: first generation immigrants and older people are less likely to know someone who can provide work-related advice or support.

Table 8: Summary statistics for work-related support by neighborhood in percentages (N=341)

	Low income (Transvaal)	Mixed (Regentesse)	All respondents
Do you know anyone who can...			
arrange a summer job for one of your family members	39	35	38
give you advice when you have a conflict at work	55	54	54
help you or give you advice on how to find a job	48	50	49
Share of yes...			
At least one item	63	64	64
All items	17	16	16
Share of neighborhood contacts	60	45***	53

*** p<0.01; ** p<0.05; *p<0.10

While the degree to which respondents in the two neighborhoods receive work-related support is relatively similar, there is considerable difference in the importance of neighborhood ties, with neighborhood-based contacts being much more important for residents in the low-income neighborhood than in the mixed neighborhood. These differences remain after controlling for differences in population composition between the two neighborhood groups.

3.8 Labor market participation

So far, it has been established that social housing residents in the low-income neighborhood are more likely than the mixed neighborhoods to use informal referrals to find work. Moreover, they have a slightly less diverse job information network but similar access to concrete work-related support and advice. The next question is to what extent the observed differences in job information networks might account for the differences in labor market participation found amongst respondents in the low-income and mixed neighborhoods. To this end, a multivariate logistic regression analysis was performed to study the relationship between respondents' residential location, personal characteristics and socio-economic network diversity on the one hand and their employment situation on the other. Due to the fact that the survey data are cross-sectional and the research design non-experimental, one should be careful about making causal inferences when studying the findings. As the first model shows (see Table 9), living in the poor neighborhood context is negatively associated with the chance of being employed. However, if the socio-economic network diversity indicator for access to job information is added, the influence of neighborhood context disappears. As expected on the basis of the research literature, this suggests that the differences in labor market participation between the two neighborhood groups can be explained, at least in part, by differ-

ences in the social networks of residents in the two neighborhoods⁶. The final model also includes personal characteristics. The positive relationship between access to job information through one's social network and the chance to be employed remains, although the significance is reduced. Other significant relationships with labor market participation were found for age (negative), sex (negative for women), level of education (positive), ethnic background (negative for Moroccan, Turkish and immigrants from developed countries), having children (positive) and having a working partner (positive), which could be interpreted as a socialization mechanism within the household. No direct and independent difference between the two neighborhood groups remained.

Table 9: Logistic Regression analysis for effect of individual characteristics, residential context and socio-economic network diversity on labor market participation

	Model 1 (Beta)	Model 2 (Beta)	Model 3 (Beta)
Low income neighborhood (ref=mixed neighborhood)	0.630**		0.817
Socio-economic diversity of network (score of 0-100)		1.020***	1.013*
Age			0.957***
Female			0.368***
Education (ref=no high school education)			
Low			2.220**
Middle			2.472**
High			4.127***
Ethnic minority (ref=Dutch)			
Surinamese			0.656
Moroccan			0.253**
Turkish			0.161***
Other Western immigrants			0.312*
Other non-western immigrants			0.426
Grew up in the Netherlands			0.589
Household with children (ref=households w/o children)			1.753*
Employment partner (ref=single)			
Working			2.001*
Non-working			0.899
Years in neighborhood			0.991
Pseudo R2 (Nagelkerke)	0,02	0,05	0.275
N	336		333

*** p<0.01; ** p<0.05; *p<0.10;

⁶ Other network characteristics were not added because 1) this model would only apply to those respondents who score more than 0 on the diversity indicator, the result of which is a reduction in N and 2) adding these variables does not improve the model or change the effect of personal characteristics and 3) the relationship between network diversity and the other network variables was already discussed in the previous paragraph.

3.9 Conclusion

An important explanation in the research literature for neighborhood effects on employment outcomes can be found in the social isolation hypothesis that focuses on the relationship between living in disadvantaged urban areas, informal job acquisition methods, neighborhood-based social networks and their limiting effect on residents' social resources and opportunities to find work (as described for example by Elliott, 1999; Kasinitz and Rosenberg, 1996; Kleit, 2002). The aim of this study was to address this hypothesis by comparing the resources in, and the degree of neighborhood orientation of, the social networks of social housing residents in a mixed neighborhood and low-income neighborhood in the Netherlands.

As expected, a first comparison showed that residents in the low-income neighborhood of Transvaal and the mixed neighborhood of Regentesse differ substantially in labor market participation, in the use of informal contacts to find work and in the importance of neighbors in their social networks in general and in their job search in particular. Subsequent analysis showed that the negative impact of living in a low-income neighborhood on labor market participation is transmitted through residents' social networks. In particular, social housing residents in the low-income neighborhood have less diverse social networks in socio-economic terms than social housing residents in the mixed neighborhood. The higher socio-economic network diversity of residents in the mixed neighborhood mainly relates to having network members with a wider variety of low status jobs rather than to having network members with higher status jobs that could provide better information. While such network diversity at the lower end of the job market does not necessarily lead to better upward social mobility, this study shows that it does make it easier to maintain one's labor market position by having access to a wider variety of job information.

In short, the research findings suggest that living in a low income neighborhood in the Netherlands is associated with constricted social networks, which limits residents' employment opportunities. Several critical comments can be made about these findings. First, there are obvious methodological limitations to this case study, for example in the possibilities for generalizing on the basis of two cases and controlling for variations in neighborhood composition. The relatively small number of respondents also limits the possibilities for further exploring potential selection mechanisms. Moreover, if one accepts these methodological limitations, one should still be cautious not to overstate the importance of neighborhood context. Much stronger effects on access to job information were found for 'hard' factors such as level of education and ethnic background.

Nevertheless, this study suggests that localized social networks in low-income neighborhoods play a role in shaping individual employment opportunities, even in a neighborhood characterized by a relatively heterogeneous population composition, a long tradition of active state involvement at the national and local level in alleviating social exclusion, and relatively good access to employment opportunities through public transportation. Indeed, from an American perspective the neighborhood of Transvaal represents a 'mild' case of concentrated disadvantage instead of an extreme case, which it is in the Dutch context. This raises the interesting question of how severe neighborhood conditions need to be to trigger processes of social isolation. From a European perspective the findings shed new light on the way in which neighborhood effects are mediated. Thus far, it has been assumed that in-

formal networks at the local level are not very important in shaping individual opportunity structures due to extensive support programs of European welfare states (Kesteloot, et al., 2006). The present study shows, however, that the role of neighborhood-based social networks of low-income residents cannot be discounted in explaining geographical variations in labor market participation.

In broad lines the research findings thus support the social isolation hypothesis, but they also offer some ideas for further exploration. First, the social isolation hypothesis does not distinguish between different types of social resources. This study suggests that a distinction between access to job information through social networks and access to more goal-specific, day-to-day forms of work-related support and advice is useful. While respondents in the low-income neighborhood differed from their counterparts in the mixed neighborhood in terms of access to job information through their social networks, they had similar access to work-related support despite the fact that they were more neighborhood and family-oriented in their social networks. Of course, the resource generator method used in this study measured the level of support, but not the quality or effectiveness of support and advice provided by relatives and friends. A more qualitative research approach might be more appropriate to show potential differences in the effectiveness of work-related support.

Second, the research findings raise the question of how social networks of low income residents in disadvantaged neighborhoods become constricted in terms of job information. The fact that no significant relationship was found between the degree of neighborhood orientation and the composition of respondents' social networks implies that an explanation for the limited scope of residents' social networks in the low income neighborhood lies in the nature of neighborhood contacts rather than just their number. One explanation could be that processes of socialization and social control amongst residents limit their willingness and possibilities to interact with people outside their 'own' group and to venture outside their neighborhood, thereby restricting their relationships to other locals whom are either unemployed or only work in a specific sector and/or in particular types of unskilled jobs. Such within-group processes are central to Lewis' culture of poverty thesis (1968) and subsequent studies on deviant norms, values and behaviors in disadvantaged neighborhoods (i.e. Briggs, 1997; Small and Newman, 2001; Wilson, 1987). They have also recently been found in the Dutch context (Pinkster, 2007). Another explanation for the limited scope of their networks could be stigmatization of residents of low-income neighborhoods by the 'outside' world in general and by employers in particular (Kasinitz and Rosenberg, 1996; Wacquant, 1993). So far, there is no evidence in the Dutch context for such forms of place based discrimination.

To summarize, it is hypothesized that processes of negative socialization and stigmatization over time lead to constricted social networks of residents in low income neighborhoods, consequently limiting their employment opportunities which further restricts their social networks. Although such social mechanisms are often mentioned alongside the social isolation hypothesis in explaining neighborhood effects (Fiedrichs, et al., 2003), few studies address the question of how they interact and cumulatively contribute to negative neighborhood effects on employment. Further qualitative, longitudinal research into the interaction between different neighborhood effect mechanisms could thus increase our understanding of the observed relationship between neighborhood context, access to job information through social networks and labor market participation.

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