

Area effects

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1. Introduction

- 1.1 Scope of the paper. This short paper is based on a quick review of evidence on area effects. It is in no way comprehensive; rather the emphasis is to highlight some of the key themes from debates on 'area effects' (concentrating on studies of the UK, especially those relating to spatial concentrations of worklessness) and some of the issues emerging.
- 1.2 Structure of the paper. The paper is organised into the sections on area effects and associated causes (2), measurement issues (3), selected key findings (4), a summary of key messages (5).

2. What are 'area effects' and what causes them?

- 2.1 Spatial variations and 'area effects': A wide range of studies shows substantial and persistent spatial variations (at a range of scales from the neighbourhood to the region) in life chances across several domains (e.g. worklessness, health, etc). Some of these spatial variations may reflect spatial variations in the characteristics of individuals (i.e. they are 'compositional').¹ Once compositional effects have been accounted for, spatial differences in life chances may remain between otherwise similar individuals, with those in deprived areas emerging as disadvantaged. These remaining differences have been termed 'contextual' or 'area effects', on the basis that where an individual lives matters.
- 2.2 Causes of 'area effects': Several different reasons have been forwarded for 'area effects'. These include:²
- Socialisation into problematic behaviour through peer influences.
 - Networks that focus inwards to other disadvantaged people, rather than providing links to more advantaged groups and opportunities.³
 - Lowered aspirations, expectations and perceptions of success.⁴

¹ Here it is salient to note that market 'sorting' mechanisms act to cluster disadvantaged people together in less desirable areas.

² Note this list is not exhaustive.

³ Notions of 'bonding' and 'bridging' social capital are relevant here. Strong 'bonding' social capital may provide resources to 'get by', rather than to 'get on' – see: Granovetter M. (1973) *Getting a Job: A study of contacts and careers*, University of Chicago Press, Chicago.

Fletcher D.R., Gore T., Reeve K. and Robinson D. with Bashir N., Goudie R. and O'Toole S. (2008) 'Social housing and worklessness: qualitative research findings', *Department for Work and Pensions Research Report 521*, Corporate Document Services, Leeds.

⁴ In the context of a lowering of aspirations and expectations outcomes such as joblessness may be seen as less problematic than in other areas – see:

Ritchie H., Casebourne J. and Rick J. (2005) 'Understanding workless people and communities: A literature review', *Department for Work and Pensions Research Report 255*. Leeds: Corporate Document Services.

- (Poorer) quality and/or capacity of local institutions and services in some areas to address problems.
- Physical isolation and barriers to access opportunities associated with particular places.
- Discrimination based on place of residence.

3. How have they been measured?

3.1 Qualitative and quantitative approaches: Two key strands of work on 'area' (more specifically, 'neighbourhood') effects have been identified:⁵

- *Community studies mainly using qualitative methods*, and generally focusing on deprived areas rather than a wider comparative analysis of a full range of neighbourhoods. Typically, these studies have explored the internal dynamics of neighbourhoods and have sought to understand their place within wider socio-economic systems.
- *Quantitative studies using spatially-referenced data from large data sets* (e.g. censuses and surveys)⁶ focusing on the impact of a neighbourhood on the individuals who live there. Such studies tend to focus on non-deprived as well as deprived neighbourhoods, and typically they highlight differences between neighbourhoods. Such quantitative studies seek to assess the importance of 'area effects' relative to other influences.

3.2 Measurement issues in quantitative studies: Critiques of quantitative studies of area effects have highlighted a number of measurement issues.⁷ One of the most fundamental of these is a weak conceptualisation of neighbourhood – resulting in findings that may be meaningless and possibly misleading. Neighbourhoods are much more than the 'spatial containers; that they can appear to be in quantitative studies. The complexity of neighbourhoods means that measuring 'area effects' at this scale is always going to be difficult. There are several underlying reasons for this:

- It has been argued that *neighbourhoods are simultaneously physical and social spaces*.⁸ This means that 'people' and 'place' effects necessarily interact, such

Dewson S., Casebourne J., Darlow A., Bickerstaffe T., Fletcher D.R., Gore T. and Krishnan S. (2007) 'Evaluation of the Working Neighbourhoods Pilot: Final report', *Department for Work and Pensions Research Report 411*, Corporate Document Services, Leeds.

⁵ Lupton R. (2003) "Neighbourhood Effects': Can we measure them and does it matter?', *CASE Paper 73*, STICERD, London School of Economics, London.

Quasi-experimental methods are not identified here because they are less common.

⁶ Examples include:

A study by Nick Buck using data from the British Household Panel Study, which looked at a range of outcome measures (including labour market engagement and poverty) against a range of individual variables, local unemployment rates and area deprivation scores – Buck N. (2001) 'Identifying neighbourhood effects on social exclusion', *Urban Studies* 38, 2251-2275.

Analyses by Andrew McCulloch examining the association between the level of social deprivation in electoral wards and aspects of individuals' lives using data from the British Household Panel Study and the Census of Population – McCulloch A. (2001) 'Ward-level deprivation and individual social and economic outcomes in the British Household Panel Study', *Environment and Planning A* 33, 667-84.

⁷ Many of these measurement issues have been highlighted also by the authors of such studies.

⁸ Galster G. (2001) 'On the nature of neighbourhood', *Urban Studies* 38, 2111-24; Lupton R. and Power A. (2002) 'Social exclusion and neighbourhoods' in Hills J., Le Grand J. and Piachoud D. (eds) *Understanding Social Exclusion*, Oxford University Press, Oxford.

that characteristics of neighbourhoods relate to both the people who live there, as well as their locational, physical and infrastructural characteristics. Given this interaction it is difficult to disentangle causality. Reflecting constraints on data available at micro area level, quantitative studies tend to capture only variables related to population composition, and exclude those relating to physical and institutional characteristics of areas.

- The *boundaries of neighbourhoods are not fixed*, but are likely to vary for different people,⁹ for different activities¹⁰ and for different places¹¹ – yet in quantitative studies typically neighbourhoods are treated as pre-defined ‘spatial containers’, which have been applied uniformly across different areas and issues, although in more recent studies use has been made of ‘bespoke’ neighbourhoods around individuals and of very local definitions of neighbourhoods alongside broader definitions.¹² Ideally, the area boundaries used in analyses would be relevant to the issue and associated causal mechanisms being investigated.
- The *characteristics of neighbourhoods are a product of both their internal features and their relationship to other places* in both objective and subjective terms. The internal dynamics of neighbourhoods play an important role in residents’ perceptions, but the perceptions of people, institutions and agencies outside the area also have implications for opportunities structures for residents.¹³

4. What does the evidence say?

4.1 *Introduction*: Qualitative studies tend to provide clearer evidence for the existence of area effects than quantitative studies. In some instances the evidence from different studies is contradictory. This section provides a brief overview of selected evidence from various studies in the UK, focusing on some of the key themes and issues in debates on area effects.

4.2 *Evidence from quantitative studies*: Quantitative studies of area effects in the UK have tended to reveal that ‘area effects’ are apparent for some outcomes, but not others,¹⁴ and tend to be *relatively small*.¹⁵ In the light of the measurement issues outlined above, it is difficult to know whether the results obtained are ‘real’, or

⁹ Within a particular geographical area some people have more locally focused social networks and activities than others.

¹⁰ Different geographical scales are relevant for different activities (e.g. shopping, seeking work, leisure activities, etc).

¹¹ Features of physical geography, the built environment, transport links and historical traditions of the geographical scale of networks and social and economic interactions are important here.

¹² Bolster A., Burgess S., Johnston R., Jones K., Proper C. and Sarker R. (2004) ‘Neighbourhoods, households and income dynamics: a semi-parametric investigation of neighbourhood effects’, *CEPR Discussion Paper Series* No. 4611, University of Bristol.

¹³ Forrest R. and Kearns A. (2001) ‘Social cohesion, social capital and the neighbourhood’, *Urban Studies* 38, 2125-43.

¹⁴ For example, McCulloch (2001) *op. cit.* finds that individual and household characteristics account for much of the variation in outcomes between wards on four out of eight outcomes analysed, area effects are identified. Likewise, having controlled for individual and neighbourhood effects, Buck (2001) *op. cit.* found evidence for higher chances of entering poverty and longer poverty durations in deprived areas than non-deprived areas, and lower expectations and actual probabilities of starting a job in deprived than non-deprived areas.

¹⁵ For example, in a study of income prospects (including a longitudinal perspective) Bolster *et al.* (2004: 5) *op. cit.* conclude that “our results are consistent with only at most a small detrimental neighbourhood effect”.

whether they are a function of measurement difficulties. Hence, the evidence from many quantitative studies may be judged inconclusive. However, there is some evidence that the spatial scale at which area effects are measured is influential, with area effects being larger at the very local scale in the case of poverty.¹⁶

4.3 Perceptions, localised outlooks and place identity: Quantitative and qualitative studies show that there are geographical differences in objective circumstances between areas and in opportunities available to residents of those areas. However, people behave in accordance with their perceptions, rather than taking into account full and perfect information. Hence, perceptions matter in any consideration of 'area effects'. Where people are looking from affects what they see, or choose to see, and how they interpret and act upon it.¹⁷ Consequently, 'subjective' geographies of opportunity may be much more limited than 'objective' geographies of opportunity.¹⁸ Place-based social networks and area attachment may contribute to 'bounded horizons', such that people may follow conventional opportunities in familiar locations, and may not consider automatically all available options.¹⁹ Hence while some people 'transcend space' in their aspirations and knowledge of opportunities, while others are 'trapped by space' and confine themselves to a narrower set of the opportunities. For young people especially, the influence of family and friends is one important factor here, with links outside the local area often helping young people to transcend space, while strong networks of family and friends within a tightly defined geographical area may lead to a tendency to look inwards to the immediate locality.²⁰ The evidence suggests that there are spatial and temporal variations in localised outlooks and place identity. In spatial terms, neighbourhood matters most to those who are most disadvantaged, given their relative lack of resources to take up opportunities further afield.²¹ Likewise, it has been argued that different population sub-groups may see the 'neighbourhood' in different ways, and that the importance of place identity may vary over the life course.²² The implication of this is that area effects matter more for some people at some times in some places than for other people at other times and in other places.

4.4 Area reputation and stigma: A number of studies have examined area reputation and stigma. Generally, these studies highlight the fact that residents think that their neighbourhood has a poor reputation in the wider urban area within which it is located and that this poor reputation does not necessarily reflect what it is like to live there.²³ External perceptions of a neighbourhood may be stronger and more of a

¹⁶ Buck (2001) *op. cit.*; Bolster *et al.* (2004) *op. cit.*

¹⁷ Green A.E. and White R.J. (2007) *Attachment to Place: Social networks, mobility and prospects of young people*, Joseph Rowntree Foundation, York.

¹⁸ See Quinn D.J. 'Accessibility and job search: a study of unemployed school leavers', *Regional Studies* 20, 163-73, for a case study of young people in Birmingham comparing perceived and actual job opportunities.

¹⁹ Green A.E. and White R.J. (2008, in press) 'Shaped by place: young people's decisions about education, training and work', *Benefits*.

²⁰ Green A.E. and White R.J. (2007) *op. cit.*

²¹ Green A.E. and Owen D.W. (2006) *The Geography of Poor Skills and Access to Work*, Joseph Rowntree Foundation, York.

²² See Lupton R. (2003) *op. cit.* and Forrest R. and Kearns A. (2001) *op. cit.* for further discussion.

²³ Examples include:

Dean J. and Hastings A. (2000) *Challenging Images: Housing estates, stigma and area generation*, Joseph Rowntree Foundation, York.

Lutpon R. (2003) *Poverty Street: The dynamics of neighbourhood decline and renewal*, Policy Press, Bristol.

caricature than those of residents.²⁴ This situation could be explained by negative network externalities arising where a minority of individuals in an area give that area a bad name which creates a negative perception amongst outsiders about the majority of individuals in the area. Evidence from a comparative study of deprived neighbourhoods in Glasgow and Edinburgh suggests that relative stigma is greater where income relativities are wider and there are fewer areas at the bottom of the social scale.²⁵ This suggests that context matters: there is greater stigma attached to living in a deprived neighbourhood in a largely prosperous area than in a more homogenous area where deprivation is more extensive. Moreover, area reputations may be long lasting. There is evidence from recent case study research²⁶ that neighbourhood identity and area reputation is often established at an early stage of a neighbourhood's history - often in relation to male employment patterns and physical features such as housing style and tenure - and is resilient to change. This suggests that stigma may outlast objective changes (including improvements) in neighbourhood characteristics. Hence, objective improvements in particular areas may not be recognised by those outside the area and so may confound prospects for improvement within areas.

- 4.5 *Discrimination*: As noted above, discrimination has been identified as one possible underlying mechanism for 'area effects'. 'Area' (or 'postcode') is one possible basis for discrimination, alongside individual characteristics such as gender, ethnicity and age. With regard to labour market outcomes, employers may regard recruitment from certain areas as more risky than from other areas because they believe that individuals who reside there poorer attitudes and skills than those in other areas, and so may screen potential recruits on this basis. However, although 'postcode discrimination' is often cited as a possible cause of 'area effects' objective evidence is hard to find; although it has been uncovered (in a study of Paisley in the 1970s);²⁷ hence it is not easy to prove or disprove it. There is evidence for self-attribution of discrimination on the basis of postcode in some areas²⁸ and this seems to be particularly strong in areas suffering persistent worklessness and poverty, with strong local identities associated with place-based social networks, and relatively low levels of residential mobility.²⁹ This is not the same as discrimination reported by employers, but is nonetheless important in consideration of 'area effects' because residents may use such perceptions to rationalise their behaviour.

²⁴ Robertson D., Smyth J. and McIntosh I. (2008) *Neighbourhood Identity: People, time and place*, Joseph Rowntree Foundation, York.

²⁵ Atkinson R. and Kintrea K. (2001) 'Disentangling area effects: evidence from deprived and non-deprived neighbourhoods', *Urban Studies* 38, 2277-98.

²⁶ Robertson *et al.* (2008) *op. cit.*

²⁷ McGregor A. (1977) 'Intra-urban variations in unemployment: a case study', *Urban Studies* 14, 303-13.

²⁸ For example, see:

Lawless P. and Smith Y. (1998) 'Poverty, inequality and exclusion in the contemporary city' in Lawless P., Martin R. and Hardy S. (eds.) *Unemployment and Social Exclusion: Landscapes of Labour Inequality*, Regional Studies Association, London.

Taylor M. (1998) 'Combatting the social exclusion of housing estates', *Housing Studies* 13, 819-32.

Dewson S. (2005) 'Evaluation of the Working Neighbourhoods Pilot: Year One', *Department for Work and Pensions Research Report 297*, Corporate Document Services, Leeds.

Atkinson R. and Kintrea K. (2001) *op. cit.*

²⁹ Fletcher *et al.* (2008) *op. cit.*; see also Green and White (2007) *op. cit.* for discussion of some similar issues.

5. Key messages

5.1 Summary of key messages: This quick and selective evidence review highlights the following issues:

- Area effects are difficult to measure – conceptually and methodologically.
- The evidence as to their existence is mixed – especially from quantitative studies. Generally, the evidence suggests that area effects are relatively small, but may be stronger at the very micro area level.
- Case studies and research utilising qualitative methods point to the existence of area effects on some domains in some places for some people at some times.
- Even in circumstances where there is no objective evidence for the existence of neighbourhood effects, perceptions of their existence and of associated area stigma and discrimination may influence some residents' behaviour. This is especially likely to be the case in those deprived areas which are relatively homogeneous and where residents display a strong place attachment.
- Area effects and negative perceptions may be long lived – their historical antecedents which were influential in their formation may not reflect current circumstances.