



**CaDDANZ**

Capturing the Diversity Dividend  
of Aotearoa/New Zealand

# **Bridging and bonding: the role of social networks in labour market outcomes for migrants**

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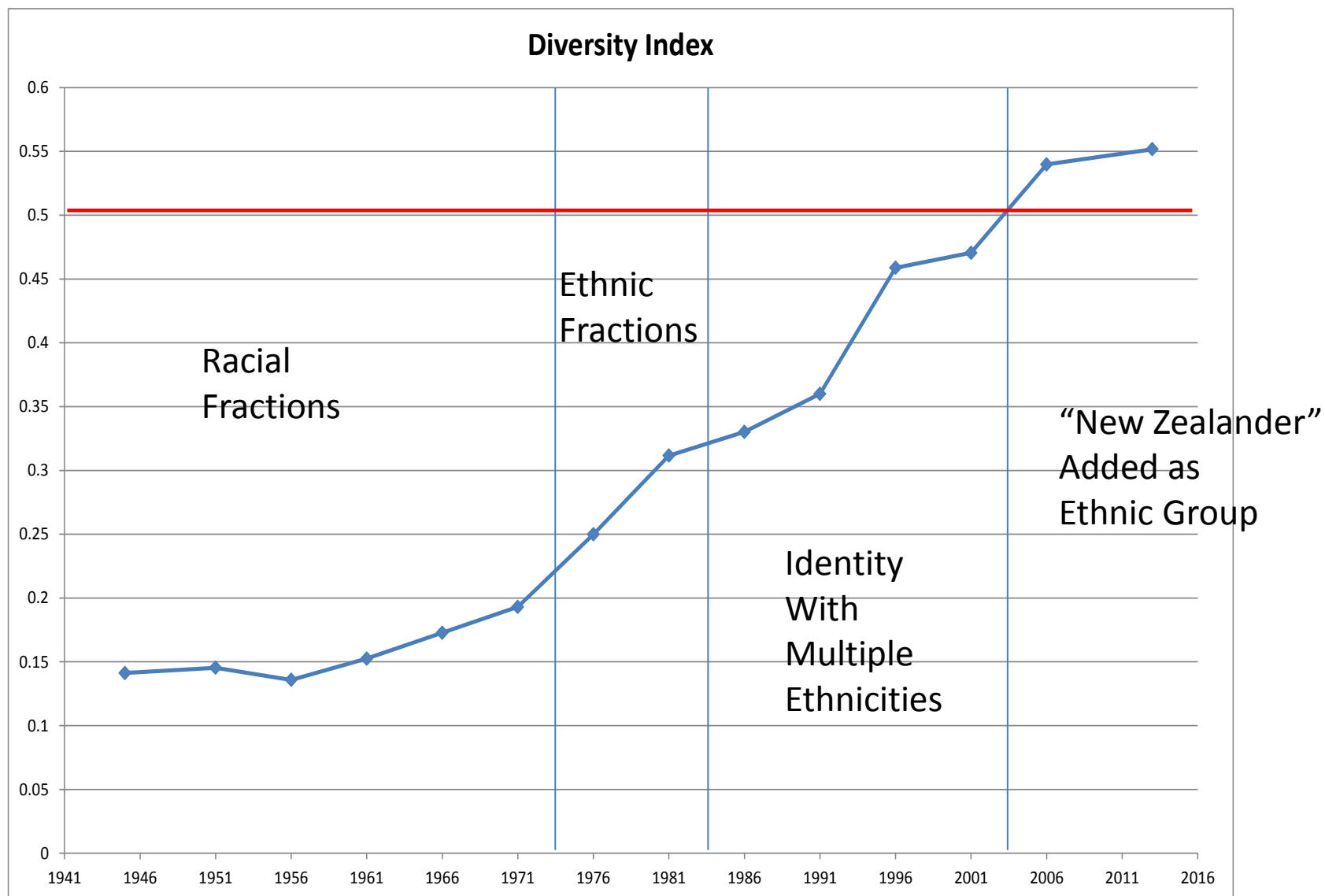
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**Ethno-Demographic Diversity (EDD)**

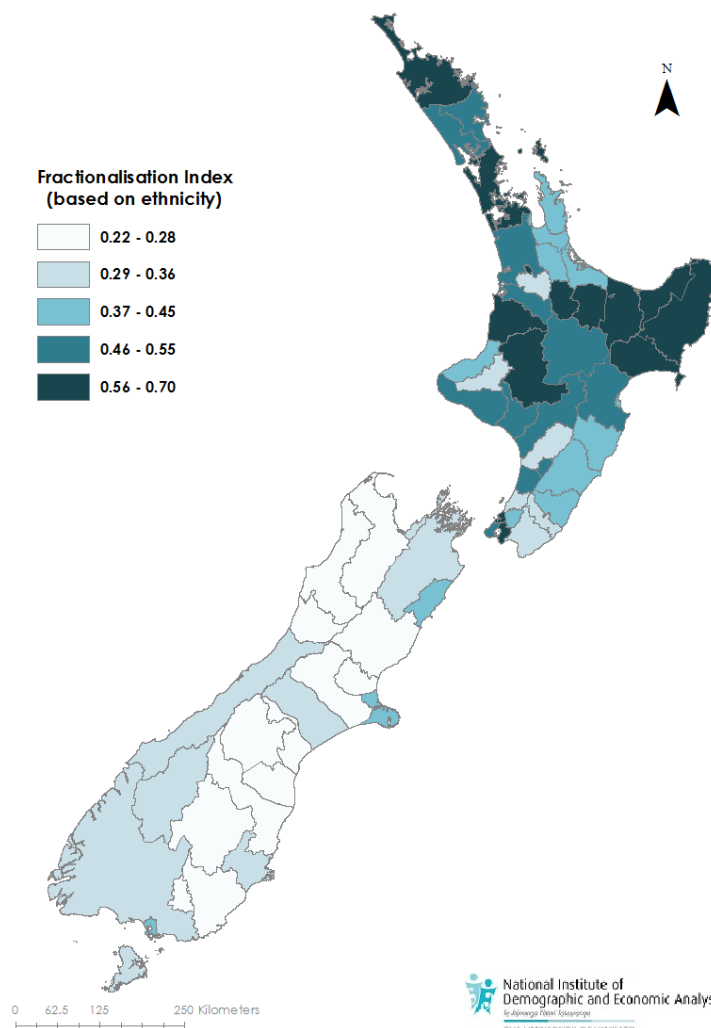
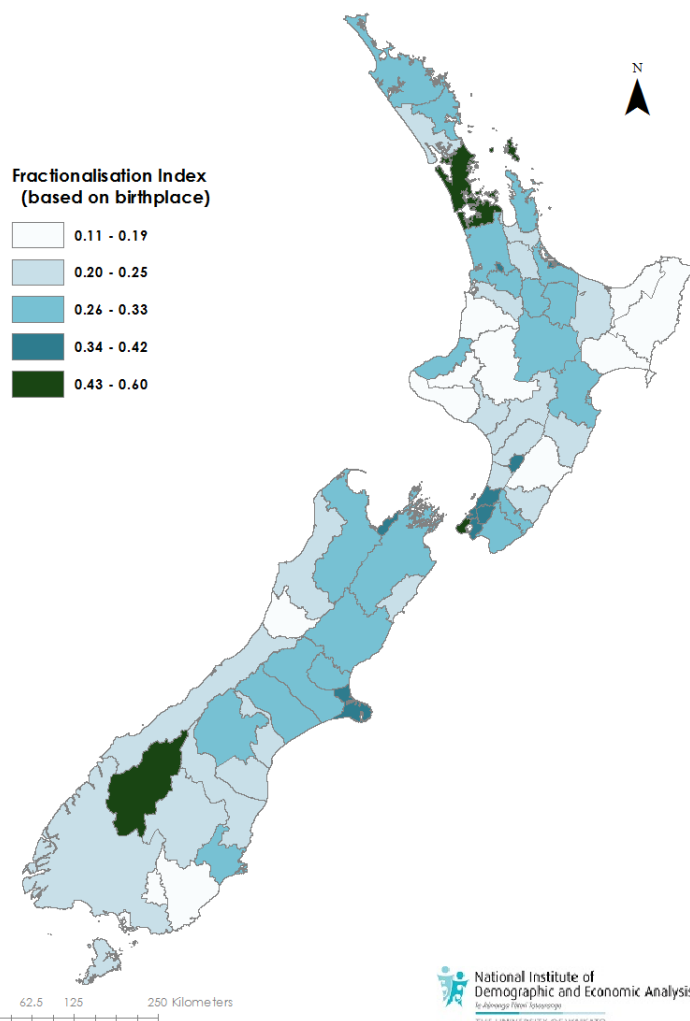
**Societal Impact and Opportunities (SIO)**

**Institutional Implications and Responsiveness (IIR)**

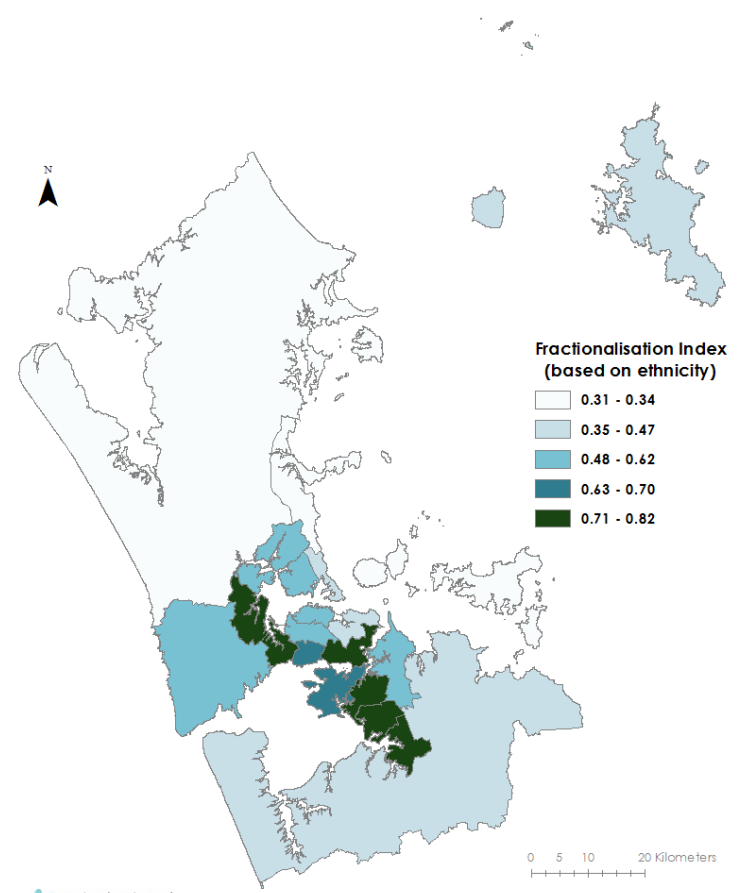
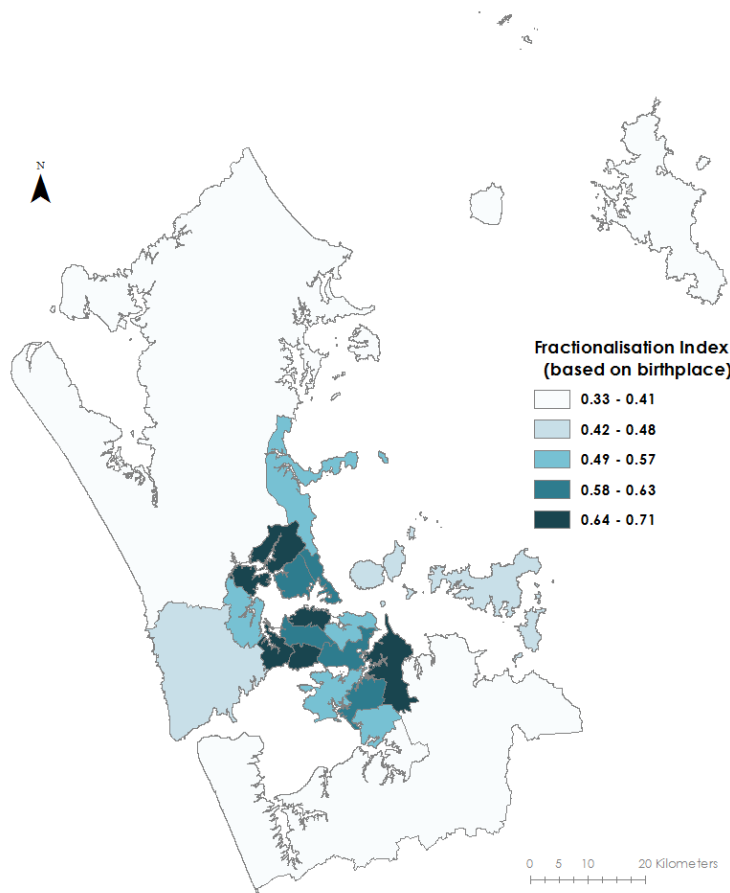
# A national barometer of ethnic diversity



# Birthplace and ethnic diversity among New Zealand Territorial Authorities



# Birthplace and ethnic diversity among Auckland Local Board Areas



# Links between members of groups



- Links between people = networks
- People operate in multiple networks
- Networks are affected by *homophily* (the tendency of individuals to associate and bond with similar others) and *spatial sorting* (the tendency to want to live near those with similar backgrounds)
- This can impact on labour and housing market outcomes (e.g. Bakens et al., *Journal of Regional Science*, 2013)

# Networks build social capital



- Social capital is formed by “...social networks which are created, maintained and used by the network participants in order to distribute norms, values, information and social attributes”  
Westlund, H (2006) *Social Capital in the Knowledge Economy. Theory and Empirics*. New York: Springer)
- Networks are also used to distribute and exchange resources

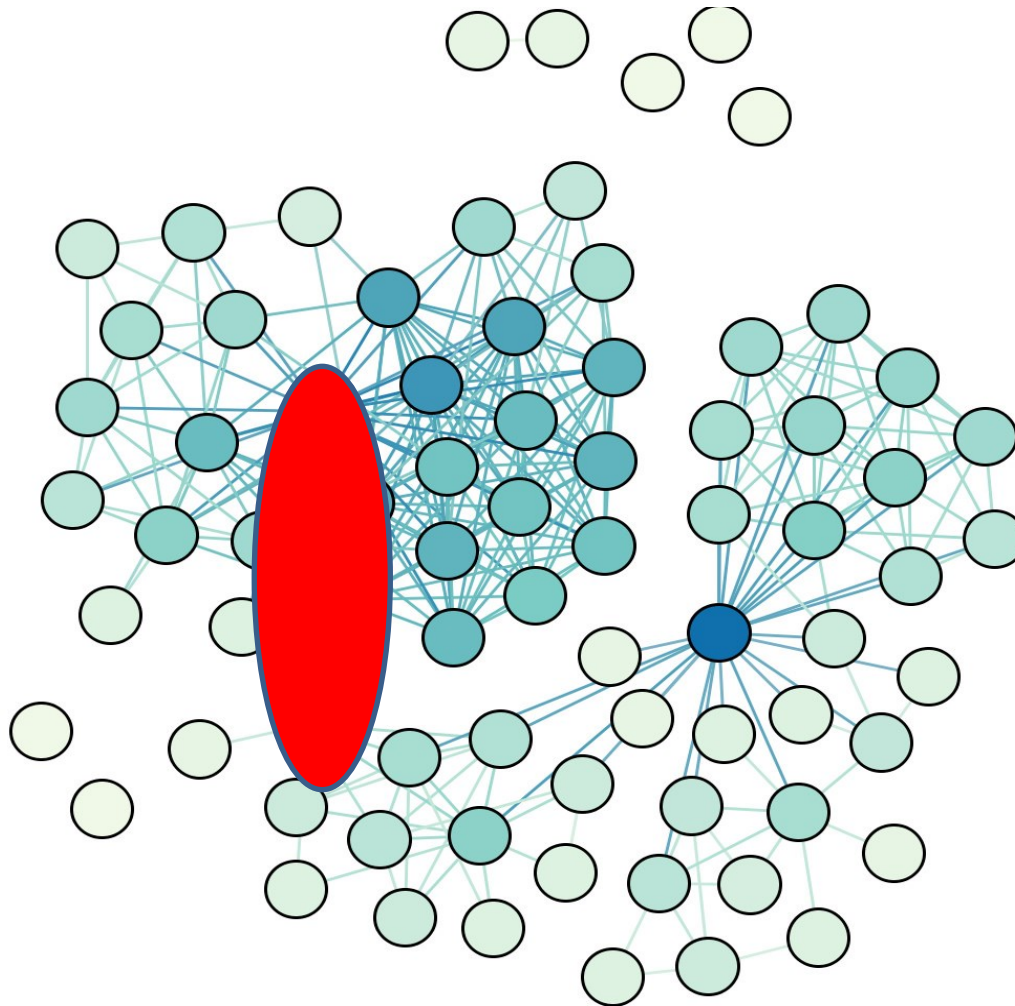
# Social capital stocks and flows



- Like other capital, social capital is a *stock* that can be invested in or that can depreciate (flows)
- Social capital is only measured indirectly from survey data
- E.g. in NZ, Roskrige/Grimes/Poot defined:
  - Social Capital **Stock**:  
Feeling safe, not isolated, sufficient contact, trust in others etc.
  - Social Capital **Investment**:  
Participation in community activities, volunteering, etc.



# A social network



Source: <https://www.flickr.com/photos/glenscott/8027751248>



# Bonding, bridging and linking

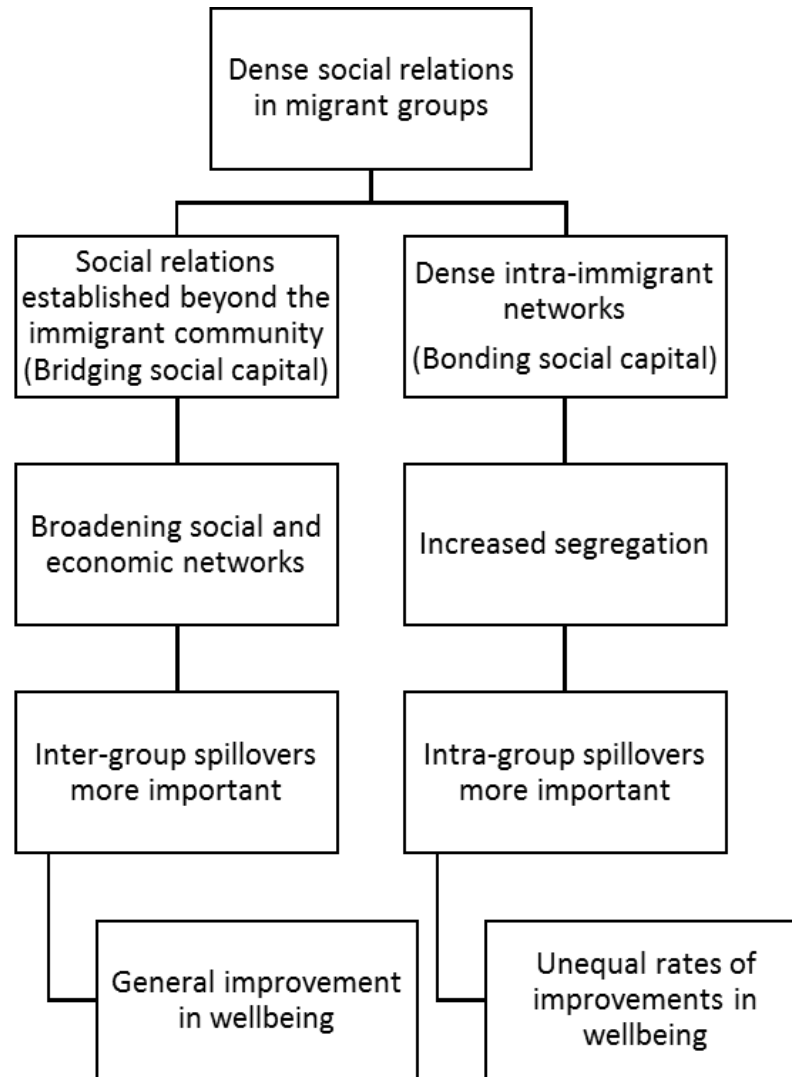
- *Bonding* is social capital building among individuals within a relatively closed network
- *Bridging* is social capital building among individuals that cuts across several networks
- *Linking* is social capital that results from people willing to link across different social layers or hierarchies
- Edges/ties/links can be strong or weak

# Migrants and social capital



- Migration has a dramatic impact on a migrant's networks and therefore on social capital
- Social capital investment in the destination country depends on a migrant's socio-economic characteristics, culture, and locational factors
- Migrant bonding is often seen as the means “to get by”, migrant bridging “to get ahead”, while migrant linking is possibly quite rare (and under-researched).

# Bridging has greater benefits



Source: Friessen (2003, p. 187)

# Location matters



- As much social capital is location specific, it is important to consider the role of spatial factors in influencing investment
- When migrants are spatially clustered, bonding is likely to be more frequent than bridging
- Using our NZ maps of birthplace diversity, we measure migrant clustering:
  - Between regions (Location Quotient)
  - Within regions (Segregation Index)

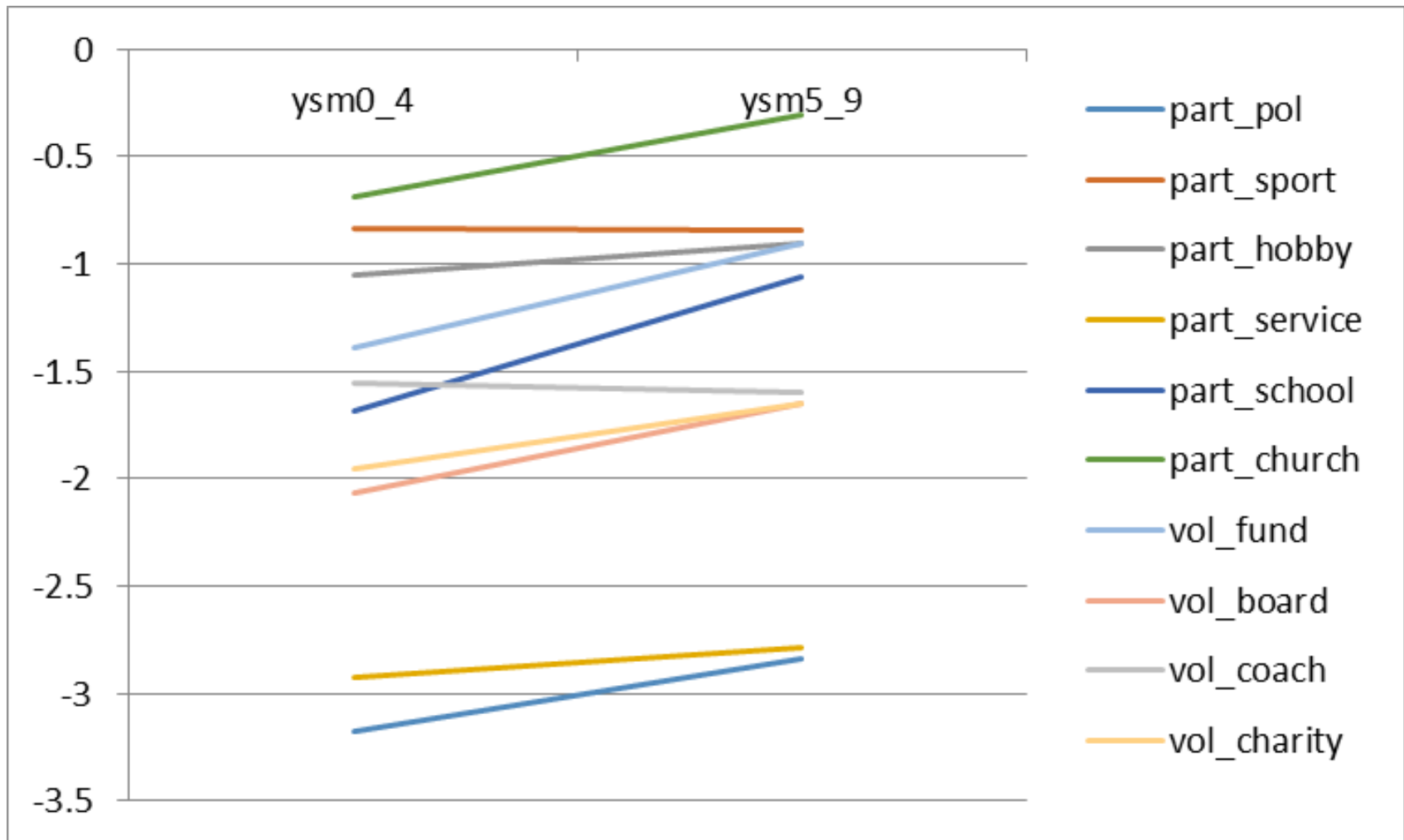
# Migrant bonding and bridging in NZ



Ranked from the highest to the lowest percentage of migrants participating in the stated activity

Variable	Social capital type			
Participating in religious activities	Bonding			
Volunteering to fundraise	Mixed			
Participating in sport	Bridging			
Participating in hobbies	Mixed			
Participating in school activities	Mixed			
Volunteering as a coach	Bridging			
Volunteering on a board	Bridging			
Volunteering in a charity	Bonding			
Participating in community services	Bridging			
Participating in politics	Bonding			
Based on an analysis with the 2006 Adult Literacy and Life Skills Survey				

# Most networking increases with years in NZ



# The effect of bridging and bonding on migrant performance in the labour market



- That “who you know matters more than what you know” has been conclusively shown in labour market research;
- However, research specifically on migrants is relatively new;
- Evidence comes mostly from Europe, e.g. Bram Lancee (2012) *Immigrant Performance in the Labour Market: Bonding and Bridging Social Capital*. Amsterdam University Press.



# Networks are very important for migrants



- In Germany *one third* of the native born find their job through networks, while *half* of migrants find their job that way
- Migrant bridging has a higher return than bonding because the majority of available jobs are offered by non-migrant employers
- Bonding has mixed impacts:
  - Positive: security, ethnic entrepreneurship, shelter from discrimination
  - Negative: low pay, less language acquisition, less integration

# **The evidence on employment outcomes (Germany, Netherlands, UK, USA)**



- Bridging leads to more secure employment and higher income
- Bridging is stronger with higher education and better language proficiency
- Research challenge: is social capital investment a cause or consequence of employment outcomes?

# Bonding and bridging effects on employment rates in NZ



- Provisional analysis suggests that those who engage in bridging activities have higher rates of participation in paid employment than those who engage in bonding activities
- Further careful analysis is needed because many factors determine social capital investments and paid work
- Going from correlation to causation is also again a big challenge

# Social capital and immigrant entrepreneurship



- *Necessity versus opportunity entrepreneurship*
- Source: Roskrug, Poot & King (2016) in *Handbook on Social Capital and Regional Development*, Edward Elgar. NZGSS data (2008, 2010, 2012)
- Entrepreneurs obtain income from self-employment or from owning a business
- Strong association between entrepreneurship and volunteering, same effect for locals and migrants
- Social capital (access to facilities and help, safety, and strength of networks) has a strong positive association with economic living standards; networks have a stronger effect among migrants!

# Policies to encourage bridging



- Networks are important; hence encouraging and facilitating (though information and resources) “connectivity” in both employment and residential spheres will have individual and community benefits
- Past research does not show that bonding is “bad” in a broad social context, but instead that bridging is more effective for employment outcomes
- The three most important factors for successful bridging appear to be: language, language and language!



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