

# RESEARCH IN ACTION:

## Wharton's [Daniel Kim](#) Studies How Immigrant Entrepreneurs Expand the Economy

### THE PROBLEM:

The Problem: The economic impact of immigration is a lightning-rod debate in the United States. Opponents have long held that immigrants take away jobs from American citizens and lower wage standards. Proponents dismiss that idea, saying immigrants expand the economy through their hard work and determination. The truth is somewhere in the middle, according to research from Wharton management professor [J. Daniel Kim](#). In some industries, immigrant workers ramp up competition for jobs, which creates a surplus in labor supply. But immigrant entrepreneurs have a more profound impact on overall labor demand by starting companies that hire new workers, which creates a positive ripple effect on the economy. Kim's research finds that immigrants act more as job creators rather than "job takers," and that founders who were not born in the U.S. play an outsized role in the nation's high-growth entrepreneurship.



## THE RESEARCH:

The Research: In his co-authored paper, “[Immigration and Entrepreneurship in the United States](#),” Kim and his colleagues analyzed federal data on all new firms from 2005 to 2010, the U.S. Census Bureau’s 2012 Survey of Business Owners, and data on firms in the 2017 edition of the Fortune 500 to paint a more accurate picture of immigrants in America.

Immigrants make up roughly 15% of workers in the U.S., yet they are 80% more likely than native workers to become entrepreneurs, according to the study. First- and second-generation immigrants are launching businesses across the spectrum, from small sandwich shops with one or two employees to major tech firms with thousands of workers. For example, when South Africa native Elon Musk built his Tesla plant in California, he created more than 50,000 jobs and injected \$4.1 billion into that state’s economy in 2017. Pharmaceutical company Pfizer, which had a market capitalization of nearly \$170 billion in January 2024, was founded by two cousins who emigrated from Germany. And Google, which holds more than 90% of the search engine market share, was co-founded by Russian immigrant Sergey Brin.

The study builds on previous research that dispels myths about immigrant workers and quantifies the facts, including that immigrant entrepreneurs account for nearly 25% of patents and are more likely to hold STEM degrees. Using tax records, the researchers debunked another popular theory that immigration suppresses wages.

They found wages were the same or slightly higher for immigrant-founded firms versus firms with native founders.

## THE SOLUTION:

Kim’s research provides factual information that can help shape economic policy around immigration. The entrepreneurial lens reflects that immigrants play a strong role in expanding labor demand relative to labor supply, compared to the native-born population. These findings may help resolve the tension between immigrant and non-immigrant employment.

“I believe that the broader discussion on the role of entrepreneurship and immigration on economic growth needs to account for both sides, because leaning on one would provide an incomplete picture,” he said.



## THE SCHOLAR:

*J. DANIEL KIM*

Danny Kim is an Assistant Professor of Management at the Wharton School. He joined as a lecturer in 2019 and became a professor in 2020 after earning his doctorate from Massachusetts Institute of Technology's Sloan School of Management. He holds a bachelor's degree in math and social sciences from Dartmouth College.

Kim's research is at the intersection of entrepreneurship, strategy, and labor markets. He studies the drivers of venture scaling and performance, acquisitions of startups, and the broader role of entrepreneurship in the economy. He said he's motivated by a desire to examine conventional views and determine whether they are drawn on facts or folklore. His research on the average age of successful entrepreneurs found that a majority are in their 40s, challenging the stereotype of the young disruptor. Another study determined that replacing a founder with someone new – a common strategy of investors -- doesn't guarantee that a startup will scale.

His published research has been featured in The Wall Street Journal, The New York Times, and Financial Times. He has won numerous awards for his work, including the MIT Sloan Doctoral Thesis Prize, and he was named one of the Best 40 Under 40 MBA Professors by Poets & Quants in 2023. Kim also serves as an economist with the United States Census Bureau. Prior to his doctoral studies, he worked at Harvard Business School and Morgan Stanley.

The Wharton Coalition for Equity and Opportunity (CEO) creates research-driven solutions to help current and future leaders ensure equity in business relationships and leadership. Dean Erika James, who is Wharton's first Black and first female dean, is emblematic of a paradigm shift in executive leadership. She has launched the Wharton Coalition for Equity and Opportunity as the hallmark of her leadership commitment to diversity, equity, and inclusion. The initiative is being led by Kenneth L. Shropshire, Wharton emeritus professor of legal studies and business ethics. Shropshire is the former director of the Wharton Sports Business Initiative and former CEO of the Global Sport Institute at Arizona State University.