

IMMIGRANT ENTREPRENEURS

Creating Jobs and Strengthening the Economy



LABOR, IMMIGRATION &
EMPLOYEE BENEFITS DIVISION
U.S. CHAMBER OF COMMERCE



IMMIGRATION
POLICY
CENTER

AMERICAN IMMIGRATION COUNCIL

ABOUT THIS REPORT

This report, authored by the Immigrant Learning Center (ILC) Public Education Institute of Malden, Massachusetts, is a joint effort between the U.S. Chamber of Commerce and the Immigration Policy Center of the American Immigration Council to explore job creation by immigrant entrepreneurs. This report is a synthesis of ongoing research commissioned by the ILC, from leading universities, institutions, and researchers. Prior to this report, the ILC has published seven research studies on immigrant entrepreneurship, with five specifically focusing on New England immigrant entrepreneurs in the biotechnology and hospitality industries, and the others examining neighborhood businesses and the rise of Asian-owned businesses (reports available at www.ilctr.org).

In fall 2010, the ILC collaborated with Babson College's Center for Entrepreneurship to bring together leaders studying immigrant entrepreneurship and immigrant innovators. At the conference, immigrant business owners discussed their experiences, perceptions, failures, and successes (proceedings available at www.ilctr.org).



100 Years Standing Up for American Enterprise
U.S. CHAMBER OF COMMERCE

ABOUT THE U.S. CHAMBER OF COMMERCE

The U.S. Chamber of Commerce is the world's largest business federation, representing the interests of more than 3 million businesses of all sizes, sectors, and regions, as well as state and local chambers and industry associations. The Chamber's Labor, Immigration & Employee Benefits Division formulates and analyzes Chamber policy in the areas of labor law, immigration, pension, and health care. The division regularly participates in and chairs national coalitions to help define and shape national labor, immigration, and employee benefits policy.



THE IMMIGRATION POLICY CENTER

The Immigration Policy Center (IPC) is the research and policy arm of the American Immigration Council. IPC's mission is to shape a rational conversation on immigration and immigrant integration. Through its research and analysis, IPC provides policymakers, the media, and the general public with accurate information about the role of immigrants and immigration policy on U.S. society.

IMMIGRANT ENTREPRENEURS

Creating Jobs and Strengthening the Economy



By

Marcia Drew Hohn, Ed.D.

Director, Public Education Institute at
The Immigrant Learning Center, Inc.

Editors

Lisa Atkins, Senior Manager, Immigration Policy, U.S. Chamber of Commerce
Michele Waslin, Ph.D., Senior Policy Analyst, Immigration Policy Center

January 2012

January 2012

Dear Readers:

The Labor, Immigration, & Employee Benefits Division at the U.S. Chamber of Commerce and the Immigration Policy Center (IPC) at the American Immigration Council have long championed improvements to federal policies that would create lawful status for immigrant entrepreneurs and permit foreign talent to work in the United States, thereby facilitating job growth.

The need for a careful study of immigrants' role in job creation has never been more relevant. Thus, the Chamber and the IPC partnered with the Immigrant Learning Center (ILC) to produce this report, which synthesizes ongoing research and analysis conducted by the ILC on immigrant entrepreneurship. The report examines immigrant entrepreneurship in many different sectors, including neighborhood, growth, transnational, and science and technology firms, and demonstrates how these immigrant businesses create jobs for U.S. workers and contribute to America's economic growth.

Sincerely,



Randel K. Johnson
Senior Vice President
Labor, Immigration, & Employee Benefits
U.S. Chamber of Commerce



Benjamin E. Johnson
Executive Director
American Immigration Council



EXECUTIVE SUMMARY

There is widespread agreement across a number of key economic planning groups that immigrant entrepreneurs create jobs and strengthen the economy.¹ Yet, the U.S. immigration system often forces out immigrant entrepreneurs, driving them to other countries that are competing for international talent.

Although many people recognize the giants of immigrant entrepreneurship, such as Sergey Brin of Google and Pierre Omidyar of eBay, thousands of other science and technology businesses are quietly making a difference by creating almost half a million jobs for Americans and generating revenue of more than \$50 billion. The depth and breadth of immigrant entrepreneurs extend across the spectrum of enterprises, including neighborhood, growth, and transnational businesses.

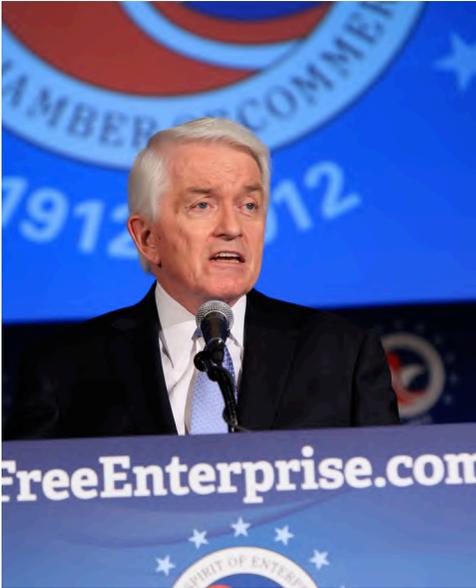
Expansion of employment-based visas would allow companies' access to high-potential foreign individuals who are graduates of U.S. universities. Businesses, cities, and states across the country should support changes in visa policy and work to develop partnerships with immigrant entrepreneurs to create jobs and strengthen the economy.

This report makes the following policy and action recommendations:

- Create an entrepreneur-friendly culture for employment-based benefit adjudications at the Department of Homeland Security ensuring that the staff charged with adjudicating such visa petitions has the proper training concerning how businesses operate in the 21st century, including expertise with business models for start-ups.
- Cut red tape by eliminating the bureaucratic procedures that restrict entrepreneurs trying to emigrate to the United States to start businesses and hire American workers.
- Create a visa category specifically targeted for immigrant entrepreneurs who want to establish a U.S. enterprise and create jobs. Current law typically only permits foreign nationals to remain in the United States if they are employed by an existing company or can invest \$500,000 or more.
- Remove hurdles for foreign students with desirable skills to remain in the United States, focusing on those who complete graduate degrees in the United States and are offered employment by U.S. companies.
- Recognize that immigrant entrepreneurship occurs across the spectrum of businesses and that immigrant entrepreneurs come from all backgrounds.

IMMIGRANT ENTREPRENEURS

Creating Jobs and Strengthening the Economy



“ *We should allow the world’s most creative entrepreneurs to stay in our country. They are going to contribute and succeed somewhere—why shouldn’t it be in the United States? America’s prosperity has always depended on the hard work, sacrifice, drive, and dreams of immigrants. Our future will depend on them even more.* ”

CEO of the U.S. Chamber of Commerce Thomas J. Donohue,
speaking at the U.S. Chamber of Commerce event
the State of American Business
(January 12, 2012)

INTRODUCTION

In August 2011, the President’s Council on Jobs and Competitiveness met in Palo Alto, California, to highlight the need for reform of education and immigration policies. Participants explained that the struggling U.S. economy needs more entrepreneurs and highly skilled workers to help create jobs. AOL co-founder Steve Case emphasized the need to promote entrepreneurship: “If we want to get the economy going and jobs going, we need to get more attention on entrepreneurship. If every part of America worked liked Silicon Valley, we would have a booming economy.”³ The council agreed that a key element of encouraging economic growth is to ensure that the U.S. immigration system attracts and retains more foreign talent.⁴

Although the United States has long been a destination for highly motivated immigrants, the tide may be turning. More countries are competing for international talent. Countries are even beginning to implement policies that persuade their best and brightest to remain at home while attracting talent from other nations through new entrepreneurial programs.

A June 2011 report by the Partnership for a New American Economy found that immigrant entrepreneurs established 18% of all Fortune 500 companies,⁵ including Big Lots, BJ’s Wholesale Club, and

Wellcare Health Plans, in addition to Yahoo! and Google. Combined, these businesses have generated \$1.7 trillion in annual revenue and currently employ 3.7 million workers worldwide.⁶

The report, however, points out that the U.S. immigration system often forces immigrant entrepreneurs to leave the United States, rather than welcoming them to stay. A Kauffman Foundation report discovered that more highly educated and skilled immigrants are “voting with their feet” and returning to their home countries to start businesses.⁷ Interviews with foreign nationals who returned to India and China to start businesses revealed that their return home was prompted partially by the outdated U.S. immigration system.⁸ Other significant factors deterring foreign entrepreneurs from remaining in the United States include restrictive visa policies and lack of family ties. The immigrants interviewed wanted to start businesses within five years and believed that their home countries provided better opportunities than the United States.⁹

Given the right conditions, many of these immigrant entrepreneurs might have stayed in the United States to start businesses, hire U.S. workers, and pay U.S. taxes. Unfortunately, according to the Kauffman Foundation, “Innovation that would otherwise be happening here is going abroad. Without realizing it, we are exporting our prosperity and strengthening our competitors.”¹⁰



The need to revisit existing immigration laws and policies to reverse this trend is critical. Equally critical is understanding the range of contributions that immigrant entrepreneurs make at every level of business enterprise. The role that immigrants play in revitalizing neighborhoods, fueling growth industries, advancing technology, and facilitating transnational business is growing in importance. Few policymakers seem to understand how integral to the economy this range of entrepreneurial activities has become. Only by identifying the opportunities and challenges faced by immigrant entrepreneurs in different types of enterprises can the United States tailor immigration laws and policies to encourage the best and the brightest to create businesses on U.S. soil.

IMMIGRANTS AND THE ENTREPRENEURIAL SPIRIT

Immigrant entrepreneurship in the United States creates new wealth and jobs. Many people are familiar with the success stories of immigrants like Sergey Brin of Google, but few realize just how many immigrants have started new businesses. Recent surveys have found that immigrant entrepreneurs have founded or co-founded 25.3% of all science and technology firms in the United States.¹¹ Many immigrant entrepreneurs in a variety of other fields have also revitalized neighborhoods, generated local jobs through growth companies, and enabled businesses to grow internationally through their transnational enterprises.

Prevalence of Self-Employment Among Naturalized Citizens and Native Workers

Immigrants are more likely than native workers to choose self-employment and starting their own businesses. Of naturalized citizens, 5.1% were employed in their own incorporated businesses, compared with only 3.7% of employed native-born citizens who were employed in their own incorporated businesses.

Source: Census Current Population Survey microdata files, September 2010–August 2011

An outstanding characteristic of these immigrant entrepreneurs is their courage to take risks. In Massachusetts, immigrants, who make up only 14% of the state's population, founded 61% of its new businesses in 2008.¹² These entrepreneurs have aided economic recovery by fostering commerce, innovation, and job growth.

Looking at the positive contributions of immigrants—particularly entrepreneurs and innovators—enables us to develop policy solutions for a better future. Thoughtful immigration reform offers tools for economic planners as they can contribute to both economic recovery and long-term economic growth. As New York City Mayor Michael Bloomberg said on March 23, 2011,

“*Immigrant entrepreneurs and the businesses they launch have long been drivers of innovation and enterprise in New York City and across America. We need the federal government to fix our immigration system, but New York City can't afford to wait. Today, we are taking another step to help our economy by promoting immigrants' enterprise and entrepreneurship across our five boroughs.*”¹³

NEIGHBORHOOD REVITALIZATION

Immigrants often move into low-rent neighborhoods that have little economic activity and deteriorating physical conditions. Many establish businesses as an alternative to working at low-wage jobs, usually within 3 to 10 years after they arrive in the United States. These businesses are typically small to moderate in size and include real estate firms, restaurants, food stores, nail salons, and gift shops. Many of these businesses offer retail or personal services needed by neighborhood ethnic groups.¹⁴

IMMIGRANT ENTREPRENEURS

Creating Jobs and Strengthening the Economy

Immigrant entrepreneurs often bring knowledge about a specific trade from their home countries. However, some learn a trade through working in the United States, or simply observe a need in their neighborhood that can be met with new business.¹⁵

These immigrant entrepreneurs create jobs to revive commerce and investment in their neighborhoods. A study of three Boston neighborhoods¹⁶ showed that immigrant entrepreneurs are rapidly expanding their enterprises beyond traditional neighborhood businesses. They are developing new businesses in additional locations and mentoring other ethnic entrepreneurs. Among other factors, the rise of businesses owned or co-owned by immigrants has greatly improved the quality of life in once-blighted neighborhoods.

Saul Perlera at age 16 came to the United States in the late 1980s as an undocumented immigrant from El Salvador who did not speak any English. Within a few weeks, he was working three low-paying jobs—a full-time factory job and two cleaning jobs. By working with Italians at the factory and learning English along the way, he became fluent in three languages—English, Italian, and Spanish. This led to a job with a real estate company, where he learned the trade over 10 years and became the top agent. Shortly thereafter, he gained citizenship and received his broker's license.

In 2004, he started a real estate business that catered to the growing population of Latinos in East Boston. The business, which was financed through personal resources, climbed from 3 to 14 employees by 2006 and provided many new jobs for the neighborhood. The economic downturn hit the real estate market hard, and Perlera's firm struggled, but did survive. Perlera looks forward to robust growth as the economy recovers. Additionally, he is taking his vision to the neighborhood at large. Perlera is an advocate of the East Boston Main Street facade-improvement program, which helps small business owners enhance the look of their storefronts. He is also involved in other organizations that are improving the image of East Boston's commercial districts. "Someone has to raise the standards of housing, business facades, and signage in the neighborhood," says Perlera. "Someone has to take the lead in creating a neighborhood where people want to be."¹⁷

B.J. Wang, who owns E. Shan Tang Herbs, Inc., in Allston Village of Boston, worked as a sushi chef when he came to the United States. He also had experience working in his family's herbal remedy store in Korea. After selling the family business in Korea, Wang's father came to live with him in the United States. Wang recalls that his father was extremely bored at home. "I would leave every day for the restaurant, and he would have nothing to do. He asked me if I would start an herbal shop with him."

Wang agreed and found a space near the restaurant that would enable him to manage the new business and continue working at the restaurant. Trying to build the business was difficult in the beginning, as Wang worked two jobs. Eventually, when customer volume grew, he was able to leave the restaurant and devote himself to the family business. Eighteen years later, people from across the country come to Allston Village to shop in E. Shan Tang Herbs, Inc. The store's Internet business is thriving. Eventually Wang's mother took over the original store, enabling Wang to create another shop that he merged with an Asian Healing Arts Center nearby. People flock to Wang's newest shop for classes in chi gong and for acupuncture and acupressure services. Wang sees as many as 30 people a day in addition to filling prescriptions for 40 to 50 doctors around the country. "I see all kinds of people: white, black, yellow, and brown. We all speak broken English to one another," says Wang. "My philosophy is to treat each customer like a god. If you are good to people and love them, they feel better faster."¹⁸

A study by the Center for an Urban Future examined the impact of immigrant entrepreneurs in Houston, Los Angeles, and New York City. The study results demonstrate the positive impact of immigrant entrepreneurs on the economies of these cities.¹⁹

For example, as of 2004, in New York City foreign-born individuals accounted for nearly one-half of all the self-employed, although they only made up 36% of the city's population. These immigrant entrepreneurs have fueled an explosion of new enterprises across the city. Between 1994 and 2004, the number of businesses citywide increased by 9.6%, while the number of firms in immigrant-dominated communities grew as much as 54.6%. In this 10-year period, job growth in these communities far outpaced the citywide rate.²⁰



IMMIGRANT GROWTH BUSINESSES

The point of transition where a start-up business becomes a growth business varies. Success results from ambition, hard work, and a vision.

For Ashish Sangani, realizing his vision to become a hotel owner came after years of learning the hotel business, honing strong analytical and interpersonal skills, and seeking opportunities to acquire suitable properties. The Sangani family now owns six hotels and manages five of them, from Quincy, Massachusetts, to Augusta, Maine.

Jill Cheng started out in her home with a small catalogue of books in Chinese and Japanese directed at academic and library audiences. She quickly moved into publishing original works to bring her vision of Asia to the world. Her publishing company has grown exponentially, owing to a rapidly emerging China and the increasing importance of Asia.

There is evidence from the 2002–2007 economic censuses that the number of Asian-owned businesses increased more than 40%. U.S. Asian-owned businesses grew at twice the national rate and employed about 2.8 million people from 2002 through 2007.²¹ Moreover, the Center for an Urban Future study found that in 2005, first-generation immigrants created at least 22 of Los Angeles' 100 fastest-growing companies, including El Pollo Loco, Panda Express, Lulu's Desserts, and Forever 21.²²

Immigrant growth businesses exist in various sectors. Immigrant entrepreneurs work in food manufacturing, transportation, leisure and hospitality, construction, money transfer and travel services, and ethnic media businesses. For example, in New England, immigrants own more than one-third of all businesses in the hotel, restaurant, and food service industries. These businesses provide a significant number of local jobs. Some of these businesses are small, but many are growing and have a positive impact on local, regional, and state economies.²³

Klara Sotonova, who specializes in Eastern European gourmet cookies, grew her business by more than 20% during a time of economic downturn. She moved her cookie operation from a kitchen in a 750-square-foot apartment to the first floor of an apartment building, which she reconfigured as a factory. Sotonova's cookies are now sold at festivals and high-end restaurants throughout western Massachusetts.²⁴

According to the Center for an Urban Future study, New York City is home to companies producing everything from fortune cookies to pita bread, empanadas, and jerk chicken. Many of these companies have more than 100 employees and sell their products throughout the country. Others make goods for local restaurants and markets. New York City is also home to an increasing number of transportation businesses. One of the largest businesses is Fung Wah Transportation, which provides inexpensive bus service between New York City and Massachusetts. Commuter van services that target areas underserved by public transportation have grown to more than 70 companies, 95% of which are owned by immigrants.²⁵

Growth businesses are essential to economic recovery because they generate significant numbers of jobs. The U.S. Small Business Administration estimates that small businesses have generated 64% of net new jobs over the past 15 years.²⁶ Immigrant growth businesses play a significant role in this job growth.²⁷

Of the companies appearing on the Inner City top 100 list, 14% have foreign-born chief executive officers. In 2011, more than 10% of honorees were immigrants. These fast-growing firms include Facilities Connection of El Paso, Texas, which provides office design. Over the past five years, CEO Patricia Holland-Branch from Mexico has grown the company by 557%; the company now has 30 employees and annual revenue of more than \$19 million. Another immigrant honoree was Ed Ortiz, the CEO of a public accounting and consulting service that employs more than 75 people and has annual revenue of almost \$5 million.²⁸

The Welcoming Center for New Pennsylvanians has also identified various growth companies that are generating jobs for American workers. One of these companies is Vitacare Home Health, which was launched in 2003 by Ukrainian immigrant Marina Poltavsky. To date, Vitacare employs more than 150 U.S.-born workers. This

IMMIGRANT ENTREPRENEURS

Creating Jobs and Strengthening the Economy

company is just one example of how immigrant entrepreneurs use local talent to develop growth businesses and create jobs.²⁹

Albert Yousef is an Iraqi refugee who achieved the American Dream with the help of Lutheran Immigration and Refugee Services, one of many community-based organizations working with new immigrants. Yousef, who began from nothing but an idea and perseverance, created a growth business that now employs more than a dozen people.

Fearing persecution, Yousef fled Iraq with his family and resettled in the United States in 1993. Six months after he arrived, he had not found a job. But he did not lose hope. He took several odd jobs before working in a janitorial cleaning company. After a few months on the job, it was apparent to the owner that Yousef could play a key role in managing and expanding the company. As a result, the owner offered him a partnership stake in the business. Three years later, Yousef bought out his partner's share, with a plan to expand the business. As sole owner, he has grown the company from 3 employees to 24 at his A2Z Facility Management, Inc., located in the Detroit area.³⁰

IMMIGRANT ENTREPRENEURS IN ENGINEERING, TECHNOLOGY, AND LIFE SCIENCES

Job creation by immigrant entrepreneurs is particularly robust in engineering, technology, and life sciences. A 2011 Brookings Institution report concludes that entrepreneurship and innovation among "Einstein" immigrants increase America's odds for economic prosperity.³¹

The United States continues to lead the world in technology and science innovation; immigrant entrepreneurs play a large role in this competitive thrust. A study by Wadhwa and colleagues found that foreign-born entrepreneurs were founders or co-founders of more than 25% of technology and engineering companies started between 1995 and 2005. In 2005, these technology companies employed 450,000 workers and generated \$52 billion.³²

Wadhwa and colleagues said that Indian immigrants founded the majority of these technology companies. Other companies identified in the study were founded by immigrants from Canada, China, Germany, Iran, Israel, Japan, Korea, Taiwan, and the United Kingdom.³³

A study by Anderson and Platt reported that between 1990 and 2005, immigrants started 25% of venture-backed U.S. public companies. These companies are concentrated in cutting-edge sectors—high-technology manufacturing, information technology, and life sciences—with market capitalization exceeding \$500 billion in 2005. They include eBay, Google, Intel, Yahoo!, and Sun Microsystems.³⁴

In their book *Immigrant, Inc.*, Herman and Smith demonstrate that currently one-quarter of America's scientists and engineers (and half at the doctorate level) were born outside of the United States.³⁵ In 2005, U.S. universities awarded 55% of master's degrees and 67% of doctorates in electrical engineering to foreign nationals.³⁶ These students make up two-thirds of graduate students at U.S. colleges concentrated in electrical engineering and computer science.³⁷ According to Herman and Smith, these immigrants bring relentless preparation, constant vigilance, a willingness to take risks, and a deep love and respect for American ideals such as thrift and earnestness.³⁸

Sridhar Iyengar, a child of Indian immigrants, and Sonny Vu, a child refugee from Vietnam, met during their undergraduate days at the University of Illinois and developed a friendship that led to the creation of AgaMatrix more than a decade later. After college, Iyengar attended Cambridge University to conduct research on biosensors, and Vu started a doctoral program at the Massachusetts Institute of Technology (MIT). Shortly thereafter, Vu left MIT to start a software company, which Iyengar later joined. After selling the company, Vu and Iyengar developed the next generation of blood glucose monitoring products for diabetes.

They created their business in a cramped Somerville, Massachusetts, apartment. The sparse character of their operation impressed potential investors.

Iyengar and Vu's connection to MIT was a huge advantage for their fledgling company. They developed a smart team to create a product with a large potential market both in the



United States and internationally, utilizing student interns, investment money, and their own academic credentials.

Iyengar and Vu are convinced that their immigrant backgrounds made the 5 years it took them to move from having a good idea to creating a product line bearable. The backing of their families (although more emotional than financial), their desire to start their own business, and the ability to find other like-minded people to work with (a great many of them immigrants themselves or children of immigrants) aided them in developing their business.³⁹

In Massachusetts, 25% of biotechnology companies were founded or co-founded by immigrants. These firms produced more than \$7.6 billion in sales and employed more than 4,000 workers in 2006 alone.⁴⁰ Immigrant entrepreneurs are a vital part of science and technology innovation in other states, such as California and North Carolina. These entrepreneurs take risks, which provide the thrust and energy that keeps America at the forefront of innovation across the world.⁴¹

TRANSNATIONAL BUSINESSES

Transnational businesses are maintained in the United States and sometimes abroad in multiple countries. Business owners rely on frequent travel and constant contact with other countries, drawing on their social and business networks as well as their cultural

knowledge. Transnational businesses play an important role in facilitating international trade, investment, and tourism. Lima and Siqueira⁴² point out that technology which has made transportation and communication readily available and affordable is the foremost driver of transnational business. New technology has dramatically changed the relationship between people and places.

There are three distinct types of immigrant-owned transnational enterprises:

- **Circuit firms**, which are involved in the transfer of goods and remittances across countries
- **Cultural enterprises**, which rely on daily contacts with their home country and depend on the desire of immigrants for cultural goods, such as shows, music, and newspapers
- **Return migrant enterprises**, which are businesses established by returnees who rely on their contacts in the United States, such as restaurants, video stores, auto sales and repairs, and office supplies⁴³

Chang Express Travel and Fastway Moving are examples of transnational businesses. Chang Express specializes in inexpensive travel service to Latin America and money transfer to Brazil, Ecuador, Mexico, and other Latin American countries. It has offices in Florida and Massachusetts. Fastway Moving, which specializes in door-to-door moving among 165 countries, has offices in Florida, Georgia, Massachusetts, and New Jersey.⁴⁴



IMMIGRANT ENTREPRENEURS

Creating Jobs and Strengthening the Economy

Incorporated Self-Employed by Age, Gender, Race, and Ethnicity

Characteristic	Native-born	Naturalized Citizens	Non-citizens
Average age	49	49	44
Female	28.1%	30.4%	26.8%
Four-year college degree or higher	49.2%	53.8%	43.4%
White	93.9%	57.3%	65.7%
African-American	4.1%	6.7%	8.1%
Asian	1.2%	35.0%	26.1%
Mixed/other	0.8%	1.0%	0.1%
Hispanic	3.7%	21.7%	31.3%

Source: Census Current Population Survey microdata files, September 2010–August 2011

Notes: Hispanics may be of any race.

Immigrant entrepreneurs who aspire to grow their businesses are a crucial component of the economic vitality of local communities. Many immigrant entrepreneurs do not receive aid from business management and financial assistance programs available to small businesses. Immigrant businesses are often completely disconnected from such services at the neighborhood level.

There are multiple reasons for this disconnect. Immigrant business owners often mistrust government or financial organizations, and lack of language and cultural knowledge, little or no credit history, and limited financial literacy also create significant barriers.⁴⁵ Additionally, community-based organizations and business organizations are often unwilling to engage with neighborhood immigrant businesses or entrepreneurs. As a result, relationships needed to bridge gaps in language, financial education, management skills, and credit history are not built. Nevertheless, many of these immigrant entrepreneurs do not sit still. Instead, they look to expand, branch out, and diversify their businesses.

Cecilia Maya, of Maya Insurance in Boston, recounts her unsuccessful quest for bank financing. She found herself befuddled by requests for business plans and revenue projections. “I did not know how to complete a financial statement. I thought I would just rent space and say, ‘Here I am!’” So she turned to her family. “I have a large family, and I borrowed \$1,000 here and \$2,000 there,” and she soon had enough to open two locations.⁴⁶

Asam Mujili, is an example of an immigrant entrepreneur who effectively utilized community-based organizations to aid in starting his business. Mujili comes from a family of entrepreneurs. He is a serial entrepreneur, starting businesses in his native Iraq in such diverse enterprises as an auto repair shop and a bakery. In 2005, as Iraq collapsed into violence, Mujili fled first to Jordan, and then to the United States as a refugee, where he resettled with help from a community-based organization. He spoke no English, did not know the culture, and had no credit history. Yet 6 years after his arrival, Mujili now owns Istar Market & Restaurant in Boise, Idaho. He learned every aspect of starting a business with the help of the MicroEnterprise Training Assistance (META) organization, which provides small business assistance to low- and moderate-income entrepreneurs in Idaho. META provides guidance on business plan preparation, licensing and location, and even how to receive a micro-loan to purchase an oven.⁴⁷

Neighborhood, growth, science and technology, and transnational businesses developed by immigrants each make valuable contributions to individuals, communities, states, and the overall national economy in different ways. By understanding the special characteristics, challenges, and opportunities faced by each, public and private sector policymakers can support the success of immigrant entrepreneurs across America. Certain common needs emerge, however, regarding policy changes that could be made to encourage immigrant entrepreneurship.



CHANCES FOR SUCCESS

Our research suggests that many existing administrative and legislative proposals taken together could create an atmosphere that fosters growth and encourages immigrants to continue to contribute to the economic recovery of their adopted countries. Key recommendations include the following:

- **Create an entrepreneur-friendly culture.** The Department of Homeland Security (DHS) should create more business-friendly policies and comply with the January 18, 2011, executive order⁴⁸ requiring agencies to ensure that regulations promote “economic growth, innovation, competitiveness, and job creation and predictability.” DHS made an initial effort to promote and streamline entrepreneurship programs in its August 2, 2011, memorandum,⁴⁹ but the agency must take additional steps to create a cultural change among those who adjudicate applications filed by foreign entrepreneurs. In addition, DHS should launch further engagement opportunities to seek feedback on how to address the unique circumstances of entrepreneurs, new businesses, and startups.
- **Cut red tape.** Bureaucratic procedures restrict entrepreneurs trying to immigrate to the United States to start businesses and hire American workers. If the administration is truly interested in facilitating immigrant entrepreneurship, changes must be made to regulations and adjudication processes. For example, DHS should not demand excessive documentation or dismiss the achievements of well-qualified applicants who could start businesses or create jobs in the United States. Moreover, the presumption underlying most employment-based immigration under current law is that an employer cannot sponsor the owner or founder of the business. Thus, if the August 2, 2011, policy initiatives announced by DHS are to have an impact, corresponding changes to the *Adjudicators Field Manual* will be necessary to ensure that some exceptions are made to the employment-based adjudications presumptions. Common sense changes to the way visa petitions are adjudicated could make a significant difference to aspiring immigrant entrepreneurs.
- **Create visas for entrepreneurs who create jobs.** Entrepreneurs who invest very small amounts, or attract small but sufficient venture capital backing, and companies that operate internal venture capital funds to encourage employees to pursue the development of new product lines, are important to the economy, as they are most often sources of innovation. Congress should be urged to create or modify a visa program to accommodate these job creators. A visa status should be created for students and others lawfully in the United States who are already acclimated to U.S. culture, research, or business practices. This visa should grant immigrants a conditional status during which time they are afforded the opportunity to create a business operation that employs Americans. Congress should likewise be urged to create access to permanent resident status for those who establish a business that produces jobs for U.S. workers.
- **Remove hurdles for foreign students with desirable skills to remain in the United States.** Current law makes staying in the United States after graduation uncertain, time-consuming, and expensive for foreign graduates. As a result, foreign students are pursuing career opportunities outside the United States, and our country is losing valuable talent. To mitigate these effects, immigration law should permit foreign students in graduate programs (especially science, technology, engineering, and mathematics) to remain in the United States after graduation or after their practical training expires to pursue job growth activities, including filling skilled labor positions and creating startup ventures.
- **Recognize that immigrant entrepreneurship occurs across the spectrum of business enterprise and that immigrant entrepreneurs come from all backgrounds.** Immigrant entrepreneurship ranges from creating neighborhood businesses and local growth operations to technology and science innovations. All these types of business are critical for economic stabilization and job growth. Immigrant entrepreneurs come from all walks of life, and some lack significant education credentials. However, they establish businesses at a significantly higher rate than the native born. Through hard work, creativity, and talent, they contribute to economic growth and job creation. Immigration policy should address this phenomenon by establishing visa categories that provide opportunities for these talented individuals.

IMMIGRANT ENTREPRENEURS

Creating Jobs and Strengthening the Economy

FINAL WORD

Our research and that of others paint a glowing picture of how immigrant-founded businesses create jobs for Americans and strengthen the U.S. economy. This research is confirmed by national studies about immigrant entrepreneurs in engineering and science, including analysis by Duke University, the University of California, Berkeley, and the National Venture Capital Association.⁵⁰ Research regarding immigrant neighborhood businesses by the Center for an Urban Future⁵¹ echoes these findings. However, the contributions of immigrant entrepreneurs remain largely unacknowledged in economic development policy and planning.

Immigrant entrepreneurs appreciate the opportunities that America gives them. Many recognize that they would be unable to thrive in their native countries, where traditions, laws, and culture may present formidable barriers to entrepreneurship. Anna Vorovona, a life science consultant and entrepreneur, says that she is grateful to the United States for the opportunities given to her as a woman, scientist, and citizen—opportunities she never would have received in Russia. Asnish Sangani from India, who founded GIRI hotels, deeply appreciates the opportunities that he believes are available to everyone in the United States. Dr. Nancy Chang, co-founder of the drug company Tanox, sums it up well:

I came to the United States frightened and scared. But I found if you do well and if you have a dream, you will find people in America to help you and give you an opportunity. Life is very rich. I just love this country.⁵²

Although the drive and energy of immigrants will ultimately fuel their entrepreneurship, current immigration laws make it difficult for many who want to contribute to do so. New visa programs to increase the flow of entrepreneurs and innovators to the United States could ensure that the founders of the next Google, Yahoo!, El Pollo Loco, Vitacare, or Cheng-Tsui Publications will reside in the United States. The business community, local communities, cities, and states across the country must support changes in visa policy and continue to recognize the many contributions of immigrant entrepreneurs.

Endnotes

1. Partnership for a New American Economy, *New Economy Fact*, 2011, available at www.renewoureconomy.org.
2. V. Wadhwa, A. Saxenian, B. Rissing, and G. Gereffi, *America's New Immigrant Entrepreneurs* (Durham, NC: Duke University Master of Engineering Management Program, 2007), p. 4.
3. Juliana Gruenwald, "Progress on Immigration, Education Key to Reviving Jobs, Tech Leaders Say," *National Journal* (August 2, 2011), available at http://nationaljournal.com/tech/progress-on-immigration-education-key-to-reviving-jobs-tech-leaders-say-20110802?mrefid=site_search.
4. Ibid.
5. Partnership for a New American Economy, *The 'New American' Fortune 500* (June 2011), p. 2, available at <http://www.renewoureconomy.org/sites/all/themes/pnae/img/new-american-fortune-500-june-2011.pdf>.
6. Ibid.
7. Vivek Wadhwa, *The Grass Is Indeed Greener in India and China for Returnee Entrepreneurs* (Kansas City, MO: Ewing Marion Kauffman Foundation, April 2011), available at <http://www.kauffman.org/uploadedfiles/grass-is-greener-for-returnee-entrepreneurs.pdf>.
8. Ibid.
9. Ibid.
10. Vivek Wadhwa, "America is Bleeding Competitiveness," *Entrepreneur Corner* (April 28, 2011), available at <http://venturebeat.com/2011/04/28/brain-drain-or-brain-circulation-america-is-bleeding-competitiveness/9>.
11. V. Wadhwa et al., *America's New Immigrant Entrepreneurs*, p. 4.
12. C. Brush, A. Elam, and E. Allen, *2008 Babson Entrepreneurship Monitor for the Commonwealth of Massachusetts* (Babson Park, MA: Babson College, 2008), p. 10.
13. New York City Government, Press Release 071-11, Posted March 3, 2011, available at [NYC.gov](http://nyc.gov).
14. R. Borges-Mendez, M. Liu, and P. Watanabe, *Immigrant Entrepreneurs and Neighborhood Revitalization* (Malden, MA: The Immigrant Learning Center, Inc., 2005), pp. 4, 8, 20, 32.
15. N. A. Wong, P. Watanabe, and M. Liu, *Memories and Influences: Children of Immigrant Entrepreneurs Talk about Businesses, Families, Graduate Schools and Careers* (Malden, MA: The Immigrant Learning Center, Inc., 2011), pp. 21, 31, 37, 43.
16. Borges-Mendez et al., *Immigrant Entrepreneurs and Neighborhood Revitalization*, p. 3.
17. M. D. Hohn, *Immigrant Entrepreneurs: A Key to Boston's Neighborhood Revitalization* (Boston, MA: The Federal Reserve Bank, Communities and Banking, 2005), p. 22.
18. Ibid. at pp. 20–27.
19. Center for an Urban Future, *A World of Opportunity* (New York, NY: Center for an Urban Future, 2007).
20. Ibid.
21. U.S. Census Bureau Newsroom, Press Release CB11-74, Posted April 28, 2011, available at http://www.census.gov/newsroom/releases/archives/business_ownership/cb11-74.html.
22. Center for an Urban Future, *A World of Opportunity*.
23. J. Jennings, J. Jordon-Zachery, C. Siqueira, G. Barboza, J. Lawrence, and M. Marion, *Impact of Immigrant Entrepreneurs in Leisure and Hospitality Businesses: Massachusetts and New England* (Malden, MA: The Immigrant Learning Center, Inc., 2010), pp. 16–17.
24. R. W. Fairlie, *Estimating the Contribution of Immigrant Business Owners to the U.S. Economy* (Washington, DC: Small Business Administration, Office of Advocacy, 2008), p. 31.
25. Center for an Urban Future, *A World of Opportunity*.
26. See Small Business Administration, Office of Advocacy FAQ, *How Important Are Small Businesses to the U.S. Economy?* page last viewed October 18, 2011, available at <http://web.sba.gov/faqs/faqIndexAll.cfm?areaid=24> See also Fairlie, *Estimating the Contribution of Immigrant Business Owners to the U.S. Economy*, p. 31.
27. Fairlie, *Estimating the Contribution of Immigrant Business Owners to the U.S. Economy*, p. 31.
28. New America Media, Commentary, Anne O'Callaghan, Posted May 8, 2011, available at <http://newamericamedia.org/2011/05/immigrant-entrepreneurs-creating-more-jobs-for-americans.php>.
29. Ibid. The Welcoming Center for New Pennsylvanians and MicroEnterprise Training Assistance (META) are examples of organizations that connect new immigrant arrivals to economic opportunities within their communities, so that they can successfully integrate into their new homeland.
30. Interview of Albert Yousef (Detroit, MI: Lutheran Immigration and Refugee Service, January 28, 2011).
31. D. M. West, *Seven Myths That Cloud the Immigration Debate* (Washington, DC: Brookings Institution, June 9, 2011), p. 1.
32. V. Wadhwa et al., *America's New Immigrant Entrepreneurs*, p. 4.
33. Ibid. at p. 12.
34. S. Anderson and M. Platzer, *American Made: The Impact of Immigrant Entrepreneurs and Professionals on U.S. Competitiveness* (Arlington, VA: National Venture Capital Association, 2007), p. 9.
35. R.T. Herman and R. L. Smith, *Immigrant, Inc.* (New Jersey: John Wiley & Sons, 2010), p. xxvi.
36. D. J. Monti, L. Smith-Doerr, and J. McQuaid, *Immigrant Entrepreneurs in the Massachusetts Biotechnology Industry* (Malden, MA: The Immigrant Learning Center, Inc., 2007), p. 2.
37. *Immigrant, Inc.*, p. 143.
38. Ibid. p. xxxviii.
39. *Immigrant Entrepreneurs in the Massachusetts Biotechnology Industry*, pp. 6–7.
40. Ibid.
41. Ibid.
42. A. Lima and E. Siqueria, *Socio-Economic Profile of Brazilian Businesses in Allston-Brighton* (Boston, MA: University of Massachusetts Boston, Mauricio Gastón Institute, 2011), pp. 14–18.
43. A. Lima, Conference Presentation at Babson College on Transnationalism and Transnational Businesses, November 17, 2010, available at <http://www.ilctr.org>.
44. Ibid. Additional information available at www.changexpress.com and www.fastwaymoving.com.
45. O'Callaghan, A, Conference Presentation on Immigrant Entrepreneurship (November 2010), available at www.ilctr.org.
46. M. D. Hohn, *Immigrant Entrepreneurs: A Key to Boston's Neighborhood Revitalization*, p. 25.
47. Interview of Asaam Mujili by Ron Berning (Boise, ID: MicroEnterprise and Training Assistance (META), September 16, 2011).
48. Executive Order 13563, *Improving Regulation and Regulatory Review* (January 18, 2011), p. 1, available at http://www.reginfo.gov/public/jsp/Utilities/EO_13563.pdf.
49. Department of Homeland Security, *Secretary Napolitano Announces Initiatives to Promote Startup Enterprises and Spur Job Creation* (August 2, 2011), available at <http://www.dhs.gov/ynews/releases/20110802-napolitano-startup-job-creation-initiatives.shtml>.
50. See Wadhwa et al., *America's New Immigrant Entrepreneurs*. See also Anderson and Platzer, *American Made*.
51. Center for an Urban Future, *A World of Opportunity*.
52. Anderson and Platzer, *American Made*, p. 9.



100 Years Standing Up for American Enterprise
U.S. CHAMBER OF COMMERCE



LABOR, IMMIGRATION &
EMPLOYEE BENEFITS DIVISION
U.S. CHAMBER OF COMMERCE

Selected U.S. Companies Founded by Immigrant Entrepreneurs

Company	Country	Founder	Date Founded
Big Lots	Russia	Sol Shenk	1967
Biogen Idec	England/Switzerland	Ivor Royston and Charles Weissman	1978
CA Technologies	China	Charles Wang	1976
Capital One Financial	England	Nigel Morris	1995
Comcast	Germany	Daniel Aaron	1963
eBay	France	Pierre Omidyar	1995
Garmin	Taiwan	Min Kao	1989
Google, Inc.	Russia	Sergey Brin	1998
Kohl's	Poland	Maxwell Kohl	1962
Life Time Fitness, Inc.	Iran	Bahram Akradi	1992
LinkedIn	France	Jean-Luc Vaillant	2003
NVIDIA Corporation	Taiwan	Jen-Hsun Huang	1993
PayPal	Ukraine	Max Rafael Levchin	1998
Sun Microsystems, Inc.	Germany/India	Andreas Bechtolsheim and Vinod Khosla	1982
WebEx Communications, Inc.	India	Subrah S. Iyar	1997
WellCare Health Plans	Zambia	Kiran & Pradip Patel	1992
Yahoo! Inc	Taiwan	Jerry Yang	1994
YouTube	Taiwan	Steve Chen	2005

Immigrant-founded businesses are represented in every industry and business size throughout the United States. They create jobs, generate tax revenue, and provide valuable goods and services. Our lives are touched every day by these immigrants. To recognize the achievements of immigrant entrepreneurs, ILC recently unveiled the first installment of the Immigrant Entrepreneur Hall of Fame.



Here is a sample from the Hall of Fame of immigrants who founded great American companies. Profiles of these founders and more can be found at <http://www.ilctr.org/promoting-immigrants/immigrant-entrepreneur-hof/>. Future installments will include more midsize businesses and young innovators that are building the future of a strong U.S. economy.

ABOUT THE AUTHOR

Marcia Drew Hohn, Ed.D has been director of the Public Education Institute for the Immigrant Learning Center, Inc. (ILC) in Malden, Massachusetts, since 2003, when the ILC began a public education institute to document the economic and social contributions that immigrants make to America as entrepreneurs, job creators, workers, taxpayers, and consumers. She developed a multipronged program to raise the visibility of immigrants' economic and social contributions through (1) research studies about New England immigrants as entrepreneurs, workers, and consumers; (2) an education program for K–12 teachers; and (3) a research website. Hohn is a member of the Massachusetts Governor's Advisory Council on Immigrants and Refugees. With an Ed.D. in human and organization systems and a specialty in immigrant entrepreneurship, Hohn has presented and published articles describing the positive impact of immigrants. She works extensively with economic policy developers, social planners, and immigrant organizations in Massachusetts and across the nation.

ABOUT THE EDITORS

Lisa Atkins is senior manager of immigration policy at the U.S. Chamber of Commerce. Before joining the Chamber, she was a policy analyst at the Department of Homeland Security (DHS) Office of Counternarcotics Enforcement, where she worked on narcotics trafficking and border security issues. She also worked at the DHS Immigration and Customs Enforcement Office of the Chief Counsel in Miami, Florida, for Ira Kurzban on employment-based immigration issues, and at the Florida Immigrant Advocacy Center on human trafficking and domestic violence cases. Atkins received her B.A. from Claremont McKenna College in Spanish and government and graduated magna cum laude from the University of Miami School of Law. She is a member of the Florida bar.

Michele Waslin, Ph.D., is senior policy analyst at the Immigration Policy Center (IPC), a division of the American Immigration Council in Washington, D.C. Waslin tracks and analyzes immigration policy and the immigration debate; writes fact sheets and reports on immigration-related topics; coordinates the IPC research agenda and builds relationships with academics and other authors; provides technical assistance to organizations; conducts public education events; and maintains relationships with national, state, and local advocacy organizations as well as federal agencies. Waslin has authored several publications on immigration policy and post-9/11 immigration issues and appears regularly in English- and Spanish-language media. Previously, she worked as director of immigration policy research at the National Council of La Raza and policy coordinator at the Illinois Coalition for Immigrant and Refugee Rights. She received her Ph.D. in government and international studies from the University of Notre Dame, holds an M.A. in international relations from the University of Chicago, and a B.A. in political science from Creighton University.



100 Years Standing Up for American Enterprise
U.S. CHAMBER OF COMMERCE

U.S. Chamber of Commerce
1615 H Street, NW | Washington, DC 20062-2000
www.uschamber.com