

# An Immigrant's Social Capital Investment Decision: To Bond or To Bridge?

Zhiling Wang<sup>1,2</sup>

<sup>1</sup>Tinbergen Institute, the Netherlands

<sup>2</sup>Department of Spatial Economics, VU University Amsterdam, the Netherlands

## Abstract

'Bonding' and 'bridging', as a key classification of social capital, refer respectively to the network within the homogeneous group and the network across heterogeneous groups. In this paper, I look at immigrants' investments in bonding and bridging social capital in relation to the local labour market conditions and the individual characteristics. A structural model is derived and empirically tested in the case of the immigrants in the Netherlands. It is found that a higher job arrival rate, a larger wage difference between the ethnic labour market and the host labour market, and a higher preference for co-ethnic neighbours, lead to more bonding, less bridging, and the choice of more ethnically concentrated areas.

**Keywords:** social capital, bonding, bridging, job search, immigrants