New Zealand is traditionally a country of immigrants, and it is therefore, of special analytical and policy interest. New immigrants may face some disadvantages and discrimination in host country’s labour market. However, it was hypothesized that ethnic capital (e.g., network and ethnic concentration) could help immigrants to overcome those disadvantages to some extent. Recent studies show that social networks may exert a significant influence on individual’s labour market performance. Thus, individuals’ labour market performance may not be independent and identically distributed, especially for immigrants. In addition, the labour market performance of an individual is geographically and ethnically correlated with that of other individuals to some extent. For these reasons, social networks may act positively on the process of immigrants’ assimilation. Previous international studies adopt either ethnic concentration or language as a proxy of immigrants’ network in the host country. We adopt the ‘spatial model approach’ to account network effect in addition to the effect of ethnic concentration in order to capture the effects of social and resource networks for immigrant groups. We find that immigrants tend to economic assimilate over time, but this effect is significantly affected by immigrant’s ethnic group local concentration and resources. We further show that controlling for ethnic capital enhances the analytical explanation of the assimilation model.

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