

**International Students and Their Job Search in the Knowledge  
Economy in the United States**

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## International Students and Their Job Search in Knowledge Economy in the United States

*“Internationalization is changing the world of higher education, and globalization is changing the world of internationalization.”*

- Jane Knight

### **Abstract:**

In my final research paper, I will be focusing on the post-graduation life of international students. My paper aims to examine just one answer: How can Binghamton as a community create incentives for both graduating international students and employers to convince each other about the opportunities of staying within the city of Binghamton area in order to benefit the community”. This research is worthy to study because it will be geared towards retaining international students, who constitute a majority of the students who leave Binghamton in search of large scale job opportunities in more populated cities. Although international students are considered equal with native students on-campus, post-college life does not treat foreign students the way university policies do. They undergo different procedures than American students and may have difficult times finding lodging and jobs once they graduate. I will identify the reasons that cause a gap between international students and the community such as visa issues, immigration policies, lack of organizations targeted at particularly international students, and the opportunities that more populated cities possess. The single most important policy reform that will boost long-term economic growth in the United States is to reduce the barriers facing highly-skilled and highly-educated immigrants. At least 50,000 workers with advanced degrees are sent out of the United States each year, although they have already passed security tests and become part of the productive fabric of the U.S. economy. In a world where the knowledge economy adds more value to national incomes than physical labor, the current U.S. stance of exiling many of the smartest people in the world imposes self-inflicted wounds on America’s currently trouble economy.

Keywords: “US immigration policy knowledge economy”, “immigrant success in the knowledge economy”, “human capital institute”, “academic mobility and immigration”, “internationalization knowledge economy immigration policy”, “international education and international mobility”.

**Background Research:**

*“The United States Immigration Policy Fritters Away Higher-Education Benefits-Close Minded Immigration Policy Forces many United States-educated foreign students to seek other pastures”:*

American universities attract some of the best students, enriching the talent pool and filling coffers, but a narrow-minded immigration policy puts obstacles on obtaining benefits. United States immigration policies have strict limits for work visas and fail to accommodate the increasing numbers of foreign students who attend United States schools and would like to work for the United States firms after graduation. Multinational firms hire the students for United States jobs anyway and then relocate those who do not secure visas to nations with more open policies, including Canada and the UK (Siddiq and Froetschel, 2009). The United States welcomes individuals as students but not as workers, a policy that overlooks talent. Inefficient and antiquated visa policy hinders ability of international students to stay in the United States as workers who are first admitted as “bright brains”. The United States loses many talented individuals who leave the United States enlightened but embittered by their experience. In the article, Siddiq and Froetschel state that the presence of international students is strong in the most competitive of the United States universities, particularly in science and math programs (Siddiq and Froetschel, 2009). An increasing pool of international students in the United States combined with growing demand for skilled-labor visas in many sectors make that H-1B visa hard to come by. As a result, the international students started to complain about the problems with obtaining a visa. After studying for four or more years in the United States, many students hope to land jobs with top the United States firms. Securing H-1B visa is the only way that international students, even those with a job offer in hand, can stay in the country (Siddiq and Froetschel, 2009). On the other hand, contrasting with the United States mindset, other countries including Canada, Singapore, Australia and the UK are eager to accept skilled temporary workers, especially the students who already have studied in domestic institutions. UK’s Highly Skilled Migrant Program encourages educated professionals to come to the UK for jobs without first getting a job offer. United States relies on an open lottery system for choosing candidates. Even though multinational firms based in the United States hire international students who failed to secure H-1B visa small private firms and start-ups do not have the luxury of overseas offices. Problem is that the visa process does not take into account the quality of the candidates or their credentials, resulting in the granting of the H-1Bs becoming an arbitrary lottery rather than a merit-based selection process (Siddiq and Froetschel, 2009).

*Immigration Policy in the United States:*

The Immigration and Nationality Act Amendments of 1965 abolished the national-origins quota system. New system provided preferences for relatives of the United States citizens and lawful permanent residents and for deemed immigrants with job skills useful to the United States. Policies established in 1965 amendments are still largely in place, although they have been modified at various times (Immigration Policy to the United States, 2006). Among the number and type of nonimmigrant (temporary) visa issuances, F-1 visa holders (students) constitute the largest group by far (Siskin, 2004). Students constitute the biggest group of immigrants in the United States.

*Immigration Policy Affects International Students’ Labor:*

Author Phoboo says, on June 28, 2007 the immigration bill supported by President Bush was shot down in the Senate, and with it, the hopes of many international students (Phoboo, 2007). Internships mean paying added tuition and working limited hours and Optional Practical Training (OPT) is allowed only for a year. However, if the work permit requests are denied, the student forfeits the application fees. Instead of providing a solution, the policies, in fact, punish the students. The National Association of Foreign Student Advisers report foreign students and their dependents contributed approximately \$13.49 billion to the United States economy in the 2005-2006 academic year (Phoboo, 2007).

### *Internationalization Remodeled: Definition, Approaches and Rationales:*

Internationalization is a term that is being used more and more to discuss the international dimension of higher education (Knight, 2004). Contemporarily, it is used interchangeably with “globalization”. It is a term that has different interpretations for different people and, is thus used in a variety of ways. It can be referred as series of international activities such as academic mobility for students and teachers, international linkages, partnerships, and projects, and new international academic programs and research initiatives. Knight, discusses questions pertaining to purpose of internationalization, the expected benefits of outcome, the values underpinning it and the main actors (Knight, 2004). Knight also touches upon the question of whether or not internationalization has a role in brain drain, homogenization or hybridization of culture and international labor mobility. It is increasingly clear that internationalization needs to be understood both at the national/sector level and at the international level. Knight categorizes the institutional level program and organizational strategies in a table format (Knight, 2004). At the national level, among some of the emerging, important rationales driving internationalization at the postsecondary level, there is the “Human Resources Development: Brain Power”. The role of higher education institutions in the production and distribution of knowledge should not be minimized. Institutions and national governments are making the international dimension of research and knowledge production a primary rationale for internationalization of higher education (Knight, 2004). Key words to study and analyze international dimension of higher education paint a picture of internationalization as a phenomenon that is evolving as both actor and reactor. She mentions that the international dimension of higher education is gaining more profile in policy arenas outside of education such as immigration, trade and commerce, culture and economic development. She asks the question of how education sector can work collaboratively with international sectors at the national/regional level to ensure that the internationalization is understood and is seen to contribute to human, social, cultural, scientific, and economic development. Concluding the article, she asks, “what in year 2020 will be seen as the major accomplishments of internationalization during the past 30 years”.

### *The Role of University: Leveraging Talent, Not Technology:*

Article by Richard Florida discusses the fact that universities have a civic duty to ally themselves closely with industry to improve productivity. In the new economy, ideas and intellectual capital have replaced natural resources and mechanical innovations as the raw material of economic growth. Therefore, Florida mentions that the university becomes more critical than ever as a provider of talent, knowledge and innovation in the age of knowledge-based capitalism (Florida, 1999). He gives examples of Stanford University in Silicon Valley and MIT in Boston as further development of regions arising from universities as engines of innovation. He claims that the focus must be on strengthening the universities’ ability to attract the smartest people from around the world. By attracting these people and rapidly and widely disseminating the knowledge they create, universities will have a much greater effect on the nation’s economy as well as

regional growth (Florida, 1999). He says the university provides resources such as talent, knowledge and innovation by educating students and openly publishing research. Joint university-industry research centers have also grown dramatically with a lot of money is being spent on them. He talks about “academic entrepreneurs” who cultivate opportunities for industry and public funding to advance their own agendas. He sees the key as communities surrounding universities must have the capability to absorb and exploit the science, innovation and technologies that the university generates (Florida, 1999). However, he reminds that the university is a necessary but not sufficient condition for regional economic development (Florida, 1999). He is right in the sense that if one happens to look at the areas of Boston area, Philadelphia, and Silicon Valley around Stanford University, they will realize that those communities are grown from university-community partnership. Therefore, not only universities must be funded for further betterment of the communities, but also the communities around universities which are called “talent-magnets” should receive attention by government investment so that both of them will reinforce the improvement of each other.

#### *Investment in Human Capital: A Theoretical Analysis:*

Gary Becker talks about the studies that demonstrate the importance of factors other than physical resources and less tangible resources such as the knowledge possessed (Becker, 2002). Investment in human capital has tie in the new emphasis on intangible resources. He explains his theory in mathematical equations and formulas. He indicates that almost all studies show that earning profiles tend to be greater among more skilled and educated persons (Becker, 2002). For example, since earnings are great on human capital, some people may earn more than others simply because they invest more in themselves (Becker, 2002). This can be interpreted in the sense that, the more international students invest in themselves and their human capital knowledge, the greater the benefit they will contribute in their surrounding region. They may combine the advantage of coming from a different culture with their experiences within the United States.

#### *The Economics of Knowledge Interaction and the Changing Role of Universities:*

Antonelli, Cristiano and Rossi’s paper focuses on the new understanding of the dynamics of the knowledge generation. The authors say that the integration between information economics, the economics of knowledge and the economics of interactions provide the basic tools to construct a framework in order to understand the relationship between a university and industry. In the article, economics of interactions and social networks emerge as determinants of knowledge dynamics. The article relates to my research in the sense that my aim is to create a social network of international students who will share their experiences in order to guide the others in their lives and job searches in the United States. The authors argue that the rise of entrepreneurial activity at universities as well as the introduction of intellectual property rights and commercial exploitation of basic research, undermine the transfer of knowledge from university to industry (Antonelli, Rossi 2008). They see that the only way out for universities and industry is to interact as State intermediating between the two. This article demonstrates the likelihood of business firms to hire talents from universities as the knowledge-based services supplied in the marketplace gain increasing demand from business firms. As a result of this interaction between the industry and the university, collaboration across organizations, disciplines sectors and technologies increase (Antonelli, Rossi 2008). Antonelli and Rossi emphasize the importance of social networks and personal relationships between academics, industry scientists, and managers and entrepreneurs in local firms. Academics and scholars can provide appropriate consultancy and research support for local firms, even benefiting from close interaction with firms in terms of

reputation, new chances, motivation for academic research, and the diffusion of knowledge through the creation of students' job opportunities and placement on the local markets, they say. University-based firms can develop from the knowledge transfer from academic scientists and researchers (Antonelli, Rossi 2008). They give examples from university-industry interaction in Italy, which can be used for comparison between the United States and other countries. The authors conclude by stating that the academic system is undergoing a deep transformation in the way in which it creates, disseminates and produces knowledge.

### *International Mobility of Scientists and Engineers in the United States- Brain Drain or Brain Circulation?:*

The paper by Johnson and Regets discusses how there are the student flowing into higher education system, the stay rates of foreign doctoral recipients and their short and long term employment in the United States industry, universities and government. They compare the United States and foreign-born scientists and engineers in research and development in the United States. One important aspect about this article that relates to previous articles is that they emphasize the importance of a country's ability to attract, support and retain foreign students (Reitz, 2001). Financial support available from academic research activities appears to be a major factor associated with attracting foreign students to the United States. Johnson and Regets also say that remaining in the United States does not represent a complete brain drain on their home country. Their research data indicate and support the notion of brain circulation for some countries (Taiwan and South Korea) and somewhat more brain drain for other countries (China and India) (Reitz, 2001). Roughly, half of all foreign doctoral recipients leave the United States immediately after completing their graduate education, and others leave after some years of teaching or industrial experience in the United States. In addition, some of those who remain in the United States network with home-country scientists. It is possible to see the importance of social networking for internationalization of industries. If there is a nation-wide umbrella organization that is targeted particularly at international students then they would exchange ideas, share their experiences and help each other out.

### **Best Practices:**

In Jeffrey Reitz's research of "Immigrant Success in the Knowledge Economy: Institutional Change and the Immigrant Experience in Canada, 1970-1995" he examines how institutional changes associated with the emergence of a "knowledge economy" shaped employment experiences of immigrants in Canada over the period 1970-1995. The most distinctive feature of the analysis is the consideration given to the institutional context aspect. It is not sufficient to consider only changes in immigrant skill levels alone but also it is essential to take account of the major changes that have been underway in contemporary institutions. The most important dimension of institutional change is the emergence of what has been called a "knowledge economy". His article begins with a review of Canadian immigration policy and its efforts to ensure immigrant success by selection based on employment skills.

Throughout the post World War II period, Canada has pursued an aggressively expansionist immigration policy. The primary purpose of the Canadian immigration policy has been to boost the economy, although of course immigration had humanitarian goals. To ensure maximum immigrant employability, in 1967, Canada introduced a points system for the selection of so-called independent immigrants (Reitz, 2001). Under this system applicants were awarded points toward admission based on criteria such as education, occupational skills, and knowledge

of one of the official languages, English or French. The system's underlying assumption was that immigrants who are successful in employment will make the most positive contribution to the Canadian economy and society.

The Canadian immigrant selection system has had, without question, a significant impact in raising immigrants' skills and enhancing immigrant employment success (Reitz, 2001). Immigrants admitted to Canada in the 1950s and early 1960s, many from Italy and other Mediterranean countries, had education levels that on average were well below those of the native-born population. In other words, Canada's reputation for success in integrating new immigrants is based largely on trends established early in the period following the policy changes (Reitz, 2001). Since the immigrants who were granted citizenship after 1965 are selected based on criteria, they are more educated and are better skilled, which facilitates their integration into Canadian economy and society.

Generally, because the immigrants tend to settle in large urban areas such as Toronto and Vancouver, the impact is particularly acute those communities. The point system helped ease the transition from European to global immigration, too. Now the persistent trend toward declining immigrant earnings threatens the place of immigration as one the keys to Canada's economic success.

The perspective of his study is that the analysis of trends in immigration employment success must include consideration not only of trends in the skills of immigrants but also structure of economy itself and the related institutions. Some comparative research has begun to examine a wider range of institutional sources of immigrant success particularly in the United States, Canada and Australia. The study showed that relative earnings for immigrants were lower in the United States, higher in Canada and the highest in Australia. A comparison of institutional differences among the major immigration nations - the United States, Canada and Australia - suggested that educational institutions are powerful forces shaping the impact of immigration. In Australia, although immigrants were less skilled than in Canada, they enjoyed greater employment success because native-born Australians were less educated (Reitz, 2001). If institutional change has altered the reception of immigrants, then immigration policies may require re-thinking.

In the United States, multinational firms hire the students for the United States jobs anyway and then relocate those who do not secure visas to nations with more open policies, including Canada and United Kingdom (Siddiq and Froetschel, 2009). The United States universities renowned for producing top researchers, scientists and economists, welcome talented students from around the globe. However, foreign students contribute fewer long-term benefits for the United States economy. Missing out on tapping a major gain from globalization, the United States loses many talented individuals who leave the United States enlightened but embittered by their experience. The H-1B visa allows United States firms to hire foreign workers for specialty occupations on a temporary basis. However, an increasing pool of international students in the United States combined with growing demand for skilled-labor visas in many sectors make that visa hard to come by.

One of the employers, Microsoft, is opening an office not far from its headquarters in Redmond, Washington, but across the border in Vancouver, Canada. Canada's immigration policies were a big factor in locating the new office, giving the company a convenient place for locating who pool for talent who can't secure the H-1B visa, according to a Microsoft Canada human-resource official, as reported in Canadian newswires (Siddiq and Froetschel, 2009). Canada's well-defined point system, updated in 2002 to attract specific degrees, encourages young professionals, even those without job offers to come to Canada. The H-1B process attracts a growing number of applicants, and students in the United States must compete with applicants from all over the globe.

Unlike the United States, other countries like Canada, Singapore, Australia, and the UK are eager to accept skilled temporary workers, especially the students who already have studied in domestic institutions. United Kingdom's "Highly Skilled Migrant Program" encourages educated

professionals to come to UK for jobs without first getting a job offer. Using a point system, the UK strives to attract scientists and entrepreneurs; skilled workers including teachers, nurses and engineers and other workers in areas experiencing labor shortages. The country welcomes any “migrants who have the most to contribute to the UK” (Siddiq and Froetschel, 2009). Recognizing the economic value of MBAs from prestigious institutions, the UK automatically qualifies recent graduates from top 50 business schools to work in the UK. Ironically more than half of those business schools are in the United States, where the same students are struggling to get H-1Bs. As Bill Gates, founder of Microsoft Corporation put it, “it makes no sense to tell well-trained, highly skilled individuals that they are not welcome here” (Siddiq and Froetschel, 2009).

Regarding this issue, United States politicians are uneasy about elitism and designing any system that targets select groups, like the graduates of the most competitive programs. Instead, such systems would reject an applicant like Gates, who left Harvard without his degree (Siddiq and Froetschel, 2009). Therefore, the United States continues to rely on an open lottery system for choosing candidates. In 2006, a manager at a Niagara Falls hotel, a music director at a Korean Presbyterian Church and fashion models at a number of modeling agencies were among those in New York who secured the converted visas (Siddiq and Froetschel, 2009). When international students fail to secure the H-1B visas, some multinational firms based in the United States hire them anyway, quickly relocating those employees to offices in nations with friendlier policies.

As Rebecca Peters, director and counsel for legislative affairs of the American Council on International Personnel says, “the United States loses talent because of caps on the H-1B visa and waiting lists for citizenship green cards” (Siddiq and Froetschel, 2009). ACIP proposes increasing the cap and exempting students with master’s or higher degrees from the H-1B cap (Siddiq and Froetschel, 2009). Yet, corporations make no secret of what they want- the best talent the world can provide. In order to get the first pick, firms will open offices in the countries with the most competitive immigration policies.

International students, who are issued an F1 visa, can remain in the United States up to 60 days beyond the length of time it takes to complete their academic program. In addition, an F1 student can remain for 12 months after securing a degree to work under the OPT (optional Practical Training) program ([www.internationalstudent.com/immigration](http://www.internationalstudent.com/immigration), 2009). In addition, when applying for a student visa, international students will have to prove to the consular officer that they have strong ties to a residence in a foreign country, which will likely be their home country that they have every intention of returning to their home country, and that they will leave the United States when they complete their studies. That demonstrates the United States’ unwillingness to welcome any international student who is planning to stay longer than their education requires ([www.internationalstudent.com/immigration](http://www.internationalstudent.com/immigration), 2009).

### **Recommendations:**

Of all the policies that could be changed, probably none would have a greater positive impact on long-term economic growth than removing barriers to the immigration of highly-skilled and highly-educated individuals (Kane and Litan, 2009). Nearly all reform proposals have natural advocates who are active in lobbying the Congress. In contrast, knowledge economy immigration reform does not have a natural advocacy group to petition the government. It may be because legal knowledge economy migration is easily confused with illegal immigration and the larger issue of immigration reform in the United States, which is dominated by concerns over low-skill migrants from Latin America.

America still has two key advantages in this race for talent: its universities, which continue to rank among the world’s best, and the world’s largest, most technologically advanced economy, which still is hospitable to entrepreneurial activity. Immigrants have taken advantage of these

opportunities to an unusual degree (Kane and Litan, 2009). If America wants more skilled immigrants to start high-growth companies in the United States, there is one very simple way to do it: to give foreign students who graduate (undergraduate or graduate) a green card *automatically* at graduation. This would provide a powerful magnet for the most talented foreign students with inclinations to come in the United States, and upon graduation contribute to United States economy and society (Kane and Litan, 2009).

Other than government policies, like in Antonelli and Polo's "International Mobility of Scientists and Engineers the United States- Brain Drain or Brain Circulation" suggest, a creation of social network of international students through real life activities as well as virtual online websites would facilitate their communication, which in turn would provide them with a chance of exchanging ideas and sharing their experiences. Sometimes, reading rules regulations and policies from booklets may be less helpful than a real person who has gone through all of the same experiences speaking to you. Since, we are living in information and technology age, a wide-scope website targeted only for international students can be set up in every single United States campus as well as nation-wide. The website could be designed in such a way that, not only international students would keep in touch with each other but, they would also find the necessary information about their stay in the United States with just one-click. The website would act as an umbrella organization, that would gather all the student associations, information and people acting separately but in parallel planes.

Yet, each and every university can arrange meetings for their international students on-campus, providing them means to get to know each other, become friends and create contacts. Through these means, they can exchange their CVs and resumes and can take over Career Centers' roles on campuses in a more efficient way. Through communication, they can let each other know about the opening positions in the companies they hear about. In a competitive world, helping each other for opening positions may sound unrealistic, but through the rewards-system, students who refer their friends can get credits for themselves. At the end, these credits would be used in a job application. The credits of reward system would enhance the motivation of students to recommend each other the companies they look at, keep each others' resumes and create incentives for further mutual benefits.

As an international student in Binghamton University, I am lacking the necessary contacts I could have created on-campus through other international students. Although International Students and Scholar Services Office has most of the answers to our questions, I believe we could have involved in a context where everyone could be beneficial to each other, such a social network could have been organized through a shared website that was designed for and used by only international students.

The decisions for immigration policies that are given by state officials are restrictive. They need more time and the actions regarding new implications to be taken require longer time. For international students on their quest for legal settlement in the United States, a quicker and more efficient way has to be found. This can only be through cooperation and brainstorming by taking their demands, needs and future-related concerns into account on campuses and in job environments.

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