

## **Concentrating on Participation: Ethnic Concentration and Labour Market Participation of Four Ethnic Groups**

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### **Abstract**

Urban scholars have exhaustively studied the relationship between place of residence on the one hand and social achievements, health, exposure to crime etcetera on the other. This paper wants to contribute to this field of research by exploring statistical associations between ethnic concentration and labour market participation. It utilizes extensive survey data on the four largest ethnic groups in the Netherlands, matched with postcode-level information on the ethnic composition of the neighbourhood. The research question of the paper is whether ethnic minorities living in ethnically concentrated neighbourhoods participate less in the labour force, and if so, which mechanisms underlie this relationship. The results show that, after controlling for various individual characteristics, Moroccans living in these neighbourhoods show a lower participation rate. Neither the lack of contact with native Dutch nor having traditional values, popular explanations of negative neighbourhood effects, appear to be the social mechanisms underlying this ‘neighbourhood effect’, however. On the contrary, I argue that this statistical relationship exists because Moroccans are a highly marginalized, stigmatized and discriminated ethnic category. As a result of which they are confronted with barriers on both the housing *and* the labour market, resulting in less access to and a weak position in both of these core institutions of Dutch society.

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### **1. Researching Neighbourhood Effects**

Especially over the last ten years, many studies have investigated the effects of living in poor or ethnically concentrated areas on individual outcomes: the so-called neighbourhood effects. The primary question in these neighbourhood effect studies is whether a concentration of advantaged or disadvantaged

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groups in certain areas has an additional effect on the well-being of (some or all of) the local population (Buck, 2001). In the western-European debate, it often concerns the issue whether living in ethnically concentrated neighbourhoods impedes the integration and assimilation process of immigrants and their children. In the Netherlands, lack of contact with native Dutch is put forth as the most important cause of the negative effects of living in ethnically concentrated areas (Bolt et al., 1998). The line of reasoning is that, as a consequence of limited contact with native Dutch, ethnic minorities preserve their own language and culture, resulting in limited possibilities on education attainment and labour market success. I referred to this way of reasoning as the isolation thesis, in which it is assumed that living in ethnically concentrated neighbourhoods hampers the formation of ‘ethnic bridges’ (Briggs, 2007) between ethnic minorities and native Dutch, which, in turn, hinders integration into Dutch society (Van der Laan Bouma-Doff, 2007a). In this last article the following policy text was quoted:

“There are reasons to believe that (...) living in multi-ethnic neighbourhoods hampers integration. In many multi-ethnic neighbourhoods an ethnic infrastructure has come into existence, which makes the orientation on Dutch society, the use of the Dutch language and the establishment of contacts with indigenous Dutch to a great extent redundant. (...) The question of ethnic concentration can no longer be ignored in integration policy” (House of Representatives, 2003–2004, 28689, 17, pp. 26, Cabinet Balkenende II).

Striking in the current Cabinet (Cabinet Balkenende IV) is the instatement of a new minister, a minister of “Living, Neighbourhoods and Integration” (Wonen, Wijken en Integratie), within the Ministry of Housing, Spatial Planning and the Environment. This Minister is in charge of the ‘offensive’ in forty selected neighbourhoods with the highest concentration of problems. On the Ministry’s website it states: “The connection between integration and the community approach: Integration begins close to home, in your own neighbourhood. (...) The cabinet wishes to encourage people from all ethnic groups – young and old, rich and poor – to integrate into their community and into society. There are neighbourhoods in our country that are in a poor state. *The cabinet is launching a large-scale offensive to give these neighbourhoods a new outlook, which will encourage integration.*” (<http://international.vrom.nl>, my italics).

Thus, to a certain extent, policymakers assume that spatial isolation implies social isolation, and by changing the neighbourhood integration can be stimulated. It is expected that due to spatial concentration, ethnic groups are less inclined to blend into Dutch society, with regard to behaviour (contacts) as well as orientation (values). Less attention is given to the fact that ethnic minorities in such neighbourhoods have less opportunities and might live there against their own wishes. This does not mean that the Dutch government does not invest in those neighbourhoods extensively, but the rationale

for doing so often seems to have more to do with creating social order, civilising and controlling these neighbourhoods, than with emancipating its residents (Uitermark/Duyvendak/Kleinhans, 2007). The motivation of this study is however, primarily based on the question whether the place where one lives affects one's chances in life, in this case residents' economic outcomes. Individuals behave and make choices within a given environment, for example a neighbourhood, formed through interactions and characterised by unevenly divided opportunities. And as weaker groups in general end up in less desirable environments, the distribution of 'space' might preserve and reinforce social inequality in society (Sibley, 1995).

## 2. Neighbourhood Effects and Operating Mechanisms

There already is a large body of research done on the question whether living in disadvantaged neighbourhoods is associated with socio-economic outcomes of individual residents (see for a review Dietz, 2002; Sampson/Morenoff/Gannon-Rowley, 2002; Galster, 2005). In Europe, neighbourhood effects seem to be smaller (Buck, 2001; Drever, 2004), although more recently analyses of Swedish population data found quite strong neighbourhood impacts on employment status, social mobility and income (Musterd/Andersson, 2005; Musterd/Andersson, 2006; Musterd et al., 2007; Galster et al., 2007a; Andersson et al., 2007). In their latest contribution, Andersson et al. (2007) explored the relationships between individuals' incomes and various aspects of the neighbourhood household mix, namely: education, ethnicity, income and tenure. For all four dimensions, the effect of the absolute share, the relative share and the overall diversity of a specific group was examined. The analyses reveal that, firstly, for all dimensions, the proportion of disadvantaged groups has a stronger effect than the proportion of advantaged groups, and that, secondly, neighbourhood income mix is more important in explaining income differences than education, ethnicity or tenure neighbourhood mix. Although the ethnicity dimension is not the crucial one, as emphasised by the authors (Andersson et al., 2007, 656), ethnic concentration and diversity of one's neighbourhood is certainly a significant variable in someone's economic status; a factor not to be neglected. However, these 'neighbourhood effects' give little insight into the mechanisms that bring them about. Statistical studies show to what extent a certain neighbourhood context is associated with different individual outcomes, but neighbourhood effect studies are troubled with data related difficulties and methodological problems (e.g. Lupton, 2003). The same pitfalls apply to the current study, however, it contributes to the literature in two ways. First, by differentiating among four different ethnic groups, namely Turks, Moroccans, Surinamese and Antilleans. Second, by testing two theoretical mechanisms that might explain the association between place of residence and labour market participation.

The statistical relationship between place of residence and a particular individual outcome alone is not a 'neighbourhood effect'. Like Dietz (2002, 540), I would like to think of a neighbourhood effect as a social interaction that influences the behaviour or socioeconomic outcome of an individual. Lupton (2006, 60) labels these 'people effects', such as anti-social peer groups, weak family bonds and social networks to support education and child development, and a lack of role models, also called endogenous neighbourhood effects (Galster, 2005). Next to people effects, there are 'real' place effects, says Lupton (*ibid.*), such as local labour market, neighbourhood stigma and local facilities. These mechanisms that bring forth effects for individual residents but which lie outside the realm of the neighbourhood, are also called exogenous and correlated neighbourhood effects. I consider these effects to be 'people effects'. Because structures, after all, are brought about by individual action and social interaction (Giddens, 1984). The neighbourhood stigma, for example, or the extent to which neighbourhoods provide bad or good services, cannot be seen apart from the thoughts and actions of individuals. In that sense, every underlying mechanism is a product of social interaction and social relations, in- or outside the spatial context of the neighbourhood.

The most essential social neighbourhood mechanisms are: (selective) socialization, epidemic / social norms, social networks and stigmatization. Galster (2005, 10) describes these mechanism as follows. The first, socialization, refers to the change in attitudes and behaviours of individuals by means of contact with role models or peers (neighbours, for example), also referred to as contagion effects. In case of selective socialization, only some of the individuals are influenced. Not only direct contact, but indirect interaction as well, causes socialization, just by sharing the same space with role models or peers. The second mechanism, epidemic / social norms, is a special subset of socialization effects, characterized by a minimal threshold of members of a particular group. Only when a critical mass has been reached, than will their social norms begin to influence others. The third mechanism, social networks, is specified as a distinct process involving the interpersonal exchange of information and resources. And the last mechanism, stigmatization, occurs when actors (outside the neighbourhood) negatively stereotype residents and/or reduce the neighbourhood resources because of its household composition. In this mechanism, the threshold notion is important as well, because stigmatization only occurs when the percentage of a specific group of households in the neighbourhood has reached that critical mass.

It is important to note that the mentioned mechanisms might change the attitudes and behaviours of individuals for the worst, but also for the best. Although the main focus is mostly on the negative effects of ethnic concentration, it might increase opportunities for individual residents as well. With regard to social networks, for example, Portes and Sensenbrenner (1993) argue that ethnic minorities might profit from resources and support from spatially

embedded social interrelations, also referred to as the ethnic enclave. Besides job opportunities and information on jobs, networks offer practical, social and emotional support. In the Netherlands, first generation immigrants in particular rely on their networks to find their way in Dutch society. Besides the use of networks for finding a place of residence in certain neighbourhoods, they also play an important part in finding a job (Pinkster, 2008). On the other hand, these contacts seldom provide the necessary information and chances for moving up the socio-economic ladder. For that purpose contacts outside the own social group, so-called weak ties, are often more important, as Granovetter (1974) showed us. There are indications that contacts with native Dutch operate as weak ties (Odé, 2002), but the possibilities of establishing 'ethnic bridges' are limited in ethnically concentrated neighbourhoods (Van der Laan Bouma-Doff, 2007a; Briggs, 2007). Thus, in stead of stimulating job information and opportunities through strong ties, ethnic concentration might reduce peoples' opportunities due to the lack of weak ties. The same distinction between possible positive and negative effects applies to socialization and social norms. Zhou and Bankston (1996), for example, showed that the tightly knit Vietnamese community of New Orleans fares well by the social norms of promoting discipline with regard to attending school, and Borjas (1998) as well mentions the transmission of norms for educational attainment as a positive effect of residential concentration of immigrants. There are, however, also possible negative consequences to be considered. Portes (1998) mentions four negative consequences of social capital: exclusion of outsiders, excess claims on group members, restrictions on individual freedom and downward levelling norms. Social interaction may thus socialize residents in a way that hampers labour market participation. A Dutch study by Pinkster (2008) shows that processes of collective socialization and social control do affect labour market behaviour of young women living in a poor, highly concentrated neighbourhood. She found, for example, that for some girls education is not considered to be a necessity and that they are not supposed to work, as their job is to raise children and to take care of the home. These norms restrict the work options of Moroccan and Turkish girls, even if they are allowed to work, like this girl cited by Pinkster (2008, 2598–9): "My father ( . . . ) didn't want me to take this job. He was worried about what the neighbours would say about me travelling late at night by myself. Such gossip would shame my family". One might think that these are family related effects rather than neighbourhood effects, however, as Pinkster correctly argues, because the socialization mechanisms that influence individual economic action are preserved and reinforced through the tight social control within the local social structures, they cannot be separated from the neighbourhood.

For a better understanding of neighbourhood effects the causal mechanisms are crucial, also for policymakers. Until now, the evidence base of social mix strategies of (local) governments has been quite weak (Andersson et al., 2007,

656). It is important, however, to understand whether it is social networks, for example, that help or hinder inhabitants, or rather the neighbourhood stigma that decreases the life chances of residents. Both neighbourhood effects require a different type of policy to be deployed, and in both cases the appropriate threshold should be determined. As Galster (2003) argues, the (disadvantaged or advantaged) group has to reach some critical mass of density over an area that is likely to become effective in shaping the behaviour of others (see also Crane, 1991; Buck, 2001). For policymakers this information on this critical mass is crucial in spatial planning and design, for example when the dispersion of affordable dwellings over the city and its region is concerned.

The preceding thoughts and theories result in a few notions on the empirical approach this study should take into account. A first step will be to simply test whether there are differences in labour market participation between similar individuals living in different kinds of neighbourhoods. If there are 'neighbourhood effects', two theoretical mechanisms will be explored: the contacts with native Dutch and the acculturation of 'modern' values. Let me start by saying that both operationalizations are far from perfect. As far as the first one is concerned, I am aware that contacts with native Dutch, or ethnic bridges, are not synonymous with social networks, or bridging ties. For studying networks, a more thorough network research is required. Unfortunately I only know to what extent ethnic minorities mainly maintain contacts with their own ethnic group or with native Dutch. Of course, members of the own group can form bridging ties as well. On the other hand, contacts with native Dutch can certainly be functional, for instance in learning to speak the Dutch language, or by improving one's labour marker position (Gijsberts/Dagevos, 2007; Odé, 2002). On top of that, the lack of contact with native Dutch is a popular explanation of negative neighbourhood effects in the public and policy debate, and therefore important to check upon. The operationalization of the socialization or social norms mechanism, namely the acculturation of 'modern' values, is far from perfect either. However, 'cultural integration', as the adoption of these values is also referred to, is considered to be important for immigrants' chances on the labour market as well. Studies, like the one done by Pinkster, show that views on female liberation, one of the dimensions of 'modern' views, indeed can form the operating mechanism behind restricted work options, be it to a certain extent. There is another problem with this operationalized mechanism, however, and that one has to do with the way the questionnaire is structured, but I will get to that later on.

Another important notion derived from the theoretical overview is that it is important to check for thresholds. Therefore the fact that a change in attitude sometimes requires the presence of a critical mass, will be taken into account in the analysis. In the next section, I will cover the data, and the methodological and measurement aspects of the study in detail.

### 3. Empirical Approach

#### 3.1 Data

For the analyses I will use data derived from the Dutch SPVA survey 2002 (Sociale Positie en Voorzieningengebruik Allochtonen: Immigrants' Social Position and Use of Services), carried out by the Institute for Social Economic Research (ISEO) of the Erasmus University Rotterdam, in cooperation with the Social and Cultural Planning Office (SCP). The SPVA is a large-scale survey of the four largest ethnic groups in the Netherlands: Turks, Moroccans, Surinamese and Antilleans, who make up 67% of the entire group of ethnic minorities (CBS, 2005). The SPVA respondents were selected by a stratified sample based on city of residence and ethnic origin. From municipal registers of thirteen cities, including the four major cities Amsterdam, Rotterdam, The Hague and Utrecht, households were selected randomly. Data were collected by means of face-to-face interviews by bilingual interviewers, using questionnaires which were translated if needed. Next to the heads of households, all other persons in the household over the age of 12 were asked to participate, but only in a shortened version of the survey. Because of that, certain crucial information is lacking for the other household members. I therefore selected heads of households for the analyses of this paper. Another selection concerns the age of the respondent. I selected respondents between the age of 18 and 50, because of the age dependent participation in education and work (due to cohort-effects, labour market participation significantly reduces after the age of 50). The remaining dataset contains data on 1,173 Turks, 1,056 Moroccans, 1,101 Surinamese and 869 Antilleans.

The zip code for each household in the SPVA is linked to population data from Statistics Netherlands (CBS) over the year 2002. As a result, we know the ethnic composition of each respondent's neighbourhood and therefore its level of ethnic concentration. As many scholars have pointed out thus far, such administrative boundaries are not the most perfect operational definitions of 'the neighbourhood' (Dietz, 2002; Sampson et al., 2002; Lupton, 2003). On average, 4,000 people reside in such postcode areas in the Netherlands, which might be too large in scale to accurately measure the variables of local neighbourhood affecting residents (Friedrichs / Galster / Musterd, 2003). It is yet unclear whether and how scale size influences the magnitude of neighbourhood effects, although a study of Andersson and Musterd (2006) showed that contextual effects on labour market performance are strongest at the lowest local level. The question of which scale matters most needs more attention in neighbourhood effect studies, but for now I am, just as many other researchers, dependent on the data at hand.



### 3.2 Method

In order to find out whether the level of ethnic concentration has additional effects on the labour market participation of ethnic groups, we need a multivariate analysis to control for individual background characteristics (Buck, 2001; Sampson et al., 2002). I will use a logistic regression design, in which the probability of participating on the labour market constitutes the dependent variable, and individual characteristics, such as gender, age, household situation and educational level as the independent variables. A multivariate design will not entirely account for the potential problem of neighbourhood selection, however. This selection problem concerns the fact that *certain* individuals who have *certain* (unmeasured) motivations and skills related to their own success and their children, are more likely to move to *certain* neighbourhoods than others. Bell (1958; 1968, referred to in Michelson, 1977) was one of the first who discussed such behavioural considerations. “He suggested that people evaluate themselves in terms of what they want to do most with their lives and then, when able, select neighbourhoods best suited to fit their needs. Bell called this process ‘self-selection’.” (Michelson, 1977, 17). In this case it is not (the social processes within or outside) the neighbourhood, but these evaluations that both affect choice of residence and labour market behaviour. Observed associations between ethnic concentration and labour market participation are thus biased because of this spatial selection process, even when all the observable characteristics are controlled for (Manski, 1993; referred to in e.g. Galster, 2005; Musterd et al., 2007). By including the residuals of a preliminary regression, Musterd et al. (2007) try to overcome this selection problem, also known as the omitted variable bias. They demonstrate that this particular bias is present, but that after correcting for it, the results do not change very much and that neighbourhood effects on economic outcomes do remain. Whether this approach enables us to solve the question of selection and endogeneity (the recursive influence of place of residence and individual outcomes) entirely, however, is still undecided. I will return to this matter in the results section.

After demonstrating the additional effect of ethnic concentration on labour market participation, I will try to unravel the mechanisms underlying these effects. If by including contacts and cultural orientation, effects of ethnic concentration are decreased or have even disappeared, it might be concluded that these processes are the operating mechanisms behind observed ‘neighbourhood effects’. Although this approach is far from perfect either, the inclusion of variables that relate to social processes, might be seen as a contribution to the study of neighbourhood effects. Until now, studies have simply and solely used neighbourhood characteristics such as poverty or ethnic concentration as proxies for social processes through which neighbourhood effects might transpire (cf. Galster et al., 2007b, 731). The ‘black-box’ of neighbourhood effects can best be approached by intensive, ethnographic research, but the current



study is nevertheless a small step ahead in researching neighbourhood effect mechanisms with extensive survey data. Moreover, the results can be generalized to the four largest ethnic groups in the Netherlands.

### 3.3 Measurement

The dependent variable is labour market participation, measured as having an employment contract of at least 12 hours per week. From the survey data I also derived the following individual characteristics: gender, age, immigration status (1<sup>st</sup> or 2<sup>nd</sup> generation), household situation, educational level of the respondent and both parents, language skills and place of residence. Gender is included as a dummy variable, in which male is coded 1 and female 0. Age is divided in three categories: 30 years or younger, 30–40 years and 40 years and older. Immigrant status is measured by country of birth and age of immigration. A person is considered to be a second-generation immigrant if he or she is born in the Netherlands or immigrated to the Netherlands before the age of six. Generation is included as a dummy variable, in which second-generation immigrants are coded 1 and first-generation immigrants are coded 0. Household situation contains five categories: singles, couples without children, couples with children, single parents and other household forms. The respondent's own education level contains four categories: no formal education, lower educational level (a lower vocational education or a lower general secondary education), middle educational level (a general vocational education, a higher general secondary education or a pre-university education) and higher educational level (a higher vocational education or university). In addition, the educational levels of the respondent's parents were included as dummies, in such a way that no formal education and lower education were coded 0 and middle and higher education were coded 1. The command of the Dutch language was measured by asking respondents whether they have troubles speaking Dutch, recorded in three categories: having troubles speaking Dutch always / often, sometimes or never. Finally, a dummy variable was included indicating whether the respondent is living in one of the big cities Amsterdam, Rotterdam, The Hague or Utrecht (coded 1), or in another, smaller city (coded 0).

Ethnic concentration, a variable which was matched to the individual data, was measured using the percentage of ethnic minorities living in the neighbourhood, or to be precise, in the postcode area. To investigate for thresholds, this percentage is divided into four categories: neighbourhoods containing less than 25% ethnic minorities, 25 to 50% ethnic minorities, 50 to 75% ethnic minorities and more than 75% ethnic minorities.

With regard to the possible operating mechanisms behind neighbourhood effects, the SPVA data contains information on the informal ties ethnic minorities have with native Dutch and their cultural orientation. The following question is used to measure contact: "Do you have more contacts in your spare

time with (white) Dutch than with [own ethnic group] or do you have more contacts with [own ethnic group]?", on which the respondents could respond: more contacts with [own ethnic group], equal amount of contacts with both or more contacts with Dutch. The respondent was thus only asked about exclusive contacts (with native Dutch or his / her own ethnic group), while the actual contacts might be ethnically diverse. It was, however, not asked whether or not respondents maintain contact with *other* ethnic groups. In order to measure cultural orientation, respondents were asked to give their opinion on an extensive list of *Likert* items concerning values about individualization, authority, secularization and female liberation.<sup>1</sup> Regrettably enough, not all respondents were asked to give their opinion on this issue, just the head of household or the partner, in turn, as a result of which the number of respondents from which we know the cultural orientation is a lot smaller than in other cases. Nevertheless, a scale of cultural orientation was constructed, ranging from 1 to 5, in which a higher score corresponds to a higher subscription to modern values. Both ethnic minorities and native Dutch subscribe to these values to a larger or lesser extent; it is definitely not an 'ethnic' characteristic.

Table 1 summarises the descriptives of the used variables per ethnic group.

#### 4. Results

Of the ethnic groups, Turks and Moroccans show significantly lower participation rates (respectively 50,1 % and 45,4 %) than Antilleans (59,4 %) and especially Surinamese (63,7 %). In addition, the first two ethnic groups live in concentrated neighbourhoods more often than the last two do. Ethnic minorities living in ethnically concentrated neighbourhoods indeed have significantly lower participation rates, although the association between concentration and participation is not that strong (the participation rates in the classified neighbourhoods are: 60,2 % (< 25 % ethnic minorities in the neighbourhood), 53,7 % (25–50 % ethnic minorities in the neighbourhood), 47,5 % (50–75 % ethnic minorities in the neighbourhood) and 44,7 % (> 75 % ethnic minorities in the neighbourhood) (Cramer's  $V = 0,11$ ). Moreover, these differences might be entirely the result of differences in other individual characteristics, such as

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<sup>1</sup> The respondents were asked to react an statements like: Women are responsible for housekeeping; Acquiring an income is more important for boys than for girls; Women should quit their job when they have children; Men and women may live together without being married; A 17 year old daughter is allowed to live on her own; The opinion of the parents is still very important in choosing a partner for the child; Older relatives should have more to say in important decisions (for example about moving) than younger ones; In the Netherlands, the contact between men and women is too loose; If someone is in pain and has not got long to live, he or she is allowed to decide about ending his or her own life; It is very unpleasant if your son wants to marry someone of another religion, et cetera. The scale that has been constructed is a valid and a reliable one (30 % explained variance and cronbach's  $\alpha = 0.88$ ).

Table 1

**Descriptives of the included variables (% , if not otherwise indicated)**

		Turks	Moroc- cans	Surina- mese	Antil- leans
Work (dependent)	Employed	50.1	45.4	63.7	59.4
Gender	Male	71.6	71.7	43.3	43.7
Age	< 30	25.1	30.9	18.1	35.1
	30 – 40	44.6	42.6	39.0	35.9
	> 40	30.3	26.5	42.9	29.0
Generation	Second <sup>a)</sup>	8.9	11.0	15.4	12.9
Household situation	Single	8.1	12.7	26.7	34.6
	Couple, no children	13.3	11.6	11.4	11.5
	Couple with children	67.0	63.8	35.1	23.7
	Single Parent	9.0	8.4	23.6	26.0
	Other	2.6	3.5	3.2	4.1
Education (highest)	None	52.9	61.1	26.4	21.6
	Lower	21.4	12.3	29.4	30.0
	Middle	18.9	18.7	29.6	29.3
	Higher	6.7	7.9	14.6	19.2
Education father	Middle / Higher	3.8	4.0	16.9	28.7
Education mother	Middle / Higher	1.3	.8	11.8	19.0
Problems with	Always / Often	34.3	17.9	4.6	4.2
Speaking Dutch	Sometimes	40.7	40.8	11.0	25.4
	Never	25.0	41.3	84.3	70.5
Place of Residence	Within G4 cities	64.3	79.3	68.2	62.7
Ethnic concentration	< 25 %	35.8	23.0	44.5	53.2
	25 – 50 %	33.8	41.0	36.7	31.6
	50 – 75 %	20.0	27.0	13.5	12.1
	> 75 %	9.8	9.0	5.4	3.1
Contact	More with co-ethnics	74.0	64.6	38.4	31.2
	Same	20.5	26.7	38.7	31.7
	More with Dutch	5.5	8.8	22.9	37.1
Modern values	(mean, range 1 – 5)	2.57	2.45	3.15	3.24
Total N		1173	1056	1101	869

<sup>a)</sup> Second generation, born in the Netherlands or immigrated before the age 6.

Source: SPVA 2002 (ISEO / SCP).

immigrant status, education and language capabilities, which are also not distributed equally over neighbourhoods. For example, second-generation and higher educated immigrants, have more housing options and / or face less constraints in fulfilling their housing needs, thus, probably live in less-concentrated neighbourhoods. In order to control the relationship between ethnic

concentration and labour market participation, such variables are taken into account in a logistic regression mode. Table 2 shows the results for the four ethnic groups individually. In the first step, only the different categories of ethnic concentration are built into the model, and in the second step all other features are built-in. Because of the empty cells problem, the last two categories of neighbourhood ethnic concentration are merged into one.

Table 2

**Logistic regression analysis of labour market participation, odds ratios**

	Turks	Moroccans	Surinamese	Antilleans
<i>STEP I</i>	Exp(B)	Exp(B)	Exp(B)	Exp(B)
Ethnic concentration (ref = < 25 %)				
25 – 50 %	0.786	0.769	0.770	0.855
> 50 %	0.753	0.582**	0.598*	0.861
<i>STEP II</i>	Exp(B)	Exp(B)	Exp(B)	Exp(B)
Ethnic concentration (ref = < 25 %)				
25 – 50 %	1.010	0.884	0.879	1.161
> 50 %	0.943	0.501*	0.935	1.505
Gender (female)	0.197***	0.173***	0.450***	0.568*
Age 18 – 30 (ref)				
Age 30 – 40	1.190	0.933	3.973***	2.370***
Age 40 – 60	0.964	0.677	2.296**	3.443***
Generation (Born / raised in the NL)	0.956	1.171	0.791	0.732
Household situation (ref = Single)				
Couple without children	1.075	1.061	2.385*	2.966**
Couple with children	1.735	1.707	1.630	2.100**
Single mother	1.472	1.680	0.918	0.842
Other households	0.925	0.556	1.345	1.320
Formal education (ref = None)				
Lower educational level	2.145***	1.547	2.076**	1.618
Middle educational level	2.871***	2.515***	5.769***	3.101***
Higher educational level	2.970**	3.687***	8.947***	14.036***
Father Middle of Higher education	1.618	1.663	0.762	1.208
Mother Middle of Higher education	3.297	1.624	1.325	0.788
Problems Dutch (ref: Always / often)				
Sometimes	1.554*	2.994**	0.368	1.025
Never	2.356***	6.415***	0.941	0.844
Living in one of the big cities	0.865	1.371	0.981	0.865
<i>Constant</i>	0.672	0.319*	0.904	0.537
<i>N</i> included in analysis	864	707	746	660
Nagelkerke $R^2$	0.274	0.346	0.274	0.274

\* =  $p < 0.05$ , \*\* =  $p < 0.01$ , \*\*\* =  $p < 0.001$ .

Source: SPVA 2002 (ISEO / SCP).

If we look at the effect of ethnic concentration in step I, we see that Moroccans and Surinamese both show negative effects, but only if the level of ethnic concentration exceeds 50 %, whereas no significant effects can be observed for Turks and Antilleans. The inclusion of all other explanatory variables in step II shows to what extent the observed effects are compositional effects, which is the case if the differences in background variables decreases the effect of ethnic concentration. This is clearly the case for the Surinamese group: after correcting for individual characteristics such as age and educational level, the odds on participating on the labour market are no longer effected by ethnic concentration. In contrast though, the Moroccan group still shows quite a strong effect of ethnic concentration. Thus, let us take two specific Moroccan individuals, with each a different ethnic concentration of their neighbourhoods as the only difference between the two; even if they match on all other features (for example: both men live in Rotterdam, are in their thirties, are not born in or immigrated into the Netherlands before the age of six, are both married and have children, are having a middle educational level, both parents not having such a education and both have no problems speaking Dutch), then the one who lives in the neighbourhood exceeding the level of 50 % ethnic minorities has a significantly lower probability of having an employment contract of at least 12 hours per week than the one who lives a neighbourhood with less than 25 % ethnic minorities. It is remarkable that only the Moroccan group is affected by ethnic concentration, and therefore further analyses should be concentrated on this difference. Before I look into the social processes that might be at work for the Moroccan group, let us first take a look at the other factors playing a part in explaining differences in participation rates.

For all four ethnic groups, gender and the educational level have the most explanatory power. Ethnic minority women, just as Dutch women, participate much less in the labour force than men do. In contrast, higher educational levels stimulate participation to a great extent, although the returns are higher for Surinamese and particularly higher for Antilleans, and lower for Turks and Moroccans. For the last two groups, the command of the Dutch language is very important as well. For Surinamese and Antilleans, on the other hand, there is an age-effect on the probability of participating, and both groups also show a household effect, in which especially couples without children tend to participate more (probably being double-income couples more often).

In sum, we may conclude that in explaining participation rates, neighbourhood ethnic concentration is of modest significance. Turks and Antilleans show no effects, and the observed effects for Surinamese are entirely attributed to compositional differences between residents. For Moroccans, however, living in ethnically concentrated neighbourhoods certainly is associated with lower participation rates. But the question still remains why. Are the lack of contacts with native Dutch and having traditional views underlying the observed negative neighbourhood effect?

When we look at the association between contact and concentration, however, we can see that for Moroccans this relationship is weaker than for the other ethnic groups. For them it is less important in which neighbourhood category they live (Table 3). The per ethnic group stratified multivariate analyses confirm this conclusion (Table 4). Taking into account the individual background of the residents (gender, age, immigrant status, household situation, education level, command of the Dutch language and place of residence), ethnic concentration indeed has quite a strong effect on the homogeneity of someone's informal ties, in the sense that ethnic concentration is associated with higher orientation on the own ethnic group, however, *with the exception of the Moroccan group*.

As a further means of control, I added the contact variable in the labour market participation model and, as expected, this did not change the effect of ethnic concentration whatsoever (results not reported).

*Table 3*  
**Crosstabs of contact by ethnic concentration (%)**

		Ethnic Concentration Neighbourhood			
		< 25 %	25–50 %	50–75 %	> 75 %
Turks	More contact	64.2	73.8	87.6	83.3
	Same contact	27.2	20.5	10.3	15.8
	Less contact	8.6	5.6	2.1	0.9
	Cramer's $V$	0.149***			
Moroccans	More contact	54.2	65.4	72.1	63.4
	Same contact	32.1	26.0	21.8	31.2
	Less contact	13.8	8.6	6.1	5.4
	Cramer's $V$	0.104**			
Surinamese	More contact	25.3	44.8	55.8	57.6
	Same contact	39.8	40.0	34.0	33.9
	Less contact	34.9	15.2	10.2	8.5
	Cramer's $V$	0.216***			
Antilleans	More contact	23.4	34.8	51.4	46.2
	Same contact	29.3	36.6	30.5	26.9
	Less contact	47.3	28.6	18.1	26.9
	Cramer's $V$	0.183***			

\* =  $p < 0.05$ , \*\* =  $p < 0.01$ , \*\*\* =  $p < 0.001$ .

Source: SPVA 2002 (ISEO / SCP).

Table 4

**Logistic regression analysis of having predominately contact with own ethnic group, effect of ethnic concentration, odds ratios**

	Turks	Moroccans	Surinamese	Antilleans
	Exp(B)	Exp(B)	Exp(B)	Exp(B)
Ethnic concentration (ref = < 25 %)				
25 – 50 %	1.616*	1.135	1.716**	1.446
> 50 %	2.416**	1.000	3.012***	2.186**
N				
Nagelkerke $R^2$	0.175	0.202	0.178	0.289

a: Controlled for gender, age, immigrant status, household situation, educational level, command of the Dutch language and city.

\* =  $p < 0.05$ , \*\* =  $p < 0.01$ , \*\*\* =  $p < 0.001$ .

Source: SPVA 2002 (ISEO/SCP).

To conclude, the ‘neighbourhood effect’ for the Moroccan group cannot be explained by the fact that they might have less contact with native Dutch in ethnically concentrated areas than in less concentrated ones. The informal ties, ‘restrained’ by ethnic concentration, do not seem to be the neighbourhood effect mechanism underlying lower participation rates. At least, that can’t be derived from the available data. This does not mean, however, that informal ties with native Dutch cannot be functional for ethnic minorities in general and Moroccans in particular. It merely says that ‘confined’ contact in ethnically concentrated neighbourhoods is not the operating mechanism.

The second theoretical link that I wanted to examine is the socialization/ social norms mechanism. As stated before, its operationalization – the extent to which individuals subscribe to modern (‘Western’) values – is far from ideal, an additional problem being the number of respondents that filled in the questionnaire items on cultural orientation. Table 5 shows us that ethnic minorities living in ethnically concentrated neighbourhoods subscribe in a somewhat lesser extent to modern values such as individualization, secularization and female liberation, than their counterparts in other neighbourhoods. This time the association is the strongest for the Moroccan group. Also when this relationship is controlled for the influence of other individual characteristics, Moroccans and Surinamese both show effects of ethnic concentration on cultural orientation (Table 6).

So, do the, by ethnic concentration driven, more traditionally orientated values of Moroccans form the operating mechanism behind lower participation rates in ethnically concentrated neighbourhoods then? Are there some kinds of contagion effects in play in these types of neighbourhoods? The ethnographic study of Pinkster (2008) indeed shows that socialization mechanisms affecting labour market behaviour of young women living in a high minority neighbour-



hood, are preserved and reinforced through the tight system of social control within the local social structures. But, although the fact that ‘neighbourhood effects’ might very well be the result of socialization processes within the neighbourhood, there is more at stake here. Because when the cultural orientation is introduced into the labour market participation model, the effect of ethnic concentration, again, hardly changes (results not reported). Moreover, especially for the Moroccan group, the cultural orientation does not have any effect on labour market participation. In other words, Moroccans who participate on the labour market do not subscribe to modern values any more than those who are not.

Table 5

**Cultural orientation by ethnic concentration**

	Ethnic Concentration Neighbourhood				Eta
	< 25 %	25 – 50 %	50 – 75 %	> 75 %	
Turks	2.66	2.56	2.40	2.62	0.172
Moroccans	2.66	2.41	2.40	2.31	0.218
Surinamese	3.24	3.14	3.00	2.86	0.201
Antilleans	3.34	3.13	3.12	3.03	0.198

Source: SPVA 2002 (ISEO / SCP).

Table 6

**Regression analysis of cultural orientation,  
effect of ethnic concentration, odds ratios**

	Turks	Moroccans	Surinamese	Antilleans
	Exp(B)	Exp(B)	Exp(B)	Exp(B)
Ethnic concentration (ref = < 25 %)				
25 – 50 %	–0.015	–0.188***	–0.085*	–0.097**
> 50 %	–0.001	–0.173***	–0.138***	–0.052
N	884	836	1006	778
Nagelkerke R <sup>2</sup>	0.209	0.266	0.267	0.289

a: Controlled for gender, age, immigrant status, household situation, educational level, and having predominately contact with own ethnic group.

\* =  $p < 0.05$ , \*\* =  $p < 0.01$ , \*\*\* =  $p < 0.001$ .

Source: SPVA 2002 (ISEO / SCP).

To conclude, the neighbourhood effect on participation does not disappear by the inclusion of neither social contacts nor cultural orientation. The extent to which ethnic minorities predominately maintain contact with their own group is not the mechanism at work here, so it seems, and the same goes, be it to a lesser degree, for the acculturation of Western values. But then how can the effect be explained?

#### 4.1 Understanding Spatial Selection: Beyond Exclusive Individual Choice Selection

As said earlier, the most important methodological problem in neighbourhood effect research is that observed statistical relationships might not be ‘neighbourhood effects’ but merely ‘selection effects’. There will always be characteristics which are not measured but which do play an important part in choosing a home or a neighbourhood, or any other choice in life. The theory is, for instance, that ethnic minorities who ‘want’ to integrate, shall move out of concentrated neighbourhoods into less concentrated, white neighbourhoods. A first generation immigrant husband and wife, for example, who want their children to succeed in Dutch society, will move to a whiter neighbourhood, but at the same time pay more attention to the importance of language, of reading and getting an education. When their children appear to do well in school in that particular neighbourhood, it doesn’t have that much to do with the characteristics neighbourhood, but with the ambitions of the parents. So, it’s the (un-measured) motivations, like dedication and the willingness to make sacrifices on behalf of their children’s future (Galster, 2005, 16), which determine both their residential choice as well as their (children’s) integration into core institutions like the education system and the labour market.

All kinds of sophisticated methods, econometric techniques in particular, have been constructed to counter the selection problem, such as sibling studies and instrumental variables for example (see for a review Galster, 2005; and recent efforts: Musterd et al., 2007; Gurmu, Ihlanfeldt / Smith, 2007; Maurin / Moschion, forthcoming). In spite of their great importance, these studies on the issue of selection might put just a little bit too much emphasis on the individual choice, at least in my opinion. Besides the fact that people’s individual motivations and their ‘integration desire’ lead to the conscious choice for a given neighbourhood, there are also factors outside the individual that cause people to end up in certain neighbourhoods (Van der Laan Bouma-Doff, 2007b). Neighbourhood selection is of fundamental importance in studying and understanding neighbourhood effects. This does not revolve around individual selection effects alone (choice), but also around institutional selection effects (constraints/opportunities). The theory that ethnic minorities who ‘want’ to integrate also want to move to a whiter neighbourhood, is in my opinion only part of the story. The results from this current study show that a highly stigmatized and discriminated against group of people encounters limitations and constraints in all parts of society. The observed ‘neighbourhood effect’ for Moroccans might be better understood in the light of institutional selection. In any case, it is probably not just a matter of individual choice. Within Dutch society, Moroccans are the most stigmatized and discriminated ethnic category, as a result of which Moroccans are most likely to be confronted with barriers on both the housing *and* the labour market (Andriessen et al., 2007). This causes them to have less access to and a weak position in

both core institutions in Dutch society, thus resulting in a statistical relationship between ethnic concentration and labour market participation.

## 5. Conclusion

This paper dealt with differences in labour market participation rates of four ethnic minority groups and the way these are associated with ethnic concentration. A first step was simply to test whether there are differences in labour market participation between similar individuals living in different kinds of neighbourhoods. After that, two theoretical mechanisms were explored, namely the contacts with native Dutch and the acculturation of 'modern' values. Both are popular explanations for assumed negative neighbourhood effects, and part of the isolation thesis, which states that living in ethnically concentrated neighbourhoods hampers integration because it makes the orientation on Dutch society and contacts with native Dutch to a great extent redundant.

The results show that in general, ethnic concentration has no additional effect on participation on the labour market, *with the exception of* the labour market participation by Moroccans. For them, living in neighbourhoods with a population consisting of more than 50 % ethnic minorities, is associated with a lower probability of having an employment contract of at least 12 hours a week. The relevance of the study is that, with the available extensive survey data, I could include social processes, which might underlie the observed negative neighbourhood effect. However, the neighbourhood effect on participation does not disappear by the inclusion of neither social contacts nor cultural orientation. An explanation for the observed relationship might be that this not a neighbourhood effect but in fact a selection effect. Scholars generally attribute this selection effect to unmeasured individual characteristics, such as dedication, ambition and so on. The popular idea is that those who 'want' to integrate will automatically move to a whiter neighbourhood. Their successful integration is not caused by the whiter neighbourhood *per se*, but rather the result of their own, unmeasured motivations and skills. However, not just individual choice plays a part in neighbourhood selection. Institutional selection effects, shaped by constraints and opportunities individuals encounter, are of great importance as well, causing weaker groups to end up in less desirable environments. I argue that the statistical relationship between neighbourhood concentration and labour market participation by Moroccans largely exists because Moroccans are a highly marginalized, stigmatized and discriminated against ethnic category. Due to institutional selection mechanisms and certainly not simply by individual choice, Moroccans are confronted with barriers on both the housing and the labour market, resulting in less access to and a weak position in both of these core institutions.

Because weaker groups, in the Netherlands particularly the Moroccans, generally end up in less desirable environments, the distribution of 'space' reproduces and reinforces social inequality in society (see also Sibley, 1995). However, in order to fully understand neighbourhood effects, we need to gain a better understanding of the residential choice process, especially by finding out the individual motivations and institutional mechanisms that lead to neighbourhood selection.

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