

## Is the U.S. winning back its competitive edge?

A new study finds that American universities are luring technology entrepreneurs from overseas, fueling a \$52 billion startup boom.

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(FSB Magazine) -- Maybe the U.S. isn't falling as far behind other nations in math and science education as business leaders fear. A new study suggests that American universities are luring more entrepreneurial talent from overseas than many think, fueling a boom in tech startups here.

More than half of the immigrant founders of tech and engineering firms launched in the U.S. between 1995 and 2005 came to the U.S. to further their education, and 53 percent earned their highest degrees in the U.S., according to the just-released research on 1,572 companies, conducted by the Ewing Marion Kauffman Foundation, a nonprofit in Kansas City that promotes entrepreneurship. The study was conducted by researchers at Duke University and the University of California at Berkeley. Only 1.6 percent entered this country with the sole goal of starting a business, according to the results.

The findings are significant because a quarter of technology and engineering companies launched in the U.S. between 1995 and 2005 had at least one foreign-born founder, according to the research. These enterprises generated \$52 billion in sales and provided jobs to 450,000 workers in 2005.

"Our higher education system has historically attracted talented immigrants from around the world to the United States to study," says Vivek Wadhwa, the lead researcher and executive in residence at Duke University's Pratt School of Engineering. "The U.S. economy depends on these high rates of entrepreneurship and innovation to maintain its global edge."

Among the company founders surveyed, 96 percent have bachelor's degrees and 74 percent have graduate or postgraduate degrees. "Our research confirms that advanced education in science, technology, engineering and math is correlated with high rates of entrepreneurship and innovation," says Wadhwa. No single school dominated in luring overseas talent.

Most of the immigrant entrepreneurs came from India, the U.K., China, Japan and Germany, either to study or to work for a U.S.-based corporation. They started a new business 13 years after immigrating, on average.

The majority of these startups were in tech hotbeds. The areas that attracted the greatest percentage of immigrant entrepreneurs were Silicon Valley (52 percent), New York City (43 percent) and Chicago (39 percent).

With countries from China to Panama becoming increasingly attractive to entrepreneurs, the U.S. still needs to do more to keep talented immigrants flowing into this country, say some business leaders. Heightened security since Sept. 11 has made it difficult for overseas innovators to move here, and many are setting up shop elsewhere, says Verne Harnish, who frequently does business internationally as the founder of Gazelles, an executive coaching firm for fast-growth companies in Ashburn, Va. "We're just not friendly anymore," he says.

The stalling of the immigration bill, which could have given 12 million undocumented immigrants a chance to secure legal status, makes it even more important to lure international business talent, Harnish says.

"Our population is getting old," he says. "For the sake of this country, we've got to get a bunch of young people here. There's not going to be anyone paying our Social Security and Medicare if we don't get this issue addressed."

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