

# Effects of Visa Programs on Entrepreneurial Activity: A Comparative Review of H-1B, Startup-Founder Pathways, EB-5, and Canada’s Start-Up Visa, the EU Blue Card, and Related Schemes

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<b>Corresponding Author</b> <b>Salim Masood Nassery</b>  Jaban International Recruitment agency, Isfahan, Iran	<b>Abstract:</b> Immigration and entrepreneurship are deeply intertwined. Across the United States, Canada, Europe, and other regions, immigrant founders and high-skilled workers contribute disproportionately to new firm creation, innovation, and economic dynamism. Visa programs and related immigration pathways are therefore more than administrative tools: they act as <b>policy levers that shape entrepreneurial ecosystems</b> . This review synthesizes the evidence on how key visa programs—including the U.S. H-1B specialty occupation visa, the International Entrepreneur Rule (IER), the EB-5 immigrant investor visa, Canada’s Start-Up Visa, the EU Blue Card, and selected national startup-visa schemes (e.g., UK Innovator Founder, Estonia Startup Visa)—affect entrepreneurial activity. We expand beyond descriptive accounts by comparing program design, examining empirical evaluations, and analyzing how these mechanisms influence firm creation, financing, job growth, and innovation. Our findings suggest that while employment-based visas (H-1B, EU Blue Card) primarily raise innovation capacity through skilled labor inflows, startup-specific visas succeed when linked with clear founder eligibility, stable residency status, and strong ecosystem support. Investor-based visas (EB-5) primarily facilitate capital formation rather than direct entrepreneurial entry. We conclude by identifying research gaps and proposing design principles for immigration regimes that intend to maximize entrepreneurship outcomes.
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## Introduction

Immigration and entrepreneurship share a long and symbiotic history. Migrants, by definition, are risk-takers; they move across borders in pursuit of opportunity, often facing uncertainty and institutional barriers. This predisposition toward risk and resilience translates into entrepreneurial activity at rates higher than those of native-born populations. In the United States, immigrants represent about **14% of the population** but account for nearly **25% of new entrepreneurs** and a substantial share of patents, venture-backed startups, and high-growth firms (Azoulay et al., 2020; Chodavadia et al., 2024). Similar patterns are evident in Canada, the United Kingdom, Germany, and emerging innovation hubs such as Estonia.

However, immigration policy does not always align with entrepreneurial potential. Traditional visa systems were designed around **employment-based categories**—skilled workers tied to employer sponsorship (e.g., the U.S. H-1B or the EU Blue Card)—or **investment-based pathways** (e.g., EB-5 in the U.S., Golden Visa schemes in Europe). Founders, especially those without large personal capital, often fell through the cracks. In response, countries have developed specialized **startup-founder visas** that

aim to attract high-potential entrepreneurs who can create jobs and drive innovation (OECD, 2022).

This review seeks to answer three central questions:

1. How do major visa programs (employment, founder-focused, and investor) influence entrepreneurial activity?
2. Which program design features (eligibility, residency security, endorsement models, aftercare) are associated with positive entrepreneurial outcomes?
3. What lessons can be drawn for policymakers seeking to design visa regimes that foster innovation and economic growth?

We use a comparative lens, drawing on peer-reviewed research, government evaluations, and policy reports.

## Methodological Approach

This is a **narrative literature review** drawing from three sources:

- **Academic and policy research** (peer-reviewed journals, NBER working papers, OECD reports, government program evaluations).



- **Administrative and official statistics** (e.g., IRCC evaluations of Canada’s Start-Up Visa; USCIS reports on EB-5 and IER; EU legislative texts).
- **Contemporary policy updates and practitioner reports** (e.g., immigration law briefings, ecosystem reports from Startup Estonia, UK Home Office guidance).

While systematic meta-analysis is limited by heterogeneity in study designs, this review synthesizes findings into thematic sections.

## Overview of Major Visa Programs

### The U.S. H-1B Specialty Occupation Visa

The H-1B visa is the **dominant U.S. pathway for high-skilled foreign workers**, capped annually at 85,000 new petitions (including 20,000 for advanced U.S. degree holders). Although designed for employment in specialty occupations, the H-1B plays an indirect role in entrepreneurship.

- **History and legal framework.** Established under the Immigration and Nationality Act, the H-1B became central to Silicon Valley’s labor force during the tech boom. Recent reforms (2025) introduced a **beneficiary-centric lottery system** to reduce fraud and allow more equitable access.
- **Relevance to entrepreneurship.** H-1B workers often become **co-founders or spin-off entrepreneurs**, but the visa’s employer-tied structure makes independent startup activity difficult without sponsorship. Empirical studies show cities with higher H-1B inflows experience greater productivity and innovation (Peri et al., 2015).

### The International Entrepreneur Rule (IER) – United States

Introduced in 2017 and reinstated after policy reversals, the IER provides **parole (temporary stay)** for immigrant founders with significant venture capital backing or government grants.

- **Mechanism.** Grants up to 30 months (renewable once), contingent on job creation and investment milestones.
- **Strengths.** Enables founders without employer sponsors.
- **Weaknesses.** Parole status is precarious and not a path to permanent residency, limiting its attractiveness relative to Canada’s SUV.

### The EB-5 Immigrant Investor Visa (U.S.)

The EB-5 program offers **permanent residency** to individuals investing \$800,000–\$1,050,000 in qualifying U.S. businesses that create at least 10 jobs.

- **Reforms.** The **EB-5 Reform and Integrity Act (2022)** tightened oversight, created reserved visa categories, and established an integrity fund.
- **Impact.** EB-5 has mobilized billions in capital but is primarily associated with **real estate and infrastructure projects**, rather than technology startups. Thus, its entrepreneurial effects are indirect.

### Canada’s Start-Up Visa (SUV)

Launched in 2013, Canada’s SUV directly targets **foreign founders**. Applicants require endorsement from designated venture capital funds, angel investors, or business incubators.

- **Unique feature.** Provides **direct permanent residency**, reducing uncertainty.
- **Evaluation.** A 2024 government review found positive outcomes in terms of firm survival and integration, though processing delays and quality control of designated entities remain challenges (IRCC, 2024).

### The EU Blue Card

The EU Blue Card, originally adopted in 2009 and recast in **Directive 2021/1883**, is a **high-skill work permit** offering mobility across Member States.

- **Focus.** Employment rather than entrepreneurship. However, by facilitating the movement of engineers, scientists, and ICT professionals, the Blue Card indirectly strengthens startup ecosystems by **deepening labor pools**.
- **Recent updates.** Lowered salary thresholds and expanded recognition of professional experience.

### National Startup-Visa Programs (UK and Estonia)

- **UK Innovator Founder Visa (2023).** Requires endorsement from an approved body. Offers settlement eligibility in three years for successful businesses.
- **Estonia’s Startup Visa (2017).** Highly transparent, with published metrics on employment, taxes, and turnover of visa-linked firms. Estonia positions itself as a **digital gateway to the EU**, leveraging e-residency.

## Evidence on Entrepreneurial Impacts

### Employment-Based High-Skill Admissions

- **H-1B effects.** Studies using lottery-based identification (e.g., Doran et al., 2016; NBER Digest, 2020) show winning the H-1B lottery boosts startup profits and survival. Other studies link H-1B inflows to **regional innovation and productivity** (Peri et al., 2015).
- **EU Blue Card.** Although empirical evaluation is limited, research suggests mobility of skilled workers enhances **regional entrepreneurship ecosystems** by strengthening knowledge spillovers (PNAS, 2024).

### Startup-Founder Programs

- **IER (U.S.).** Limited uptake due to parole status and lack of PR pathway. Anecdotal evidence shows founders often prefer Canada.
- **Canada SUV.** Evaluation reports show sustained firm survival rates, but concerns exist about “paper startups” created to qualify. Permanent residency, however, is highly valued.
- **Estonia.** Administrative statistics show steady contributions to employment and tax revenue, proving the program’s transparency model is effective.

- EB-5 has generated significant job creation, though often indirectly through **large development projects**. Its role in supporting **startup financing** is negligible, since program requirements incentivize safer, capital-intensive projects.

### Comparative Insights

1. **Program Targeting.** H-1B and Blue Card support labor inflows; EB-5 mobilizes capital; startup visas directly admit founders. Blurring these categories reduces effectiveness.
2. **Residency Security.** Permanent residency (Canada SUV) aligns with startup timelines, while temporary or parole models (IER, Blue Card) create uncertainty.
3. **Selection Models.** Endorsements (UK, Canada) can be effective but require strong oversight to avoid abuse.
4. **Aftercare.** Startup success depends on integration with accelerators, mentorship, and markets—not just admission. Estonia’s ecosystem approach is a model.

### Policy Challenges and Unintended Effects

- **Founder Mobility.** H-1B restrictions push potential founders to Canada or the UK.
- **Geographic Concentration.** High-skill inflows may deepen innovation in hubs (Silicon Valley, London) while neglecting peripheral regions.
- **Integrity Risks.** Investor visas (EB-5) have historically faced fraud and misuse, necessitating reforms.

### Research Gaps

1. **Causal evaluations** of startup visas (Canada, UK, Estonia) remain limited.
2. **Founder-level longitudinal datasets** linking visa category to firm performance would enable better comparisons.
3. **Cross-country studies** are needed to identify which policy designs work best across contexts.

### Policy Recommendations

- Create **dedicated founder visas with permanent residency pathways** (e.g., modeled after Canada SUV).
- Maintain **clear separation of goals** (worker, founder, investor).
- Ensure **endorser quality** and monitoring to avoid abuse.
- Pair visas with **ecosystem support and aftercare** (accelerators, networks, local grants).
- Publish **transparent outcome metrics** (firm survival, job creation, taxes) as done by Estonia.

### Conclusion

Visa programs shape entrepreneurial ecosystems in profound ways. High-skill employment visas like H-1B and the EU

Blue Card provide the talent base that enables innovation. Startup-founder visas like Canada’s SUV or Estonia’s Startup Visa are powerful when linked to permanent residency, strong selection, and aftercare. Investor visas like EB-5 mobilize capital but are not substitutes for founder pathways. Policymakers must design immigration systems that balance **talent attraction, capital inflows, and integrity**—while ensuring alignment with startup lifecycles.

The next decade will be decisive: countries that align visa policy with entrepreneurial potential will become global magnets for innovation.

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