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Researchers identify six demographic trends that will transform the United States

A browner, grayer, and more culturally diverse population and workforce will dramatically transform the nation’s social, economic, and political institutions, according to a new report by researchers at the Kenan Institute.


“The U.S. population is far different today in terms of geographical distribution, racial and ethnic composition, age mix, family types, and economic circumstance from what it was a decade ago,” said James H. Johnson, Jr., co-author of the report with institute director John D. Kasarda. Johnson is director of the institute’s Urban Investment Strategies Center.

GRAYER, BROWNER, MORE DIVERSE

The six emerging demographic trends are:

• South-shifting population. More than half of the nation’s population growth during the past decade (51.4 percent) occurred in Southern states, driven in part by an in-migration of an estimated 2.3 million newcomers from nearly all demographic groups—blacks, Hispanics, the elderly, and the foreign born—and high fertility rates among some, particularly Hispanics.

• “Browning” of America. Nonwhites accounted for an estimated 85 percent of U.S. net population growth during the past decade. The percent of non-Hispanic whites fell to 65 percent in 2009 from 76 percent in 1995.

• Intermarriage increase. Marriage across racial and ethnic lines has doubled since 1980, further contributing to the browning trend, with 41 percent of all intermarriages in 2008 between Hispanics and whites; 15 percent between Asians and whites; 11 percent between blacks and whites; and 16 percent in which both parties are nonwhite.

• “Graying” of America. The first baby boomer born in America turned 65 on Jan. 1, sparking a “silver tsunami” of 79 million baby boomers who will exit the U.S. workforce over the next 20 years. About 8,000 Americans will turn 65 every day over the next five years, and they will live longer than previous generations because of advances in health care and lifestyles that are more active.

• Gender shift. Women now hold nearly half of all paid U.S. jobs (49.8 percent), own 40 percent of all businesses, and hold 43 percent of executive, administrative, and managerial positions in the U.S. economy, narrowing the male-female wage gap to its lowest point in history.

• More grandparent-headed households. The number of children living in grandparent-headed households increased by 26.1 percent between 2001 and 2010 compared to a 3.8-percent increase for all household types. One or both parents also live in about two thirds of the grandparent-headed households.

Researchers identified these trends by analyzing demographic and economic statistics compiled by the U.S. Census Bureau, Bureau of Labor Statistics, Internal Revenue Service, and other government agencies from the past decade as well as other demographic research. They expect the 2010 census data will confirm these trends and provide greater detail on them.

SHIFTS AFFECT BUSINESSES

The trends bring both opportunities and challenges for businesses, the researchers said. For instance, the South now offers the largest and most diverse consumer markets for goods and services. Aging boomers, increasingly well-educated, youth-oriented, tech-savvy, and possessing more discretionary income, will drive demand for new consumer electronics and other high-technology goods and services as well as a range of products and services related to “elder care.” Meanwhile, more diverse, multicultural consumers and workers will require companies to develop new strategies for attracting customers and managing their workforces.

For the nation, an increasingly diverse workforce can provide significant competitive advantage if lawmakers and policymakers respond effectively to the challenges these shifting demographics present, the researchers said. They advise the following actions:

• Approach the process of redrawing lines for state legislatures and Congressional districts to promote economic competitiveness rather than political and electoral advantage.

• Counter the devastating impact of recent cyclical and structural changes in the U.S. economy on male employment.

• Educate a diverse generation of primary- and secondary-age school children to build a competitive future workforce.

The last—education—presents the greatest challenge and opportunity, Johnson said.

“The youth at risk of falling through the cracks of our public education system are predominantly nonwhite, mainly black and Hispanic, who attend severely under-resourced and the lowest-performing schools. Allowing these students to languish in schools that are, essentially, failure factories is not only an ethical and moral issue but a major factor in our future competitiveness,” he said.

“Given the huge wave of baby boomers who are about to retire, we will need the skills and talents of these younger generations to prosper in the years ahead,” Johnson said.

The complete report is available at www.kenaninstitute.unc.edu/Census2010Trends.

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New initiative helps eastern N.C. community tap a valuable economic resource

While communities across North Carolina and the nation seek ways to rebuild their economies, experts from the Kenan Institute and one eastern North Carolina region are leveraging an often-overlooked asset to create jobs: existing businesses.

The Twin County Business Growth Initiative is identifying companies in Edgecombe and Nash counties that have the highest potential to expand and add jobs, finding out what those companies need to grow, and mobilizing community resources to provide it.

It is a project of the Kenan Institute and Carolinas Gateway Partnership, a public-private economic development agency that promotes economic growth for the two-county region that surrounds Rocky Mount.

“Existing businesses create up to 80 percent of all new jobs but are often overlooked,” said Thomas A. Stith III, the Kenan Institute’s program director for economic development, who conceived and leads the initiative.

“If you nurture your existing businesses, you help the people who are going to create the vast majority of jobs in your community,” he said.

The project goes to the heart of why Carolinas Gateway exists, said President and CEO John R. Gessaman.

“Our bottom line is keeping the jobs we have and creating new ones,” Gessaman said. “We want to make sure our existing industries have the infrastructure resources they need to compete and grow.”

ARMING THE COMMUNITY FOR ACTION

Effective economic development, Stith said, requires a three-pronged approach: recruiting large, new job-creating industries; promoting the startup of new ventures; and helping existing businesses prosper and expand.

The Business Growth Initiative focuses on the third prong—helping communities identify companies with the highest potential to grow and taking strategic steps to help them do so.

“Small businesses face a range of factors that affect their ability to grow,” Stith said. “Many need help to assess and develop their markets, to find and train skilled workers, or to finance new equipment and facilities. Meanwhile, many community organizations offer services that can help. Linking local businesses with these resources can have a major impact.”

The initiative involves three key steps:

- Identify high-potential companies.

Develop a database of companies that are well positioned for growth and local vendors that can service and supply them. That includes businesses that are already partners of the economic development agency as well as companies identified by institute researchers using a proprietary database.

- Mobilize a community action team.

Recruit individuals and organizations that are willing and able to respond to the needs of local businesses, such as community colleges that provide workforce training and development; banks that can provide loans and financial services; business support organizations that provide technical assistance; and universities that offer research, expertise, and knowledge workers.

- Assess business needs. Send UNC Kenan-Flagler Business School MBA analysts to interview leaders of high-potential companies, understand their business strategies, and find out what they need to grow.

In the end, the project will arm the Carolinas Gateway Partnership with a wealth of company data, a robust tool for managing company information and contacts, and a community poised for collaborative action to help its businesses grow and create jobs.

A MODEL OTHERS CAN FOLLOW

The Twin County project is the first of what Stith hopes will be many such partnerships with communities to drive business growth across eastern North Carolina and beyond.

“North Carolina’s economy was not immune to the recent economic crisis that resulted in more than 8 million jobs lost throughout the country,” Stith said. “Our state’s current unemployment rate of nearly 10 percent is a key indicator that we must take uncommon steps to address the devastating effects of our state’s economic downturn.”

Eastern North Carolina is of particular concern because of the higher-than-average unemployment rates it has experienced for decades due to the decline of traditional industries, such as tobacco and textiles, he said.

“The pool of new companies has shrunk, and the competition for them is greater,” Stith said. “That’s why it is so important to take a comprehensive approach to job growth. While new business location should continue to be a component of eastern North Carolina’s economic development strategy, let’s not forget that existing businesses are creating most of the new jobs.”

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Kenan Institute goes One-on-One with Africa strategist Lisa Jones Christensen

For Lisa Jones Christensen, Africa is a vibrant learning laboratory for researchers, students, businesses, and business schools interested in pioneering sustainable approaches to economic development.

Christensen, UNC Kenan-Flagler assistant professor of strategy and entrepreneurship, is faculty advisor to the school’s Center for Sustainable Enterprise and advisor to the dean on African issues.

The Kenan Institute speaks one-on-one with Christensen about Africa, its challenges, and the opportunities it offers to those who invest in its growth.

Kenan Institute: How did you become interested in Africa?

Christensen: When I was in an MBA program, I was given the opportunity to go to Africa, to Mali, and it was a life-changing experience. My project was to help local community members run their own nonprofit instead of having it be run from the United States. Since that time, I have thought about how we can give MBAs that kind of experience. That is something the institute is behind and something that we’re doing at Kenan-Flagler. So, it started as something that happened with me, and now I hope we can help it happen for a lot more students.

Kenan Institute: From a business perspective, what makes Africa so intriguing?

Christensen: What really makes Africa interesting is that it is not a monolith. It is a continent with multiple countries. There is so much opportunity, so much entrepreneurship, so much that has been ignored for a long time. Africa has been seen as a place that only needs aid. It’s time to look at that and realize how much growth is happening and how much we can learn from people who have continually innovated when they’re resource-constrained. Only recently have we in the first world struggled with severe resource constraints, but that’s not a strange set of circumstances for a lot of people in Africa. People on the continent have been innovating, have been becoming entrepreneurs, and have been creating jobs and changing livelihoods for a long time. So there is a lot to learn.

Kenan Institute: What is UNC Kenan-Flagler’s strategy in Africa?

Christensen: There are at least three prongs to our focus in Africa. The first is immersive experiences for our MBAs. We try to make sure that when we go to different countries, we aren’t just tourists, we aren’t just visiting, but are involved in co-creating projects, co-creating investments, co-investing in companies, in locations, or in business models, and that we are really helping students both make a difference and also be changed by the experience. It’s really a learning laboratory that’s joint. We don’t just take from our trips, we also try to make sure that we are providing value to the people and companies that take their time to welcome us.

Recruitment is another focus. We want to be considered over time as one of the top destinations of choice for the best scholars in Africa who are looking to leave the continent, learn and benefit from what we teach here in the United States, and go back and invest in their own communities. We want to be a destination of choice. We think that we can do that by starting to tell our story of what is so great about Kenan-Flagler.

Last, we really want to invest. There are two aspects of that investment. There are, certainly, physical investments, literal debt and equity investments, which we make. We also invest in the people. There is a moral imperative as well as a financial opportunity in Africa. I think most of the people involved in the program really feel that sense of investment in the project, and so it’s pretty exciting.

Kenan Institute: Why should we focus on the developing world?

Christensen: I think it is so critical that we focus on the base of the pyramid. By that I mean the 3 billion to 4 billion people who are living on an average income of less than $4 per day. When you think of that as an average, it means sometimes they have plenty and sometimes they have nothing. This group of people has been ignored by businesses and by business schools for a long time, but that is changing. They provide a business opportunity as they improve their livelihoods and the opportunity for social responsibility. As we’re more global and more connected, the base of the pyramid can no longer be ignored as a market force and as a place where we can co-create and improve conditions and livelihoods.

Kenan Institute: What is the end goal of these immersive experiences in Africa?

Christensen: We will create better leaders here and on the continent by applying business principles to improve livelihoods. Market forces have been proven to be forces for good. The faster and more accurately students learn that, the more citizens on the continent will understand that is our approach and our focus—to improve livelihoods and improve the competitiveness of ourselves and the people we work with. That’s where the opportunity lies in Africa. That’s the focus of our Africa projects and our Africa strategy. That’s what’s exciting—the fact that we can improve livelihoods here and abroad.

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