



# Who succeeds as an immigrant? Effects of ethnic community resources and external conditions on earnings attainment

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## Abstract

Previous studies about contextual effects on immigrant economic attainment have generally relied on information from detailed case studies. Focusing simultaneously on characteristics of immigrant groups and the receiving society, these studies produced insightful but strikingly different accounts of the dimensions of the context that affect economic attainment. Responding to this limitation, this paper constructs a comprehensive model of effects of contextual factors on immigrant earnings attainment using 2000 US Census data on all immigrant groups. The paper employs multilevel modeling in studying the effects of both ethnic community resources and external conditions on earnings attainment. Results indicate that both ethnic community resources and external conditions are dominant in shaping earnings attainment by immigrants. Especially important are group resource advantage and the economic conditions at the local labor market.

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## 1. Introduction

Scholarly understanding of immigrant incorporation has changed considerably since the days of the predominance of the Chicago School of Sociology. Although scholars still agree that distinctions based on ethnic origin are important (e.g., Alba & Nee, 2003; Brubaker, 2001; Portes & Rumbaut, 2006), there is little consensus on how exactly these differences shape immigrant incorporation. As an illustration, consider the earnings of foreign-born males of three different ethnic origin

groups in the U.S.: Latvians, Lithuanians, and Poles.<sup>1</sup> Like immigrants from most Eastern European countries, immigrants from these groups have high levels of educational attainment (slightly lower for Polish immigrants) and large proportions of their population working in managerial or professional occupations.<sup>2</sup> Despite their somewhat lower educational and occupational

<sup>1</sup> The aim of this comparison is to illustrate the difficulty of identifying the sources of group differences in economic incorporation. The focus on immigrants from Eastern European countries is motivated by empirical considerations and should not be interpreted as reflecting the framing of the paper.

<sup>2</sup> The percentage of foreign-born males, aged 25–64, with at least some post-secondary education is 82% for Latvians and Lithuanians and 72% for Polish immigrants (source: author's calculation from 2000 US Census data). The corresponding percentages for work in

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attainment, full-time/full-year Polish immigrant workers are at or near parity with their Lithuanian counterparts in terms of median yearly earnings (\$38,669 vs. \$41,059 in 1999, respectively), whereas members of both groups earn much less than Latvian immigrants (\$51,680).<sup>3</sup> It is puzzling that Latvians are doing so well because their educational attainment at the point of entry is no better than that of Lithuanians. It is also intriguing that discrepancies in educational and occupational attainment between Poles and Lithuanians are not translated into more notable differences in earnings. Should we attribute the earnings advantage of Latvians to their skills, especially their higher level of English proficiency (US Census Bureau, 2008)? Could the similarity between Poles and Lithuanians, despite the differences in human capital, arise because Poles were received into the country in ways that worked well for them or settled in areas with more favorable economic conditions?<sup>4</sup>

Previous attempts to provide answers to similar questions generally relied on information from detailed case studies (e.g., Waldinger, 1996; Waters, 1999). Focusing on the combination of immigrant group characteristics and the structure of the receiving communities, these studies provide valuable information on the experiences of immigrants. However, these case studies produced strikingly different accounts of the dimensions of the context that affect labor market attainment by immigrants. Some authors, for example, focus on the ethnic division of labor (e.g., Model & Lapido, 1996; Waldinger, 1996). Others emphasize the resources available through the ethnic community (e.g., Alba & Nee, 2003; Light & Gold, 2000; Portes & Bach, 1985). Still others direct attention to the interaction between resources held by immigrants and the reception of immigrants by natives (Bean & Stevens, 2003; Portes & Rumbaut, 2006; Waters, 1999).

I aim to address these apparent contradictions by developing a more comprehensive and systematic account than currently exists in the literature of the effects of the context of reception on immigrant earnings adaptation. To this end, I adopt a conceptual distinction

between relations within the ethnic community and relations between migrants and actors outside of the ethnic community. This distinction was proposed by Portes (1995) but has never been applied in empirical research. I will term the former *ethnic community resources* and the latter *external conditions*. This distinction will allow me to evaluate whether immigrant earning attainment patterns are shaped mainly by processes operating within their groups or by the interaction of immigrants with actors in the broader labor market. As mentioned above, several previous case studies pointed to the importance of both *ethnic community resources* and *external conditions* in shaping immigrant adaptation but offered segmented and conflicting information on their role. To examine this issue systematically, I use data from the 2000 US Census and 1996–2000 data from the Immigration and Naturalization Service (INS) on individual and group attributes related to mechanisms shaping economic integration. The latter source provides aggregate information, which has been largely ignored in prior research (but see Duleep & Regets, 1996), on the legal status of entry by country of origin. Combining the information from these data sources allows me to construct a model that extensively covers the main mechanism discussed in the literature. In addition, I use multi-level models in examining group integration among all immigrants groups in the U.S. while controlling for individual demographic and human capital attributes. This provides a noteworthy improvement over prior research considering the changes in the mix of countries of origin of immigrants to the U.S. (Gibson & Jung, 2006) and the changing settlement patterns of immigrants in recent decades (Hempstead, 2007; Massey, 2008; Waters & Jiménez, 2005). These changes carry important potential implications for the patterns of incorporation today, which cannot be addressed with additional case studies of specific groups or destinations. Moving beyond the case study approach also allows me to treat group membership analytically rather than descriptively. That is, it allows me to assess which group attributes are systematically related to earnings attainment.

## 2. Theoretical considerations

### 2.1. Conceptualizing the context of reception

I address the inconsistent views reviewed above by systematically testing a comprehensive model of the factors affecting earnings attainment by immigrants. I rely on Portes's (1995) attempt to integrate major insights from economic sociology with empirical evidence from immigration studies. Specifically,

managerial or professional occupations for each of these three groups are 56%, 55%, and 44%.

<sup>3</sup> Source: US Census Bureau (2008). The corresponding median hourly wages are \$17.11, \$17.81, and \$20.08 (source: author's calculation using data from the 2000 US Census).

<sup>4</sup> Lithuanian immigrants are concentrated in the Northeast, while Polish and Latvian immigrants live mainly in the Midwest (source: author's calculation using data from the 2000 US Census). At the end of the 1990s, the rate of unemployment was higher in the Northeast than in the Midwest (Bureau of Labor Statistics, 2008).

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