Big Tech’s Unfair Immigration Advantage

Reform the system to help startups get visas for recent graduates.

By Michael Roach and John Skrentny
Dec. 10, 2019 6:58 pm ET

If Congress wants to help technology startups compete with giants like Amazon, Google and Microsoft, it should change America’s immigration laws. Our research suggests that visa policy is often an obstacle to startups seeking to hire foreign graduates with specialized scientific and technical skills.

To understand how U.S. immigration policies might influence the choice of workplace for high-skilled foreign workers, we examined industry employment outcomes of more than 2,300 science and engineering doctoral graduates, both foreigners and U.S. citizens, from 39 leading American research universities. Using a survey that followed them from graduate school to their first industry job, we identified graduates whose first job was with an early-stage technology startup and those who went to work for large technology firms. Among the U.S. citizens, 16% worked in a startup after graduation, compared with only 7% of foreign doctoral candidates who required a work visa, even though foreign graduates were more likely than their American peers to say they would prefer to work for a startup.

Foreign students who graduate from American universities can use the Optional Practical Training program to work in the U.S. for one year after graduation, or up to three years for students studying in the STEM fields—science, technology, engineering and math. But remaining longer requires a temporary work visa, such as an H-1B, or a green card.

Foreign-born graduates are reluctant to work in startups because these enterprises have less experience than established companies in securing visas, especially highly coveted green cards. They may also be afraid they’ll lose their work authorization if the startup they work for fails.
We find that foreign-born graduates with doctorates apply to and receive offers from tech startups at the same rate as U.S. citizens, yet they are less than half as likely to work for them. Instead, they join leading technology firms like Amazon, Google and Microsoft, taking what they perceive as a safer route to a visa. U.S. visa policies are thus deterring foreign high-skilled STEM workers from joining the early-stage startups that seek to become the next Google.

Visa laws developed three decades ago don’t create a level playing field for startups and are likely holding back innovation. For more than a decade, Congress has debated immigration policies like the Stopping Trained in America Ph.D.s from Leaving the Economy Act, or “Staple Act”—the idea being that high-skilled foreign students should get green cards stapled to their degrees. The bill would grant permanent residency to foreign-born graduates who earn STEM doctorates, allowing them to stay in the U.S. and contribute to the economy. This would resolve the visa concerns that often deter foreign-born grads from working in startups. The periodically proposed STEM Jobs Act would also expand the number of visas available to high-skill foreigners.

Our findings suggest an urgent need for immigration policies that specifically make it easier for startups to hire high-skilled foreign workers with advanced STEM degrees from U.S. universities. Removing visa barriers to employment could increase the number of employees with doctorates working in startups by as much as 20%, enabling young companies to compete better against large tech firms. Revisiting visa policies with an eye to their impact on startups could help entrepreneurial ventures thrive and stimulate America’s tech economy.

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