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Read the Report: <http://fiscalpolicy.org/immigrant-small-business-owners-FPI-20120614.pdf>

Immigrants Contribute to Pennsylvania Economy as Small Business Owners, New Report Shows

HARRISBURG, PA (June, 14 2012) – An increasing share of small business owners in Pennsylvania and the nation are immigrants, according to a new report from the Fiscal Policy Institute’s Immigration Research Initiative.

Immigrants make up 18 percent (more than 1 in 6) of all small business owners in the United States. By contrast, immigrants are 13 percent of the population and 16 percent of the labor force. That is a big change from the picture 20 years ago, when immigrants made up 9 percent of the labor force and 12 percent of small business owners.

In Pennsylvania, immigrants account for just 5.4% of the population and 6.4% of the labor force but represent 9.1% of all small business owners.

“Immigrants are playing a particularly important role in the kinds of businesses that bring people into downtown areas and help enliven neighborhoods,” said David Dyssegaard Kallick, director of the Fiscal Policy Institute’s Immigration Research Initiative and author of the report.

Small businesses are important to the American economy: overall, small businesses provide jobs for 30 percent of all private-sector employees.

The report breaks new ground by using Census data to study people who own an incorporated business and whose main job is to run that business. The analysis is based primarily on the Census Bureau’s American Community Survey (ACS) with additional data from the Census Bureau’s Current Population Survey (CPS). The report also uses previously unpublished data from the Census Bureau’s Survey of Business Owners. As a result, the report provides a level of detail about immigrant business owners that has been previously unavailable.

Philadelphia and Pittsburgh

Immigrants are playing an especially important economic role as small business owners in the Pittsburgh and Philadelphia metropolitan areas, the report shows.

- In the Philadelphia metro area, U.S.-born business owners represent 2.9% of the U.S.-born labor force, while foreign-born business owners represent 3.5% of the foreign-born labor force. Immigrants in the area account for 9% of the population and 12% of the labor force but represent 14% of all small business owners.
- In the Pittsburgh metro area, U.S.-born small business owners represent 2.5% of the U.S.-born labor force, while foreign-born small business owners represent 3.0% of the foreign-born labor force. Immigrants in the area account for 3% of the population and 3% of the labor force but represent 4% of all small business owners.

“Although some Pennsylvania lawmakers have tried to take advantage of the weak economy to stir resentment against immigrants, fortunately those efforts have not born any fruit,” said Mark Price, labor economist with the Keystone Research Center. “This report shows that, with immigrants making up nearly 10 percent of the state’s business owners, hostility toward immigrants is bad for business.”

Where Are Immigrants Working?

Nationally, immigrants are playing a big role among high-tech businesses (no state or metro-level data are available on this point). Immigrants make up 20 percent of business owners in computer systems design, for instance.

Yet, many of the types of businesses where immigrants are most highly overrepresented are more likely to be found on Main Street than in a technology park: 37 percent of restaurant owners are immigrants, as are 49 percent of grocery store owners, and 54 percent of people who own laundry and dry cleaners.

The Fiscal Policy Institute (www.fiscalspolicy.org) is an independent, nonpartisan, nonprofit research and education organization committed to improving public policies and private practices to better the economic and social conditions of all new Yorkers. Founded in 1991, FPI works to create a strong economy in which prosperity is broadly shared. FPI’s Immigration Research Initiative looks at immigration issues in New York State, and around the country.

The Keystone Research Center is a nonprofit, nonpartisan research organization that promotes a more prosperous and equitable Pennsylvania economy. Learn more:

<http://www.keystoneresearch.org>.