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Pathways from Jobs to Social Cohesion

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Abstract

There is growing recognition that access to good jobs is an important driver of social cohesion. While economic dimensions of labor market outcomes are relatively well documented, evidence on the link between social cohesion and jobs is still surprisingly scarce. This paper, based on an earlier background report for the WDR 2013, presents empirical evidence for pathways between labor market outcomes and social cohesion. The findings indicate that formal employment is associated with a range of social outcomes and behaviors that are typically associated with higher levels of social cohesion. However, there are also indications that this relationship varies across dimensions of social wellbeing. In particular social interactions and political activism among those in regular employment can either improve the quality of aggregate institutions or deepen existing social divides

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PATHWAYS FROM JOBS TO SOCIAL COHESION

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I. Introduction

There is growing recognition that access to good jobs is an important driver of social cohesion. The World Bank's 2013 World Development Report on Jobs discusses the link between jobs and social cohesion as one of the three central pillars of its multidimensional framework, in addition to living standards and productivity (World Bank 2013, henceforth WDR). In a similar vein, the OECD, in its recent flagship report on social cohesion, argues that labor market outcomes are critical determinants of social stability, both because they influence the level and distribution of labor earnings and because jobs are critical loci of social interaction (OECD 2011: 154).

While economic dimensions of labor market outcomes are relatively well documented, evidence on the connection between jobs and social cohesion is still surprisingly scarce. Sociologists have traditionally discussed social cohesion as a wider concept, related to, but in no way limited to class and status divides grounded in occupational categories (Norton and de Haan 2012). Recent research on social cohesion by economists has also focused on wider societal outcomes – like levels of trust, civic attitudes or the quality of political institutions (see Knack and Keefer 1997, 1995, Easterly et al. 2006, Easterly and Levine 1997, Rodrik 1999). However, few of these studies have analyzed specifically how behaviors and interactions that relate to social cohesion vary along with people's employment situation.

This paper, based on an earlier background report for the WDR 2013 on Jobs (Wietzke and McLeod 2012), seeks to fill the gap by discussing possible pathways between jobs and social cohesion. Following the WDR and the OECD recent report on the subject I distinguish between a narrower and a broader definition of social cohesion. The narrower definition focuses on the capacity of societies and groups to peacefully manage possible collective action problems (WDR 127ff, Woolcock 2011). This involves a concern with subjective outcomes like trust and wellbeing, as well as with 'bridging' professional relations that enable individuals and groups to communicate and collaborate across potentially divisive social and ethnic lines. The wider definition includes notions of social inclusion and mobility (OECD 2011, Club de Madrid 2009). This addresses concerns about social and political institutions that limit equal participation in the labor market (Silver 1994, Hills et al. 2007). The two definitions are linked because a fair distribution of social and economic opportunities is often identified as a primary source of peaceful relations between relevant

social groups in modern capitalist societies (see for example de Barros et al. 2009, Collier et al. 2003).

The paper integrates recent cross-disciplinary literature on these different dimensions of social cohesion in three steps. After a brief review of earlier writing on labor markets and social cohesion, I first discuss social barriers that limit access to and mobility within the labor market. Following the long tradition of sociological and economic research on the subject I focus on obstacles to mobility that are related to class and social background, as well as on group-level and neighborhood interactions that are often linked to experiences of social exclusion and the breakdown of peaceful group relations.

In the next step I discuss the potentially transformative functions of jobs. The WDR and the OECD's report on social cohesion both note that jobs can contribute to social cohesion by generating social relationships and identities across potentially divisive social and ethnic boundaries (WDR 126ff, OECD 2011: 154). This is because the work place and markets often offer opportunities for social interactions that extend beyond narrower voluntary contacts in people's neighborhoods or civic associations (Kilroy 2012, Mutz and Mondak 2006). Jobs can also contribute to important non-monetary dimensions of social development now targeted by policy makers, such as life satisfaction or social and institutional spills overs (OECD 2011: 155ff, WDR 85f). I focus on differences in life satisfaction across individuals of different employment status, as well as on possible wellbeing spill overs that reduce differences between groups with uneven attachment to the labor market.

The last step discusses possible political threats to social cohesion. Political scientists and economists have traditionally been concerned that collective action problems and resulting lower levels of political organization among the unemployed may lead to very deep political divides across groups in the labor market (see for instance Lindbeck and Snower 2002, Olson 1982). These differences can be exacerbated, if groups with better attachment to the labor market use their superior social and political contacts to promote policies of worker protection over costlier employment policies that facilitate entry of outsiders into the labor markets (King and Rueda 2008, Rueda 2005, 2006). From a social cohesion perspective the primary challenge for policy makers is to implement policies that protect the interests even of groups who are less vocal in the political arena. Only integrated policies that address directly

the root causes of uneven skills distribution and mobility prospects are likely to reap the full benefits from the potential transformative functions of jobs.

The review produces relatively convincing evidence for many of the postulated pathways between social cohesion and labor markets. For instance, research on intergenerational mobility suggests that parents' occupational background is of decreasing importance as a determinant of economic opportunity (even though there are contrasting results for other dimensions of family background like education or income). Likewise, ethnographic and survey research on work-related interactions provides strong illustrative examples that shared interests and interactions in the work place can help bridge social divides. However, evidence is much more limited when it comes to demonstrating that these separate effects link up to producing more cohesive societies at an aggregate level. Typically, the transitions from individual work-related experiences to the quality of aggregate social relations are mediated by a multitude of wider social and economic influences. These results suggest that, from a social cohesion perspective, individual work-related experiences are probably best studied in conjunction with aggregate social wellbeing outcomes and institutions. Purely micro-level analysis, based on individual wellbeing effects of jobs alone, may overlook aggregate outcomes and interactions that are crucial for understanding why some societies manage to maintain high levels of social cohesion and others not.

A related lesson is the relatively tentative nature of much of the evidence on the outcomes of social relations around jobs. Research on economic consequences of jobs traditionally has to struggle with well-known selection problems, as better skilled or more motivated people may select into better jobs. These problems are typically magnified in the analysis of social interactions and network effects that tend to dominate the recent debate literature on jobs and social cohesion. To this point relatively few studies have been able to deal conclusively with these endogeneity issues. The review therefore concludes on a cautiously optimistic note: while there are strong indications that jobs can have the postulated positive consequences for social cohesion, typically more careful analysis is required to substantiate these claims with robust evidence.

II. Earlier debates on labor markets and social cohesion

Previous scholarship has taken multiple approaches to the interaction between social cohesion and labor markets. First, what I will call the 'social atomization' view in sociology, has focused on processes of labor market stratification and social segregation that undermine individual opportunities and mobility experiences. This view highlights the potentially divisive consequences of increased professional specialization and the division of labor. Other contributions emphasize potentially positive consequences of work-related interactions and identities. This includes the type of 'bridging social relationships now emphasized in policy debates on social cohesion and jobs, as well as political and institutional solutions for conflict resolution often linked to more inclusive labor market and social protection policies.

Sociological research of work-relations has traditionally been dominated by the social atomization view. Marx famously predicted that workers who are solely in command of their labor would inevitably rise to secure a larger share of the economic surplus. Marx's ideas of societies that are divided between economically-determined classes still play an important role in the work of some contemporary analysts of capitalist relations and politics (see for instance Wright 1979, 1997). Durkheim and Weber, often considered as the founders of 'modern sociology', also struggled with the question how functionally integrated societies could maintain their internal coherence through the capitalist transformation. Weber in particular noted that the rise of capitalist relations would undermine traditional socio-political orders, replacing them with new orders of social stratification and rational-legalistic systems of bureaucratic rule (for an overview of classical sociological literature see Norton and de Haan 2012).

More recent sociological work has elaborated the atomization argument against the background of increased international economic integration and rising wage inequalities (Norton and De Haan 2012). A large literature on 'social exclusion' in Europe argued that macro-economic transformations, such as slowing economic growth and a shift out of manual work would diminish economic opportunities of lower-skilled workers and undermine formal and informal systems of solidarity (Alphonse et al. 2008, Byrne 1998, Castells 1996, Hills et al. [eds.] 2002, Paugam 1996, Silver 1994). In the US and Latin America similar arguments have been made in the context of growing trends to residential and racial segregation around deprived inner-city neighborhoods (Wilson 1987, see also Anderson 1999 Borjas 1995, Caldeira 2000, Katzman et al. 2004, Loury 2002).

More positive arguments about the consequences of jobs have emerged in the context of recent research on social interactions and networks. The large literature on social capital that has begun to dominate international debates on social development in the 1990s has traditionally considered the link between jobs and social outcomes as a two-way relationship. People's access to jobs (and other economic and social outcomes) is determined by their social background, their network of friends and contacts (Bourdieu 1984, 1986, Granovetter 1973, 1974, see also Coleman 1988). But contacts and interactions in the work place can also generate trust and 'bridging' social ties that help people to collaborate across potentially divisive ethnic and social boundaries (Kilroy 2012, Varshney 2002, Woolcock and Narayan 2000, WDR 2013: 126ff).

Cross-country studies suggest that these types of social relations can contribute to improved outcomes at the aggregate level. Key proxies of peaceful social relations, like average levels of self-reported trust, or 'civic attitudes', are typically robustly and positively correlated with national growth rates and stability (Delhey and Newton 2003, Easterly et al. 2006, Knack and Keefer 1997, Putnam 1993, Woolcock and Narayan 2000.)[1] Instrumental variables used in these studies further suggest that the extent of trust, civicness or social capital in a society is related to initial levels of fractionalization between ethnic groups, as well as to historical inequalities and middle class sizes (Easterly 2001, Easterly and Levine 1997, Easterly et al. 2006, Knack and Keefer 1997, Rodrik 1999, see also Larsen 2007, Rothstein and Uslaner 2005).

Even though these studies do not typically account directly for labor market outcomes, some evidence on the link between jobs and social cohesion can be gained from research on social and labor market policies. In political science a large comparative literature on welfare state regimes and capital-labor relations argues that higher levels of equality and social cohesion in countries like Sweden or Denmark are explained by historically less confrontational relations between workers and employers. These successes have been attributed to more effective institutions for the mediation of employers' and workers' interests, as well as to more generous social protection policies that redistribute the benefits of growth between winners and losers of economic reform (Esping-Andersen 1990, Huber and Stephens 2012, Iversen and Soskice 2009, Larsen 2007, Lindert 2004, Rothstein and

[1] Evidence for social capital is less consistent. Delhey and Newton (2003) and Knack and Keefer (1997) find no positive effects of the density of social associations on economic development.

Uslaner 2005).[2] More recently a widely noted contribution by Acemoglu and collaborators (2012) describes variations in social cohesion and labor relations as equilibrium outcomes of the international division of labor. According to the authors Scandinavian societies are able to maintain their more 'cuddly' forms of capitalism by free-riding on technological innovations generated by nations (like the US or UK) with more liberal and competitive labor markets.

The flip side of these more collaborative arrangements is that also advanced levels of welfare state development and worker protection can go along with very deep divides within the working-age population. On the one hand collective bargaining over work conditions and social policies can lead to higher levels of social cohesion if institutions and policies are put in place to share the benefits of economic growth, even with groups with weaker links to the labor market. On the other hand, the negotiation of employment conditions can result in deep divides if those in protected positions prioritize their interests in job security over the broader goal of ensuring wide participation in the labor market. The consequences can be labor market and social protection policies that favor interests of labor market 'insiders' at the price of very high barriers of entry into the labor market (Lindbeck and Snower 2002, King and Rueda 2008, Rueda 2005, 2006).[3]

III. Links between jobs and social cohesion discussed in this paper

Even though the literature has documented many potential connections between labor markets and social cohesion systematic evidence on these interactions is often surprisingly scarce. Detailed links between individual level work histories and macro-economic labor market trends are obviously difficult to establish. Most studies of social development have thus treated labor market dynamics as an influence that operates in the background, without rigorous exploration of their precise effects on social outcomes. Likewise, at the micro level, many recent advances in research design that enable analysts to identify causal effects of work on household economic welfare have not yet translated into the dimensions of interest in the context of social cohesion. For example, panel surveys, which provide increasingly

[2] Theoretical models have variably explained these outcomes to partisan politics and class-related distributive bargaining between capital and labor (Esping-Andersen 1990, Huber and Stephens 2012, Korpi 1983, Lindert 2004), or to functional responses of employers to changing demands for skills and security (Hall and Soskice 2001).

[3] Workers and employees in protected long-term contracts are typically defined as 'insiders'; individuals in non-permanent jobs as 'outsiders'. However, the literature is divided over the precise definitions (Lindbeck and Snower 2002).

robust information about the role of jobs for individual trajectories out of poverty, only infrequently report social indicators like trust or social and political activities. This has made it difficult to link work-related experiences to individual behaviors and attitudes that are normally associated with higher levels of social cohesion.

In the light of these limitations evidence for this paper primarily comes from research that has explored narrower aspects of the jobs-social cohesion relationship. In sociology and economics there is now a large and increasingly rigorous scholarship that provides estimates of social and economic barriers to social inclusion and mobility in and around labor markets. Other survey-based and ethnographic research has analysed how widely used indicators of social cohesion, such as trust, civic associations and subjective wellbeing, vary along with employment status. While these studies do not typically permit claims that work *causes* differences in social outcomes, they provide a first indication how experiences and behaviours related to social cohesion differ across relevant groups in the labor market.

For the purpose of this review a useful starting point is a simplified framework of the interaction between social and political institutions and labor market outcomes (Figure 1.) Starting from the the 'social atomization' view in sociology I first discuss social processes that influence selection into the labor market. The evidence reviewed here concentrates on the rich interdisciplinary literature on occupational and earnings mobility, as well as on group- and location-specific influences, such as residential and social segregation. These processes relate primarily to the broader inclusion-centered definition of social cohesion used in this paper. However, there are also theoretical reasons to argue that unfair social barriers to work can facilitate conflict and the breakdown of peaceful group relations.

The next section discusses the potential positive consequences of jobs for social cohesion. Drawing on literature on social capital I will argue that, once people are in work, associations and interactions made in and around the work place can contribute to social cohesion by forging ties across otherwise divisive social or ethnic barriers. I discuss these outcomes with the help of survey and ethnographic evidence on social associations and relations of trust shared by members of the work force, as well on the relevance of these experiences for inter-group and –ethnic relations. Other positive effects of jobs reviewed in the article include work-related life satisfaction. Among policy makers subjective wellbeing is increasingly regarded as a central indicator for non-monetary dimensions of economic and social development (OECD 2011:55ff, Dolan and Metcalfe 2012). I discuss differences in

subjective wellbeing between the employed and unemployed, as well as possible social interactions and spill overs that influence the likelihood that experiences of joblessness translate into conflict.

The third step seeks to identify consequences of labor market segmentation and work-related interactions for the negotiation of employment and social policies. Following the literature on 'insider politics' I focus on the possibility that people in more secure jobs use their superior social relations to advance their own interests of worker protection. The evidence reviewed includes micro-level data on political attitudes and preferences of the employed and unemployed as well as comparative analysis of labor market policies. The section concludes by discussing social protection and employment policies that help to overcome deeper social barriers to equal participation in the labor market.

Figure 1: Pathways discussed in the paper



IV. Social institutions and unequal access to jobs

Under the framework outlined above the first link is from social institutions to jobs. In the language of economics this works primarily through the uneven selection of individual into different sections of the labor market. Some workers, because of their disadvantaged background, face a lower likelihood of permanent employment or upward mobility in the labor market. The key mechanisms involved are class or identity related inequalities in human capital endowments and career trajectories, as well as identities and behaviors associated with group- and location-based processes of social segregation.

Occupational mobility

Under the social atomization perspective of classical sociology there is a long tradition of linking class background to individual mobility experiences. In particular the Weberian tradition in sociology has related class and status background to differences in individual 'life chances'. These status-related opportunities are manifest in the skills and human capital different status groups bring to the labor market, as well as in broadly similar earning expectations, levels of security, chances of advancement, and relations of control and autonomy that are observable within certain categories of occupation (Breen and Rottman 1995, Erikson and Goldthorpe 1992, Grusky and Weeden 2006, 2007). Conceptually this association between class-related endowments and individual outcomes works in similar ways as in the growing economic literature on opportunity equality (see for instance Bourguignon 2006, Roemer 1998, Sen 1985): 'In both cases emphasis is placed on the opportunities that a given set of endowments affords, thus leaving open the possibility that such opportunities may be exercised or realized in different ways (depending on preferences or "luck")' (Grusky and Kanbur 2006:17).[4]

Economists, albeit less concerned with notions of class, also recognize that socially inscribed status roles and identities can influence social and economic outcomes. Akerlof and

[4]Grusky and Kanbur (2006) go on to note that a class-analytical lens may help to resolve many analytical challenges of poverty and inequality analysis that have arisen in the wake of the recent literature on capabilities and multidimensional wellbeing; including the possibility of summarizing multiple personal attributes in a single measure of social or occupational class (see also Grusky and Weeden 2007).

Kranton (2000) have argued that social identities, including how people view themselves and others, can have an important effect on individual behaviors and opportunities. They suggest that the incorporation of socially prescribed identities and behaviors into the utility function help explain a range of outcomes that contribute to inequality and stratification, such as gender discrimination or the economics of social exclusion and poverty. Loury (2002) has argued in the context of racial inequality that stereotypes about Afro-Americans not only influence employers' attitudes towards black applicants. They also alter the behavior and expectations of Afro-American workers themselves. These arguments receive some support from experimental studies, which show that members of disadvantaged groups generally perform less well, when they are primed about relevant social identities (Steele 1997, Steele and Aronson 1995).

The strongest evidence about the role of social background for occupational opportunities is found in the cross-disciplinary literature on intergenerational mobility. In sociology there is a large and diverse body of literature for industrialized countries that documents often substantial parent-child correlations along ordinal social status categories or discrete occupational classes (see for example Blau and Duncan 1967, Grusky and Di Prete 1990, Featherman and Hauser 1978, for earlier reviews of this literature see Morgan et al. [eds.] 2006, Bertaux, D. and P. Thompson [eds.] 1997). Because parental background is not freely chosen these studies can argue with relatively strong credibility that systematic correlations between father-son pairs reflect unfair disadvantage associated with family circumstances. In economics there are equally large bodies of research on economic mobility and opportunity equality. These studies variably document family-related differences in the education and human capital of children and young workers (for overviews see Bourguignon et al. 2007, 2007a, World Bank 2006), and in the earnings expectations of young workers (Azevedo and Bouillon 2006, Bowles et al. [eds.] 2005, Ferreira and Gignoux 2008, Ferreira and Veloso 2003, Roemer 2002).

Analysts have made important progress to overcome methodological objections to the study of intergenerational mobility. For example, concerns that changing incomes over the life-cycle introduce measurement error in the estimation of father-son correlations are now routinely addressed in the literature on earnings mobility (Azevedo and Bouillon 2009,

Ferreira and Veloso, 2006).[5] However, for a variety of reasons, mobility literature still faces some limitation in documenting specific links between labor markets and individual opportunities. Sociologists have often treated occupational class as a mostly nominal construct, with less attention paid to the operationalization and empirical tests of the concept.[6] This has contributed to the segmentation of the field, which often makes it difficult to compare and evaluate results across studies (Grusky and Kanbur 2006, Morgan 2006). Economists, on the other hand, have typically studied questions of status and social mobility in the broader dimension of income. This more general approach provides only limited insights into mobility trajectories for specific occupational classes (see for example Bowles et al. [eds.] 2005. For exceptions see Bossuroy and Cogneau 2008 and WDR: 136).[7]

Another problem is the difficulty of linking individual mobility experiences to aggregate labor market developments. In advanced economies, like the US, a number of longer-term studies have suggested that the importance of class-based advantage diminished during the period of relatively steady post-war growth (Featherman and Hauser 1978), and even in the more volatile decades of the 1970s and 1980s (Grusky and Di Pretre 1990, Hout 1988). These studies also suggest that returns to experience and schooling increased during the same period for men, but less so for women. However these claims are usually not based on systematic analysis of the interaction between individual mobility trajectories and specific labor market dynamics or policies. Outside of advanced economies evidence is even more limited, since the data series on mobility trajectories are typically too short to permit meaningful comparisons with macro-economic changes (Azevedo and Bouillon 2009).

A more general concern for the purpose of this paper is that it is often not clear how unfair limitations to individual mobility influence more narrowly defined aspects of social cohesion, such as inter-group relations. On the hand it is notable that countries with less conflictual social relations, like the Nordic nations or Canada, typically emerge in international comparisons as the societies with the highest levels of mobility (Azevedo and Bouillon 2009, Figure 2). Evidence and theoretical reasoning from developed and developing countries further suggests that low prospects for upward mobility increase the risk of crime or

[5] More precisely this is typically done by estimating least-squares regression of sons' earnings on fathers' earnings controlling for ages for both generations or by constructing measures of permanent income for fathers and sons (Azevedo and Bouillon 2009, Ferreira and Veloso, 2006).
[6] There are of course exceptions. See for instance Ganzeboom and Treiman (1996).
[7] This happens mostly for operational reasons. However, it probably also has to do with the traditional preference of economists for income based measures of inequality (Grusky and Kanbur 2006).

violent conflict (see below, as well as Collier et al. 2003), and that populations generally object more strongly to perceived inequalities in opportunity equality than to inequalities in outcomes (see for instance Gaviria 2007).

On the other hand already casual observation suggests that there are many instances where societies can maintain high levels of social stability; even in the face of very persistent disadvantages for certain groups. Even people who feel they are currently disadvantaged may express strong support for existing institutional arrangements if they perceive (mistakenly or correctly) strong chances for their own future upward mobility (Hirschman 1973, Picketty 1995). In other cases individual responses to limited mobility prospects will be influenced by other social interactions and contexts. These additional influences are only incompletely captured by purely household-specific estimates of intergenerational mobility and thus require more complex approaches that also take into account the presence of intervening social institutions. The following paragraphs and the section on subjective wellbeing below will discuss more evidence on these contextual influences.

Social segregation

While social limits to occupational mobility have been seen as the primary threat to social cohesion in the earlier sociological literature more recent contributions have focused on processes of social and residential segregation. Typically these studies make more direct claims about the breakdown of peaceful group relations than the literature on occupational mobility. The sociologist Wilson observed in the late 1980s that the concentration of impoverished disadvantaged black families in deprived inner city neighborhoods in the US increasingly led to a breakdown of social ties and interactions across ethnic and status divides (Wilson 1987). According to Wilson these segregation processes helped to perpetuate racial and economic inequalities because they led to a loss of social role models, social isolation, and a tendency for inner-city youth to engage in 'deviant' behavior such as school drop-out, joblessness or drug abuse.[8]

[8] Wilson's work on urban poverty triggered a large cross disciplinary literature on the social consequences of residential segregation. This research has provided additional qualitative case studies and quantitative evaluations of the effects of social isolation on social relations, education, and economic opportunities of residents of deprived neighbourhoods (see below, as well as Anderson 1999 Borjas 1994, 1995, Durlauf and Young [eds.] 2001, Evans et al. 1992, Loury 2002). The literature on social exclusion has also associated the breakdown of social relations with processes of residential segregation.

Subsequent research illustrated how these experiences of social isolation can undermine social relations and cohesion. For example a study that followed youths in poor urban neighborhoods in Ecuador over time found that those involved with in violent gangs had joined 'because they were searching for the support, trust, and cohesion—social capital—that they maintained their families did not provide, as well as because of the lack of opportunities in the local context.'(Moser 2009, cited in the WDR 132f). Similar evidence has been presented for youths in the US, where a street code based on demonstrations of individual strength and the ability to 'command respect' from others had emerged as 'a cultural adaptation to a profound lack` of faith in the police and the judicial system' (Anderson 1999: 34).

Processes of residential and social segregation involve social transformations that reach well beyond the economic processes typically studied in the context of labor market analysis.[9] Notwithstanding this broader focus there are some indications that social segregation has direct impacts on labor market outcomes. In developed economies a number of studies have illustrated that living in deprived neighborhoods is associated with much more frequent and more extended experiences of unemployment and education and earnings (Borjas 1995, Cutler and Glaeser 1997, van Ham and Manley 2010).[10] In Latin America there is a large literature that argues that rising unemployment rates and the wide-spread loss of manufacturing jobs in the formal sector during the structural adjustment of the 1980s and 1990s contributed to social and residential segregation, with consequences similar to those described for developed countries (Baker 2001, Caldeira 2000, Fadda et al. 2000, Katzman et al. 2004, Katzman and Retamoso 2007).[11]

In other developing regions the rich literature on community development and social capital also suggest that social interactions and associations can vary across entire communities in ways that directly influence individual economic and professional prospects. Individuals in better connected communities are often embedded in the type of 'bridging' social relations that provide access to insurance, information on jobs and commercial opportunities or mutual learning (see below, as well as Minten and Barrett 2008, Udry and

[9] In the language of class analysis concerns about social segregation often go a long with a shift in focus from conventional class categories based on occupational categorization alone to alternative social attributes like low education, dysfunctional family structures, and social exclusion (this is generally summarized under the broader term 'underclass', see for example Grusky and Kanbur 2006:14).
[10] Most of these studies document neighbourhood effects in interactions with racial inequalities.
[11] Other case studies document community-level social costs of economic downsizing in more recent time periods. See for example Dudwick 2012, WDR: 132f.

Conley 2004, Vasilaky 2010). This is in contrast to poorer communities, where social associations tend to be of the 'strong' or 'binding type' that tend to undermine individual initiative and rarely provide contacts to jobs or insurance outside the immediate community (Barrett 2005, Woolcock and Narayan 2000).

However, while this literature often provides compelling illustrations of the social costs of the spatial concentration of poverty it typically cannot show that segregation has negative impacts beyond individual or household-level sources of disadvantage. In particular the causal identification of the consequences of local peer group interactions has been very difficult, due to the possibility of self-selection of disadvantaged and lower skill households into impoverished communities and networks (Aaronson 1998, Evans et al. 1992). Other problems concern the difficulty of distinguishing effects of peer group interactions from other contextual influences shared by all members of a local group or community (Durlauf 2006, Durlauf and Young [eds.] 2001, Manski1993, 2000).

To this date the most robust evidence is provided by studies that use government interventions into residential choices as 'quasi-experiments' to identify the effect neighborhoods on individual outcomes. A recent study of a Swedish government program that randomly assigned refugees to areas with different degrees of job availability found that individuals placed in areas with fewer work opportunities had lower employment levels, which often persisted almost a decade after the intervention (Aslund et al. 2010, the authors find that doubling the number of jobs in the initial location is associated with 2.9 percentage points higher employment probability 9 years after the program). Evaluations of the widely-cited US-based 'Moving to Opportunity Program' showed that families from deprived inner city neighborhoods who were randomly allocated vouchers to move to non-poor census tracts had lower adult unemployment rates (Rosenbaum and Harris 2001: 338), reduced adolescents arrest for violent crimes (Ludwig et al. 2001),[12] and a lower prevalence of injuries or personal crimes after the intervention (Katz et al. 2001).

However, it is important to note that the evidence available so far is only limited to families that used the vouchers, making it difficult to extrapolate findings to the broader population of the poor (Durlauf 2006: 161). Moreover, results from these quasi experiments are not always fully consistent. For example, another study of the Moving to Opportunity Program by Katz et al. (2001) found no effect on adult employment rates, earnings or welfare

[12] Ludwig et al. (2001) found a reduction in arrest rates between 30 to 50 %.

usage, even though there were other positive effects on health and behavioral outcomes for children and adults. Overall, the literature should thus be read as providing suggestive evidence that processes of residential segregation add to inequalities and exclusion in and around the labor market. But in most cases more rigorous research is needed, to identify the robustness and precise magnitude of these impacts.

V. The transitional role of jobs

The second link under the framework in Figure 1 involves pathways from jobs to social cohesion. Once people are in work, jobs can play an important transformative function for social development outcomes. The next paragraphs discuss these transformative functions, by reviewing evidence on the impact of work-place interactions on 'bridging' social relationships. In addition, I examine the association between jobs and subjective wellbeing and the social and policy contexts that influence this link.

Labor markets and social interactions

There is rich anecdotal evidence from the literatures on political partisanship and ethnic conflict that interactions in the work place can bridge social divides. These arguments are typically based on the idea that the atomizing effects of social identities and segregation are less severe in the work place than in the choice of neighborhoods or social associations (Kilroy 2012, Mutz and Mondak 2006: 141). Because people typically have fewer opportunities to choose their co-workers, and because business relations are often entered out of economic necessity, jobs can provide the opportunity to encounter people of very different ethnic and social backgrounds (WDR: 126).

Probably the strongest potential to overcome social barriers in and around jobs arises from the type of social and civic associations highlighted in the literature on social capital (Granovetter 1973, 1974, Woolcock and Narayan 2000). Analysis of a large sample of responses from the World Values Survey data by Wietzke and McLeod (2012) finds that across countries at different income levels those in work and more autonomous jobs generally participate in more associations.[13] The results of this study should only be considered as

[13] As with SWB the effect of unemployment gradually declines from high to low income countries but it is still borderline significant in the poorest nations. Similar results are reported for job quality and autonomy.

indicative as it is based on simple cross-sectional correlations that cannot account for possible selection of more socially enterprising individuals into better jobs and social networks. Another more robust analysis of Indonesian survey data that tracked people's level of community participation over time found that men and women who became unemployed between 2000 and 2007 were less likely to be involved in community activities (controlling for personal attributes). In some locations this result was observed in spite of a general increase in community activities, indicating that individual and household effects of unemployment can influence personal social outcomes, independent of social and community contexts (Giles et al. 2012).[14]

Related survey analysis from the US indicates also provides support for the hypothesis that workplaces involve greater exposure to people of dissimilar perspectives or race than family relations or social activities (2013, Mutz and Martin 2001, Mutz and Mondak 2006). Kilroy (2011) finds in Trinidad and Tobago that for between 81 and 41 percent of study respondents work brought them into contact with people of a wider range of races than their social life. These studies also tend to show positive effects of work-place interactions on political tolerance and dialogue, even though the usual concerns about self-selection and measurement error apply (see below, Mutz and Mondak 2006, Banaszak and Leighley (1991).

Anecdotal evidence and ethnographic studies suggest that professional and commercial interactions can reduce the risk of conflicts between groups that usually entertain tense relations (Dani et al. 1999, Kilroy 2012, see also Pickering 2006). A widely cited study by Varshney (2002) found that economic interdependence of Muslims and Hindus through business organizations, trade unions, political parties, and professional associations, helped avert outbreaks of ethnic violence in some Indian cities, while ethnic riots were more frequent in less interdependent cities. Survey research from Bosnia and Herzegovina and the former Yugoslav Republic of Macedonia, documents that the work place constituted the most important area for inter-ethnic cooperation, ahead of neighbourhoods and local social associations (Dani et al. 1999, Pickering 2006, WDR 2013: 15). Other examples of business relations between Greeks and Turks during the war in Cyprus, or smuggling between

[14] Note however, that this study could not account for possible time variant personal attributes that could simultaneously influence respondents' employment status and their social relations. Examples are illness or other short-term economic shocks.

Kosovo-Serbs and Kosovo-Albanians suggest that professional interests can trump over ethnic antagonisms, even in the most hostile political environments (Kilroy 2012: 9).[15]

Although most of these examples are individually compelling, the evidence reviewed here comes with several caveats. While participation in professional interactions may not be entirely voluntary, the majority of studies reviewed here do not deal with the possibility of selection bias. For example in the majority of papers reviewed it is not possible to determine whether reported positive consequences of professional interactions are truly the result of work-related associations, or whether particularly trusting or 'socially enterprising' individuals have selected into relevant networks.

At a more fundamental level the literature on work-related interactions typically fails to deal with the possibility that wider societal benefits of work-related interactions are undermined by more basic processes of social stratification and segregation. If access to jobs is highly unequal, also the positive effects of work-based contacts are likely to differ across groups with uneven attachment to the labor market. Whether these positive effects are shared evenly across groups will depend on the extent of interdependencies between groups with higher and lower levels of labor market participation. In the worst case work-related interactions will deepen divides between labor market insiders and outsiders, without positive consequences for the distribution of opportunities or the extent of social segregation (see below).

Another problem is that it is not always clear whether social relations formed in the work place really have the potential to alter the nature of social relations to the extent argued in the literature. Social identities are usually multifaceted, and professional roles are complemented by multiple other sources of identification.[16] Whether identities and collaborative attitudes formed in the work place spill over into these alternative social domains is at least questionable (Kilroy 2012). A related difficulty is that it is often unclear whether trusting relationships and friendship created at work cause people to modify attitudes towards the entire group to which their colleagues belong. Studies that ask respondents about their levels of trust do not typically distinguish between generalized trust and views towards specific groups. This makes it much harder to assess whether and to what extent feelings of

[15] Economists have long recognized that economic interdependence lowers the likelihood of conflict (for an overview see Kilroy 2012).
[16] Moreover, work-related identities are of decreasing importance in many advanced industrial societies (Grusky and Kanbur 2006).

trust and association generated in the work place spill over into more peaceful group interactions at the aggregate level (Delhey et al. 2011, Kilroy 2012).

Jobs and subjective wellbeing.

Another increasingly widely investigated dimension of social development in the recent policy literature is Subjective Wellbeing (SWB, OECD 2011:55ff, Dolan and Metcalfe 2012). Earlier psychological research suggests that job satisfaction and financial security related to regular employment can be an important source of wellbeing (for an overview see Diener et al. 1999: 293). These psychological outcomes also typically emerge as important correlates of other dimensions of social cohesion in individual and cross-national research. For example personal self-esteem, trust, and social capital are usually strongly associated with SWB in international survey data (Helliwell and Putnam 2004, Kahneman 1999, see also Larsen 2007, Rothstein and Uslaner 2005).

From the perspective of this review SWB is particularly useful for summarizing the non-economic costs of uneven participation in the labor market. In high income countries there is already a large literature that documents often considerable differences in life satisfaction between the employed, the unemployed, and people in temporary jobs. One of the earliest studies on the subject found that the experience of joblessness in Britain 'depressed well-being more than any other single characteristic, including important negative ones such as divorce and separation' (Clark and Oswald 1994). Subsequent research also shows that these effects are typically robust to the inclusion of controls for income. This supports the often noted claim that unemployment also affects individual wellbeing through non-monetary channels, such as the loss of positive psychological rewards from work or the sense of exclusion from work-related interactions (for overviews and evidence see Darity and Goldsmith 1996, Di Tella et al 2001, 2003, Frey 2008). There are also fairly robust indications for this part of the world that the causal link flows from unemployment to subjective wellbeing. For instance, research carried out on German panel data suggests that the same individuals experience considerable reductions in life satisfaction when they lose their job (Winkelmann and Winkelmann 1998, Frey 2008: 47). Dawson and Veliziotis (2013) who use a similar panel design for the UK, find large difference in self-reported well-being between permanent and temporary employees that appear to be explained by less satisfaction with job security for the latter group.

Outside of the group of advanced industrial societies, trends are largely consistent in emerging economies with more evolved labor markets. Estimates on a pooled sample of survey respondents from Latin America show a clear and unambiguous effect of unemployment on reported life satisfaction, even when a range of personal and household attributes are accounted for (Graham 2008, see also Graham and Pettinato 2002). However, these findings are based on simple correlations. More robust evidence has been presented for Russia by Eggers et al. (2006). They find that the effect of personal unemployment on life satisfaction was four times worse than having experienced a divorce. Because this study is based on longitudinal data, it can also account for initial levels of life-satisfaction, mitigating some concerns about unobserved personal characteristics that often plague cross-sectional survey analysis of SWB.

In spite of the relative robustness of these effects at the individual level, there are many – often little understood – contextual influences that can determine how individual experiences of work and unemployment translate into social cohesion outcomes at the aggregate level. A well-known result from the cross country literature on life satisfaction is that average SWB does not improve with marginal increases in income once a certain level of material wellbeing has been attained (see Easterlin 1974, Easterlin et al. 2010, as well as Inglehart and Welzel 2005). This suggests that the described non-economic effects of unemployment may reflect realities in countries with more formalized labor markets that do not apply in the same to lower income nations with endemic poverty and a high incidence of informal and subsistence labor. For example the aforementioned correlation analysis of World Values Survey data by Wietzke and McLeod (2012) finds that the negative wellbeing effect of unemployment drops quite considerably as one moves from high and middle income nations to lower income countries, all accounting for the usual range of controls regularly used in the literature (such as income, education, age, or family status).[17] These results are consistent with a large body if economic research, which suggests that the primary channel out of poverty in low income nations is a transition from informal or agricultural work into more rewarding forms of wage-employment (for overviews see WDR 2013, Azevedo et al. 2012).

Beyond these economic influences social contexts also matter. For one, there is relatively strong evidence that social interactions and segregation processes described above

[17] The authors also find that an index that summarizes people's self-assessments of their work as involving manual or cognitive, routine or creative tasks and the degree of independence they have at work does not predict life satisfaction in low income countries.

also influence how individuals perceive the experiences of unemployment. Work by Stutzer and Lalive (2004) finds that the unemployed suffer greater losses to wellbeing in communities that display lower levels of tolerance towards welfare recipients.[18] At the same time several other studies suggest that the relative wellbeing losses of unemployment tend to be lower in segregated communities with higher unemployment (this holds for the UK, see Clark and Oswald 1994, as well as for Russia, see Eggers et al. 2006).[19] While these processes are still little understood, they indicate that the social interactions associated with extreme segregation also mediate how individual experiences in and around the labor market translate into personal social preferences. In some cases extreme segregation and the concentration of peer-group interactions within relatively harmonious communities can actually limit the social comparisons across social and status groups that are normally expected to increase the likelihood of conflict. However, these outcomes are clearly not desirable as they are accompanied by deep latent group divides.

Other research suggests that levels of wellbeing of the unemployed may be affected by spill overs and institutional and policy contexts. For example cross-country comparisons by Wietzke (2012) show that also nations with relatively protected labor markets and large relative wellbeing differences between the employed and unemployed, often have higher absolute levels of life satisfaction for those not in work.[20] In a similar vein descriptive analysis of wellbeing levels by Di Tella et al. (2003) documents that, while increases in unemployment benefits in Europe from 1975 to 1992 did not narrow differences in reported happiness between the unemployed and the employed, absolute levels of wellbeing rose for both groups (Di Tella et al. 2003).[21] These results suggest that social and policy-induced wellbeing spill overs could explain why even countries with relatively large differences between labor market groups often experience high levels of social stability over time

[18] The authors approximate these norms through local support for a national referendum about the reduction of unemployment benefits. The study accounts for possible local interactions between labor market outcomes and work norms with the help of regional fixed effects.

[19] This may also have to do with the fact that high unemployment rates tend to reduce subjective wellbeing of people with and without work simultaneously (Di Tella et al. 2001, Eggers et al. 2006).

[20] While based on non-experimental data this study mitigates endogeneity concerns through instrumental variable estimates and by linking personal wellbeing to national policy-contexts that are not under the control of individual respondents. Wietzke and McLeod (2012) also find that absolute levels of wellbeing of the unemployed follow similar cross sectional trends when mapped against an index of the stringency of labor laws, even though there are clear and stable differences compared to those out of work. They also speculate that weaker social protection policies and high unemployed often lead to a heightened sense of insecurity among the unemployed *as well as* those in work.

[21] The authors hypothesize that this result has to do with the reduction of the financial risks of unemployment for people in and out of work.

(provided the consequences for absolute wellbeing are sufficiently strong to 'offset' the negative consequences of social comparisons). However, these are again early results and more detailed and rigorous analysis is needed to better understand the social mechanisms and interactions involved.

VI. Insider – outsider politics

In the light of the preceding discussion a central question for the jobs-social cohesion link is how societies create the environments for positive interactions and spill overs that improve the wellbeing of all groups in society. Economic and labor market institutions clearly matter in this context. Economic theory suggests that societies with more consensual institutions are generally better able to absorb conflicts between winners and losers of economic and political transformations (Fernandez and Rodrik 1991, Alesina and Drazan 1991). This is supported by several empirical studies, which document that societies with more consensual institutions experience fewer and shorter economic crises (Rodrik 1999, see also Easterly et al. 2006), or that crises are at least not more severe than in otherwise comparable countries (Forteza and Rama 2006).[22] These more stable conditions have obvious advantages for all groups of society who will benefit from the absence of economic insecurity and volatility.

The flip side is that many of the positive consequences of work-based interactions can deepen social differences if they interact with existing economic divides and segregation processes. Political scientists and economists have long been concerned that collective action problems and resulting lower levels of political organization among the unemployed facilitate the emergence of policies that favor the interests of labor market 'insiders' over those of 'outsiders' (see for instance Lindbeck and Snower 2002, Olson 1982, Rueda 2005, 2006).[23]

[22] The recent review of literature on labor regulations carried out for the WDR 2013 concludes that, outside of extreme scenarios of excessive regulation or de-regulation, efficiency enhancing and undermining effects of labor market institutions can be found side by side (World Bank 2013:26, see also, Freeman 2008, 2009, and OECD 2011).

[23] Reviews of labor market policies provide some indications that this is indeed the case. In most countries labor market regulations disproportionally benefit young males to the detriment of other more vulnerable groups (OECD 2011, WDR 2013, Lindbeck and Snower 2002). Similar evidence is found by Heckman and Pages (2000) for Latin America where job security provisions are comparatively costly (OECD 2011: 162) and by Botero et al. (2004) at the cross-national level.

These ‘insider’ politics can be reinforced if the described positive effects of work-related interactions interact with existing segregation processes: Psychological rewards and social capital associated with work-place interactions may only benefit those who already have better economic opportunities. This not only increases differences between the employed and unemployed but also potentially undermines successful collective action across groups with uneven access to the labor market.

Micro data provides some indicative support for these processes. The aforementioned correlation analysis by Wietzke and McLeod (2012) indicates that people who derive positive experiences and self-esteem from their work are more likely to engage constructively with public institutions. The authors document that those in work are more likely to participate in demonstrations or to sign petitions. These results hold across a wide sample of nations, even though the estimates are less robust in lower income countries. People in higher quality jobs also tend to be more politically active in all sub-samples, except low income countries.

Other contributions suggest that lower levels of political activism among the unemployed also go along with political attitudes that can undermine support for political institutions. Cross-country correlation analysis of World Value Survey data by Altindag and Mocan (2010) documents that the unemployed tend to hold more negative views about democracy and stronger preferences for rogue leaders.[24] The authors also find that high and sustained rates of unemployment undermine collective trust in democracy. The results are based on simple cross-sectional correlations only. However, the findings are broadly consistent with earlier research on electoral behavior, which suggests that support for incumbent representatives declines with deteriorating personal economic conditions (Markus 1988, Nannestad and Paldam 1997) and weaker macro-economic outlooks in a constituency (Kramer 1971, see also Stigler 1973).

There are indications that these uneven levels of political engagement also go along with the sort of insider-outsider differences over labor market policies often discussed in the political economy literature. Contrary to conventional political economy models, which tend to assume that labor and social democratic movements share a common concern with unemployment, workers are often deeply divided over labor market polices. Survey responses by labor market ‘outsiders’, who are defined by insecurity of their work contracts, indicate a

[24] However, Wietzke and McLeod (2012) find no systematic associations between employment status and self-expressed confidence in the government and democratic institutions.

stronger preferences for employment generating 'active' labor market policies, such as public employment centers and administration, labor market training, or subsidized employment. This is in contrast to labor market insiders, defined by the security of their contracts, who tend to prefer stronger measures of worker protection and lower tax-spending on employment policies (Rueda 2005, see also Rueda 2006).[25] Other studies, based on larger samples of countries, suggest that lower skilled members of the work force tend to report stronger support for government redistribution (Haggard et al. 2013, see also Blanchflower and Freeman 1997, Corneo and Gruner 2002, Cramer and Kaufman 2011).

Cross country comparisons of labor market policies suggest that these differences in behaviors and political preferences are reflected in actual political outcomes. Even among social democratic or labor-dominated governments there are well-documented examples of policies that favor protection of the interests of labor market insiders over active employment generating policies (Rueda 2005, 2006, Shayo 2009). These outcomes are attributed to higher levels of political activism and stronger aversion to costlier employment generating policies among the former group (Rueda 2005, 2006). In addition, outsider-friendly policies often fail to materialize because of the existence of social associations and alliances outside of the labor market.[26]

In the literature on social exclusion similar arguments have been made about social policies towards low-skilled, temporary workers. In particular 'workfare' programs designed to restrict access to social benefits and to push recipients into the labor market are often blamed for the perpetuation of precarious low-paid work relations, as these interventions have the potential to interrupt individual employment histories and skills acquisition (King and Rueda 2008: 279, McKnight 2002). This can result in a 'reserve army' of workers in low cost, flexible and temporary jobs who meet the low-cost labor needs of the economy, but do not enjoy the prospects for upward mobility of more advantaged groups (Byrne 1999, King and Rueda 2008).

The practical lessons that result from these observations usually return full circle to the root causes of low inclusion and mobility in the labor market. Constructive long-term

[25] These results are based on the 1996 Eurobarometer survey.
[26] In particular religious beliefs, rural background, and nationalistic identities have been shown to reduce political positioning around work or status lines (Haggard et al. 2013, Shayo 2009, see also Kaufman 2009). Insider-outsider differences are often reduced when the vulnerability of labor market insiders increases due to regulatory reform or rising unemployment rates (Rueda 2006: 388f, Iversen and Soskice 2001).

strategies should reduce the chances of individuals entering low-paid and insecure work or helping low-skill temporary workers move from low-pay and often subsidized jobs into standard forms of employment (McKnight 2002: 117, see also King and Rueda 2008, OECD 2011). Other effective interventions would seek to offset limits to upward mobility by ensuring higher minimum skills standards and better educational services to children from disadvantaged backgrounds (McKnight 2002: 117).

VII. Conclusion

Policy makers increasingly recognize that well-functioning labor markets are an important precondition for peaceful social relations (WDR 20143, OECD 2011). Yet, to this point there has been surprisingly little comparative analysis how jobs influence personal experiences and interactions around social cohesion. This article has sought to fill this gap, by reviewing international evidence on the link between jobs and individual wellbeing and behaviors.

The literature reviewed suggests that the relationship between jobs and social cohesion is best studied as a two-way relationship. On the one hand there is relatively robust evidence that social institutions and identities related to class or family background can limit opportunities and mobility in the labor market. This can undermine social cohesion by weakening social inclusion and leading to a very uneven distribution of the benefits of work. On the other hand there are many reasons to suspect that jobs can have the positive transformative consequences for social relations postulated in recent high profile policy publications on social cohesion. In particular, jobs emerge as important correlates of a range of outcomes typically associated with social cohesion, such as subjective wellbeing, social associations or or personal levels of social and political activism.

In spite of the many individually compelling examples of how jobs can influence social cohesion the review has revealed at least two caveats that undermine the optimism about the transformative role of jobs that is implicit in reports like the WDR. The first is the complexity of the social processes and institutions that determine how individual work-related experiences translate into interactions and spill overs between groups with uneven attachment to the labor market. In particular highly segmented labor markets raise the risk that work-related interactions and collective action can exacerbate divides between labor

market ‘insiders’ and ‘outsiders’. While some of the social institutions behind these social barriers are probably harder to change, other responses will require more complex interventions that reach beyond narrowly defined labor market reforms to address more fundamental differences in the distribution of skills and social advantages.

The other caveat is the relatively tentative nature of much of the evidence on which claims of the positive effects of jobs are based. Rigorous analysis of the social interactions to which many of the positive effects of work are attributed is notoriously difficult because of the potential selection problems and other contextual influences involved. These problems are amplified because many of the advances in the design of studies and surveys that are used to document the positive effects of work on economic outcomes have often not (yet) spilled over into the analysis of non-monetary dimensions of jobs. Against this background future analytical progress will depend to a large extent on more routine integration of social cohesion indicators in the monitoring of labor market outcomes. In other contexts more complex research designs will be needed that integrate careful political economy analysis at the aggregate level with detailed study of individual level interactions in the work-place and other relevant social contexts.

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