

# Transnational Remittance Practices Among Latinos: Analyzing Differences Based on Nativity, Generational Status, and Social Capital

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## Abstract

Using data from the Chicago Area Survey (CAS), our study explores the impact of individual characteristics and factors linked to assimilation and ethnic attachment on the financial behaviors of Latinos in the United States. We particularly examine generational variations in the amount and determinants of remittance behavior among Latinos in the Chicago Metropolitan area. Our findings reveal distinct generational patterns in remittance practices as a transnational activity. While second-generation Latinos engage in remittance activities comparably to their foreign-born parents, a significant decrease is observed in third and subsequent generations. Interestingly, remittance behavior appears to be inversely related to traditional assimilation measures. Contradicting straightforward assimilation theories and aligning more with a transnational viewpoint, our multivariate models suggest a positive correlation between remittance activities and various integration indicators for both foreign-born and U.S.-born Latinos in the Chicago area. While a generational decline in remittance behavior supports assimilation theory, the positive ties between socioeconomic status or assimilation indicators and remittance activities prompt a reevaluation of the assimilation model's dominance. Our results suggest a complex interplay between assimilation processes and remittance behavior, indicating that the latter doesn't necessarily decrease as the former progresses. This calls for more research into the intricate relationship between these two dynamics.

**Keywords:** Latinos, Hispanics, Mexicans, remittance, transnational practice, assimilation

## 1. Introduction

This article examines the interplay between assimilation and remittance practices among Latino populations in the Chicago Metropolitan area, with a focus on the impact of generational shifts. The study reveals three key insights. Firstly, there is a noticeable decline in remittance activities over three generations, with minimal involvement in such practices by the third and subsequent generations. Secondly, contrary to expectations, the assimilation process across generations does not diminish the prevalence of remittance as a transnational activity. Lastly, the study identifies multiple causal factors influencing the evolution of remittance behaviors across generations. These factors vary depending on the specific circumstances of arrival and the assimilation patterns of each cohort and generation.

## 2. Remittance Behavior: Past Research

Since the early 20th century, the economic interactions between migrants and their countries of origin have been a focal point of research across various disciplines, particularly concerning migration and development. The majority of these studies have concentrated on the flow of resources from migrants in the northern hemisphere to recipients in the southern hemisphere, with a special emphasis on financial remittances. These monetary transfers from migrants to their families and friends in their native countries have become a central subject of scholarly interest, drawing attention from both governmental and non-governmental organizations involved in development. Financial remittances stand out as the most frequently mentioned and measurable sign of the enduring connections between migrants and their home societies. This focus on monetary transactions from north to south has proven invaluable in understanding the depth of migrants' dedication and support to their countries of origin.

Recent estimates suggest that annual remittances from U.S.-based Latinos to Latin America have surged to over \$10 billion, sparking significant interest among social scientists regarding the effects of these remittance behaviors on the assimilation, acculturation, and integration of Latinos in the United States. While much of the existing research

focuses on the mechanisms of remitting and its community impacts, there has been limited direct investigation into the motivations behind remittance behavior. Furthermore, most studies have relied on data from migrant communities, overlooking the fact that savings and remittances occur within the social context of the host community.

Our paper, along with a few others (Menjívar, DaVanzo, Green, & Valdez, 1998; DeSipio, 2002; Taylor, 2002; Posel, 2001; Marcelli & Lowell, 2005), represents a shift in focus by analyzing remittance data collected from Latinos within their host communities. These studies have significantly enhanced our understanding of the socioeconomic status of monetary remitters in the United States. However, there remains a gap in systematic research exploring the detailed implications of the relationship between remittance behaviors and their drivers, particularly in relation to theories of assimilation and immigrant integration.

To understand whether immigrant-established ethnic groups will assimilate into the nation's language and culture and ascend into the middle class, we need to shift our focus to the second and third generations, rather than the new arrivals. Unfortunately, data limitations have hindered inquiries into the extent of remittance behavior among U.S.-born Americans. It is unclear whether remittance behavior is a sporadic or generationally transmitted transnational practice. Our current study seeks to explore how remittance relates to the assimilation process of U.S.-born Latinos in their host country, thereby filling a crucial gap in the research landscape. There are only a few studies, specifically four, that we know of which have focused on analyzing data on remittance behaviors gathered from immigrants living within their host communities.

Menjívar et al. (1998) conducted a study on Filipino and Salvadoran immigrants in Los Angeles County during 1990, examining their remittance decisions and amounts. They found that these choices were influenced by a combination of individual characteristics, financial capacity, family obligations both in their home countries and the host community, and various investments in the United States. Notably, owning a home in the U.S. appeared to negatively affect the decision to send remittances.

In 2002, DeSipio conducted an analysis using data from three distinct surveys: the Mexican Migrant Project (MMP), the NALEO Education Fund and Tomás Rivera Policy Institute (TPRI) Study of Emerging Latinos, and the TRPI Study of Latino Portrayals on Television. This research aimed to understand how factors like demographic profile, acculturation level, family characteristics, and social networks impact remittance behaviors across various Latino groups. DeSipio observed that studies based on data from home communities, such as the MMP, tend to overestimate both the likelihood and amount of remittances, as they often include a higher proportion of immigrants less likely to settle permanently in the U.S.

Despite this, the findings across all three surveys showed some consistency. Older, more educated males with higher incomes were generally more likely to send remittances, with the exception of results from the MMP. The duration of residence in the U.S. usually correlated with a reduced probability of remitting, although MMP data suggested the opposite for long-term U.S. residents of Mexican origin. Having more immediate family members in Mexico increased the likelihood of remitting. Social networks had a dual effect: they could either encourage remitting by maintaining connections with friends and relatives in the country of origin or discourage it by strengthening ties with other U.S. residents.

Taylor (1999, 2002) conducted a study using the Health Migration Survey data by Kanaiaupuni and Donato (1999) to examine the influence of government transfers on remittance behaviors from San Diego County and the city of Houston to Mexico. This research revealed that different types of income sources had varying impacts on remittances. Specifically, the study found that receiving means-tested government transfers decreased both the likelihood and amount of remittances, while non-means-tested transfers had the opposite effect, increasing the probability and amount remitted. Additionally, Taylor discovered that remittances were generally inelastic in relation to total household income. However, it is important to note that Taylor's (1999, 2002) study did not account for several potentially influential factors, such as social networks or community-level variables in Houston and San Diego County, that could affect remittance behavior. Despite this, Taylor employed a fixed-effects model to control for the city or county from which the remittances were sent.

Posel's (2001) study, utilizing the 1998 Project on Statistics, Living Standards, and Development (PSLSD) survey data gathered from households sending remittances, found that in KwaZulu-Natal, South Africa, the behavior of migrants regarding remittances was more influenced by their individual incomes rather than the combined income of their households. This suggests that significant domestic expenses typically associated with immigrant incorporation (like purchasing a home) are more likely to be funded from pooled household incomes rather than individual migrant earnings. This could mean that the link between individual migrant remittances and such investments might be

minimal or even complementary. For example, if a migrant's partner or spouse's earnings, combined with a small portion of the migrant's income, are enough to buy a house, then an increase in the migrant's earnings could positively correlate with both homeownership and remittances. Crucially, for the purposes of this paper, Posel's study highlights the necessity of collecting data within the host community to effectively analyze local factors influencing remittance behavior, including the balance between remittances and other financial commitments or investments.

Drawing on the foundational work of Menjívar et al. (1998), DeSipio (2002), Taylor (2002), and Posel (2001), our study utilizes a random household sample of Latino residents in the Chicago Metropolitan area (CAS). Our objective is to explore the interplay between three key elements: (1) the likelihood of individual migrants remitting to Latin America, (2) various indicators of assimilation, and (3) the degree of ethnic attachment. This investigation takes into account individual backgrounds and community contexts, the latter approximated by factors such as the density of the Latino population at the neighborhood level, the percentage of high school dropouts aged 25 or older, and, for foreign-born Latinos, whether they migrated from an urban area in Mexico. To achieve this, we plan to implement several logistic regression models to analyze how the aforementioned factors influence the likelihood of a Mexican immigrant from our survey engaging in remittance behaviors.

### 3. Conceptual Framework

This study frames remitting behavior as a choice made by individual migrants, deeply connected to both their country of origin and their new residence, as originally posited by Massey, Alarcón, Durand, and González (1987). This perspective links remittance behavior to the broader concept of assimilation, offering insight into why migrants maintain transnational ties and engage in specific practices. The rise of remittance practices has been attributed to the dynamics of the modern global capitalist economy, coupled with advancements in communication and transportation technologies. These advancements enable individuals to maintain a presence in multiple locations simultaneously, experiencing life with a newfound immediacy (Itzigsohn, 1995, 2000; Itzigsohn & Saucedo, 2002; Portes, 1999; Portes, Guarnizo, & Landolt, 1999; Schiller, 2000). My analysis heavily incorporates the frameworks proposed by Itzigsohn & Saucedo (2002) to examine my remittance behavior within a transnational context. They suggest various reasons for the emergence of distinct transnational practices, which are yet to be empirically verified. Below, I summarize their arguments into three distinct theoretical categories to assess the likelihood of engaging in remittance as a transnational practice.

The first argument centers on the theory of assimilation. Historically, the prevailing assimilation paradigm in immigration studies suggested that as migrants settle in a new country and integrate into mainstream society, they gradually sever ties with their homeland and focus on assimilation processes (Alba & Nee, 1997, 2003; Gordon, 1964; Portes & Rumbaut, 1996). Assimilation is commonly understood in terms of various socio-economic indicators, such as educational attainment, income level, household composition (including the number and age of household members), legal residency status, and engagement in social activities like community events. This perspective posits that certain factors, such as a strong inclination towards assimilation or a commitment to invest in the United States, can negatively impact the propensity to send remittances, as these influences are rooted in the host society's norms and expectations.

The examination of transnational practices challenges this traditional view, prompting scholars to consider both the assimilation process and the development of transnational social fields. Researchers in this newer paradigm argue that studies focusing solely on assimilation overlook a crucial aspect of immigrants' lives that occurs across national borders (Itzigsohn & Saucedo, 2002). Being a transnational immigrant involves participating in and belonging to two distinct societies simultaneously, interconnected through the immigrants' transnational social activities. This perspective emphasizes the ongoing and dynamic relationship between migrants and their countries of origin and settlement, suggesting a more complex interaction than previously understood under the assimilation framework.

The emergence of transnational practices and connections does not negate the process of assimilation into host societies. Rather, transnational practices and assimilation can be mutually reinforcing phenomena. Immigrants' transnational interests can facilitate their assimilation. For instance, Karpathakis (1999) observed that the Greek immigrants' efforts to assimilate into the American political system were driven by a desire to influence U.S. policies towards their homeland. Consequently, it is important to explore the interplay between assimilation and the rise of transnational ties. Key questions to consider include: Do assimilation and transnational engagement function as conflicting or complementary processes? Does involvement in transnational activities decrease as immigrants integrate more fully into their new country? And importantly, what is the causal relationship between these two processes?

The processes of assimilation and acculturation within the host society typically unfold over several generations. It is

often not until the second or third generations that individuals are expected to fully integrate into the mainstream society of their new country and completely embrace its culture (Gans, 1992, 1997; Portes & Rumbaut, 1996; Sana, 2005). This study delves into the relationship between assimilation and transnational engagement by comparatively examining three generations of Latino immigrants. While the focus on the first generation is crucial for understanding the interplay between remittance behavior and assimilation, it is important to note that this generation is not typically expected to be completely assimilated into the mainstream society and culture. Despite this, there is a prevalent expectation, reflected in both academic discourse and public policy, that the first generation should gradually cut off its ties with the country of origin.

The alternate explanation for the rise of transnational linkages suggests that immigrants seek to reconnect with their country of origin, but initially lack the resources to do so. Newly arrived immigrants in a host country often do not have the time or financial means to engage in transnational activities. From this perspective, remittances begin when immigrants accumulate enough resources to initiate philanthropic or business projects back home (Goldring, 1998, 2002; Landolt, Autler, & Baires, 1999; Portes et al., 1999).

Portes (1996, 1999) further argues that transnational practices provide a unique path for entrepreneurial immigrants to achieve social mobility. The connections they maintain in multiple countries create business opportunities not possible in either their country of origin or host country alone. However, engaging in transnational entrepreneurship requires a significant amount of accumulated capital. Thus, those involved in transnational practices are often the most economically successful migrants.

Yet, the applicability of this argument in explaining remittance behavior needs examination. The onset of remittance might not always be gradual and may not strictly depend on the accumulation of economic resources. This type of remittance, reliant on available resources, is termed "resource-dependent remittance."

The second explanation views transnational practices as a response to negative assimilation experiences (Itzigsohn & Saucedo, 2002). Immigrants may turn to transnational activities due to dissatisfaction with their lives in the host country, often stemming from occupational frustrations or low social status. Research suggests that American-born descendants of immigrants often become more aware of their ethnicity in response to discriminatory experiences, which place them in a disadvantageous position (Alba, 1997; De la Garza et al., 2002; Portes, 2000). Consequently, individuals who face discrimination, especially those with darker skin, are more likely to identify with an ethnic label rather than as American.

This perspective implies that ethnic competition, rather than assimilation, is a key driver of ethnic identity. Thus, even when accounting for discrimination, factors like generational status, language proficiency, and socioeconomic status should have a lesser impact on ethnic identity. Immigrants who provide financial support to their families or communities in their country of origin often enjoy higher prestige there compared to their status in the host country (Goldring, 1998, 2002; Itzigsohn et al., 1999; Itzigsohn & Saucedo, 2002; Portes et al., 1999; Landolt et al., 1999). Additionally, experiences of discrimination or a general negative perception of the host society can prompt immigrants to maintain a strong connection with their country of origin (Schiller & Fournon, 1998; Portes, 1999). This rationale has also been applied to explain the rise of transnational practices among second-generation members (Schiller & Fournon, 1999). This type of remittance, prompted by such reactions, is termed "reactive remittance."

The third explanation for transnational practices views them as an extension of the pre-existing ties linking immigrants to their families and places of origin (Itzigsohn & Saucedo, 2002). This perspective emphasizes that the motivation behind remittances, such as the desire to enhance the lives of loved ones back home or to maintain one's reputation in Latin America, originates from the immigrants' home communities. Essentially, migrants abroad strive to preserve their social connections with family, friends, and the communities they left behind (Schiller, 2000; Guarnizo, 1998).

In this context, immigrants engage in activities like sending remittances, visiting their homeland, and establishing ethnic institutions in their host countries. These efforts are aimed at reconstructing their social relationships and replicating aspects of their lifestyle from their country of origin. This pattern of remittances, focused on maintaining and replicating existing social ties and lifestyles, is referred to as "linear remittance."

Community characteristics may influence individual remittance behaviors as part of transnational practices. Our study examines how various characteristics of Latino host communities, such as the concentration of Latino populations and high school dropout rates, along with factors in their home communities (like having children back home or originating from urban areas), affect remittance behaviors. These factors are collectively referred to as

'community context'. Our sample, which is further detailed later, includes data from a significant number of randomly selected census block groups in the Chicago Metropolitan area.

However, it is important to note that finding a correlation between the likelihood of remitting and community variables does not automatically establish a direct community effect on remittance behaviors. To accurately assess the impact of community-level factors, a multi-level or hierarchical analysis (HLM) should be conducted. Additionally, there is a need for improved data collection regarding neighborhood characteristics on both sides of the border to facilitate a more comprehensive understanding of these dynamics.

These varying explanations can be structured into the following hypotheses for further examination and analysis.

Hypothesis 1 suggests that higher levels of assimilation, as indicated by greater economic resources, will result in increased engagement in remittance behavior among immigrants (Resource Dependent Hypothesis).

Hypothesis 2 posits that the greater the level of discrimination an immigrant experiences in the host country, the more likely they are to engage in remittance behavior (Reactive Remittance Hypothesis)

Hypothesis 3 proposes that the stronger the connections immigrants preserve with their country of origin, the more likely they are to participate in remittance behavior (Linear Remittance Hypothesis).

These three theories might not be exclusively independent, as they could explain the rise of transnational practices across various scenarios. Scholars researching remittances often cite multiple theories to explain specific cases. Only through comparative analysis, like in this study, can we evaluate the validity and breadth of each theory, determining whether they are complementary or competing mechanisms in social determination.

Furthermore, each hypothesis presents different insights into the assimilation process. For linear remittance, it suggests that as migrants integrate into the society and culture of the host country over time, their connections, and responsibilities to their country of origin gradually diminish. This implies that as assimilation progresses, engagement in transnational networks declines. If this holds true, it means that while traditional studies on immigration assimilation may have overlooked a significant aspect of immigrants' social ties, they have correctly identified the overarching direction of the process.

The other two scenarios, however, challenge the conventional perspectives of immigration studies. In resource-dependent remittance, the initiation of remittance corresponds with successful economic assimilation. The development of transnational practices is linked to the process of economic integration and social advancement. Thus, effective economic assimilation leads to the formation of transnational ties and practices. On the other hand, reactive remittance suggests that transnational practices and identities develop as a response to adverse assimilation experiences. Remittances in this context are a byproduct of encountering discrimination and the immigrant's negative perception of their experiences in the host country. In these instances, remittance and assimilation are intricately connected, presenting a more complex and varied picture of the immigrant experience than the traditional view of assimilation suggests.

#### **4. Data and Methods**

This report presents findings from the 2003 Chicago Area Survey conducted by the Institute for Latino Studies at the University of Notre Dame, a comprehensive study targeting households across the Chicago metropolitan region, including Cook, DuPage, Kane, Lake, McHenry, and Will counties. This survey offers unique insights into the demographics and behaviors of the region's residents, contributing valuable data previously unexplored in similar studies. The survey employed a randomized sampling strategy, encompassing 2,326 households to represent the diverse population of the Chicago metropolitan area. The study focused on individuals aged 18 years and older, encompassing a diverse demographic spread. Specifically, 1,512 long surveys were completed by Latino respondents, while 814 short surveys were completed by White and Black respondents. To ensure inclusivity, interviews were conducted in both English and Spanish, catering specifically to Spanish-speaking-only respondents. The survey's structure, encompassing lines of inquiry and the questionnaire, was meticulously designed by a team of scholars associated with the Institute for Latino Studies at the University of Notre Dame. This design aimed to capture a wide range of data points, addressing gaps found in previous surveys.

The current survey seems to have improved its data collection method for remittance information. In earlier surveys, over 30% of the data was reported by someone else in the household, which may have led to misreporting. The current method likely involves direct reporting from the respondents, aiming for more accurate data. The survey includes a larger proportion of U.S.-born individuals, authorized and other long-term U.S. residents, compared to

previous surveys. This indicates a more diverse sample, which could provide a wide variation in the independent variables being studied.

The study mentions minimal clustering in its sample, which is significant because clustering can bias standard errors and lead to spurious results. Controlling for multilevel effects, or 'clustering,' is crucial as individuals 'nested' within broader units like households or census blocks do not exhibit complete independence (Hox 2002; Raudenbush 2003; Raudenbush & Byrk 2002). This consideration is essential to ensure the validity and reliability of our analysis. It sampled 583 block groups with an average of 2.31 households per block group, including oversampled areas in Berwyn/Cicero. This approach seems to be taken to avoid potential spatial biases. The sample does not suffer from being drawn from census blocks where foreign-born Latinos are over-represented. This is an improvement over previous surveys and helps in reducing biases that come from over-representation of a particular demographic group. Overall, these points suggest a careful and methodologically sound approach to survey design, aiming to address and correct the limitations and biases identified in earlier surveys. The emphasis is on obtaining more reliable and diverse data, which is crucial for accurately understanding remittance behaviors and other related variables.

#### 4.1 Dependent Variable: The Decision to Remit

The data set from the Chicago Area Survey provides an extensive array of variables for assessing the remittance practices of immigrants. It delves into various aspects beyond merely whether remittances are sent, including the methods used, the frequency, the amounts, and the specific purposes for which these funds are utilized. In 2003, the Chicago Area Survey (CAS) gathered individual-level data on remittances. We based our evaluation of remitting behavior on the responses to this question. "In the past year did you or anyone in your family living here send money to family or relatives in your country of origin?" The likelihood of individual migrants having remitted money is a key variable in our study.

Table 1. Remittance by Generation

	1st generation	2nd generation	3rd generation	Total
Not Remitting	48.4%	47.4%	97.1%	61.3%
Remitting	51.6%	52.6%	2.9%	38.7%
	100.0%	100.0%	100.0%	100.0%
N	781	234	240	1381

As Table 1 shows, 38.7 percent of Latino residents in the Chicago metropolitan area sent remittances to their home countries, with the average amount being \$2,735. Notably, 52.6 percent of second-generation Latinos remitted funds, compared to just 2.9 percent of the third and subsequent generations. Over half (51.6 percent) of the first-generation respondents reported sending money abroad.

Table 2. Remittance Frequency by Generation

	1st generation	2nd generation	3rd generation	Total
Once or twice a year	35.6%	56.3%	28.6%	40.1%
Several times a year	11.5%	5.2%	0.0%	9.9%
Once a month	42.6%	37.5%	42.9%	41.4%
Two or three times a month	8.8%	1.0%	28.6%	7.4%
Every week	1.5%	0.0%	0.0%	1.2%
	100.0%	100.0%	100.1%	100.0%
N	340	96	7	444

When it comes to the frequency of remittances, Table 2 shows that first-generation immigrants tend to be more regular in this practice than their second-generation counterparts, though the difference is slight. The average amount

remitted by first-generation respondents was \$1,891 annually. This figure is significantly lower than the \$240 monthly remittances reported in earlier studies by Massey and Basem (1992) and DeSipio (2002), which focused on data from the 1980s to the mid-1990s. However, our sample includes a larger proportion of authorized and other long-term U.S. residents. This demographic shift is in line with traditional assimilation theory, which suggests a decrease in remittance amounts as migrants become more established in the U.S.

Table 3: Descriptive Statistics for Variables used to analyze remittances among Foreign-born Latinos, Age 18 or over, residing in Chicago Metro, 2003 (N=1153)

	First Generation			Second Generation			Third Generation		
	Non-Remitters (n=379)	Remitters (n=403)	All (N=782)	Non-Remitters (n=111)	Remitters (n=123)	All (N=234)	Non-Remitters (n=233)	Remitters (n=8)	All (N=241)
Demographic									
Age	40.6	34.4	37.4	34.2	35.1	34.7	28.8	39.4	29.1
Dummy:1 if Male (Female)	54.4%	49.1%	51.7%	53.2%	52.0%	52.6%	62.9%	71.4%	63.2%
Dummy:1 if Married ( Never Married)	81.3%	90.6%	86.1%	64.9%	40.7%	52.1%	42.1%	100.0%	43.8%
Dummy:1 if having children Under 18	37.7%	52.9%	45.5%	41.4%	9.7%	24.7%	33.0%	57.1%	33.8%
Household size	3.3	3.8	3.5	3.92	4.49	4.22	3.06	3.06	3.06
Assimilation									
Family Income	\$24486.88	\$24087.11	\$24280.57	\$35323.92	\$62494.41	\$49640.1	\$30565.61	\$28532.77	\$30504.66
Homeowner	49.6%	49.9%	49.7%	48.6%	91.9%	71.5%	64.8%	57.1%	64.6%
Years in U.S.	13.1	11.6	12.3	-	-	-	-	-	-
Dummy:1 if Some college or Associate or More (High School Graduate or Below	15.9%	8.4%	11.9%	69.7%	54.5%	38.4%	32.6%	14.3%	32.1%
English Fluency (4-16 points)	10.3	10.3	10.3	-	-	-	-	-	-
Spanish Fluency (4-16 points)	14.8	15.0	14.9	13.59	12.7	13.12	14.01	15.06	14.04
Dummy:1 if Civic Engagement (actually worked on neighborhood issues)	7.4%	18.4%	13.0%	0.117	0.423	0.278	0.077	0.5	0.091
Financial Participation Score (14 point scale)	2.37	2.49	2.43	2.91	3.19	3.06	3.28	3.32	3.28
Dummy:1 if experiencing discrimination	27.4%	43.2%	35.5%	28.2%	32.3%	30.3%	14.2%	57.1%	15.4%
Ties to Country of Origin									
Dummy:1 if having children living somewhere else	12.4%	18.3%	15.5%	13.6%	8.9%	11.2%	5.2%	71.4%	7.1%
Dummy:1 if own or expect to inherit land in origin country	1.9%	8.7%	5.4%	8.1%	21.1%	15.0%	1.3%	0.0%	1.3%
Dummy:1 if one or both parents in the country of origin	46.0%	74.5%	60.7%	18.2%	4.1%	10.7%	-	-	-
Community Context									
Hispanic Percentage	56.0%	44.9%	50.3%	60.2%	55.4%	57.7%	43.6%	62.1%	44.2%
% Over 25 without HS degree	42.4%	35.6%	38.9%	43.6%	37.0%	40.1%	37.0%	43.7%	37.2%
Dummy:1 if living in a large urban area before moved to the U.S.	16.7%	27.8%	22.4%	-	-	-	-	-	-

According to Table 3, it is noteworthy that in 2003, second-generation individuals remitted an annual average of \$6,534, whereas the third generation sent \$2,735. While the remittance amount from the first generation aligns with previous surveys, caution should be exercised in generalizing these findings for the second generation due to the limited number of reported cases (n=37). To my knowledge, there are no comprehensive datasets that specifically track the remittance amounts of U.S.-born Latinos. Therefore, the notably higher remittance figures for the second-generation merit further investigation.

#### 4.2 Explanation of Remittance Behavior: Independent and Control Variables

The previous section highlighted those respondents in earlier survey datasets represented a limited segment of Mexican or Latino immigrants, necessitating cautious generalization of their findings. The Chicago Area Survey (CAS) offers a more robust approach due to its multi-stage randomized survey method targeting Latinos in the six counties of the Chicago Metro area. Furthermore, the CAS provides comprehensive information on Latinos' socio-cultural and economic backgrounds, including key demographic and socioeconomic variables like age, education, gender, income, immigration status, national origin, nativity, and language.

A significant contribution of this paper is its focus on the impact of assimilation on remittance behavior, introducing broader assimilation measures such as duration of U.S. residence and financial market participation. Previous studies lacked detailed financial data, limiting their ability to explore the influence of Latinos' financial engagement on remittance practices. Marcelli and Lowell (2005) attempted to correlate investment behavior with remittance using health insurance, but this approach had limitations due to the inadequacy of health insurance as a financial variable proxy. Our paper addresses this gap by incorporating more comprehensive financial variables, such as banking

account ownership, home ownership, and retirement accounts. Additionally, the CAS enriches its analysis with several contextual variables at the block group level.

Our analysis emphasizes that theories and conclusions based on just one generational group will inherently have limited explanatory scope. Remittance behavior among immigrants is influenced by a variety of factors. Understanding the nuances in the motivations and determinants of these behaviors requires a comparative

approach across generations. However, it is important to note that our generational insights are derived from a cross-sectional survey, which may present some limitations in capturing the full generational dynamics.

Our model incorporates a diverse set of independent variables, categorized as follows:

**Demographic and Family Characteristics:** This includes age, gender (male), marital status (never married), the presence of children under 18 in the U.S., and household size.

**Assimilation:** To analyze this, we have compiled various socioeconomic indicators as proxies for status and degree of incorporation:

a) **Acculturation:** This includes generational status, English fluency (rated on a 16-point scale), and years spent in the U.S. In our analysis, we categorize the CAS sample into different generations. The First Generation includes individuals born outside the United States. This category also encompasses those born in Puerto Rico and other U.S. dependencies, who often have citizenship at birth. Their relocation to the U.S. shares similarities with immigration. The Second Generation includes individuals born in the United States, with at least one parent born abroad. The Third and higher generations include individuals born in the U.S. to parents also born in the country. We do not differentiate between the Third and subsequent generations. Following Rumbaut's (2002) approach, the 1.5 Generation consists of people born abroad but who moved to the U.S. during childhood. Due to their modest representation in the CAS, we group them with the First or Second Generation for analysis purposes. For the purpose of this analysis, we use households of the Third-Plus Generation as the baseline for comparing generational status.

b) **Economic Integration (Resource Dependent Remittance Variables):** Factors here are family income, financial participation (assessed on a 14-point scale covering a range of financial products), education attainment (at least some college), homeownership, and Family income was determined by summing all reported income amounts. We incorporated an indicator for missing data into our calculations. Consequently, the income coefficient reflects only the data reported by individuals who provided various income figures. It is also possible that various U.S. investments can act as competing factors. Theoretically and empirically, these investment behaviors are not always distinctly or consistently separated from other assimilation variables. We propose that widespread participation in U.S. financial products strongly indicates the Latino community's intent to integrate into mainstream society.

c) **Residential and Spatial Integration:** This is measured by homeownership attainment.

d) **Social Integration:** Civic engagement is used as a measure, specifically participation in neighborhood issues over the last two years.

These indicators offer a broader perspective than typically seen in assimilation studies (Itzigsohn & Bohrt, 2015). However, we acknowledge the absence of data on locational attainments and intermarriage, both key aspects in the literature.

**Ties to Country of Origin (Linear Remittance Variables):** Indicators here include having children in the country of origin, land ownership or inheritance expectations there, the presence of one or both parents in the origin country (for foreign-born only), Spanish fluency (rated on a 16-point scale for U.S.-born only), and bilingualism (measured by watching TV in both English and Spanish, for the full sample model).

**Community Context:** This encompasses the Hispanic percentage of the population, the high school dropout rate for those over 25, and whether they lived in a large urban area before moving to the U.S. (for foreign-born only).

This comprehensive approach enhances our understanding of the various factors influencing remittance behaviors among different generations of immigrants.

The sample weights for the 2003 Chicago Area Survey (CAS) were adjusted to account for various levels of non-response. Additionally, the demographic profile of respondents who answered the remittance-related questions aligns statistically with the broader Latino population in the six counties of Chicago, as indicated by data from the 2000 Census SF1 and SF3. Table 3 provides detailed definitions and descriptive statistics for each explanatory variable used in our analysis to explore variations in the likelihood of having remitted.



Our bivariate analysis reveals that, generally, traditional measures of immigrant assimilation in the United States are inversely related to remittance behavior. Notably, remitters, especially in the first and second generations of Latinos, tend to come from slightly larger households.

Regarding the relationship between migrant income and remittances, a straightforward hypothesis might suggest a negative correlation. However, our findings indicate that, particularly for second-generation immigrants, remittances are likely to increase with rising income. This suggests that income not only influences the ability to remit but also aligns with the economic argument for remittances, where higher income may lead to increased remittance amounts (Grasmuck & Pessar, 1996).

An intriguing observation emerges from our analysis of assimilation variables, particularly when examining a proxy for social capital in the United States. Our model uses 'participation in neighborhood issues in the past two years' and 'membership in at least one community organization (excluding hometown organizations, data not shown)' as indicators of civic engagement. Contrary to what might be expected (DeSipio, 2011), these indicators show a positive correlation with remittance behavior. This finding suggests that higher levels of civic involvement in the U.S. are associated with an increased likelihood of remitting funds.

Our study extends beyond interpersonal dynamics within neighborhoods to consider how socioeconomic and spatial contexts influence remitting behavior among Latinos. Drawing on theories by Massey and Parrado (1994), we recognize that neighborhood effects are distinct because they transcend the individual characteristics of residents and are shaped by broader political decisions (Smith, 1998; Smith, Cordero-Guzmán, & Grosfoguel, 2001). To investigate potential local U.S.-based community contextual effects, we include two variables: the concentration of the Latino population and the proportion of residents aged 25 or older who are high school dropouts. Our initial hypothesis was that living in a neighborhood with a higher Latino population would increase the likelihood of remitting, while residing in areas with higher high school dropout rates would decrease it. Contrary to our expectations, the findings did not align with these predictions.

Additionally, we incorporated a variable to consider the influence of one's original community in Mexico, specifically targeting Mexicans. This variable assesses whether an individual migrated from an urban area, with the underlying assumption that urban areas, generally wealthier and with smaller average family sizes than rural areas, would reduce the propensity to remit. However, as shown in Table 3, individuals who had lived in large urban areas before moving to the U.S. were more likely to send remittances back home, challenging our initial expectations.

#### *4.3 Multivariate Modeling of the Likelihood of Remitting*

To evaluate the various explanations outlined earlier, we have developed a logistic regression model. This model includes respondents from all three generations, allowing us to examine the potential influence of generational factors on remittance behavior. Additionally, it aims to identify how determinants may differ between foreign-born and U.S.-born individuals.

Our analysis is structured into three distinct models:

The Assimilation Model (model 1): This model focuses on the influence of assimilation-related variables on the likelihood of having remitted, while accounting for other personal characteristics. This first model incorporates demographic variables, including generation, and assimilation variables. It serves as an initial examination of the relationship between assimilation (or the resource-dependent remittance hypothesis) and remittance behavior.

The Transnational Ties Model (model 2): Here, we explore the combined effects of assimilation and transnational connections to the country of origin. The second model adds variables representing ties to the country of origin, aligning with the reactive and linear remittance hypotheses.

The Environmental and Social Capital Model (model 3): This third model investigates potential effects stemming from the environmental and social contexts of individuals' communities of origin and their current communities in the U.S. This full model is comprehensive, including assimilation variables, resource-based remittance variables, reactive remittance variables, linear remittance variables, and context variables.

Additionally, I ran a fourth model featuring various interaction terms between assimilation and linear remittance variables to investigate any additive effects when both factors increase. However, the results of this model are not included here, as none of the interaction terms produced significant effects.

Through this multi-model approach, we aim to provide a comprehensive understanding of the factors influencing remittance behavior among different generational cohorts of Latinos.

$$REMIT_i = 1 \text{ Generation} + 2 \text{ Assimilation(or Resource Dependent Remittance)} + 3 \text{ Discrimination (Reactive Remittance)} + 4 \text{ Ties to Country of Origin (Linear Remittance)} + 5 \text{ Community} + i$$

We have conducted multivariate analyses on three distinct samples: the full sample, encompassing all three generations; the foreign-born sample, representing the first generation; and the U.S.-born group, which includes both the second and third or higher generations. This approach allows us to investigate whether the relationships between our specified variables and remittance behavior exhibit different patterns within the foreign-born and U.S.-born groups.

### 5. Findings and Discussion

In my study, I applied logistic regression models to evaluate the impact of key variables on the likelihood of remitting. The analysis proceeded in two stages. Initially, models were estimated for the entire sample, excluding cases where the generation was unknown. Subsequently, we conducted separate analyses for both foreign-born and U.S.-born groups to explore potential variations in remittance determinants based on nativity. The results for the whole sample are presented in Table 4.

Table 4. Logistic Regression Predicting Remittance Behavior (N=1153)

	1		2		3				
	Log Odds	S.E.	Log Odds	S.E.	Log Odds	S.E.			
First generation(Third and higher)	3.9992	0.4232	****	3.3923	0.4390	****	3.5350	0.4479	****
Second Generation	3.4340	0.4262	****	3.1909	0.4368	****	3.3329	0.4458	****
Age	-0.0506	0.0067	****	-0.0611	0.0074	****	-0.0608	0.0075	****
Male (Female)	-0.3739	0.1526	**	-0.3353	0.1608	**	-0.2551	0.1637	
Married ( Never Married)	0.5853	0.2007	***	0.5921	0.2184	***	0.5220	0.2222	*
Household size	0.1298	0.0440	***	0.1408	0.0468	***	0.1448	0.0487	***
Children Under 18	-0.5596	0.1760	***	-0.5837	0.1861	***	-0.5766	0.1898	***
Log Income	0.4205	0.1441	***	0.3322	0.1535	**	0.3459	0.1552	**
Some College or more(High school or Less)	-0.7983	0.2136	****	-0.9152	0.2257	****	-0.9175	0.2271	****
Bilingual	0.1765	0.1439		0.2252	0.1529		0.2302	0.1557	
Civic Engagement	1.7291	0.2334	****	1.5605	0.2424	****	1.5828	0.2564	****
Financial Participation	0.0692	0.0721		0.1026	0.0750		0.0795	0.0753	
Homeowner	0.2664	0.1525	*	0.3767	0.1628	**	0.2138	0.1703	
Experience Discrimination				0.5369	0.1599	****	0.5403	0.1661	****
Own land in origin country				2.0080	0.3653	****	2.1205	0.3732	****
One or both parents in country of origin				1.1086	0.1766	****	1.0896	0.1805	****
Log Latino Percentage							-0.2453	0.1452	*
Log High School Dropout Rate							-0.1345	0.2196	
Constant	7.63387	1.4866	****	6.828668	1.5744	****	6.66729	1.682	****
-2 Log likelihood	1,249.527			1157.809			1131.117		
Predicted correctly	74.20%			79.1%			79.2%		

Key:\*\*\*\* p<.001;\*\*\* p<.01; \*\*p<.05; \* p<.10

In Table 4, Model 1 demonstrates that factors such as generation, demographics, family migration characteristics, and socioeconomic backgrounds each independently influence remittance behavior. The findings across all three models show remarkable consistency. Notably, older Latinos are significantly less likely to send remittances compared to their younger counterparts. This trend can be attributed to older immigrants prioritizing their own needs, while younger Latinos may feel a stronger obligation to support family members. This aligns with DeSipio's (2000) findings that age inversely correlates with the likelihood of remitting.

Contrary to previous research by DeSipio (2000), our results indicate that male respondents are less likely to remit than females. This may be because remittance tends to be a private practice, whereas men are more prominent in public transnational activities, such as politics and socio-cultural practices. Furthermore, the presence of children under 18 in the household appears to reduce the likelihood of sending remittances. Model 1 reveals a significant decline in remittance behavior from the second to the third generation, indicating a generational shift. However, the difference in remitting habits between the first generation and their immediate offspring (the second generation) is not statistically significant. This outcome suggests a complex dynamic, possibly indicating distinct differences between the second and the third or higher generations of Latinos. A key observation is that many in our sample from the third or higher generations do not stem from the same immigrant waves as the second generation. To fully

understand the generational trends in remittance behavior, it might be necessary to wait until the descendants of the post-1965 Latino immigrants become the predominant group in the third-generation Latino population.

My hypothesis posited that immigrants more assimilated into the United States would be less inclined to remit. This would imply that Latinos with higher education, children in the United States, proficiency in English, higher household income, longer residency in the U.S. (applicable only for the foreign-born), significant financial involvement in the U.S., active civic engagement, and homeownership would be less likely to send remittances. However, the results from our model indicate a contrary trend. In line with expectations, only higher educational attainment demonstrated a negative impact on the likelihood of remitting. These findings, especially those relating to housing and remittances, challenge the traditional linear model of assimilation theory.

Education consistently shows a negative and statistically significant impact on remittance behavior across all three models. This finding poses a conundrum, as there is no clear theoretical basis to suggest that education inherently discourages remittance activities. Ethnographic studies, such as those by Portes et al., (1999), and Landolt et al. (1999), illustrate individuals with varying educational levels participating in transnational communities. Contrary to these observations, I anticipated a positive correlation between education and remittance, considering that individuals with higher education often report more experiences of discrimination than those with lower educational levels. These unexpected results underscore the necessity for further research to unravel the complex ways in which education influences remittance behavior.

My initial expectation was that individuals with stronger ties to their country of origin would be more inclined to remit, as per the linear remittance hypothesis. This is supported by the results of Model 2. Upon incorporating variables that represent ties to the country of origin, the significance levels of all demographics, family, and assimilation variables remained consistent. Additionally, individuals who have experienced discrimination were found to be significantly more likely to remit funds to their home country. Similarly, those who own land in their country of origin or have parents residing there are also more likely to send remittances compared to their counterparts without such ties. However, being bilingual did not show a significant correlation with an increased likelihood of remitting.

Incorporating contextual variables in the third model led to notable shifts in the influence of certain determinants. The gender effect vanished when accounting for neighborhood context, and the significance of marital status as a factor also diminished. The previously significant impact of homeownership on remittance behavior disappeared. However, the positive influence of transnational ties on remittance remained stable.

Contrary to our expectations, those residing in Latino-concentrated neighborhoods in the Chicago Metro area were less likely to have remitted, challenging our initial hypothesis. This outcome could be interpreted through the lens of the ethnic enclave disadvantage thesis, suggesting that migrants in such neighborhoods may have less need or capacity to remit. However, this conclusion requires further detailed investigation, as it contradicts the common assumption that recent migrants, who are more likely to remit, often settle in co-ethnic communities where they find easier access to employment and remittance channels.

The analysis of the foreign-born sample (Table 5) presents a slightly different picture. Except for civic engagement, Latinos who are more assimilated into the United States were generally less likely to remit. Among the assimilation variables, length of time in the United States is significant in the first model, suggesting that a longer stay in the U.S. correlates with decreased participation in transnational activities. This aligns with the assimilation thesis, although its significance diminishes in the second and third models.

Contrary to findings by Menjívar et al. (1998), income did not significantly increase the likelihood of remitting among foreign-born Latinos. However, DeSipio (2000) noted that modest income increases could lead to more remittances. Homeownership, differing from Menjívar et al. (1998) research, had a marginally significant effect on the decision to remit. Consistent with DeSipio's (2000) findings, English proficiency did not significantly predict remittance behavior. Furthermore, as DeSipio (2000) observed, remittance tends to decrease with additional years of education.

Comparing the foreign-born sample (Table 5) with the whole sample (Table 4), notable differences emerge. The effects of gender, income, and homeownership, significant in Table 4, are not present in Table 5. Notably, an increased effect of financial participation on remittance behaviors contradicts traditional assimilation theory expectations. The linear remittance variables in Model 2 yield definitive results, clearly outlining their impact. Model 3, which incorporates context variables, does not alter the direction of the determinants previously observed.

Consistent with the findings for the whole sample, foreign-born Latinos living in Latino-concentrated block groups are less likely to remit, reinforcing the observation made earlier.

Table 5. Logistic Regression Predicting Remittance Behavior: Foreign-born Latinos(N=717)

	1		2		3				
	Log Odds	S.E.	Log Odds	S.E.	Log Odds	S.E.			
Age	-0.051	0.0090	****	-0.0810	0.011	****	-0.08	0.012	****
Male (Female)	-0.223	0.1780		-0.0950	0.193		0.042	0.199	
Married ( Never Married)	1.158	0.2820	****	1.1520	0.307	****	1.202	0.316	****
Household size	0.179	0.0540	***	0.1980	0.057	***	0.214	0.059	***
Children Under 18	-0.384	0.2020	*	-0.4790	0.219	**	-0.479	0.224	**
Years in U.S.	-0.034	0.0140	**	-0.0160	0.016		-0.012	0.016	
Log Income	0.048	0.1840		0.0340	0.202		0.027	0.204	
English Fluency	0.025	0.0240		0.0060	0.028		0.004	0.029	
Some College or more(High school or Less)	-0.742	0.3010	*	-0.8610	0.330	***	-0.782	0.332	***
Civic Engagement	1.169	0.2650	****	1.0010	0.305	***	1.182	0.316	****
Financial Participation	0.071	0.0870		0.2010	0.095	**	0.174	0.097	*
Homeowner	0.07	0.1710		0.0900	0.187		-0.109	0.198	
Experience Discrimination				0.709	0.192	****	0.701	0.199	****
Children Elsewhere				1.015	0.297	***	0.982	0.31	***
One or both parents in origin country				1.364	0.200	****	1.397	0.207	****
Own land in origin country				1.765	0.465	****	1.807	0.474	****
Log Latino Percentage							-0.373	0.179	**
Log High School Dropout Rate							-0.056	0.263	
Living in a large urban area before moved to the U.S.							-0.27	0.283	
Constant	-0.632	1.8470		-0.826	2.051		0.153	2.149	
-2 Log likelihood		921.258			820.023			799.552	
Predicted correctly		69.50%			75.90%			76.3%	

Key:\*\*\*\* p<.001;\*\*\* p<.01; \*\*p<.05; \* p<.10

The outcomes from the U.S.-born sample (Table 6) present some intriguing contrasts to the foreign-born sample (Table 5). A notable difference is that financial participation is negatively correlated with the likelihood of remitting, while homeownership significantly increases this likelihood. This contrasts with the foreign-born sample, where homeownership had no significant impact on remittance, but financial participation positively influenced it. This suggests that homeownership and high levels of financial participation may have distinct implications for foreign-born and U.S.-born Latinos.

In the U.S.-born sample (Table 6), household income level is positively related to remittance, challenging the traditional assimilation thesis but supporting the resource-dependent remittance argument (Jorge and Diaz-Briquets, 1998). Spanish fluency also shows a positive association with remittance. Additionally, a new finding in Model 3 indicates that U.S.-born Latinos living in distressed neighborhoods are less likely to remit compared to those in more prosperous areas.

In summary, across all models and the three distinct samples, the variables representing ties to the country of origin (linear remittance variables) consistently show a positive effect on remittance behavior. Additionally, the reactive remittance variable, which in this context is discrimination, is significant and aligns with our expectations. Experiences of discrimination, reflecting negative perceptions of the host society, are found to increase the likelihood of engaging in transnational activities like remittance.

In each model analyzed, civic engagement within the United States consistently shows a positive relationship with remittance behavior. It is important to highlight that our definition of civic engagement specifically excludes involvement in home country communities or organizations. This finding suggests that the assimilation process can, depending on individual experiences, foster remittance behavior among Latinos. This observation aligns with Massey and Basem's (1992) discovery of a positive correlation between remittance behavior and membership in a social club in the U.S. Marcelli and Lowell (2005) also emphasize that socioeconomic incorporation in the U.S. is a

complex, layered process. Accumulated social capital can influence remittances both positively and negatively, as the nature and geographic spread of one’s social networks on both sides of the border are significant factors.

Table 6. Logistic Regression Predicting Remittance Behavior for U.S.-born Latinos(N=466)

	Log Odds	S.E.		Log Odds	S.E.		Log Odds	S.E.	
Second Generation(Third and Higher)	3.5160	0.4979	****	3.5061	0.5185	****	3.5792	0.5470	****
Age	-0.0076	0.0169	*	-0.0023	0.0176	*	-0.0026	0.0188	*
Male (Female)	-0.7863	0.3874	**	-0.9324	0.4035	**	-1.0407	0.4392	**
Married ( Never Married)	-0.2278	0.4275	*	-0.2585	0.4596	*	-0.3809	0.4799	*
Household size	-0.0304	0.0546	*	-0.0216	0.0567	*	-0.0028	0.0585	*
Children Under 18	-0.9861	0.4336	**	-1.0503	0.4532	**	-1.1215	0.4672	**
Log Income	0.2819	0.2884	*	0.0534	0.3171	*	0.0855	0.3292	*
Some College or more(High school or Less)	-1.2690	0.4915	***	-1.3786	0.5476	***	-1.5303	0.6037	***
Spanish Fluency	0.0558	0.0639	*	0.0778	0.0702	*	0.1003	0.0755	*
Civic Engagement	2.2238	0.4867	****	1.6216	0.5970	***	1.6119	0.6589	***
Financial Participation	-0.2474	0.1534	*	-0.2842	0.1620	*	-0.2565	0.1718	*
Homeowner	1.4192	0.4485	***	1.5618	0.4708	****	1.4338	0.4854	****
Experience Discrimination				1.1846	0.5210	**	1.2438	0.5565	**
Own land in origin country				1.7610	0.6334	**	1.9978	0.6629	**
Log Latino Percentage							-0.2160	0.4018	*
Log High School Dropout Rate							-0.1893	0.6310	*
Constant	-9.3697	3.2849	**	-8.3324	3.5546	**	-7.8003	4.2811	**
-2 Log likelihood	248.329			236.389			233.6860		
Predicted correctly	91.70%			91.6%			90.3%		

Key:\*\*\*\* p<.001;\*\*\* p<.01; \*\*p<.05; \* p<.10

However, contrary to expectations, membership in a hometown association did not differ significantly between remitters and non-remitters. Controlling for various socioeconomic and community variables, this form of association did not have a significant impact on the likelihood of engaging in remittance behavior (results not shown).

Concerning the resource-dependent remittance variables in our models, family income emerges as the only significant factor. This suggests that a lack of resources can hinder engagement in remittance activities, but once Latinos secure their basic livelihood, there are no further resource-related obstacles to participating in remittance. However, it is noteworthy that the level of income does not significantly affect remittance behavior among foreign-born Latinos.

**6. Conclusion**

While numerous studies have focused on remittances, few have systematically compared remittance behaviors across different generations. Most prior research relies on data from migrant communities, overlooking the social context of the host community. Our paper is among the few, including works by Menj íar et al. (1998), DeSipio (2002), Taylor (2002), Posel (2001), and Marcelli and Lowell (2005), that analyze remittance data from Latinos within their host communities.

This article had three objectives: to quantify generational differences in remittance participation, to identify its determinants, and to examine the link between assimilation and remittance. Our findings reveal a high prevalence of remittance behaviors among the first and second generations, with virtually no remittance activity among the third or higher Latino generations.

While some findings were unexpected, it is crucial to recognize the emerging patterns. Measures of assimilation show that Latinos with stronger ties or greater adaptability in the United States do not necessarily remit less. Notably, the negative impact of assimilation on remittance is more pronounced among foreign-born Latinos. However, the concepts of resource-dependent remittance, reactive remittance (as evidenced by the positive impact of discrimination experiences on remittance), and linear remittance (indicated by the positive effect of ties to the country of origin) offer more insight into the determinants of remittance behavior.

The interplay between remittance and assimilation is complex. A significant insight from this research is that assimilation does not necessarily diminish remittance behavior, particularly in the first and second generations.

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