

Section 6. Immigrant Entrepreneurs and Small Business Owners

from

All in for a Thriving Connecticut

Opportunities to Support Upward Mobility for the State's Immigrant Families

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6 Immigrant Entrepreneurs and Small Business Owners

Immigrant entrepreneurs, those who start their own businesses, play an important role across the United States in expanding job growth, and Connecticut is no exception. According to the American Immigration Council, there were 47,400 immigrant entrepreneurs in the state as of 2023, representing more than 25 percent of all Connecticut entrepreneurs, and they contributed \$1.6 billion to the state's economy.¹²⁹ Research also shows that immigrant entrepreneurs play an outsized role in boosting the economic vitality of cities across the country.¹³⁰ Their overrepresentation among entrepreneurs is in part due to discrimination immigrants may face when applying for jobs and difficulties they may have in obtaining recognition for education credentials and work experience earned in other countries. Some studies also find that immigrants tend to have a higher propensity for risk-taking, an essential characteristic for entrepreneurship.¹³¹

Within Connecticut, small businesses created by immigrants are crucial to their local economies and meet myriad community needs. Typical businesses include restaurants, bakeries, salons, caregiving, and construction and contracting companies. These not only provide important services to the state's residents, they contribute to the revitalization of main streets in towns across the state and support the growth of middle class economies.¹³²

But immigrant entrepreneurs in Connecticut also face many challenges. In a 2024 *Forbes* study on the best state in which to start a business, Connecticut ranked 30th, with very low scores in financial accessibility, including access to capital or other funds to start a business.¹³³ Similarly, in a 2025 WalletHub survey, Connecticut ranked among the worst states in which to start a business because of high costs.¹³⁴ This section takes a closer look at both the impacts immigrant small business owners have on their local communities and the challenges they may face, drawing in part on interviews with nongovernmental organizations working with self-employed immigrants and immigrant business owners.

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A. Main Barriers for Immigrant Entrepreneurs

Immigrant entrepreneurs can face many barriers both in starting and successfully maintaining a business. Generally speaking, they may find it difficult to navigate the U.S. small business world due to the numerous,

129 American Immigration Council, "Immigrants In Connecticut," accessed July 15, 2025.

130 Saheel A. Chodavadia, Sari Pekkala Kerr, William R. Kerr, and Louis J. Maiden, "Immigrant Entrepreneurship: New Estimates and a Research Agenda" (working paper no. 32400, National Bureau of Economic Research, Cambridge, MA, May 2024).

131 Peter Vandor, "Research: Why Immigrants Are More Likely to Become Entrepreneurs," *Harvard Business Review*, August 4, 2021.

132 Erica E. Phillips and Renata Daou, "Immigrants Make up Growing Share of CT Labor Force," *CT Mirror*, November 3, 2024; Esteban Hernandez, "Immigrant Owned Businesses Help Shape Economy, Communities in Greater New Haven," *New Haven Register*, May 2, 2025.

133 Kelly Main, "Ranked: The Best States to Start a Business," *Forbes*, October 15, 2024.

134 Adam McCann, "Best and Worst States to Start a Business (2025)," *WalletHub*, January 20, 2025.

complex processes involved, which often require understanding and navigating many different government and nongovernmental entities (such as financial institutions and local regulatory agencies). This can be a far stretch from what some immigrants may be familiar with if they are coming from societies with an informal economy or less-regulated business environment.

Getting from an idea for a business to launching one requires mastering an entire “paper language” that many immigrants are unfamiliar with.

In starting a business, one of the biggest hurdles is accessing the capital necessary for the endeavor. This can pose a significant barrier for immigrants who lack the U.S. tax or credit history typically required to access traditional bank or government small-business loans. Furthermore, new businesses

must also contend with large regulatory bureaucracies that govern important operating parameters such as zoning, health and safety codes, and more. Challenges such as these, one interviewee noted, means that getting from an idea for a business to launching one requires mastering an entire “paper language” that many immigrants are unfamiliar with.¹³⁵

When it comes to maintaining a business, immigrants often face similar bureaucratic challenges. For example, one interviewee noted that many immigrants may come from a background where paper receipts sufficed for bookkeeping and tax codes were less extensive or entirely different.¹³⁶ Small business owners must also keep up with regulations (e.g., related to health and safety codes) that often change over time. Keeping up with those changes can be arduous for any small business, but particularly so if information about existing or new requirements is not available in one’s first language.

Interviewees also noted that some immigrants may be doubly disadvantaged because, in addition to business start-up and operating challenges, they may also be contending with limited proficiency in English, low literacy in their native language, and/or gaps in digital skills.¹³⁷ Navigating the language of business, particularly as a non-native speaker of English, was described as an immense challenge, especially in cases where there are not equivalent words, concepts, or processes in an individual’s native language. Interviewees also discussed the ways in which digital skills could compound language barriers, most notably with regards to the paperwork required to start a small business, which is generally completed online and in English.¹³⁸

B. State Entities Working to Support Small Businesses

Within Connecticut, there are three state entities that seek to support small businesses and their development: the state’s Small Business Administration (SBA), Small Business Development Center (SBDC), and the Connecticut Department of Economic and Community Development (DECD). These entities work in overlapping and interconnecting ways. For example, the SBA oversees the SBDC, which is a congressionally mandated program that must be housed at a university—in this case, the University of Connecticut. The SBDC gets its funding through the SBA, which receives funds allocated by Congress that the state

¹³⁵ Author interview with chief executive officer of a small business nonprofit, August 7, 2024.

¹³⁶ Author interview with chief executive officer of a small business nonprofit, August 7, 2024.

¹³⁷ Author interview with executive director of an economic development organization, August 6, 2024.

¹³⁸ Author interview with Small Business Development Center director and staff, August 7, 2024.

matches.¹³⁹ The SBDC serves a technical assistance role, helping aspiring business owners to understand the financing landscape, what options exist in the state, and more; other organizations also offer technical assistance on these and other topics. The DECD functions largely as a financial arbiter, providing loans for various businesses.¹⁴⁰

The Connecticut SBDC was described by interviewees as having expanded its efforts in recent years to reach a wider audience in the state, including immigrant communities, by partnering with local chambers of commerce and community foundations to market trainings or host events.¹⁴¹ The SBDC also began an international student webinar series, providing an overview of entrepreneurship in Connecticut.

These entities provide valuable support for aspiring entrepreneurs. But even with increased efforts to reach immigrant communities, additional tailoring of services will likely be needed to help individuals of diverse backgrounds and from across the state realize their ambitions to start small businesses. For example, though the SBDC provides technical assistance and help in understanding Connecticut’s small business rules and regulations, it does not provide one-to-one assistance in creating a business plan, a service that could be of value to aspiring entrepreneurs. Moreover, many state-affiliated programs were reported to often be looking to serve “big fish,” including technology companies or those likely to bring significant new investments and economic gains to the state, over smaller local businesses.¹⁴²

C. Local Organizations Addressing the Needs of Immigrants

The Migration Policy Institute (MPI) research team spoke with several organizations that seek to support immigrant small business owners and entrepreneurs. They provide assistance with a range of small business needs, including helping clients navigate and understand the state’s regulatory and tax systems and supporting them as they develop a business plan. The organizations also assist clients in applying for loans and/or guide them to grants, including specific grants offered by cities throughout the state.¹⁴³ In interviews, staff of these organizations reported offering guidance across multiple stages of the business life cycle, whether a business is in its nascent stages or seeking to shift its focus after years in operation.

International Hartford, for example, conducts market research with aspiring entrepreneurs, helps them navigate the legal landscape, develops business plans, discusses funding opportunities, and goes through the nuts and bolts of both setting up and maintaining a business.¹⁴⁴ Similarly, Latin Financial aims to help business owners navigate required paperwork, including for loans, regulatory necessities, bookkeeping, taxes, and more, including by bridging the language divide as the forms are often only available in English.¹⁴⁵ Upper Albany Main Street, primarily serving African and Caribbean communities, assists with business planning and paperwork but additionally focuses on community revitalization and brings together

139 Connecticut Small Business Development Center, “Home,” accessed April 21, 2025.

140 State of Connecticut, “Connecticut Department of Economic and Community Development,” accessed April 21, 2025.

141 Author interview with Small Business Development Center director and staff, August 7, 2024.

142 Author interview with chief executive officer of a small business nonprofit, August 7, 2024.

143 Hartford Chamber of Commerce, “Grants Available for Minority Small Businesses,” accessed April 21, 2025.

144 For more information, see International Hartford, “About Us,” accessed July 15, 2025.

145 For more information, see Latin Financial, “About Us,” accessed July 15, 2025.

small business owners to share updates.¹⁴⁶ And Building One Community examines labor market needs and attempts to match program participants to opportunities in specific sectors.¹⁴⁷

By offering assistance every step of the way, these nongovernmental organizations are able to help immigrants navigate the challenges all small business owners face and overcome barriers that often specifically affect immigrant communities. For example, while mainstream banks will not typically lend to businesses that lack a U.S. tax or credit history and thus appear too risky, these organizations have worked to establish relationships with banks willing to take on nontraditional clients, work with lenders outside the normal scope, and navigate grant or seed funding opportunities.

D. Recommendations

There are a number of steps government and other actors in Connecticut could take to improve support for immigrant entrepreneurs and small business owners, and thus support their vital contributions to the state's economy and communities. These include:

- ▶ **Bridge the gaps between state assistance programs and nongovernmental organizations' services, and support efforts to offer complementary assistance.** Immigrant entrepreneurs appear to seek out the aid of local nongovernmental organizations because they offer support at all stages of the business life cycle, from creating a business plan to complying with building codes and other regulations once a business has commenced operations. State-level assistance, on the other hand, acts more as a conduit for high-level information. These services, though different, are complementary, and state entities and nongovernmental organizations could do more to partner with each other to reach a wider audience. Ideally, partnerships based on complementarity could reduce the workload for all entities involved and enable each to focus on areas where they have unique strengths, while still allowing immigrant entrepreneurs to get the full range of valuable information they need.
- ▶ **Ensure that all materials are accessible in languages commonly spoken in the state.** One of the main obstacles identified by interviewees was that necessary applications and paperwork are generally only available in English. While navigating the language of business may be a persistent gap that nongovernmental organizations will continue to be called on to fill, government agencies (such as zoning, construction, and code compliance) and financial institutions could significantly lessen language barriers by providing important paperwork in a wider range of languages spoken within the state. This would decrease the need, within individual cases, to translate documents from English to a client's native language, while also making the technical contents of the documents more widely accessible.
- ▶ **Gather information on the needs of immigrant-owned and other small businesses in order to better target supports.** Improving collection of data on the needs of small businesses, including those owned by immigrants, would allow state and local organizations to better design and target their services. For example, interviewees noted gaps in digital literacy that can hinder some small

¹⁴⁶ For more information, see Upper Albany Main Street, "About Us," accessed July 15, 2025.

¹⁴⁷ For more information, see Building One Community, "Our History," accessed July 15, 2025.

business owners' use of bookkeeping and other software that can speed up business operations and support compliance with, for example, state and federal tax reporting. Yet trainings on how to use programs such as QuickBooks or Salesforce are not commonly made available or visible within small business support programs.¹⁴⁸ As relevant laws, industry codes, technologies, and the like change over time, having the means to quickly understand and respond to the needs these changes create among Connecticut small business owners could greatly enhance the effectiveness of state and local efforts to support small businesses.

Finally, federal small business policy, program, and funding changes undertaken by the Trump administration, as well as new immigration enforcement directives, will pose new challenges for some of Connecticut's aspiring immigrant entrepreneurs as well as those who already own and operate small businesses in the state. For example, many changes are unfolding at the U.S. Small Business Administration, including staffing and budget cuts, the elimination of certain grant programs, and more.¹⁴⁹ The impacts of these changes will no doubt be felt and monitored by the state, and efforts to ensure that Connecticut's small business sector can continue to thrive will be of paramount importance to the livelihoods of immigrant and other entrepreneurs and to the state economy as a whole.

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¹⁴⁸ Author interview with Small Business Development Center director and staff, August 7, 2024.

¹⁴⁹ U.S. Small Business Administration, "Small Business Administration Announces Agency-Wide Reorganization" (news release, March 21, 2025).