

## Do Big Alma Maters Matter?

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When it comes to success in the technology arena, entrepreneurs' choice of schools isn't nearly as important as what they study, and for how long.

That's the down-to-earth conclusion of a report released in June by the Kauffman Foundation. Founding a tech company doesn't require an elite university degree, whether it's in the U.S. or anywhere else.

The study bases its findings on interviews with 144 Indian, Chinese, and Taiwanese immigrant company founders culled from surveys of 1,572 companies in 11 tech centers across the country.

"It doesn't matter which university you get your degree at," said Vivek Wadhwa, the study's lead author. "What matters is the level and the field of education."

The survey found that more than half of foreign-born entrepreneurs came to the U.S. solely for an education. Close to 40% came for work. Fewer than 2% came with the express purpose of starting a company.

Immigrant founders of U.S. tech and engineering companies are highly educated in what educators call the STEM subjects -- science, technology, engineering and mathematics.

That was expected, says Wadhwa, a former entrepreneur who is Executive in Residence at Duke University's Pratt School of Engineering.

Almost all immigrant founders in the study -- 96% -- had bachelor's degrees. Forty-seven percent had master's degrees, and close to 27% had doctorates.

Of those degrees, 75% were in STEM areas. Engineering accounted for 44% of the degrees.

Over half of the immigrant founders -- 53% -- earned their highest degrees from U.S. universities. But no top-tier university in the U.S. or abroad got particular credit for producing tech entrepreneurs.

That was a surprise, Wadhwa says. It's good news for less prestigious schools and the students who attend them.

"From the U.S. perspective, M.I.T and Stanford didn't have any advantage in developing successful entrepreneurs over some small university in the Midwest," said Wadhwa.

The situation is similar in India, where tech success is practically synonymous with the subcontinent's seven famed India Institutes of Technology. But the research shows that the IITs graduated only 15% of the Indian tech company founders.

"IITs aren't what we feared," Wadhwa said.

Institutions ranked below the IITs are exulting at the news, which got wide coverage in the Indian press, he says. Researchers at Duke and the University of California, Berkeley, conducted the study.

It follows a January report showing over a quarter of U.S. tech and engineering companies started between 1995 and 2005 had at least one foreign-born founder.

That a top-tier university education isn't necessary for success shouldn't be surprising, says Arthur Schwartz, deputy executive director of the 50,000-member National Society of Professional Engineers.

"It is absolutely the kind of education that the individual receives rather than the institution that provides it," he said.

Education in certain fields are often a tried-and-true path to success, Schwartz says.

"Historically science, technology, engineering and mathematics have been social levelers for getting ahead for all groups," he said.

Those looking at the tech professions from the outside in also agree that a particular university pedigree isn't everything.

"There are certain critical thinking and higher order skills that can't be transmitted via education," said Forrester Research (NASDAQ:FORR) analyst Sam Bright. "So where you go to school is not the be-all and end-all."

Whether study findings will affect investors who fund entrepreneurs is the bigger question, he says.

"The real test of this report is how open-minded angels or venture capitalists will be to expanding their filter beyond the brand of a particular school," Bright said.

It also addresses what's sometimes forgotten in the immigration debate, says Raman Unnikrishnan, dean of the College of Engineering and Computer Science at California State University, Fullerton.

"The discussion tends to focus on the negative aspects of immigration," Unnikrishnan said. "Often immigrants are evaluated in terms of employment rather than entrepreneurship."

But foreign-born entrepreneurs make a significant contribution to the U.S. economy, he points out.

"Immigrant-founded firms have created wealth and employment opportunities for all Americans," Unnikrishnan said. "When political heat comes to bear, people forget that aspect of immigration."

There are culture-specific reasons why foreign-born entrepreneurs are successful in the U.S., according to Unnikrishnan.

If the Indian tech and engineering graduates noted in the study had remained in India, they could not have taken the same entrepreneurial paths, he says.

"The U.S. allows failure," Unnikrishnan said. "Older cultures like India do not."

"That is a profoundly important contribution that the U.S. education system and culture imparts to these bright foreign graduates who come here as immigrants."