



442 Main Street, Malden, MA 02148

Tel (781) 322-9777 Fax (781) 321-1963

www.ilctr.org

Diane Portnoy

President and CEO

Economic Contributions of Immigrants Through Entrepreneurship

A recent report from Research Perspectives on Migration points out that immigrants often have the same personal characteristics as entrepreneurs. They are risk-takers, self-starters and optimistic by nature. This is borne out, they say, by the fact that immigrants are more likely to be self-employed than natives in every census from 1880 to 1990. While many immigrant storefront businesses are small and tend to employ co-ethnics and family, they are powerful in their aggregate and credited with revitalizing declining neighborhoods.

Other faces of immigrant entrepreneurship have also emerged. Fast growing companies started by immigrants with annual revenues in the millions are coming to light in such industries as food distribution, transportation and building services. Both small and large engineering, technology, and science firms are leading innovation and new product development to keep the U.S. globally competitive. All of these immigrant businesses are creating jobs and strengthening the economy across America.

The actual and potential of immigrant entrepreneurs as engines for economic growth in urban areas, local economies and centers of innovation to keep the U.S. globally competitive are beginning to be recognized in economic circles.

In Massachusetts, immigrant storefront entrepreneurs continue to revitalize economically depressed neighborhoods.⁽¹⁾ Immigrants also co-founded 25.7 percent of the biotechnology companies in the state, helping to keep Massachusetts a vital center for innovation.⁽²⁾ Asian-owned businesses had sales and receipts of \$6.8 billion and employed 48,982 people in the last economic census.⁽³⁾ All of these businesses are generating wealth and jobs for residents of the Commonwealth.⁽¹⁾

National Statistics

- A 2010 study by the American Enterprise Institute and the Partnership for a New American Economy found that for every 100 foreign-born worker with an advanced degree in science, technology, engineering and math (STEM), an additional 262 U.S. workers have jobs.⁽⁴⁾
- A 2007 study by the Center for an Urban Future examining immigrant small business entrepreneurs in four cities across America concluded that immigrant entrepreneurs have emerged as key engines of growth for cities.⁽⁵⁾
- A 2008 study by the Bureau of Economic Research found skilled immigrants increase innovation in the United States and do not crowd out natives.⁽⁶⁾
- A 2006 study by Duke University and the University of California at Berkeley indicates that 25 percent of engineering and science companies were founded with at least one immigrant. Nationwide, these immigrant-founded companies produced \$52 billion in sales and employed 450,000 workers in 2005.⁽⁷⁾
- A 2006 study by Stuart Anderson, National Foundation for American Policy, and Michaela Platzer, Content First, found that immigrant-founded venture-backed companies are concentrated in cutting edge sectors: high-technology manufacturing, information technology and life sciences.⁽⁸⁾
- The same study found that 40 percent of the U.S. publicly traded venture-backed companies operating in high technology manufacturing today are started by immigrants. Moreover, more than half of the employment generated by U.S. public venture-backed high-tech manufacturing has come from immigrant-founded companies.
- Immigrant women are also entrepreneurs. Researcher Susan Pearce found that by 2008, more than eight percent of immigrant women were business owners compared to five percent of native-born women. Their businesses have increased 190 percent since 1980 primarily in service industries including private household, day care centers, restaurants and other food services. There were also significant numbers in real estate and scientific and technical consulting services.⁽⁹⁾

References

- (1) Liu, M. & Watanabe, P. (December, 2005). Immigrant Entrepreneurs and Neighborhood Revitalization. Malden, MA: The Immigrant Learning Center, Inc.
- (2) Monti, D., Smith-Doerr, L. & McQuaid, J. (June, 2007). Immigrant Entrepreneurs in the Massachusetts Biotechnology industry. Malden, MA: The Immigrant Learning Center, Inc.
- (3) U.S. Census Bureau (2011). 2007 Survey of Business Owners.
- (4) Zavodny, M. (December, 2011). Immigration and American Jobs. Washington, D.C.: American Enterprise Institute for Public Policy Research and the Partnership for a new American Economy. Available at www.renewoureconomy.org
- (5) Center for an Urban Future (February 2007). A world of opportunity. New York: Center for an Urban Future. Available at www.nycfuture.org.
- (6) Hunt, J. & Gauthier-Loiselle, M. (2008). How much does immigration boost innovation? Cambridge, MA: Bureau of Economic Research, Working Paper No. 14312. Available at www.nber.org
- (7) Wadhwa, V. (January 2007). America's new immigrant entrepreneurs. Duke University: Master of Engineering Management Program & University of California at Berkeley: School of Information.
- (8) Anderson, S & Platzer, M. (2006). American made: the impact of immigrant entrepreneurs and professionals on U.S. competitiveness. Washington, D.C. Nation Foundation for American Policy. Available at nfap.net.
- (9) Pearce, S.C., Clifford, S.J., Tandon, R. (December, 2011). Our American Entrepreneurs; the women. Available at www.immigrationpolicy.org & Pearce, S.C. (January, 2005) Today's immigrant woman entrepreneur. Immigration Policy in Focus 4 (1)