Asian-Owned Business in the Virginia Economy: Characteristics, Connections, and Contributions

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CHARACTERISTICS
Asian-Owned Business Statistics

- **Survey of Business Owners (2007)**
  - Conducted every five years as part of the Economic Census by the U.S. Census Bureau.
  - 2012 survey now in progress. Three year lag until results are published.
  - SBO Public Use Microdata Sample data from 2007 released in August 2012.
  - Statistics are already dated by the time they are published.
Asian Population and Firm Ownership

![Graph showing the growth of population and number of firms from 1997 to 2011.](image)

Asian Percentage of Total Population and Firms, U.S. and Virginia

Asian Owned Firms as Percentage of Total Firms by Industry

Source: Survey of Business Owners (2007)
CONNECTIONS
Government Connections

Source: Survey of Business Owners (2007), Public Use Microdata Sample
Private Sector Connections

Source: Survey of Business Owners (2007), Public Use Microdata Sample
International Connections

Source: Survey of Business Owners (2007), Public Use Microdata Sample
CONTRIBUTIONS
What Determines Economic Impacts?

- Economic Impacts are larger when . . .
  - . . . firm employment and sales are larger.
  - . . . more firm sales outside the state.
  - . . . more inputs purchased from within state.
  - . . . workers are higher paid.
  - . . . firms are located in larger metro areas (agglomeration economies).
  - . . . firms are knowledge intensive.
Methodology

- Policy Experiment: What would happen to Virginia economy if all Asian-owned businesses left the state?
- 44,576 Businesses, employing 92,141 workers, and generating $13.2 billion in sales (2007)
- Sales by industry used as inputs to REMI model
The REMI PI+ Model

- Regional Economic Models Inc. Policy Insight (REMI PI+)
- Economic model for performing regional economic impact studies
- Model is well respected with solid theoretical foundation.
- Dynamic regional economic model with input-output, econometric, computable general equilibrium, and new economic geography features
Two Scenarios

- **Scenario #1 Impact.** Some existing Virginia businesses expand to fill part of void left by exit of Asian businesses.

- **Scenario #2 Impact.** No existing Virginia businesses immediately fill void left by exit of Asian businesses.
Examine Key Economic-Demographics Impact Metrics

- Total Employment
- Gross Domestic Product (GDP)
- Population
- Budget (Total Revenues-Total Expenditures)
Employment

Source: Virginia REMI PI+ Model, Weldon Cooper Center for Public Service, University of Virginia
Gross Domestic Product ($ Billions)

Source: Virginia REMI PI+ Model, Weldon Cooper Center for Public Service, University of Virginia
Population

Source: Virginia REMI PI+ Model, Weldon Cooper Center for Public Service, University of Virginia
State Budget ($ Millions)

Source: Virginia REMI PI+ Model, Weldon Cooper Center for Public Service, University of Virginia
## Comparison

<table>
<thead>
<tr>
<th>Metro</th>
<th>GDP (2011)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Danville</td>
<td>$3.0 Billion</td>
</tr>
<tr>
<td>Blacksburg-Christiansburg</td>
<td>$5.0 Billion</td>
</tr>
<tr>
<td>Winchester</td>
<td>$5.2 Billion</td>
</tr>
<tr>
<td>Harrisonburg</td>
<td>$6.4 Billion</td>
</tr>
<tr>
<td><strong>SCENARIO #1</strong></td>
<td><strong>$6.8 Billion</strong></td>
</tr>
<tr>
<td>Lynchburg</td>
<td>$8.6 Billion</td>
</tr>
<tr>
<td>Charlottesville</td>
<td>$9.9 Billion</td>
</tr>
<tr>
<td>Kingsport-Bristol</td>
<td>$10.3 Billion</td>
</tr>
<tr>
<td>Roanoke</td>
<td>$13.3 Billion</td>
</tr>
<tr>
<td><strong>SCENARIO #2</strong></td>
<td><strong>$14.6 Billion</strong></td>
</tr>
</tbody>
</table>
Conclusions

Asian-owned businesses . . .

- . . . are a rapidly growing part of the Virginia economy.
- . . . are more likely to be in services and transportation/warehousing industries.
- . . . are more likely to sell to the federal government than other businesses.
- . . . have better international connections than other Virginia businesses.
- . . . may have potential to develop more business and state government connections.
- . . . contribute to a strong Virginia economy and generate a sizeable budget surplus for the state government.