



How Immigrants Are Changing US Businesses

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In a nation built by immigrants—legal or otherwise—a new study reveals their role as entrepreneurs is on the rise.

Focusing only on the number of legally incorporated businesses, [a study by the Fiscal Policy Institute](#) shows that the immigrant share of small business ownership in the U.S. has risen to 18 percent from 12 percent two decades ago.

That translates into more than one in six small business owners in the U.S. being immigrants, according to the latest information gathered by the study—even as they make up just 13 percent of the overall population.

"It's not that they are 'super entrepreneurs' or anything, but they do come here as risk takers as they pull up roots from their own country and look for a fresh start," says David Dyssegaard Kallick, senior fellow at the Fiscal Policy Institute and main author of the report.

With immigrant business ownership comes jobs and income. An estimated 4.7 million U.S. workers are employed by immigrant owned firms gathering some \$776 billion in revenues, according to the most recent figures in the FPI report.

Numbers show that the largest group of immigrant business owners are in the professional and business service sector (141,000), retail and construction (120,00 owners for each) followed by educational and social services and leisure and hospitality (each sector with 100,000).

The specific types of businesses most owned by immigrants are restaurants, real estate firms, grocery stores and physician's offices. The top countries of birth for immigrant business owners includes Mexico first, followed by India, South Korea, Cuba, China, Vietnam, Canada and Iran.

And the gender gap is slightly better among immigrants with 29 percent of immigrant businesses owned by women compared to the average of 28 percent among U.S. born females.

Why immigrants might be more inclined to own a business is often a matter of necessity, says Greg Fairchild, associate professor of Business Administration at the University of Virginia's Darden School of Business.

"Even if they have college degree from a home country, people don't know those schools in the U.S.," says Fairchild. "They have credentials and knowledge and drive but they're not recognized by typical employers. They begin by hiring themselves."

And the clustering of nationalities to a certain business—such as Southeast Asian Indians to Dunkin Donuts outlets, is a result of successful role models, according to Kallick.

"Early pioneers in these businesses set the tone for others," Kallick says. "Networks are formed and those that make it show their friends, once they get here, how it works."

But even as numbers show increases in immigrant ownership, some analysts say there's more that can be done to help bring in legal immigrants, especially with an uneven economy.

"We have to reexamine the limits on immigrants we have with various countries around the world," says Michael Wildes, managing partner of immigration law firm Wildes & Weinberg.

"Most of the successful businesses in the tech and hospitality sectors are run by leaders with immigrant backgrounds. We are in danger of losing our competitive edge if we don't change," argues Wildes.

Currently the U.S. allows some 140,000 immigrants in to the country each year for permanent residence based on employment guidelines. But a [study by Duke University](#) says that nearly one million people are waiting for visas that would allow them to stay and possibly become workers or business owners.

"The simple fix is to increase the numbers of visas for skilled immigrants and to grant residency to every student who graduates from the top colleges," says Naveen Jain, a native of India who came to the U.S. in 1983 and started several firms including Infospace, Moon Express, Inome, along with the World Innovation Institute.

"There is nothing that will provide an economic boost, at almost no cost, like this can," Jain contends.

But a college education is no guarantee for business ownership, says FPI's Kallick.

"What was surprising was that the majority of immigrant business owners don't have college degrees, which is just like their U.S. counterparts," Kallick explains about his findings. "It's interesting because a lot of focus has been on giving preferences to higher educated immigrants when it comes to letting them in."

What's helping to cloud the immigration issue is the fight over 'illegals' and politics surrounding a high national employment rate, says Jain.

"The popular belief is that immigrants, legal or otherwise, take away American jobs. They really don't," Jain argues. "They create jobs and make the economy bigger."

What's needed the most is a fair policy that helps settle the immigration issue, says Fairchild.

"We want to do all we can to make immigrants legal and to make the businesses themselves legal," Fairchild says. "They come because they seek opportunity. We need to help make them legitimate."

In the end, Kallick says his study is not about solving U.S. immigration problems—which seem unsolvable anytime soon. And Kallick adds that immigrants—legal or not— can't cure the nation's economic woes. But he says they have played an important part in the country's past and are needed for its future.

"What we see is that immigrants don't just come to the U.S. as workers but also as consumers and entrepreneurs and that helps the economy expand," Kallick says. "We don't make policy but we need a system that's fair so immigrants can come here legally. It would be better for the economy if we did."

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