

As bipartisan immigration discussions continue to move through Congress, new facts show the importance of immigrants and comprehensive immigration reform to U.S. economic growth and global competitiveness. This fact sheet—the second in our series on immigrants and the economy—provides five reasons why immigrants are a critical engine for entrepreneurship and job creation in the United States. Access AS/COA's Get the Facts series at: www.as-coa.org/immigration-facts.

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Five Reasons Why Immigrants Drive Entrepreneurship and Job Creation

1 In cities across the U.S., immigrants are more likely to open local businesses and create local jobs—both critical for community revitalization.

- Immigrants started 28 percent of all new U.S. businesses in 2011, employing 1 in 10 U.S. workers.¹
- On average, among 100,000 non-business owning immigrants, 620 of these immigrants are likely to start a business each month. Among those born in the U.S., only 280 new businesses are likely to be started monthly.²
- In New York City, as in other parts of the U.S., business formation and job creation rates are higher in immigrant-dominated neighborhoods. New businesses were started at a rate almost four times the city average (35.7 vs 9.6 percent increase) in the top-five immigrant neighborhoods, while overall job creation was almost three times the New York City average (17.3 vs. 6.9 percent increase) from 1994 to 2004.³

2 Immigrant-owned firms are more resilient during economic downturns and report a higher rate of exports, which helps to create jobs at home.

- On average, 7.1 percent of immigrant-owned firms export, compared with only 4.4 percent of non-immigrant firms.⁴
- Very high export levels are seen among immigrant businesses; 3.2 percent of these firms report that exports account for 20 percent or more of sales of goods and services. Less than 1 percent of non-immigrant firms see the same level of exports.⁵
- From 2007 to 2010—a period of economic downturn—the difference in the entrepreneurship rate between immigrants and non-immigrants nearly doubled, with immigrants 0.19 percent more likely to start a business in 2007 and 0.33 percent more likely in 2010.⁶

3 Entrepreneurship and advanced education are on the rise in Mexico.

- One in three workers in Mexico was self-employed in 2010 and the number of new businesses created annually increased by 27 percent between 2005 and 2008, which is 2.5 times the G20 average.⁷
- Mexicans in the U.S. account for 12 percent of small business owners—the largest among any immigrant group.⁸
- Mexico saw an 11 percent increase in the number of students graduating from advanced university-level programs focused on preparation for high-skill professions such as medicine, dentistry, or architecture from 2005 to 2008.⁹

4 Foreign-owned businesses are major job creators in gateway cities across the United States.

- The U.S. received \$8.4 billion in direct investment from Mexico between 2006 and 2011, fueled by Mexican multinationals like Cemex, Grupo Bimbo, and Televisa starting new operations stateside.¹⁰
- Foreign companies operating in the U.S. employed 5.3 million Americans in 2010, and their value added to the U.S. economy totaled \$649.3 billion.¹¹

5 Immigrants from around the world are an unparalleled source of new ideas that result in new products, markets, and jobs while spurring technological innovation.

- Immigrants account for 24 percent of patents, twice their share of the population.¹² A 1 percentage point increase in the share of the population composed of immigrant college graduates is associated with a 12 to 15 percent per capita increase in patenting.¹³
- Among the U.S. population with advanced degrees, immigrants are three times more likely than native-born individuals to file a patent.¹⁴ More than three of every four patents at the top-10 patent-producing U.S. universities had at least one foreign national listed as an inventor.¹⁵
- Immigrant entrepreneurs founded or co-founded more than 25 percent of technology and engineering companies started between 1995 and 2005. In 2005, these technology companies employed 450,000 workers and had \$52 billion in sales.¹⁶
- Foreign-born alumni of the Massachusetts Institute of Technology alone founded 2,340 U.S.-based companies that employed more than 100,000 people.¹⁷

This fact sheet is a product of the AS/COA Hispanic Integration and Immigration Initiative, which advances the integration of immigrants and promotes positive dialogue around the economic contributions of immigrants and Latinos overall across the United States. It was produced by Jason Marczak, AS/COA Director of Policy, in collaboration with Richard André, AS/COA Policy Associate, and Leani García. For more information, visit AS/COA Online at: www.as-coa.org. For media inquiries or to speak with an expert on this topic, please contact Adriana LaRotta in our communications office at: alarotta@as-coa.org.

Endnotes

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