Entrepreneurship Experiences Among Young U.S. Immigrants

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OVERVIEW

According to the U.S. Census, 13.9 percent of the U.S. population were foreign-born in 2022 and of this group nearly 55 percent were between 25 and 57 years old, prime working age. Further, non-U.S. born individuals were more likely to be in the labor force and self-employed than native-born Americans.[1]

Data from the 2022 Entrepreneurship in the Population Survey (EPOP:2022) provides context and detail to these topline U.S. Census statistics allowing for insight into the U.S. immigrants' experiences with entrepreneurship and understanding about the challenges they face when pursuing self-employment. Focusing on younger adults under the age of 40, the EPOP:2022 data is consistent with the Census and finds immigrants are more inclined to start businesses compared to their native-born counterparts. Additionally, the ventures of immigrant business owners tend to have opened more recently and are more likely to report business growth as a goal. The EPOP results show that immigrant business owners struggle with personal finances at a significantly higher rate than native-born business owners, and they tend to operate businesses in more labor-intensive industries. This suggests a potential need for a focus on these areas if aiming to support entrepreneurship growth among immigrants. Taken as a whole, these findings reinforce the importance of considering the unique experiences of immigrant entrepreneurs when developing policies and programs aimed at fostering entrepreneurship.

KEY FINDINGS FROM EPOP:2022 FOR THE UNDER-40 POPULATIONS

✓ Among business owners under 40, immigrants are more likely to employ workers, both paid and unpaid. Seventy-five percent of immigrant business owners are employers, compared to 61 percent of native-born owners. Additionally, 31 percent of these immigrant-owned businesses have unpaid employees while only 16 percent of native-born-owned businesses do.

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[1] Of the foreign-born population in the U.S. in 2022, 66.9% were in the labor force and 8.2% were self-employed whereas of the native-born population 63.9% were in the labor force and 6.0% were self-employed per the U.S. Census Bureau. *https://www.census.gov/newsroom/press-releases/2024/foreign-born-population*

- ✓ This higher rate of unpaid workers in immigrant-owned businesses may partially stem from their prevalence in labor-intensive sectors like manufacturing, transportation, service industries (hospitality and food services), or education and health services.
- ✓ Among the under-40 population, 34 percent of immigrants are nascent entrepreneurs—individuals contemplating or initiating business ventures—compared to 24 percent among the native-born population.
- ✓ Immigrant businesses owners show a greater desire for growth over the next 5 years, with over 68 percent of the younger immigrant business owners reporting growth as their main goal compared to 65 percent of the younger native-born population.
- ✓ Immigrant business owners face more challenges than their native-born counterparts with 56 percent citing "Personal Finances" and 42 percent struggling with "Finding Role Models" as challenges compared to only 31 percent and 25 percent of native-born business owners, respectively. This suggest that younger immigrant business owners face more barriers to accessing capital and role models than native-born business owners.

1. INTRODUCTION

Immigrants constitute 13.9 percent of the U.S. population, representing an important portion of the country's population (U.S. Census Bureau, American Community Survey 2022). Immigrant groups have a history of using entrepreneurship to start businesses that create jobs within their communities, leading to a diversification of the U.S. market (Aldrich & Waldinger, 1990). With the amount of immigration projected to rise even further (U.S. Census Bureau, 2024), it is important to understand the entrepreneurial ventures by immigrants and their forthcoming business initiatives within the U.S.

Existing literature, such as the work by Azoulay, Jones, Kim, and Miranda (2022), highlights immigrants' predisposition towards entrepreneurship and tendency to employ more workers than their native-born counterparts. This inclination towards entrepreneurship has important economic implications, with the American Immigration Council (2023) reporting that immigrant-led businesses generated $95.6 trillion in business income in 2021 and they estimated that number of immigrant entrepreneurs rose from 3.1 million to 3.5 million, between 2016 to 2021. Additionally, the U.S. Bureau of Labor Statistics (2023) has reported that the rate of business formation among immigrants has outpaced that of native-born populations over the last decade, now accounting for up to 25 percent of new businesses and indicating a significant contribution to the national business dynamism.

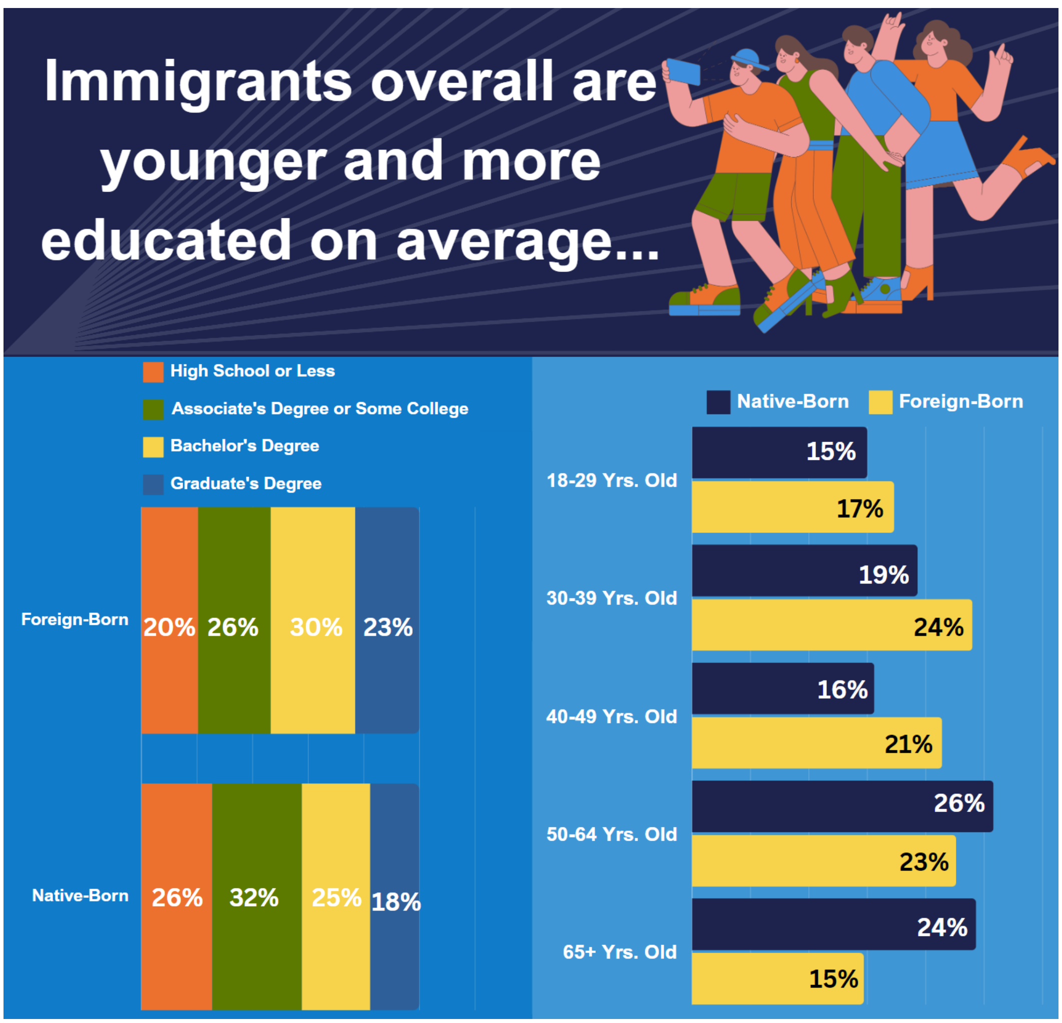
Leveraging data from the Entrepreneurship in the Population Survey (EPOP) conducted in 2022 offers the opportunity for novel analysis of immigrant entrepreneurs and the types of businesses they establish. In addition to understanding patterns of business ownership among immigrants, this analysis focuses on immigrant nascent entrepreneurs—those contemplating or in the early stages of business startup. Understanding the experiences of individuals in this phase of entrepreneurship is important for identifying potential ways to support future entrepreneurial growth in the U.S. economy.

EPOP findings show that among the under-40-years-old demographic, immigrant-founded firms are more likely to employ more workers compared to businesses started by native-born individuals, often hiring full-time workers at similar or higher rates. But among business owners, immigrants report facing more challenges than native-born individuals, specifically with personal finances and finding role models. EPOP data also indicates noticeably more immigrant nascent entrepreneurs compared to the native-born group. Considering these findings, the analysis delves into the crucial role of immigrant business owners and nascent entrepreneurs within the U.S. entrepreneurial landscape. Given their younger demographic profile and pronounced representation in business ownership and planning, they hold significant potential to wield a greater influence on the U.S. entrepreneurial landscape.

2. OVERALL IMMIGRANT & NATIVE-BORN POPULATIONS

To frame the findings focused on the younger population, it helps to review the overall demographic profile of the immigrant and native-born populations. Figure 1 illustrates that 53 percent of immigrants have attained at least a bachelor's or master's degree, more than the 43 percent observed within the U.S. native-born population. These educational discrepancies are corroborated by the 2022 U.S. Census Bureau's Current Population Survey (CPS), which highlighted a higher level of educational achievement among immigrants compared to their native-born counterparts (U.S. Census Bureau, 2022). Specifically, the 2022 CPS revealed that over 45 percent of immigrants hold a bachelor's or master's degree, though this is slightly below the 53 percent figure reported in the EPOP survey.

FIGURE 1. Overall Age and Educational Attainment by Immigrant Status



Note: The population estimates are 22,900,000 foreign-born adults and 222,500,000 native-born adults.
Source: NORC, Entrepreneurship in the Population Survey: 2022.

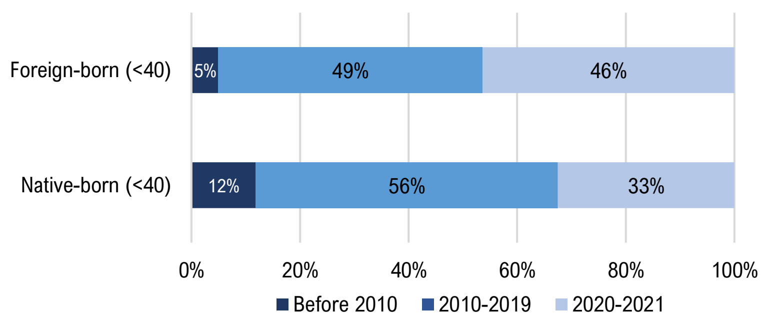
Figure 1 also shows the demographic youthfulness of the immigrant population: 41 percent are under 40, in contrast to 34 percent of the native-born population. Conversely, the native-born population aged 65 and above constitutes nearly a quarter of their group, as opposed to just 15 percent among immigrants. This combination of higher educational levels and a younger demographic profile highlights the significant potential for economic growth within the immigrant population.

As immigrants are generally younger, the remainder of this brief closely examines the under-40-years-old population and refers to this group as "young" and under-40 interchangeably.

3. CHARACTERISTICS OF BUSINESSES BY BUSINESS OWNER IMMIGRANT STATUS

Figure 2 shows that immigrant-owned businesses opened more recently than businesses owned by a native-born entrepreneur. Over 46 percent of immigrant business owners opened their business in the last 2 years, compared to only 33 percent of native-born business owners. When looking at long-standing businesses for the younger populations, there are considerably more long-standing native-born firms. Less than 5 percent of immigrant business owners opened their business prior to 2010, compared to 12 percent of native-born business owners. These findings demonstrate that for younger immigrants, nearly half of their businesses were started since the onset of the COVID-19 pandemic (46%).

FIGURE 2. When Business Owners Started their Business



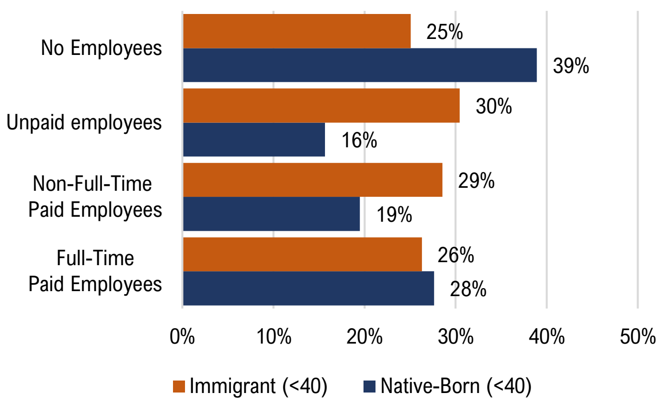
Note: The population estimates are 1,700,000 foreign-born business owners aged 18-39 and 11,600,000 native-born business owners aged 18-39.
Source: NORC, Entrepreneurship in the Population Survey: 2022.

Considering the employment profile of businesses, EPOP:2022 data shows a fourth of young immigrant business owners employ no workers (25%), whereas almost 39 percent of native-born business owners have no employees (see Figure 3).

The results also show variation in the types of workers the under-40 populations employ. Of particular interest, Figure 3 shows that 30 percent of young immigrant business owners reported that they employ unpaid employees, compared to only 16 percent of young native-born business owners. A large gap also exists in the number of paid, not full-time employees of the younger population. Around 29 percent of immigrant business owners reported employing paid, non-full-time employees' workers, compared to around 19 percent of native-born business owners. This suggests that younger immigrant business owners are more likely to employ a workforce compared to their native-born counterparts, but the workforce is also more likely to be part-time and unpaid.

More differences between young business owners by immigrant status emerge with a comparison of the industry in which businesses operate. Table 1 shows that immigrant business owners are more likely to report owning a business in Construction, Manufacturing, Transportation, Warehousing, and Wholesale Trade than native-born business owners, with 26 percent of immigrant business owners reporting owning a business in this sector compared to 19 percent of native-born business owners. These differences are substantial because the Construction, Manufacturing, Transportation, Warehousing, and Wholesale Trade industries require large workforces for the businesses to operate (U.S. Bureau of Labor Statistics, 2023). This may also help explain why younger immigrant business owners are more likely to have employees than native-born business owners as shown in Figure 2.

FIGURE 3. Types of Employees of Business Owners by Immigration Status



Note: The population estimates are 1,700,000 foreign-born business owners aged 18-39 and 11,600,000 native-born business owners aged 18-39.
Source: NORC, Entrepreneurship in the Population Survey: 2022.

As of 2023, the Educational Services and Health Services sectors were identified as the leading employers in the United States (U.S. Bureau of Labor Statistics, 2023). These sectors emerged as the second most popular choice for business ownership among immigrant entrepreneurs at 20 percent, markedly higher than the 9 percent recorded for native-born entrepreneurs. Additionally, the service industry, particularly Accommodation and Food Services, tends to draw more young immigrant business owners than native-born ones, highlighting the sector's employment intensity. Specifically, 11 percent of immigrant business owners operate in Accommodation and Food Services, compared to 5 percent of native-born owners, while 20 percent of young immigrant entrepreneurs are involved in Other Services (e.g., repair or maintenance) versus 10 percent of their native-born peers.

Contrastingly, sectors traditionally associated with smaller workforces, or solo operations, showed higher concentrations of native-born entrepreneurs. This is notably evident in the Arts, Entertainment, and Recreation industry, where 15 percent of native-born entrepreneurs claimed ownership, versus 9 percent among immigrant entrepreneurs of the same age group.

These industry-specific differences provide valuable context in understanding the employment dynamics between employer and non-employer businesses within immigrant and native-born populations. However, they only partially address the disparities in unpaid labor between the two groups. Further research is needed to fully understand these patterns and to develop strategies for supporting immigrant business owners in creating more paid employment opportunities.

TABLE 1. Industry of Current Business Owners Under 40 by Immigration

Industry	Foreign-born (n=1,700,000)	Native-born (n=11,600,000)
Accommodation and Food Services	11	5
Arts, Entertainment, and Recreation	9	15
Educational Services and Health Care/Social Assistance	20	9
Real Estate	3	6
Other Services	20	10
Retail	5	12
Construction, Manufacturing, Transportation, Warehousing, and Wholesale Trade	26	19
Finance and Insurance, Information, Professional/Scientific/Technical Services, Management of Companies and Enterprises	4	10
All Other	4	14

Note: Some industry groups presented in the table are combined from multiple NAICS categories. [1]combines Educational Services and Healthcare and Social Assistance; [2]combines Finance and Insurance, Information, and Professional, Scientific and Technical Services; [3]combines Construction, Manufacturing, Transportation or Warehousing, and Wholesale trade; [4]combines Administrative Support, Waste Management, and Recreation; Agriculture, Forestry, Fishing, and Hunting, and Utilities; Missing values are excluded from calculations.
Source: NORC, Entrepreneurship in the Population Survey: 2022.

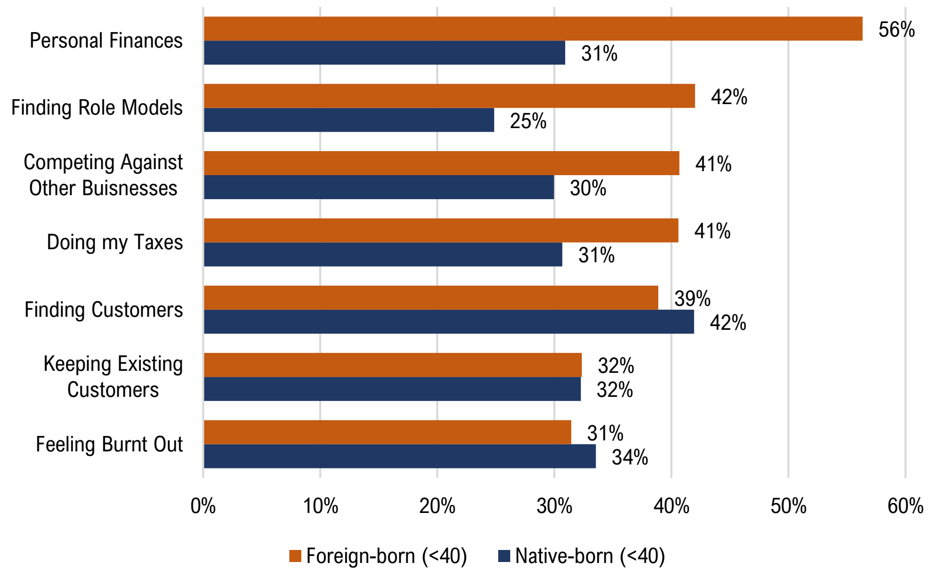
4. CHALLENGES OF BUSINESS OWNERS BY IMMIGRANT STATUS

Business owners in the EPOP Survey were asked to report if they experienced 27 different types of challenges in running their business where they could choose as many challenges as applied to their experience. On average, both immigrant and native-born young business owners reported eight challenges – however the reported challenges were different between the groups. Figure 4 depicts the most common challenges reported by native-born and immigrant business owners under 40.

Immigrants were more likely to report facing business ownership challenges than native-born individuals. The most common challenge reported by native-born business owners was "Finding Customers" at 42 percent, with 39 percent of immigrants also reporting this challenge. This was the only challenge reported by over 40 percent of native-born business owners. While over 40 percent of younger immigrant business owners reported "Doing my Taxes," "Competing Against Other Business," "Finding Role Models," and "Personal Finances" as challenges they faced.

The most significant differences are seen in the "Finding Role Models," and "Personal Finances" challenges reported. Forty-two percent of immigrants reported "Finding Role Models" as a challenge, compared to only 25 percent of native-born business owners. The challenge of "Personal Finances" for immigrants was overwhelmingly the most common response reported by either group, at 56 percent of immigrant business owners. Only 31 percent of native-born business owners reported similarly. The difference in this challenge between immigrants and native-born business owners may begin to explain the large gap exhibited in paid employees reported in Figure 3. Immigrant business owners are facing more personal finance challenges, which may be influencing the amount paid employment opportunities they are offering. In terms of support, this suggests that immigrant business owners' access to capital and to role models are important barriers to business ownership to be addressed.

FIGURE 4. Most Common Challenges of Business Owners by Immigration Status



Note: The population estimates are 1,700,000 foreign-born business owners aged 18-39 and 11,600,000 native-born business owners aged 18-39.
Source: NORC, Entrepreneurship in the Population Survey: 2022.

5. THE POTENTIAL FOR FUTURE GROWTH OF IMMIGRANT ENTREPRENEURSHIP

The EPOP:2022 data is unique in that it captures not only existing business owners, but individuals who are planning to open a business or become self-employed referred to as nascent entrepreneurs. Table 2 reveals that young immigrants participate in business ownership at rates that are comparable to, if not slightly higher than, those of the young native-born population. Not only is business ownership slightly more prevalent in the young immigrant population (18% of young immigrants compared to 15% young native-born individuals), but the portion of the under 40 immigrant population is more than 10 percent more likely to planning for entrepreneurship than their native-born counterparts.

TABLE 2. Entrepreneurial Activity of the Under-40 Population by Immigrant Status

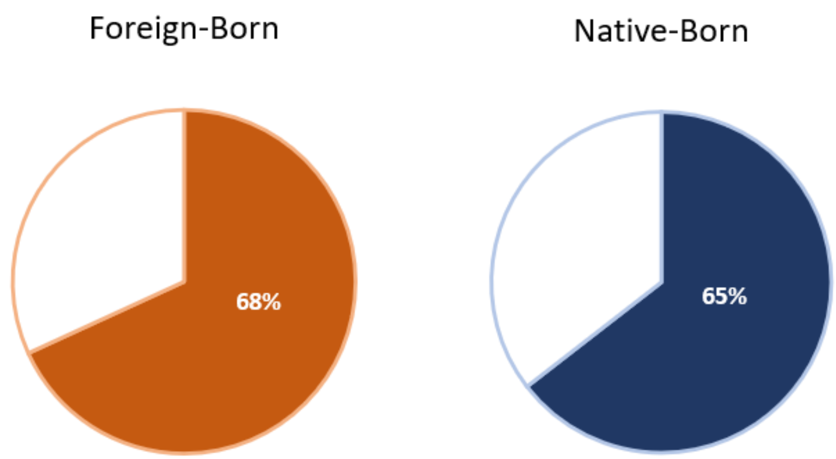
Primary Demographic Characteristic	Percentage Reported Entrepreneurial Activity	
	Nascent Entrepreneur	Current Business Owner
U.S. Foreign-Born Population Under 40 (n=9,400,00)	34%	18%
U.S. Native-Born Population Under 40 (n=76,300,000)	24%	15%
Difference	+10%	+3%

Source: NORC, Entrepreneurship in the Population Survey: 2022.

Over one-third of immigrants within this age group express intentions to start a business, surpassing the 24 percent among the native-born by more than a 10-percentage point margin. These insights are critical: they not only corroborate previous research indicating the strong engagement of immigrants in business ownership (Azoulay, Jones, Kim, and Miranda, 2022) but also highlight the paramount interest in entrepreneurship among young immigrants. Recognizing and understanding the distinct entrepreneurial aspirations of this demographic is essential for crafting policies and initiatives aimed at fostering entrepreneurial growth in the United States.

The EPOP:2022 Survey asked current business owners their primary business goal for their company for the next five years. The options included "grow", "maintain", "scale-back", "exit", or "other." Young business owners, across nativity, reported a desire to grow their business (Figure 5). Sixty-eight percent of foreign-born entrepreneurs and 65 percent of native-born entrepreneurs had growth as one of their primary business goals. This commonality amongst young entrepreneurs is a great sign for the future of the U.S. economy if the right policies and initiatives are in place to support these younger entrepreneurs' desire.

FIGURE 5. Portion of Business Owners Under 40 Whose Goal is to Grow their Business by Immigrant Status



Note: Missing & "Other" response options were excluded from calculations. These responses accounted for less than 1% of all respondents. The population estimates are 1,700,000 foreign-born business owners aged 18-39 and 11,600,000 native-born business owners aged 18-39.
Source: NORC, Entrepreneurship in the Population Survey: 2022.

6. CONCLUSIONS

Data from the publicly available EPOP:2022 Survey data supports in-depth analysis into immigrant business ownership and nascent entrepreneurship in the United States. The results show that, on average, immigrants under age 40 are more likely to own and plan for business ownership relative their native-born counterparts. Additionally, younger immigrant entrepreneurs are more likely to have a business with employees but are more inclined to have part-time and unpaid workers compared to the young native-born population. These differences in employee types may be partially attributed to the reported personal financial challenges faced by immigrants and the distinct industries in which immigrant businesses operate, though further research is needed to fully understand the underlying reasons for these gaps.

Moreover, immigrants under 40 demonstrate a significantly higher likelihood of being nascent entrepreneurs, indicating a substantial interest in starting a business. The entrepreneurial interest displayed by immigrants indicates a potential for increased business ownership within immigrant communities. These findings suggest the importance of considering the different needs of immigrants when designing policies to support entrepreneurship and the need for further research on the challenges related to entrepreneurship in the immigrant community to better aid their path to business ownership.

7. ABOUT THE EPOP SURVEY

EPOP Survey Project Overview

The EPOP Survey aims to fully understand entrepreneurship in the U.S. economy across the varied pathways people take towards business ownership. Thus, the EPOP Survey considers the experiences not only of current business owners but also individuals in the process of starting a business, as well as those who are no longer business owners. The project conducts an annual survey of approximately 30,000 individuals to represent the non-institutionalized adult population in the U.S. by state and major metropolitan area. This report is based on the 2022 survey. Subsequent yearly surveys are planned through 2026. The survey estimates the prevalence of current business owners, contractors, and freelancers, individuals planning to start a business, former business owners, and withdrawn business owners who at one point took steps towards business ownership. Of those who are or who have engaged in entrepreneurial activity, the EPOP Survey asks about business formation steps and support, challenges and obstacles, and capital investments.

Survey Design and Methodology (2022)

A complete methodology report is available on the EPOP Survey website.

Target Population. All non-institutionalized adults 18 years or older in the United States.

Sample design and frame. The study sample is selected from three frame sources: (1) NORC's AmeriSpeak® Panel, (2) an addressed-based sample (ABS) frame built from the U.S. Postal Service Delivery Sequence (DSF) file; and a sample from opt-in panels. Samples selected from the AmeriSpeak® Panel and the ABS frame are probability samples with explicit stratification and known sample selection probabilities, while the sample selected from the opt-in panels is a nonprobability sample with unknown frame coverage and unknown selection probabilities.

Data collection. EPOP:2022data collection started on February 15, 2022, with the release of the AmeriSpeak® sample. NORC mailed ABS advanced letters on February 28, 2022. Data collection for both ABS and AmeriSpeak® samples officially ended on June 6, 2022. Data were also collected from a non-probability sample between May 13, 2022 and June 3, 2022. Data were primarily collected via an online survey; computer-assisted telephone interviewing was a secondary mode and available upon request. The survey was available in both English and Spanish. All participants were compensated for their participation.

Data processing. The raw data file was reviewed and compared to the programmed survey specifications to identify data irregularities and develop any necessary code to transform raw data for consistency. Complete and partial survey records were all reviewed for data integrity (e.g., to identify respondents who completed the survey too quickly to have read question text and respondents who straight-lined responses) and those that were in violation were discarded. For a small number of cases where the data could not be repaired, the case was discarded. Similarly, cases were evaluated for item nonresponse. Those with high item nonresponse or missing critical pathway information were dropped from the final data set.

Estimation. Complete surveys from the three sample sources were combined using NORC's TrueNorth® weighting method to generate a set of combined sample weights to support estimation.

About NORC

The EPOP Survey Project is designed and conducted by NORC at the University of Chicago. NORC is an independent research institution that delivers reliable data and rigorous analysis to guide critical programmatic, business, and policy decisions. NORC conducts objective, non-partisan research to help inform people in government, nonprofits, and businesses making decisions on key issues of the day. Our research addresses important issues like employment, education, and health care. Since 1941, NORC has conducted groundbreaking studies, created and applied innovative methods and tools, and advanced principles of scientific integrity and collaboration. Today, government, corporate, and nonprofit clients around the world partner with NORC to transform increasingly complex information into useful knowledge. For more information, visit NORC.org and connect with us at twitter.com/norcnews and facebook.com/NORCatUofC.

About the Ewing Marion Kauffman Foundation

The EPOP Survey Project is both guided and funded by the Ewing Marion Kauffman Foundation a private, nonpartisan foundation based in Kansas City, Mo., that seeks to build inclusive prosperity through a prepared workforce and entrepreneur-focused economic development. The Foundation uses its $3 billion in assets to change conditions, address root causes, and break down systemic barriers so that all people – regardless of race, gender, or geography – have the opportunity to achieve economic stability, mobility, and prosperity. For more information, visit kauffman.org and connect with us at twitter.com/kauffmanfdn and facebook.com/kauffmanfdn.

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