

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



**BY**  
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# 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.**

# Social capital



- **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



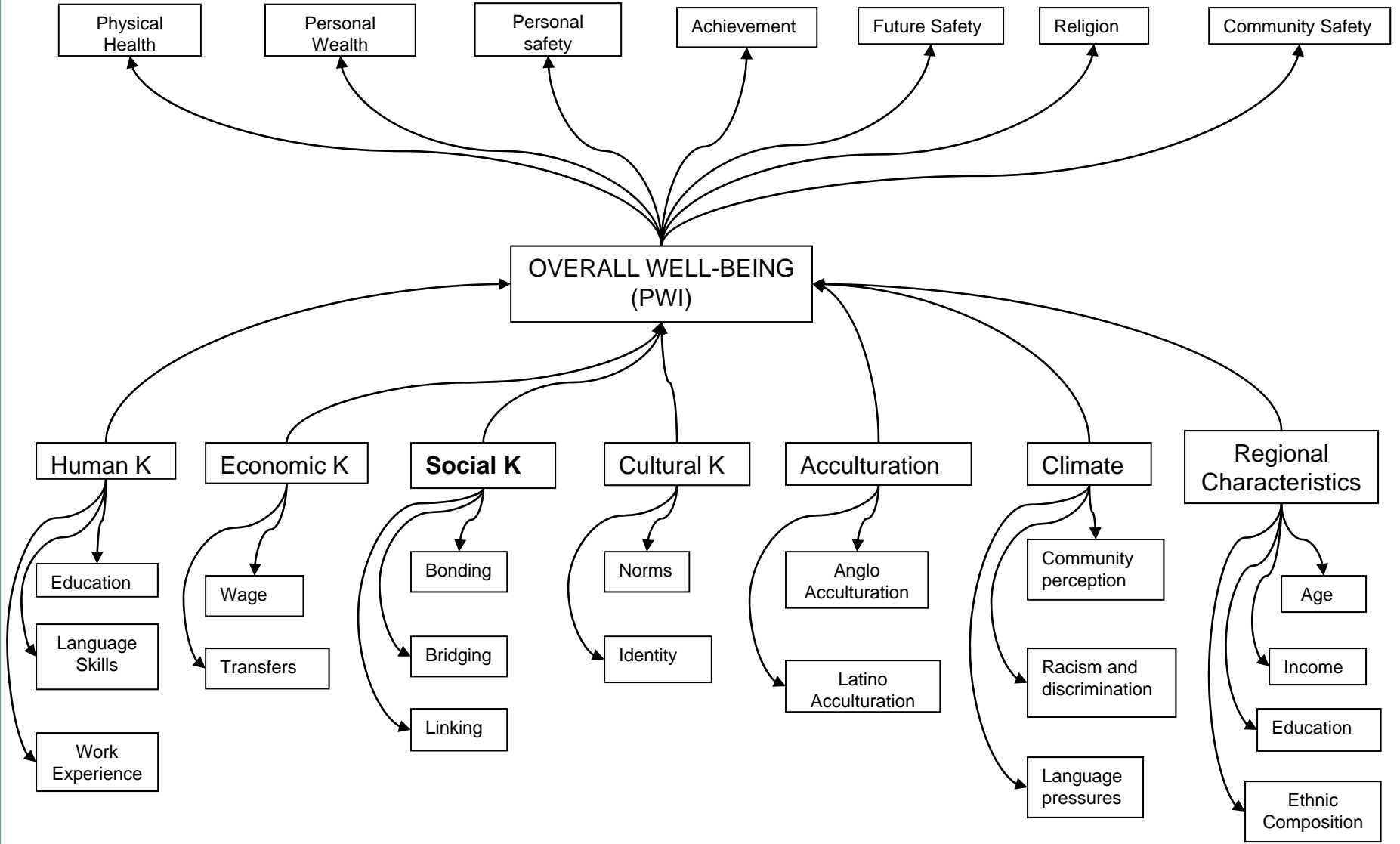
- **Data used in estimations comes from a household survey conducted in three different non-urban regions of Missouri.**
- **Study areas:**
  - **Region A:**
    - ✦ Located in the central region of Missouri
    - ✦ Has a 20,196 inhabitants of which 5.6 % are Latinos.
    - ✦ Employment are mostly in 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.

# Framework



- **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.

# Findings: regional impacts (cont.)



- **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;

## Findings: regional impacts (cont.)



**$H_2(b)$  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 be fairly closed and don't provide access to necessary resources to improve human capital;
  - Participation in different networks with access to resources would be 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 😊**