



Business structure, ethnic shifts in labor markets, and violence: The link between company size, local labor markets, and non-Latino homicide



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ABSTRACT

Combining several schools of thought, including the civic engagement thesis, we extend current research by linking three things at the county level; firm size, the ethnic composition of labor markets, and violent crime. Our results suggest that larger businesses (based on the average number of persons employed) are more likely to have an external orientation and long recruitment reach, and this is linked to ethnic shifts in labor markets toward Latino workers. Such shifts are in turn associated with high rates of homicide among non-Latinos. Through indirect effects modeling, we find that increases in Black homicide are linked to rises in concentrated poverty, while increases in White homicide are linked to changes in unemployment. We discuss the implications of our findings.

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1. Introduction

Macro-level research has examined extensively the correlates of crime in both Black and White communities. The culprits typically associated with high rates of crime include economic deprivation of one form or another (Land et al., 1990; Steffensmeier et al., 2010), segregation (Peterson and Krivo, 1999; Shihadeh and Flynn, 1996; Feldmeyer, 2010) and a host of other factors, including a rapidly expanding low-skill Latino population. For instance, Shihadeh and Barranco (2010a,b) find evidence that non-Latino violence is in part due to the displacement of low-skill labor by an influx of Latino workers. That influx, in turn, was an unintended consequence of a border strategy that back-fired: rather than keeping undocumented immigrants out, an increasingly militarized border with Mexico instead trapped low-skill immigrants inside the United States. This strategy, coupled with the natural growth of the native Latino population, has led to a dramatic increase in the number of low-skill Latino workers.

While informative, their findings might be better understood through the lens of civic engagement. Based on the early work of Tocqueville, research by Mills and Ulmer (1946) finds a higher level of social well-being in cities dominated by small, locally-owned businesses, which tend to have stakes in the welfare of the local community and, thus, foster the horizontal ties that bind owners and their business to local places (Putnam, 1995; Tolbert et al., 2002). In contrast, large businesses are more likely to have an external orientation, alienating management from local decision making and, consequently, decoupling local interests from those of the business.

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In this paper, we cross-fertilize the Shihadeh and Barranco perspective with the civic engagement literature to test a hypothesis, or substantive narrative, which is as follows. Large businesses are more likely to have an external orientation and a long, external recruitment reach. As such, their presence leads to ethnic shifts in local employment as Latino native and immigrant workers seek employment in low-skill industries. To the extent that Latinos win that competition, other groups will be displaced, resulting in elevated crime in non-Latino communities. In other words, immigration, job displacement and crime are not just about border control, but also about the structure of local labor markets. We examine this mechanism for 594 counties in the year 2000 using data from the U.S. Census and the Center for Disease Control. We discuss the implications of our findings.

2. Latino population growth and labor market competition

Contrary the U.S. Government's intent to control the immigration of Latinos, their population more than tripled from 14.5 million in 1980 to 48 million in 2010 (U.S. Census, 2010), surpassing Blacks as the nation's largest minority. As the Latino population spiked, they flooded low skill job markets, particularly across the South during that region's housing and construction boom.

Recent research by Shihadeh and Barranco (2010a) suggests that as Latinos stayed and sought work, this shifted the ethnic composition of urban labor markets away from Blacks and toward Latinos. This displacement of Black workers resulted in a sharp rise in Black homicide. An analogous process occurred in rural areas, but there the displaced group was low-skill White workers, who likewise experienced a rise in homicide (Shihadeh and Barranco, 2010b).

It may come as no surprise that Latino workers compete successfully in low-skill markets. They have a low reserve wage (Wilson, 1996) and they are viewed favorably by potential employers (Yoon, 1997). In addition, they are embedded in established networks which facilitate employment (Fernandez-Kelley, 1995; Aguilera and Massey, 2003) and reduce the uncertainty associated with migration (Aguilera and Massey, 2003). They also have a strong tradition of entrepreneurship which is leveraged to hire their own (Bailey, 1987; Hansen and Cardenas, 1988). But while these competitive advantages (and their large population size) are doubtless factors in the shift in ethnic composition of labor markets, these factors identified by Shihadeh and Barranco are largely internal to Latino communities. We believe there are other factors that influence labor market succession, factors not specific to Latino communities. We discuss this further below.

3. Local business structure and labor market shifts

Local community organizations, such as local businesses, help establish bonds that tie members of the community together (Sampson, 1988; Putnam, 2000). Tolbert et al. (1998: 402) suggest that "a dense network of local institutions and organizations serves as a glue that can bind people to place." Schools, churches, and local businesses all play a part in bringing community residents together. The bonds established within these formal institutions can also generate methods of informal social control, which are essential to the welfare of a neighborhood (Kasarda and Janowitz, 1974; Sampson, 1988). Indeed, insights drawn from the moral communities and civil society literatures reveal the protective benefits of civically engaged religious denominations on homicide in rural areas (Lee and Bartkowski, 2004a,b; Beyerlein and Hipp, 2005; Lee, 2008). While there is an established literature on the role of religious ecology on a variety of outcomes like crime, much less attention is paid toward the effects of the local business structure, particularly as it pertains to Latinos.

Researchers are aware of the benefits afforded local communities by small businesses. Mills and Ulmer (1946) suggested that small businesses provided a more well-balanced economy in local communities than those economies that were led by large businesses. This view is supported by more recent evidence demonstrating that a predominance of small business is linked to lower poverty, inequality, unemployment, and population turnover (Irwin et al., 1999; Tolbert et al., 1998, 2002). This may be due, in part, to small businesses' reliance on a healthy local economy and community for success. In contrast, large businesses rely on factors external to the community. This implies that small business owners are more tied to the local community and likely to see it as a business partner, rather than a resource to be exploited (Weisheit and Donnermeyer, 2000). This reliance on local well-being often leads small business owners to reinvest in the community (MacKenzie, 1995), often in the form of financial resources for community support and for aid in providing local jobs. As Tolbert et al. (1998): 404 point out, "these firms are often linked together in some fashion to adaptive systems that continually reinforce and support local socioeconomic climates geared toward long-term vitality and enhanced welfare." Therefore, it follows that a preponderance of small businesses should result in positive economic outcomes for local residents (Lyson and Tolbert, 1996; Tolbert et al., 1998).

However, it is not only the size of the firm that affects the local economy, but also the place of residence of the owner and operator. Reiss and Aldrich's (1971) research on the influence of absentee owned businesses on local employment rates illustrates this point. They found that absentee-owners and managers of local businesses are not as familiar with local residents. "Personal relationships with area residents are more important for locally owned or managed businesses than they are for those businesses owned or managed by an 'outsider'" (Reiss and Aldrich, 1971: 323). There is very little incentive for executives in big businesses to get to know the local residents when their upward mobility depends on climbing the corporate ladder, not the health of the local community (Mills and Ulmer, 1946). As a result, absentee-owned businesses are less likely

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