

Suggestions and Comments On: “Local Social Capital and Geographical Mobility”

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The Study

Main Results

1. Individuals endowed with more local social capital as described by the variables “friend”, ”neighbor” or “club” are less likely to move to another region in the short-run. (non causal)
2. Individuals endowed with more local social capital such as described by the variables friends or neighbors are more likely to become unemployed in the short-run. (non causal)
3. In contrast, individuals who are members of a club are less likely to become unemployed in the short-run. (non causal)
4. Workers in a region different from their birth region have a lower stock of social capital in all three dimensions measured (“friend”, “neighbor” and “club”) and suggesting interpretations and extensions of our results. (non causal)

The Study

Main Results

1. Individuals endowed with more local social capital as described by the variables “friend”, ”neighbor” or “club” are less likely to move to another region in the short-run. (non causal)

People who value free time higher and are less attached to the labor market choose to fill time by spending time with friends. They are less likely to move because they are not as motivated in general.

2. Individuals endowed with more local social capital such as described by the variables friends or neighbors are more likely to become unemployed in the short-run. (non causal)

They are not making investments in further training in the evenings, are not as motivated and therefore have higher UE probabilities. They are not as attached to the labor force.

The Study

Main Results

3. In contrast, individuals who are members of a club are less likely to become unemployed in the short-run. (non causal)

There might be evidence for networking, sharing of work-related information, completely separate from neighbors. This club might be work related, or simply a reflection of social/job status? Rotary Club, Whiskey Society, Free Masons. What are entrance requirements?

4. Workers in a region different from their birth region have a lower stock of social capital in all three dimensions measured (“friend”, “neighbor” and “club”) and suggesting interpretations and extensions of our results. (non causal)

May be hard to measure: internet, chat, Skype, Facebook. What are we really measuring? Unobserved characteristics related to job?

The Study

Basis for Analysis

P081440

Q114: Now some questions on social relations.

Are you a member of any club or organisation, such as a sport or entertainment club, a local or neighbourhood group, a party etc.?

Yes 1
No 2
missing 9

P081450

Q115: How often do you talk to any of your neighbours?

On most days 1
Once or twice a week 2
Once or twice a month 3
Less often than once a month 4
Never 5
missing 9

P081460

Q116: We would like to ask how often do you meet people, whether here at your home or elsewhere. How often do you meet friends or relatives who are not living with you?

On most days 1 ⇒ P081480
Once or twice a week 2 ⇒ P081480
Once or twice a month 3 ⇒ P081480
Less often than once a month 4 ⇒ P081470
Never 5 ⇒ P081470
missing 9 ⇒ P081470

Strange Coding into a metric

- Leave as a dummy, or set of dummy variables

The answer to the first question is yes/no (and is attributed the value 1 or 0). The answer to the last two questions defines a frequency on a discrete support, as follows: 1. On most days; 2. Once or twice a week; 3. Once or twice a month; 4. Less often than once a month; 5. Never. In order to simplify the exposition of the results, we build an index measure as follows:

$$Z_{i,t} = I[X_{i,t} = 1] + I[X_{i,t} = 2] \cdot \frac{2}{7} + I[X_{i,t} = 3] \cdot \frac{2}{30} + I[X_{i,t} = 4] \cdot \frac{1}{60} + I[X_{i,t} = 5] \cdot 0,$$

where $Z_{i,t}$ is the index value for individual i at time t and $X_{i,t}$ the answer to the question. $I[.]$ is an indicator function that takes value 1 if the expression in brackets is true and 0 if it is wrong.²

Stick with binary variables! Do not construct a strange variable.

Analysis Suggestions

- Are we measuring “social capital” or simply soft skills and ability to deal with other persons?

- Non-random selection into “social capital”, unobserved individual heterogeneity?
- Divorce, death of partner.

- Do persons move - or - do entire households?

- Analysis could be at the household level
- Exogenous Unemployment affects moving probability, but mitigated by social capital?
- What effect does polarisation of unemployment within the household have?

- Identify “bread winners” or “decision makers”

- Define to be household head – identify his/her spouse: top male and female earners
- What happens when the HH decision makers become unemployed?

- 2 or 3 Eqns at household / person level

(1) Household moves (Y/N) : X, UE_Partner1, UE_Partner2, Social Capital + Interaction

(2a) UE_Partner1 (Y/N): Household head : industry / occupational indicators ...

(2b) UE_Partner1 (Y/N): Household spouse/partner :

Data Issues

- What about other information in the ECHP?

- Look at spouses who moved because of bread-winner partner to a new region? How do they find jobs? Compare MTBJ? Role of local info and local networks?

P080180

Q012: Why did you stop working in your previous job or business?

Job related reasons

Obtained better/more suitable job	01
Obliged to stop by employer (business closure, redundancy, early retirement, dismissal etc.)	02
End of contract/temporary job	03
Sale/closure of own or family business	04

Personal or other reasons

Marriage	05
Child birth/need to look after children	06
Looking after old, sick, disabled person(s)	07
Partner's job required move to another place	08
Study, national service	09
Own illness or disability	10
Wanted to retire or live off private means	11
Other reasons	12
missing	99

Data Issues

- What about other information in the ECHP?

- **Reasons** for not working?
- Many reasons having nothing to do with social capital

P080180

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Data Issues

- What about other information in the ECHP?

- Can Social Capital get you a better job or promotion?

P080180

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Analysis Suggestions

- **Given that you became exogenously unemployed, how are you able to find another job?**
- **Can persons with unobservably poor “people skills” still benefit from social capital?**
- **Can you rely on the help of family, extended family and friends?**
- **Do you receive any informational benefits, about**
 - **where to look for jobs,**
 - **jobs where you have to know somebody first (union insiders, family member in union)?**

Analysis Suggestions

- What about additional information in the ECHP?

- Role of family and friends in **getting** a job?
- Given that one was exogenously unemployed, how do friends help to get reemployed?

P080100

Q007: By what means were you first informed about your present work?

By applying to the employer directly (including approach by an employer)	01
By inserting or answering adverts in newspapers, TV, radio	02
Through employment or vocational guidance agency	03
Through family, friends or other contacts	04
Started own business or joined family business	05
Other answer (please specify)	06 – 96
Not applicable	97
missing	99

More work needed

Role of Social Capital in UE is not convincing!

- First stage of analysis questionable
- Requires more detailed info at the **FIRM LEVEL**,
social capital at the **FIRM**
- Just don't have adequate info in the **ECHP**

**How can we combine “hard” exogenous variation with
“soft” social capital?**

- sounds more promising

How do we control for unobserved heterogeneity?

Focus on one issue – no “Red Herrings”

Info on second languages (also at work) ?

Is the ECHP a good enough data set?