

High-Tech Immigrant Entrepreneurship in the U.S.

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Where Innovation Is Tradition

Entrepreneurship That Really Matters

High-impact firms (Acs et al. 2007) defined:

- Double in size over a four year period
- Comprise 2-3% of all firms (~300-400K)
- Account for almost all employment and revenue growth

Not necessarily start-ups...but:

- 70+% of firms in our sample are < 20 years old
- 80+% of founders in our sample are still owners

Not necessarily high-tech...but:

- High-tech firms generate more spillovers
- High-tech firms have larger long-term impacts than others

High-Impact, High-Tech Company Survey

2002-2006 cohort of high-impact firms (doubled in employment and revenue): ~375K

In 50 high-tech sectors: ~25K firms
(~30% manfg., 70% svcs.)

Telephone survey of national random sample

Short instrument to increase response rate

Completed surveys: ~1350

Findings: Descriptive

At least one immigrant founder: ~16% of firms.

Immigrant founders: ~13% of all founders.

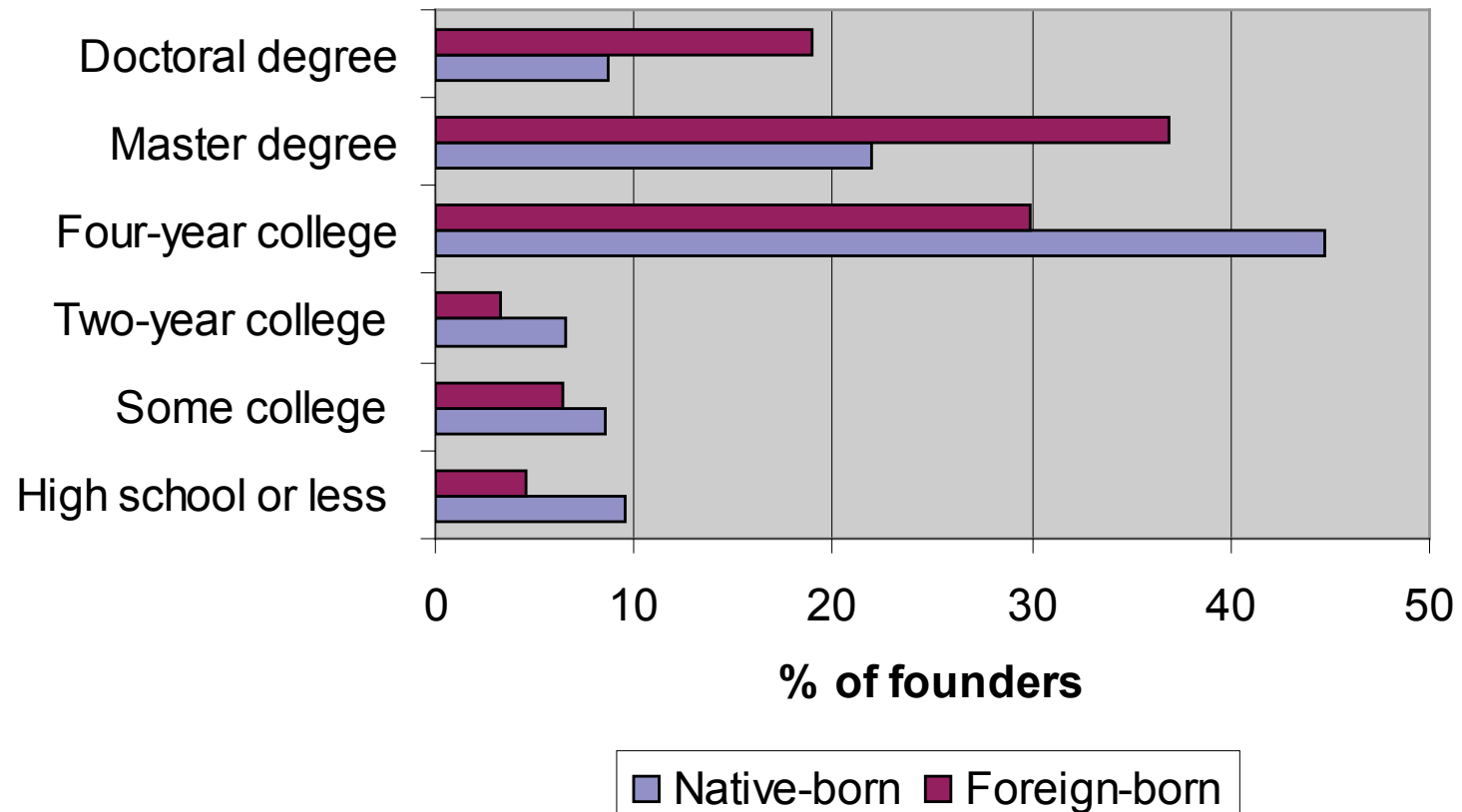
- 75% have been in the U.S. for at least 15 years.
- 77% are U.S. citizens.
- 67% received most recent education in U.S.
- 85% hold undergrad degree; 55% hold graduate degree.
- 55 countries represented.

Q: Where Do Immigrant Founders Come From?

India, UK, Canada, Japan, Germany, China,
Cuba, Iran, Russia, France, Mexico,
Netherlands, Taiwan, Vietnam, Australia,
Belgium, Ireland, Korea, Pakistan, Ukraine,
Austria, Brazil, Italy, Lebanon, Romania,
South Africa, Switzerland....Uruguay

A: Everywhere! 55 countries. (See Table 1)

Founders by Nativity and Education



Immigrant- and Native-Founded Firms Compared

They are basically similar in size, sector, activity etc....if we control for education

Except: immigrant-founded firms are more likely to have a strategic relationship with a firm outside the U.S.

Immigrant founders are more likely to team with females and U.S. minorities than white, native-born founders are (though numbers are small).

We cannot rule out “crowding-out”...but we incline against it (see Hunt 2010 etc.).

The Policy Connection

Would expanding the number of high-impact, high-tech firms contribute to economic growth over the long-term? Probably.

Can the U.S. expand this number? Maybe.

Would expanding the supply of potential founders of such firms be necessary to do this? Probably.

Would it be sufficient? Probably not.

Would expanding the supply of immigrants with the qualities associated with high-impact, high-tech entrepreneurship expand the supply of such entrepreneurs? We think so.

Three (Not So New) Policy Ideas

1. Clear the green card backlog.
 - ▶ ~500K “skilled workers” (min.) are here and waiting.
2. Ease the immigration pathway for students.
 - ▶ Fast track *if* they have successful careers.
3. Create a “point” system for green cards.
 - ▶ Loosen the link between immigration and employment...though it would be very hard to pick potential high-impact entrepreneurs.