The impact of social networks on well-being: evidence from Latino immigrants

BY
PEDRO V. DOZI
Motivation

- Diverging ideas on the importance of Latinos in rural regions;
  - Positive:
    - Help in income generation and socio-economic survival of rural areas;
    - Improve diversity of rural regions, while supplying labor for necessary work;
    - Improve job prospects of locals through indirect and induced effects;
  - Negative:
    - Deplete local resources, which could be better employed elsewhere;
    - Displace local labor;
    - Depress income earnings of low skilled local labor;
- Contradictory justifications on how they sustain well-being;
  - Use social welfare even though the law does not allow for it;
  - Use own resources even though they earn very little;
- Scarcity of quantitative studies on Latino immigrants’ well-being.
We suggest a third way Latinos sustain/improve well-being:
- Using their extensive social networks;

Social capital:
- Refers to the contacts between and within social networks;
- Creates value that members could use to derive utility (well-being);
- Subdivided in three:
  - Bonding: strong ties – family and close friends;
  - Bridging: weak ties – friends (not close) colleagues, neighbors, etc.;
  - Linking: connection with contacts in position of power.
- Empirical measurement:
  - Membership in groups and inferred benefits;
  - Benefits accrued to individuals through contacts;
  - Indirect benefits from potential social capital sources
Objectives and Questions

- **Objectives:**
  - Develop an economic model to assess the impact of social network on well-being; and
  - Comparatively assess the impact of regional social networks on Latino immigrants’ well-being.

- **Research questions:**
  - Does social capital influence Latino immigrant householders’ well-being?
  - Are there localized effects of social capital on Latino immigrant householders’ well-being?

- **Hypotheses:**
  - $H1$: Social networks have a positive impact on well-being;
  - $H2$: There are regional impacts of social networks on well-being
Data and study areas

Data used in estimations comes from a household survey conducted in three different non-urban regions of Missouri.

Study areas:

- **Region A:**
  - Located in the central region of Missouri
  - Has a 20,196 inhabitants of which 5.6 % are Latinos.
  - Employment are mostly in manufacturing plants, service sector (retail and wholesale) and a very large food processing plant

- **Region B:**
  - Located in northern Missouri
  - Has a population of 1,863 out of which 22 % are of a Latinos;
  - The largest employer is a meat packing facility

- **Region C:**
  - Located in southwest Missouri
  - Has a population of 6,050 of which 4 % is Latino
  - The largest employer are the service, hospitality and tourism industries.
Theoretical model:
- Household production function: social capital is used to access information and goods used to produce home goods, which are subsequently used to improve utility.

The empirical model:
- Ordinary least squares
- Variables used:
  - Dependent: Well-being (PWI) - latent
  - Independent: Human, social, cultural economic capitals; climate, acculturation, and community variables;
Figure 1. Structural representation of the empirical model
Impact of social networks on Well-being

• **Hypothesis 1:**
  - \( H_1 \): Social capital has a positive impact of well-being;
    - Hypotheses \( H_1(a), (b), \) and \( (c) \) correspond to bonding, bridging, and linking respectively

• **Findings:**
  - *Using* bonding and bridging social capital significantly influences well-being, while linking does not;
  - *Belonging* to formal and informal groups does not significantly influence well-being, while religious groups does;
  - Female(-), citizen(+), age(+), region B(+) and social climate (+) significantly impact well-being.
Regional impacts on Well-being

Hypothesis 2:

- $H_2(a)$ Source of information influences occupation in a specific region;
- $H_2(b)$ Skill level or occupation influences the level of well-being in a specific region;

Empirical model

- Multinomial logistic model for $H_2(a)$:
  - Dependent variable: different industries in the region
  - Industries are compared with the default, which normally is a significant employer in the region.
- Analysis of variance (ANOVA) for $H_2(b)$:
  - Dependent variable: Well-being
### Variables used for Hypothesis 2

**Hypothesis $H_2(a)$**

- **Dependent:**
  - Occupation or industry working;
- **Independent:**
  - Age;
  - Education;
  - Non-legal resident;
  - Anglo and Latino acculturation;
  - Social climate;
  - Language pressure climate;
  - Male;
  - Family source of information;
  - Friend source of information;
  - Employer source of information

**Hypothesis $H_2(b)$**

- **Dependent:**
  - Well-being (PWI)
- **Independent:**
  - Non-legal resident;
  - Low skill level;
  - Education;
  - Social climate;
  - Racism and discrimination;
  - Language pressures climate;
  - Cultural capital;
  - Female;
Findings: regional impacts

Region A (central): $H_2(a)$

- In comparison to Poultry processing:
  - Source of information:
    - From friends:
      - Are 1.8 times more likely to be employed in sanitation;
      - Are 1.3 times less likely to be employed in family business;
    - From family:
      - Have higher odds of being employed in restaurants, family business or industrial sanitation;
    - From employers:
      - Are more likely work in construction or sanitation;
      - Those with Anglo acculturation are more likely to work on formal jobs or family business;

**Findings: regional impacts (cont.)**

**Region B (north): \( H_2(a) \)**

- **In comparison to industrial sanitation:**
  - **Sources of information:**
    - From friends are:
      - 65% less likely to work on family business
      - 32% less likely to work in construction; and
      - 12% more likely to work in meat processing.
    - From family are 7% more likely to work for family business;
    - From employers are:
      - 35% more likely to work in meat processing.
  - Those higher levels of Latin acculturation are 6.9% more likely to work for family business;
  - Those with higher language pressures and negative social climate are more likely to work for family business.
Region C (south): $H_2(a)$

In comparison to hospitality, serving and tourism:

- **Sources of information:**
  - From friends: are 34 and 43% less likely to work in construction and family business respectively.
  - From family: are 60 and 65% more likely to work in construction and family business respectively.

- Those perceiving negative social climate are 46% more likely to work in construction and 65% more likely to work in family business.

- Those with high Anglo acculturation are 2 times more likely to work for other formal employers;
$H_2(b)$ Skill level or occupation influences the level of well-being in a specific region;

- Region A (central):
  - Cultural capital is the only variable that significantly contributes to the variation in well-being levels;

- Region B (north):
  - Legal status, skill level, social, racism, and language climate significantly contribute to the variation on the well-being;

- Region C (south):
  - Social and racism climate are the only classes that significantly contribute to the variation in the well-being levels;
Main Implications

- **Short term: networks provide material and emotional support**
  - Allows extended job search thus increasing the probability of obtaining a job which influences well-being;
  - Provides a sense of belonging to Latinos arriving in an inhospitable community

- **Long term: locks Latinos in a negative loop of dependency and low skill employment**
  - Current networks tend to fairly closed and don’t provide access to necessary resources to improve human capital;
  - Participation in different networks with access to resources would more valuable for their development.

- **The localized effects of networks on Latino well-being suggest that:**
  - The sense of achievement (having a job) is more important than occupation;
  - Indirectly, this is also related to mobility: move to find a job.
The end, so far...

Might not be able to answer all questions 😊