Social capital and job satisfaction: The case of Europe in times of economic crisis

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Abstract
This study uses data for 23 countries elicited from the 2010/11 wave of the European Social Survey to examine the stability of social capital as a predictor of job satisfaction at a time of economic crisis. The analysis reveals a remarkably resilient impact of social capital and its constituent components during the economic downturn. However, this resilience is much less pronounced when the focus is on countries where the crisis was most severe, suggesting an economic development threshold below which certain social capital components lose their associational impact. However, religious activity is significantly associated with workers’ job satisfaction in these economies, providing comfort during times of socio-economic difficulty. The extent of organizational trust, measured by proxy variables for participative decision-making, has by far the strongest association with job satisfaction. This suggests that employers need to think again about the way they treat their employees to maximize the benefits of social capital and, ultimately, improve the job satisfaction scores of their workers.

Keywords
social capital; job satisfaction; Europe; economic crisis

Introduction

Over the years, research on the empirical determinants of job satisfaction has moved beyond socio-demographic variables and characteristics of the job itself. Whilst the predictive powers of age, gender, marital status, health and income have been reaffirmed in numerous studies, there have been increasing attempts to disentangle the direct and indirect impact of institutional and cultural context, social networks, social values and personal and societal belief systems. Social and interpersonal trust, civic engagement, socio-cultural norms and social interactions with professional peers and family members have featured prominently in analyses of subjective well-being at work. Increasingly, therefore, the literature highlights the strong influence of social capital --- broadly understood as a representation of key measures of the quality of the social fabric --- on workers’ job satisfaction.

Drawing on Spanish data, an insightful study by Requena (2003: 331) remarked over a decade ago that ‘social capital is a better predictor of quality of life at work and job satisfaction than the characteristics of the worker, the company or organization, and the work environment’. Agneessens and Wittek (2008: 614) add that ‘researchers began to shift their attention from the technical to the social context, finding the latter to be one of the prime motivators of behaviour in organizations.’ The argument is reinforced by Helliwell and Putnam (2004) who see social capital as one of the most robust correlates of subjective well-being.

Even earlier studies (such as Bateman and Organ, 1983) have shown that the impact of several defining characteristics of social capital, such as interpersonal trust and social relations, on levels of satisfaction and well-being at work is not only theoretically appealing, but also empirically robust. In a similar vein, we know from scholars in organizational psychology that high-quality social relations
can serve as a powerful source of well-being at work (Rego et al., 2009). Recent European studies of well-being at work add further credence to these assertions, reporting statistically significant associations between job satisfaction, interpersonal and institutional trust, cultural values and societal belief systems (Fargher et al., 2008). What is more, a strong and positive correlation between specific job and generic life satisfaction has been empirically established in support of the spillover hypothesis, with attitudes and practices developed in the life domain spilling over into the work domain and vice versa. As such, socio-cultural values and norms related to work and non-work have been shown to influence both job and life satisfaction measurements as well as the interlink between the two (Georgellis and Lange, 2012). It is thus easy to discern why both organization-specific social capital components (the possibility of influence at work, trust in and by superiors) and generic societal measures of social capital (institutional confidence, trusting people in general) are capable of influencing job satisfaction. It is, of course, advisable to exercise caution when making any causal inferences between social capital components and job satisfaction, especially when using cross-sectional data or when analyses are unable to control statistically for job quality or the education system as potentially influential factors.

Such cautionary notes notwithstanding, the studies mentioned and their results have proved helpful and insightful in many ways. However, the assessment of their pre-recession data tells us little about the stability of social capital as a predictor of job satisfaction during a period of economic crisis. This is an important omission in the empirical literature, not least since the exceptional severity of Europe’s financial crisis in 2008 and the prolonged socio-economic distress during subsequent years has prompted questions about declining trust in both people and political institutions, diminished social interactions and depleting levels of the region’s social capital (Mikulić et al., 2012).

Does Europe’s economic crisis hamper the impact of social capital on job satisfaction, or does this remain largely unaffected? In the spirit of Cohen and Willis (1985), who considered social support as an instrument that mitigates the impact of adverse life and economic events, could social capital and its constituent characteristics serve as buffers for workers’ well-being under conditions of high unemployment, austerity and economic uncertainty? Paying specific attention to European regions hit hardest during the recession, how resilient is social capital as a predictor of job satisfaction in countries that were particularly adversely affected by the economic downturn?

The aim of this article is to provide answers to these questions by drawing on job satisfaction data and a number of social capital indicators elicited from round 5, 2010/11 wave of the European Social Survey (ESS). To identify suitable proxy variables, the analysis refers to three of the most influential social capital theories developed by Olson (1982), Coleman (1988) and Putnam (1993, 1995, 2000). The empirical component is based on 10,217 observations across 23 European countries and employs ordinal probit regressions, first across all the European countries at our disposal and subsequently by concentrating on four countries severely affected by the economic crisis and its aftermath (Greece, Cyprus, Spain and Ireland). At the outset, and because of the employment of cross-sectional data, it is worth noting that any causality considerations throughout the article are merely inferred rather than statistically proven.

The next section revisits the notion of social capital and related theoretical developments, which inform the selection of our variables. Subsequent sections describe the data and empirical framework, and report the results of the analysis, followed by some concluding remarks and suggestions for future research.

Social capital: Definitions and theoretical diversity

The growing interest in social capital captures, unusually in the increasingly fragmented and specialized world of the academy, a broad spectrum of scholarly disciplines, including industrial relations, sociology, psychology, (human resource) management and organization studies, economics, history, political theory and anthropology. Given this disciplinary diversity, social capital has been assessed by reference to various definitions of trust (personal, institutional and organizational), social relations, civic engagement, interpersonal networks, norms, values and beliefs and information
channels. Given its rather vague and intangible nature, it follows that social capital cannot be seen as a unified, single-dimensional construct, but rather as a multi-dimensional concept. It is certainly easy to understand why the notion has become open to accusations of over-versatility, meaning all things to all people. Somewhat of an analytical jungle, it has attracted many efforts to find the ultimate meaning of the concept, yet no official map of the jungle has ever been agreed.

Whilst many government surveys include questions of a social capital nature, many approaches have been used to measure different aspects of the concept. Concerted efforts by government departments at the national and regional level to develop a more consistent approach to its conceptualization and measurement have led to generated several definitional properties. Ironically, in an international context, these endeavours merely reinforce a lack of cohesion, not least by casting doubt whether individuals, groups or organizations are the unit of analysis. The Australian Bureau of Statistics (ABS, 2000: 4), for example, adopted a working definition of social capital as ‘social relations of mutual benefits characterized by norms of trust and reciprocity’. The perception of social capital as ‘networks together with shared norms, values and understandings that facilitate cooperation within or among groups’, originally suggested by the OECD (Cote and Healy 2001: 41), was adopted for use across UK government departments. A definition used by the EU in its Article 6 Local Social Capital programme described social capital as ‘features of social organization such as networks, norms and social trust that facilitate co-ordination and co-operation for mutual benefits’ (European Commission, 1999). Arguably one of the most comprehensive attempts at an encompassing definition was provided by Statistics New Zealand, considering the concept as ‘relationships among actors (individuals, groups, and/or organizations) that create a capacity for mutual benefit or a common purpose. In summary, social capital is the social resource that is embodied in the relations between people. It resides in and stems from contact, communication, sharing, co-operation and trust that are inherent in ongoing relationships’ (Spellerberg, 2001: 9-10).

The conceptual diversity mirrors equally diverse theoretical developments in the social capital literature. Bjørnskov (2006: 23) notes that ‘the social capital literature has grown and the concept has come to be part of standard vocabulary in the social sciences. However, this literature still contains a conceptual gap, as there is no consensus on how to define social capital.’

In an effort to capture a variety of defining characteristics of social capital, I do not adopt a single interpretation of the concept and instead draw on three of the main theories in the social capital realm, those developed by Olson, Coleman and Putnam.

As it has become almost customary to consider social capital and its contributory components, such as membership in social associations, as inherently positive, it is worth recalling that not everyone shares the view that such networks are necessarily beneficial to individuals or society as a whole. The work by political economist Mancur Olson, building on his earlier analysis of the logic of collective action (1971), presents the following paradox of group behaviour: if large groups are composed of rational individuals, they will not always act in that group’s interest. Hence ‘other things being equal, the larger the number of individuals or firms that would benefit from a collective good, the smaller the share of the gains from action in the group interest that will accrue to the individual or the firm that undertakes the action’ (Olson, 1982: 31). He regards the principal motive for the formation of a social association as ‘rent-seeking’, an attempt by the group to pursue special interests and gain an advantage at the expense of the community. For example, rationally-ignorant voters ‘can be persuaded by superficially plausible arguments that a given policy is in the interest of… society as a whole, when it really only serves some special interest’ (Olson, 2000: 94–95). In the case of such special interest groups (examples given often include trade union membership or political party activities), negative externalities may arise, which can compromise individual and societal welfare gains and impose social losses. As a consequence, a positive outcome of participation in a collective organization, albeit feasible, cannot always be taken for granted.

In contradistinction to this perspective, and notably by reference to family and kinship networks, social structures and associations, the work by sociologist James Coleman (1988) points to substantial benefits, especially the value of community ties and respective benefits they yield to individuals. Emphasising multiple features of social organization (trust and obligations, information channels and norms and sanctions) Coleman highlights individual and societal gains through the encouragement of coordination and cooperation among individuals and social groups. Particularly noteworthy is his
contribution to identify social structures which are suited to the promotion of trust, reciprocity and individual action. In such a world and by virtue of individuals’ ties with others, social structures can shape trust (for example, in the quality of institutional environments), encourage information channels (meeting colleagues, friends or family members) and cultivate norms and sanctions to motivate responsible citizenship behaviour (reducing crime and increasing feelings of safety). Perhaps unsurprisingly against this background, Coleman’s work has been described by some as naively optimistic. So notes Field (2003: 28) that as a public good Coleman’s social capital ‘is almost entirely benign in its functions, providing for a set of norms and sanctions that allow individuals to cooperate for mutual advantage and with little or no “dark side”’.  

Such critical remarks notwithstanding, however, in the arguably most popular contribution to the social capital literature, political scientist Robert Putnam (1993, 1995, 2000) extended Coleman’s contentions by focusing on the added benefits of interpersonal networks. In the author’s own words, ‘social capital refers to connections among individuals --- social networks and the norms of reciprocity and trustworthiness that arise from them. In that sense social capital is closely related to what some have called “civic virtue”. The difference is that “social capital” calls attention to the fact that civic virtue is most powerful when embedded in a dense network of reciprocal social relations’ (Putnam, 2000: 19). In his work, social capital is framed as a platform for both formal and informal associational engagements, leading to powerful societal outcomes. To this end, he claimed that associations ‘instil in their members habits of cooperation, solidarity, and public-spiritedness’. In a similar vein, he argued that participation in civic organizations creates ‘a sense of shared responsibility for collective endeavors’ (Putnam, 1993: 89–90). It is thus easy to discern that Putnam, not unlike Coleman, also focuses on the beneficial aspects of social capital, rather than on any ‘dark side’. Examples of such engagement activities given in the empirical well-being literature include social contacts with neighbours as well as community activities, such as involvement in non-political and non-profit-making institutions, welfare services, cultural groups, humanitarian charities and religious activities (Leung et al., 2013). 

My own measurement of social capital and its components draws on all of these theoretical conceptions. An introduction to the data used in support of the analysis and a description of the empirical specifications are presented below.

Data and empirical framework

In order to measure the strength of association between several social capital indicators and workers’ job satisfaction across Europe, the present analysis is based on unit record data and draws on the fifth wave of the ESS. Data collection took place during 2010-11, gathered in face-to-face interviews and conducted in the native language of interviewees. It covers responses from 28 countries, with nationally representative samples in each. By excluding countries with missing information on the main variables of interest, the analysis here is restricted to 23 countries: Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, France, Germany, Greece, Hungary, Ireland, Netherlands, Norway, Poland, Russian Federation, Slovenia, Slovakia, Spain, Sweden, Switzerland, Ukraine and the United Kingdom. The data set is further restricted by focusing only on workers in full-time employment (30 hours or more per week in their main job) and also excludes workers in agriculture, the fishing industry and the armed forces to avoid biases caused by seasonality and unorthodox employment relations. Dropping observations with missing values and restricting the assessment to individuals between 18 and 65 years of age yields an effective sample of 10,217 observations: 5,536 male and 4,681 female workers. Total observations by country range between 161 (Cyprus) and 795 (Germany).
Selection of variables

Job satisfaction in the ESS is an ordinal categorical variable on a scale of 0–10, where 0 represents ‘extremely dissatisfied’ and 10 represents ‘extremely satisfied’, in response to the question ‘how satisfied are you in your main job?’.

Drawing on the works by Olson, Coleman and Putnam, the measures of social capital reflect several dimensions of trust, social interaction, norms and sanctions.

Trust variables are sub-divided into social (interpersonal), institutional and organizational trust. Interpersonal trust is captured by responses to the question ‘generally speaking, would you say that most people can be trusted, or that you can’t be too careful in dealing with people?’. Frequently used in the empirical literature on social capital, this variable has shown to be a valid measure of trust and honesty (Uslaner, 2002). To measure institutional trust, the analysis draws on reported trust in a country’s parliament and confidence in its education and health care systems. This is based on the notion that trust is likely to be captured by the perceived quality of formal public institutions, with good government causing general trust (Rothstein, 2000). Several institutional indices have been related to various measures of subjective well-being (Frey, 2008) and quality considerations, rather than size of government, appear to matter most (Ott, 2010). Organizational trust, defined here as the extent to which an employer allows an employee influence and control over work activities, is represented by two variables extracted from the following questions: ‘please say how much the management at your work allows you… (1) to decide how your own daily work is organized? ... (2) to influence policy decisions about the activities of the organisation?’. The definition is thus derived from practices that differ from the traditional organization of work, in which management authority and control are the prevailing factors. In this sense, trust and control are treated as interlinked processes commonly seen as key components of effective inter- and intra-organizational relations (Costa and Bijlsma-Frankema, 2007). During recent decades and in the specific context of satisfaction at work, variables on organizational freedom and degree of employee control have gained particular prominence in the participative decision-making (PDM) literature (Van der Westhuizen et al., 2012).

Social interaction is also measured by reference to several proxy variables. Specifically, Coleman-type information channels are captured by the frequency of meeting with colleagues, family and friends. What is more, we can also explore the notion that the impact of social informal interactions may be relative. Inspired by the underlying principles of social comparison theory (Festinger, 1954) we thus investigate whether workers’ job satisfaction is influenced by participation in social activities related to a reference or comparison group. To this end, we utilize responses to the survey question ‘compared to other people of your age, how often would you say you take part in social activities?’ Formal associations and community engagement activities are represented by Putnam- and Olson-type variables, including the frequency of religious service attendance (interpreted as people’s ability to build social networks in their congregations) as well as participation in interest group endeavours (political participation proxies, trade union membership and work for other professional organizations).

Turning attention once more to Coleman’s work (1988), norms and sanctions can promote actions deemed to be beneficial for common goals and objectives. Conversely, promoted actions can also constrain developments not thought to be desirable by society. To represent such broad actions and respective outcomes, the feeling of safety, honesty, and responsible citizenship behaviour have been used as relevant societal values. Following similar examples in the empirical works of Bjørnskov (2006) and Leung et al. (2013), Coleman’s underlying factors are thus captured in the present analysis by answers to such survey questions as ‘how safe do you feel walking alone in this area after dark?’, ‘how often, if at all, do you worry about your home being burgled?’ and ‘how often, if at all, do you worry about becoming a victim of violent crime?’. With reference to honesty and responsible citizenship behaviour, the analysis also includes answers to the following questions: ‘Please tell me how [morally] wrong it is to… (1) make an exaggerated or false insurance claim?… (2) buy something you thought might be stolen?… (3) commit a traffic offence like speeding or crossing a red light?’.
Empirical specifications

Given the ordinal and truncated nature of the satisfaction data, conventional regression analysis was deemed inappropriate. Ordered probit regression models, not unlike their dichotomous counterparts, take account of the ceiling and floor restrictions on models that include ordinal variables, whereas the linear regression model does not. What is more, appealing to the true limitation of self-reported data on an ordinal scale, we cannot be certain that the true size of the interval between each unit of the ordinal scale is the same. Put differently, a selection of 8 on a 0-10 ordinal satisfaction scale does not necessarily mean that the individual is twice as satisfied as someone who selects 4 on the same scale. As such, ordinal data cannot be treated as continuous data. To this end, the use of techniques appropriate to continuous data, such as OLS (Ordinary Least Squares), can result in inaccurate estimates of both the parameters and their standard errors and is rejected on this basis. Beyond statistical viability considerations, the ordered probit specification has also been described as theoretically superior to most other models for the kind of data I aim to analyse (Georgellis and Lange, 2007). This technique, which takes account of the ordinality of job satisfaction data, is therefore selected as the preferred treatment to analyse the relationship between workers’ satisfaction and a large set of individual and social capital characteristics.

The interpretation of this regression model is based on coefficients and, therefore, accounts for the sign and statistical significance. Positive coefficients in the ordered probit regressions mean that higher levels of job satisfaction are more likely to be observed (i.e. are estimated to occur with higher probability). In technical terms, a positive value of coefficient $\beta$ reveals that the entire distribution of ordinal evaluations of job satisfaction, $S_i$, moves to the right. Conversely, negative signs for $\beta$ suggest that lower levels of job satisfaction are more likely to be observed (with the distribution of $S_i$ shifting to the left).

A brief note for the non-technical reader may be worthwhile: whilst the ordered probit regression model is a common statistical technique employed for the assessment of the kind of ordinal, categorical data which I analyse, no specialist knowledge of its mathematical properties is required. The present analysis simply focuses on disentangling the associational relationship (positive or negative) and levels of statistical significance (at the conventional 1, 5 and 10% levels) of various correlates. The level of statistical significance reported is the probability that an observed effect is not due to chance. With mathematical probabilities ranging from 0 to 1 (where 0 means no chance and 1 means certainty), an effect reported at a 5% level of significance, for example, means that the probability of a relationship between two variables is less than 5 percent that the observed effect was due to chance alone.

Empirical Results

Table 1 displays the results of the ordinal probit regressions, using several dimensions of trust, social interaction, norms and sanctions as our explanatory variables. For the sake of simplicity the Table only presents the social capital variables of interest. All regressions also contain the socio-demographic controls listed in the footnote of the table together with country dummies. Column 1 shows the regression results across all European countries in the sample. Not unlike previous research on generic well-being (Bjørnskov, 2006), the results support the assertion that trust --- a social capital component supported by both Putnam and Coleman --- serves as an influential association, with a significant impact on workers’ job satisfaction. Variables capturing interpersonal, institutional and organizational trust all display positive and statistically significant coefficients. This includes trust in people, trust in a country’s parliament as well as variables on the confidence in such public institutions as the education and health care systems. The latter confirms institutional confidence as an important predictor variable for workers’ job satisfaction, probably by way of a spillover from generic well-being (life satisfaction) into the work domain. Consistent with proponents of self-determination theory (Deci and Ryan, 2002), participative decision-making proxies, representing trust by management in workers’ control over work organization activities, also feature prominently and exhibit jointly some strong, statistically significant effects.
Information channels exhibit a strong influence on workers’ job satisfaction in the form of social interactions with colleagues, family and friends. What is more, the notion that the impact of social informal interactions may be relative is supported by a positive and statistically significant impact of the extent of social activities when compared with a reference group. This hints at the possibility of positional treadmill effects previously found in the context of comparative income and relative status (Ferrer-i-Carbonell, 2005). Consistent with the negative relationship widely reported in the literature (Freeman and Medoff, 1984), trade union membership --- an Olson-type interest group activity --- also displays a strong and negative association with job satisfaction. Interestingly, no further associational variables reveal statistically significant coefficients at the conventional levels. This includes political activities, other organizational associations and the frequency of religious service attendance. Religious activities, another form of Putnam-type associational endeavours, have frequently been reported as powerful predictors of subjective well-being (Lim and Putnam, 2010).

The final set of variables captures Coleman’s norms and sanctions, with a particular emphasis on the feeling of safety, honesty and responsible citizenship behaviour. Worries about becoming a victim of violent crime and the moral dilemmas of false insurance claims and committing traffic offences significantly lower self-reported job satisfaction scores, seemingly another spill-over from generic well-being. In a similar vein, relative personal safety displays a positive impact on workers’ satisfaction, albeit only at the 10 per cent level of significance. In line with Bjørnskov (2006: 32), these norms and sanctions can be interpreted as ‘the strength of internal enforcement of behaviour’. To this end, individuals are more satisfied, and feel less worried about their safety, if their behavioural strength is more easily enforced: another indication that these effects originate from the generic life rather than any specific work domain.

Column 2 in the regression table presents the coefficients for the reduced sample: individuals in countries severely affected by Europe’s economic crisis. The selection of Spain, Greece, Cyprus and Ireland was informed by significant increases in unemployment rates, public debt records, financial bailout requirements and corresponding austerity measures. As borrowing rates started climbing in Greece, for example, a bailout package valued at €110bn was granted in May 2010, seemingly violating all EMU principles and even surpassing loans agreed upon for Europe under the Marshall Plan. Voted on in the Greek Parliament in July 2010, the retirement age was raised from 60 to 65 and was to be equalized for men and women in 2015. Penalties were introduced for early retirement, and pension payments were to be suspended for pensioners who were still employed, completely for those below the age of 55 and by up to 70% for older pensioners. Unemployment rose from a generational low of 7.3 per cent in May 2008 to around 14 per cent by the end of 2010. Similarly, in response to growing fiscal pressures, in 2009 and again in 2010 the Irish government cut public sector pay by a total of 15 per cent on average. Social welfare payments were reduced at a rate comparable to public sector pay in 2009 and 2010. Unemployment surged from 6.4 per cent in 2008 to 14 per cent in 2010. These figures, however, pale when compared with the employment crisis in Spain. By the end of March 2010, the unemployment rate breached 20 per cent for the first time in nearly 13 years, with youth unemployment already hovering around the 40 per cent mark. This followed a fiscal deficit of around 11 per cent of GDP and public debt of 54 per cent of GDP in 2009. Spain accumulated one of the highest public deficits in the eurozone, behind only Greece and Ireland. Meanwhile, after more than three decades of unbroken growth, the Cypriot economy contracted in 2009 and sent shock waves across the nation. Although the full extent of the state of public finances and spiralling borrowing costs did not become evident until the widely publicized financial crisis of 2012-13, public debt, as a percentage of GDP, already stood at 61.3 per cent in 2010. Cyprus went from conditions of close to full employment, with just 3.9 per cent unemployment in 2007, to a seasonally adjusted rate of just under 7 per cent in March 2010.5

Running the regression with the restricted sample, a number of changes to the impact of social capital on workers’ job satisfaction can be observed. Specifically, the concerns about declining trust in both people and political institutions appear to be justified in countries particularly adversely affected by the crisis. Neither the impact of trust in people nor the impact of trust in a country’s
parliament retains its statistical significance at the conventional levels. Similarly, social interactions with colleagues, family and friends no longer display a significant associational effect on workers’ job satisfaction. Confidence in public institutions, trade union membership and the moral dilemma of false insurance claims retain their influence on satisfaction scores, albeit at a reduced level of statistical significance. Religious activities, to take a very different example, now emerge as a statistically significant association with workers’ well-being. This confirms the important role of religion as a buffer during particularly distressing times and as a substitute mechanism to insure individuals against adverse life events (Scheve and Stasavage, 2006). Most notably, the only trust component of the social capital concept retaining its strongest statistical influence is organizational trust by managers in workers’ autonomy and control. Both proxy variables for this kind of participative decision-making continue to exhibit jointly a positive and highly significant association with workers’ job satisfaction.

Finally, by way of a partial robustness check, the regression in column 2 is re-run with data from an ESS wave during a pre-recession period. This is undertaken in order to examine whether the results in column 2 are not merely the consequence of country-specific characteristics and thus the outcome of a potential selection bias; results are provided in column 3. The ESS wave of 2006 does not include data for Greece and observations for some variables in the norms and sanctions category are missing. Despite evident limitations with regard to fully comparable data sets, a cautiously reassuring picture emerges. Trust and confidence variables exhibit statistically significant results, albeit with some only at the 10% level of significance. Some associational engagement variables, such as meeting friends and work colleagues, also display significant correlates once more. In contrast, religious activities do not display statistically significant associations, thus further strengthening the earlier interpretation of religion as a buffer and substitute mechanism primarily during distressing socio-economic times.

Discussion and concluding remarks

For workers in neo-liberal, austerity-led economies, work patterns have become increasingly precarious, with alarmingly high levels of uncertainty threatening social cohesion (Standing, 2011). At a time of such socio-economic complexity, is it possible that individual or institutional buffers exist which sustain, or possibly even enhance, perceived well-being in the work place? Are these effects more pronounced, or less visible, in countries which have suffered most from the crisis? In an attempt to answer these questions, the present study endeavoured to identify the determinants of European workers’ job satisfaction through a social capital lens. The latter choice was not arbitrary. In a growing number of studies, several defining characteristics of social capital, most prominently interpersonal and organizational trust and social relations, have been shown to serve as powerful predictors of subjective well-being at work.

Based on the findings of the present analysis, the associational impact of social capital and its constituent components during Europe’s economic crisis has remained remarkably resilient. Drawing on the theoretical works by Olson, Coleman and Putnam and capturing the social capital dimensions of trust, social interaction, norms and sanctions, several proxy variables exhibited a strong influence on workers’ job satisfaction. It can thus be conjectured that social capital in all its key dimensions continues to constitute an important factor for the self-perceived well-being of workers across Europe even in times of economic crisis.

However, a number of these influences become considerably less pronounced when the focus turns to individuals in countries where they experienced the crisis most severely. Specifically, interpersonal trust and trust in a country’s parliament no longer display a statistically significant association. The result is consistent with previous findings by Helliwell and Huang (2008) who find political institutions to be more important for countries with higher levels of income and economic development. This suggests an economic development threshold below which certain social capital components appear to lose their impact. Social interactions with colleagues, family and friends also lost their impact on workers’ job satisfaction, whilst religious activity emerged as a new and significant association. It may be conceivable to argue that the latter replaces the former, especially in
countries such as Ireland where a strong traditional value ideology (and thus a strong belief in god and religious activities) prevails (Georgellis and Lange, 2012). In support of this interpretation, Scheve and Stasavage (2006: 263) remind us that ‘people who are religious may derive psychic benefits from having a network of friends from their church, mosque, or synagogue, and such associations are likely to provide comfort during times of difficulty in the same way as would friends within the workplace’.

As for any statistical evidence of social capital’s ‘darker side’ (that is, variables displaying a significant and negative association with job satisfaction), the analysis highlights some norms and sanctions and trade union membership. The former can be explained by the absence of adhering to such norms and sanctions, whilst the latter can draw on the voice hypothesis. Lower levels of satisfaction in unionized jobs may suggest, as a possible outcome, a move to another job or place of employment. However, the voice hypothesis, sometimes referred to as ‘exit-voice hypothesis’, offers an alternative, behavioural explanation. Specifically, it argues that those affected by low satisfaction levels internalize the costs of quitting behaviour and decide instead to join a trade union, utilizing the union’s collective voice to express dissatisfaction or convey grievances to the employing organization. In this context, dissatisfaction favours union membership.

It is also worth noting that social capital and the beneficial implications for society have attracted particular interest in public policy circles. With social capital seen as a public good and thus as something understood to be under-supplied by the market mechanism, calls for public intervention have become increasingly common. As observed by Paraskevopoulos (2007: 7), ‘there is evidence to suggest that social capital, civil society and co-operative culture at large, as components of a governance paradigm that has become known as participatory governance, constitute key variables affecting the levels of effectiveness and efficiency in almost any area of public policy’. Against this background, it is perhaps controversial to argue that social capital as a primary public policy concern provides a misguided focus. However, social relations and network research have been firmly established as a fundamental basis for scholarship in the human resource management domain (Kaše et al., 2013). The quality of relationships with managers and co-workers has been reported as a key driver behind a successful organizational socialization process (Korte and Lin, 2013). It has also been convincingly argued that organizational social capital influences workers’ affective commitment (Parzefall and Kuppelwieser, 2012). What is more, the results of the present study highlight the important role played not simply by policy-makers but notably by managers and HR practitioners. After all, organizational trust, in the form of proxy variables for participative decision making of employees --- a phenomenon instigated by managers rather than politicians --- retained its strong and significant impact on job satisfaction as the sole trust component of social capital for all samples in the analysis. This suggests that employers and their HR advisers, rather than only politicians or policy makers, need to think again about the way they treat their employees to maximize the benefits of social capital and, ultimately, improve the job satisfaction scores of their workers.

With a focus on data collected during Europe’s contemporary economic crisis, the analysis addressed a hitherto omitted aspect in the social capital-job satisfaction relationship. Notwithstanding these new insights, it is nevertheless important to bring some limitations of the study to the reader’s attention. The analysis is constrained by the existence of a single-item measure of job satisfaction as a complex attitudinal structure. Such measures tend to have only marginally acceptable internal consistency. What is more, the data employed are cross-sectional in nature, thus imposing design limitations to following trends and changes over time and restricting the ability to disentangle causality considerations. In the absence of longitudinal data the analysis cannot rely on fixed-effect estimations to control for time-invariant factors. As mentioned at the start of the article, it follows that causality interpretations throughout the article are merely inferred, rather than scientifically proven. It is also worth mentioning that self-reported survey data are examined, which are known to suffer from several biases. These constraints are unreservedly acknowledged. Without wishing to recapitulate at length, the absence of longitudinal data cannot be overcome, but comfort is taken from observations by Schimmack and Oishi (2005) who note that self-reported measures of well-being possess adequate validity and reliability, and by Wanous et al. (1997) who give the use of single-item satisfaction measures cautious approval.

Since social capital is not an all-purpose good but one that is goal-specific, even within a single well-being domain such as job satisfaction (Flap and Völker, 2001), future research could examine
how different social capital conceptions under conditions of economic crisis affect workers’ satisfaction with several instrumental aspects of the job, such as pay, security and career development opportunities. In addition, given that the crisis under observation is one of truly global proportions, extending the analysis to a larger set of countries, with more salient cultural, institutional and political differences, would also be worthwhile. Finally, whilst the present study draws heavily on quantitative data analysis, qualitative research can help us interpret and at times better understand the complex reality of a given situation. To this end, focus group analyses and qualitative case studies on the social capital-job satisfaction relationship across Europe (and beyond) would add considerable value and allow us to gain an understanding of underlying reasons and motivations by uncovering prevalent trends in thought and opinion.

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Notes

1 The ESS is a biennial multi-country survey, cross-sectional in design. The ESS5 Edition 3.0 was released on 18 December 2012. I am grateful for access to this rich data source. The usual disclaimer applies. For further information, including sampling and questionnaire design details and fieldwork instructions see www.europeansocialsurvey.org.

2 However, Coleman later recognized the decline of certain forms of social capital and focused on the displacement of what he termed ‘primordial’ social ties which guaranteed the observance of behavioural norms by economic incentives (Portes, 2000).

3 Full breakdown by country and gender is available from the author.

4 It should also be noted that the parameters \( \beta \) do not calculate marginal effects on job satisfaction.

5 All of the listed country statistics and respective developments draw on recorded data and country reports from the OECD, Eurostat and national statistical agencies. A useful overview in the wake of the financial crisis is provided by OECD (2013).

References


Author biography
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## Table 1. Ordered probit regressions: social capital proxies

<table>
<thead>
<tr>
<th></th>
<th>All European countries in sample</th>
<th>Hardest hit countries: ES, GR, CY, IE</th>
<th>ESS 2006: ES, CY, IE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Trust and confidence</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trust in people</td>
<td>0.015 (0.005)**</td>
<td>0.010 (0.015)</td>
<td>0.015 (0.009)*</td>
</tr>
<tr>
<td>Trust in parliament</td>
<td>0.014 (0.004)**</td>
<td>0.007 (0.014)</td>
<td>0.013 (0.008)*</td>
</tr>
<tr>
<td>State of education system</td>
<td>0.033 (0.005)**</td>
<td>0.041 (0.016)**</td>
<td>0.035 (0.015)**</td>
</tr>
<tr>
<td>State of health care system</td>
<td>0.025 (0.006)**</td>
<td>0.047 (0.016)**</td>
<td>0.020 (0.010)**</td>
</tr>
<tr>
<td>Trust: make daily work decision</td>
<td>0.061 (0.004)**</td>
<td>0.049 (0.012)**</td>
<td>0.062 (0.012)**</td>
</tr>
<tr>
<td>Trust: influence policy decision</td>
<td>0.036 (0.004)**</td>
<td>0.030 (0.012)**</td>
<td>0.025 (0.011)**</td>
</tr>
</tbody>
</table>

| **Associational engagement**   |                                  |                                      |                      |
| Meet friends/relatives/colleagues| 0.022 (0.008)**                  | 0.016 (0.023)                        | 0.060 (0.022)**      |
| Social activities compared w/others| 0.037 (0.013)**                  | 0.058 (0.040)                        | 0.013 (0.038)        |
| Attend religious services      | 0.006 (0.008)                    | 0.043 (0.023)**                      | 0.009 (0.022)        |
| Contacted politician/gov. official| -0.028 (0.031)                  | -0.038 (0.095)                       | -0.104 (0.079)       |
| Worked in political party      | 0.067 (0.054)                    | 0.223 (0.157)                        | 0.064 (0.124)        |
| Worked in other vol. organisation| 0.036 (0.032)                   | 0.089 (0.105)                        | 0.093 (0.097)        |
| Member of trade union          | -0.093 (0.023)**                 | -0.176 (0.075)**                     | -0.100 (0.043)*      |
| Signed a petition              | 0.066 (0.026)                    | -0.155 (0.089)                       | -0.204 (0.075)**     |
| Participated in demonstration   | 0.031 (0.041)                    | -0.041 (0.095)                       | -0.052 (0.102)       |
| Worn campaign badge            | 0.003 (0.041)                    | -0.082 (0.126)                       | -0.078 (0.113)       |

| **Norms and sanctions**        |                                  |                                      |                      |
| How safe walking alone after dark| 0.027 (0.016)*                  | 0.029 (0.044)                        | 0.012 (0.044)        |
| Worry about home being burgled | -0.006 (0.014)                  | -0.007 (0.038)                       | -0.022 (0.037)       |
| Worry about victim of violent crime| -0.066 (0.016)**               | -0.025 (0.043)                       | -0.049 (0.014)**     |
| How wrong: false insurance claim| -0.078 (0.016)**                 | -0.224 (0.076)**                     | n/a                  |
| How wrong: buy something stolen | -0.012 (0.017)                  | -0.028 (0.055)                       | n/a                  |
| How wrong: commit traffic offence| -0.060 (0.014)**               | -0.014 (0.042)                       | n/a                  |

| Socio-demographic controls     | Yes                              | Yes                                   | Yes                  |
| Country dummies                | Yes                              | Yes                                   | Yes                  |
| Observations                   | 10217                            | 1278                                  | 1071                 |
| Log likelihood                 | -37713.287                       | -4701.830                             | -4738.917            |

**Note:** Robust standard errors in parentheses. Economic and socio-demographic controls include age, age squared/100, gender, marital status, educational attainment, health and household income. * significant at 10%; ** significant at 5%; *** significant at 1%.