

One In Six Small Business Owners Is An Immigrant, Report Finds

EGP News Report
July 19, 2012

A new report from the Fiscal Policy Institute's Immigration Research Initiative states that more than one in six small business owners in the U.S. is an immigrant and immigrants make up a striking 18 percent of all small business owners in the country.

The report reveals the significance of immigrant business owners to the larger U.S. economy, according to David Kallick, FPI's director of Immigration Research Initiative and the report's author.

"It's a helpful reminder of how immigration is about more than just immigrants seeking jobs," Kallick said. "It's also about immigrants adding to consumer demands and even offering employment opportunities through business ownership."

Small businesses make up 30 percent of the American economy and knowing that immigrants make up 18 percent of that sector is striking, Kallick said.

The report is the first of its kind to use previously unpublished data from the Census' Survey of Business Owners. It allowed researchers to eliminate the long-held proxy that classified everyone self-employed as a business owner, thereby narrowing down and clarifying the results. Other data used came from the American Community Survey and the Current Population Survey.

According to the report, among small businesses with fewer than 100 employees run by immigrants had \$776 billion in receipts and employed 14 percent of the nation's small business employees. Additionally, the report showed that 20 percent of high tech business owners are immigrants, though it also debunked the stigma of education's role in immigrants becoming business owners.

"You hear a lot about highly educated immigrants, but the majority of immigrant business owners don't have a college degree," Kallick said.

Instead, the report states that most immigrants resort to owning local businesses with 37 percent of restaurants, 49 percent of grocery stores, and 54 percent of laundry and dry cleaners being owned by immigrants.

Overall, businesses owned by immigrants cover a wide range, according to James Parrott, chief economist and deputy director of the Fiscal Policy Institute.

"That immigrants are prominent among businesses ranging from doctor's offices to apparel factories, grocery stores and restaurants reflects the economic diversity and vitality of immigrant communities in the United States," Parrott said in a press release.

While Mexicans are arguably the largest immigrant group, the report revealed that they are less likely to own businesses than their Middle Eastern, Asian, and Southern European counterparts who produced the highest rates of business ownership.

Kallick said the report demonstrates the significant economic role immigrants play in the US, and sheds some light on the current debate over immigration reform and the treatment of immigrants nationwide.

“It’s a reminder of what’s at stake for getting immigration policy right,” Kallick said.

Fiscal Policy Institute Executive Director Frank Mauro agreed with Kallick’s sentiments in a press release, saying “in some communities, we see a political climate that creates a hostile environment for immigrants.”

“With immigrants making up one in six of all small business owners, a climate that is hostile to immigrants is also a climate that is bad for business,” Mauro said.