

# THE IMPACT OF NETWORKS AND THE CONTEXT OF RECEPTION ON ASSET ACCUMULATION STRATEGIES OF LATINO NEWCOMERS IN NEW SETTLEMENT COMMUNITIES OF THE MIDWEST

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The heartland of America is experiencing unprecedented demographic changes as more Latino newcomers move to rural communities. Our goal is to understand the factors that contribute to the integration and economic contributions of Latino newcomers to the Midwest, using a sustainable livelihood strategies model to focus especially on the roles of identity, acculturation, social capital, and context of reception. Several preliminary analyses presented in this paper will inform the development of a large-scale household survey of newcomers to examine their settlement patterns and asset accumulation strategies. These analyses are designed to identify factors that facilitate the integration of newcomers, focusing on the immigrants themselves and the resources that they bring to the integration process, using two approaches. The first uses 2000 Census data to explore the impact of acculturation, social capital, and an aspect of context of reception, community climate, on income generation. The second uses focus groups to engage men and women newcomers from communities in three regions of Missouri in an exploration of the context of reception

through their perceptions of community climate, social capital, and adjustment strategies.

## Theoretical Framework

The sustainable livelihood strategies model (SLSM) (Valdivia et al. 2007) frames the examination of the roles of capitals (human, social, financial and, cultural) and human agency in strategies that newcomers employ to accumulate assets, reduce vulnerability, and make a living. This study specifically includes context of reception and acculturation (Berry 2003) effects on adjustment strategies and income earning of native and foreign-born Latinos.

The cultural identity literature provides insights into how culture serves as a resource from which individuals draw to create strategies to function in various domains of society (Berry 2003). This orientation recognizes the multiple ways that individuals can adapt in new and changing environments without loss of identity. Mobility of foreign-born Latinos, gender (being female), and racial profiling (an indicator of the context of reception), negatively affected income generation in nonmetro Missouri (Dozi 2004). These findings lead us to further explore the context of reception and its effects on the process of asset accumulation and the well-being of newcomers. Communities that offer a “welcome mat” often create a “cultural” bridge that facilitates the process of adapting to the work environment and institutions (Valdivia et al. 2007).

## Community Climate and the Context of Reception

Although anti-immigration sentiments are present in communities across the country, the magnitude and extent to which these attitudes

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are reflected in a new settlement community will vary. The degree to which such attitudes impact the newcomer rests on how she/he interprets them. Thus, the context of reception includes not just the community climate and how welcoming it is, but also the individual's own assessments of that climate. Latino newcomers are members of larger social networks (e.g., family, school, community.) The extent to which these networks can provide bridging and bonding capital is another aspect of the context of reception. To more fully understand their postsettlement adjustment, this study examines their transition to living in new settlement communities within this contextual framework.

### *Acculturation and the Adjustment Process*

Acculturation theory provides a framework for understanding how individuals change or adapt their beliefs, attitudes, and behaviors when living in a new context. According to Berry's multidimensional acculturation model (2003), for a recent Mexican immigrant, the process can vary along four different acculturation strategies: integration (bicultural), assimilation (Anglo-oriented), separation (Mexican-oriented), and marginalization (disassociated from both cultures). These strategies are linked to the attitudes and behaviors that the individual exhibits in the respective cultures and are believed to be manifested across different contexts. Recognizing where one fits in this model helps us to understand their adjustment process.

### *Social Capital*

Social networks have been characterized as a form of capital and studied in rural development as an asset that contributes to the livelihoods of rural people (Flora 2001; de Haan 2001). Social capital consists of networks that provide access to information, financial capital, and other resources that are difficult for many individuals to access on their own (de Haan 2001). Size and density of networks is important in regulating an individual's activity in society. Size is measured by the number of participants in a network, and density relates to the number of interactions or ties between participants (Portes and Rumbaut 2001). Social capital consists of both bonding and bridging social capital (Gittell and Vidal 1998). Bonding social capital includes the connections within a group, such as the immigrant community, and

bridging social capital involves links to other groups and institutions.

Immigration is an example of how social capital can function. It is seldom an individual activity; it involves a collective effort of many individuals within a well-established social network (Suárez, Zapata, and Valdivia 2007). When an individual moves from one place to another, the network facilitates this movement by providing information and resources to settle at the destination (Roberts 1995).

Social capital is difficult to assess because of differences between how the concept is theorized and empirically measured (Stone 2001). Many indicators and proxy measures have not been replicable or have inadequately represented elements of social capital and its relationship to development. In this study, elements of social capital have been identified through focus groups. These could be used to develop measures to quantify the relationship between social capital and asset accumulation strategies. Social capital is explored using a typology developed by Bullen and Onyx (2005) that identified eight aspects of social capital that were shared across five rural communities; four elements relate to the structure of social relationships, and four relate to their quality.

### **The Interplay of Networks, Community Climate, and Asset Accumulation**

#### *Modeling Asset Accumulation*

A semi-log OLS model was specified to measure the effect of capitals (human, cultural, and social), identity, acculturation, and climate on Latino newcomers' income earnings. Income earnings are used as a proxy for economic accumulation for the dependent variable. Two regressions are estimated, one for native born ( $N$ ) and one for foreign born ( $F$ ) (Dozi and Valdivia 2008). Logarithm of wages of individual  $i$  and group  $j$  was regressed on a vector of observable and proxy capitals of individuals  $\mathbf{X}_{ij}$  and a vector of community characteristics  $\mathbf{Z}_t$  that were hypothesized to affect the ability of a Latino immigrant to generate income in three regions. The inverse Mill's ratio  $\lambda$  is included to account for selection bias

$$(1) \quad L(\text{Wage})_i = \mathbf{X}_{ij}\beta_j + \mathbf{Z}_t\delta + \sigma_{ij}\lambda_t + \eta_{ij};$$

$$i = 1, 2, \dots, n_j \quad j = N, F \quad t = 1, 2, 3.$$

Here,  $\beta$  and  $\delta$  are vectors of parameters that are common across both groups  $N$  and  $F$ ;  $\eta$  represents the error term. Measures of individual

**Table 1. Definitions of Variables in Regression Model and Social Capital Index**

Variable	Definition
<i>Employed</i>	Identified according to U.S. Census responses
<i>Experience</i>	Work potential calculated = age – years of education – 6 (Dozi 2004)
<i>Disparity Index</i>	Context of reception proxy measures racial profiling in each region. See Footnote 1. 2000 Index.
<i>Race 1–3</i>	Effect on earnings: Black, American Indian, Other races included; White omitted.
<i>Acculturation Integration</i>	Measured by speaking English well, speaking a second language, and multiple or single ancestry
<i>Acculturation Assimilation</i>	Measured by speaking English well, not speaking a second language, and multiple or single ancestry
<i>Acculturation Separation</i>	Measured by not speaking English well, speaking another language, and multiple or single ancestry
<i>Marginalization</i>	Does not speak English nor other well, and multiple or single ancestry. Omitted for singularity reasons.
<i>Identity 1–4</i>	Mexican, Puerto Rican, Cuban, and Other Hispanic or Latino (includes Spaniards). Omitted Mexican.
<i>Education × Language</i>	Interaction effect (Dozi 2004): (a) Ed × Good English; (b) Ed × Bad English; (c) Ed × No English (omitted)
<i>Education Attained</i>	Number of years
<i>Able to Speak Other Lang.</i>	If can speak another language yes = 1; no = 0.
<i>Gender</i>	Female = 1; male = 0
<i>Movement</i>	Moved in the last five years = 1; did not move = 0
<i>Age</i>	Number of years
<i>Social capital index region j</i>	$SK_j = Ed_j + Cat_j + PW_j + PM_j + A_j + CP_j + PN_j + PE_j + PU_j -$
<i>SK</i>	$Ineq_j - EH_j$
<i>Ethnic heterogeneity or fractionalization</i>	$EH = 1 - \sum (ShRace_i)^2$ where $ShRace_i = Race_i / Tot\ Pop\ i =$ (White, Black, Asian and Pacific Islander, American Indian, Other), negative effect on <i>SK</i> (weight 30%)
<i>Income inequality</i>	<i>Ineq</i> is ratio of Average HH income/median HH income in PUMA, has a negative effect on <i>SK</i> (weight 25%)

Notes:  $i \in \{Ed, Cat, PW, PM, A, CP, PE, PU, Ineq, EH\}$  and  $EH < 0$ , where *Ed* = average education; *Cat* = community attachment; *PW* = percent women in labor force; *PM* = percentage of married people; *A* = average age; *CP* = percent people carpooling; *PU* = percent people living with unrelated people; *PN* = percent people living with nuclear family; and *PE* = percent people living with extended family (all have equal weight of 3.75%).

characteristics (**X**) include: human capital—potential work experience, employment, educational attainment, the cross effect of education and English ability, and mobility; cultural capital—ability to speak a language other than English, three acculturation measures (integration, assimilation, and separation), and cultural identity; and individual characteristics—race, gender, and age. Community characteristics (**Z**) include networks—a community social capital index and a community climate proxy, which is a disparity index reported by the Attorney General of Missouri to measure racial profiling. Variables are described in table 1.

A composite measure of the community social capital index *SK* (Rupasingha, Goetz, and Freshwater 2006) is hypothesized to have a positive effect on earnings.

$$(2) \quad SK = \sum_i K_i$$

where  $K_i$  denotes the share of each individual

weighted component (see table 1). The coefficient on racial profiling reported by the Missouri Attorney General's Office, the disparity index for Hispanics, is hypothesized to be negative. Data for this study included three regions of Missouri, from Public Use Microdata Sample 5 (PUMS 5%).<sup>1</sup>

### Findings from the Regression Model

Regression results predicting earnings for the *N* and *F* groups are presented in table 2. Both models are significant, and significant coefficients are of the expected signs. Traditional

<sup>1</sup> Data are available at: <http://medc.missouri.edu/pub/data/pums2000/Datasets.html>. The data include seventeen counties in three regions, south–southwest, central, and north, and include the counties where the qualitative research was conducted. The files were prescreened to include only individuals that indicated being Hispanic or Latino (whether born in the United States or not). These were merged with the disparity index, racial profiling data reported by the Missouri Attorney General's Office, available at: <http://ago.mo.gov/racialprofiling/2005/racialprofiling2005.htm>.

**Table 2. Regression Results on Income Earnings for Native and Foreign-Born Hispanics in Three Nonmetro Regions of Missouri, 2000**

Model Variables	Native Born			Foreign Born		
	Coef.	t-value	Pr >  t	Coef.	t-value	Pr >  t
Intercept	8.067	17.15	<0.0001	7.199	7.91	<0.0001
Potential work experience	0.293	25.32	<0.0001	0.202	2.99	0.0031
Employed	0.433	4.62	<0.0001	0.023	2.02	0.0540
Black	-0.009	-0.10	0.9206	-0.234	-0.52	0.6556
American Indian	-0.034	-1.65	0.098	-0.151	-0.59	0.7099
Other races	-0.089	-0.93	0.3518	-0.151	-1.37	0.0395
Acculturation – Integration	0.280	2.57	0.0437	0.137	2.09	0.0487
Acculturation – Assimilation	0.024	0.30	0.7654	0.042	2.67	0.0325
Acculturation – Segregation	0.241	0.36	0.7182	-0.121	-0.16	0.1113
Cross educ. & good English	0.061	2.32	0.0131	0.064	3.77	0.0032
Cross educ. & bad English	0.143	1.28	0.1989	0.030	0.30	0.7222
Other Latinos including Spain	-0.154	-0.70	0.4864	0.092	0.59	0.5549
Puerto Rican	0.335	1.00	0.3164	0.023	0.75	0.3164
Cuban	0.203	1.42	0.3413	0.326	0.38	0.7039
Able to speak other language	0.264	1.76	0.0783	0.461	2.28	0.0233
Disparity index	-0.046	-3.19	0.0014	-0.081	-3.24	0.0009
Gender – Being female	-0.174	-3.70	<0.0001	-0.512	-5.09	<0.0001
Movement	0.022	0.88	0.3773	-0.018	-3.08	<0.0001
Age	0.031	2.70	0.0301	0.219	3.26	0.0013
Social capital index	0.174	7.09	0.0012	0.074	5.51	0.0042
Educational attainment	0.064	3.07	<0.0001	0.052	3.11	<0.0001
Inverse Mill's ratio	0.384	4.12	0.0014	0.403	2.07	0.499
		N = 7,466			N = 3,289	
		Adj.R <sup>2</sup> = 0.19			Adj.R <sup>2</sup> = 0.23	
		F = 93.87	P > F < 0.0001		F = 44.29	P > F < 0.0001

human capital variables, such as work experience, the cross-effect of education and English proficiency, and educational attainment have positive effects, while *ability to speak another language* had a positive effect on income of *F*. While mobility was not significant for *N*, it had a negative effect on income for *F*. The acculturation process of *integration* had a positive effect on earnings in both models. In fact, this was the only acculturation strategy that had an impact on income earnings of *N*. *Integration* has a stronger impact than *assimilation* on income for *F*, while *segregation* was not significant for either group. The *SK* index had a

larger positive effect for *N*, while the *Disparity Index* (racial profiling), a measure of community climate, had a strong negative effect on the earnings of *F*.

**Focus Group Explorations of the Context of Reception, Social Capital, and Adjustment**

Focus groups were conducted separately for male and female Latino newcomers in three communities. Diversity in age, origin, employment, marital status, and time in the community were criteria in the selection

**Table 3. Participants Profile for Community Focus Groups**

	Gender		Ave. Age		Marital Status			Education (Years)				Language	
	m	f	m	f	M	S	LT	1-6	7-9	10-12	12+	Sp	Bi
Community 1	10	8	32	37	8	2	7	7	7	2	2	15	3
Community 2	6	11	42	40	11	4	1	5	7	1	3	15	2
Community 3	11	6	36	52	12	1	4	3	11	0	3	12	5
Total	27	25	37	41	31	7	12	15	25	3	8	42	10

Notes: m = male; f = female; M = married; S = single; LT = living together; Sp = Spanish; Bi = bilingual.

of fifty-two participants. A multidisciplinary team reflecting a rich diversity of perspectives analyzed responses to prompts regarding the context of reception, social capital, and adjustment (see table 3 for focus group structure details).

### *Acculturation and Adjustment*

The preliminary findings indicated that, regardless of time in the United States, most of the newcomers maintained strong ties to their culture on two levels. Individually, this was evidenced through their language preference for Spanish (many were monolingual) and their endorsement of traditional beliefs and practices from their home country (e.g., gender role expectations and religious practices). Participants expressed a strong desire to learn new skills to better function within the new environment, such as learning English, driving, and understanding the health and school systems. Participants also expressed openness to trying new foods that were not typical in their home country. At the community level, participants' primary patterns of interactions occurred within the family and the local Latino immigrant community. Most members indicated a degree of isolation from the larger host community and have minor connections with European Americans. Language may serve as a barrier in the development of deeper, meaningful connections between newcomers and the host community. Interestingly, participants believed that adjustments were occurring in the community among both the newcomers and the resident hosts. Participants felt that both sides were "getting used to each other" and that the host community was making necessary changes to improve the context of reception. For example, participants indicated that interpreting services were more readily available than they have been in the past, particularly in the schools, and that emergency messages were now being

communicated in multiple languages for the newcomers.

### *The Context of Reception*

The newcomers viewed the community as inexpensive, safe, and a good environment in which to raise a family as compared with other communities where they had lived. Most participants indicated they felt good about living in the community. Some participants did indicate experiencing discrimination/racism within the community and feeling unwelcome. They acknowledged experiencing less racism today than when they first arrived in the community and attributed this to the increasing number of newcomers who have settled in the area and the residents becoming more accustomed to the diversity in the community.

Some participants felt that immigrants who lacked work documents were especially vulnerable to discrimination within the community and by employers. They believed law enforcement targeted Latinos and held biases toward this group. Finally, some participants expressed persistent fears that they and/or their family members would be picked up by immigration enforcement agents.

### *Social Networks*

Family and friends are the key elements of social networks that help newcomers adjust to the community; they form the bonding social capital that provides access to resources and support. In the absence of much bridging social capital to other community institutions, family and friends serve as the primary source of information about the community. Participants provided little evidence of participation in the broader community except through work, church, and limited connection to neighbors. The men used their connections at work to access resources in the community, such as insurance, housing, and loans. They used work as a

place to develop relationships with other men, typically other newcomers. The women experience isolation. After work, they go directly home to their "second jobs" of caring for family, thus having few opportunities to broaden their social contact and get involved in community activities. Barriers to community participation included language skills, lack of legal documentation, and access to resources. Parks, church, and home were identified as important community resources for social interaction.

Newcomers describe limited contact with key community institutions that can help them sustain and develop their family, such as banks, educational institutions, and healthcare programs. One community has a center for newcomers, which plays a key bridging role by connecting them to resources. Participants in the other two communities mentioned churches as primary community connectors that provide basic resources (English classes and job referral networks) and act as safe places to interface with the host community.

### Discussion and Next Steps

The social capital index, a measure of community networks by proxy, had a positive effect on earnings for both  $N$  and  $F$ . This result highlights the value of networks, but unlike the focus groups, it neither provides many insights into how the networks are used, who they are connecting to, nor the quality of the information obtained. Qualitative findings point to bonding capital as the predominant feature of the networks in the communities, and with few exceptions networks are not connected to the receiving community. Bridging capital networks are tenuous or nonexistent. Therefore, although bonding capital exists, the closed networks, characterized by a lack of contact with the receiving communities, may impact the quality of information exchanges. The household survey will include questions to determine the nature of the networks, the flow of information and quality, trust, and ability to act on or use information.

Self-selection into a specific country of origin group was used to assess ethnic identity, but country of origin did not have an effect on earnings. This contradicts other findings on disparities in education and the effect on earnings in earlier generations of Latino immigrants. Including a standardized multiple item measure as a construct of ethnic identity is the next step in the survey research. Similar to other

research, educational attainment had a positive earnings effect on both  $F$  and  $N$ . The household survey will explore how  $N$  and  $F$  adults with children view their future in the receiving community. Biculturalism appears to be an asset to newcomers, as seen by the effects of other language on income earnings (human capital) and of integration. This asset allows them to navigate both cultures as well as earn income. Assessment of well-being in the larger research project considers how the newcomers relate to their children. Even though focus group participants did not come across as bicultural, they did indicate a desire to be part of the society and to acquire language skills. A barrier to learning English was lack of time and transportation. The household survey will utilize contemporary approaches in assessing acculturation, using standardized measures from social sciences and avoiding proxy variables. These results do indicate that Berry's (2003) approach captures the positive effect on income earnings of integration for foreign born as a cultural capital or asset, which may ease relations of parents with their first-generation native children and contribute to well-being.

Latino newcomers who perceive communities as being open and welcoming to their presence and accepting of their culture will likely have a different adjustment process than those who experience racial profiling or other negative aspects of their context of reception. Community climate, approximated through the disparity index of racial profiling, highlights the earnings impact on both  $N$  and  $F$ . A practice of profiling has a negative effect on earnings and translates in losses not only to the individual but therefore also to the new settlement community in less expenditures and lower quality of life. A sense of vulnerability emerged in both the focus groups and through the negative mobility coefficient on foreign born that shows that their moves do not translate into increased income, which is the opposite of natives. These results show consistency with findings by Dust, Orazem, and Wohlgemuth (2008), indicating that immigrants move to the Midwest not seeking higher incomes but mostly seeking employment.

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