



CaDDANZ

Capturing the Diversity Dividend
of Aotearoa/New Zealand

Social capital accumulation and immigrant integration: a synthesis of New Zealand research

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Social capital

- **Social capital** represents the networks of relationships among people in a community or society, enabling that society or community to function effectively
- Like other capital, social capital is a **stock**, which provides a rate of return (**flows**), and can be invested in or depreciated
- Social capital is primarily measured indirectly from attitudinal or behavioural data
 - Social Capital **Stock**: Feeling safe, not isolated, sufficient contact, trust in others, etc.
 - Social Capital **Investment**: Participation in community activities, volunteering, etc.
- *Cross-border* linkages are varyingly referred to as social capital or **relationship capital** (McCann, Poot & Sanderson, 2010), but regardless are important in this research

Social capital building



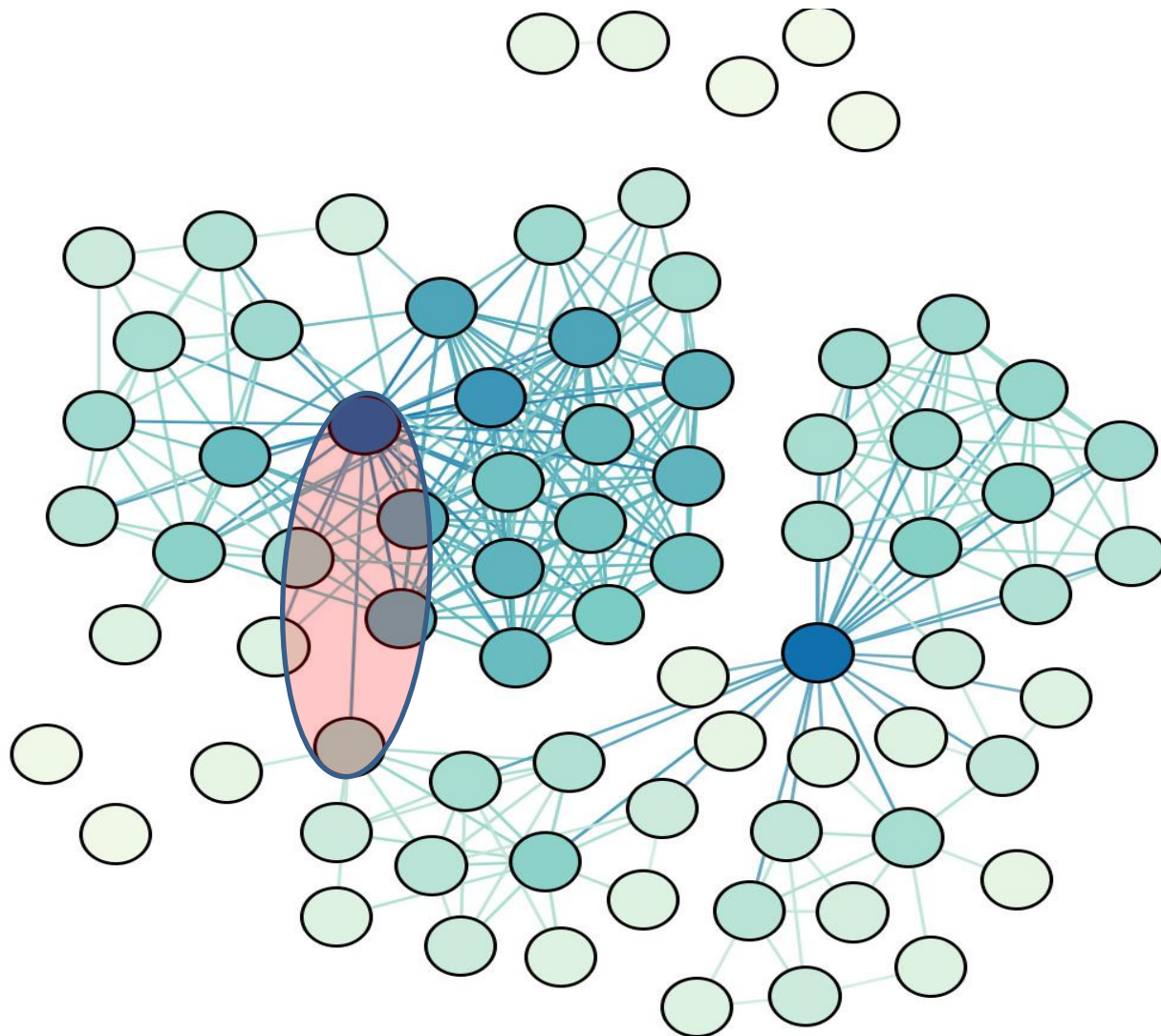
- **Bonding** is social capital building among individuals *within* a relatively closed network
- **Bridging** is social capital building among individuals that *cuts across* several networks
- **Linking** is social capital that results from people willing to link across different *social layers* or hierarchies; also interpreted as the individual negotiating with public institutions

Importance of social networks



- **Social networks** provide the *infrastructure* for social capital formation
- **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 resources
- The relationship between social capital and *online* social networks is complex

A social network of one individual



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



Social capital qualities

- **Strength of connection** reflects both the volume of interaction and the trade-offs involved in information and resources sharing within a network
- **Consumptive or productive benefits:** social capital may contribute to wellbeing through meeting social desires, or through improving the allocation of resources
- **Social capital enhancement:** improving the strength of connection and utility of exchanges across the network can contribute to improved economic and social outcomes

The 'Dark Side' of Social Capital



High levels of social capital within a group, while generating positive returns for the participating individuals, may also generate negative externalities for society.

- Crime
- Discrimination
- Groups of 'insiders' and knowledge monopolies
- Group thinking
- Maintenance and propagation of negative social norms

This has relevance for diversity impacts (e.g. Alesina and La Ferrara, 2005)

- In the context of diversity, tensions between ethnic, religious and other groups
- In the context of migration, tensions between domestic and foreign-born groups

No research in the New Zealand context (yet)

Measures of social capital



“The social networks and the norms of trustworthiness and reciprocity that arise from them.”

Putnam, 2000

“Relationships among actors individuals, groups, and/or organizations that create a capacity to act for mutual benefit or a common purpose”

Statistics New Zealand, 2001

“Social networks which are created, maintained and used by the network participants in order to distribute norms, values, information and social attributes”

Westlund, 2006

- Regardless of definition, social capital is difficult to measure.
- Most strategies involve indirectly measured using a range of proxy variables which are theoretically correlated to social capital.

Examples of proxies for social capital from the NZGSS



1. Trust (in others, in government, in institutions, etc)
2. Participation in community or social activities in past four weeks
3. Volunteering in past four weeks
4. Providing unpaid help to others
5. Feeling safe in neighbourhood after dark
6. Voting in General elections
7. Voting in Local elections
8. Feeling socially included (reverse of responses to isolation question)
9. Not experiencing discrimination because of group membership

Mostly self-reported attitudes or behaviours, but observed behaviour could also be used (e.g. donations, volunteering hours)

NZ data sources that can inform on social capital



- Quality of Life (Big Cities) Survey
- New Zealand Census
- World Values Survey
- Adult Learners and Life Skills Survey
- New Zealand General Social Survey
- Te Kupenga
- Time Use Survey
- New Zealand Electoral Survey
- New Zealand Attitudes and Values Study

Early research in New Zealand



- Built from concepts such as social infrastructure, participation, community development, social capital entered the New Zealand discourse when Putnam visited Wellington in 1997.
- Wide-ranging conceptualization by Robinson (1997, 1999, 2002) built a solid foundation, and this was developed quantitatively by Spellerberg's "Framework for the measurement of social capital in New Zealand" (2001)
- Highly cited cross-country analyses by Knack & Keefer (1997) and Zak & Knack (2001) showed a positive relationship between economic growth and trust, that should benefit NZ as a high trust country (Otago thesis by González, 2001)

MBIE funded social capital research



- Roskrige M, Grimes A, McCann P and Poot J (2012) Social Capital and Regional Social Infrastructure Investment: Evidence from New Zealand. *International Regional Science Review* (using 1998 & 2004 World Values Survey)
- Roskrige M, Grimes A, McCann P and Poot J (2013) Homeownership, Social Capital and Satisfaction with Local Government. *Urban Studies* (using 2006 & 2008 NZ Quality of Life Survey)
- **Roskrige M, Poot J and King L (2016) Social Capital, Entrepreneurship and Wellbeing: Differences between Migrants and the Native Born. Chapter 9 in: JP Larsson and H Westlund (eds.) *Handbook of Social Capital and Regional Development*. Cheltenham UK: Edward Elgar (using 2008, 2010 & 2012 CURFs of NZGSS)**
- **Roskrige M, Poot J and Grimes A (in progress) Immigrant Integration and Social Capital Formation. (using 2006 Adult Literacy and Life Skills Survey & 2008 NZGSS)**
- Roskrige M (in progress) Social capital and wellbeing among Māori (using Te Kupenga)
- **Roskrige M and Poot J (in progress) Regional Diversity and Social Capital Formation (using 2008, 2010 & 2012 NZGSS)**

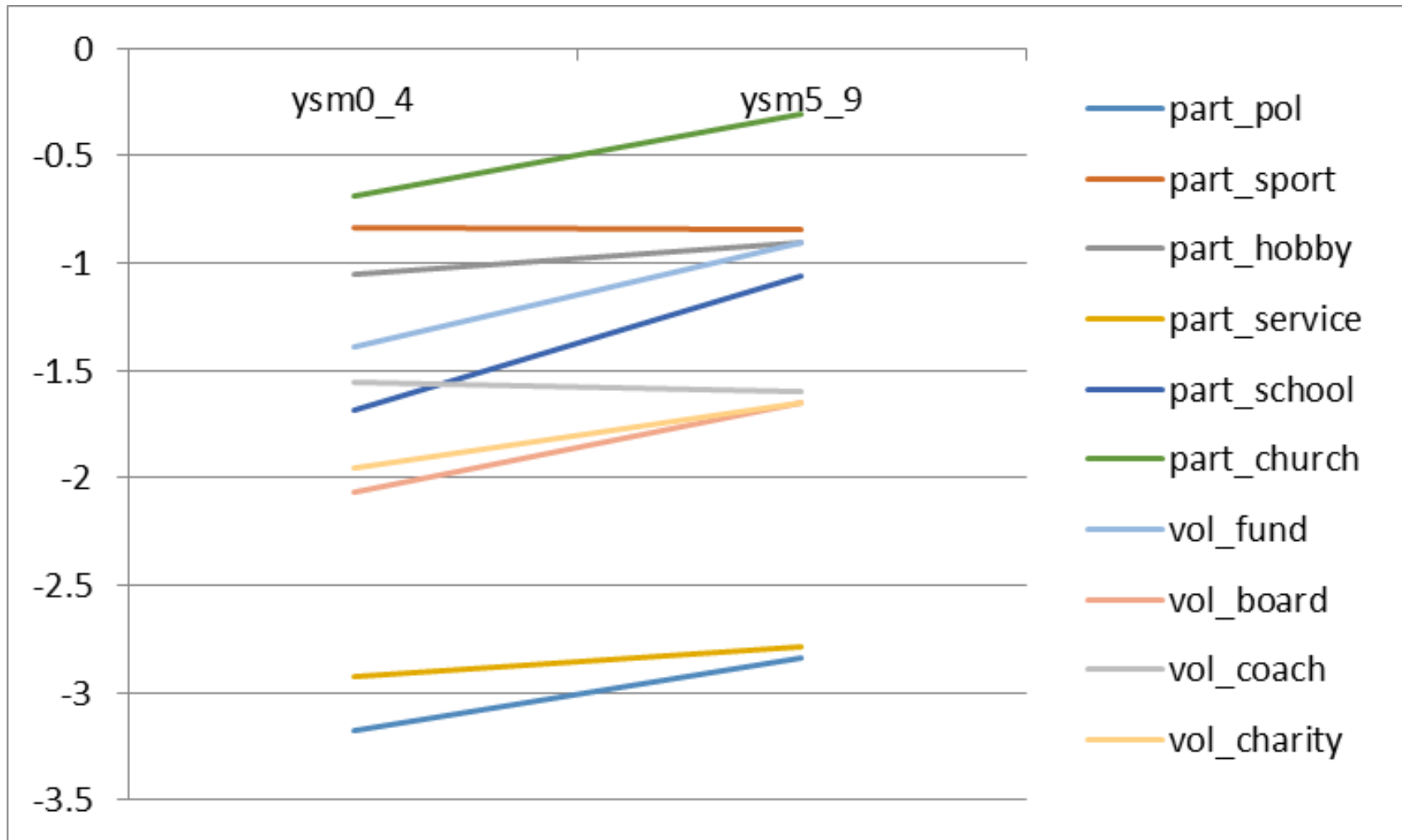
Immigrant integration and social capital formation

Roskruge, Poot & Grimes (in progress)



- Key research question: is there a difference between migrant and native born social capital formation?
- Two different data sources: 2006 ALL and 2008 GSS
- At the aggregate level differences between NZ born and foreign born are not large
- A “years in New Zealand” catch up effect is only statistically significant for first five years
- Notable heterogeneity in regression results with respect to ethnicity & birthplace
- Among migrants bonding activities exceed bridging (reverse for NZ born)
- Regions with a disproportionally large foreign born share appears to have less average bridging; regions with greater spatial segregation display more bonding

Most networking increases with years in NZ



Consistent with European research, bridging appears to have a positive impact on employment rates



	Participate			DIF
	no	yes		
Volunteering in a charity	0.856	0.810	bonding	-0.046
Participating in religious activities	0.859	0.829	bonding	-0.030
Participating in politics	0.849	0.824	bonding	-0.025
Volunteering on a board	0.851	0.836	bridging	-0.015
Participating in school activities	0.850	0.839	mixed	-0.011
Participating in hobbies	0.849	0.845	mixed	-0.004
Volunteering to fundraise	0.846	0.851	mixed	0.004
Volunteering as a coach	0.847	0.852	bridging	0.006
Participating in community services	0.846	0.873	bridging	0.027
Participating in sport	0.825	0.894	bridging	0.069

Source: 2006 Adult Literacy and Life Skills Survey

Social capital and immigrant entrepreneurship

Roskruege, Poot and King (2016)



- *Necessity versus opportunity* entrepreneurship
- NZGSS data (2008, 2010, 2012)
- Entrepreneurs defined as obtaining income from self-employment or from owning a business
- Strong association between entrepreneurship and volunteering, same effect for native and overseas born
- 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!
- Again significant heterogeneity between birthplace groups

Is regional diversity related to social capital formation?

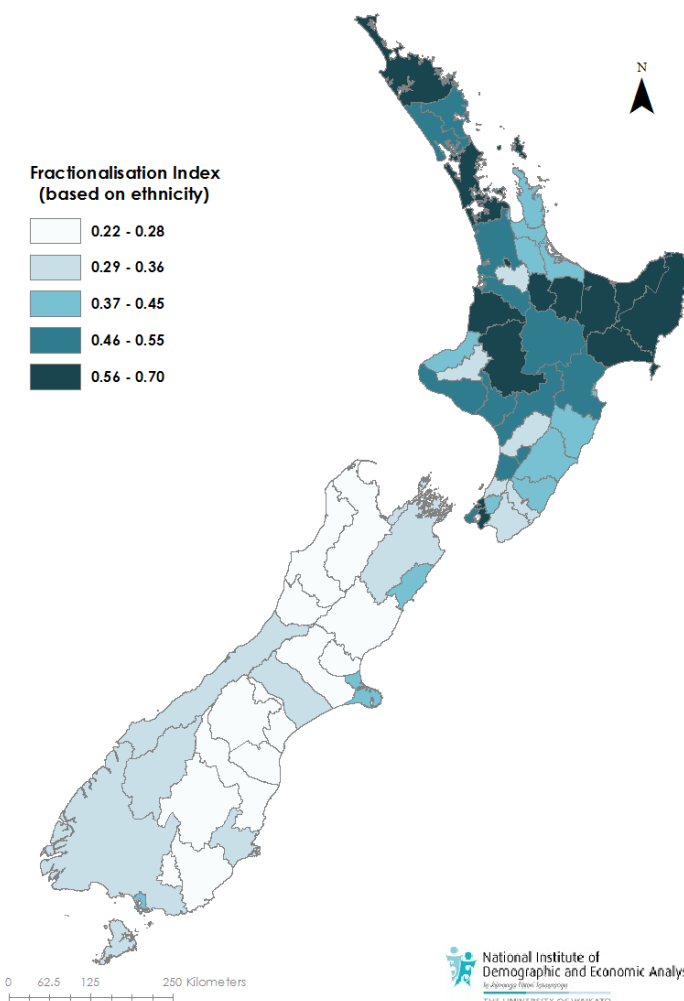
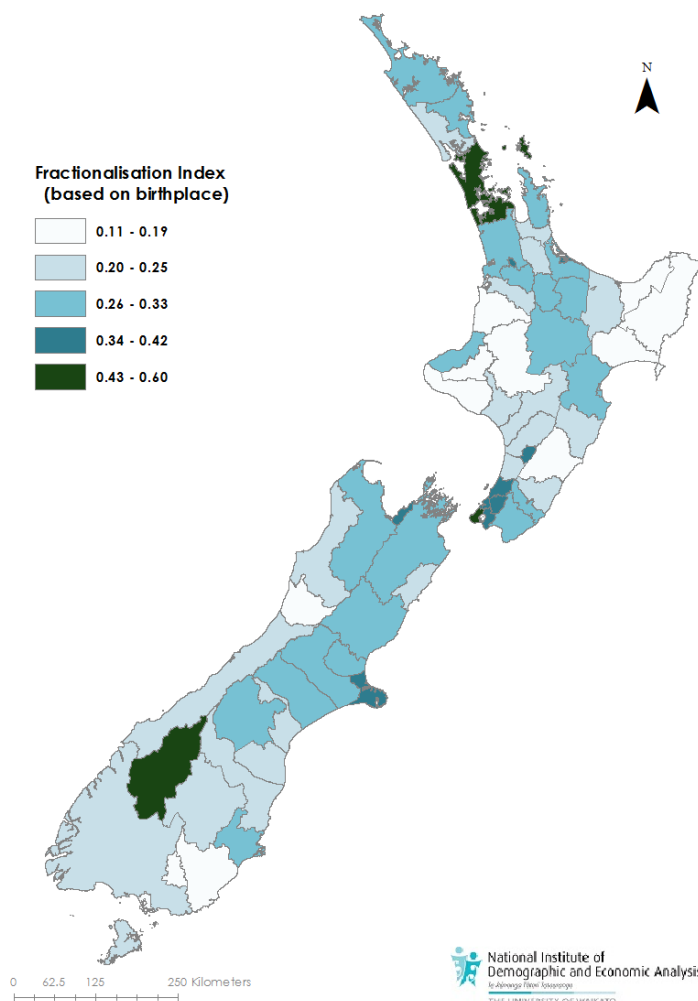
Roskruege and Poot (in progress)



- As most social capital is regional or local, it is important to consider the role of spatial factors in influencing investment
- Geography could influence social capital through geographic and/or social isolation, inclusion or opportunity
- This study focuses specifically on ethnic diversity in a region, using a range of Ethnicity and Birthplace measures
- These Diversity measures have been described in *The Economics of Cultural Diversity (2015)* edited by Nijkamp, Poot & Bakens
- The tested measures include: fractionalization, polarization and diversity among minorities

Birthplace and ethnic diversity among New Zealand Territorial Authorities

(using fractionalisation index)



Is regional diversity related to social capital formation?



Preliminary results

- Study uses 3 waves of the NZGSS (2008-2012) and census data to explore role of regional diversity on social capital formation
- Results appear to support the negative short-run relationship between ethnic diversity and social capital formation that was first discussed by Robert Putnam in his famous 2007 *E Pluribus Unum* article
- Ethnic and birthplace diversity were consistently associated with *lower* levels of community level social capital
- Networks are positively 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)
- These exploratory results, if true, suggests that clusters through ethnic precincts have positive effects on social capital through endogenous bonding; policies ought to then focus on stimulating bridging

Some implications from research



- Networks are important; encouraging and facilitating (though information and resources) “connectivity” in both employment and residential spheres will have individual and community benefits
- Findings suggests that migrants rapidly (within five years) appear statistically similar to native born in terms of social capital investment
- There does not appear to be any issues with migrants engaging in bonding social capital (with other similar migrants)
- Past research does not show that bonding is “bad” in a broad social context, but instead that bridging is more effective for employment and cohesion outcomes
- Literature suggests the three most important factors for successful bridging appear to be:
language, language and language!

Future of social capital research



- Testing of additional diversity measures and combinations of measures
- Impacts of social capital formation (positive & negative) using structural modelling and outcomes data (ELSI, Health, Life Satisfaction, etc.)
- Social capital heterogeneity between ethnic groups
- ‘Dark side’ of social capital
- Better identification of bridging/bonding/linking
- The role geography at different scales (from “city” to “neighbourhoods”)
- Longitudinal analysis



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Operational groupings of KS

In order to apply the concept of social capital at a practical and operational level, it can be broken down into five key dimensions:

- Groups and Networks - collections of individuals that promote and protect personal relationships which improve welfare;
- Trust and Solidarity – elements of interpersonal behavior which fosters greater cohesion and more robust collective action
- Collective Action and Cooperation - ability of people to work together toward resolving communal issues
- Social Cohesion and Inclusion - mitigates the risk of conflict and promotes equitable access to benefits of development by enhancing participation of the marginalized
- Information and Communication - breaks down negative social capital and also enables positive social capital by improving access to information.