

The Cornerstones of Communities

Immigrants and Their Prominent Role in Virginia's Main Street Businesses

By Stephen Howard and Laura Goren

In Virginia, “Main Street” businesses – the local shops and services that provide for a variety of everyday needs and that generally have a physical storefront – are cornerstones of thriving communities and immigrants play an important role in starting and maintaining these businesses.

Foreign-born Virginians are 34 percent of Main Street business owners in the state. That’s higher than the national average and also a far greater share than immigrants’ share of the state’s population. Foreign-born Virginians constitute just 12 percent of the state’s population, slightly smaller than the 13 percent immigrant share of the U.S. population.

From grocery stores and restaurants to barber shops and laundry services, these immigrants make substantial contributions to the state’s economy.

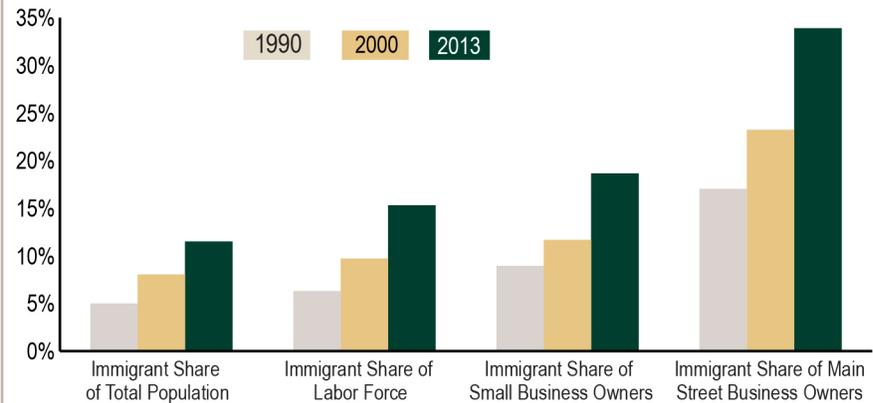
And the direct benefit of Main Street businesses to the economy goes beyond just daily transactions. Main Street businesses can be the catalysts for reviving struggling areas. A new local restaurant, for example, can bring more attention to an area, which brings more people not only to the restaurant, but to surrounding businesses. This ripple effect benefits everyone in the community.

The outsized role of immigrants in Virginia’s Main Street businesses is also notable at a national level. Virginia’s immigrant-owned share of Main Street businesses is 5 percentage points above the national average, a difference that has grown in the past decade.

While foreign-born entrepreneurs run many of Virginia’s everyday businesses, immigrants are more prominent in certain Main Street businesses than others. Three-

Growing Contributions

Immigrant share of Virginia’s population, labor force, small business ownership, and “Main Street” business ownership



Source: Fiscal Policy Institute analysis of 2013 ACS data

quarters of the state’s grocery store owners are immigrants, as well as two-thirds of the drycleaning and laundry services owners, and 65 percent of the gasoline station owners.

Diversity and Entrepreneurship

Virginia’s Main Street business owners have come from many different countries. Asia is the most common birthplace for Main Street business owners, and Virginia also is home to Main Street entrepreneurs from Latin America, Africa, the Middle East, and Europe. Korea tops the list as the most common birthplace for Main Street business owners though it is only the fourth most common birthplace among the state’s immigrant population.

Immigrant Main Street business ownership is also more diverse than U.S.-born ownership. While most immigrant Main Street business owners in Virginia are people of color, 9 out of 10 U.S.-born Main Street business owners are white, six percent are Black, two percent are Hispanic and one percent are Asian.



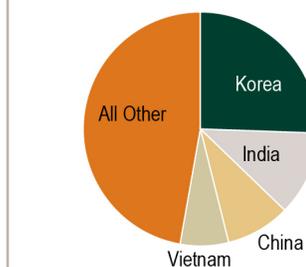
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A larger share of immigrant women are Main Street businesses owners than for other businesses as well. Foreign-born women make up 33 percent of all foreign-born Virginia business owners. But among Main Street businesses, this number jumps to 40 percent.

Immigrants’ large presence in Main Street businesses, relative to their share of the population, is partly due to the fact that immigrants are more likely than other Virginians to be between the ages of 25

Diversity on Main Street

Countries of birth for foreign-born Virginian Main Street business owners



Source: Fiscal Policy Institute analysis of 2013 ACS

and 44, which are prime working years. In addition, foreign-born Virginians are highly entrepreneurial. Immigrant workers living in Virginia are more likely than U.S. born workers to be running their own incorporated business, and are also slightly more likely than immigrant workers in the U.S. as a whole to be running a business.

Since 2000, the share of Virginians who are foreign-born has increased to 12 percent from 8 percent. During this same time, immigrant ownership of Main Street businesses jumped to 34 percent from 23 percent, even while the number of Main Street business owners in Virginia has remained relatively unchanged. This boom in immigrant-owned Main Street businesses in Virginia has been offset by an equally significant decline in U.S.-born Main Street business ownership.

Because immigrant workers and business owners often fill gaps in the economy and bring skills and ideas that complement those of U.S.-born workers and business owners, the increase in immigrants has tended to raise the relative wages of U.S.-born workers, according to a national

study that focused on states with high rates of immigration. If anyone was economically disadvantaged by new immigrants in the labor force, it was prior immigrants, according to the study.

Despite the prominence of immigrant-run Main Street businesses, foreign-born business owners' incomes often lag those of their U.S.-born counterparts. This lag is sizable. The average income for full-time U.S.-born Main Street business owners is roughly \$67,000. By comparison, the average income for a full-time foreign-born Main Street business owner is slightly over \$57,000.

When Main Street Thrives We All Thrive

Main Street businesses are too often overlooked as sources of economic development, and helping Main Street entrepreneurs – including immigrant entrepreneurs – overcome obstacles would not only grow jobs but also strengthen communities.

Language barriers, for example, can make it difficult for foreign-born entrepreneurs to navigate the required procedures and regulations when starting a business. Furthermore, U.S.-born entrepreneurs are more likely to receive bank loans to fund their startup. This means that immigrants are using a larger share from their own pockets. Common-sense policy choices like providing key business-related documents in more languages and making sure everyone has access to mainstream banking products can help current and potential entrepreneurs be successful.

Recognizing the influence of Main Street businesses and the role immigrants play are important steps in developing a prosperous Virginia. Support for these businesses strengthens our local economies and creates better communities for everyone. By building up our communities, we create a better Virginia.

Methodology

This report is based on Fiscal Policy Institute analysis of 1990 Census, 2000 Census, and 2013 American Community Survey (ACS) data. A business owner is defined as a person who owns an incorporated business, and whose main job is to run that business. Additionally, a Main Street business owner is someone who owns a business in the Retail Trade or Accommodations and Food Services sectors. Also included are a subset of the Other Services sector: drycleaning and laundry services, nail salons and other personal care services, car washes, beauty salons, and barber shops. This report uses the terms foreign-born and immigrant interchangeably.

Across Virginia's Major Metro Areas, Many Immigrant Main Street Business Owners

Metro areas	Immigrant share of population	Immigrant share of labor force	Immigrant share of business owners	Immigrant share of Main Street business owners
Richmond MSA	7%	9%	12%	34%
Virginia Beach MSA	6%	8%	11%	31%
Washington MSA (includes DC and parts of Maryland)	22%	28%	33%	56%

Source: Fiscal Policy Institute analysis of 2009-2013 ACS data

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