How Immigrants Help Tech Businesses Grow

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In almost every country, immigration is a contentious issue, particularly as it affects the economy. On one side of the debate, detractors argue that too much can saturate job markets and depress wages, while on the other side are those who point to falling birth rates in developed countries and to the need for labor in sectors with increasing worker shortages.

Here in Canada, we've been for years fairly liberal about allowing immigration. According to Statista, just shy of 493,000 people arrived here legally between July 1, 2021 and June 30, 2022. And the results of a 2022 poll by Research Co. indicate that three-quarters of Canadians see their arrival and contributions to the economy as a net positive.

As a CEO heavily involved with the technology sector, I couldn't agree more. The reality is that immigrants are critical to economic growth, particularly in this sector, and I'm not the only one saying so. Canada is in the midst of a mini tech boom right now, due in large part to the paralysis of the immigration system of our immediate neighbor to the south.

Here's a look at why technology leaders should consider transforming themselves into immigration advocates if they desire sustainable growth.

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The view from up north

In 2017, Canada's immigration process was revamped – its goal bringing in highly-skilled technology workers from abroad. As part of the country's Global Skills Strategy, our government significantly shortened the visa process for these workers, from ten weeks to just two. Additionally, some were given a generous work permit exemption period so they could start working immediately, even while their paperwork was being processed. Moreover, Canada has a Start-Up Visa program that enables immigrant entrepreneurs to live and work here, provided they have secured funding from venture capital funds, angel investor groups or business incubators.

These policy changes made it possible for tech startups to attract the talent they needed to thrive at an accelerated rate. As a result, there are now at least 61 privately held and Canadian-founded technology firms on a path to earning $1 billion in annual revenue.

They're not alone, either: Major U.S.-based tech firms have noticed this success and hurried up north to become a part of it. One by one, companies like Amazon, Apple, Google, Microsoft and Meta opened new offices or expanded their presence here. Such startup activity and expansions have made Toronto the fastest-growing tech hub in North America, trailing only New York and Silicon Valley for total sector activity…for now. And venture capitalists have noticed, too, driving tech investment activity here from $5.8 billion in 2019 to $13.6 billion in 2021, according to PitchBook.

This growth is partly due to government investment and favorable immigration policies, but also because of the lower cost of talent. Hired reports that the average tech salary in the U.S. is $152,463, whereas in Toronto it's around $117,000. For small companies, this can make a massive difference. For instance, in the growing app development market, the average

Canadian app developer earns around CAD 126,370, which is 4% lower than the U.S. national average. This makes Canada a desirable destination for both investors and skilled workers looking to join a start-up ecosystem.

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Effects of immigrants on tech sector growth

Of course, it would be all too easy to write off Canada's tech expansion as a function of that sector's cyclical nature. After all, Toronto isn't the first city to host such a boom. A few years back, everyone dubbed Miami the next big hub. Before that it was Austin. However, there's good reason to assess what's going on in Canada as something beyond cyclical.

First of all, it's no coincidence that growth started within months of the visa program revamp. The truth is that Canada simply doesn't have the workforce to support what's happening without high-skilled immigrants, and resulting growth mirrored what happened in the U.S. during its innovation booms.

It's also important to remember that growth in the U.S. technology sector was also largely the work of newcomers to the country. Steve Jobs was the son of Syrian immigrants, and Google co-founder Sergey Brin is himself a refugee – to name just a very, very few. And research from the National Foundation for American Policy indicates that 80% of tech unicorns in the U.S. were either founded by immigrants or rely on them for key management roles. In other words, these people drive tech innovation and growth, period.

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Innovation requires diverse experience

The broad takeaway here is that leaders in the technology sector must start to speak up and advocate for smarter immigration policies, wherever they're based. To not do so is to deprive companies of the very lifeblood of innovation, and all they need to do is to look at what's happening here in Canada to see how such efforts pay off.

The simple fact is that immigrants offer tech firms the only viable way to keep talent pipelines full and bottom lines growing. That means it's incumbent on leaders and CEOs to look for ways to use their influence to shape associated governmental debate. Or, they could keep letting Canada eat their lunch. We are quite polite here in the True North but are not about to turn down a talent bounty provided by the inaction of others.

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