

Immigrant-led startups on the decline in US: study

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Silicon Valley's capital city San Jose, California is pictured in 2007. The number of US high-tech startups founded by immigrants, which has long been a source of growth for the American economy, has begun to slip, according to a study released Tuesday. The drop is more pronounced in Silicon Valley.

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The study suggests that an "unwelcoming" immigration system is discouraging foreign-born entrepreneurs, a major source of tech startups in [Silicon Valley](#) and other technology centers.

The Kauffman Foundation study shows that the proportion of immigrant-

founded companies nationwide has slipped from 25.3 percent to 24.3 percent since 2005.

The drop is more pronounced in Silicon Valley, where the percentage of immigrant-founded startups declined from 52.4 percent to 43.9 percent.

The study evaluated the rate of immigrant entrepreneurship from 2006 to 2012.

"For several years, anecdotal evidence has suggested that an unwelcoming immigration system and environment in the US has created a 'reverse brain drain.' This report confirms it with data," said Dane Stangler, director of research and policy at the Kauffman Foundation.

"To maintain a dynamic economy, the US needs to embrace immigrant entrepreneurs."

The study comes amid intense debate in Washington on immigration reforms, and on visa caps set for highly skilled [immigrants](#) who are often hired in the technology sector.

"The US risks losing a key growth engine just when the economy needs job creators more than ever," said Vivek Wadhwa, who led the study and is director of research at the Duke University's Center for Entrepreneurship and Research Commercialization.

"The US can reverse these trends with changes in policies and opportunities, if it acts swiftly. It is imperative that we create a startup visa for these entrepreneurs and expand the number of [green cards](#) for skilled foreigners to work in these startups. Many immigrants would gladly remain in the United States to start and grow companies that will lead to jobs."

The report said 107,819 engineering and technology companies were founded in the last six years. A random sample of 1,882 companies showed 458 had at least one foreign-born founder.

Even though the trend has stagnated, the number of startups involving immigrants from India rose. The study found 33.2 percent of immigrant entrepreneurs were Indian, an increase of seven percent in 2005.

The study found those from India founded more of the engineering and technology firms than immigrants born in the next nine countries combined.

After India, immigrant founders represented China (8.1 percent), Britain (6.3 percent), Canada (4.2 percent), Germany (3.9 percent), Israel (3.5 percent), Russia (2.4 percent), South Korea (2.2 percent), Australia (2.0 percent) and the Netherlands (2.0 percent).

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