

HR POLICY ASSOCIATION WHITE PAPER

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# **How Foreign-Born Workers Make America More Competitive and Benefit American Workers**

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**I**mmigration and the state of the American workforce historically go hand in hand. Today, that is as true as ever. America is in a workforce crisis. While the Trump administration is leading efforts to revitalize the American workforce, many job openings remain unfilled—[6 million](#), according to Labor Secretary Alexander Acosta, an assertion that would be confirmed anecdotally by the vast majority of large companies. The economic, educational, and social forces that cause such vacancies are immense and, in the short term, intractable. Many companies are in the meantime employing foreign-born workers to help fill these workforce gaps—while investing over thirty-five times as much toward revitalizing the American workforce as the federal government.

In recent years, however, work visas such as the H-1B, L-1, and H-2B have come under severe scrutiny by policymakers on both sides of the aisle, despite generally strong legal and regulatory protections against displacing American jobs and robust evidence that these visa programs benefit workers and the American economy. Several cases involving certain unscrupulous employers have made headlines, obscuring the truth about how the great majority of employers use these visa programs and how they

benefit American employers, workers, and America's global competitiveness. These cases are unfortunate not only for the workers involved and the companies who acted indecently toward them, but potentially for the future of the American economy, as their examples now color the national conversation regarding foreign-born workers and work visas such as the H-1B.

In other areas, such as Congressional efforts to reauthorize the Deferred Action for Childhood Arrivals (DACA), deliberations too often overlook the economic implications of the various proposals offered.

Representing the voices of the top human resource executives of America's largest employers, the goal of this report is to provide insight into how foreign-born workers and work visa programs typically figure in the business strategies of large employers. It does not seek to remove or mitigate important worker protections or policies that genuinely protect or help maintain the conditions to create American jobs. Rather, it is our hope that the perspectives and policy recommendations that follow will enrich the national conversation on immigration and help light the way to policies that are in the interests of both American workers and the American economy.

## Workforce Shortages: Skills, Seasons, Geography, and Machines

In 1987, the Hudson Institute, a think tank based in Washington, D.C., published *Workforce 2000*, which became an unexpected bestseller and sparked hundreds of think pieces about the future of work. The study showed in simple terms what was, at the time, unconventional wisdom: that the workforce would “no longer consist primarily of white males in manufacturing jobs.” At the same time, the book argued, a serious skills gap would develop “between what a well-educated labor force needed in a global economy and what a failing primary- and secondary-education system in the United States would equip workers to do.”<sup>1</sup>

In the 30 years since, the skills gap has become a serious problem for American employers. Speaking on the “mismatch between available jobs and prospective employees’ job skills,” Department of Labor Secretary Alex Acosta said in a [June 2017 press conference](#), “A Business Roundtable survey... found that 95 percent of executives reported problems finding qualified workers.”

Workforce shortages, however, can stem from more than a lack of education or skillsets among the workforce. Other factors that can contribute to work shortages include:

- **Geography** American workers are less willing and likely to move than [in previous years](#). In some cases, too few American workers are willing to relocate to meet demand, leaving certain

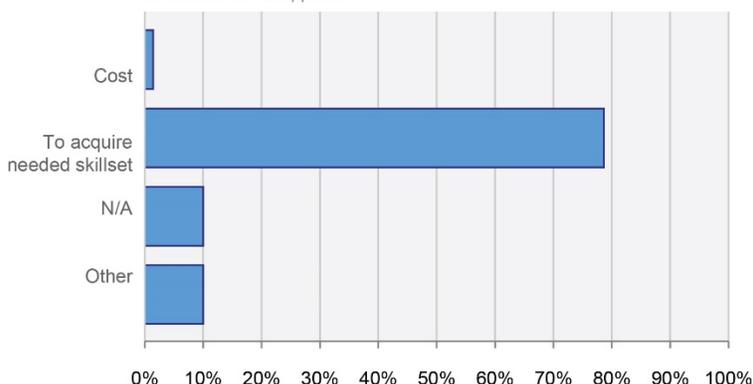
areas without sufficient domestic labor available. This means that the company can either relocate the work site, which in many cases would be cost-prohibitive and would hurt the local economy, or find foreign talent.

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**CHRO QUOTE: WHEN WE’RE ASKING TO GET THE H1-B VISA IT’S BECAUSE WE CAN’T GET THE TALENT WITHIN THE U.S.**

### Why Large Employers Hire Foreign-Born Workers on Work Visas

Please select the most important factor in deciding to hire foreign nationals on work visas:

Answered: 71 Skipped: 3



Note: All “other” responses were based either on a need for the best possible talent or on developing current employees

Source: HR Policy Association 2017 Immigration Survey

<sup>1</sup> Judy, Richard W., et al. *Workforce 2020: Work and Workers in the 21st Century*. Hudson Institute, 1999. p. 12.

- **Seasonal Work** In other cases, labor is needed for certain times, such as holidays or tourism seasons, and employers cannot attract enough seasonal local labor to meet demand. This especially applies to industries such as restaurants, retailers, hoteliers, and landscaping. Recently, Congress limited the numbers of H-2B visas available for seasonal work, creating a serious labor shortage and nearly shuttering a number of businesses before the visas were granted again by the Secretary of Homeland Security on the authority of Congress.

Where there is no recourse for employers to fill workforce demand domestically, often they must choose between terminating the operation or finding new ways to meet demand. These options can have long-term implications for the American job market, underlining the importance of available labor. They include:

- **Technological Advances** The immense disruptive impact of artificial intelligence, robotics, driverless vehicles, 3D printing, and other recent technological advances in the workplace has yet to be fully recognized or calculated. Yet the fact that such disruption is happening is indisputable.

The economic math behind this trend is simple: as the cost of labor increases, the relative cost of investing in capital diminishes. Similarly, as the value created by capital increases, the relative value produced by labor decreases. In some industries, such

as agriculture, this has already been seen on a wide scale. In others, such as transportation and retail, automation seems to be right around the corner. Because it is unrealistic to stave off technological development indefinitely, the policy goal should be to limit the negative effects of disruption by not artificially and prematurely

increasing the relative cost of labor, thus ensuring a more gradual introduction of automating technologies and a workforce better prepared to take on tomorrow's challenges.

- **Loss of Jobs Overseas** In extreme cases where skills are not available, companies have established them overseas rather than continue to invest in areas where the labor supply cannot meet demand. This does not represent a loss of jobs globally—but it does represent a loss of American jobs, which is the primary concern of American policymakers.



**CHRO QUOTE: AUTOMATION ACROSS THE INDUSTRY IS BEING FORCED. AND ULTIMATELY THAT WILL LEAD TO AMERICAN WORKERS WHO ARE IN THESE JOBS – SOME HAVE WORKED FOR US FOR 30 YEARS – THEIR JOBS COULD BE LOST.**

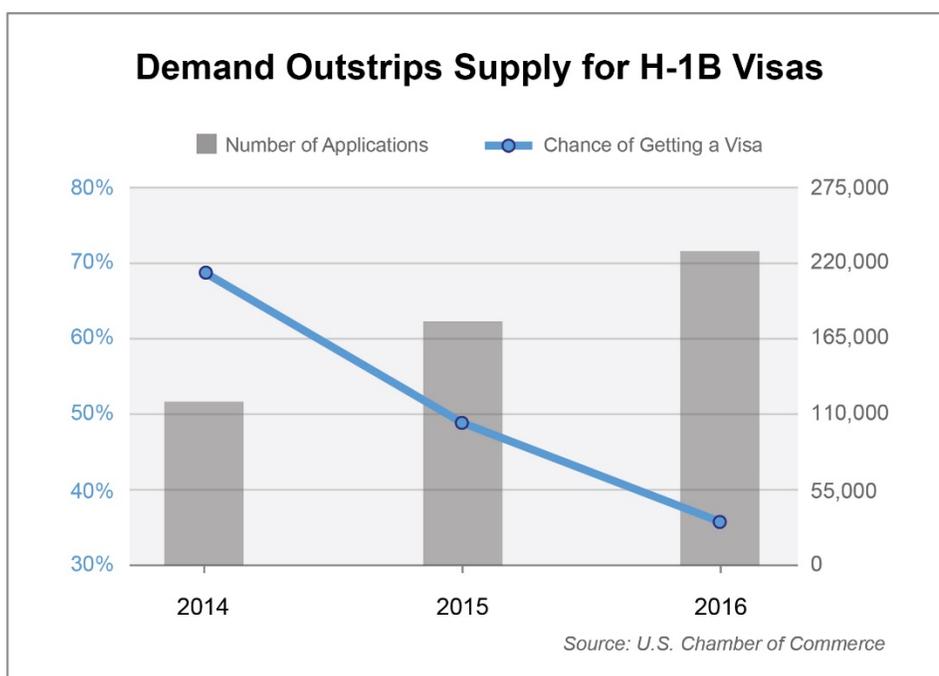
## Foreign-Born Workers and the U.S. Economy, American Businesses, American Communities, and American Workers

Foreign-born workers of all skill levels benefit their companies, American workers, American communities, and the American economy. These benefits are shared widely. In areas where foreign-born workers meet a workforce need, [wages increase and new jobs are created](#). According to a [recent study](#) on the H-1B program, “a 1 percentage point increase in the foreign STEM share of a city’s total employment increased the wage growth of native college-educated labor by about 7–8 percentage points and the wage growth of non-college-educated natives by 3–4 percentage points,” while having “insignificant effects on the employment of those two groups.” On the national scale, foreign-born workers increase U.S. GDP; conversely, curtailing immigration would make GDP growth more difficult.

Foreign-born workers further play a key role in American innovation, benefitting consumers, communities and companies, along with their employees. [A survey](#) by the Information Technology & Innovation Foundation of those responsible for some of the most important innovations in the United States found that over a

third are foreign-born while 17 percent are not U.S. citizens. Our own companies’ experience has shown that foreign-born workers on work visas typically overperform in terms of innovation, creating new ways to increase productivity and developing new products such as invaluable medicines. Such contributions add to the American success story without detracting from it. [One study](#) that focused on the H-1B program found significant increases in patents with “weak crowding-in effects or no effects at all for native patenting,” concluding that “total invention increases with higher admissions levels primarily through the direct contribution of immigrant inventors.”

These benefits are not lost on America’s neighbors. Canada [is undertaking](#) “a coordinated push for talent by Canadian



executives, government officials and venture capitalists to pounce on what they see as a rare opportunity for the nation's maturing tech sector." The opportunity comes in the form of the United States' increasingly complicated and unpredictable stance on foreign-born workers. Indeed, where the United States is considering adding red tape to the work visa process, Canada is launching a program to cut their process from taking one year to two weeks.

If America were to lose more foreign talent to international competitors, new laws, or more stringent regulations, the result would be decreased productivity

and an intensified workforce crisis. Already, we have seen a workforce shortage due to a policy that effectively lowered the availability of the H2-B work visa, prompting Homeland Security Secretary John Kelly to increase the number of available visas after Congressional approval to as much as double it. During the crisis, employers who rely on the visa for seasonal workers expressed its importance despite the attendant administrative challenges and costs, with [one saying](#), "I'm always going to hire American first. I'm always going to hire someone locally first. We're not using this program because it's easy. It's not. It's very difficult and expensive, but we're using it because we have no other options."

## Reciprocity, Career Development, and the Future of the U.S. Workforce

According to the [International Trade Commission](#), more than 70 percent of the world's purchasing power is overseas. Yet an overlooked aspect of the immigration debate centers around the practice of many employers sending American talent overseas for a limited period of time to prepare them for company leadership. By working overseas, future business leaders have the opportunity to gain firsthand experience with their companies and industries in which they operate in a holistic, global context, establishing a globally-competitive talent pipeline into the American workforce. In fact, President Trump has often extolled the virtues of working in different environments and with foreign business leaders. As the economy becomes more global,

the importance of such programs will only increase.

These programs are therefore vital to the talent development strategies of certain companies, and to the future global competitiveness of U.S. companies and, by extension, the U.S. economy.

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**CHRO QUOTE: WE HAVE FOLKS GOING ALL OVER THE WORLD TO DO WORK AND SO WE RELY ON OTHER VISAS. IT'S KIND OF LIKE THE TRADE ISSUE— NOT ONLY ARE WE LOOKING AT U.S. IMMIGRATION, OTHER COUNTRIES AROUND THE WORLD ARE WATCHING U.S. WE WANT TO KEEP THAT EXCHANGE OPEN.**

Companies are concerned that if the U.S. makes restrictive policies with regard to temporary work visas, other countries may reciprocate, resulting in a “visa war” that could have the same kind of negative impact as a trade war. This would interfere with companies' ability to send America's future leaders overseas to

gain experience, thus potentially depriving the American economy of the benefits of such programs.

**Proposal:** *Immigration Policy Should Have the Flexibility to Allow the Optimal Number of Skilled and Unskilled Workers Travelling to and from the United States.*

An optimal system would allow both workers and employers options to create the greatest value for their companies and their families while protecting American jobs and encouraging conditions that would create American jobs. This could be achieved in a number of ways, including, among others:

- Enactment of a statutory authorization of the Deferred Action for Childhood Arrivals program.
- Adjusting the number of available work visas such as the H-1B, H-2B and L1 based on demand that cannot be met by the American labor market.
- Providing foreign students who acquire advanced degrees in STEM disciplines at American higher education institutions a path to U.S. citizenship if they wish to use their talents in America rather than return to their country of origin. It is unfortunate, to say the least, that we often send students trained at American universities to other countries to compete against us. Authorizing permanent residency to such students and exempting them from numerical limitations on H-1B visas would be a first step toward fixing this problem.
- Allowing professionals to transition from temporary to permanent status after a period of contributing to the American economy, which would harness, rather than hinder, labor market forces to the broad benefit of the United States. Although business is now conducted internationally, current immigration policy frustrates American companies' ability to compete. There is a fundamental, structural mismatch between the size of existing temporary programs—including H-1B, H-2B, TN, O, and L-1—and the number of permanent visas available for employment-based immigrants with college degrees.
- Establishing green card reform and the implementation of temporary worker programs for high-skilled and low-skilled workers. Such a system would be more demand driven, reflecting the actual workforce needs that employers are facing, while maintaining appropriate protections for U.S. workers. The current system of arbitrary, inflexible caps only impedes the market from filling workforce needs, to the detriment of the economy.