



Inequality in social capital and labour market re-entry among unemployed people



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ABSTRACT

Research on social capital inequality has tended to emphasise the fact that the distribution of social capital follows that of other resources, with the result that it tends to amplify social inequalities. More elaborated theoretical accounts and some empirical studies suggest, however, that under some circumstances, social capital can actually compensate for disadvantage in social position. In this paper we test these competing hypotheses on a population of newly unemployed people in the Swiss canton of Vaud ($N = 3521$). It appears that in most cases the distribution of social capital reflects that of other dimensions of stratification that are associated with labour market disadvantage, such as education, immigrant status, gender, and occupational status. On one important component of social capital, the number of work-related contacts, some immigrant groups score better than Swiss nationals. While this is an important predictor of early exit from unemployment, it fails to translate into an improvement of labour market prospects for the relevant immigrant groups, most likely because its effect is counteracted by more powerful forces such as inequality in skills and discrimination.

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1. Introduction

The last few years have seen a resurgence of interest in studies on social stratification and inequality, possibly spurred by the rise in income and life chances inequality that has been observed in most OECD countries (Emmenegger, Häusermann, Palier, & Seeleib-Keiser, 2012; Pierson & Hacker, 2011). Inequality has been thoroughly studied in relation to income distribution (OECD, 2008), and is quite well documented in relation to occupations (Oesch & Rodriguez Menes, 2011) or health (Hall & Lamont, 2009). This paper focuses on a dimension of inequality that has received somewhat less attention in recent years, but that is thought to be crucial in determining peoples' life chances: inequality in social capital. Social capital, understood in terms of the quality and quantity of relational resources that an individual can mobilize to his or her advantage, is widely considered to be a big asset in life.

One widespread view on social capital inequality is that social capital tends to reflect the distribution of other resources, essentially because of homophily. Those who are disadvantaged in the labour market (the low skilled, immigrants, women, low status workers) will have most of their relations with people who are similarly disadvantaged, and as a result not in a position to provide

much help. Conversely, individuals who belong to the upper classes will be able to count on influential friends who may facilitate access to good jobs or other advantages. The “value” of someone's network is thus likely to reflect his or her position in the social structure, and thus amplify social inequalities (Bourdieu, 1986; Lin, 2000, 2001; McDonald & Elder, 2006: 521; for a review see McDonald, Gaddis, Trimble, & Hamm, 2013).

While the case of social capital following the distribution of other resources is convincing, other hypotheses have been made, and suggest that social capital could in fact have a compensatory role (Lin, 2000; McDonald et al., 2013). First, there is no a priori reason why people with low resources (financial, educational) should have fewer friends, relatives or acquaintances than the rest of society. On the contrary, the opposite can be expected, as disadvantage may promote solidarity and mutual support. In addition, to the extent that disadvantage is often associated with a migration background, it may be the case that many among those who are at the bottom of the social ladder can count on strong and possibly effective ethnically based support networks, as shown for example by research on ethnic enclaves (Portes & Jensen, 1989). Third, positional disadvantage in the social structure but also a limited social network, may spur a more intensive use of social capital. Social capital-poor individuals may actually compensate for their status by using their limited relational resources more frequently and obtain returns that are similar to those reached by better connected people (Lin, 2000). Fourth, social capital inequalities are likely to be

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associated with complex forms of stratification. Differences in the size of one's network (e.g. number of friends) may be reinforced or alleviated by the "quality" of its members (i.e. their capacity to offer real support, for whatever objective one is pursuing). A few influential friends may be "worth" more than many who have little power. In sum, the theoretical case that social capital simply reproduces and amplifies the distribution of other resources, is far from being watertight.

In this paper, we investigate this question in relation to a group of newly unemployed people in Switzerland. For unemployed people, social capital is arguably a crucial resource. Labour market re-entry is likely to be facilitated or impeded by a range of factors, but considering the importance of informal recruitment channels for many firms, it is reasonable to hypothesise that social-capital-rich unemployed people will find employment more rapidly and will be less exposed to the risk of long term unemployment.

Given the above, it is perhaps surprising that there are only a handful of studies on the impact of social capital on labour market re-entry for unemployed people (briefly reviewed below). While they generally conclude that possessing a large informal network is an advantage, these studies have generally failed to address the complexity of social capital stratification (which aspect of social capital is more important: quantity, quality, or capacity to use) and, most importantly, the question of *whether social capital can compensate for positional disadvantage in the social structure*. This paper aims to fill this gap in the literature.

The analysis is divided in two parts. The first one focuses on the distribution of three different components of social capital: (1) quantity, (2) quality, and (3) the use of social capital for job search. The distribution of these three components of social capital is examined across four dimensions of social stratification: gender, skill level, nationality occupational status. These dimensions are important because they are strongly correlated with labour market disadvantage. Foreign nationals, for example, have a rate of unemployment over twice as high as that of Swiss citizens.¹ Like in other countries, education is a major predictor of being in employment and of the quality of employment one can obtain. Gender matters substantially in terms of wages and career patterns.² The second part of the paper looks at the impact on re-employment probability of the differences in social capital highlighted in the first part.

Nationality is used as a proxy of immigrant status. However, it should be noted that Switzerland has rather restrictive citizenship laws, and many foreign nationals may have been born in the country (second generation migrants). Nationality is a rather good proxy for immigrant status for nationals of the more recent waves of migration (e.g. the Portuguese, and those from the former Yugoslav republics). It works less well for older waves (essentially Italians and Spaniards) who are more likely to have been born in the country. Immigration, both historically and at present, is essentially work-related and originates mostly in the EU. However, among the new comers, there are also citizens from Africa and the middle-east, coming to Switzerland as asylum seekers (Piguët, 2004). Research on the relevance of nationality as a criterion for accessing the labour market has pointed out the existence of discriminatory practices based on nationality (Fibbi, Kaya, & Piguet, 2003), suggesting that the use of this variable (as opposed to, say, born outside of the country) may allow to capture more comprehensively disadvantage related to ethnic differences.

2. Literature and hypotheses

We understand social capital as an individual feature (see Portes, 1998), referring to the value of someone's network, which in turn depends on the number of relations someone has and on their position in the social structure. As Bourdieu put it: "The volume of the social capital possessed by a given agent depends on the size of the network of connections he can effectively mobilize and on the volume of the capital (economic, cultural or symbolic) possessed in his own right by each of those to whom he is connected" (Bourdieu, 1986: 51). Bourdieu also claims that social capital needs to be built on the basis of other resources or "forms of capital", particularly economic and cultural capital. In this perspective, inequality in social capital is generally assumed to replicate and possibly amplify socio-structural inequalities (amplification hypothesis). This is essentially due to the phenomenon of homophily, which refers to the fact that individuals have friends who are similar to them in terms of demographic characteristics and socio-economic status.

The amplification hypothesis has been largely confirmed by empirical studies. Education has often been identified as a powerful determinant of social capital. van Oorschot and Finsveen's (2009) comparative study found education to be the strongest determinant of inequality in various measures of social capital (membership of associations, trust and adherence to social norms). Education is also a major predictor of civic engagement and interpersonal trust (Brehm & Rahn, 1997). Elite education facilitates the development of high quality networks (Tholen, Brown, Power, & Allouch, 2013). Ethnicity has also been found to matter for social capital. Networks tend to be ethnically homogeneous, and belonging to a disadvantaged ethnic group may mean that most of one's relations will be from the same disadvantaged group. US research on ethnic enclaves has shown that members of given ethnic groups may be "trapped" in low skill economic sectors (Lin, 2000; Portes & Jensen, 1989). Gender has also been found to matter. Women may have as many relations as men, but these are more likely to be family based and less workplace based than men's, with obvious consequences in terms of their usefulness in order to access employment (Moore, 1990). Women and ethnic minorities are also less likely to receive leads about vacancies by their contacts (McDonald, Lin, & Ao, 2009).

Research has also shown that the use of informal contacts as a recruitment channel tends to replicate socio-structural inequalities, again because of homophily and of the social position of someone's friends. American studies have argued that disadvantaged people (ethnic minorities, women) tend to belong to the "wrong networks", i.e. they only have access to contacts that can help them find low quality jobs, if at all (McDonald et al., 2013: 11; for a critical view on the notion of "wrong network" see Fernandez & Fernandez-Mateo, 2006).

While the amplification hypothesis does definitely have some traction, the complex and multidimensional nature of social capital suggests that a more elaborated discussion is needed. In our view, one of the best attempts at conceptualising inequality in social capital is the one by Lin (2000, 2001) (see also Chua, 2012; McDonald et al., 2013). Lin proposes a distinction between *inequality in social capital* and *inequality in the returns* one can obtain from social capital. Inequality in social capital refers to differences in its quantity (e.g. the number of friends someone has), and in its quality, or their position in the social structure. Inequality in the returns to social capital is more complex, and refers to the capacity to make use of one's social capital. According to Lin, individuals with low levels of social capital, may use it more intensively (Lin, 2000: 792). Lin goes as far as suggesting the metaphor of the "invisible hand of social capital", that equalises returns by promoting more intensive use by those who are network poor. Practical examples of this mechanism may be immigrant communities that are often stuck at

¹ In 2013 the unemployment rates were respectively 3.5% (Swiss) and 8.6% (non-Swiss), ILO definition (Source: OFS).

² In the empirical analysis we also test if the assumption with regard to the relevance of these four dimensions for labour market re-entry is confirmed by our data. The assumption holds for education, occupational status and nationality but not for gender.

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