

Area Effects

A review of the evidence prepared for CLG by Professor Stephen Syrett¹

What are area effects?

'Area effects', also often termed 'neighbourhood effects' refer to the notion that spatial variations in economic and social conditions that produce concentrated deprivation are not reducible to 'compositional effects' (i.e. a reflection of the personal and family characteristics of the population that compose the area), but that there is an additional, area related effect that results from concentrated disadvantage. With respect to disadvantaged neighbourhoods area effects are overwhelmingly negative, acting to further compound problems of concentrated disadvantage and social exclusion. However the extent to which the spatial concentration of poverty within a neighbourhood produces externalities with an additional effect upon the well-being and life chances of the resident population continues to be an area of considerable controversy within academic research.

Given the complex and multiple relationships between people and the places they live in and how this evolves through time, separating out and identifying 'area effects' is conceptually and methodologically problematic. A wide range of potential 'area effects' can be identified (Ellen and Turner, 1997; Atkinson and Kintrea, 2001). Conceptually it is possible to distinguish between direct effects that flow from the characteristics of the population (the principal focus of academic debate) and those that flow from the characteristics of the place itself.

- *Population rooted area effects* emanate from the nature of socialisation processes in deprived neighbourhoods, the existence of constraining forms of social capital and restricted social networks, the stigmatisation of residents through the poor reputation of a neighbourhood and a high burden on local service provision.
- *Place based area effects* relate to the poor-quality and/or absence of private services, lower standards of public service provision, features of the built environment and high levels of environmental pollution, as well as the physical isolation of a neighbourhood.

In addition, it is also important to note the presence of *indirect effects*. For example higher levels of criminal behaviour and social disorder (which may result from some of the proceeding factors) may impact upon all neighbourhood residents, either by constraining behaviour or through the costs of victimisation.

Do area effects exist?

The existence of population related area effects and their relative importance has been the source of considerable dispute within the academic literature (McCulloch, 2001; Buck 2001). Much of the academic literature on area effects is derived from studies

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from the US, which have particularly focused upon neighbourhoods that are characterised by extreme segregation, predominantly on a racial basis, and high levels of disparity rooted within close connections between employment, income and housing quality. Reviews of the US literature generally conclude that area effects are of significance in these neighbourhoods (Ellen and Turner, 1997; Brooks-Gunn et al, 1993; Jencks and Mayer, 1990). However the European context is significantly different from the US, in that levels of disparity are moderated through the operation of the welfare state and the provision of social housing, whilst levels of racial segregation are generally much less pronounced (Wacquant, 1996; Ostendorf et al, 2001). Therefore neighbourhood effects identified in the US, particularly those related to discourses concerning the identification of a 'ghetto culture' or 'underclass', are less apparent in the European context, particularly if there is an expectation that such effects may only become significant above certain thresholds.

A number of reviews of UK experiences have concluded that the evidence for neighbourhood effects is weak and that they are of marginal importance in comparison to individual and family characteristics in determining life outcomes (Gordon, 1996; Dickens 1999; Fieldhouse and Tranmer, 2001; DETR 2001; Buck and Gordon, 2004; Sanderson, 2006). Yet a number of UK studies do provide evidence of the existence of various area effects across the diverse fields of employment, education, crime and health, as well as recognition that neighbourhood effects act to compound problems of social exclusion, (e.g. Atkinson and Kintrea, 2001; Forrest and Kearns, 2001; Burgess et al, 2001; Lupton, 2003; Mumford and Power, 2003).

Demonstrating area effects: the methodological challenge

The lack of clear evidence in relation to area effects reflects the difficulties in isolating and demonstrating them empirically given the complexity of disentangling an individual from the context in which they reside, socialise and grow up. As Manski (1993) observed, the central problem is one of 'simultaneity'; people are influenced by their context and at the same time influence their context. In addition to this fundamental issue there are a number of other related methodological problems (Buck, 2001).

1. The process by which individuals become resident in different neighbourhoods reflects a degree of selection, which means that individual characteristics will influence choice and outcomes, which may over or under play neighbourhood effects.
2. In seeking to identify effects there is a need for sensitivity to non-linear relationships, recognising that effects may come into operation at particular thresholds (Galster et al, 2000).
3. There is an issue of spatial scale, as different neighbourhood effects will operate at different scales.
4. The combination of interrelated factors within any given area ensures that there are multiple pathways of cause and effect; the existence, extent and importance of neighbourhood effects will clearly vary in relation to the characteristics of particular areas.

5. Statistical data available for the neighbourhood level are often restricted, of variable quality and may be of limited relevance in measuring area effects.

Taken together, the absence of clear evidence that surrounds the identification of neighbourhood effects often says as much about the limitations of methodological approaches that seek to break down and separate out the relationship between people and place as it does about the lived experiences and life chances of those living in deprived neighbourhoods.

Types of area effects

Socialisation processes: cultures of poverty

The most hotly debated aspect relating to neighbourhood effects relates to whether deprived neighbourhoods develop localised 'cultures of poverty', that is a distinctive set of attitudes, norms and values that lies outside those of mainstream society. The most controversial proponent of the 'culture of poverty' viewpoint has been Murray (1996). He argues not only that such cultures exist within poor neighbourhoods characterised by an expectation of welfare benefits, a normalisation of illegal behaviour and the emergence of a set of values at variance to those of mainstream society, but also that such problems arise in part from the moral deficiencies of the poor.

There is little evidence to support notions of the existence of 'cultures of poverty' or the associated notion of 'cultures of worklessness' within deprived neighbourhoods within the UK (Lupton, 2003; ODP, 2004). In her study of the deprived neighbourhoods, Lupton (2003) concluded that what was most remarkable was the extent to which excluded communities endorse, rather than reject, mainstream societal values. However there is evidence of particular perceptions, attitudes and aspirations towards work that reflect the nature of socialisation that takes place within a particular milieu characterised by prolonged periods of intergenerational worklessness and limited employment opportunities for a high proportion of the resident population (Bauder, 2001).

Where cultures of worklessness are said to exist, they are characterised by lowered incentives to work - in a context where peers are also unemployed and the informal economy has a strong pull factor - and a view of joblessness as unproblematic given circumstances of lowered aspirations and short-term horizons (Ritchie *et al*, 2005). Importantly, these attitudes and expectations do not pervade all residents of deprived neighbourhoods, nor are they confined only to these areas, and therefore are different by *degree* rather than *kind*, reinforced by material circumstances and restricted social networks (North and Syrett, 2006). Such attitudes and aspirations may result from peer pressure, a lack of role models (i.e. of those in employment, or more importantly still, those in good jobs with career advancement possibilities), low self-esteem and expectations (of individuals themselves and externally from employers), and limited experience, direct or indirect, of the world of work. Differences in local perceptions and behaviours are often characterised by a narrow, insular and highly localised view of the labour market (Green and White, 2007), often reinforced by local stigma, which produces narrow travel horizons and compounds exclusion through a loose sense of attachment to the mainstream labour market (Fieldhouse, 1999).

Social capital: contacts and networks

Putnam's (2000) influential work on social capital argues that declining levels of associational activity and public participation have led to a reduction in the stock of social capital, resulting in the weakened fabric of social, community and family life. This argument is often seen to be particularly resonant within deprived neighbourhoods where, it is argued, a decline of civic engagement, restricted social networks, and reduced levels of shared values and a sense of belonging, is often apparent (SEU, 2000). Yet, as Forrest and Kearns (2001) conclude, social capital survives in many disadvantaged neighbourhoods, and it would be wrong to characterise disadvantaged areas as lacking social cohesion and interaction.

Critical here is to distinguish between different forms of social capital, notably bonding and bridging forms, and how the mix between them varies between neighbourhoods and over time. While stocks of bonding social capital may be high in some deprived neighbourhoods with relatively stable populations, there often remains an absence of extra-community 'bridging' social capital, which connects different groups and individuals to a wider range of social networks that extend beyond their community. This imbalance in the social capital mix can lead to an insular and exclusionary local culture, which limits connections to potentially beneficial external networks (Taylor, 2002). Concerns relating to declining levels of social capital centre upon areas that have increasingly transient populations with fewer local ties and networks differing norms and behaviours and a reduced commitment to the neighbourhood (Power, 1997; Sampson, 1999; Lupton, 2003). Yet, given the important differences between deprived neighbourhoods, such situations are only one of a number of different developmental dynamics in relation to the production and reproduction of social capital (Syrett and North, 2008).

Although the operationalisation of notions of social capital has often proved problematic, there has been work on area effects relating to social contacts and networks, particularly in relation to the labour market. Labour market research has drawn attention to the importance of networks of families, friends, and social contacts not only in obtaining information about jobs, but also in being successful in competing for them (e.g. Shuttleworth et al 2003; Meadows, 2001). The resources provided through social networks are particularly significant given the importance of informal recruitment processes. As Watt (2003) demonstrated in his study of the work histories of local authority tenants in Camden, 'reputation' needs to be transmitted by word of mouth to employers so that being enmeshed in the appropriate social networks proved crucial in providing the routes by which information about jobs and workers' reputations could be circulated. In fact, Watt concluded that having the right reputation and social contacts were probably as important as the possession of training certificates.

A further issue affecting access to jobs relates to the information that workless people have about the jobs that are available within commuting distance. Some studies (e.g. Lawless 1995; Atkinson & Kintrea, 2001) have found that the unemployed tend to have poor knowledge of job opportunities within the local labour market. This may be partly the result of there being inadequate information available at the local neighbourhood scale. Thus in a study in Newcastle, Speak (2000) found that people were being disadvantaged by the trend towards concentrating employment services in city centre

locations, leaving people in some neighbourhoods without any direct link to up-to-date information about job vacancies.

Within more deprived neighbourhoods, where employment is primarily in low paid low skill jobs, a mismatch is evident between the informal recruitment methods of employers, particularly smaller employers who tend to rely on 'word of mouth' methods, and the job search routes of residents, especially in deprived communities where the networks and contacts for obtaining information about job vacancies are poor (Hasluck 1999). The disadvantaged, therefore, are likely to be more dependent on family and friends as they have fewer ties to paid work and less access to job information. Yet if members of their family and friends are also out of work, this is going to separate them further from the kind of information that they need and make it more difficult to obtain employment. Dickens (1999) suggested that this kind of 'network failure' is an important factor underlying the problems in deprived neighbourhoods, reinforcing other processes creating inequalities in labour market outcomes and thereby 'tipping' deprived neighbourhoods further into a vicious cycle of decline.

Stigmatisation and discrimination

Postcode discrimination/redlining This area effect relates to the active discrimination against deprived neighbourhoods and their residents by service providers through an avoidance of actual and perceived risk of operating within stigmatised neighbourhoods. This takes the form of 'redlining' or 'postcode discrimination' whereby service providers actively exclude the provision of certain services on the basis of geographical location. Such exclusion is evident across a range of activities and sectors, but has traditionally been most evident and damaging with regard to financial products (such as mortgages and insurance), where redlining directly reinforces neighbourhood problems for business and residents.

Evidence on the extent and nature of 'redlining' activity is difficult to obtain given that commercial companies are unwilling to admit to acting in a manner that overtly discriminates against poor areas. However examples are reported in the literature. Lupton (2003) presents evidence that residents of deprived neighbourhoods were unable to get credit to buy household goods or purchase items from catalogues on the basis of their postcode, and Speak and Graham (2000) identified a virtual redlining in their study areas in relation to commercial household insurance.

Employers' recruitment practices There have been suggestions that some employers discriminate against job seekers from deprived neighbourhoods, although the evidence to support this is fairly limited. Lawless (1995) found some evidence of implicit discrimination by employers against long-term unemployed residents of a deprived neighbourhood in Sheffield which had a poor reputation. Speak (2000) similarly presents evidence of postcode discrimination against lone parents from stigmatised areas in Newcastle (Speak, 2000). It would appear that those seeking work often think that they are disadvantaged by where they live; for example, in a study of the young unemployed in Newham, Roberts (1999) found that almost a third of the interviewed young people from the most deprived parts of the borough thought that employers were put off by the area in which they lived. The issue of separating out place-based discrimination from other forms of discrimination is important here. For example, as many deprived neighbourhoods are characterised by concentrations of particular ethnic

groups it is necessary to consider the relationship between racial discrimination and place based discrimination. As racial and area discrimination can be closely associated with each other, red lining certain areas is, in the minds of some employers, tantamount to shutting out certain groups of people.

Conclusion

Conceptually, any attempt to disentangle a person or group of people from the context in which they live, work and play is profoundly problematic given the simultaneous influences acting between people and places. It is perhaps not surprising therefore that many of the analyses or evaluations that have attempted to make such a separation have failed to produce clear or convincing evidence. Furthermore, it has not been helpful that academic and policy discussion of areas effects has had a tendency to descend into dichotomous positions either 'for' or 'against' their existence. The choice is not between a situation where on the one hand there are no neighbourhood effects - that is compositional effects and sorting mechanisms are responsible for all neighbourhood differences - or on the other, strong neighbourhood effects determine life courses within deprived areas via the production of segregated cultures. Rather what must be recognised are the incremental effects of the neighbourhood context - different within different neighbourhoods - upon individuals and families in a manner that shapes, but does not determine, their subjective opportunity structures and life-courses.

As Buck (2001:2275) argues area effects have a persistent and accumulating effect on various types of capital which: "will have additional positive or negative effects on life chances throughout the life-course". Speak and Graham (2000) illustrate this in their study of private sector services in deprived neighbourhoods, arguing that although limited access to services such as telephones, banks and insurance was not decisive in decisions as to whether to enter formal employment, it was an issue in deciding whether employment was beneficial. Exclusion from such services therefore does not occur in isolation but compounds other factors of disadvantage in the everyday life of those living in poorer neighbourhoods, shaping what Shuttleworth et al (2003) term an individual's 'subjective opportunity structures'

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