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# The Tale of Iranian Entrepreneurs in the United States

## **Cover Page Footnote**

Minority and Women Entrepreneurs section, Associate Editor Miles K. Davis.

# The Tale of Iranian Entrepreneurs in the United States

Keramat Poorsoltan

*In practice and in theory, as the findings of this research reveal, the Iranian business community is a new and different, nonconforming immigrant group in the United States. This study explores certain aspects of the Iranian business community in light of a survey done by the author. The article compares and contrasts findings of the survey with those of existing literature that has been written about the business communities of various ethnic groups. The results of this study disagree with the literature in most areas. One difference is that the Iranian business community in the United States does not fit into the general understanding that ethnic groups have economic enclaves and niches. They are dispersed in all 48 contiguous states, and their businesses cover practically any possible line of entrepreneurial activity. These entrepreneurs are highly educated, and 76 percent of them are between 30 and 50 years old. Among them, 84 percent are male, a typical American profile.*

## Why Do Immigrants Turn to Self-employment in the United States?

Different researchers have expressed a variety of reasons for self-employment by immigrants in this country. Light and Sanchez (1987) describe difficulties—including exploitation—immigrants encounter in the broader labor market that leads them to seek self-employment. Portes and Bach (Immigrant Entrepreneurs 1997) coined a new term: “ethnic enclave.” Their model, which is based on research about Cuban immigrants in Miami, specifies several attributes of the “enclaves,” including geographical concentration, interdependent networks of social and business relationships, and a relatively sophisticated division of labor. These enclaves function as a substitute environment for the immigrant, softening the incorporation into the host country by providing employment and community. Waldinger and his collaborators (1990) proposed dropping the term “enclave.” They suggested entrepreneurial appeal is determined in part by prevailing market conditions and the availability of those businesses to immigrant ownership. “Some opportunities are ready-at-hand, such as supplying co-ethnics with foodstuffs, newspapers, clothes, and cultural specific goods from their country of origin . . . however, in order to grow beyond this circumscribed . . . market, immigrant businesses must expand, and they generally do so along predictable tracks” (Waldinger et al. 1990). The model proposed by

Waldinger and his associates is typified by four distinct elements:

1. Immigrant businesses often expand into underserved markets.
2. They seek out enterprises with low start-up costs.
3. They seek out enterprises with low economies of scale
4. They provide goods when demand is unstable or uncertain.

All these elements were present in the case of Korean entrepreneurs in Chicago.

In pursuing self-employment, immigrants normally rely on their ethnic group for support and sustenance and this may create a feeling of solidarity. Pessar (1995) conducted fieldwork among Hispanic immigrants in Washington, D.C., and found that ethnic solidarity is neither pervasive nor even necessarily desired by immigrants. Research by Yuengert (1995) proposed that states with progressive tax codes are more desirable by the self-employed because tax avoidance opportunities are abundant. The same research suggested that immigrants from countries with high self-employment rates have higher than average self-employment rates in the United State. This is partially because they have more experience in business operations. Yuengert’s research concluded that these two factors account for 62 percent of immigrant self-employment.

Several disadvantages of immigrant entrepreneurship exist. The ethnic solidarity, hypothesized by some researchers, can be exclusionary and clannish. The informal business transactions in immigrant communities can sometimes be distinctly illegal. To some of the relatives involved, the family ties that keep a corner store open 24 hours a day, may seem exploitative and unfair. Immigrant self-employment can be seen more as a lifeboat than a ladder; that is, it is more a survival strategy than an indication of socioeconomic success (Immigrant Entrepreneurs 1997).

## Objectives of the Study

Immigrants resort to self-employment in the United States because of (1) difficulties (such as language or racial barriers) they encounter in the broader labor market; (2) geographical concentration of the same ethnic group, and thus formation of ethnic enclaves; (3) low start-up costs and low economies of scale of many of the enterprises they establish; (4) ethnic social solidarity (whereby members of the same ethnic group are employed and or transactions are done within the same

ethnic group); and (5) the possibility of tax avoidance in states with progressive tax codes (and therefore concentration in those states).

After reviewing the literature I became interested in learning how these factors may be related to Iranian entrepreneurs in the United States. Consequently, I built my research around the five reasons described above and developed the following hypotheses:

- H1. The Iranian business community is primarily engaged in low start-up businesses.
- H2. Iranian immigrants are concentrated in a few geographical locations.
- H3. The Iranian business community prefers states with progressive tax codes.
- H4. Iranian immigrants seek self-employment because of language and racial barriers.
- H5. The Iranian immigrant community demonstrates considerable ethnic social solidarity.

## **Definition**

The term entrepreneur as defined by Longenecker, Moore, and Petty (2000) is used in this study. They define entrepreneur as active owner-managers, and include in their definition second-generation members of family-owned firms and owner-managers who buy out the founders of existing firms. By adopting this definition, one may include an enterprise that consists of one person—a type of business that any aspirant individual may decide to start—or a firm that employs 100 people. What makes these firms drastically different from the much larger firms is their structure and operation.

## **Methodology**

The most difficult part of the study was compiling a list of enterprises, their owners, and addresses. No single database contained the necessary information. I developed a list by looking through many regional and local business directories, telephone books, and newspaper and magazine advertisements. I even used business cards attached to community bulletin boards and flyers. Eventually, I assembled a list of about 12,000 businesses. From this list, approximately 10,000 names and addresses belonging to professions that I was not looking for were set aside. Among them were physicians, dentists, pharmacists, lawyers, media, and charity organizations. In sum, 2,060 business addresses remained. The businesses were scattered in 48 lower states. I could not detect any Iranian-owned business in the states of Alaska and Hawaii.

Based on a comprehensive study of the literature on immigrants and immigrant entrepreneurs, I developed a detailed questionnaire in the Persian language. I pretested the questionnaire among Persian-speaking associates, and some business owners in the Rockville, Maryland, area.

For the new Iranian year (in 1998) I sent a cover letter attached to a listing of 40 principle questions to the owners of the 2,060 firms. A self-addressed, stamped envelope was included with the questionnaire. The major reason for preparing the questionnaire in Persian was to delete names of any non-Iranian firms in the database. My assumption was that a non-Iranian will not be able to read the questionnaire, and thus she or he will not distort the survey. In addition, I believed the use of the mother tongue would be an extra incentive for a person to participate in the survey.

Some businesses returned the survey with an explanation that we are not Iranian or an Iranian did not own the business. Interestingly, some of these individuals had selected Persian names for their establishments. It is possible that some firms wanted to avoid the survey and their explanation was just a polite excuse. One restaurant owner returned the blank questionnaire along with some small amount of salt and pepper in the envelope and had wished me a healthy, delicious meal! The unanswered responses represented a mere 25 instances. No packages were returned because of incorrect addresses as I had checked the information many times for their accuracy. In one remarkable instance, an Iranian who was unable to read Persian, but was proficient in speaking the language, called to say that a friend would read the questions to him and enter his responses in appropriate sections of the questionnaire.

After two months I sent a reminder to those who did not respond to the initial mailing. Overall, after deleting wrong, incomplete, and ineligible questions, I had access to 414 useable questionnaires for use in this analysis. A 20 percent response rate is a reasonable and satisfactory rate in this type of survey. Although I had informed the respondents that they would stay anonymous, about 45 percent demonstrated interest in being identified by sending their business cards, flyers, and even photos and promotional items along with their responses. Many of these entrepreneurs requested a copy of the final research.

The majority of the items in the questionnaire were measured on a 3-point scale. The possible responses were 3 = very important, 2 = important, 1 = not important. Some questions had yes/no answers, while others were descriptive questions.

## **Results and Analysis**

### ***Composition of Employment***

Enterprises in the study fall into the category of small size. Table 1 indicates that on average, 6.5 persons work for these firms. If we generalize the above findings to the 414 respondents, we may conclude that these Iranian entrepreneurs have created 2,691 jobs in the United States. This is in the line of all other small businesses that have come to be recognized as the engine of job creation in the United States. The Small Business Advocate (2007) quotes the U.S. Bureau of Labor

Statistics findings that small businesses generated 65 percent of the net employment growth between September 1992 and March 2005, confirming similar data from the U.S. Census Bureau. Bhidé (2000, p. 338) believes that “. . . the tens of millions of new jobs created in the United States in the past two decades, in the face of shrinking of the workforces of Fortune 500 companies, clearly point to an increasing proportion of employment in the ‘entrepreneurial sector.’”

**Type of Business Activities**

Table 2 offers a panoramic view of business variety of the firms in the research. The types of businesses selected by Iranian entrepreneurs cover a wide spectrum. They are not restricted, as Waldinger et al. (1990) reports, to the low-cost startups (retailing grocery, repair, nursery) as some of these businesses (manufacturing, financial, and construction) fall into high-cost start-ups.

The Center for Immigrant Studies, funded by the conservative Federation for Immigration Reform, disagrees with the importance of immigrant entrepreneurs and maintains that immigrants are not as entrepreneurial as the U.S.-born citizens, and they are engaged in low startup businesses. According to their study, in 1997, only 11.3 percent of immigrants were entrepreneurs, compared with 11.8 percent of native-born Americans (Thomas 2003). The Census Bureau figure, at least partially, disagrees. It reports that 22 percent of Iranians own their businesses. A website suggests that the Iranian community in the United State has founded 280 major national firms, and has 400 of its people in the highest positions in national companies. The same website claims that the total contribution of the Iranian community to the United States economy is estimated at more than \$400 billion.

Kotkin’s report (1999) invalidates the negative views surrounding the immigrant entrepreneurs. He states:

The rates of entrepreneurship were even more pronounced in five-county greater Los Angeles. Analysis by

<i>Employment Information</i>	<i>Total: 414 Firms</i>
Percentage of male workers in the population	67
Number of the people employed by the smallest establishment	1
Number of the people employed by the largest establishment	40
Average number of employment by all firms in the study	6.5

California State Northridge demographers James P. Allen and Eugene Turner found the highest rates of entrepreneurship among people of Israeli, Iranian, Lebanese and Armenian heritage. Although estimates of the number of Middle Easterners in Los Angeles range up to 300,000 to 400,000, their influence is felt powerfully across a series of industries: garment, jewelry, textile, manufacturing, real estate, retail and distribution. The Middle Eastern immigrant story in Los Angeles has taken a different turn. Although they own barely 7% of the companies and constitute a negligible part of the workforce in the city’s clothing factories, Middle Eastern immigrants control the higher-end stars of the regional industry, including Guess, Bisou-Bisou, Jonathan Martin, Tag Rag and BCBG. They are, if anything, more dominant in the textile industry; more than 120 Iranian companies, owned by Jewish, Muslim and Christian entrepreneurs, have helped drive sales of L.A.’s textile industry from \$300 million in 1982 to an estimated \$20 billion today.

In terms of percentage, these entrepreneurs may not be large, but collectively they are a significant economic power.

Among ethnic groups, some have become predominant in certain economic niches. In explaining why this is the case, Cao (2000) says this prevalence might be due to the ethnic group’s history (such as Jews in the garment industry), factors found in the host country (involvement of Koreans with liquor and wig stores in the United States), or their traditional posi-

<i>Type of Activity</i>	<i>Percent</i>
Retailing	31
Construction: Various phases (drawing, designing, building)	16
Repair: Electrical, electronic, appliances	11
Artistic: Photography, painting, fashion designs	10
Financial: Insurance, mortgage, stockbrokers	9
Wholesales: Parts, food	9
Manufacturing	3
Transportation: Charter, car rental, towing	1
Research and invention: Computer	1
Misc.: Translation, nursery, unspecified	9
Total	100

tions in the occupational hierarchies of their homeland before migration. The Iranian entrepreneurial community in the United States does not fall into any of these patterns. In response to the survey question “Is this your first business experience?” 60 percent of the participants said yes. Moreover, Iran is not a hierarchical society, and has no occupational hierarchy, a practice long forbidden after the arrival of Islam.

With the above discussion, as far as this survey could accomplish, H1 (The Iranian business community is primarily engaged in low startup businesses) is not a valid statement.

### Dates When Businesses Were Founded

The United States has always been a destination for Iranian immigrants. In the past, however, when leaving the homeland, most travelers felt that their trip to America would be a temporary one. The majority of the trips were education related as most Iranians were coming either as students or as visiting faculty. That changed after the 1979 revolution and travels became long-term stays. The year before the revolution marked the beginning of an extraordinary increase in the number of immigrants.

The embryo of the Iranian community was conceived in 1970s and many of the actual geographical, social, and demographic aspects took shape during the same decade. An increase in total number of Iranian immigrants was followed by a parallel increase in the business activities of this community (Table 3).

### Founders of the Firms

Participants were asked about the firm’s founder. A large majority (86%) responded that they are the original founders. The remaining 14 percent indicated that they purchased their enterprises from other entrepreneurs. Similarly, they were asked if the year of foundation had any relationship with being the original founder. Table 4 illustrates this connection.

<i>Year of Foundation</i>	<i>Percent</i>
1940-1960	3.5
1970-1979	6.0
1980-1984	25
1985-1989	33
1990-1994	29
1995-1998	1
No response	2.5
Total	100

I attribute this large increase in self-starting businesses to a drastically grown population base after the 1979 Iranian Revolution. This base allowed and encouraged those individuals who had any doubt about starting a business of their own to overcome their reservations.

### Geographic Concentration of the Iranian Business Community

It is well known that in the United States, California is the home away from home for Iranians. Heavy concentration of Iranians in a few population centers—including Los Angeles, San Diego, and San Francisco—is quite visible even for a newcomer. Westwood Street in Los Angeles is home to many Iranian-owned business firms. Among them, one may find numerous bookstores, restaurants, and supermarkets. Nonetheless, as shown in Table 5, California was not always the favorite destination for Iranians. In the 1970s California gained status as a leader in attracting Iranians and has retained this position ever since. However, as Iranians disperse throughout the United States, strong contenders such as Texas, New York/New Jersey, Maryland/Washington, D.C./Northern Virginia, and Georgia (specifically Atlanta) have gradually emerge. Southern states are experiencing a boom in ethnic businesses. Badie (1999) describes the situation in Atlanta:

Drop off a load of dirty clothes at practically any local dry cleaners and the business owner is likely to be Asian—Korean, actually. And if you want to have your nails dressed up, the manicurists and the owner probably will be Asian too, but Vietnamese. These are obvious examples of a phenomenon firmly rooted in cities like Los Angeles and New York but beginning to take seed in suburban Gwinnett County.

In 1980, the Census Bureau reported 121,505 Iranians in the United States, concentrated first in California (35%) then in New York (8%), followed by Texas (6%). The Census Bureau identified 210,941 Iranians in the United States in 1990, and approximately 283,226 foreign-born Iranians in the United

<i>Year of Foundation</i>	<i>% Self-founded</i>	<i>% Purchased</i>
1940-1960	50	50
1970-1979	70	30
1980-1984	92	8
1985-1989	92	8
1990-1998	92	8

States in 2000 (Gibson and Jung 2006). However, the Iranian-American community claims the number is much larger than the Census Bureau figure suggests. Of the afore-mentioned 283,226 Iranians, according to the 2000 Census, 158,613 (55.9%) lived in California. Other states with large concentrations of Iranian immigrant populations were New York with 17,323 (6.1%); Texas, 15,581 (5.5%); Virginia, 10,889 (3.8%); and Maryland, 9,733 (3.4%) (Hakimzadeh and Dixon 2006).

I conclude that H2 (Iranian immigrants are concentrated in a few geographical locations) does not hold true, and once again, this ethnic group does not demonstrate the same behavior that has been observed in other ethnic groups.

### **The Attractiveness of Progressive State Tax Codes**

A study by the Tax Foundation (Dubay and Atkins 2006), a think-tank based in Washington, D.C., proposes a state tax business climate index to measure tax friendliness of various states. I compared the index with findings by Yuengert (1995) that suggest progressive tax codes are more desirable by the self-employed to see if Iranians operated businesses in tax-friendly states. According to the index, the top 10 states with the best state business tax climate are Alaska, Colorado, Florida, Nevada, New Hampshire, Oregon, South Dakota, Texas, Washington, and Wyoming. On the other hand, the worst state tax codes are found in Arkansas, Hawaii, Kentucky, Maine, Minnesota, New York, Rhode Island, Vermont, West Virginia, and Wisconsin. As we can clearly observe, selection of the business location by Iranian entrepreneurs has not been influenced by the progressive tax codes, and a glance at Table 5 invalidates H3 (Iranian business community prefers states with progressive tax codes).

### **Lifeboat or Ladder**

Two metaphors—a lifeboat and a ladder—can be applied in testing H4 (Iranian immigrants seek self-employment because of language and racial barriers). A lifeboat keeps an overboard passenger from drowning and allows the person to survive—for a short while—at sea. On the other hand, a ladder gives altitude, and raises the position of its user. Most Iranians have not taken initiative just to survive (H4). This group is distinctively different from other immigrants, thanks partially to the revolution that allowed a mass departure of resources from Iran. These resources were both financial and mental. While will examine the mental resources, entrepreneurs participating in the study were not asked to divulge any financial information.

### **Education Level of Iranian Business Community**

The U.S. 1990 Census indicated that a significant percentage of Iranian immigrants (77%) have university-level education.

Before the 1979 revolution (Report by Iran Interest Section 2000), Iran had the largest number of university students abroad than any other country in the world. By 1977, the number of students studying abroad was 227,497. By 1979, 51,310 Iranian students were in the United States, ranking first among foreign nationalities. Thousands of students were enrolled in Iranian universities and colleges. The shock of the revolution drove these educated individuals out of Iran and beyond the reach of the revolutionary elements. Many of these educated students chose to relocate to the United States, thus explaining the large number of educated Iranians (Table 6).

The 1990 Census figure (77%) for university-level education of the Iranian immigrant community is in agreement with the findings of this study (79%). This result concurs with Bhide's (2000) finding that 81 percent of the incorporated company founders he interviewed had college degrees.

In comparison, according to the U.S. Census Bureau (March 1999), only 25.2 percent of the total U.S. population had a university-level education. The high education level of this ethnic community is in sharp contrast to what Borjas (1996) presents. According to Borjas, by 1990 the most recently arrived immigrants had 1.3 fewer years of schooling and earned 32 percent less than natives.

This high academic achievement has undoubtedly contributed to the high occupational and accomplishment of this community as well. According to the 1990 Census, 43 percent of Iranians were in professional and managerial positions; 35 percent, in technical and administrative activities; 10 percent, in various services; and the balance were spread over farming, craft, and other miscellaneous jobs.

In addition, the 2000 Census reports that the median family income for the Iranian community was \$52,333. That was substantially above the national average of \$36,422 (Hakimzadeh and Dixon 2006).

### **Reasons for Starting the Business**

As shown in Table 7, Iranian entrepreneurs have a multitude of reasons for starting their businesses.

*USA Today* (1991) published the result of a survey and declared independence as an important factor for self-employment. Of those who had left corporate jobs, 38 percent said their main reason for leaving was their desire to be their own boss. In this research, independence was declared a far important rationale for starting one's own business. More specific responses indicated the following reasons: Continuing the family tradition, limited choice of other jobs, desire to be in touch with other Iranians, love of own area of expertise, never being able to work for anybody else, using unexploited time of family and self. Conditioned to hard work was another reason for starting a business, reinforcing Freud's observation that one of the great pursuits of human

**Table 5. Important Centers of Business Activities for Iranian Entrepreneurs**

<i>Year of Foundation</i>	<i>Important Centers of Activity</i>	<i>Types of Activity</i>
1940-1960	Varies	38% artistic 12% financial 12% construction 12% retail
1970-1979	77% California 33% elsewhere	31% retail 15% construction 15% financial 15% artistic
1980-1984	58% California 13% New York/New Jersey 13% Washington, D.C. area 16% elsewhere	47% retail 14% repair 10% construction 10% artistic 10% financial
1985-1989	50% California 14% Texas 12% Washington, D.C. area 7% New York/New Jersey 17% elsewhere	31% retail 24% construction 10% repair 9% financial 5% industrial manufacturing
1990-1994	57% California 17% New York/New Jersey 10% Washington D.C. area 16% elsewhere	38% retail 15% construction 10% repair 10% financial 8% industrial manufacturing

experience is work. Ivan Light, among others, argued, "The more hardships and frustrations immigrants experienced in the mainstream economy, the more likely they were to seek alternative opportunities through self-employment" (Immigrant Entrepreneurs 1997, p. 4)

Respondents emphasized the importance of a larger population as their base of operation, and deemphasized the significance of their unemployment. In fact, 59 percent of the respondents disparaged unemployment and believed it was not a very important reason for starting a business. It is an interesting statement in view of findings by Bhidé (2000). He mentions that people with secure, well-paying jobs are less likely to start their own business because of the high opportunity cost for them. Nevertheless, that majority (59%) who disagreed with the notion of unemployment as a very important reason for starting business had a good education. They could not have stayed unemployed. Opportunity cost for this group must have been high. It appears that overqualification for the entrepreneurs who participated in this survey lacked a meaningful influence.

### ***Ethnic Social Solidarity***

I found no evidence to support H5 (there is some considerable ethnic social solidarity among the Iranian immigrant community). Pessar (1995) also refutes the assumption of ethnic solidarity. Table 8 provides clear proof of absence of such solidarity, at least among the Iranian ethnic community. Actually, one Persian-language publication in Maryland (*Tehran Post*) regularly blames Iranians for *not* demonstrating such solidarity. The presumed solidarity, I assume, comes from giving priority of employment to one's ethnic group, competing within a closed circle, and limited chain of suppliers. In the enterprises I observed, I found no such exclusionary behavior. For example, architects seek clients from any available source; grocers attract customers from all ethnic groups; and service-related business request work from non-Iranians as well as Iranians.

### ***The Ethnic/Racial Composition of Employees***

Overall, 32 percent of participants indicated that all of their employees are Iranian. The rest belonged to other ethnic and

racial groups (see Table 8). The table specifies that the majority of employees in Iranian-owned firms are “white” Americans. The distinction between “black” and “white” Americans is noteworthy because in Iran, reference to an American or a European usually means a “white” person. The word “foreigner” is rarely applied to Indians, Arabs, or even Chinese. These ethnic groups are identified by their specific nationalities and are not viewed as foreigners.

Among Hispanics, Mexicans constituted the majority of the group; among Far Easterners, Koreans made up the majority of the cluster. Japanese, Filipinos, and Vietnamese have found employment in delicate works and fine operations. The most prominent ethnic groups in the “other” category, were Indians, Pakistanis, Afghans, Egyptians, Moroccan, and some Europeans.

**Who Are the Competitors?**

Table 9 demonstrates that little evidence exists in support of “clannishness” of Iranians. This term refers to adherence to group norms and hence maintenance of group boundaries separating insiders from outsiders (Sowell 1995). Only 31

<i>Level of Education</i>	<i>Percent</i>
Elementary	0.5
High school	17
University (two with doctorate degree)	79
Without response	3.5

percent of respondents said they view other Iranians as their important competitors. By contrast, they view the biggest source of competition (49%) as “white” America. This, as well as employment of non-Iranians in their establishments, are clear signs that Iranians do not adhere to a clannish style of living. Data from Light and Gold (2000) support this statement. They found that in 1989, 47.5 percent of Koreans and 56.7 percent of Iranians in Los Angeles were self-employed. However, Korean businesses had another 27.6 percent Koreans working for them, but Iranian businesses had only another 4.6 percent of Iranians in their employment.

Obviously, Iranians have joined mainstream America. They have avoided having enclaves—either business or residential. Their main target is the establishment, not themselves or other ethnic groups. This comes from both self-confidence, and pride as evidenced by the additional comments attached to their questionnaires.

**Type of Business Competition**

Table 10 shows type and source of business competition. Not all business areas cause the same level and amount of competitive pressure. Survey respondents view competitors in their lines of business quite differently. While businesses involved with industrial production and artistic works view their competitors as coming from the same ethnic group, 50 percent and 40 percent, respectively, three other businesses (transportation, research and invention, and construction), believe competition is coming from “outsiders.”

My interpretation is as follows: A considerable number of Iranians who migrated to the United States had education, training, and background in industrial production and manu-

<i>Reason</i>	<i>Very Important %</i>	<i>Not Important %</i>
Unemployment	19	59
Availability of capital	21	43
Bored with previous job	24	46
Disappointed with previous job	29	45
Family encouragement	31	41
Have a special expertise	39	33
Hospitable conditions (including dealing with licenses, employing workers, registering property, getting credit)	45	12
Accustomed to hard work	73	4
Larger income	74	6
Independence	74	4

facturing; they were engineers. Also, many migrant Iranians were artists, writers, and intellectuals. By taking a familiar path, and pursuing the trade that they were most familiar with back home, this community of immigrants suddenly found itself deluged by a large number of engineers and artists who had concentrated heavily on their own people. In 2006, more than 20 television stations were broadcasting mainly from Los Angeles in the Persian language, and numerous artists were gradually shifting their focus from only Persian-speaking markets. On the other hand, some businesses have found themselves with little or no competition from other Iranian entrepreneurs. Among them, we can find retail (mostly grocery stores) with the obvious reason that customers cannot find ethnic foods elsewhere but from Iranian-owned and -managed establishments; repair shops and construction businesses (that I speculate one may not be able to communicate the issue on hand using the appropriate technical language in a foreign language).

**Economic Importance of Iranian Entrepreneurs**

According to Josette Shiner, president of Empower America,

**Table 8. Percentage of Ethnic and Racial Groups Employed by Iranian Entrepreneurs**

<i>Ethnic Group</i>	<i>Percent</i>
“White” American	35
Hispanic	27
Far Easterner	6
Others	32
Total	100

the conservative public policy organization cofounded by 1996 Republican Vice Presidential candidate Jack Kemp, “The view that the main contribution made by immigrants is stealing menial labor jobs from Americans is simply wrong. More than a third of the high-tech engineers and scientists driving innovation in Silicon Valley today are immigrants” (Erbe and Shiner 2000).

A 1998 report by the National Immigration Forum and the Cato Institute that used the U.S. Census Bureau Current Population Survey reveals far more benefits than costs to immigration. The report found that “in their first low-earning years in the United States, immigrants typically are net drains on the public coffers, but over time—usually after 10 to 15 years in the United States—they turn into net contributors” (Preliminary Census Revealed 2007). A previous study conducted by the National Academy of Sciences (Smith and Edmonston 1997) quantifies this net contribution: immi-

**Table 9. The Important Groups of Competitors**

<i>Ethnic Group</i>	<i>Percent</i>
“White” Americans	49
Other Iranians	31
Far Easterners	7
Arab	2.5
Indians and Pakistanis	2
Hispanics	2
No response/miscellaneous	6.5
Total	100

**Table 10. Type and Source of Business Competition**

<i>Type of Activity</i>	<i>Among Iranians %</i>	<i>Among the Establishment %</i>	<i>Among Other Groups %</i>
Industrial production	50	50	0
Retail	34	46	20 (varies)
Wholesale	27	27	46 (mostly Arab, Indian, Hispanic)
Financial services	28	32	40 (mostly Arab, Far Easterners)
Transportation	0	65	35 (varies)
Research and invention	0	0	100 (varies)
Artistic works	40	35	25 (varies)
Repair	24	44	32 (varies)
Construction	0	50	50 (varies)

grants contribute roughly \$1,800 per person more in taxes than they receive in public benefits. The reason that state and local governments sometimes run budget deficits in providing benefits is that they are responsible for providing most benefits even though the federal government takes about two-thirds of these tax dollars.

Some of the significant contributors are Morteza Ejabat (a Ph. D. Iranian) whose latest venture—Zhone Technologies—started with an initial investment \$700 million; Pier Omidyar who founded eBay; Kamran Elahian, who has founded six different technology companies; and the famous fashion designer, Bijan.

There is a significance in the Iranian business community relative to other important ethnic groups in the United States. According to the 1990 Census, about one million enterprises in the United States belong to ethnic groups. The total population of those who call themselves Iranian in the United States, according to the 1990 Census, was 220,000. The census also reports that 22 percent of Iranians own their businesses, indicating that 48,400 individuals had a private business. Some of them are proprietors, some have partners, and some others have formed corporations. That brings us very close to my database of addresses (12,000). I used the information and initially arrived at the conclusion that when compared with other ethnic groups, Iranians seem to be less entrepreneurial. By 1990, 79 percent or 9,480 firms (79% x 12,000) of all Iranian businesses that I studied had been established. These are only 9,480 firms out of one million—or less than 1 percent (0.00948%). In comparison, Far Easterners own 5.5 percent and Hispanics possess 1.7 percent of all ethnic businesses (Winston 1991). Then I observed

and compared the figures in a different way and realized that the importance of the Iranian business community is much higher than what we observed (see Table 11).

Table 11 shows although Iranians have fewer business firms in comparison to the two other important ethnic groups, their total population is also much smaller than the other groups. As the result, an insignificant percentage (0.00948) jumps to a respectable 4.3 percent. I conclude that Iranians are far more “entrepreneurial” than the two other ethnic groups.

## Conclusions

We examined a successful group of entrepreneurs. The existing literature of entrepreneurship gave us a conceptual framework. More than 2,000 Iranian entrepreneurs in the United States were the subject of this research. The study showed that Iranian entrepreneurs are highly educated and are active in a wide range of business ventures. They can be found in 48 states. A large community of Iranians has given them a base to start a business. Yet, other ethnic groups constitute their customers and increase their chances of survival. We discovered their reasons, among them independence, for starting their own businesses. The majority of the Iranian entrepreneurs had no previous business experience.

This research, like other similar studies, has limitations. If more than 20 percent had responded to the survey, the generalization could have been more accurate. Time is another factor. Information of the past cannot be applicable to the present. Based on a modified and updated database, I plan to repeat the survey. Conclusions drawn can then be different from what is presented here.

**Table 11. Economic Importance of Iranian Entrepreneurs**

<i>Ethnic Group</i>	<i>Total Ethnic Population</i>	<i>Number of Firms</i>	<i>Relative to All (1,000,000) Firms (%)</i>	<i>Relative to Its Own Ethnic Group (%)</i>
Iranians	220,000	9,480	0.00948	4.3
Hispanics	7,719,000	17,000	1.7	0.22
Far Easterners	3,514,000	55,000	5.5	1.56

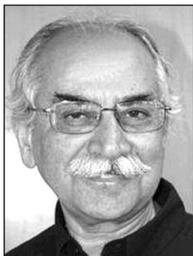
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