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GROWING THE ECONOMY AND CREATING JOBS: Immigrant Entrepreneurs and Innovators across the United States

Across the United States of America, there is no doubt that immigrant entrepreneurs and innovators play an important role. Immigrant entrepreneurs bring in additional revenue, create jobs, and contribute significantly to the economy. Immigrant small business owners contribute in many ways to their local communities. Furthermore, highly skilled immigrants are vital to the country's innovation industries, and to the many metropolitan areas across the nation, helping to boost local economies.

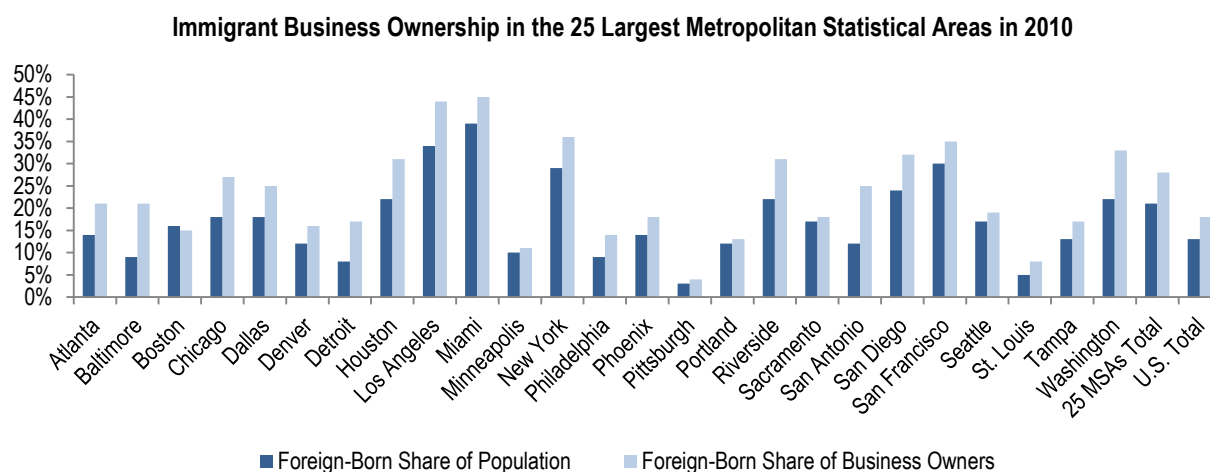
Immigrant entrepreneurs contribute greatly to the United States' economy.

- The United States is home to many successful companies with at least one founder who was an immigrant or child of an immigrant. In 2010, more than [40 percent](#) of the Fortune 500 companies were founded by immigrants (90 companies) or children of immigrants (114 companies), according to the Partnership for a New American Economy.¹
 - The Fortune 500 companies that immigrants started employ over [3.6 million](#) people, and the combined employment of the companies started by immigrants or their children is over 10 million people worldwide.²
 - Fortune 500 companies started by immigrants or their children generated revenue greater than the GDP of nearly every country in the world (except Japan, China, and the United States). [\\$1.7 trillion](#) in revenues is attributable to the companies founded by immigrants, and that figure rises to [\\$4.2 trillion](#) when combined with the revenues of companies founded by the children of immigrants.³
 - Many recognizable [“American” brands](#) were founded by immigrants. These companies include: AT&T, Kraft, Proctor & Gamble, U.S. Steel, DuPont, Goldman Sachs, Kohl's, Honeywell, and Nordstrom. Today, immigrants start many recognizable high-tech firms, including Google, eBay, Yahoo!, and Intel.⁴
- A 2013 [study](#) from the National Venture Capital Association highlights the impacts of immigrant entrepreneurs on the U.S. economy, and shows that the number of immigrant-founded venture-funded⁵ companies is increasing.⁶
 - Initial public offerings of venture-funded companies with an immigrant founder jumped from 20 percent prior to 2006 to [33 percent](#) after 2006. The study also found that one-third of the entrepreneurs starting privately-held venture-backed companies were foreign-born.⁷

- Immigrant entrepreneurs come through all immigration channels: [40 percent](#) of the immigrant founders in the survey entered the U.S. as employment-sponsored immigrants, 38 percent as international students, 13 percent as family-sponsored immigrants, and the rest in another category.⁸
- Immigrant-founded venture-backed companies create extraordinary value. As of June 2013, such publicly traded companies have a total market capitalization of [\\$900 billion](#). If this group of companies were a country, they would be among the top twenty economies in the world.⁹
- Immigrant entrepreneurs' companies create new jobs in the U.S. Immigrant-founded venture-backed public companies employ approximately [600,000 people](#), mostly in the United States.¹⁰
- According to economist Robert Fairlie at the University of California, Santa Cruz, immigrants start businesses at a higher rate than the native-born: the business formation rate per month among immigrants in 2010 is [0.62 percent](#) (or 620 out of 100,000), compared to 0.28 percent for non-immigrants (or 280 out of 100,000).¹¹
 - In 2010, new immigrant business owners¹² had a total net business income of [\\$121.2 billion](#), which is 15 percent of all net business income in the country.¹³
 - In 2012, the Kauffman Foundation's Kauffman Index of Entrepreneurial Activity shows that immigrants were nearly [twice as likely](#) as the native-born to start businesses each month. Additionally, from 1996 to 2012, the share of entrepreneurs who are immigrants grew from 13.7 percent to 27.1 percent.¹⁴
- Immigrant entrepreneurs play key roles in [growing industries](#) such as the transportation and food processing industries, according to the Immigrant Learning Center.¹⁵
 - Immigrant entrepreneurs fulfill [transportation](#) needs in urban daily life, including taxi, limousine, and bus services. Immigrant transportation businesses meet a variety of needs, such as transporting disabled persons and sparking spin-off industries related to mobile advertising and transportation support businesses.¹⁶
 - Immigrant business owners are also present throughout the entire spectrum of [food production](#). Not surprisingly, they play a large role in restaurants, groceries, specialty retail markets, and food manufacturing. Immigrant entrepreneurs in food-related industries often lead the response to changing market demands.¹⁷

Immigrant businesses contribute to local economies in cities and metropolitan areas.

- Immigrant business owners represent a sizeable share of all business owners in many metropolitan areas, places that are drivers of regional economies and the economy of the nation as a whole. According to the [Fiscal Policy Institute](#), the immigrant business ownership rate in 2010 was higher than the foreign-born share of total population in many metropolitan areas across the country, as the following examples illustrate.



Source: David Dyssegaard Kallick, *Immigrant Small Business Owners: A Significant and Growing Part of the Economy* (New York, NY: Fiscal Policy Institute, 2012). Note: In 2010, these 25 metro areas made up 41 percent of the U.S. population and 66 percent of the foreign-born population.

- Immigration positively influences job growth in metropolitan areas. Through an analysis of [505 metropolitan areas](#) from 2005 to 2011, economist Jack Strauss at the University of Denver finds that an increasing number of immigrants moving to an area leads to significantly higher employment growth and a decline in the unemployment rate. Immigrants' self-employment appears to be the mechanism through which immigration positively impacts job opportunities in a metro area.¹⁸
- Immigrant entrepreneurship can positively impact neighborhood revitalization. According to the Immigrant Learning Center, neighborhood immigrant-owned businesses contribute to [reviving commerce](#) and investment in areas that had declined.¹⁹
 - A 2012 [report](#) shows that immigrant entrepreneurs create jobs to revive commerce and investment in their neighborhoods. Indeed, immigrant entrepreneurs are expanding their enterprises beyond traditional neighborhood businesses, developing new businesses in additional locations and mentoring other ethnic entrepreneurs. The rise of businesses owned or co-owned by immigrants has greatly improved once-blighted neighborhoods.²⁰
- Additionally, a 2014 [report](#) notes that more places are welcoming immigrants for economic development. As the report observes, "a budding place-based awareness of the important contributions that new and existing immigrants make to neighborhood revitalization is seen in the increasing number of cities pursuing a nexus of immigrant welcoming, integration, and economic development initiatives."²¹

Highly skilled immigrants are vital to the United States' innovation and growth industries.

- Immigrants contribute to the United States' economic growth and competitiveness by earning degrees in science, technology, engineering, and mathematics (STEM) fields from the country's research universities. In 2009, according to the Partnership for a New

American Economy, “non-resident aliens” comprised almost [41 percent](#) of all masters and doctorate degrees in STEM fields. 40 percent of STEM masters degrees and 45 percent of STEM doctorates were awarded to “non-resident aliens”.²²

- Immigrants in the United States also contribute to the country’s innovation economy by earning patents on new research, products, and ideas. According to the Partnership for a New American Economy, [76 percent](#) of patents awarded to the top ten patent-producing U.S. universities in 2011 had at least one foreign-born inventor.²³
 - For high-tech and cutting-edge fields, the rate of foreign-born patenting at those institutions was [even greater](#): semiconductor device manufacturing (87 percent), information technology (84 percent), pulse or digital communications (83 percent), pharmaceutical drugs or compounds (79 percent), and optics (77 percent).²⁴
- Beyond Silicon Valley and other high-tech meccas, cities across America show a demand for high-skilled workers. According to the Brookings Institution, there were [106 metropolitan](#) areas across the United States that had at least 250 requests for H-1B workers in 2010-2011.²⁵
 - Not surprisingly, in the metropolitan areas with the greatest number of H-1B requests, the [average wages](#) for STEM occupations with H-1B requests are high, the remaining vacancies are difficult to fill, and wages across those industries are growing.²⁶
- While the largest metropolitan areas account for the top nine metro areas for H-1B requests overall, H-1B demand is not limited to only the largest cities, according to [research](#) by the Brookings Institution.
 - [22 metropolitan](#) areas with significant H-1B demand that are not included within the largest metropolitan areas in the country include places such as Columbus, IN; Durham-Chapel Hill, NC; Trenton-Ewing, NJ; Bloomington-Normal, IL; Ann Arbor, MI; Peoria, IL; Boulder, CO; and Fayetteville-Springdale-Rogers, AR.²⁷
 - Although the presence of research universities accounts for H-1B [high-skilled demand](#) in some of these places, private industry accounts for the demand and intensity in other areas, including companies such as HTC Global, Wal-Mart, Merrill Lynch, Educational Testing Service, Caterpillar Inc., Credit Suisse, JPMorgan Chase & Co., Bank of America, Wells Fargo Bank, and Mayo Clinic.²⁸
- Various immigration reform proposals would lead to job and economic growth. According to Regional Economic Models, Inc., an [expansion](#) of the high-skilled visa program could create an estimated 1.3 million new jobs in the U.S. by 2045.²⁹ This expansion could also [add](#) around \$158 billion to Gross Domestic Product by 2045.³⁰

Endnotes

¹ Partnership for a New American Economy, “[The ‘New American’ Fortune 500](#)” (New York: Partnership for a New American Economy, 2011).

² Ibid.

³ Ibid.

⁴ Ibid.

⁵ Venture funding, or venture capital financing, is private equity capital provided as seed funding and growth funding to early-stage, high-potential, growth companies in the interest of generating a return through an eventual initial public offering (IPO) or trade sale of the company.

⁶ Stuart Anderson, [American Made 2.0: How Immigrant Entrepreneurs Continue to Contribute to the U.S. Economy](#) (Arlington, VA: National Venture Capital Association, 2013).

⁷ Ibid.

⁸ Ibid.

⁹ Ibid.

¹⁰ Ibid.

¹¹ Robert W. Fairlie, [Immigrant Entrepreneurs and Small Business Owners, and their Access to Financial Capital](#) (Washington, D.C.: Small Business Administration, 2012).

¹² The sample of new immigrant business owners during this time period includes individuals who do not own a business in the first survey month and report starting a business in the second survey month with 15 or more hours worked per week.

¹³ Robert W. Fairlie, [Open for Business: How Immigrants are Driving Small Business Success in the United States](#) (New York: Partnership for a New American Economy, 2012).

¹⁴ Ibid.

¹⁵ James Jennings, Marlene L. Bryant, Chia-Hui Chawla, Ann Jankie, and Jennifer Lawrence, [Immigrant Entrepreneurs: Creating Jobs and Strengthening the U.S. Economy in Growing Industries](#) (Malden, MA: The Immigrant Learning Center, 2013).

¹⁶ Ibid.

¹⁷ Ibid.

¹⁸ Jack Strauss, “[Immigration and Job Creation: Which Comes First?](#)” (New York: Social Science Research Network, 2013).

¹⁹ Ramón Borges-Méndez, Michael Liu, and Paul Watanabe, [Immigrant Entrepreneurs and Neighborhood Revitalization: Studies of the Allston Village, East Boston and Fields Corner Neighborhoods in Boston](#) (Malden, MA: The Immigrant Learning Center, 2005).

²⁰ Marcia Drew Hohn, [Immigrant Entrepreneurs: Creating Jobs and Strengthening the Economy](#) (Washington, D.C.: Immigration Policy Center, 2012).

²¹ Paul McDaniel, [Revitalization in the Heartland of America: Welcoming Immigrant Entrepreneurs for Economic Development](#) (Washington, D.C.: American Immigration Council, 2014).

²² Information Technology Industry Council, “[Help Wanted: The Role of Foreign Workers in the Innovation Economy](#)” (Washington, D.C.: Information Technology Industry Council, 2012).

²³ Partnership for a New American Economy, “[Patent Pending: How Immigrants are Reinventing the American Economy](#)” (New York: Partnership for a New American Economy, 2012).

²⁴ Ibid.

²⁵ Neil G. Ruiz, Jill H. Wilson, and Shyamali Choudhury, “[The Search for Skills: Demand for H-1B Immigrant Workers in U.S. Metropolitan Areas](#),” (Washington, DC: The Brookings Institution, 2012).

²⁶ Jonathan Rothwell and Neil G. Ruiz, “[H-1B Visas and the STEM Shortage: A Research Brief](#),” (Washington, DC: The Brookings Institution, 2013).

²⁷ Neil G. Ruiz, Jill H. Wilson, and Shyamali Choudhury, “[The Search for Skills: Demand for H-1B Immigrant Workers in U.S. Metropolitan Areas](#),” (Washington, DC: The Brookings Institution, 2012).

²⁸ Ibid.

²⁹ Frederick R. Treyz, Corey Stottlemeyer, and Rod Motamedi, “[Key Components of Immigration Reform: An Analysis of the Economic Effects of Creating a Pathway to Legal Status, Expanding High-Skilled Visas, and Reforming Lesser-Skilled Visas](#)” (Amherst, MA: Regional Economic Models, Inc., 2013).

³⁰ Ibid.