Immigrants a Driving Force Behind Start-Ups, Study Says

Tech Industry Clamors to Get More Visas for Foreign Workers

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About 25 percent of the technology and engineering companies launched in the past decade had at least one foreign-born founder, according to a study released yesterday that throws new information into the debate over foreign workers who arrive in the United States on specialty visas.

The report, based on telephone surveys with 2,054 companies and projections by researchers at the University of California at Berkeley and at Duke University, found that immigrants -- mostly from India and China -- helped start hundreds of companies with estimated sales of nearly $50 billion. It was written by a former technology executive who was an immigrant himself.

Technology-industry lobbyists have already cited the study in a push to persuade Congress to increase the annual allotment of H-1B visas, which allow U.S. companies to sponsor temporary workers in specialty occupations, such as computer programming and systems analysis. The companies say they cannot find enough Americans to fill jobs; other proponents contend that globalization requires U.S. companies to import talented workers.

"This research shows that immigrants have become a significant driving force in the creation of new businesses and intellectual property in the U.S. -- and that their contributions have increased over the past decade," wrote Vivek Wadhwa, the study's author, who immigrated from India with his family as a young man.

Another study will be released next month by the Center for Immigration Studies, which supports low levels of immigration. That report says most specialty visa holders come to the United States to do low-level professional jobs for relatively low pay.

Wadhwa's study looked at founders of engineering and technology companies started from 1995 to 2005, and analyzed the World Intellectual Property Organization Patent Cooperation Treaty database. About 25 percent of international patents filed in the United States in 2006 were submitted by immigrants.

Scott McNealy, chairman and co-founder of Sun Microsystems, is among the advocates for an expanded visa program, writing editorials, calling members of Congress and supporting political action committees.

McNealy noted that immigrants Vinod Kosla of India and Andy Bechtelsheim of Germany co-founded Sun. The company "created tens of thousands of jobs that have generated billions of dollars in exports and has created thousands of patents and intellectual-property positions," McNealy said. "Why would you have any arbitrary number on smart people?"

Last year, the industry raised the issue in the national debate over immigration reform, but Congress ended its session without acting on the Securing Knowledge, Innovation and Leadership Act. The bill would increase the annual quota on the H-1B visas to 115,000 from 65,000, eliminate green-card caps for some advanced-degree holders and streamline the processing of employment-based green cards. Tech lobbyists want to revive it.

"We are working on that new piece of legislation that will hopefully be a great fix for a lot of our companies," said Andrea Hoffman, vice president of government and political affairs for TechNet, an industry lobby backed by hundreds of technology companies, including Apple Computer, Microsoft and Google.

Those who favor low levels of immigration and oppose expanding the specialty-worker programs contend that foreigners accept lower pay and depress wages.

Jessica M. Vaughan, an analyst at the Center for Immigration Studies, said an increase in the cap would amount to "a subsidy for business because it allows them to bring cheaper labor from overseas."

It is unknown how many of the immigrants who founded technology companies had H-1B visas.

At least two Northern Virginia tech companies were founded by former H-1B holders. Sudhakar V. Shenoy, founder and chief executive of Reston-based Information Management Consultants, immigrated to the United States in 1970 after graduating from the Indian Institutes of Technology -- known informally as the "MIT of India" -- and attending graduate school in Connecticut. In 1974, he was offered an H-1B visa, and a manufacturing company sponsored his green card in 1977. Four years later, he founded IMC, which has 350 employees in Reston and 125 in Pune, India.

Peter Harrison came from Britain on the specialty visa and later became chief executive of GlobalLogic (formerly Induslogic), a Vienna-based software development company founded in 2000 by two men from India, who were also H-1B holders.

The company has grown rapidly and employs 1,600 people in the United States, India and Ukraine. Only a few dozen of them have H-1B visas.

"They are very, very hard to come by," Harrison said. "We are always at a challenge to recruit people."