

Immigrants founded half of top U.S. start-up companies

Sarah McBride - Reuters

3:55 p.m. CST, December 20, 2011

(Reuters) - Immigrants founded or cofounded almost half of 50 top venture-backed companies in the United States, a new study shows, underscoring some of the high stakes in potential immigration reform.

The venture capital community argues the study, completed by research group National Foundation for American Policy, proves the need to overhaul rules governing how entrepreneurs can immigrate to the United States to spur job development.

"It's a gamble whether an entrepreneur should stay or leave right now, and that's not how the immigration system should work," said Mark Heesen, president of the National Venture Capital Association, on a call with reporters. "What we need is legislation that helps these entrepreneurs from outside the United States."

Of the 50 top venture-backed companies, 23 had at least one immigrant founder, the study found. In addition, 37 of the 50 companies employed at least one immigrant in a key management position such as chief technology officer.

Companies with immigrant founders include some of Silicon Valley's hot start-ups, such as textbook-rental service Chegg, founded by Indian Aayush Phumbhra and Briton Osman Rashid; online craft marketplace Etsy, founded by Swiss Haim Schoppik; and Web publisher Glam Media, founded by Indians Samir Arora and Raj Narayan.

The countries that supplied the most founders included India, Israel, Canada, Iran and New Zealand, the study found, and the immigrant-founded companies created an average of 150 jobs.

The study looked at the top 50 venture-backed companies as measured by research firm VentureSource, based on factors such as company growth and the amount of capital raised. VentureSource considered only companies valued at less than \$1 billion.

Young companies and their backers say the rules are too cumbersome and encourage non-U.S. citizens to launch start-up businesses elsewhere, or bog down companies in red tape if they commit to basing in the United States.

One obstacle to the loosening of immigration rules for entrepreneurs is a tendency in Congress to consider legal and illegal immigration jointly, Heesen said. Because illegal-immigration issues are so divisive, he said, overall immigration reform has bogged down.

The NFAP identified bills pending in the House of Representatives and the Senate that would help through measures such as lowering the amount of capital an entrepreneur has to raise before being eligible for an immigrant visa.

(Source:

<http://www.nfap.com/pdf/NFAPPolicyBriefImmigrantFoundersandKeyPersonnelinAmericasTopVentureFundedCompanies.pdf>)

<http://www.reuters.com/article/2011/12/20/us-venture-immigration-idUSTRE7BJ1WK20111220>