

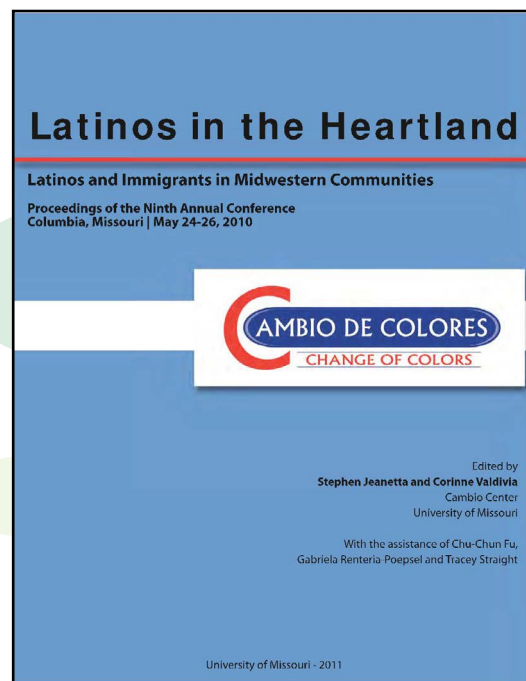


Proceedings of the 9th Annual Conference
Latinos in the Heartland:
Latinos and Immigrants in Midwestern Communities
A multistate conference about integration of immigrants
May 24-26, 2010 in Columbia, Missouri
www.cambio.missouri.edu/Library/

The Impact of Social Networks on Well-Being: Evidence from Latino

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Abstract

A series of studies has questioned the stylized fact that most Latino immigrants favor settling in major cities. The recent wave of immigration into the rural areas has been raising concerns about resource distribution and utilization. Special concerns have been expressed about having immigrants become a public burden thus, depleting local resources that could be employed elsewhere. Therefore, recently, monumental efforts have been put into Latinos' well-being research due to its potential to disperse widespread fears of opportunism by Latino immigrant and point out alternative avenues of integration into the community. Recent research has argued that immigrants are both important, as a workforce (Card, 2005; Jacobs, 1969), and detrimental, as free riders of social support services (Borjas, 1999), to the economic development of the receiving communities. However, the claim that Latino immigrants freeride on social welfare services to sustain their well-being seems a little bit confusing since current law does not provide for it; given the implementation of PRWORA. Thus, this study suggests that immigrants have been sustaining or improving well-being through social networks. This paper assesses the impact of social networks on well-being by combining sustainable livelihoods and household production theoretical frameworks. Specifically, emphasis is placed on assets and strategies Latino immigrants use to sustain and improve their well-being in non-urban areas of Missouri. Previous studies on well-being have focused on 'economic' well-being thereby using income as a proxy.

This study uses a much-expanded concept of well-being, which is subjectively assessed on a scale of 1 to 7, which includes various facets of human behavior. Thus, social network's impact is assessed empirically through ordered Probit regression using primary data from three different non-urban areas of Missouri. It is hypothesized that social networks have positive impact on Latino immigrant's well-being in these non-urban areas. This hypothesis has far-reaching implications in terms of local and regional policy focused on immigrants. For instance, local leaders can tap into these networks to pass important information related to education and economic mobility and opportunities for immigrants living in these areas.

Keywords: Latino well-being, Latin-American citizens, Latino social networks

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► The Impact of Social Networks on Well-Being: Evidence from Latino Immigrants

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Introduction

Latino immigrant population in the rural areas has exploded in the last decade; and along the years, many researchers have looked at this phenomenon in many angles. The overall motivation for this research has been the overwhelming diverging ideas about the importance of Latino newcomers in rural regions, and how these Latinos sustain their well-being once in these communities. The impacts, according to the literature, have been either positive or negative. The positive impacts have been, to mention but a few, that Latino immigrants help in income generation and socio-economic survival of rural areas; they help improve the diversity of rural regions, while supplying labor for necessary work in large food processing plants; they help improve the job prospects of locals through indirect and induced effects on local businesses. The negative impacts have been, to mention but a few again, that Latino immigrant deplete local resources, which could be better used elsewhere; their presence creates downward pressure on wages of low skilled local workers (Borjas, 1999) thereby crowding out local labor force.

In light of these positive and negative impacts, there have been also some contradictory justifications on how most Latino immigrants sustain their well-being once in these communities. For instance, some researchers have suggested that Latino immigrants make heavy use of social welfare in order to sustain their well-being. However, the current provisions of the law does not provide for it. Since 1996, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) has very strict provisions in regards to who should receive welfare assistance. Alternatively, some researchers assert that Latino immigrants use their own resources to sustain their livelihood. However, this suggestion too is a little unrealistic given that most Latinos earn incomes that are at or below the poverty line as defined by the bureau of labor. In this research, we suggest that there is a third way Latino immigrants might be sustaining their livelihood: using their social networks. However, there is a scarcity of quantitative studies assessing how Latino immigrants use their social networks to sustain well-being.

Objectives of this study

- The main objectives of this study is develop an economic model to assess the impact of social networks on well-being; and
- Comparatively assess the impact of regional social networks on Latino immigrants' well-being.

Questions

- Does social capital influences Latino immigrant householders' well-being?
- Are there localized effects of social capital on Latino immigrant householders' well-being?

Hypotheses

H_1 : Social (network) capital has a positive impact on well-being;

H_2 : There are regional impacts of social networks on well-being.

Theoretical social network literature

Social networks analysis in the social sciences field has mostly taken two approaches: formal and informal social network analysis. Formal modeling uses random graph theory and the economic approach under the auspices of game theory literature (Jackson, 2007). The informal approach, mostly favored by the social sciences, is also subdivided in two: (a) equilibrium networks; and (b) social capital approach (Goyal & Vega-Redondo, 2005). Equilibrium approach uses game theoretic principles (Slikker & Van den Nouweland, 2001). and the social capital approach uses a multidisciplinary method to address the effects of social resources on economic and other livelihood outcomes. Mark Granovetter's work gave a new dynamic to the study of the impact of social networks in the labor market (Granovetter, 1973) and gave rise to the concepts of strong (bonding) and weak (bridging) ties of social capital; later on a third form of capital was added to the list: linking social capital. These capitals refer to the inner circle or close, familial contacts (bonding); to the friends and colleagues (bridging); and to the relationship of power (linking) (Woolcock, 2001).

Social capital has been defined as "resources embedded in relationships among households that facilitate productive capacity of households (Lin, 2001, p. 14)," researchers have operationalized social capital by focusing on specific aspects of the relationships embedded in the social capital concept. These aspects are associational activity, information sharing (social relations), trust, and reciprocity (Van Ha, Kant, & MacLaren, 2004). This emphasis on the aspects of relationships focuses on actual or potential benefits, which could be obtained from formal or informal social networks (Burt, 1992). This approach distances itself from conceptualizing social capital as a public good as theorized by Coleman (1988); instead the approach conceptualizes social capital as a household good that could be used to instrument utility (Glaeser, Laibson, & Sacerdote, 2002; Ioannides & Loury, 2004). Assuming that social capital is a household good allows an easier transition to a production function framework.

Empirically, social (network) capital has been measured mostly in three ways: (a) assessed through membership in groups and inferred benefits; (b) benefits accrued to individuals through contacts; and (c) indirect benefits from potential social capital sources. This third way is the one used in this study to assess social capital.

The well-being literature

Well-being refers to the quality of life that an individual leads. Many economic studies tend to concentrate on the level of income that a householder has because it is assumed that it gives an indication

of access to goods and services (Krugman & Obstfeld, 2005; Mankiw, 2008; Pindyck & Rubinfeld, 2008); as such, empirical research in economics has measured well-being mostly through the use of economic indicators that affect the level of a householder's income (Dasgupta, 1995). These factors are the 'objective criteria' of well-being. Scanlon (2003, p. 75) defines an 'objective criterion' of well-being as "[...] a criterion that provides a basis for appraisal of a person's well-being which is independent of the person's tastes and interests." Examples of the objective criterion used in economics are money income, wealth, or a variation of thereof such as GDP, and income per capita.

However, the concept of well-being transcends a single discipline (Frey & Stutzer, 2002). Lately, advances have been made in the assessment of subjective well-being. This is relevant because recent empirical studies have challenged the concept of objective measures, especially the main proxy, income (Easterlin, 2003; Frey & Stutzer, 2002); additionally, it has been hypothesized that, in most western countries, economic growth has not been perfectly correlated with well-being increases (E. Diener & Oishi, 2000; Easterlin, 2003). Finally, studies have revealed also that income per capita does not correlate very well with well-being in western economies (Helliwell, 2003). The central argument for the development of a subjective well-being measure relates to the contextual factors that influence how an individual uses resources (Scoones, 1998), which in turn affects the end result: well-being. These contextual factors vary by individual, thus making the constituted measure highly variable, i.e., "Subjective Well-being" or SWB (Kim-Prieto, E. Diener, Tamir, Scollon, & M. Diener, 2005). This concept of SWB is necessarily complex, possessing many components and can be estimated in different ways as opposed to the objective approach. This concept introduces the idea of "a global assessment of life and its facets", thus effectively evaluating life based on "personal judgment of satisfaction and quality of life" (Kim-Prieto et al., 2005: p. 263).

The bulk of research being done in these areas has fallen in the category of "happiness" research (Frey & Stutzer, 2005a). There have been two different approaches used to gather information necessary to create SWB measure. The first approach consists of asking a single question "how happy are you, all things considered?"; and the second approach creates a latent variable through a set of questions that are designed to assess each specific facet of life, thereby creating the Personal Well-being Index (Frey & Stutzer, 2005b, 2005a). The latter approach has been favored in the empirical literature due to the specificity of the factors assessed by each manifest variable (The International Well-being Group, 2006).

Data and study areas

The data being used in this study was collected in a household survey carried out in different regions in non-urban Missouri. For the sake of confidentiality, these areas are going to be called region A, B, and C. Region A is located in the central region of Missouri, has approximately 20,000 inhabitants of which 5.6 % are Latinos; most of them are employed in manufacturing plants, service sector (retail and wholesale) and a very large food processing plant. Region B is located in northern Missouri; has a population of 2,000 of which 22% are of Latino origin; the largest employer is a meat processing facility. Region C is located in southwest Missouri and has a population of 6,000 of which 4% are Latinos. The largest employers are the service, hospitality and tourism industries.

Theoretical framework

The framework for livelihood analysis suggests that households use different strategies in order to allocate resources, and this resource allocation, which follows the principle of assets that leads to outcomes as mediated by processes or activities, can be used to produce home goods through a household production process. Formally, in order to simplify the analysis, household well-being, W_H , is a function

of the head of the household's utility function. The said utility function will be a function of a vector of aggregate consumption, C , a vector of home produced goods, Z , and household specific endowments, D , and the unobserved variability, θ . This utility function is presented in equation (1).

$$(1) W_H = U(C, Z; D, \theta)$$

Home produced goods, Z , are a function of a vector of market goods, X , social network use, k_s , time used to produce z -goods, l_z , other household endowments, D , and an unobserved variability, τ ; this is presented in (2). Social networks enter the equation indirectly and directly. First, it enters indirectly through the acquisition of information necessary to purchase market goods, X , used in the production of z -goods. Secondly, it enters the equation directly by providing an alternative method of producing the entire z -good. For instance, some households may outsource the production of the z -good to an acquaintance (cooking meals while they are at work or raising their children in some other community while they are working here):

$$(2) Z = Z[X(k_s), k_s, l_z; D, \tau]$$

The difference between X and C goods is that there are goods that are purchased ready to be consumed and other goods that don't need extra inputs from the householder before being consumed. The C -type goods are thought to provide direct utility to the householder. Goods such as books, which are ready to be consumed in the form purchased, qualify for goods in C ; while raw potatoes, which need to be cooked first by the householder, qualify for goods in X .

Empirical framework

There were two empirical models used in the estimations. The first hypothesis used the Ordinary Least Squares (OLS) method. The second hypothesis used a combination of the multinomial Logit model and the analysis of variance or ANOVA. For the OLS, using the implicit function theorem, the model specified above could be transformed into a linear form and estimated using the OLS method. Under these postulates, the model could be represented in the following form:

$$(3) W^* = \beta D + \gamma k_s + \lambda(C\pi) + \varepsilon$$

In the equation presented above W^* represents well-being and it is unobserved, thus the star. The well-being variable is measured using the average of seven manifest questions of the Personal Well-being Indicator (PWI). The vector D , represents the demographic variables and capitals (excluding social); k_s , represents social capital, $C\pi$ represents the Inverse Mills Ratio (IMR); the ε represents the random error.

For the multinomial Logit model, the dependent variable was the different industries that employ Latinos in the region. The process compares industries with the default, which normally is a significant employer in the region. For the ANOVA the dependent variable was well-being; all variables used in estimations are presented in tables 1 and 2.

Table 1. List of variables used in OLS analysis

Variables	Description
Dependent:	
Subjective Well-Being	PWI: Average of 7 manifest variable scored on 0 – 10 scale
Independent:	
Gender = Female	Household gender: Females modeled
Currently working	Work status: 1 if yes, 0 otherwise
Legal res = not legal and other	If has legal residency documents: 1, 0 otherwise
Gov assistance	If receiving SSI, WIC, or Food Stamp: 1, 0 otherwise
Alt source of income	Income other than wage or Gov. assistance: 1, 0 otherwise
Done extra work	If possesses other job (or done so in past): 1, 0 otherwise
Use of the Family network	If has used family network: 1, 0 otherwise
Use of the Friendship network	If has used friend network: 1, 0 otherwise
Use of the Religious network	If has used religious (or church-related) network: 1, 0 otherwise
Community network use	If has used community center network: 1, 0 otherwise
Member of a recreational group	If member of recreational group: 1, 0 otherwise
Member of any informal group	If member of informal group: 1, 0 otherwise
Member of any religious group	If member of religious group: 1, 0 otherwise
Member of formal group	If member of formal group: 1, 0 otherwise
Family first lodging	If family member provided lodging when arrived in region: 1, 0 otherwise
Marital St. (single default)	Household marital status: 1 if married, 0 otherwise
Trust in the community	If trust individuals in the community: 1, 0 otherwise
Age	Householder's age, in years
Job tenure	Length of time at this current job, in years
Length of residence	Length of residence in community, in years
Mobility	How many community has lived before moving in
Anglo-accult	Anglo acculturation score, an average of 12 items
Latin-accult	Latin acculturation score, an average of 12 items
Socio-Envir.	Community Perception: socio-environmental context, average of 12 items
Race & Discr	Community Perception: Racism and discrimination context, average of 9 items
Lang- Press	Community Perception: Language Pressures context, average of 7 items
Cultural Capital	Cultural capital, an average of 6 items on the cultural identity scale.
Educational Level	Educational attainment, in years
Ttime in the US	Total time spent in the U.S.A.
Age sq.	Age of the householder squared
LogInc	Linear logarithm of the total household income

Table 2. Variables used in the assessment of hypothesis 2.

Hypothesis H ₂ (a)	Hypothesis H ₂ (b)
Dependent: Occupation or industry working	Dependent: Well-being (PWI)
Independent: Age Education Non-properly documented worker Anglo acculturation Latino acculturation Context: socio-environment Context: language pressures Gender: male Family source of information Friends source of information Employer source of information	Independent: Non-properly documented worker Low skill level of worker Education Context: socio-environment Context: racism and discrimination Context: language pressures Cultural capital Gender: female

Results

The study was subdivided into two, following the hypotheses defined above. Due to constrain of space, only positive results for both hypothesis test are *described* here. For hypothesis one, social capital was found to have a significant positive impact on well-being. That is, bonding and bridging were significant; however, linking social capital was not significant. Belonging to formal and informal groups does not significantly influence well-being, while being part of a religious group does influence well-being in a positive way. In relation to the demographic variables, being female has negative effect; being a citizen has positive effect; age is positively correlated with well-being; living in region B has a positive effect; and positive social-environment context has a positive effect on well-being.

The second hypothesis was subdivided into two: the first part of the hypothesis tested the effect of source of information on the type of occupation, and the second part tested the effect of skill level on well-being. This was meant to test the regional impacts of social networks on well-being. For the hypothesis H₂(a) the results are subdivided by regions. For region A, the results are in comparison to poultry processing. The results indicate that those who use friends as source of information about jobs are 1.8 times more likely to be employed in industrial sanitation than poultry processing; and are also 1.3 times more likely to be employed in family business. Those who got their information from family sources have higher odds of being employed in restaurants, family business or industrial sanitation. Finally, those who have obtained their job information from employers are more likely to work in construction or sanitation rather than poultry processing. For region B, industrial sanitation was also used as default. Those who used friends as source of information were less likely to work in family business (65%), construction (32%) and more likely to work in meat processing (12%). Those who got information from family are more likely (7%) to work in family business. Those who obtained their information from employers are more likely to work in meat processing (35%). In region C, hospitality, service and tourism was used as default. By comparison, those who have obtained their information from friends were less likely to work for construction (34%), and family business (43%). Those who obtained their information from family are more likely to work in construction (60%), and family business (65%).

In relation to hypothesis H₂(b), in region A, cultural capital was the only variable that significantly contributed to the variation of well-being levels. In region B, legal status, skill level, socio-environment, racism and discrimination, and language pressure context significantly contributed to the variation on the

level of well-being. In region C, socio-environment and racism and discrimination climate are the only variables that contributed to the variation in the level of well-being.

Implications

From the results presented above, it could be seen that social networks influence well-being levels of Latino immigrant householders in non-urban Missouri. These results suggest also that the source of information influences the type of occupation that a householder ends up getting in these communities. Additionally, the second part of hypothesis 2 suggests that in most cases the skill level, (except in region B) does not really matter in terms of well-being.

So the impact of social networks is instructive in assessing the impact looking at short and long term. In the short term, social networks provide material and emotional support to newcomers. This allows newcomers to have extended job searches, thus increasing the probability of obtaining a job, which influences well-being. Additionally, the support also provides a sense of belonging to the Latino immigrant arriving in an inhospitable community. In the long term, however, these networks tend to lock Latinos in a negative loop of dependency and low-skill employment. For instance, the networks they currently have tend to be fairly closed and don't provide access to the resources they really need to improve their human capital. If they were part of other networks where these resources were accessible, then the networks would be more valuable to their human capital development (Woolcock, 2001), thus leading to better jobs and subsequently higher well-being. The localized effects of networks on Latino well-being suggest that the sense of achievement, i.e. having a job in the US, is more important than the type of occupation given that the skill level does not matter. This localized network effect suggests also that, indirectly, Latino newcomers move to find a job, contrary to most of those who move for a *better* job.

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► The Role of Acculturation, Context of Reception and Capitals Affecting Economic Integration of Latino Newcomers to the Midwest in 2009

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Introduction

Latino immigration to rural areas of the Midwest increased during the 1990s. Most of these changes in migration patterns have been attributed to the high demands for labor in mostly manufacturing and food processing companies. Alternatively, Latino immigration to the rural areas have been credited to the alleviation of decades of population decline, and contributed to the economic vigor of rural communities by increasing the economic activity and introducing indirect and induced demand for goods. We hypothesize that having an understanding of the factors that influence the integration of newcomers is crucial for the process of well-being and the sustainability of rural communities. This paper assesses the impact that acculturation, context of reception, selected demographic characteristics, and specific capitals have on income earnings of Latino immigrants in rural areas of Missouri.

In developing the hypotheses for this study, the impacts of independent variables on the dependent variables, we have followed the postulates of the literature. Previous studies have found that Latino immigrants move in search of work (Dozi & Valdivia, 2006) and that this mobility has a negative effect on income earnings of those Latinos that were born outside of the U.S.A. The context of reception variable has been found to have a negative effect on income earnings of Latino immigrants in rural areas of Missouri. Additional variables have been found to have the following impacts: social capital, education, and acculturation have positive effects on earnings of Latino immigrants, while being a female has a negative effect on income earnings in rural areas of Missouri.

Data and Theoretical Framework

Through the period 2008-2009 a household survey was conducted in three regions of the Midwest experiencing distinct labor pull factors. A questionnaire was developed using a livelihoods strategies framework (see Figure 1). This framework acknowledges the impact of economic variables, as well as social-cultural factors, due to the characteristics of the newcomers, Latino households, which often are foreign born. Unique characteristics of this ethnic group— foreign born, of a rural origin, with lack of English ability, and cultural norms of reciprocity and informal networks— are some of the factors why the sustainable livelihoods framework can contribute to our understanding of what makes it possible for Latinos to settle and integrate. A proxy for the ability to integrate is the income earnings from employment in the community.