

Proposed Paper

“Remittance Behavior, Acculturation, and Socio-Cultural-Economic Factors: A Case Study of Latinos in the Chicago Metropolitan Area”

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Annual U.S.-Latino American remittances are estimated to have more than doubled recently to at least \$10 billion. Many social scientists became interested in the implications of remitting behaviors on Latinos' assimilation, acculturation or integration in the United States. According to Marcelli and Lowell (2004), researches on Latino remittances may be usefully separated into three broad analytical categories: (1) research investigating individual and social determinants of remitting behavior; (2) research examining remitting mechanisms; and (3) research estimating how remittances impact community. Our paper belongs to the first category. Most previous researches employ data from the migrant communities, although savings and remittances are made within a social milieu of the host community. Like our paper, only five studies have analyzed remittance data collected from Latinos present in their host community. (Menjívar et al. 1998; DeSipio 2002; Taylor 2002; Posel 2001; Marcelli and Lowell 2004).

This paper uses data from the Chicago Area Survey (CAS), recently finished by the Institute for Latino Studies at the University of Notre Dame, a randomized survey of 1,500 Latino households in six county Chicago metropolitan areas (Cook, DuPage, Kane, Lake, McHenry, Will). Compared to previous datasets, the CAS contains rich information on remitting behavior as well as on Latinos' socio-cultural and economic background. The CAS is also appended by several contextual variables including percentage of Latinos, percentage of those living below poverty, and homeownership rate in the host community at the block level.

The CAS contains rich information on Latinos' remittance behavior as dependable variables. Not only does it ask whether remittances are sent and how much is sent, but it

also inquires how remittances are sent in terms of methods of transmittal and what these remittances are used for in receiving countries. The probability of having remitted and the value of remittances transferred to Latin America by individual migrants will serve as dependable variables. Approximately, 30 percent of Latinos (about 90 percent Mexican origin) residing in Chicago metropolitan areas remitted money to their home country in 2002, and the average amount sent among remitters in 2002 was \$2,771.

The CAS also contains rich information on individual pre-and post-immigration background variables. In addition to general demographic and socioeconomic variables -- age, education, gender, income, immigration status, national origin, nativity and language -- the main contribution of this paper is to emphasize the effects of acculturation on remittance behavior by defining a broader measure of acculturation such as length of time spent in the U.S., financial market participation, and church or community involvement.

Compared to previous research, our analyses are prominent in terms of controlling for religious background variables and financial market participation variables. U.S. born Latinos Lucas and Stark (1985) suggest that remitting behavior is motivated by “tempered” immigrant altruism directed toward one’s family or friends residing in one’s home community and “enlightened” self-interest conditioned on relationships and circumstances in a host society. Religious people are known to have more “tempered” altruism. On the other hand, an ethnographic study (Richman 2004) show that converted Latino Protestants are less likely to remit because of their detachment from their ethno religious establishment. However, no research controlled for religious factors in explaining variation of remitting behavior. Our preliminary analyses show that active church participation is negatively related to remitting behaviors. Yet, further in-depth analysis is necessary to find out ramifications of the impact of Latinos’ religiosity on remitting behavior. We expect that the impact of church attendance on remitting behaviors depends on church types such as Latino ethnic congregation or American congregation.

In addition, due to lack of financial data, previous literatures were unable to investigate the impact of Latino financial market participation on remittances. Marcelli and Lowell (2004) used health insurance to estimate how investment behavior affects remittance. Although this is the first analysis that senders’ investment behavior was introduced into the remittance model, this pioneering approach has its limitation since health insurance is not a good proxy of financial variable. Our paper fills this research gap by using more financial variables such as banking account ownership, home ownership, and retirement accounts ownership. Our preliminary analyses show that financial market participation as a measure of acculturation and integration towards American culture has a negative effect on remittances because participating in formal banking system and other financial saving programs decrease the likelihood to remit and the amount of remittances. The senders need to invest and accumulate their assets in these financial accounts, which decreases their ability to remit. This hypothesis can also partially explain why Latinos who have stayed in the U.S. longer are less likely to remit.

In summary, building on Massey and Basem (1992), Menjívar et al. (1998), DeSipio (2002), Taylor (2002), Posel (2001), and Marcelli and Lowell (2004), our regression models will investigate the relationship between (1) the probability of having remitted and the value of remittances transferred to Latin America by individual migrants and (2) Latinos' acculturation in the United States as traditionally measured by human and social capital including religious participation and financial market participation, controlling for (3) individual nativity, pre- and post-immigration demographic variables and (4) community context "proxied" by Latino population density, homeownership, and poverty concentration in Chicago Metro. Specifically, we first estimate several logistic regression models of how the above factors influenced the probability that Latinos in our survey remitted, and then proceeded to develop several multivariate modelings to do the same concerning the determinants of the monetary value of yearly remittances sent.