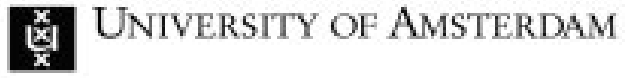
A different place for different people?

Inequalities in the Effect of the Urban Neighbourhood on Individual Economic Prospects



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The neighbourhood as both a source of opportunity and constraint

- Many researchers have found significant evidence for neighbourhood effects on individual socioeconomic outcomes, both in American studies (Briggs, 1998; Galster et al., 1999; Cotter, 2002) and the European context (Andersson et al., 2007; van der Klaauw & van Ours, 2003)

- The basic premise in this type of studies is that the neighbourhood "contributes to residents' aspirations and preferences with respect to work as well as their (perceived) employment opportunities, which in turn leads residents to make certain life choices that subsequently influence their social position." (Pinkster, 2009: 8)

Neighbourhood effects

- Problem: studies too easily assume a uniform effect of the neighbourhood environment across all residents, while the residential area might affect some people *more* than others

- How and for whom does the neighbourhood matter?

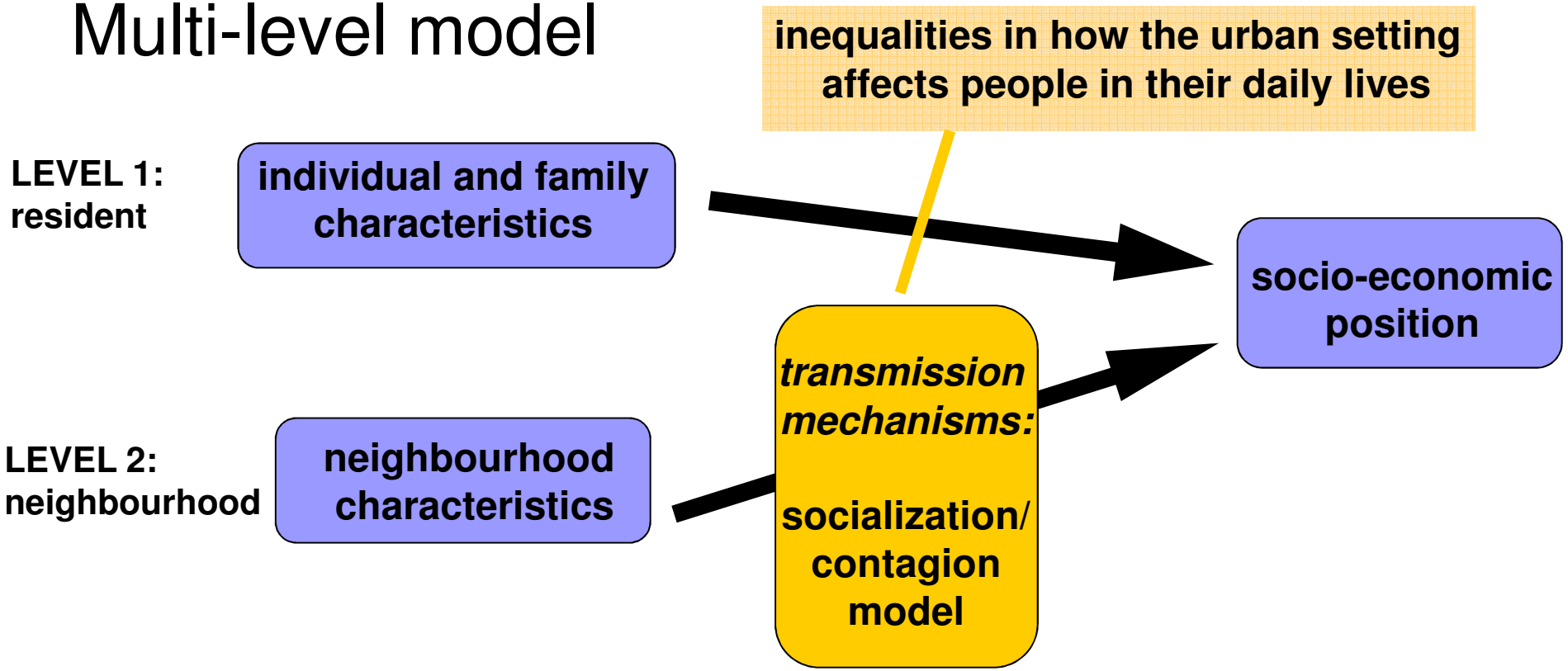
How the neighbourhood matters

■ Jencks and Mayer (1990) categorize neighbourhood effects in four types of theory: (1) contagion theories, (2) socialization theories, (3) institutional theories and (4) social competition theories.

■ The present study assumes that the impact of the socioeconomic characteristics of residents on other residents in the neighbourhood is prevalent in explaining economic prospects.

We solely focus on endogenous effects and more specific, the contagion, (selective) socialization and social network mechanisms.

Multi-level model



(Tienda, 1991: 249)"Methodologically, what is lacking are **valid empirical measures of diverse transmission mechanisms**. This a far cry from multilevel modeling, which simply combines person and place characteristics without regard to the potential endogeneity of the neighbourhood characteristics, the extent of heterogeneity in neighborhoods, or direct measures of interaction patterns."

For whom the neighbourhood matters

- Empirical studies too easily assume a uniform effect of the neighbourhood environment across all residents, while the residential area might be of more importance for the occupational attainment for some residents than for others.

- We expect people with larger networks to have more access to information and resources resulting in a higher socioeconomic status. Residents who lack these extended networks and are more embedded in the neighbourhood, are expected to be more sensitive to neighbourhood context (Ellen & Turner, 1997).

- People with a higher share of contacts within the neighbourhood are more far from mainstream society and are more likely to have a lower socioeconomic status

- Galster (2008: 10) " (…) within the context of the socialization mechanism we would expect neighbourhood effects to be strongest for those who have only intra-neighbourhood social relationships and who have lived there on extended time (…)"

Research question and Data

- "Does the degree to which the social network of an individual is residing in the neighbourhood lead to differential effects of neighbourhood socioeconomic conditions on the resident's current economic position?"

- GEITONIES data, collected in 2009-2010 in urban spaces in six European cities: Lisbon, Rotterdam, Vienna, Bilbao, Thessalonica and Warsaw. A stratified random sampling method was developed for collecting the data. The sample size is 200 per neighbourhood (two strata: 100 natives and 100 immigrants) and there are 18 neighbourhoods with in total 2026 individuals that hold an occupation at the time of the survey.

Hypotheses

Individual-level

- H_1 : The individual's and the father's educational level is positively related to the resident's socioeconomic status.
- H_2: The size of an individuals' network is positively related to the resident's socioeconomic status.
- H_3: The share of contacts within the neighbourhood is negatively related to the individual's socioeconomic status.

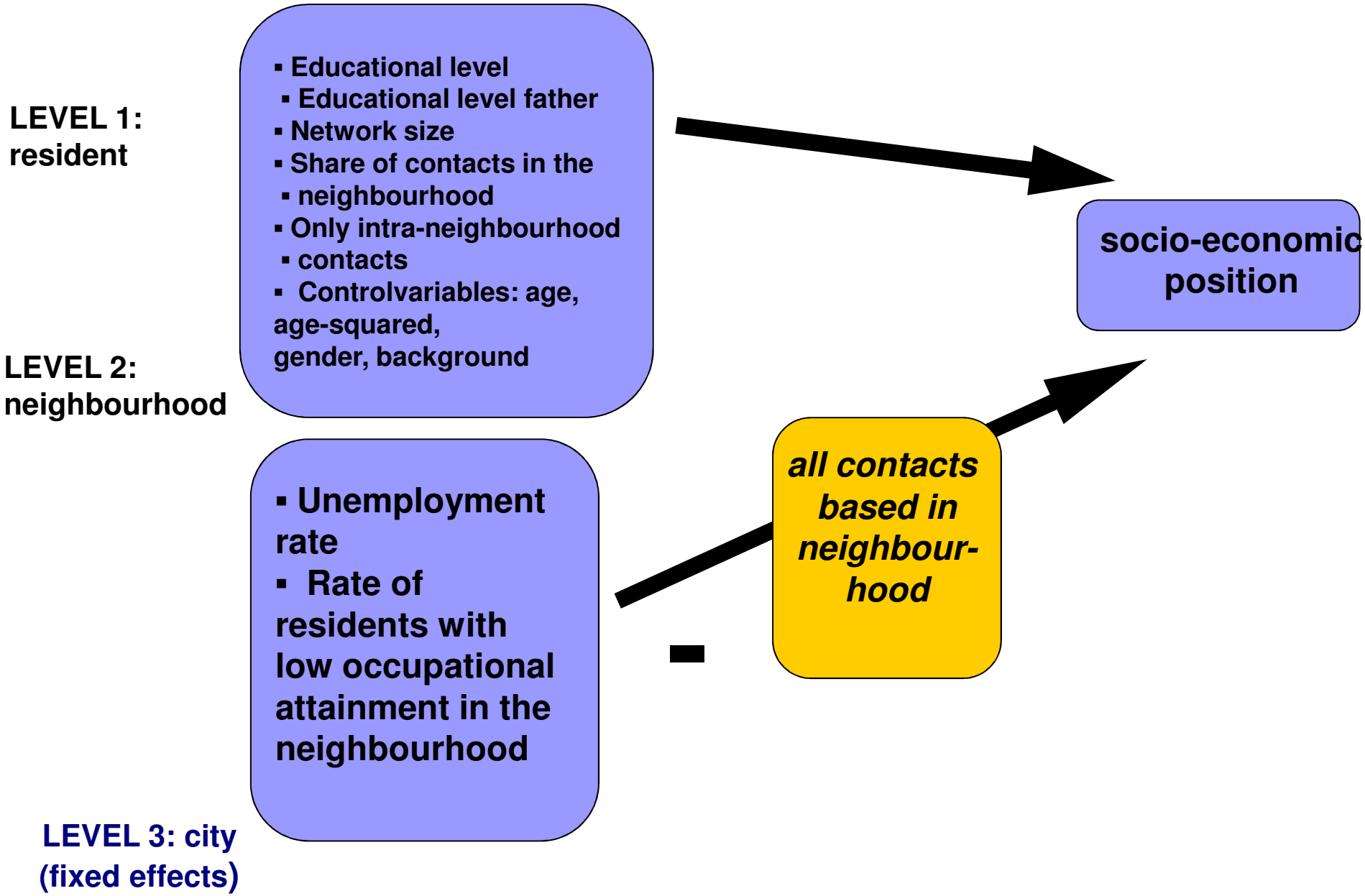
Neighbourhood-level (*social isolation hypothesis*)

- H_4: The unemployment rate and the rate of residents with low occupational attainment in the neighbourhood is negatively related to the resident's socioeconomic status.

Cross-level interaction effect

- H_5: Neighbourhood effects are stronger for residents who have solely neighbourhood contacts

Multi-level model



Model and Operationalization

- MLWin 2.22: multi-level model in which three levels of analysis are studied simultaneously: the individual level (level 1), the neighbourhood (level 2) and the city (level 3).

  Restricted Iterative General Least Squares (RIGLS) estimation method (method is advised when having a relatively small sample size in order to achieve a less biased estimation of the variance (Hox, 2002; Rashbash, 2009)

- **Dependent variable** (socioeconomic status of an individual) ISEI (International Socio-Economic Index of occupational status), ranges from 16 to 90, the highest value is attributed to the highest occupational status.

Operationalization

- **Independent variables:**

Individual-level

- Educational level respondent(cross-national measure seven categories)
- Educational level father (cross-national measure eight categories)
- Network size (number of most important people 0-8)
- Share of contacts that live in the neighbourhood (between 0-1).
- Only intra-neighbourhood contacts (dummy, 0/1)
- Controlvariables: age, age-squared, gender, background

Neighbourhood-level

- Unemployment rate in each neighbourhood
- Rate of residents with low occupational attainment (ISEI-score below 30) in each neighbourhood

Analysis

- **Model 1** Variance component model ('empty model')
  dummies for city-level included
  - Neighbourhood - 11.902 Individual - 268.299
  - ICC=0.043

- **Model 2** Individual-level
  - Neighbourhood – 3.438 (composition effect) Individual – 182.902
  - ***H_1* - *H_3* confirmed**: the individual's and the parents' educational level are positively related to the resident's socioeconomic status, the size of an individuals' network is positively related to the resident's socioeconomic status and the share of contacts within the neighbourhood is negatively related to the individual's socioeconomic status.

Analysis

- **Model 3** Individual-level and neighbourhood-level
  - Neighbourhood - 1.314 Individual - 182.896
  - ICC=0.007
  - ***H_4* partly confirmed:** rate of residents with low occupational attainment in the neighbourhood is negatively related to the resident's socioeconomic status (effect of unemployment rate not significant).

- **Model 4** Cross-level interaction
  - Neighbourhood – 1.173 Individual – 182.604
  - ICC=0.006
  - ***H_5* partly confirmed** : The negative effect of residents with low occupational attainment in the neighbourhood is stronger for residents who have solely neighbourhood contacts

	Model 1	Model 2	Model 3	Model 4
Individual-level standardized coefficients				
Educational level		7.632***	7.602***	7.693***
Educational level father		1.869***	1.836***	1.851***
Background		3.992***	4.009***	4.003***
Network size		0.555*	0.580*	0.603*
Share of contact living in neighbourhood		-0.937**	-0.966**	-0.983**
Neighbourhood-level				
% ISEI under 30 in the neighbourhood			-0.232***	-0.241***
Constant	38.587***	40.154***	44.523***	43.586***
Interaction effects				
Interaction: % ISEI under 30 *only intra-neighbourhood contacts				-0.076*
Neighbourhood variance	11.902	3.438	1.314	1.173
Individual variance	268.299	182.902	182.896	182.604
Rho	0.042	0.018	0.007	0.006
N	1820	1820	1820	1820

Additional analysis

- Same model conducted not only for most important people, but for **overall social network** (three categories: *advice and confidentiality, spending free time, helping out*)

  - Mostly same results
  - However, network size of overall social network does not matter
  - Only for overall **social network for advice and confidentiality**, negative effect of residents with low occupational attainment in the neighbourhood is stronger for residents who have solely neighbourhood contacts. This interaction effect does not hold for the categories spending free time and helping out.

Conclusion

- There is no uniform effect of the neighbourhood environment across all residents

- We found that the negative effect of a high rate of residents with low occupational attainment in the neighbourhood is strongest for residents who have solely intra-neighbourhood social contacts.

- The neighbourhood seems to matter for somebody's socioeconomic status, but mostly for residents that are strongly embedded in the neighbourhood.