

# **The Role of Social Capital in the Labour Market Integration of Immigrants in Hungary**

(Abstract)

*Irén Gödri*

HCSO Demographic Research Institute  
Buday L. u. 1-3, Budapest 1024, Hungary  
E-mail: godri@demografia.hu

Integration into the labour market is one of the crucial elements in the overall integration process of immigrants. Its success or failure may well influence the other dimensions of the process such as social integration, cultural adaptation and identificational integration. The individual characteristics of immigrants, the local characteristics of the labour market, the migration policy of the receiving country together with the presence and position of immigrant's ethnic community in the country all contribute to determining the chances of integration. However, personal contacts also often play a vital role in finding work and on attained statuses. As to the question which types of contact guarantee more success in finding a job or leads to higher-status job, the relevant literature offers different theories and diverging results. The most important of them stress the significance of weak ties (Granovetter, 1973; Lin, 1982), contacts which span structural holes (Burt, 2004), and contact persons of a high status (Campbell, Marsden and Hurlbert, 1986; Lin, 1999; Bartus, 2001). With regard to immigrants, it is important to distinguish another dimension of relationships, namely their contacts with their own ethnic group and to the receiving population. While ethnic communities may represent an important resource and assistance to the immigrant, on the other hand it can also frequently act as a restraining bond.

The paper examines the labour market integration of immigrants from the neighbouring countries in Hungary, and the factors influencing this process as revealed by a longitudinal survey. The first wave of data collection was carried out in summer 2002, on a representative sample of 1015 persons who had gained immigrant status in 2001. The second wave took place between December 2005 and February 2006 when 690 members of the previous sample were questioned.

Our analysis explores two major areas:

- The use of social contacts in finding employment, and the role played by strong and weak ties.
- The success in labour market integration and the role played by social capital;

In the first part of the analysis we examine the extent to which respondents had found employment through interpersonal channels; how this proportion varied according to different socio-demographic groups and whether the main role was played by strong or weak ties. Then we use the method of logistic regression to explore the factors that influenced the chances of finding employment through personal contact; and to reveal how the potential social capital before immigration influenced this outcome.

The success in labour market integration is measured not only by the fact of finding job but also by whether this job matches the employee's qualifications, as well as by job satisfaction and by absence of unemployment periods. We examine which are the factors that played a part in success in the labour market with regard to each separate dimension.

Besides basic socio-demographic characteristics (sex, age) and factors specific to migration (year of arrival, country of origin), we took into account the following three groups of factors as playing a part in the success of labour market integration:

- *human capital* (level of education, language skills, previous status in labour market);
- *ethnic capital* (nationality, citizenship); and
- *social capital* within which we distinguish *potential social capital* (accessed social contacts before migration)<sup>1</sup> and *mobilized social capital* (help provided by social contacts in finding job).

In the case of international migration, the labour market integration of immigrants is powerfully determined, besides levels of education and earlier status in the labour market, by language skills (i.e. speaking the language of the receiving country). For the majority of immigrants we examined, however, migration meant no challenge from this point of view. Owing to characteristics of immigration affecting Hungary, 92% of respondents were of Hungarian ethnicity. Having a mother tongue and cultural background identical with the receiving population probably heavily influenced their integration in the labour market.

Although there was no language barrier, integration in the labour market is not necessarily without difficulties even for those arriving from the neighbouring countries. After immigration takes place, using the previously acquired human capital and qualifications may

---

<sup>1</sup> The reason we call this potential social capital is that we cannot know whether these persons actually afforded any help or not.

be difficult owing to a different social environment. The presumably drop in social capital – mainly in weak ties – may also cause drawback in job search.

The *potential social capital* that existed before migration refers to contact persons that the respondent had known in the host country before immigration took place. The *mobilised social capital* refers to personal contacts that were mobilised in order to find employment in host country. We also considered in both cases the place of origin of contact persons (immigrant or native Hungarian) and the character of the relationship: strong tie (family member, relative and friend) or weak tie (acquaintance). In fact we use the term social capital as equivalent with *network capital*.

In the second part of the analysis we use the method of logistic regression in order to explore which of the components of the above listed factors (human capital, ethnic capital and social capital) increased the chances of successful labour market integration. According to our hypothesis social capital plays a more important role in the case of immigrants with little human capital and of those who lack ethnic capital (in their case social capital compensates for the lack of these factors).

The main results reveal the changing role of the social capital over time and considering its type. The mobilised social capital is beneficial in finding a job within a short time following immigration while the potential social capital may have a controversial effect: the presence of family members and relatives who arrived earlier increases the probability of unemployment of new immigrants by supporting them during the first period of their stay. In the long run the importance of social capital decreases and migrants' labour market position is determined by their individual resources (human capital). Nevertheless, gender differences in the success of migrants' labour market integration maintains for long, even with other factors under control. The country of origin also affects success, especially during the early period of residence.

#### *References:*

Bartus Tamás (2001): Social capital and earnings inequalities: the role of informal job search in Hungary. <http://irs.ub.rug.nl/ppn/217294278>

Burt, Ronald S. (2004): The Social Capital of Structural Holes. (Preprint from *Brokerage and Closure*, Oxford University Press, 2005)

Granovetter, Mark (1973): The Strength of Weak Ties. In: *American Journal of Sociology* 78: 1360-80

Lin, Nan (1982): Social resources and instrumental action. In: *Social Structure and Network Analysis* (ed. P.V. Marsden, N. Lin), Beverly Hills, Sage: 131-145

Lin, Nan (1999): Social Networks and Status Attainment. In: *Annual Review of Sociology* 25: 467-487

Campbell K.E., Marsden P.V. and Hurlbert J.S. (1986): Social resources and socioeconomic status. In: *Social Networks* 8(1)