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Immigrant Entrepreneurs: What's their Education Quotient?

High-tech immigrant entrepreneurs are the highly educated contributors to the U.S. economy. They typically enter the U.S. to study and spend years working in industry before going down the entrepreneurial path
by Adyasha Sinha

While the contribution of skilled immigrants to America 's technology and engineering startups has been recognized in the past decade as critical to the emergence of many of America 's most entrepreneurial companies, little has been known about the backgrounds of these immigrant entrepreneurs.

A recent report tracks the educational backgrounds of the immigrant entrepreneurs and found a strong correlation between educational attainment (particularly in the field of science, technology, engineering and mathematics) and entrepreneurship.

The study reveals that more than half of the foreign-born founders of U.S. technology and engineering businesses initially came to the U.S. to study. Very few came with the sole purpose of starting a company. Almost 40% of immigrant founders entered the country because of a job opportunity, whereas only 1.6% entered the country with entrepreneurship as their motive. They typically established the companies after working and residing in the U.S. for an average of 13 years.
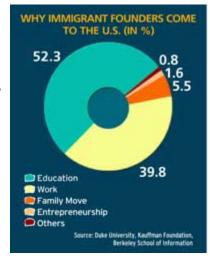
Immigrant founders were educated in a diverse set of universities in both their home countries and across the U.S. No single U.S. institution stands out as a source of immigrant founders. Also, only 15% of Indians, who founded technology and engineering companies, were educated from the famed Indian Institutes of Technology.

On an average, 31% of the engineering and technology companies that were surveyed had an immigrant as a key founder. This compares to the national average of 25.3%.

Technology centers with a greater concentration of immigrant entrepreneurs in their state averages include Silicon Valley (52.4%), New York City (43.8%) and Chicago (35.8%). Three technology centers had a below-average rate of immigrant-founded companies: Portland (17.8%), Research Triangle Park (18.7%) and Denver (19.4%).

The report has been written by Duke University , Kauffman Foundation and the Berkeley School of Information.

WHY IMMIGRANT FOUNDERS COME TO THE U.S. (IN %)

52.3   0.8   1.6   5.5   39.8

- Education
- Work
- Family Move
- Entrepreneurship
- Others

Source: Duke University, Kauffman Foundation, Berkeley School of Information

The U.S. economy depends on these high rates of entrepreneurship and innovation to maintain its global edge," says Vivek Wadhwa, Lead Researcher and Executive-in- Residence, Pratt School of Engineering, Duke University . "We now face a choice — to encourage more Americans to complete higher degrees in these fields, or to encourage foreign students to stay in the U.S. after completing their degrees. We need to do both," he further states.