Factors Influencing U.S. Immigrants' Location Choices

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Abstract

In recent years, U.S. immigrants' location choices have become a hot topic because today's immigrant population is larger and more diverse than ever. Since the 1990s, the number of U.S. immigrants has increased by 20 million or 5 percent of the overall population (Camarota, 2011; Department of Homeland Security, 2013). Previous studies have found that there are three general factors influencing U.S immigrants' location choices: same ethic population, social welfare, and employment opportunity (Bartel, 1989; Dunlevy, 1991; Zavodny, 1999). However, less attention has been paid to the interaction effects and the relative magnitude of these three factors. Therefore, this research will review existing studies on this topic and explore the interaction effects as well as the relative magnitude of these three factors.

Motivation

This research is motivated by the continued growing U.S. immigrant population, existing studies' limitations, and the possibility that I become a U.S immigrant.

Literature Review

Bartel (1989), Dunlevy (1991), and Zavodny's (1999) found that the same ethnic population may affect U.S. immigrant. This is because, according to their findings, many immigrants choose to locate in communities with more residents from the same country. In addition, family or friends effect could also play an important role, as immigrants in the U.S. are often sponsored by family members or friends who already resided in that area.

Borjas (1999), Kausal (2005), and Zavodny (1999) found that social welfare may also attract U.S. immigrants. In particular, Borjas (1999) proposed a theory that for persons born in the United States, migration costs are likely to outweigh the differences in welfare benefits, while immigrants are a self-selected sample of persons who have chosen to bear migration costs, so they have incentives to choose the state with higher social welfare.

Scott, Coomes, and Izyumov (2005) found that employment opportunity is also likely to drive U.S immigrants' location choices. Unlike previous studies, this paper also considers the interaction effect between the same ethic group and employment opportunities. According to the authors, employment-based immigrants are less attracted to cities with large populations of their own ethnicities. However, the authors suggested that there could also be interactions between individual characteristics and employment opportunities so further work is needed.

Research Design

This research will use data from the U.S. Census Bureau and the U.S. Immigration and Naturalization Service (INS). The data will then be transformed into an individual level data which includes each individual's location choice and all the alternatives, along with the characteristics of each location. The model will be a multinomial logit model with the following setup:

1. We first consider the interactions between age and the same ethic population, as some young people may want to loosen the bounds of convention. Define individual i's utility from choosing location j as

   $$u_{ij} = c_j + \beta_1 * age_i + \beta_2 * same\ ethic\ population_i + \beta_3 * age_i * same\ ethic\ population_i$$

   and the probability that individual i chooses location j as

   $$p_{ij} = \frac{e^{u_{ij}}}{\sum_i e^{u_{ij}}}.$$

   We obtain the estimated coefficients by maximizing the log likelihood function

   $$\max_{c,\beta} \sum_i \sum_j log(p_{ij}).$$

2. We then consider the relative magnitude of the same ethic population, social welfare, and employment opportunity. Define individual i's utility from choosing location j as

   $$u_{ij} = c_j + \beta_1 * same\ ethic\ population_i + \beta_2 * social\ welfare_i + \beta_3 * employment\ opportunity_i$$

   and the probability that individual i chooses location j as

   $$p_{ij} = \frac{e^{u_{ij}}}{\sum_i e^{u_{ij}}}.$$

We obtain the estimated coefficients by maximizing the log likelihood function

$$\max_{c,\beta} \sum_i \sum_j log(p_{ij}).$$

Outline

- Data collection and transformation due by April 2nd
- Estimation due by April 10th
- Write up due by April 26th
- Final manuscript due by May 1st