



The Research Bureau

The Immigrant Entrepreneur in Worcester

Report 18-09

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Research in the Public Interest



City of Immigrants

A PARTNERSHIP BETWEEN



**Worcester Regional
Research Bureau**

Introduction

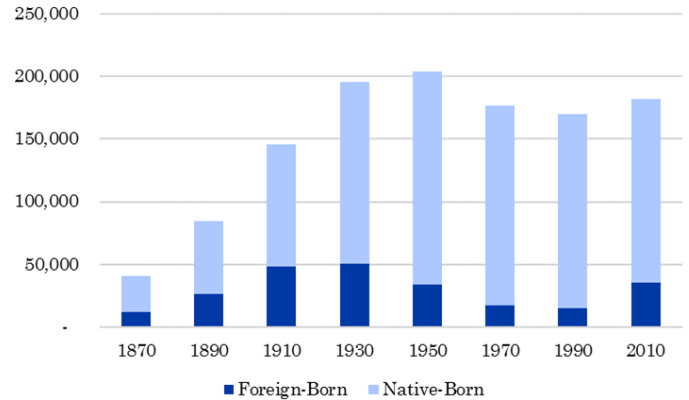
Worcester, like most prominent American cities, was built by immigrants, who settled down, built homes and neighborhoods, and laid the groundwork for future generations to thrive. Worcester was also, like most industrial cities, built by business owners, who created jobs, products, and services that attracted more residents, spurring growth and development.

These two forces have shaped Worcester together and separately. Entrepreneurial spirit is not exclusive to native-born Worcesterites, and newcomers have historically been important in the business community, a trend that continues in the present day. Nearly 22 percent of Worcester's population today is foreign-born, according to the U.S. Census Bureau, and that high percentage of immigrants means many companies in the city were started by someone who is also starting a new life in a new country.

Studying this population—immigrant business owners—can be difficult, however. While the federal government tracks broad demographic information, surveys of business owners or the foreign-born specifically are less comprehensive. While the scope of business and industry's impact on Worcester's economy as a whole are known, isolating how much of that impact is due to immigrant businesses is more difficult.

Starting a business is difficult for anyone, but Worcester's immigrant business owners face unique challenges. Depending on their country of origin or background, they can face language barriers, racism, discrimination, cultural and systems differences, and a lack of a network of friends and family. Many foreign-born residents, including refugees, must overcome significant barriers just to gain admittance to the United States as well. The success of immigrant businesses despite these challenges is a testament to individual perseverance and a city and a community's ability to accommodate change.

Chart 1: Worcester Population, Percent Foreign-born

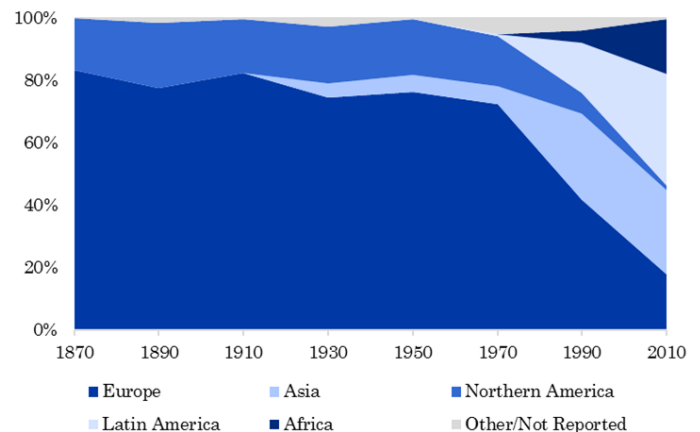


Source: Decennial Census of the United States

Worcester's Immigration History

The City of Worcester has a long history of immigration, starting with its origins as a manufacturing hub. In 1870, out of a population of around 40,000 people, Worcester was 29 percent foreign-born. This was higher than the Massachusetts rate of around 24 percent foreign-born, and more than double the national rate at the time, which was around 14 percent. The vast majority of these immigrants—70 percent—were from Ireland, with smaller but still significant groups from Canada and England (see Chart 3). Nearly 100 percent of the foreign-born population was from Europe or North America—the census that year recorded 17 foreign-born Worcesterites from outside those two regions.

Chart 2: Worcester Foreign-born Population by Continent of Origin



Source: Decennial Census of the United States



As time went on, Worcester's foreign-born population diversified in terms of countries of origin. While the Irish and Canadian populations remained dominant up until recently, other trends began to emerge. Large numbers of Swedish immigrants were recorded in the late 1800s, followed by waves of Russian and Eastern European migration. The Italian foreign-born population steadily rose until the 1970s, and by 2010 the top countries of origin for immigrants to Worcester were Brazil, Vietnam, Ghana, the Dominican Republic, and Albania—countries

spread across multiple continents, representing populations previously unseen in the city. And in contrast to the early days of one or two countries making up the bulk of the immigrant population, no country supplied more than 10 percent of the city's foreign-born population.

While Worcester's foreign-born population has represented a variety of countries for a long time, substantial immigration from countries outside Europe is a relatively new phenomenon. As

Chart 3: Worcester's Foreign-born Population by Country of Origin							
1870	1890	1910	1930	1950	1970	1990	2010
Ireland 70%	Ireland 43%	Ireland 22%	Canada 18%	Canada 18%	Canada 14%	Vietnam 10%	Brazil 10%
Canada 14%	Canada 21%	Russia 18%	Sweden 15%	Sweden 11%	Italy 12%	Poland 7%	Vietnam 10%
England 7%	Sweden 17%	Canada 17%	Ireland 14%	Ireland 11%	Poland 8%	Canada 7%	Ghana 9%
Germany 3%	England 9%	Sweden 17%	Lithuania 9%	Italy 10%	Greece 7%	Italy 6%	Dominican Republic 7%
Scotland 2%	Germany 2%	England 6%	Italy 9%	Lithuania 10%	Ireland 7%	Greece 6%	Albania 5%
Nova Scotia 1%	Russia 2%	Italy 6%	Poland 7%	Poland 8%	United Kingdom 7%	United Kingdom 5%	China 5%
New Brunswick 1%	Scotland 2%	Turkey 5%	England 6%	USSR 6%	USSR 7%	Ireland 3%	El Salvador 4%
Norway <1%	Other 1%	Finland 3%	Russia 5%	Asia, unclassified 5%	Lithuania 7%	Not Reported 3%	Poland 3%
France <1%	Norway 1%	Scotland 2%	Scotland 2%	England and Wales 5%	Europe, unclassified 6%	Dominican Republic 3%	India 2%
Italy <1%	Italy 1%	Germany 1%	Finland 2%	Finland 3%	Sweden 6%	El Salvador 3%	Dominica 2%

Source: Decennial Censuses of the United States

recently as 1970, 88 percent of Worcester's foreign-born population was from Europe and Northern America. Recently, that trend has reversed—a plurality of immigrants to the city today are from Latin America, and the foreign-born from Asia and Africa also outnumber Europeans.

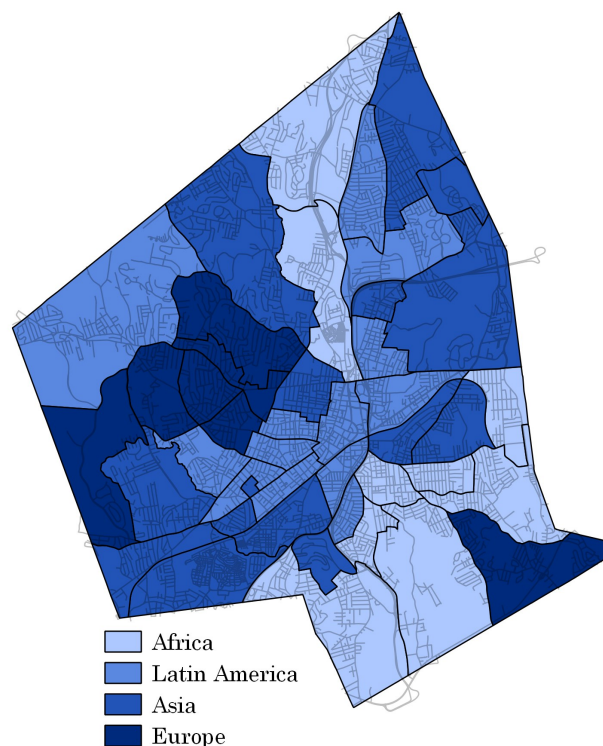
The total number of foreign-born people living in Worcester has also ebbed and flowed. More than 25 percent of the population was foreign-born between 1870 and 1930, including fully one-third in 1910. The national rate around this time varied between 10 and 15 percent. From 1930 on, though, Worcester saw a drop in foreign-born residents that mirrored a national trend. By 1990, less than 10 percent of the Worcester population had been born outside the U.S., compared to around 8 percent nationally. The country as a whole had hit a low point in 1970, when less than 5 percent of the population was foreign-born. The number of immigrants in the country rebounded in both Worcester and the country at large, however, and today around 21.5 percent of Worcester residents and 13.5 percent of United States residents were born in another country.

Worcester's Current Immigrant Population

The U.S. Census Bureau estimates that there are nearly 40,000 foreign-born residents in Worcester currently, making up 21.5 percent of the total population. Around 100 countries are represented, with the largest communities hailing from Ghana (10.2 percent), the Dominican Republic (8.8 percent), Vietnam (8.8 percent), Albania (6.3 percent), and Brazil (4.9 percent). The most common world regions are Latin America, the origin of around 30 percent of the foreign-born population, Asia (29 percent), Africa (23 percent), and Europe (18 percent), with Northern America and Australia representing less than 1 percent of the total. Nearly 47 percent of Worcester's foreign-born populace are naturalized citizens, slightly below the Massachusetts rate of 52 percent.

Worcester's foreign-born population is similar to the native-born community in terms of educational attainment. Around 78.5 percent of foreign-born residents above age 25 have a high

Map 1: Predominant Foreign-born Population by Continent of Origin



Source: 2016 5-year American Community Survey

school education or higher, compared to 86.5 percent of native-born residents. This gap is smaller than the one at the state level, where 79.9 percent of the foreign-born have a high school education, compared to 93.1 percent of the native-born residents. The foreign-born in Worcester are more likely to have a bachelor's degree, with 19 percent reporting one, than native-born residents, at 18.2 percent. This is a departure from the state as a whole, where 17.2 percent of foreign-born residents have their bachelor's degree, compared to 24.5 percent of native-born residents.

Foreign-born and native-born Worcesterites are nearly identical in terms of median household income, with both registering at around \$45,000 per year. This is a departure from statewide numbers, where the foreign-born median income of around \$60,000 is below the median income of \$73,500 for native-born residents. In both cases, there is a large gap between naturalized citizens, who make a median of nearly \$52,000 in Worcester, and the non-citizen foreign-born, who make nearly \$36,000. Worcester's foreign-born have higher rates of poverty than the native-

born—17.9 percent for the entire foreign-born population, including 26.5 percent for non-citizens, compared to 15.9 percent for the native-born. Statewide, 12.1 percent of foreign-born residents are in poverty, compared to 7 percent of the native-born.

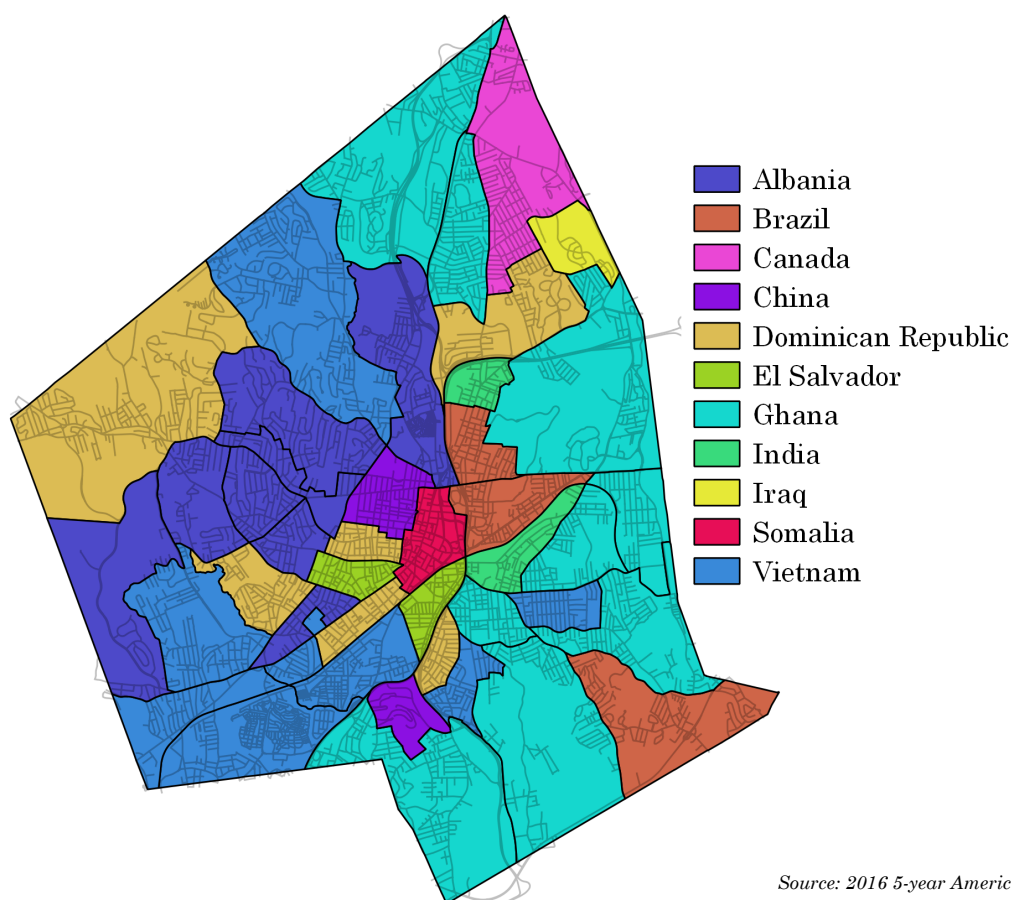
One of the largest differences between native and foreign-born populations is English proficiency. While only 7 percent of native-born residents speak English less than “very well,” 49.9 percent of foreign-born residents said they had trouble speaking English, mirroring state trends. This can make communication between groups difficult—nearly 80 percent of native-born people in Worcester, and nearly 90 percent of native-born people in Massachusetts, speak only English. Among citizens 18 years old or older, 26.4 percent reported speaking a language other than English. Around 13.8 percent reported being able to speak Spanish, with the remaining 12.6 percent split among many different languages.

Immigrant Businesspeople in Worcester

While Worcester’s status as the second-largest city in the state means it has a significant number of foreign-born residents, by percentage, it is only the 16th most immigrant-populated city in Massachusetts (and is 28th when counting towns and census-designated places).

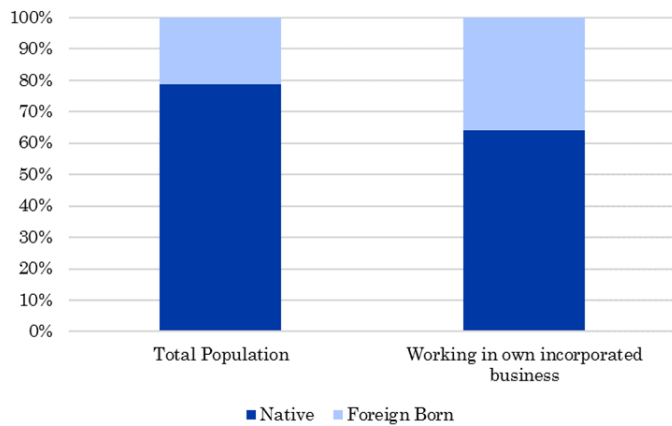
The Census Bureau estimates that there are around 2,050 Worcester residents working in an incorporated business that they own. Of these individuals, around 36 percent are foreign-born. When accounting for unincorporated businesses—a category that includes businesses that have not filed legal paperwork with the Secretary of State, but can also include people who work for themselves and yet would not be considered a “business” in traditional terms—the foreign-born make up around 28 percent. Around 1.7 percent of native-born residents in the workforce work in their own incorporated business, compared to 2.6 percent of immigrants. These numbers paint a

Map 2: Predominant Foreign-born Population by Country of Origin



Source: 2016 5-year American Community Survey

Chart 4: Immigrants as Percent of Business Owners



Source: 2016 5-year American Community Survey

picture of a foreign-born population that has higher rates of entrepreneurship than the native-born populace.

Immigrant entrepreneurs in Worcester, matching results from national studies, tend to gravitate toward certain industries. According to U.S. Census figures tracking residents' occupations, around 28 percent of foreign-born incorporated business owners from Worcester reported working in a restaurant or other food service business. This accounted for 71 percent of the total restaurant and food service category run by Worcester residents, according to the census. An additional 28 percent of immigrant entrepreneurs work in administrative and support services, the most popular category of which is landscaping (another business category dominated by the foreign-born, at 78 percent of the Worcester total). Around 13 percent operated a retail business, 9 percent were in construction, and 6 percent were in transportation. On the native-born side, 21 percent of businesses were in the entertainment industry, 18 percent were in administrative and support services (the most common category of which was legal services), 14 percent were in finance, 12 percent were in retail, and 8 percent were in service industries.

Surveying a Sample of Entrepreneurs

In an attempt to get more specific data on local businesses, The Research Bureau distributed a survey seeking demographic and business

information from local businesses. The survey was distributed in person on dense commercial corridors in the city and through community partners, who distributed it to business owners in their orbits. While most immigrant business owners contacted were unwilling or unable to complete the survey, there were still a few insights gleaned from the entrepreneurs who responded. Respondents were granted anonymity.

Nearly half of the respondents operated a retail establishment, with restaurateur being the next most frequent business. They represented a broad spectrum of countries of origin. Around 20 percent reported English as a first language, while the rest spoke an array of languages, Spanish being the next most common. Respondents were evenly split between males and females. Around 80 percent had a high school diploma, and nearly half had a college degree.

The sample did differ from the general immigrant population in key ways. Around 75 percent of those surveyed were more than 45 years old, and nearly all the business owners who responded had been in the United States for more than 10 years. This may have been due to older entrepreneurs' increased willingness to discuss their business, greater comprehension of the survey questions, or a reflection of the difficulties of starting a business, which may be even tougher for younger people who lack the work experience, skills, or capital of their older peers.

Respondents were asked a number of questions about their business. One important consideration for any entrepreneur is timing, or when to start their business. For the immigrant businesspeople surveyed, nearly half started their current business between four and ten years after arriving in the United States, with the vast majority of the remainder taking longer.

Respondents were also asked about their experience with the bureaucratic procedures of setting their business up with the City of Worcester. Most of the sentiment was positive (see chart 5), with a plurality reporting that it was at least somewhat easy to do, an encouraging sign for future growth of immigrant businesses.

On the other hand, reviews were more mixed for the overall reception of these businesses in the Worcester community. Business owners were given an opportunity to comment and remarked on negative interactions with the community and bad neighborhoods, although positive comments highlighted growth gained by appealing to local consumers. Respondents had also been asked about the percentage of their clientele that shared their ethnic background—most said it was less than 50 percent. There seemed to be little correlation between primary customer base and community perception.

Businesspeople surveyed were, like most company owners, less willing to share details about their wages, benefits, and company revenues. But of those who answered, the majority paid an hourly wage in the \$11-15 range, with a few paying \$16-20. Most did not pay for health care for their employees, although a few did. Many business owners said these things were irrelevant because of the makeup of their employee base—nearly half reported an employee base entirely made up of relatives, and the vast majority had at least one relative working for them. In all, when asked how many employees they had and how many were family members, around 33 percent of employees in the sample were family members of the owner.

Conclusion

Immigrants to any city must deal with the challenges of adapting to a new home, a new culture, and often, a new language. All entrepreneurs must deal with the challenges of raising capital, building a brand, and steering a business through unpredictable economic conditions. Going down both paths is difficult—but as this report shows, many do it anyway. It is a testament to their perseverance that the immigrant community has higher rates of entrepreneurship than the community of native-born Worcesterites. It is also a signal to the city that the American Dream still resonates for much of the foreign-born population.

As Worcester adjusts to demographic changes spurred partly by new trends in immigration, the community—and society—will need to adapt.

Chart 5: How was your experience with the procedures of the City of Worcester to open your business (forms, fees, etc)?

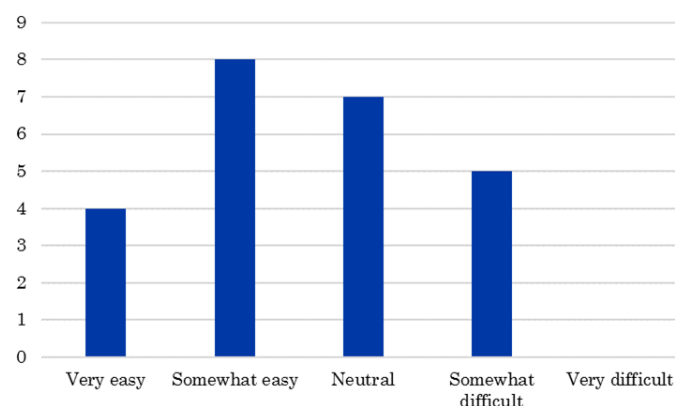
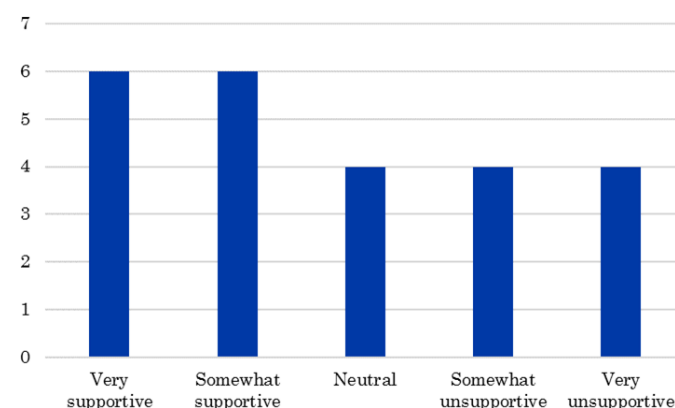


Chart 6: How supportive has the Worcester community been since your business opened?



Source: WRRB Survey

More business owners will speak limited or no English and will represent more languages than past waves of migration to the city. The concentration of immigrant entrepreneurs in public-facing businesses like the restaurant and retail industries means that more residents will directly experience diverse cultural offerings. Worcester's local yet simultaneously worldly marketplace depends on these immigrant entrepreneurs. Yet for this increased cosmopolitan experience to further the city's economic competitiveness, the community must look for ways to incorporate foreign ideas, literally and figuratively, into its civic and business strategies and leadership.

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