

IMMIGRANT BUSINESS; IMMIGRANT ENTREPRENEURS

by Donald W. Hudspeth, ESQ.

We hear so much about immigration in the context of border controversies that we may forget the vital role that immigrant owned businesses play in our economy. By “immigrant” we do not mean just Mexicans or persons from South American countries, which play a prominent role in states like Arizona, but also Indians, Koreans, Cubans, Chinese and the Vietnamese. A [recent program](#) on National Public Radio (aka “NPR”) documented the relative dominance that Vietnamese nail salons play in that industry, in part because Vietnamese immigrants have created special schools to teach and place their graduates in the industry.

As stated in [Boston.com](#): According to a report released by the Fiscal Policy Institute, the share of U.S. small businesses owned by immigrants has expanded by 50 percent since 1990, with almost one-fifth of business owners born outside the country. In 2010, the foreign-born share of the workforce had grown to 16 percent, and immigrants made up 18 percent of small business owners. Breaking down by industry, the largest number of immigrant business owners are in the professional and business services sector (141,000 business owners), followed by retail (121,000), construction (121,000), educational and social services (100,000), and leisure and hospitality (100,000).

The [Associated Press](#) states that “[f]or the first time the influx of Asians moving to the U.S. has surpassed that of Hispanics...” In fact “the net migration from Mexico is now zero.”¹ The influx of Asians may stem from a U.S. policy in the 1990’s to favor wealthy and educated workers.² And, according to the Pew Research Center, in recent years more than 60% of Asian immigrants ages 25 to 64 have graduated from college. Not bad for a group who were excluded from immigration under the Chinese Exclusion Act of 1882 and who were labeled and treated as “undesirables” under the Asiatic Zone Act, denying them – along with epileptics, criminals and the insane – many civil rights. They could not be citizens, vote, own land or marry outside their race. In fact, Asian immigrants were not permitted to enter the US again until 1943.³

A new report from the [Fiscal Policy Institute](#) (“FPI”) states that in 2007 18% of all small business owners were immigrants, compared to 13% of the population and 16% of the labor force. Between 1990 and 2010 immigrants accounted for 30% of the

¹ From New Asian Immigrants to US Now Surpass Hispanics, June 19, 2012, as quoted online at [money.msn.com/business-news/article](#).

² *Id.*

³ As pointed out by Scott Simon of NPR in his article “[Behind the ‘Model Minority,’ An American Struggle](#)” of June 23, 2012, the term “Asian” may make sense only to outsiders; China and India are next to each other on the Asian continent but do not share a common language, national religion or colonial history.

increase in small business ownership in the United States. Immigrants from the Middle East, Asia and Southern Europe have the highest rates of small business ownership.

Articles in the Los Angeles Times by [Tiffany Hsu](#)⁴ and [Paloma Esquivel](#)⁵ show the dramatic investment by immigrant owned enterprises. According to Ms. Hsu “Immigrant-owned operations make up 18% of all small businesses in the US,” up from about 12% in the 1990’s. Immigrant owned businesses currently generate \$776 billion in sales. Thus, immigrant entrepreneurs are an important segment of the large and growing presence of small business in America.⁶ Ms. Hsu states: “Small business grew 58% from 3.1 million companies to 4.9 million over the last two decades.” Immigrants comprise one-third of these ventures.

Significantly, according to the Hsu article, less than half of the immigrant business owners have a college degree. Immigrants who have been in the US more than ten years are more likely to own their own business than new immigrants. And, foreign born women are more likely than US born women to start their own business. 29% of immigrant small business owners are women compared to 28% of US-born women owned businesses. Miami (45%), Los Angeles (44%) New York (36%) and San Francisco (35%) are the cities with the largest percentage of immigrant owned businesses.

Key industries for immigrant start-ups are restaurants, grocery stores, laundries and dry cleaners, and we should probably add nail salons in California and Arizona. Gloria Suen, a small business owner quoted in the Esquivel article, stated that she worked a 365 days year to get her business started. According to Mr. Esquivel, as the immigrant class becomes more educated and/or sophisticated, doctors’ offices, realtors, and truck transport companies are growing in number. And, as NPR’s Mr. Simon mentions, playwrights as well, e.g. David Henry Hwang, whose plays include M. Butterfly, Yellow Face and Chinglish. Although when she started Ms. Suen and her family members were the only employees, as the business grew it hired others; thus, providing others with needed employment. At last count 4.7 million workers are employed by immigrant owned small businesses.

Of course, not all foreign investment in the United States is small; witness the Japanese semi-conductor company opening North American operations, the legal work for which was done by my firm. It is difficult not to appreciate the drive, courage and investment in our economy made by these foreign born business owners.

⁴ [Immigrant Small-Business Ownership Growing Nearly 1 in 5 in U.S.](#) by Tiffany Hsu, June 15, 2012

⁵ [California Leads U.S. in Immigrant Entrepreneurship, Study Finds.](#)

⁶ By “America” I am speaking colloquially and mean the United States. I do not mean to denigrate Canada, Mexico and the other countries of North and South America.