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# **Welfare states and social cohesion in Europe: Does social service quality matter?**

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In this article, the authors evaluate whether the provision of good quality social services has the potential to create social cohesion. In addition to examining the relationship between social services and social cohesion, the authors expand institutional theories of social capital by investigating whether this potential for building social solidarity may be resilient to the corrosive effects of economic strain. Multilevel analyses of variations in the perceptions of social cohesion amongst Europeans were conducted for 27 member countries of the EU using the Eurobarometer 74.1 on poverty and social exclusion from 2010. The results suggest that individuals receiving better quality social service provision perceived higher levels of social cohesion within the country in which they live. By contrast, individuals living in households experiencing economic strain perceive lower levels of cohesion. Further analysis revealed that the experience of economic strain does not weaken the positive relationship between social services quality and perceptions of cohesion.

**Key words:** Social cohesion; social services; economic strain; welfare state; Europe

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## **Introduction**

The welfare state has long been regarded as playing a unique and critical role in supporting social solidarity within the countries of Europe (Taylor-Gooby, 2005). However, in recent years, commitment to, and support for, the welfare state within and across European countries has come under increasing pressure. (Hemerijck, 2013). Yet, the idea that the welfare state is central to social cohesion in European societies remains a powerful and influential one. Institutional theories of social capital, in particular, highlight how social services and welfare provision contribute to the development of generalized trust between citizens (Freitag and Buhlmann, 2009; Rothstein and Stolle, 2008), and European debates about social cohesion continue to emphasize that access to public services is a key policy aim (Vandenbroucke, Hemerijck and Palier, 2011). Although the global financial crisis, and its fallout, have arguably placed more pressure on the cohesiveness of European societies than at any time in the post-war period (European Commission 2011), the welfare state is still thought to be serving as a crucial bulwark against the centrifugal tendencies of economic hardship (Marchal, Marx and van Mechelen, 2014). The relationship between the quality of the social services received by citizens and their perceptions of social cohesion within European countries is therefore a timely and pertinent subject for empirical investigation.

Social cohesion is a concept that is often mobilized by policy-makers to capture a kind of idealized togetherness within society, especially in response to perceived social crises (Bernard 1999). Yet, despite its frequent politicization, the concept of social cohesion has long been deployed by social scientists as a means for investigating the capacity of a community to reproduce itself in the long-run (e.g. Durkheim, 1984; Tönnies, 1955). The growing literature on the definition and measurement of social cohesion (e.g. Chan, To and Chan 2006; Dragalov et al., 2013) suggests there are two broad approaches to understanding social cohesion. The first emphasises the shared norms and values that bind communities

together, while the second stresses the actual quality of social relationships (Delhey 2007). In this paper, we adopt a relational approach to the issue as this emphasises the inter-group relations, which are the focus of current debates about the cohesiveness of European societies. In doing so, we concentrate on an aspect of social cohesion that has received only limited attention to date: the perceived degree of tension between different social groups.

As academic and policy debates about the future of the welfare state have grown in salience, so too has interest in what shapes Europeans' perceptions of how well different social groups get along (e.g. Andrews, Jilke and Van de Walle, 2014; Green, Janmaat and Cheng, 2011; Whelan and Maitre, 2005). Nevertheless, comparatively little is still known about the relationship between the performance of the welfare state and citizens' perceptions of social cohesion. In particular, although the relationship between social services quality and social cohesion has been studied within single countries using measures of generalized trust (e.g. Kumlin and Rothstein, 2005), to our knowledge there has been no research evaluating the connection between social services quality and inter-group relations either within or across countries. Evidence on this relationship and its boundary conditions can tell one much about the prospects for social cohesion in Europe.

Since one of the major rationales for the state-led provision of social services is their propensity for building social solidarity, it seems logical to suppose that citizens who receive better quality social services will also perceive group relations to be more harmonious. Nevertheless, it is still conceivable that this positive performance pay-off may be contingent upon the economic strain individuals are experiencing. Individuals experiencing economic hardship tend to make unfavourable comparisons between their own lot and that of outgroups (Elster, 1995). This, in turn, may problematize the propensity of the welfare state to impart a sentiment of everyone "being in it together" when times are tough. Are individuals receiving better quality social services more likely to perceive positive inter-group relations? Do

individuals experiencing economic strain perceive social cohesion to be weaker? Does the experience of strain undermine the positive effect of high-quality social services on inter-group relations? To answer these questions, this study draws on the Eurobarometer 74.1 on poverty and social exclusion conducted in 2010, which was answered by respondents from 27 member countries of the EU. Using multilevel modelling techniques, we explore the independent and combined effects of social services quality and economic strain on respondents' perceptions of the relations between the major social groupings within their country.

The paper begins by discussing institutional theories of social capital and applying them to the case of inter-group relations. Next, hypotheses on the relationships between social services quality, economic strain and perceptions of social cohesion are developed. Thereafter, the data and methods for our analysis are described, before the results of our statistical modelling are presented. The paper concludes with a discussion of the theoretical and practical implications of the findings.

## **Theoretical framework and prior studies**

Institutional theories of social capital suggest that the quality of public institutions leaves an indelible mark on individuals' attitudes, beliefs and actions (Rothstein and Stolle, 2008). In particular, when public institutions are perceived to be functioning effectively as a 'fair rule-setter or rule-imposer' individuals may be more likely to trust others within society because the incentive for opportunistic behaviour is much weaker (and vice versa) (Cook, Hardin and Levi, 2005). Street-level institutions play an especially critical role in building confidence in the political system, because they adhere to principles of impartiality, efficiency and fairness (Rothstein and Stolle, 2008). When these street-level institutions perform well, citizens are likely to believe institutions will be capable of resolving disagreements between different

groups that would otherwise create difficult social tensions. Thus, the management and quality of public services potentially shapes individuals' perceptions of social cohesion. The welfare state may be an especially important street-level institution in this respect, since the 'street-level bureaucrats' who deliver social services shape what it means to be a citizen through the role they play in dealing with clients (Blaxland, 2013).

Because faith in street-level institutions induces trustworthy behaviour (Irwin, 2009), it can also undergird citizens' confidence that social and political tensions can be successfully resolved. As such, the quality of social services might be thought *prima facie* to be a critical influence on the propensity for citizens to trust one another and to believe that inter-group tensions are surmountable. However, comparatively little research has analysed the potential effects of social services quality on citizens' attitudes towards each other and about the state of social relations within their country. Numerous comparative studies have now examined the connections between different welfare state regimes and generalized trust, invariably concluding Scandinavian countries are blessed with higher levels of trust and other aspects of social capital (e.g. Pichler and Wallace, 2007; van Oorschot and Arts, 2005). Researchers have also evaluated the relationship between levels of welfare spending and social trust, uncovering a mixed pattern of associations depending on the measure of social capital (van Oorschot and Arts, 2005; Gelissen, van Oorschot and Finsveen, 2012). One of the reasons for these inconclusive findings may be that it is not welfare expenditure that matters, but the ways in which that resource is utilised. Lee (2013), for example, finds that spending on active labour market policies contributes to social trust, whereas spending on social security transfers has a deleterious effect. At the same time, the ways in which the welfare state treats citizens may be important. Rothstein and Uslaner's (2005) cross-country research finds that universal welfare policies are associated with higher interpersonal trust than selective or needs-based ones; as do Kumlin and Rothstein (2005) in their study of local welfare

institutions in Sweden. All of which suggests that the quality of the welfare services that citizens receive may influence levels of social capital and cohesion. But what do we mean when we talk about the quality of social services?

For the purposes of this study, we rely on citizen perceptions to evaluate service quality. Such measures can capture the actual experience of service users in a way that the artificial selection of “objective” service outputs (e.g. average time waited for a case to be processed, number of hours of care provided) simply cannot. At the same time, perceptual data may be the only comparable information available on the quality of social services across multiple countries (Missinne, Meuleman and Bracke, 2013). For these reasons, citizens’ perceptions of the quality of the services provided by the welfare state offer a unique perspective on the contribution that social services can make to social cohesion. Nevertheless, evidence on that contribution has been slow to emerge.

Studies have analysed the connection between confidence in public institutions and interpersonal trust (e.g. Rothstein and Stolle, 2008), and there is work that has evaluated dissatisfaction with domestic public services and trust in the European Parliament (e.g. Kumlin, 2009). However, to date, little research has investigated the connection between satisfaction with social services and the cohesiveness of European societies. Kumlin and Rothstein (2005) illustrate how individuals’ perceptions of the receipt of services to which they were entitled contributed to higher levels of interpersonal trust. Likewise, the urban studies literature suggests that high quality public services can enhance residents’ satisfaction with the quality of life in their neighbourhood (see, for example, Parkes, Kearns and Atkinson, 2002). In a similar fashion, we anticipate *prima facie* that satisfaction with social services will be positively related to perceptions of social cohesion. Social service organizations play an especially important role in integrating excluded or marginalised groups within the policy process and social and economic life of a country (Marrow, 2009).

Interactions with social services represent a structured ‘space of association’ through which group needs can be addressed and inter-group dialogue can take place (Amin, 2002). Nonetheless, in spite of the potential for investment in the development of quality social services to result in a wider societal pay-off, it is also conceivable that the benefits of quality social services for social cohesion reach a point beyond which further marginal gains in inter-group harmony are no longer realized – or, put differently, that services become “good enough” to underpin a cohesive society.

Van Ryzin and Charbonneau (2010) illustrate how the use of public services can have an inverted u-shaped relationship with users’ actual satisfaction with those services, and it is possible that an analogous process occurs in the building of a cohesive society. Theories of customer expectation-disconfirmation suggest that as people’s expectations of service quality expand so too does the likelihood that they will be less satisfied with the quality of the services (James, 2009). From this perspective, it may be the case that the social pay-off from providing high-quality social services reaches an optimum point once a certain standard of service quality has been attained, beyond which no further gains in cohesion are realised. Or in other words, once the expectations of people regarding the quality of social services are met, further quality improvements make no additional contribution to the cohesiveness of society. On the basis of all these arguments about the role that social services play in generating cohesive societies, we therefore anticipate that:

H1a: There is a positive relationship between social services quality and perceptions of social cohesion;

H1b: The positive relationship between social services quality and perceptions of social cohesion will exhibit diminishing marginal returns.

In addition to the potential benefits of high-quality social services for social cohesion, it is important to consider possible detrimental influences on the inter-group relations within European societies. The economic circumstances of individuals, in particular, seems especially likely to influence social cohesion. That said, the amount of income people earn may be less important than their perceived experience of economic strain. Reference group theory highlights how the perception of relative economic deprivation may be as detrimental to social solidarity as actual income inequality (Runciman, 1966). Indeed, economic strain is not straightforwardly equivalent to a person's income. Instead, it is a concept that refers to how hard people are finding it to live on their current income (Whelan et al., 2001). In this respect, people's subjective assessment of their economic circumstances may not even correlate with their actual income or standard of living. One good example of this, is the experience of the "squeezed middle" in recent years who may feel, rightly or wrongly, that they are experiencing as much if not more economic pressure than their working class neighbours (Scott and Pressman, 2011).

According to reference group theory, individuals routinely compare their own social and economic circumstances with that of others. For people experiencing economic strain, this subjective comparison can create the same kinds of damaging psychological effects associated with the "objective" fact of being poor (Runciman, 1966). Mani and colleagues (2013) highlight how people who are economically hard-pressed experience reduced cognitive capacity, which, results in their believing that their difficulties prevent them from achieving a better standard of living. For Elster (1983), individuals experiencing strain may feel unable to attain the place within the social structure to which they aspire and become apt to feel 'sour grapes' when they see their compatriots doing better than themselves (see also Hedstrom, 2005). This can give rise to the perception that some individuals and groups are

gaining at the expense of others, which will potentially spur hostility and resentment towards outgroups (Hoggett, Wilkinson and Beedell, 2013).

By prompting out-group hostility, the negative comparisons individuals make between their own circumstances and that of others, ultimately undermines the shared goals and values that underpin social cohesion (Merton, 1957). Where there is a mismatch between an individual's economic aspirations and their actual ability to make ends meet, in particular, feelings of resentment towards outgroups may be more likely to arise, as people's well-being is profoundly shaped by their place within the economic opportunity structure (Hagerty, 1998). In addition to potentially suffering lower levels of life satisfaction and increased hostility towards outgroups, individuals experiencing economic strain, like those who live in poverty, may lack the willingness and capacity to actively participate in activities that can contribute to the cohesiveness of society. For example, economically stressed individuals may be less inclined to devote their time and energy to developing or maintaining the social networks that can subsume out-group hostility or to contribute to the kinds of civil associations that build connections between diverse social groups (Dieckhoff and Gash, 2015). Given the potential for sour grapes to give rise to outgroup hostility and for the experience of economic strain to constrain civic participation, our second hypothesis is:

H2: Economic strain is negatively related to perceptions of social cohesion.

In addition to having a direct negative connection with perceptions of social cohesion, economic strain is likely to influence the impact that other salient variables might have on people's perceptions of tensions between different social groups. In particular, when their life situation leads them to compare themselves unfavourably to other reference groups, individuals may value the public goods that are provided to them less. The wider societal

benefits of high-quality welfare provision may therefore be adversely affected by the propensity for a person's failure to achieve the standard of living to which they aspire to result in their feeling alienated from society or hostile towards other social groups (Hedstrom, 2005). Individuals experiencing severe economic strain who are nonetheless satisfied with the social services that they receive, may still conceivably feel that the society in which they live has become one in which their own life aspirations and chances are not valued as highly as those of other social groups. For example, some, though not all, research on perceptions of welfare deservingness suggests that individuals in more difficult socio-economic circumstances or of lower socio-economic status apply more stringent criteria of conditionality to the distribution of welfare (Golding and Middleton, 1982; van Oorshot, 2000; though c.f. van Oorschot, 2006).

Although a positive experience of social citizenship might potentially buffer Europeans from some of the centrifugal effects of economic strain, it is possible that the potential for good social services to inspire a positive sense of common citizenship becomes damaged by the experience of economic inequality. Or, put differently, that the welfare state is simply unable to overcome the 'sour grapes' that individuals unable to attain the kind of life they desire feel when they look about them. Hence, our final hypothesis is that:

H3: Economic strain weakens the positive relationship between good social services and social cohesion.

## **Data and method**

To analyse citizens' perceptions of social services quality and social cohesion within their country, we draw upon Eurobarometer data. Eurobarometers are cross-national, large-N public opinion surveys that have been conducted twice a year on behalf of the European

Commission since 1973. Respondents are selected following a multi-stage, random probability sampling procedure from the total population aged fifteen and above in each country, and then interviewed face-to-face at their homes. Eurobarometer questionnaires are carefully designed, translated and back-translated to check for consistency of meaning and interpretation (see GESIS, 2013). For this study, we use Eurobarometer 74.1 on poverty and social exclusion, which was fielded across the EU-27 member countries between August and September 2010 (European Commission 2010). On average, 1,000 respondents were interviewed in each country.

### *Dependent variable*

For the purposes of our analysis, we treat social cohesion as the (perception of) micro-level interactions between individuals and groups within their country. Such perceptions may be a better indicator of what shapes an individual's behaviours and actions than objective measures, such as crime levels or education. Thus, we operationalise social cohesion as a *low* degree of perceived social tensions among key socio-economic groups, including the poor and the rich (wealth), managers and workers (social class), old and young people (age), and different racial and ethnic groups (ethnicity). Respondents to the Eurobarometer were asked to indicate whether they perceive tensions between each of those social groups in their country. More precisely they were asked: *“In all countries there sometimes exists tension between social groups. In your opinion, how much tension is there between each of the following groups in (YOUR COUNTRY)?”*. Answer possibilities ranged between ‘A lot of tensions’ (1), ‘Some tensions’ (2), and ‘No tensions’ (3). We assume, the lower the degree of tensions between indicated groups are, the higher the perceived social cohesiveness of a given country.

[Table 1 about here]

Consistent with prior research, we regard social cohesion as a latent concept (e.g. Andrews, Gilke and Van de Walle, 2014), and thus constructed a social cohesion index consisting out of all four mentioned foci. For the construction of the latent variable, we use confirmatory factor analysis (for an overview see Kline 2010) using the statistical software *Mplus* (version 6.12; see also Muthén and Muthén 2012, p. 62). A robust weighted least squares estimator was employed to deal with the ordered categorical nature of our factor indicators (see Muthén 1984; Muthén, du Toit and Spisic 1997; but see Kline 2011, pages 180-181). In their simulation study, Flora and Curran (2004) point out the positive performance of the robust weighted least squares estimator when dealing with measurement models that come from ordinal factor indicators. Furthermore, a full information estimator was used to incorporate all items into the measurement model where there is at least one available data point for one of the four items (see also Little and Rubin 2002). Observations with missing data for all four items were deleted (148 respondents in total).

Table 1 indicates that each measure of inter-group tensions loads on to a single latent trait of social cohesion. A Cronbach's alpha of 0.70 confirms the internal scale reliability of this social cohesion index. Figure 1 provides an overview of perceptions of social cohesion across European countries. We can see that there are clear cross-national differences. For example, in Denmark, Cyprus, Bulgaria and Portugal we find high levels of perceived social cohesion, while in the Czech Republic and Hungary they are very low. These variations are comparable to those for the “acceptance of diversity” indicator presented in Dragolov et al’s (2013) comprehensive international social cohesion rankings. Interestingly, like the “acceptance for diversity” ranking, our ranking diverges from other measures of social

cohesion, such as interpersonal trust, in some slightly unexpected ways, with, for example, Bulgaria and Portugal scoring highly, while France and Germany don't do quite so well.

[Figure 1 about here]

### *Independent variables*

In order to assess citizens' evaluations of social services, respondents were asked to indicate their perceptions of service quality for a variety of key services, including long term care, child care, public employment, social housing, and social assistance. More precisely, respondents were asked "*Thinking about the quality of ... in (OUR COUNTRY), would you say that it is very good, fairly good, fairly bad, or very bad?*" This results in a four point likert scale measure of service quality for each service under consideration. We assume that the measures do not just reflect evaluations of specific services, but are more general evaluations about the quality of social services in a given country (see also Kumlin, 2009 for a similar approach). Hence we regard citizen perceptions of social service quality as a latent concept. Indeed, all items are highly correlated with each other and a Cronbach's alpha of 0.85 exemplifies its high internal reliability. Thus, we used all five items to construct a measure of social service quality by extracting factor scores using factor analytical techniques by means of a weighted least squares estimator (the same method as for our dependent variable). To deal with item non responses, a full information estimator was employed. Observations with missing data for all four items were deleted (2,124 respondents in total) prior to the analysis. Similar results were observed when the sample was restricted solely to respondents with no prior experience of using any of the services in question (available on request).

[Table 2 about here]

Given substantial cross-national disparities in income levels and the cost of living across Europe, it is important to utilize an indicator that represents the relative levels of experienced economic strain across the EU. As indicated by reference group theory, individuals generally judge their own economic situation by comparing their own conditions with that of relevant others (Runciman, 1966). In this regard, respondents to the Eurobarometer 74.1 were asked to indicate on a six point Likert scale how comfortable they felt against the background of their total household income. Specifically, they were asked: “*A household may have different sources of income and more than one household member may contribute to it. Thinking of your household’s total monthly income, is your household able to make ends meet...?*”. Answer possibilities ranged from ‘Very easy’ to ‘With great difficulty’. We used this specific item on individuals' self-perceived economic strain in our subsequent analysis. Measures of this type have been used in several prior studies (e.g. Andrews, Jilke and Van de Walle, 2014; Blekesaune, 2013).

### *Control variables*

We control for a wide range of possible confounders that may have an influence on the relationships we study (see table 3). First, we control for respondents' wealth to parse-out the effects of economic strain from those simply associated with lower household resources, which are also anticipated to have a negative relationship with social cohesion. In this regard, respondents' wealth status is measured by asking them to indicate on a 10 point Likert scale, ranging from very poor to very wealthy, where they would situate the economic situation of their household. In addition, we control for peoples' current employment status. Here, respondents were grouped into seven categories: managers and professionals, clerical

workers, self-employed, working class, unemployed and not in the labour force. Prior research highlights that the unemployed, especially, are less likely to feel part of society (e.g. Dieckhoff and Gash, 2015) and therefore more apt to experience “sour grapes”.

Measures of age (continuous), gender and the type of community individuals are living in (rural town, small or medium town, large town) are also included in the statistical models. Older people and men tend to feel more socially included (Dieckhoff and Gash, 2015), while individuals residing in urban areas may be more accepting of social diversity than rural residents (Gorodzeiski and Semyonov, 2009). Controlling for educational status, we grouped respondents according to their age when they left fulltime education. Those who indicated that they had no formal education or exited the educational system at the age of 15 or younger were regarded as having completed basic or no formal education. Those between 16 and 19 years were categorized as having finished secondary and those older than 20 as finished higher education. Respondents who were still studying were assigned to one of the three categories in correspondence with their age. Education is consistently associated with a range of positive social attitudes (e.g. Dieckhoff and Gash, 2015). Finally, whenever a respondent had a different nationality from the country where he/she currently lived in, we coded them as an immigrant. Theories of segmented assimilation suggest first-generation immigrants may have a particularly positive view of the society to which they have migrated (Zhou, 1997).

At the country level we control for economic factors that may impact respondents’ perceptions of social tensions by including a measure of GDP per capita in 2010. This enables us to parse-out the net-effects of economic strain from those simply associated with a poor economic situation within the country as a whole. Furthermore, we account for the amount of welfare contributions by the state, which may influence levels of social capital (van Oorschot and Arts, 2005). Thus we included a measure of the total expenditure on social

protection in 2010 as a percentage of a country's GDP. Descriptive statistics for all the variables included in the statistical modelling are shown in Table 3.

[Table 3 about here]

We estimate hierarchical linear regression models, with individuals (level 1) being nested in countries (level 2). This approach not only allows us to take into account potential clustering effects between individuals from the same country, but also explicitly deals with unobserved heterogeneity between countries via random intercepts and random slopes (Steenbergen and Jones, 2002). Basically, we want to model variance at the individual and country-level so that we get:

$$Y_{ij} = \beta_{0j} + \beta_1 X_{1ij} + \varepsilon_{ij} \quad (1)$$

where

$$\beta_{0j} = \beta_0 + \mu_{0j} \quad (2).$$

Here,  $Y_{ij}$  is the individual level dependent variable for individual  $i$  ( $=1, \dots, N$ ) nested in country  $j$  ( $=1, \dots, J$ ) - in our case that would be citizens' perceptions of social cohesion.  $X_{1ij}$  is an individual-level covariate (such as perceptions of the quality of social services, or economic strain),  $\varepsilon_{ij}$  the individual-level residuals and  $\mu_{0j}$  the country-level disturbance term. Such random intercepts as in equation (2), can not only be introduced for the regression intercept, but also for individual covariates so that we have varying country intercepts and slopes within a single model.

## Results

A series of two-level linear regression models were estimated to assess the independent and combined effects of social service quality and economic strain on citizens' perceptions of social cohesion. First, the null model was estimated to evaluate how much variation in respondents' perceived social cohesion can be attributed to differences across countries, and whether multilevel modelling is actually needed (model 0). In a next model, we look at the individual effects of our control variables on perceptions of social cohesion using a random intercept model (model 1). We then estimate the linear effects of social service quality on social cohesion including all control variables (model 2). Conforming with our theoretical expectations we then included a squared term of service quality (model 3). Furthermore, to account for unobserved heterogeneity in country differences that may affect the relationship between service quality and social cohesion, we include random slopes for our measures of social service quality. In model four we add a measure of economic strain to our model. In our final model (model 5) an interaction term between service quality and economic strain is added to investigate the combined effect of both predictors on social cohesion. All continuous variables have been mean-centred before they were entered into the models; estimations have been executed using Stata 12.0 and its 'xtmixed' routine.

[Table 4 about here]

Table 4 provides an overview of our results. The intercept only model displays an intraclass correlation of 0.12, which means that 12% of the total variation in peoples' perceptions of social cohesion can be attributed to country differences. Moreover, comparing our null model with a non-hierarchical linear model reveals a significant improvement in model fit (-2Log likelihood difference of 2,718, statistically significant at a 99% level). This

indicates that respondents are, indeed, not independent from each other, and that multilevel modelling techniques are needed for this kind of nested data structure.

Model 1 displays the effects of our control variables. As anticipated, we find that individuals who are unemployed or not part of the labour force have more negative perceptions of social cohesion, than respondents who work as managers, or professionals. The same holds true for those people who are part of the working class and clerical workers; their views on social tensions are significantly more negative than the views of managers, or professionals – as previous research suggests is the case for attitudes towards immigration (Gorodzeiski and Semyonov, 2009). When considering immigrants, we can see that people who have not been born in their country of residence have significantly more positive perceptions of social cohesion, when compared to their native counterparts, which confirms the arguments made by theorists of segmented assimilation (Zhou, 1997). As for our other control variables, as expected, wealthier individuals perceived there to be less tensions between different social groups, as did older people, men and homeowners. Also, respondents living in large towns, compared to rural, or small or middle size places, have significantly more positive views of social cohesion, as do people with higher levels of education – both findings that accord with our theoretical expectations. When looking at the effects of our two country level controls, GDP and welfare spending, despite pointing in the anticipated effect direction, both measures do not turn statistically significant. All of which suggests that micro-level determinants of social cohesion may be more important than macro-level determinants.

Overall, the model displays acceptable fit values, with an R-squared of 0.02 and 0.07 at the individual and country level respectively, as well as indicating an improvement in model fit over the null model in terms of the -2Log likelihood. In a next step, we add our linear measure of social service satisfaction to the equation, and allowed it to vary across country slopes (random slopes). It significantly improved our model fit compared to model 1.

The model shows that perceptions of social cohesion are, indeed, positively related with citizen satisfaction with social services. Following that, we included a squared term of social service satisfaction (model 3), which further improved the model fit. Moreover, model three confirms the hypothesised individual effects of service quality on social cohesion. When social services are regarded as of good quality, individuals have significantly more positive perceptions of social cohesion within their societies. However, the negative and statistically significant squared term indicates that there may be decreasing marginal effects of service quality on cohesion.

To examine the decreasing marginal effect of social service quality on social cohesion in more detail, it is useful to estimate those marginal effects. In this regard, figure 2 displays the predicted values of social cohesion on different levels of service quality for all the countries, holding the model's covariates constant at their mean values. From the figure we can see that once service quality gets to be "good enough", a one unit improvement in quality has no further effect on perceptions of social cohesion. Thus, after a certain point, the better service quality gets, the less salient its positive relationship with social cohesion eventually becomes. Importantly though, the tipping-point for diminishing marginal returns to emerge lies at 1.64 on the social service satisfaction factor score, and less than two per cent of our sample (344 individuals) expressed such high satisfaction levels. All of which suggests that the provision of high-quality social services may be a remarkably reliable means for building social cohesion.

[Figure 2 about here]

In model four we add economic strain to our equation. Including random slopes for strain did not yield a significant change in model fit, thus we proceed without including them.

However, the inclusion of strain as such improved the model fit, and resulted in a R-squared of 0.04 and 0.09 at the individual and country level respectively. Regarding the effects of economic strain, we can conclude that it matters to individuals' perceptions of social cohesion. Experiencing economic hardship is negatively related with perceptions of social cohesion. The effect is statistically significant, and of a nontrivial magnitude. An individual who faces high levels of economic strain, perceives there to be on average 8% less social cohesion than someone who experiences no economic strain at all.

Turning to our final model (model 5), we examine the combined effects of economic strain and social service quality on social cohesion, investigating in particular whether strain weakens the positive association between social service quality and social cohesion. The inclusion of an interaction term between social service quality and economic strain did not lead to an improvement in model fit. Furthermore, the coefficient is only of weak magnitude and does not exhibit statistical significance, suggesting that the experience of economic strain does not influence the relationship between social services quality and social cohesion. These results can be further illustrated by figure three, where we depict the marginal effects of service quality on social cohesion, contingent on different levels of economic strain holding all other control variables constant at their mean values. The figure points in a similar direction: economic strain does *not* moderate the service quality-cohesion relationship. Thus we have to conclude that both predictors, perceptions of social services quality and economic strain, have substantive individual effects on perceptions of social cohesion, but not any combined effect. Or, put differently, that economic strain does not undermine the potential for social services quality to make a positive contribution to the cohesiveness of society.

[Figure 3 about here]

## **Discussion**

The statistical results we present suggest that there is a positive relationship between social services quality and perceptions of social cohesion – though with some evidence of decreasing marginal effects at high quality levels. At the same time, perceptions of social cohesion are negatively associated with economic strain, even when controlling for other relevant personal characteristics and circumstances. Nevertheless, the largely positive effect of social service quality on social cohesion did not appear to be influenced by the experience of having difficulty making ends meet. For people satisfied with the social services that they receive, economic strain made it no more or less likely that they would perceive tensions between different social groups within their country.

Our study builds on institutional theories of social capital providing a rare test of the connection between the quality of social services and inter-group tensions in European societies. Although prior studies have explored the importance of welfare expenditure and universal versus particularistic welfare policies for social cohesion, that research has tended to focus on interpersonal trust as a measure of cohesion (e.g. van Oorschot and Arts, 2005; Lee, 2013), rather than the relations between different social groups. Our analysis of the Eurobarometer 74.1 data provides qualified support for previous work drawing inspiration from institutional theories of social capital, highlighting that the quality of the welfare state can make an important positive contribution to societal cohesiveness within European countries – though this contribution may eventually exhibit diminishing marginal returns.

The statistical results indicate that perceived economic hardship is associated with worsening social relations, thereby affirming the insights of reference group theory regarding the role that social comparison plays in shaping societal outcomes. Not only is the actual income of individuals an important micro-level determinant of perceptions of social cohesion, but their relative experience of economic strain too shapes the way in which they perceive

inter-group relations. That said, the findings do provide succour for supporters of social citizenship by illustrating that although economic strain is associated with increased social tensions, this is not sufficient to disrupt the positive contribution that social services can make to the cohesiveness of European societies.

Although our study analyses a broad nationally representative sample of the adult population of 27 EU member countries, it has important limitations. First, we cannot confidently rule-out that there are other important respondent level factors that we may have been omitted from our empirical analyses. Further analysis (available on request) revealed respondents' life satisfaction and optimism towards life did not affect the results we present, but there are other personal attributes that may be relevant, such as altruism (Kearns et al., 2014) and social dominance orientation (Pratto et al., 1994) that we cannot analyse on this occasion. Second, it could be argued that instead of social service quality and economic strain influencing perceptions of social cohesion, it could be the other way around. While we cannot test this alternative proposition with our data at hand, theoretically we derive the direction of causality from two well-established bodies of literature: a) institutional theories of social capital, and b) reference group theory, which clearly suggest that our predictors of interest directly affect perceptions of social cohesion, and not the other way around. Nevertheless, future studies are advised to employ more robust research designs such as time-series analytical techniques, or (quasi-)experimental designs, which can more effectively differentiate between cause and effect. In addition, subsequent research should seek to analyse multiple indicators of cohesion, distinguishing, in particular, between norms-based aspects of cohesiveness, such as community identification, and relational aspects, such as inter-group relations.

With these methodological caveats in mind, we believe our study has important policy implications. Efforts to improve the quality (or performance) of social services may have

benefits beyond those immediately felt by recipients of the services themselves, making a vital contribution to social solidarity and the experience of citizenship within European societies. Interventions designed to drive service standards upwards within social care, child care, employment services, housing and may therefore achieve more than just the improvement of organizational functioning. This wider societal gain is something that merits much more extended consideration, and it would be fascinating to investigate which types of policies, initiatives and reforms result in the greatest positive pay-off for inter-group relations. Interestingly, it may be the case that those interventions likely to result in improved responsiveness and “customer satisfaction” are also the ones that have the greatest impact on social cohesion. In this respect, the ‘personalisation’ agenda and the development of a social investment state may, in the right circumstances, be an apt response to the crisis in European welfare states (Van Kersbergen and Hemerijk, 2012; Taylor-Gooby, 2011). At the same time, it is important to note that the benefits of social service quality for social cohesion may eventually evaporate, suggesting that it might also be possible to make some kind of judgement about the service standards (and hence investment) required to sustain a cohesive society. Further research that sought to identify the optimal levels of service and social investment would cast valuable light on this important issue.

## **Conclusion**

This study has indicated that social services quality has an important role to play in enhancing perceptions of social cohesion amongst citizens across Europe. It also highlights that the relationship between social services quality and inter-group relations is not influenced by the experience of economic hardship. Ultimately, this implies that more should be done to understand and support the work that social service organizations can undertake to incorporate all social groups within the welfare state. Previous research suggests that for the

personalisation of social services, in particular, to work requires that diverse local actors responsible for its implementation work very closely together (Power, 2014) and that street-level bureaucrats develop new skills and capabilities essential for improving the quality of their interactions with clients (Toerien et al., 2013). How, and in what ways these goals can be achieved against the backdrop of fiscal austerity in many countries remains a major challenge for policy-makers at all levels of government.

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**Table 1.** Citizens' perceptions of social cohesion

	Mean	SD	Share (in %)	Min	Max	Factor loading
Social cohesion (factor score)	0.007	0.650		-1.236	1.517	-
<i>Wealth</i>	1.835	0.668		1	3	1
A lot			31.88	0	1	
Some			52.79	0	1	
No			15.33	0	1	
<i>Social-class</i>	1.821	0.619		1	3	0.997
A lot			29.92	0	1	
Some			58.43	0	1	
No			11.65	0	1	
<i>Age</i>	2.163	0.657		1	3	0.819
A lot			14.31	0	1	
Some			54.98	0	1	
No			30.70	0	1	
<i>Ethnicity</i>	1.741	0.650		1	3	0.650
A lot			38.62	0	1	
Some			49.91	0	1	
No			11.47	0	1	

**Table 2.** Perceptions of social service quality

	Mean	Share (in %)	SD	Min	Max	Factor loading
Social service quality (factor score)	-0.005		0.702	-2.709	2.497	-
<i>Long term care</i>	2.545		0.729	1	4	1
<i>Very bad</i>		9.35		0	1	
<i>Fairly bad</i>		34.42		0	1	
<i>Fairly good</i>		51.52		0	1	
<i>Very good</i>		5.71		0	1	
<i>Childcare</i>	2.812		0.676	1	4	0.885
<i>Very bad</i>		4.05		0	1	
<i>Fairly bad</i>		21.42		0	1	
<i>Fairly good</i>		63.41		0	1	
<i>Very good</i>		11.12		0	1	
<i>Public employment</i>	2.340		0.744	1	4	0.936
<i>Very bad</i>		11.85		0	1	
<i>Fairly bad</i>		40.05		0	1	
<i>Fairly good</i>		44.37		0	1	
<i>Very good</i>		3.73		0	1	
<i>Social housing</i>	2.470		0.730	1	4	1.047
<i>Very bad</i>		9.75		0	1	
<i>Fairly bad</i>		38.09		0	1	
<i>Fairly good</i>		47.89		0	1	
<i>Very good</i>		4.28		0	1	
<i>Social assistance</i>	2.557		0.711	1	4	1.087
<i>Very bad</i>		7.53		0	1	
<i>Fairly bad</i>		34.72		0	1	
<i>Fairly good</i>		52.48		0	1	
<i>Very good</i>		5.28		0	1	

**Table 3.** Descriptive statistics

	Mean	SD	Share (in %)	Min	Max	N
Economic strain	3.289	1.301		1	6	22952
<i>Employment category</i>						
Manager and professional			9.65	0	1	22952
Clerical worker			18.19	0	1	22952
Self-employed			6.87	0	1	22952
Working class			13.07	0	1	22952
Unemployed			8.69	0	1	22952
Not in labour force			43.54	0	1	22952
Immigrant			2.47	0	1	22952
Wealth status	5.434	1.623		1	10	22952
Male			45.20	0	1	22952
Age	47.903	17.859		15	95	22952
<i>Place of residence</i>						
Rural town			36.14	0	1	22952
Small or middle sitze town			36.07	0	1	22952
Large town			27.80	0	1	22952
Homeownerhsip			77.00	0	1	22952
<i>Level of education</i>						
Basic education			19.69	0	1	22952
Secondary education			47.11	0	1	22952
Higher education			33.20	0	1	22952
GDP/cap.	31.165	20.593		6.335	103.574	27
Welfare spending as % of GDP	25.209	5.548		33.771	17.581	27

**Table 4.** Two-level linear models of social cohesion

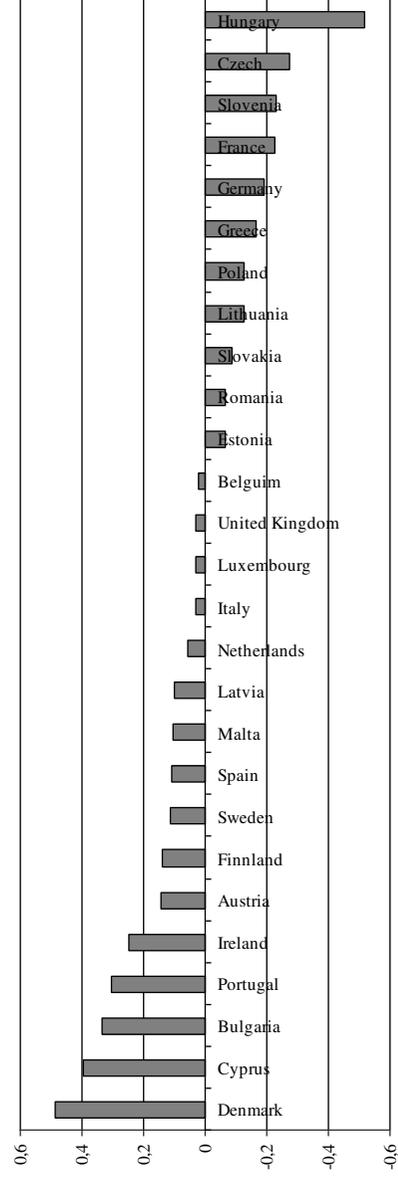
	Model0	Model1	Model 2	Model2	Model3	Model4
	Intercept only	Controls	Service quality	Service quality squared	Strain	Interaction
Service quality			0.101** (0.011)	0.101** (0.012)	0.093** (0.012)	0.093** (0.012)
Service quality squared				-0.030** (0.006)	-0.028** (0.006)	-0.029** (0.006)
Economic strain					-0.038** (0.004)	-0.038** (0.004)
Service quality X strain						-0.003 (0.005)
<i>Employment category (Ref.: Manager and professional)</i>						
Clerical worker		-0.044** (0.016)	-0.045** (0.016)	-0.045** (0.016)	-0.043** (0.016)	-0.043** (0.016)
Self-employed		-0.020 (0.020)	-0.023 (0.020)	-0.022 (0.020)	-0.021 (0.020)	-0.020 (0.020)
Working class		-0.062** (0.018)	-0.066** (0.018)	-0.066** (0.018)	-0.060** (0.018)	-0.060** (0.018)
Unemployed		-0.092** (0.020)	-0.090** (0.020)	-0.089** (0.020)	-0.073** (0.020)	-0.073** (0.020)
Not in labour force		-0.048** (0.015)	-0.057** (0.015)	-0.057** (0.015)	-0.054** (0.015)	-0.054** (0.015)
Immigrant		0.111** (0.027)	0.104** (0.027)	0.104** (0.027)	0.116** (0.027)	0.112** (0.027)
Wealth status		0.036** (0.003)	0.028** (0.003)	0.028** (0.003)	0.013** (0.003)	0.014** (0.003)
Gender (Ref.: female)		0.052** (0.008)	0.051** (0.008)	0.051** (0.008)	0.048** (0.008)	0.048** (0.008)
Age		0.002** (0.000)	0.002** (0.000)	0.002** (0.000)	0.001** (0.000)	0.001** (0.000)
<i>Place of residence (Ref.: Large town)</i>						
Rural town		-0.013 (0.011)	-0.023* (0.011)	-0.023* (0.011)	-0.023* (0.010)	-0.023* (0.010)
Small or middle size town		-0.025* (0.010)	-0.031** (0.010)	-0.032** (0.010)	-0.031** (0.010)	-0.031** (0.010)
Homeownership		0.042** (0.010)	0.037** (0.010)	0.035** (0.010)	0.028** (0.010)	0.028** (0.010)
<i>Level of education (Ref.: higher education)</i>						
Basic education or less		-0.031* (0.013)	-0.035** (0.013)	-0.035** (0.013)	-0.028** (0.013)	-0.028** (0.013)
Secondary education		-0.035** (0.010)	-0.034** (0.010)	-0.033** (0.010)	-0.029** (0.010)	-0.029** (0.010)

**Table 4 continued**

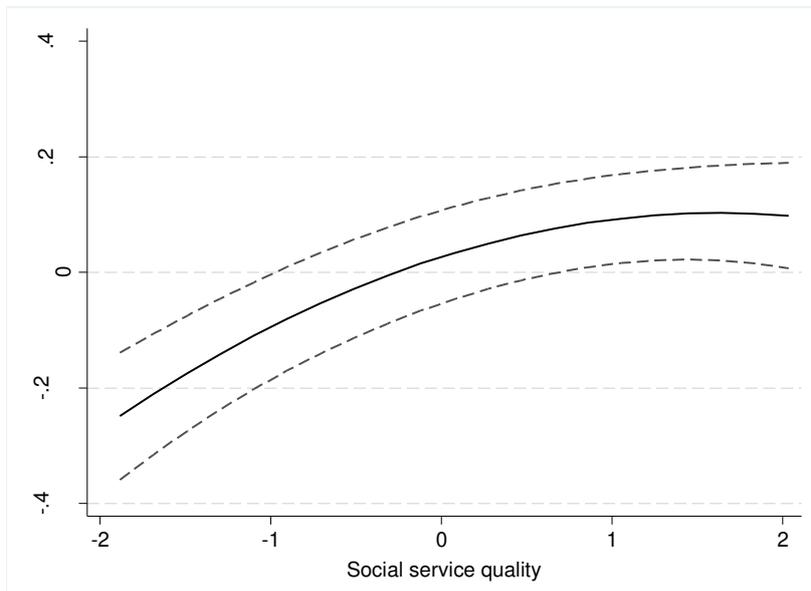
GDP per capita		0.002 (0.003)	0.001 (0.002)	0.002 (0.002)	0.001 (0.002)	0.001 (0.002)
Social expenditure		0.000 (0.009)	0.002 (0.009)	0.003 (0.009)	0.002 (0.009)	0.002 (0.009)
Constant	0.018 (0.043)	0.040 (0.045)	0.054 (0.044)	0.066 (0.045)	0.065 (0.044)	0.065 (0.044)
<i>Random Part</i>						
Countries	0.222 (0.031)	0.214 (0.030)	0.211 (0.029)	0.212 (0.030)	0.210 (0.030)	0.210 (0.030)
Individuals	0.608 (0.003)	0.603 (0.003)	0.598 (0.003)	0.598 (0.003)	0.597 (0.003)	0.597 (0.003)
Service quality			0.047 (0.010)	0.054 (0.010)	0.053 (0.010)	0.052 (0.010)
-2Log Likelihood	42,44	42,002	41,712	41,689	41,604	41,603
$\Delta$ -2Log Likelihood	-	438**	290**	23**	85**	1
R-squared Level1	-	0.02	0.04	0.04	0.04	0.04
R-squared Level2	-	0.07	0.09	0.09	0.10	0.10
$N_{individuals}$				22,952		
$N_{country}$				27		

\*\* p< 0.01, \* p<0.05, + p<0.1;

**Figure 1.** Social cohesion in Europe (N=26,487)



**Figure 2.** Predicted values of social cohesion contingent on social service quality (95% confidence intervals).



**Figure 3.** Marginal effects of social service quality contingent on economic strain (95% confidence intervals).

