Abstract:
This study examines the role of human and social capital in the economic performance of immigrants. It improves upon previous research in several ways. First, it distinguishes between human capital acquired in the country of origin and destination. Second, it focuses not only on immigrants’ contacts within own ethnic group but also contacts with natives. In addition, by using longitudinal data, it provides a more rigid test for a causal effect of social contacts on immigrants’ economic outcomes. Finally, it examines the possible interplay (i.e., mediation and moderation) between human and social capital in immigrants’ economic performance. With respect to human capital, the results show that the economic returns to origin-country schooling are larger for immigrants from more similar cultural and economic backgrounds to the native population than culturally and economically dissimilar immigrants. The returns to origin- and host-country human capital are not substantially affected by ethnic concentration in the religion of living. It also appears that the economic returns to host-country human capital are larger than to origin-country capital and that the higher returns to host-country human capital cannot be explained by increased social contacts with natives. Regarding social capital, the results show that immigrants profit from different kinds of social capital, in particular contacts with natives, as they provide immigrants with information and influence on the job search process. However, some of the benefits from social contacts with natives are indirect or spurious and can be attributed to host-country human capital.