

July 2013

SOUTH CAROLINA: Immigrant Entrepreneurs and Innovation in the Palmetto State

In South Carolina, 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 state's economy. Highly skilled immigrants are vital to the state's innovation economy, and to the metropolitan areas within the state, helping to boost local economies. Furthermore, local government, business, and non-profit leaders recognize the importance of immigrants in their communities and support immigration through local "welcoming" and integration initiatives.

Immigrant entrepreneurs contribute significantly to South Carolina's economy.

- From 2006 to 2010, there were 11,869 new immigrant business <u>owners</u> in South Carolina, and in 2010, 6.7 percent of all business <u>owners</u> in South Carolina were foreign-born.
- In 2010, new immigrant business owners³ had total net business income of \$521.9 million, which is 5.3 percent of all net business income in the state.⁴
- Immigrant <u>entrepreneurs</u> have contributed to South Carolina's economy throughout the state's history, founding such companies as Dominion Tar and Chemical Company (DOMTAR), which employs 8,700 people and brings in over \$5.6 billion in annual revenues to South Carolina.⁵

Highly skilled immigrants and foreign-owned companies are vital to South Carolina's innovation economy.

- High-skilled immigrant workers contribute to the success of many South Carolina-based companies and institutions with a significant presence in the state, including the University of South Carolina and Infor Global Solutions Inc.⁶
- In 2011, the U.S. Department of Labor <u>certified</u> 1,415 H-1B labor certification applications in South Carolina, with an average annual wage of \$62,312, ⁷ which is higher than South Carolina's median household <u>income</u> of \$44,587 or per capita income of \$23,854. ⁸
- An <u>expansion</u> of the high-skilled visa program would create an estimated 3,500 new jobs in South Carolina by 2020. By 2045, this expansion would <u>add</u> around \$1.6 billion to Gross State Product and increase personal income by more than \$1.4 billion. The

following are <u>examples</u> of metropolitan area demand for high-skilled foreign-born workers.

- The Columbia metropolitan area had 351 H-1B high-skilled visa <u>requests</u> in 2010-2011, with 69.7 percent of H-1B visa-holders working in science, technology, engineering, and mathematics (STEM) occupations.¹¹
- The Greenville-Mauldin-Easley metropolitan area had 323 H-1B high-skilled visa <u>requests</u> in 2010-2011, with 76.9 percent of H-1B visa-holders working in STEM occupations.¹²
- Foreign-affiliated companies (majority-owned) employ 104,300 people in South Carolina, which translates to 7.0 percent of the state's private industry employment. South Carolina ranks 4th in the nation in the percent of its workforce employed by U.S. affiliates of foreign companies. South Carolina largely depends on direct foreign investment, including through the EB-5 visa, for direct and indirect jobs, tax revenue, and international trade. 14
- Foreign-affiliated companies also <u>invest</u> heavily in the Palmetto State. Since 1960, these companies, representing roughly 40 countries, have invested around \$43.7 billion in the state, created more than 163,000 jobs, and operated more than 1,200 locations for manufacturing, distribution, service, and retail. Examples of foreign-owned companies with significant operations in South Carolina include Michelin, BMW, FUJIFILM, AG, BAE Systems, BASF, Samsung, Siemens, and GlaxoSmithKline.

While the numbers are compelling, they don't tell the whole story.

- Ali Saifi, an immigrant from <u>Iran</u>, has built a successful business of nearly 400 Subway restaurant franchises in South Carolina. 16
- In Bluffton, near Hilton Head Island, a \$55 million medical complex for PACE Healthcare may be <u>financed</u> in part by immigrant investors through the EB-5 visa program.¹⁷
- In Columbia, Gloria Wood, an immigrant from <u>Colombia</u>, opened her Sala de Belleza Sarita in an area of town becoming known for its Hispanic/Latino businesses. Wood found her niche in an area of Columbia that has become attractive for Latino-owned music shops, clothing stores, groceries, and other businesses, all of which help to maintain the neighborhood's vitality. ¹⁸

Endnotes

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¹ 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).

² David Dyssegaard Kallick, *Immigrant Small Business Owners: A Significant and Growing Part of the Economy* (Washington, DC: Fiscal Policy Institute, 2012).

⁴ 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).

⁶ 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).

⁷ Office of Foreign Labor Certification, <u>Annual Report: October 1, 2010 – September 30, 2011</u> (Washington, DC: U.S. Department of Labor, 2012).

⁸ U.S. Census Bureau, "<u>State & County Quick Facts: South Carolina</u>" (Washington, DC: U.S. Department of Commerce, 2011).

⁹ Frederick R. Treyz, Corey Stottlemyer, and Rod Motamedi, "<u>Key Components of Immigration Reform</u>: 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).

¹¹ Neil G. Ruiz, Jill H. Wilson, and Shyamali Choudhury, <u>The Search for Skills: Demand for H-1B Immigrant Workers in U.S. Metropolitan Areas</u>, (Washington, DC: The Brookings Institution, 2012).

¹³ South Carolina Department of Commerce, "<u>Foreign Investment in South Carolina</u>" (Columbia, SC: South Carolina Department of Commerce, March 2013).

¹⁴ Carolina Center for Foreign Investment, "<u>Highlights of the Carolinas</u>" (Greenville, SC: Carolina Center for Foreign Investment, LLC, 2013).

¹⁵ South Carolina Department of Commerce, "<u>Foreign Investment in South Carolina</u>" (Columbia, SC: South Carolina Department of Commerce, March 2013).

¹⁶ Anne Field, "<u>Iranian Immigrant Thrives as Franchisee.</u>" *Immpreneur: Empowering Immigrant Entrepreneurs*, 2013.

¹⁷ Sarita Chourey, "Bluffton medical complex seeks immigrant entrepreneurs," Savannah Morning News, April 15, 2012.

¹⁸ Jennifer Holland, "<u>Hispanics becoming economic force in S.C.: Study provides snapshot of state's fastest-growing population</u>" (Atlanta: GALEO, 2005).

³ The sample of new immigrant business owners during the 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.

⁵ Partnership for a New American Economy, "<u>Map the Impact of Immigrants Across America: South Carolina</u>" (New York: Partnership for a New American Economy, 2013).

Immigrant Entrepreneurs in:

South Carolina

In 2010, new immigrant business owners generated

\$521.9 million

in total net business income



6.7%

of business owners in South Carolina are immigrants 11,869

immigrants became new business owners in South Carolina between 2006-2010

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