

Faculti Summary

<https://faculti.net/uncertainty-and-immigrant-entrepreneurship-evidence-from-brexit/>

This video discusses the significant role immigrants play in the economies of developed countries, particularly as entrepreneurs and employees in startups and high-tech firms. It highlights that immigrants tend to start businesses at a higher rate than native populations and that these immigrant-funded companies constitute a substantial portion of all firms, notably around 25% in countries like the UK and the US.

Despite their economic contributions, many governments are tightening immigration policies, creating uncertainty for immigrants regarding their status and ability to start businesses. This video uncertainty can adversely affect economic outcomes, such as innovation and company performance.

The research focuses on how increased uncertainty from potential policy changes influences immigrant entrepreneurship decisions. Using the Brexit referendum as a case study, the paper finds that Brexit decreased the entry of new European-funded firms by 3.2%, leading to a loss of over 900 firms in two years. Low-growth firms shifted towards employment rather than entrepreneurship, while high-growth businesses may choose to establish themselves in other countries to thrive.

The study indicates that firms relying heavily on immigrant workers are particularly impacted by immigration uncertainty. The findings suggest that policies threatening immigrant status can have negative economic impacts on entrepreneurship. Overall, the research underscores the importance of stable immigration policies for fostering a healthy entrepreneurial ecosystem, especially at the higher end of the growth potential spectrum, where the loss of even a few high-growth firms can have significant negative consequences for the economy.