



Entrepreneurship

Kauffman Foundation Study Points to 'Brain-Drain' of Skilled U.S. Immigrant Entrepreneurs to Home Country

Contacts:

Barbara Pruitt, 816-932-1288, bpruitt@kauffman.org, Kauffman Foundation

Tom Phillips, 212-935-4655, comptwp@aol.com, Communication Partners

More than a million skilled foreign nationals in the United States, including doctors and scientists, face mounting visa backlog

(KANSAS CITY, Mo.) Aug. 22, 2007 – More than one million skilled immigrant workers, including scientists, engineers, doctors and researchers and their families, are competing for 120,000 permanent U.S. resident visas each year, creating a sizeable imbalance likely to fuel a “reverse brain-drain” with skilled workers returning to their home country, according to a new report released today by the Ewing Marion Kauffman Foundation.

The situation is even bleaker as the number of employment visas issued to immigrants from any single country is less than 10,000 per year with a wait time of several years.

“The United States benefits from having foreign-born innovators create their ideas in this country,” said Vivek Wadhwa, Wertheim fellow with the Harvard Law School and executive in residence at Duke University. “Their departures would be detrimental to U.S. economic well-being. And, when foreigners come to the United States, collaborate with Americans in developing and patenting new ideas, and employ those ideas in business in ways they could not readily do in their home countries, the world benefits.”

Conducted by researchers at Duke University, New York University and Harvard University, the study is the third in a series of studies focusing on immigrants’ contributions to the competitiveness of the U.S. economy. Earlier research revealed a dramatic increase in the contributions of foreign nationals to U.S. intellectual property over an eight-year period.

In this study, “Intellectual Property, the Immigration Backlog, and a Reverse Brain-Drain,” researchers offer a more refined measure of this rise in contributions of foreign nationals to U.S. intellectual property and seek to explain this increase with an analysis of the immigrant-visa backlog for skilled workers. The key finding from this research is that the number of skilled workers waiting for visas is significantly larger than the number that can be admitted to the United States. This imbalance creates the potential for a sizeable reverse brain-drain from the United States to the skilled workers’ home countries.

The earlier studies, “America’s New Immigrant Entrepreneurs” and “Entrepreneurship, Education and Immigration: America’s New Immigrant Entrepreneurs, Part II,” documented that one in four engineering and technology companies founded between 1995 and 2005 had an immigrant founder. Researchers found that these companies employed 450,000 workers and generated \$52 billion in revenue in 2006. Indian immigrants founded more companies than the next four groups (from the United Kingdom, China, Taiwan and Japan) combined.

Furthermore, these companies’ founders tended to be highly educated in science, technology, math and engineering-related disciplines, with 96 percent holding bachelor’s degrees and 75 percent holding master’s or PhD degrees.

Among key findings in the most recent report:

- Foreign nationals residing in the United States were named as inventors or co-inventors in 25.6 percent of international patent applications filed from the United States in 2006. This represents an increase from 7.6 percent in 1998.

- Foreign nationals contributed to more than half of the international patents filed by a number of large, multi-national companies, including Qualcomm (72 percent), Merck & Co. (65 percent), General Electric (64 percent), Siemens (63 percent) and Cisco (60 percent). Forty-one percent of the patents filed by the U.S. government had foreign nationals as inventors or co-inventors.
- In 2006, 16.8 percent of international patent applications from the United States had an inventor or co-inventor with a Chinese-heritage name, representing an increase from 11.2 percent in 1998. The contribution of inventors with Indian-heritage names increased to 13.7 percent from 9.5 percent in the same period.
- The total number of employment-based principals in the employment-based categories and their family members waiting for legal permanent residence in the United States in 2006 was estimated at 1,055,084. Additionally, there are an estimated 126,421 residents abroad also waiting for employment-based U.S. legal permanent residence, adding up to a worldwide total of 1,181,505.

Using data from the New Immigrant Survey, the authors find that, in 2003, approximately one in five new legal immigrants in the United States and about one in three employment-based new legal immigrants either planned to leave the United States or were uncertain about remaining. The authors had no data on how many foreign nationals have actually returned to their homelands.

“Given that the U.S. comparative advantage in the global economy is in creating knowledge and applying it to business, it behooves the country to consider how we might adjust policies to reduce the immigration backlog, encourage innovative foreign minds to remain in the country, and entice new innovators to come,” said Robert Litan, vice president of Research and Policy at the Kauffman Foundation.

About the research team

For more information about the Global Engineering and Entrepreneurship research at Duke University, visit <http://www.globalizationresearch.com>; visit <http://www.law.harvard.edu/programs/lwp/> to learn about Harvard Law's Labor and Worklife Program; and visit <http://www.nyu.edu/> for more information about New York University.

© 2007 Ewing Marion Kauffman Foundation. All rights reserved.
(816) 932-1000 4801 Rockhill Road, Kansas City, MO 64110
Email us :: [Legal Provisions](#) :: [Site Map](#)