SPATIAL SEGMENTATION OF LARGE URBAN LABOUR MARKETS

DOES SEGREGATION INFLUENCE THE LABOUR MARKET POSITION OF THE URBAN POOR?

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Owing to the selective process of suburbanisation, a specific distribution of labour supply categories has appeared within the urban space. The perspective of this paper is that space does not only reflect the differences in labour market chances among supply categories, but that it is also influencing these differences: the process of spatial segmentation. The question is whether residential segregation prevents individuals to be successful on the labour market.

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1 Introduction

In big cities, unemployment is unevenly distributed among neighbourhoods. This mainly has to do with the fact that the different categories within the labour supply, that can be distinguished by a specific combination of the level of education, age, gender and ethnicity, are not homogeneously distributed across urban space. The selectivity of the process of suburbanisation is the main explanation for this. If we assume that these characteristics condition the labour market chance of an individual, this heterogeneity will lead to an unbalanced spatial distribution of labour market chances.

If space did not play any role in the determination of someone’s chance on the labour market, this unbalanced distribution in a spatial sense should have in itself no negative consequences for the economic and social health of the city. However, the main hypothesis of this paper and forthcoming thesis-research is that the residential location, by means of neighbourhood-effects, does play a role in the determination of the labour market chances of an individual. If that is the case, it can be argued that residential segregation prevents success on the labour market, and so that there is a spatial segmentation of the labour market.

2 Research question and theoretical background

The main research questions can be formulated as follows:

Does the neighbourhood play any role in determining the labour market position of an individual? To what extent does the neighbourhood influence the relationships between individual characteristics and the labour market position? Does this influence consist of a process of social isolation which affects human behaviour in such a way that it leads to a worsening of the labour market position?
The 'labour market position' must be understood as the fact whether a person is employed or unemployed. An unemployed is preferably understood as being someone wanting a job for at least 12 hours per week. The idea behind the research question is that while the labour market position is mainly determined by individual or absolute characteristics like education, gender, age and ethnicity, characteristics of the neighbourhood the individual lives in (analytical or contextual variables), might be important too. By means of this social-geographic perspective, special attention will in this way be paid to spatial elements that might influence the labour market position of an individual.

Living in a bad area might lead to a social isolation of the individual, or the possibility that this individual will belong to an urban 'underclass', a more or less permanent group of people whose participation in the surrounding society is quite low. Neighbourhood characteristics like a high number of low-income people, a high residential mobility and a low proximity of low-educated labour demand are expected to enable, and even to encourage the development of low-quality social networks. Also, a discouraged attitude or a diminishing orientation on the core institutions of the surrounding society might come into existence (the process of differential association). These two developments, in turn, will weaken the labour market position of the members of the neighbourhood population.

The thesis of spatial and social isolation

The social-geographic perspective assumes that the development of the urban underclass will only take place if a spatial dimension is taken account of. Without spatial concentration, there is no underclass (Anderiesen & Reijndorp, 1991). The central thesis of this perspective is called the thesis of 'spatial and social isolation' (Roelandt, 1994, see figure 1).

**Figure 1: thesis of spatial and social isolation**
How did this process of homogenisation come about? In large Dutch cities, a spatial process of allocation has been going on with respect to the different categories within the population. During the late sixties and the first half of the seventies, a large part of the original, white population of the working-class neighbourhoods left for the new building on the city-edge and the suburban municipalities. This process was stimulated by a growing prosperity and changing norms with respect to housing. In turn, foreigners and 'new citizens' (students, artists and the like) took their place. The strong selective character of these spatial movements resulted in a domination of so-called 'marginal' groups in the former working-class neighbourhoods. These marginal groups are people with a low income, people having low-qualified jobs and low-educated, categories that partially overlap. Next to this, the housing situation and the living-environment are bad. In sum, it can be argued that the social-economic status of these neighbourhoods is on a level below of decennia before that.

This spatial concentration is assumed to have effect in itself on the degree in which people are orientating themselves on the surrounding society (Belier et al., 1994). Because of this social isolation, it must be feared that parts of the population will lose the bond with the mainstream of society, which will have repercussions on their labour market position. This social-geographic perspective on the development of a socially isolated 'community' is partly based on the works of American researchers like Lewis (1996) but especially Wilson (1987). According to Wilson, residents of the American ghettos encounter social problems, simply due to the fact that they live in a ghetto. Wilson however argues that this spatial concentration is not the ultimate cause of the unemployment. In his eyes, the economic restructuring (a structure element) is the main cause of the bad labour market position of people in bad areas. This process of restructuring leads to a loss of jobs in the manufacturing sector, and to a development of a service sector, which can offer only low-paid jobs. Even so, Wilson admits that the process of social isolation (a culture element) will further weaken the labor market position. That is why Massey & Denton (1993) use a paraphrase of Lewis' culture of poverty to describe the neighbourhood effect that results from a high level of concentration of people with low chances on the labour market: the culture of segregation. They argue that it is exactly the segregation that is an important catalyst in this process of
deterioration. Giddens (1994), who agrees with Wilson, argues that structural poverty might lead to a 'cultural demoralisation', which in the end might lead its own life, but he stresses that in principle a change of this culture is possible. In my opinion too, people will never be locked up in their own culture.

In Holland, little evidence so far has been found on the development of a socially and spatially isolated community (see Anderiesen & Reijndorp, 1991 and Belier et al., 1994). From research on ethnic minorities, it appears that the number of contacts between the ethnic and the indigenous people is smaller in poor areas, and that the ability of ethnic minorities to speak Dutch is lower here. But these findings are not more than rough indications of a socially isolated (ethnic) community in poor areas.

Scientifically, there are two reasons to carry out this research on the spatial segmentation of the labour market. The first reason is that the relationship between neighbourhood characteristics and labour market behaviour and outcomes is hardly investigated (Mayer & Jencks, 1989, p.1441, (see for a few Dutch exceptions, Valkenburg & Ter Huurne, 1983 and Van Berkel et al., 1996)). The second reason is that the process of isolation, and its assumed effects on behaviour is usually considered as being a 'black box'. Proponents of the social isolation thesis often simply assume that poor neighbourhoods equal fewer job contacts equal less success in the labor market. However, not all job contacts are the same, which suggests that their quality, as well as quantity, is likely to play an important role in the job search process (Elliott, 1999, p.201). It is necessary therefore to take a closer look at the specific characteristics of the social networks of people in poor areas. It is this aspect I will turn to in the next section.

**Social networking and differential association**

The process of social isolation, the connection between the social-economic homogenisation and the unemployment, can be explained with insights from the theory of *social capital*, which is developed by Bourdieu and further worked out by, amongst others, Coleman (1988). In this
theory, the social capital consists of one's personal network and all the resources that can be mobilised by means of that personal network. The value of the social capital does not only increase if the people in the network are more willing to help, but also if these people do own more resources that they are able to mobilise for a particular person. In the last case, one can speak of second-order resources. Especially people with whom someone doesn't have a strong connection, the so-called 'weak' ties, often give entrance to people with better resources. Weak ties are relatively short-lived, do have a low intensity and intimacy, and will not be accompanied with reciprocity (examples are weak ties of friendship, acquaintances, club-members and so on). The idea behind this is that weak ties do not only bridge social dividing-lines, they also seem to reach higher on the social ladder (Granovetter, 1972 and Peters & Tazelaar, 1993). Low-chance people are in this way theoretically able to use the resources of high-chance people, by means of the weak ties in their social network. Individuals that differ with respect to social-economic background, level of education and ethnicity can get in contact with each other by means of weak ties. In this way they are able to receive information that would not be available otherwise (Dagevos & Veenman, 1996).

From previous research it has become clear that if the number of weak ties in the social network of unemployed people is high, the chance for returning into the labour process is quite high. Especially if the unemployed are living in neighbourhoods dominated by low-chance people, the value of this social capital will decrease, because weak ties cannot be used profitably. Low-chance people usually have more locally-bounded contacts (Fischer, 1982 and Gottdiener, 1994), and so they will only meet other low-chance people. This decreasing value of social capital will result in the before-mentioned social isolation; the contacts become one-sided, so that the possibility for getting other information on jobs will be smaller. In a neighbourhood being characterised by a certain degree of social-economic heterogeneity however, the unemployed will be able to use weak ties that do incorporate more resources, in order to get a job. People with higher chances, a higher professional prestige and income are in this case within easy reach in the field of weak ties, because they live in the same neighbourhood. Of course, the social-economic distance among the groups should not be too large, because then it is doubtful whether this spatial proximity will
automatically lead to social contact. Especially in urban renewal areas, where an influx of rich households has taken place, people from different social-economic categories often live in 'separate worlds', that cannot be bridged by weak ties (Anderiesen & Reijndorp, 1991 and Blokland-Potters, 1998).

By means of the exclusive social intercourse with low-chance people, a social isolation will be developing, from which it is difficult to escape through formal means (the employment office, applications, retraining, work projects). This may not have to do only with a low possibility for using weak ties, but also with a changing orientation. This can be explained with help from the theory of differential association, developed by the criminologist Sutherland (1939). The argument goes as follows. People in a social environment will always be confronted with conforming and deviating opinions. Decisive for the behaviour of people is the proportion between these two. In the case of poor areas, it could be that because of the domination of low-quality networks, the number of possible contacts with conforming opinions is small. The development of these opinions might be the result of a process in which people are reacting towards a disturbance of the balance between the standards (the situation being desired) and the cognitions (the situation being experienced, see Spruit & Tazelaar, 1987). People might reduce this mental incongruence by adapting their standards to the situation being experienced. Because of this discouragement effect, from now on these people find it unimportant to have a job (which, from a psychological point of view, is quite understandable). Quite interesting in this respect is the highly tentative conclusion by Van Berkel et al. (1996), from their research on a sample of unemployed in Rotterdam, that long-term unemployed in neighbourhoods with a high unemployment-rate do more often have opinions that are considered to be deviant from what is necessary to get a job. One example is the higher acceptance among these people of informal income-strategies, like getting extra money from social services with a dodge. An unemployed person who has a network on his or her disposal where these deviant norms are dominant, will be discouraged in his or her search for a job much quicker than a person in a more heterogeneous network.
Whatever the underlying reason for this discouragement-effect, it is assumed that because of the preponderance in the social network of deviant opinions on labour market behaviour, the unemployed might change their standards regarding labour market behaviour. If most people do have low chances, it might give the unemployed the feeling that they don't have any possibility to change the situation (namely, the status of being unemployed), because they cannot use their own network. Second, an unemployed might think that his or her standard ('you should be working') differs from that of the other people in the network.

Even more, contact with people with conforming ideas will be avoided. The network will more than ever restrict itself to 'equally minded'. This can be explained in two ways (Spruit & Tazelaar, 1987). First, people having a job might cause a feeling of inferiority among the unemployed, because the former (often unconsciously) stress the fact that the latter don't have a job. If there is a large number of inactive persons in the social network, the unemployed are able to avoid this feeling of inferiority simply by interacting only with their own network. This is the theory of the status inconsistency. Second, in line with the theory of the mental incongruence, contact with people with unchanged norms (whether or not they are unemployed) will from now on be avoided.

In the forthcoming thesis-research, this interaction between low-quality personal networks and the unconventional cultural orientation is assumed to be the core of the social isolation, from which negative effects are to be expected on the labour market position. I will concentrate first on the relationship between the negative homogenisation in a neighbourhood and the labour market position of individuals. This quantitative analysis will be carried out on the neighbourhoods in the City of Rotterdam. If there is a causal relationship, the link between them, namely the process of social isolation will be studied on its own by in-depth survey research. The question then will be whether the above-described process of isolation does actually take place in poor areas, compared with more heterogeneous neighbourhoods. The hypothesis will also be tested whether the labour market position can differ because of the type of contacts used in the search process; are people more succesfull than others if they are using weak ties, even if they live in a poor area? Are
especially people using only strong ties influenced by the neighbourhood characteristics? Elliott (1999) also stresses the point that it is important not only to look at the tie strength, but also at the job contact's social status. In his study, he focusses on two aspects: the degree of racial segregation in the social network, and the degree of job contacts from beyond the respective neighbourhood. These kind of factors can also be examined in the survey research.

The second important hypothesis in this respect is whether people using a small number of weak ties are more likely to avoid contact with more succesfull people or to respond to deviating norms, compared with people in good areas, but also people in the same area with many weak ties. Do they avoid people because they are having work? Or did they change their standards in such a way that they prefer not to cope with people with more conforming ideas?

3 The conceptual framework and operationalisation

In figure 2, the conceptual framework for the thesis-research is shown. As already mentioned, in the model there are two groups of independent variables, one being a collection of individual and one being a collection of contextual or analytical characteristics.

**Figure 2:** the conceptual framework.
The individual characteristics are chosen on the basis of their broad acceptance as being important variables for the explanation of the difference between the labour market position between individuals. Three contextual or analytical variables are chosen that might influence the process of isolation in a negative way. The most important factor probably is the income-position in the neighbourhood; additional explanation might be derived from the residential mobility and the proximity of low-educated labour demand. It must be stressed that these three elements do not refer to some latent variable called 'negative homogenisation'. In contrast with the first element, the residential mobility and the proximity of low-educated labour demand are not indicative for the process of negative homogenisation, but they might stimulate this process. Because at this moment it is unclear which one of these elements is the most influential on the development of low-quality networks, it is better to measure the interaction between them. It might appear that, for instance, the residential mobility in itself is not important as an explanation for the labour market position of individuals. Probably, if the income-position of a neighbourhood is being held constant, the effect of the mobility on the individual labour market position will become more pronounced.

Due to statistical and conceptual problems, the two collections of variables in the model cannot be taken into one regression-model which is specified on one single level, in this case the level of the neighbourhood (Hox, 1995). If individual data are aggregated (for example, number or percentage of low-educated people, number of ethnic minorities), the result is that different data values from many subunits are combined into fewer values for fewer higher level units. Information will then be lost, and the statistical analysis loses power. Second, if the analyst is not very careful in the interpretation of the results, he or she may commit the fallacy of the wrong level, which consists of analysing the data at one level, and drawing conclusions at another level (ecological fallacy). The main question however is whether the neighbourhood does have an influence on the labour market position of its population. If research is being carried out on one level, however, only a possible connection between neighbourhood characteristics and the
aggregated individual data (in this case, number of unemployed) can be explored.

By using a multi-level analysis, it is possible to examine variables on different levels simultaneously. In the thesis-research, individual data will be derived from an annual survey with a net-response of 3000 people, which is carried out by the municipality of Rotterdam. The individual data will be matched with the neighbourhood characteristics (in total, there are 54 inhabited neighbourhoods) on the basis of the address of each respondent. In this way, it is possible to examine whether or not the relationship between the individual characteristics and the labour market position is partly determined by the neighbourhood of each individual. The influence of contextual characteristics on individual behaviour runs through social interactions. These interactions do create the context. This means that contextual influences do vary with the position that the individual occupies in the structure of interaction. Presumably, this position depends on the individual characteristics. So, the contextual influence of the neighbourhood will be examined with respect to their conditioning affect on the relationship on the individual level. These interactions can be interpreted by plotting the regression slope for an explanatory variable (being individual or contextual) for certain values of another dependent variable. One hypothetical example is given in figure 3, where the effect of education on unemployment is given for different values of the

**Figure 3:** relationship between education and unemployment for different values of the proximity of low-educated labour demand.
proximity of low-educated labour demand. For reasons of clarity, it is assumed that the individual characteristics are measured on a ratio-scale. It appears that the neighbourhood-effect does indeed influence the relationship on the individual level, but only low-educated are influenced by the neighbourhood in this way.

From this paragraph, it is clear that I do not see the neighbourhood as a kind of 'ecological' unit or 'natural area', in which the neighbourhood is being defined as a community of its own, in the way the Chicago School did in the twenties. The neighbourhood however must be interpreted as a container for social networks. In figure 4, the multi-level model is shown in algebraic terms (based on Rovers, 1997). For reasons of clarity, only one independent individual (education) and one independent neighbourhood variable (% of low-incomes) are shown.

**Figure 4:** the multi-level model.

![Multi-level model diagram](image)

Where:

- $Y_{ij}$ = score on labour market position of individual $i$ in neighbourhood $j$
- $\beta_0j$ = mean score on labour market position in neighbourhood $j$
- $\beta_1j(X_{ij} - X_j)$ = effect of education on labour market position
- $\gamma_{00}$ = mean score on labour market position in population
- $\gamma_{01}W_j$ = effect of % low-incomes on mean score in neighbourhood $j$
- $\gamma_{10}$ = mean effect per neighbourhood of education on labour market position
- $\gamma_{11}W_j$ = effect of % low-incomes on interaction between education and labour market position
- $\alpha_{0j}$ = unique effect of individual $i$ in neighbourhood $j$ on labour market position
- $\alpha_{1j}$ = unique effect of neighbourhood $j$ on regression-coefficient $X.Y$
Now, we turn to the three neighbourhood characteristics.

*Income-position*

Data on the distribution of incomes are available on the level of neighbourhoods. What we are looking for is an operational definition of the income-position, which indicates whether the number of people in the lowest income-category (preferably the lowest quintile) is large. Second, the question is whether this group is large compared to the above-lying income-group, for example the second quintile. So, two indicators of the income-position will follow from this.

The reason for using the first indicator seems quite clear. Because of the process of negative homogenisation, the chance for meeting only low-chance categories, and so lower-income people will become bigger. However, an important question is whether the income-poverty of an area should be interpreted only in an absolute sense, or also in a relative sense, namely the degree of social-economic inequality. Bartels (1977) argues that a measure of inequality is important for determining welfare, because most people will evaluate their income-position on the basis of a reference group. Because of the already mentioned lack of contacts between people with very high and low incomes, the reference group for low-chance categories will only consist of an intermediate group, for example, the second quintile. So, in this research only a partial indicator will be used as a measure for income spreading. By calculating the proportion between the number of people in the first quintile, and the number of people from the second quintile, it is possible to say something about the inequality in the lower part of the income-distribution in the neighbourhood. If the former is much larger than the latter, the inequality, experienced by the lowest quintile, will be much larger. This feeling might prevent that more succesfull people will be included in the network.

*Residential mobility*
If there is a high number of people in the second quintile, the possibility whether or not there are heterogeneous networks still depends on the residential mobility among the people of this quintile. And even if this category is absent, it is still important for low-chance categories to have at least stable networks amongst themselves. If residential mobility is high, stable networking cannot develop. So, although social-economic heterogeneity is assumed to be a very important weapon against social isolation among the low-chance categories, the residential mobility is also important to take notice of.

By 'residential mobility' is meant the number of movements within an area, plus one half of the border-crossing movements of in- and out-migration, expressed per 1000 of the population. In this research, only the out-migration will be analysed. Destabilisation of social networks is put into action by the departure of members. Taking account of the newcomers will lead to double counting, because these people won't be (immediately) included in the existing networks. Or, in the case of recently arrived immigrants, they don't have any knowledge on the labour market. This confinement does also mean that movements within the area will be excluded. These movements are expected not to have serious influence on the social networks.

Because networking and differential association usually take place within the same ethnic group, it is recommended to calculate the housing mobility per ethnic group. However, it is not possible to determine the distribution of income among the ethnic groups separately. Because of this problem, two indicators will be calculated:

-an overall mobility, which calculates the residential mobility among all people between 15 and 65 years old, for each separate ethnic group. In the analysis, all individuals will be appointed a figure, which indicates the mobility in their own ethnic group;

-second, a mobility which is related to income-group. Data on the distribution of income among the out-migrants are not available. It is however possible to determine the destination neighbourhoods of the out-migrants. By means of the mean income of these areas, it is possible to
find out whether or not a particular migration-movement consists of people from a certain income-category, for example the middle-income categories (second and third quintile). A separate indicator can be developed for the lower-income group.

*Proximity of low-educated labour demand*

Job search activities of low-educated people are for a great part orientated on the local labour market by means of an informal information-network. Distant job-opportunities are less ‘visible’ for them. The knowledge on job opportunities within a given spatial range will be lowered, if the possibilities are being lowered within the same range, the level of education given (Simpson, see also Hamermesh & Rees, 1993). These people are expected not to extend their activities beyond the boundaries of the existing area. Hanson & Pratt (1992) argue that there is a variety in the knowledge on job opportunities per labour supply category. The individual knowledge must be seen as being derived from personal experiences that are based on place-bound interactions of daily life. From their research on a small American urban area, it appears that many groups of low-educated employees do have a restricted spatial range for job search and commuting, because of a restricted daily activity space.

What happens if these low-educated people live in an area, where there is (next to a considerable number of low-incomes) a lack of suitable nearby jobs? Because information on jobs is received by means of interactions with people who are locally bounded too, the knowledge of the labour market is restricted in a spatial sense (O'Regan and Quigley, 1991). If there is a lacking labour demand in the area, that is 'covered' by the personal networks, the social isolation of the population will be strengthened. The proximity of labour demand will have a positive influence on the value of social capital in the neighbourhood. The possibility for people to work in their own neighbourhood (*local working*) will improve the effectiveness of the local search channels. The opinion of a worker on a particular employer located outside the local area cannot be corroborated because no one else from the neighbourhood works there; in this case, information from the social network is useless (Hanson & Pratt, 1992 and Immergluck, 1998). So, not only
heterogeneous, stable networks are required, there has to be some kind of local labour demand too. Besides, a high degree of local working may cause economic growth in the area, because some firms do prefer a locally bounded labour force. In that case employers won't have many difficulties in finding new employees. Labour turnover will anyway be quite small and even if the firm needs new employees, their search costs will be small too; usage can be made of the employees, who can recruit from their own networks. Taken together, high local working may be an important component of social capital that cannot be measured outside the neighbourhood context.

This effect of distance on labour market outcomes does have close resemblance with the *spatial mismatch* thesis. According to this thesis, the suburbanisation of low-educated labour demand will, in the case of segregated blacks in the inner-city area, increase the spatial distance to the work-location. This will cause higher unemployment among the blacks. Apart from the fact that in this research nothing is stated about a 'suburbanisation' of labour demand (we just look at the fact whether or not labour demand is present in the neighbourhood and its immediate surroundings), it is better to consider segregation and not distance itself as being the central explanation for the fact that people don't want to travel longer distances. According to O'Regan and Quigley, the emphasis on the segregation-effect (also called the 'weak' version of the spatial mismatch) is empirically better demonstrable than the emphasis on distance, which doesn't take into account the intervening role of social relationships on the effect of spatial distance.

The effect of the proximity of low-level labour demand will be calculated by using a so-called 'import-ratio'. The number of low-educated jobs in a given area, larger than the neighbourhood itself, will be divided by the number of residents in that same area. The education-level of each branch of industry is derived from a matching of individual data (from a national survey concerning the working population) with respect to their education and the sectoral classification of their labour position, the last being defined on a 2-digit level. The result of this exercise will be matched with the sectoral structure of employment at the level of post-codes. The area in which this number of low-educated people is calculated, will be determined on the basis of data
considering the average commuting-trip in the City of Rotterdam as a whole, measured in minutes. On the basis of data derived from a national survey on the movement-behaviour of the population, the relationship between participation and type of conveyance mostly used for daily movements can be calculated. From this, we can determine which conveyance is most frequently used by the low-educated unemployed, and so, for which conveyance the boundaries of the 'working-area' should be calculated.

Finally, a separate import-ratio will be calculated for men and women. It often appears that women usually cannot use the car for commuting-purposes if their partner is using it. So, the range of the working-area will, due to this fact, differ significantly between men and women. Second, even if the education-level of jobs matches with that of the women, they might be more suitable or usually taken by men. Because of this, the number of jobs will be divided between 'typical-male' and 'typical-female' jobs. In this case, not only the education-level of the respondent in the survey on the working population will be matched with the profession, but also its gender. So, the number of jobs that are available for each person in an area will not only depend on the education-level of the respondent, but also on its gender.

4 Summary

This paper presented a theoretical background and operational framework for the forthcoming thesis-research, in which differences in the unemployment rate among neighbourhoods will be explained from a social-geographic perspective. According to this perspective, processes of negative homogenisation lead to social isolation on the individual level. This in turn might make worse the labour market position to a further extent, than could be expected on the basis of individual characteristics. In other words, this research will try to show that residential segregation prevents individual success on the labour market. The process of isolation must be understood in terms of a downgrading quality of the social networks and/or a negative differential association. Three spatial elements on the level of neighbourhoods are expected to have some influence on the degree of social isolation. The most important one is the number of low-income
people and a high level of income-inequality, a high residential mobility and a low proximity to low-qualified labour demand might be important too. In the research, the causal relationship between these neighbourhood characteristics and the individual labour market position will be examined by means of a quantitative, multi-level analysis. After that, a closer look will be taken at the process of social isolation by in-depth survey research.

5 Literature


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