

Social Capital and Economic Wellbeing of immigrants in Canada: An Analysis of Ethnic Diversity Survey 2002

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The transnational movement of people poses challenge for policy makers in terms of the integration of immigrants. According to Castle and Miller (1997) the huge movement of people across borders is not only the movement of people, it is also the movement of different cultures, social systems, and ethnic groups. Racial and ethnic relations in Canada include in particular social inequalities affecting the visible minority population groups. There arises a question how large multi-cultural societies manage diversity and remedy social, economic, and cultural inequalities to create a viable society. To answer such questions researchers during the last two decades revisited their traditional position using a human capital approach to explain the economic situation of visible minority immigrants. Social capital is proposed as an additional approach in studying the integration of immigrants (Granovetter 1973; Bourdieu 1985; Coleman 1988; Putnam 1993; Portes 1998; Li 2000; Woollock 2001; Adler & Kwon 2002; Uslander 2004; and Nakhaie 2007).

Social capital is a conglomeration of social relations, formal and informal social networks, group membership, trust, and reciprocity. It is generally believed that social capital is the property of the group rather than the property of the individual. For Bourdieu (1985) social capital is networks of relationships that emerge through membership of a group, while for Putnam (1993) social capital includes bonding with other members from the group and bridging with others beyond the group, and for Coleman (1988) it is the sum of expectations and obligations of trust and reciprocity. Aguilera (2002) refers to social capital as resources acquired by people through their relationships with others. These resources are information and behavior that influence economic action. Nakhaie (2007) finds that although social capital improves the earnings of immigrants and visible minorities, its impact is very limited. Lamba (2003) in his

research on Canadian refugees with regard to the impact of human and social capital on quality of employment shows that a significant proportion of refugees have human capital that represents little or no value in Canadian labor market, and social networks are not a solution to overcome their difficulties in occupational mobility. Tiepoh & Reimer (2004) find a statistically significant relationship between social capital and household income. Zhou & Bankston (1994) suggest that in some instances social capital is more crucial than human capital for the successful adaptation of younger-generation immigrants.

To assess the influence of social capital, the present study investigates its importance for the integration of visible minority immigrants in Canada. Theoretically, the study is guided by the assumption that human capital is vital to the income of immigrants and that in the absence of adequate social capital the impact of human capital would be reduced. Human capital would be of primary importance to reduce income inequality, and social capital cannot be a substitute to human capital but it would increase the effectiveness of human capital.

The study uses the 2002 Canadian Ethnic Diversity Survey and targets respondents aged 25 to 65 who were born outside Canada (N=7649). The dependent variable is total personal income (used here as an ordinal measure given the categories available in the data), the independent variables comprised of four sets, i.e. demographic (age, sex, and marital status); visible minorities (Chinese, South Asians, Black, others & other multiple visible minorities); and human capital (language, education, working status). Social capital variables are grouped into the two categories, bridging (trust and participation in community organization) and bonding (participation in religious affiliated groups, participation in ethnic or immigration association, and non-household members in Canada). Ordinal logistic regression is used for statistical analysis. For the interpretation of coefficients the exponential expression of the regression coefficient ($\text{Exp } b$) is used that reveals the strength of the relationship between the explanatory variable and the effect of independent variable.

Table 1: Separate and Cumulative Odds Ratio/Exponentiated Beta Coefficients of Human Capital, Demographic, Visible minorities, and Social Capital Variables as Income Predictor

	Model 1 DV	Model 2 DV +VM	Model 3 DV+HC	Model 4 DV +SC	Model 5 DV+VM+HC+SC
Age					
25-34	-.165(.85)	-.005(.96)	-.439(0.65)	-.134(0.87)	-.550 (0.58)
35-54	.304(1.36)	.409(1.51)	.024(1.02)	.399(1.49)	-.060 (0.94)
55-65(ref)	0(1)	0(1)	0(1)	0(1)	0(1)
Sex					
Male	1.477(4.38)	1.510(4.53)	1.186(3.27)	1.409(4.10)	1.190 (3.29)
Female (ref)	0(1)	0(1)	0(1)	0(1)	0(1)
Marital Status					
Single/never married	-.291(.75)	-.226(.80)	-.436(0.65)	-.404(0.67)	-.509 (0.60)
Widowed, divorced, and separated	0.36(1.44)	.036(1.04)	-.061(0.94)	-.061(0.94)	-.142 (0.88)
Married/common law (ref)	0(1)	0(1)	0(1)	0(1)	0(1)
Visible Minorities					
Others and multiple visible minorities		-.838(.43)	-----	-----	-.581 (0.56)
Chinese		-.520(.59)	-----	-----	-.216 (0.81)
South Asian		-.496(.61)	-----	-----	-.264 (0.77)
Black		-.788(.45)	-----	-----	-.747 (0.47)
Not in a visible minority (ref)		0(1)	-----	-----	0(1)
Language					
English and French			-.879(0.42)	-----	-.484 (0.62)
French only			-.083(0.92)	-----	-.015 (0.96)
Non-official language only			-.719(0.49)	-----	-.298 (0.74)
English only (ref)			0(1)	-----	0(1)
Education					
Less than high school			-2.351(0.10)	-----	-2.553 (0.08)
Diploma, certificate, and high school			-1.651(0.19)	-----	-1.650 (0.19)
College, university/bachelor degree			-1.740(0.18)	-----	-.723 (0.49)
PhD, Master, and professional degree (ref)			0(1)	-----	0(1)
Work					
Less than 30 hours (part time)			-1.388(0.25)	-----	-1.430 (0.24)
30 hours or more (full time) ref			0(1)	-----	0(1)
Trust					
Generally People can be trusted				.547 (1.73)	.344 (1.41)
People can not be trusted (ref)				0(1)	0(1)
Participation in Religious affiliated group					
Yes				-.430 (0.65)	-.284 (0.75)
No (ref)				0(1)	0(1)
Participation in Community organization					
Yes				-.469 (0.63)	-.390 (0.68)
No (ref)				0(1)	0(1)
Participation in ethnic or immigration association					
Yes				-.439 (0.64)	-.298 (0.74)
No (ref)				0 (1)	0(1)
Non-household members in Canada					
Yes				.325 (1.38)	.553 (1.74)
No (ref)				0(1)	0(1)
Constant 1:	1.426	1.253	-1.331	1.544	-1.035
Constant 2:	2.515	2.370	.007	2.598	.302
R ²	.149	.175	.257	.194	.294

Note: Log Odds/Estimates are outside the brackets, while Odds ratio/Exponentiated Betas are in brackets

-----All variables are significant at p < 0.05

-----DV (demographic variable), VM (visible minority), HC (human capital), and SC (social capital) -----Source (Ethnic Diversity Survey 2002

Canada)

Model 1 in the above table shows that people in the age group (35-54) have (36%) higher chances of earning \$60,000 or more as compared to the age group (55-65). The demographic variables of Model 1 explain 15% variation in income. In Model 2 with the inclusion of the visible minority variable the R^2 increases by 2.5%. In this Model South Asians, Chinese, blacks, and other multiple visible minority immigrant groups have (39%, 41%, 55%, and 57%) lower chances respectively of falling into higher income category as compared to the non-visible minority immigrant group. South Asians are less disadvantaged as compared to all other visible minority immigrants. Model 3, which has the demographic variables and the human capital factors, explains 26% of the variation in income. French speaking people are 8% less likely to fall into higher income category as compared to those who speak English only. Those who only speak non-official languages have 51% lower chances to fall into the higher income category as compared to those who speak English only. There is positive and progressive relationship between income and education, and highly educated people are more likely to have higher income.

Model 4 includes demographic and social capital variables only. Compared to Model 3 which has the human capital variables, the R^2 is almost 7% lower in Model 4. This would be an indication of higher impact of human capital as compared to social capital. The Model 4 results indicate that those who show trust are 73% more likely to earn higher income as compared to those who do not show trust. Those who participate in a religious affiliated group, community organization, and ethnic and immigration association have (35%, 37%, and 36%) lower chances respectively to fall into higher income category as compared to those who do not participate. That is, these measures of bonding social capital within groups present disadvantages to income achievement for minority groups. Those who have family members in Canada beyond their household have 38% higher chances to earn higher income as compared to those who do not have family in Canada. The final Model shows that Chinese improved more their chances to earn

higher income as compared to other visible minority immigrant groups and now they have 19% instead of 41% lower chances as compare to non-visible group. The results in the final Model also show differential impact of human and social capital for visible minority immigrant groups, for example, Chinese, South Asians, and blacks improve their situation by (22%, 19%, and 2%) respectively through their human and social capital.

The next stages of this research will involve separate analysis within the immigrant categories, to decipher this differential impact of the human and social capital variables on the various visible minority groups. We will also seek access to the detailed data on income in order to use linear regression techniques.

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