Social capital and labor-market outcomes for immigrants

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Social capital implies that people well equipped with social resources – in the sense of their network and the resources of others they can call upon – are more likely to succeed in attaining their goals (Flap & Völker 2004: 6). Although there is no commonly accepted definition, social capital is often described as the "investment and use of embedded resources in social relations for expected returns" (Lin 1999a: 30). Researchers have suggested that possessing social capital contributes to economic outcomes, such as access to the labor market (Granovetter 1995; Aguilera 2002), wages (Aguilera & Massey 2003; Aguilera 2003) or occupational status (Lin 1999b).

Especially for immigrants, social networks are important in order to make headway in the labor market. In Germany, for example, almost 50 percent of immigrants find their job through networks; this percentage is even higher for the young and the poorly-educated (for native German residents, around 30 percent find jobs through a network; see Drever & Hoffmeister 2008). The use of networks may be an efficient strategy for job searching in the face of potential discrimination (Mouw 2002). Furthermore, social capital provides access to host country-specific resources and job opportunities (Haug 2007).

Networks of immigrants are often said to provide security, high solidarity, and opportunities, for example with respect to the ethnic economy (Zhou 1992; Waldinger 1994; Menjívar 2000; Waldinger 2005). The argument often put forward is that of "closure" (Coleman 1990). In the situation of network closure, all members are connected to each other. Closure in a network provides more (ethnic) solidarity and reliable communication channels, resulting in protection from exploitation by the members of the network. Especially shortly after arriving in a new country, family-based and co-ethnic networks offer the resources needed to find jobs (Hagan 1998). For instance, family-based and co-ethnic networks are found to contribute to the (self-) employment of immigrants (Waldinger 1994; Sanders & Nee 1996; Kloosterman et al. 1999; Sanders et al. 2002; Greve & Salaff 2005).

However, there is also research that suggests that, although immigrants rely heavily on their social networks to find employment, this results in lower-quality jobs (Falcon & Melendez 2001; Elliott 2001; Kazemipur 2006) and lower wages (Green et al. 1999). Networks of immigrants are often characterized as isolated and therefore hindering economic integration (Portes 1995, 2000; Portes et al. 2005). Hagan (1998: 65) concludes that "Migrants can become so tightly encapsulated in social networks based on strong ties to co-ethnics that they lose some of the advantages associated with developing weak ties with residents outside the community." Wilson (1987) argued in *The Truly Disadvantaged* that living in an isolated ghetto has two negative consequences for urban blacks: the loss of role models and the exclusion from job networks. Moreover, besides access to social capital, activation of social resources on the labor market is especially problematic (Smith 2005). Reviewing the empirical literature on social capital, Mouw (2006) concludes that the major part of the effect of social capital on finding a job reflects the tendency for similar people to become friends, also known as (ethnic) homophily. Homophily limits the information that people receive through their social networks. According to McPherson et al. (2001: 420), ethnic homophily is the biggest divide in social networks.

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Scholars examining social capital therefore point out that its returns depend on the different forms of social capital that people possess (Putnam 2000; Portes 2000; Burt 2001). It is often assumed that, whereas bonding social capital is to "get by," bridging social capital is to "get ahead" (Putnam 2000). Bridging social capital refers to social relations that bridge otherwise disconnected segments, such as connections to the native population. For immigrants, inter-ethnic ties are important, since they are a link out of the ethnic community that can lead to a wider network containing more valuable resources and job opportunities (Heath & Yu 2005). By establishing contacts with natives, migrants gain access to host-country specific resources that are useful to make headway on the labor market. For example, natives may be able to point to vacancies, assist with applications, or bargain for promotions, taking into account the all the specificities of the host country's labor market. Furthermore, since most employers are natives, ties to natives can be a direct way to employment or a better (paid) occupation. Researchers indeed consistently find that, for immigrants, ties to natives are associated with better labor market outcomes, such as employment, occupational status, and earnings (Aguilera 2002; Ode & Veenman 2003; Aguilera & Massey 2003; Aguilera 2005; Kanas & Van Tubergen 2009; Kanas et al. 2009; Lancee 2010a, b). This, however, does not mean that only ties with natives lead to links to valuable resources. Naturally, co-ethnic ties can also link to better paid or higher status jobs (see, for example, Aguilera and Massey 2003), and the degree to which this is the case is likely to differ in the United States and Europe.

It seems therefore that distinguishing between different forms of social capital is especially useful with regard to immigrants and their position on the labor market. A helpful distinction is the extent to which relations connect to one's own ethnic group (also referred to as bonding social capital) or to native residents (bridging social capital). On the one hand, co-ethnic and family-based social capital contributes to ethnic solidarity and provides access to the (ethnic) economy. Co-ethnic networks seem especially beneficial to immigrants who have recently arrived in the host society. In the longer run, however, these networks may hamper structural incorporation in the host society, since they can be isolated and limit access to new information and opportunities. On the other hand, contacts with natives are associated with positive labor market outcomes, because they provide access to host-country specific resources that are needed to make headway on the labor market.

SEE ALSO: Co-ethnic employees; Ethnic enclaves and niches; Ethnic enclaves and niches: theory; Labor migration and worker organization, global North and global South; Social networks

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