

IMMIGRANTS' LOCATION CHOICES, GEOGRAPHIC CONCENTRATION, AND EMPLOYMENT IN NEW ZEALAND

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Abstract

Immigrants' location choices can play an important role in determining their employment outcomes. While it is generally accepted that new immigrants may initially face disadvantages in finding a job in their host country, a less studied effect is the role of a location choice that includes major existing ethnic and cultural capital (networks and resources of the ethnic enclave) on reducing barriers to employment. In this paper, we examine the impact of ethnic enclaves on the location choices and employment outcomes of recent immigrants to New Zealand, a country where immigrants comprise a significant part of the labour force. We apply the new longitudinal individual-level Statistics New Zealand data–New Zealand Longitudinal Immigration Survey (LisNZ), which allows an in-depth analysis, based on a wide range of important variables. We find that stronger ethnic networks significantly influence the settlement decisions of recent immigrants and assist their employment integration.

In addition, our analysis shows that cultural and language distance from that of the host country are key factors for recent immigrants' location decisions. For example in our analysis, for immigrants from the UK and Ireland, who share a similar cultural background to the host-country population, the ethnic network effect to locate in a primary ethnic enclave is weak. In contrast, recent immigrants from Asian countries are more likely to locate in their primary ethnic enclave, supporting the hypothesis of greater returns to spatial networks when cultural and language distance are greater. Our results also verify that for this group of immigrants, living in their primary ethnic enclave leads to significantly enhanced employment outcomes, whereas for immigrants from the UK and Ireland the employment gain is not present.

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