The Differential Influence of Residential and Employment Locations on Immigrant Economic Outcomes

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Abstract

This paper examines employment outcomes of immigrant workers in the United States and their variations by the locations of residence and employment. Using data from the Census's American Community Survey (ACS) 5-Year Public Use Microdata Sample (PUMS), this paper finds that that employed immigrants have improved economic outcomes (as measured by log income) and employment outcomes (occupational-level income) when they work in high-immigrant labor markets (defined as MSA), but not necessarily live in high immigrant census tracts. This work contributes to the literature on immigrant employment outcomes at a national level and aims to shift the conversation from focusing exclusively on residential location, to one in which the relative locations and characteristics of residential and work locations may be jointly considered as important to the success of immigrants in the United States.

Extended Abstract

This work contributes to the literature on immigrant employment and economic outcomes at a national level and aims to shift the conversation from a primary focus on residential location, to one in which the characteristics of residential, employment and other salient locations may be considered in understanding the labor market success of immigrants in the United States. I situate this work between three theoretical issues: segmented assimilation theory, the ethnic enclave hypothesis, and the spatial mismatch hypothesis.

Segmented assimilation theory dictates that economic mobility for immigrants is bifurcated such that there is a segment of the labor market on the bottom and a segment on top, in an hour-glass shape, with little mobility between the two segments. Similarly, Portes and Rumbaut argue that assimilation follows a bifurcated path in which mobility between segments is the exception, and not the norm, and is based on very specific contextual factors (2014). They argue that the occupational achievement of immigrants corresponds to three factors: formal education, work experience, and knowledge of English. Class and status of immigrants are also important (i.e., asylee, refugee, H-1B, no status, etc.). Wilson and Portes suggest that participation in the "enclave economy" can serve to increase immigrant socioeconomic status, and function, at times, to bridge the segmented labor market divide (Wilson and Portes 1980).

The ethnic enclave hypothesis, as posed by Portes and Jensen (1989), indicates that living in an ethnically segregated region might be beneficial for immigrant socioeconomic outcomes and mobility. However, though tested many times and in many forms, Tienda and Lii (1987) find that "potential benefits from participation in an enclave economy are ambiguous" as the occupational benefits of working in an enclave economy may be offset by the lower incomes found in these enclave communities.

The literature defining an "enclave" is broad, and the definition of immigrant outcomes, related to the enclave, is perhaps even wider in scope. Many of these studies also focus specifically on one, or a small number of, immigrant or ethnic groups to understand the concentration of people from that specific area on outcomes of members of that group.

Through empirical works, we know of other factors that also contribute to labor market outcomes of immigrants and their children, including but not limited to racial stereotypes (Telles and Ortiz 2009), English language ability (Kossoudji 1988; Evans 1989; Zhou and Logan 1989; South, Crowder, and Chavez 2005), and work-authorization (Pope 2016).

The "spatial mismatch" hypothesis posits that residents of inner-city regions are disadvantaged in finding employment commensurate with their human capital because superior employment opportunities have shifted in location away from the concentrated urban center, and that, simultaneously, barriers in housing availability and attainability, public transit, and hiring practices may prevent said residents from obtaining jobs outside their area of residence, even when jobs may be more readily available (Kain 1968, 1992; Holzer 1991). Recent work has found that immigrants are starting to move, increasingly over time, toward job opportunities in both metropolitan suburbs and less densely populated areas, more broadly (Liu and Painter 2012; Lichter and Johnson 2006).

While the ethnic enclave hypothesis posits that immigrants would do better working near their location of residence if they live in a highly immigrant-concentrated area, the spatial mismatch

hypothesis posits that immigrants might be moving out of enclaves and into less densely populated areas *or* have longer commute times, for improved labor market outcomes.

Research Question

This work explores how ethnic enclaves, broadly defined, may be reconsidered under the spatial mismatch hypothesis, when we disaggregate characteristics of a residential location from the encompassing labor market location, to understand how both place of residence and employment may influence labor market outcomes for immigrants. While the enclave hypothesis argues that living and working in the same coethnic area would be beneficial, the spatial mismatch hypothesis argues that the "good" jobs may be further away from areas of residence. However, neither hypothesis discusses the composition of the employed population in the locations of employment relative to their residential locations.

Thus, in this work, I ask how living and working in high or low immigrant concentration areas might mediate the relationship between an immigrant's commute to work and their labor market outcomes. Similarly, I question how different types of areas, on the urban-suburban-rural continuum, may shift these relationships.

While many studies focus on characteristics of residential location or workplace location (Zhou and Logan 1989; Logan, Zhang, and Alba 2002), especially with regard to immigrant outcomes**,** I argue that location of employment may have just as much influence, perhaps if not more, than characteristics of the residential location. While much literature on the relationship between location of residence and work indicate that people who can afford to do so will live within an ideal distance from their homes or find jobs within a comfortable commuting distance of their choosing (Pedace and Kumar 2014), I show that, controlling for standard demographic characteristics, characteristics of both place of work and place of residence may influence log income in separate, and sometime opposing ways.

Thus, I propose one mechanism, specifically for the case of immigrants, that might influence expected incomes: the proportion of immigrants in a region of residence, the region of work and their interaction. More specifically, I will test if the proportion of immigrants in one's residential PUMA may have a different, and possibly contradicting influence on economic outcomes, as measure by log income and also by occupational-level income, as compared to the proportion of immigrants in one's POWPUMA. Put another way, the proportion of immigrants in a place of residence and place of work might have a different, and sometime conflicting influence on immigrant outcomes.

Data & Methods

This analysis uses the American Community Survey (ACS) 2016 5-Year Public Use Microdata Sample (PUMS), from the U.S. Census Bureau.

While most variables utilized in this analysis are directly from the ACS, or are easily derived, three variables of interest deserve explanation. The first is "Work Same PUMA", the second is the indicator flags for rural, suburban and urban residential and places of work, and the third is the categorization of immigration status.

One shortcoming of the PUMS data is that, though data are provided for the location of employment of respondents, the Place of Work PUMA (POWPUMA) is often, depending on the location, an aggregate of contiguous PUMA's. Though in this analysis I compare the locations of PUMA's and POWPUMA's, it is important to note that when a person is indicated to work in the PUMA of their residence, this means that a person is in fact working in the POWPUMA in which their PUMA is nested, and not necessarily their specific PUMA. Hence, the characteristics of a PUMA and a POWPUMA may be different, similar to tracts and their nesting counties. As such, the "Work Same PUMA" flag indicates that a person works in the POWPUMA in which their residential location is nested. Several studies have similarly disambiguated residential and work locations via alternate geographic regions (Wang 2010; Zhou and Logan 1989; Sanders and Nee 1992; Mark Ellis, Richard Wright, and Virginia Parks 2004; Wang 2006).

While there is not much evidence of analysis using POWPUMA's, PUMA's have been used in several studies to estimate residential ethnic and immigrant population proportions and clustering, and has been found to produce similar concertation patterns as the more commonly utilized census tract geography (Wang 2006; Jr and Marcelli 2000; Liu 2009; Lichter and Johnson 2006; Aguilera 2009; F. D. Wilson 2003; Wang 2006; R. D. Alba et al. 1999).

The indicator flags for rural, suburban and urban residential and employment locations were based upon population density, calculated from 2010 census tract area and population size. Previous research on urban- suburban-rural definitions found that, rural areas could be defined approximately as locations with a population density less than 94 people/ km^2 , suburban with population densities between 94-1,321 people/ km^2 , and urban as places with a population density greater than 1,321 people/ km^2 (Short Gianotti et al. 2016). These definitions, converted to their approximate people/mi^2 equivalent are used to define rural, suburban and urban PUMA's and POWPUMA's in this study.

The most common categorization of PUMA-POWPUMA, according to population density, is suburban- suburban (38%), followed by rural-rural (28%), and then urban-suburban (16%). The most common combination of PUMA-POWPUMA, for individuals within the sample, is suburban- suburban (34% unweighted, 37% weighted), followed by rural-rural (27% weighted, 23% unweighted), and then urban-suburban (15% unweighted, 15% weighted).

Rural, Suburban and Urban PUMA-POWPUMA Classification, for 50 U.S. States					
		Geographic Classification		**Proportion of Sample**	
PUMA	**POWPUMA**	**Num. of PUMA's**	**Percent**	**Pct., Unweighted**	**Pct., Weighted**
Urban	Urban	160	8%	7%	8%
Urban	Suburban	331	16%	15%	16%
Suburban	Urban	19	1%	2%	2%
Suburban	Suburban	806	38%	34%	37%
Urban	Rural	27	1%	1%	1%
Suburban	Rural	85	4%	5%	5%
Rural	Urban	--------	--------	0.10%	0.10%
Rural	Suburban	91	4%	8%	7%
Rural	Rural	596	28%	27%	23%

Models

Within this work, a mixed effect model, in which MSA effects will be fixed, will be estimated, where the dependent variable of interest in this work is the natural log of respondent income, hereby noted at Ln(Income) or log income. Models will be estimated nationally and for nine of the ten International Standard Classification of Occupations (ICSO) major groups (Armed Forces excluded):

1. Managers
2. Professional
3. Technicians and associate professionals
4. Clerical support workers
5. Service and sales workers
6. Skilled agricultural, forestry and fishery workers
7. Craft and related trades workers
8. Plant and machine operators, and assemblers
9. Elementary occupations

The population of interest in the models if the civilian (non-military) employed immigrant population, between ages 16-65 that resides within the 50 U.S. states. Independent variables in the models will include commute time, citizenship status, proportion foreign born in location of residence, proportion foreign born in place of work, and indicators for rural, suburban or urban locations of residence and employment. Controls in the model include means of transportation to work, as well as several demographic variables, including the number of years of residence in the US.

Preliminary findings

Preliminary findings indicate that immigrants working in high immigrant employment locations (POWPUMA's) and living in low-immigrant residential locations (PUMA's) have, on average (including control variables), higher log incomes than immigrants working in low immigrant employment locations (POWPUMA's) and living in high-immigrant residential locations (PUMA's). These initial findings indicate that perhaps, the mechanisms previously explored in which immigrant residential areas were deemed potentially causal toward improved immigrant employment may need to be reconsidered. Perhaps, the characteristics of employment locations and the relationships between residential and employment locations are of greater explanatory power than residential locations alone.

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