



The role of social capital in the job-related regional mobility decisions of unemployed individuals



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ARTICLE INFO

Article history:

Available online 8 March 2016

Keywords:

Social capital
Interregional mobility
Unemployment
Factorial survey

ABSTRACT

Social capital is an important factor in interregional mobility. Although most prior research has focused on its role in the job-finding process, this study investigates the function of social networks and the social capital embedded therein after an interregional job offer has been received. This subject is particularly important for the unemployed, who should be able to exploit a mobility strategy to re-enter the labour market. Unemployed persons rely on their social networks to cope with joblessness, but there is evidence that social contexts can also act as mobility traps for this group (Windzio, 2004). We examine whether the unemployed weight social capital in a unique manner when making decisions regarding mobility.

To investigate these issues, we combine a factorial survey module (FSM) with data from the German “Labour market and social security” (PASS) panel study to generate representative samples of both unemployed and employed persons with a randomised mobility stimulus in the form of hypothetical interregional job offers. Our results reveal the mobilising effects of exposure to conflict-laden relationships with the social network and the household. These are particularly pronounced for unemployed persons, highlighting the importance of factors that influence decision making about mobility beyond simple economic considerations.

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1. Introduction

The importance of social capital in the context of regional mobility is well established in the literature. The majority of prior studies have focused, in particular, on the role of social capital in the job-search and hiring processes (e.g., Granovetter, 1995; Lin et al., 1981), and these studies assume that networks are a source of information for discovering and securing interregional job offers. However, another strand of research highlights the role that social capital plays as a locally bound resource that can act to inhibit mobility (e.g., Kalter, 2011; Spilimbergo and Ubeda, 2004; Uhlenberg, 1973). Separating these two effects is hardly possible when observational data on interregional job-related mobility are employed. Our experimental approach allows us to overcome this hindrance to answer the following question: What are the effects

of social networks and the social capital embedded therein on decision making regarding mobility after an interregional job offer has been received? In examining this question, we can eliminate the information effect of networks by studying hypothetical job offers, which allows us to focus on the inhibiting effects of social capital on regional mobility.

Addressing this question is of particular importance to the unemployed because this group, in particular, should be able to benefit from spatial flexibility. Nonetheless, social capital is a valuable source of social support – both material and emotional – that helps coping with unemployment. With respect to interregional mobility, these resources are in danger of becoming lost and leaving unemployed individuals to fend for themselves in a new and unfamiliar environment. Social capital is not limited to positive influences (Portes and Landolt, 1996). In particular, the unemployed are prone to “lock in” effects created by unfavourable social circumstances that can hinder their mobility despite the apparent incentives of mobility (Windzio, 2004). Thus, it is important to know whether unemployed persons weight social capital differently in their mobility decision making. To analyse this question, we combine an experimental factorial survey module (FSM) and

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data from the German “Labour market and social security” (PASS) panel study to generate representative samples of unemployed and employed persons with a randomised mobility stimulus in the form of hypothetical interregional job offers.

The remainder of our paper is structured as follows. First, we discuss the relevant international literature on regional mobility related to unemployment and social capital. Second, we provide our theoretical arguments, which are developed from the resource approach to social capital, and we formulate our research hypotheses. Third, we describe our data-set – including the experimental FSM and information on the social network – and the double hurdle specification used to estimate our results. Fourth, we present our results and discuss the implications of our study for employment services and future research.

2. Review of the literature

The relevant literature for our research consists of three main strands: first, the literature on the mobility of unemployed individuals; second, studies on the role of social capital in mobility processes; and third, research on how social capital develops in unemployed individuals. There is ample research on the determinants of regional mobility, but this research fails to provide unanimous evidence regarding whether unemployed individuals are more mobile than other status groups. Studies using American data have repeatedly found a positive relationship between personal unemployment status and willingness to relocate (e.g., DaVanzo, 1978; Goss and Schoening, 1984; for an overview see Greenwood, 1997, pp. 683ff. or Herzog, Jr. et al., 1993). The results are substantially more mixed for European data. Higher relocation rates are reported in studies from the United Kingdom (Hughes and McCormick, 1989; Jackman and Savouri, 1992; Pissarides and Wadsworth, 1989), Sweden (Harkman, 1989; Westerlund, 1998), and the Netherlands (van Dijk et al., 1989). Contrasting results are reported for Spain (Ahn et al., 1999; Antolin and Bover, 1997) and Finland (Teruo, 2000), where unemployed individuals were not observed to have higher mobility rates. Inconsistent methodologies (Greenwood, 1997, pp. 651ff.; Sandefur and Tuma, 1987), actual differences between European countries in their labour market institutions (van Dijk et al., 1989), and different weighting methods of the economic vs. non-economic factors involved in mobility decisions in studies of European and US samples (Biagi et al., 2011, p. 113) are assumed to have led to these disparate results. In Germany, there is also only mixed evidence: some studies have failed to report clear results (Birg and Flöthmann, 1992, p. 44; Kley, 2013), other studies have found lower job-related mobility among the unemployed (Fendel, 2014) and still other studies report higher mobility rates for jobless individuals (Arntz, 2005; Boenisch and Schneider, 2010a; Windzio, 2004). Utilising the same data-set that we use, Abraham et al. (2013) compared unemployed and employed individuals on their stated job offer acceptance in response to hypothetical interregional job offers and found that the unemployed indeed show higher rates of acceptance.¹ However, the existing literature provides a less-clear picture than expected, particularly when considering the higher incentives of unemployed individuals in job searches. Mobility is highly specific to the individual labour market context but also depends on the mode of analysis. With few exceptions (e.g., Abraham et al., 2013; Boenisch and Schneider, 2010a; Kalter, 1997; Kley, 2013; Vidal and Kley, 2010), research on mobility has thus far focused only on observing realised mobility. This focus runs the risk of drawing false inferences when attempting to determine influential factors because

unrealised mobility remains unobserved. Another drawback of many of the aforementioned studies is their use of general population survey data, which provide a limited number of cases of unemployed individuals and even fewer cases of spatial mobility in this group. This factor severely limits the depth of analysis and masks existing heterogeneity between different subgroups of unemployment.

The role of social capital in the context of regional mobility has also been the subject of ample research. The diminishing effect of mobility on existing social capital stocks has repeatedly been reported (Glaeser et al., 2002; Haug, 2008; Schiff, 1992, p. 165) and particularly on relations within the wider family (Boisjoly et al., 1995). Thus, substantial numbers of local friends and family are found to deter mobility (e.g., for the US: DaVanzo, 1981; Kan, 2007; for the UK: Belot and Ermisch, 2009; for Denmark: Dahl and Sorenson, 2010; for Germany: Boenisch and Schneider, 2010b; Bührer, 1997; Nisic and Petermann, 2013; Rainer and Siedler, 2009; Vidal and Kley, 2010; for a data-set of 15 European countries: David et al., 2010). Bührer (1997) emphasises the distinction between the effects of networks of friends and the effects of networks of relatives and stresses the importance of social resources particularly for the early stages of decision making regarding mobility. In the context of conflicts within the social network or the household, regional mobility was found to be an alleviating factor because it can liberate individuals from constricting familial and kin ties and allows new voluntary social relationships to be made at the new location (Amato, 1993; Höllinger and Haller, 1990; Hugo, 1981, p. 196; Lai and Siu, 2006).

Regarding the unemployed in particular, previous studies have reported that losing a job can result in a gradual loss of job-related social capital (David et al., 2010, p. 193; Diewald, 2007; Gallie et al., 1994, 2001) that is generally attributable to the loss of income during unemployment, which simultaneously acts as an important factor in establishing and maintaining social capital (Andreß et al., 1995). The professional ties that are lost as the result of unemployment are often replaced by new contacts – many of which are unemployed themselves – and by intensifying relationships with existing non-work-related contacts, particularly with respect to close family and household members (Gallie et al., 1994; Jackson, 1988; Marquardsen and Röbenack, 2010; Spilimbergo and Ubeda, 2004). Studies consider the orientation of unemployed individuals towards their social network as an important factor in determining various outcomes ranging from wellbeing (e.g., Clark, 2003) and health (e.g., Warr, 1987) to labour market integration (e.g., Brandt, 2006; Sattler and Diewald, 2010).

Together, these results indicate that local social capital has a generally negative effect on regional mobility. Unemployed individuals rely more on their shrunken core social network, which leads us to assume that they should be particularly vulnerable to potential mobility-induced losses. In light of the variety of results regarding unemployed regional mobility, this vulnerability might be an important underlying factor.

3. Theoretical background and hypotheses

In our analysis, we formulate hypotheses that attempt to test the entire range of theoretical propositions for our application. Our hypotheses draw on social capital theory, as developed by Coleman (1988, 1990) and Flap and colleagues (2013, p. 225; De Graaf and Flap, 1988), because their resource-centred approach and emphasis on social capital's normative dimensions suit our application well.

Coleman provides a general definition of *social capital* as “the value of [...] aspects of social structure to actors as resources that they can use to achieve their interests” (1988, p. 101). These

¹ In mobility research, this is frequently considered a good proxy of actual behaviour (Boenisch and Schneider, 2010a, p. 489).

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