



Well-Educated Immigrants Powered U.S. Tech Boom: Study

[India West](#), News Report, Richard Springer, Posted: Jun 18, 2007

The wave of immigrants who energized the high tech sector from 1995 to 2005 were well-educated and came to the United States mainly for further education and employment, not to launch new start-ups, according to a recently-released study.

Also, among Indian American entrepreneurs during the decade, graduates of the famous Indian Institutes of Technology played a less dominant role than previous media reports have implied.

These are two of the more surprising findings in a new report, "Education, Entrepreneurship and Education," issued June 11 by the Ewing Marion Kauffman Foundation, the Pratt School of Engineering at Duke University, and the School of Information at the University of California at Berkeley.

The survey was a follow-up to a January 2007 report, "New Immigrant Entrepreneurs," which found that in 25.3 percent of technology and engineering companies started in the U.S. from 1995-2005, at least one key founder was foreign-born and 26 percent of those immigrant-launched firms had an Indian co-founder (I-W, Jan. 5).

In a teleconference with reporters June 11, lead co-author of both reports, Vivek Wadhwa, executive in residence at the Pratt School, said he was not surprised that the Indian and Chinese entrepreneurs were so well educated, but the "extent" of their education was an eye-opener.

Of the 144 company founders surveyed (including 87 Indians and the rest from China and Taiwan), 96 percent held bachelor's degrees and 74 percent held graduate or postgraduate degrees, including 26.8 percent with Ph.D.s and 47.2 percent with master's degrees.

About 52.3 percent of the immigrant founders initially came to the U.S. for higher education, 39.8 percent for job opportunities, 5.5 percent for family reasons and only 1.6 percent to start a business.

More than 53 percent of immigrant founders of tech and engineering firms completed their highest degrees in U.S. universities and about 72 percent of these degrees were in three fields: engineering (43.5 percent), computer science/information technology (18.5 percent) and applied sciences (10 percent).

"The U.S. economy depends on these high rates of entrepreneurship and innovation to maintain its global edge," Wadhwa said in a statement.

"Our higher education system has historically attracted talented immigrants from around the world to the United States to study. 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 United States after completing their degrees. We need to do both."

Of the Indian American founders, 91.3 percent completed their undergraduate degree in India, but only 15 percent at one of the seven IITs. "No single university stood out," Wadhwa said, adding that both Delhi University and IIT-Bombay accounted for seven percent each (see Figure 1).

Since a BusinessWeek article and a "60 Minutes" profile some years ago highlighted the accomplishments of graduates of the IITs, it has been thought that they played the primary role in the Indian American contribution to the tech boom. This report may lessen that perception.

Wadhwa, founder and former chief executive officer of Relativity Technologies in Raleigh, N.C., joked to reporters that he might have to endure the wrath of some IIT grads because of the finding.

The study also determined that immigrant entrepreneurs tend to move to cosmopolitan areas, and regions with the largest immigrant population also tend to have the greatest number of technology startups.

About 31 percent of the engineering and technology companies founded from 1995-2005 in the 11 technology centers surveyed had an immigrant as a key founder. This compares to a national average of 25.3 percent.

Robert Litan, vice president of research and policy at the Kansas City, Mo.-based Kauffman Foundation, told reporters that the study argues the U.S. immigration policy "should be more liberal in accepting more high-skilled immigrants as well as allowing those who want to upgrade their skills" to do so.



Wadhwa pointed out that many of the more recent group of immigrant founders must wait six to 10 years, or even

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longer, to get their green cards.

Faced with such delays, "they might as well go back to Delhi and Bangalore" to start up their companies, he added.

Immigration law needs to be changed to help persuade foreign-born entrepreneurs to remain in the U.S., Wadhwa insisted.

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