

Foreign Graduates Lose Job Offers Over Stimulus Rules

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March 24, 2009

Seven months ago, Nazli Oguzsimsaroglu started her senior year at the University of Pennsylvania in the enviable position of having a full-time job in investment banking lined up after graduation.

But on March 2, a recruiter from the now-combined Merrill Lynch/Bank of America called to tell her the offer had been rescinded because of provisions in the nation's economic stimulus package that make it difficult for bailout beneficiaries to hire foreign workers.

Ms. Oguzsimsaroglu, a native of Istanbul, suddenly found herself scrambling to apply for the few jobs that hadn't already been filled, and competing with laid-off workers with years of experience.

"No one is hiring, and graduate-school deadlines have passed," she said on Monday as she paused during a frenzied few days of job hunting in New York's ravaged financial sector. "I was completely caught off guard."

The Pennsylvania senior, who received the job offer after two summer internships with Merrill Lynch, is one of more than 50 students whose offers have been rescinded in recent months by Bank of America, which now owns Merrill Lynch. Dozens more are waiting to hear from financial institutions that aren't sure whether they'll be able to honor their hiring commitments.

Business-school deans worry that the restrictions could hurt their ability to attract foreign students, who fill about 30 percent of the seats in full-time M.B.A. programs.

Visa Problems

The Employ American Workers Act was added to the stimulus bill in February by U.S. Sens. Charles E. Grassley, an Iowa Republican, and Bernard Sanders, an Independent from Vermont. It prohibits financial institutions that receive federal bailout money from hiring foreign workers if they have recently laid off American workers in similar jobs or plan to do so.

Given the mass layoffs at companies across the United States in recent months, some view that provision as an effective ban on hiring employees who require an H-1B visa to work in the United States. (The provision does not affect people who already have such visas)

The H-1B program allows American companies to hire foreign workers for up to six years in certain high-tech and high-demand occupations.

Caught in the crossfire of the new restrictions are dozens of foreign students—many of them completing M.B.A.'s—who have shelled out more than \$100,000 for their educations only to see job offers in the United States vanish. Many received the offers last fall and had stopped networking.

At least six students at Dartmouth College's Tuck School of Business have had such job offers rescinded, according to the school's dean, Paul Danos.

After the terrorist attacks of September 11, 2001, stricter visa requirements resulted in fewer foreign students enrolling in American colleges. Foreign-student enrollment in full-time M.B.A. programs dipped slightly before climbing back up to around 30 percent, according to AACSB International: the Association to Advance Collegiate Schools of Business. At Tuck, 35 percent of M.B.A. students are foreign-born.

Further restrictions now could send the wrong message overseas, Mr. Danos says. "If students from abroad are discouraged from attending because they feel they can't get jobs in the U.S., it may restrict applications in the U.S.," he says.

In a written statement, a Bank of America spokeswoman said that "recent changes in legislation made it necessary for Bank of America to rescind job offers it had made to students requiring H-1B sponsorship."

Other major banks, including JPMorgan Chase, declined to comment, but business-school officials say many of those banks are re-examining job offers and considering ways they might be able to place foreign students in overseas divisions.

Anne B. Waters helps advise international students as executive director of the Office of International Programs at the University of Pennsylvania. While all of the business school's students are concerned about their job prospects this spring, the stimulus restrictions pose an added hurdle for international students.

Patricia Rose, director of career services at Pennsylvania, says several students are waiting to hear back from banks that are trying to find them jobs in overseas branches.

Complicating the matter and adding to the students' stress levels: The banks still aren't sure exactly how to implement the Employ American provisions because regulations that will spell that out haven't been issued yet. As a result, several banks that have received bailout money are essentially keeping their foreign hires in limbo.

Meanwhile, the effective deadline for applying for one of the 65,000 H-1B visas issued each year is fast approaching, and some foreign students who are about to graduate from American colleges worry that those visas will run out before their job offers are confirmed.

Questioning Foreign Hires

Academic experts are divided on whether restricting foreign hiring makes sense in a depressed economy.

"Part of the problem in our country is that we are short-term oriented, and right now, with the current economic crisis, it seems to some to make sense," says Jagdish N. Bhagwati, a professor of economics at Columbia University and prominent free-trade advocate. The long-term danger, he says, is that foreign students who fear they will be cut out of jobs will head instead to prominent business schools like Insead in France or the London Business School.

"Business schools need the diversity, and students need to develop the ability to empathize with people from different cultures," he says. "We're shooting ourselves in the foot if we place an implicit tax on people coming here."

John J. Fernandes, president of AACSB International, says relatively few students have had offers withdrawn. "But the danger with this kind of legislation is that foreign students will perceive the country as being more restrictive and protective, and that might cause them to go elsewhere."

The idea of making it harder for bailed-out banks to hire foreign workers has its fans as well. Ron Hira, an assistant professor of public policy at Rochester Institute of Technology, calls the amendment "a common-sense provision" that closes a loophole. "The intent of the H-1B program is to go for foreign workers when there's a shortage of American workers," says Mr. Hira, an expert in offshore outsourcing. "It's intended to complement the American work force, not substitute for it."

He says banks and other companies routinely abuse the H-1B visa program by using it to bring in foreign workers who are willing to work for less. The program, he says, ultimately facilitates and accelerates the outsourcing of jobs.

As for Ms. Oguzsimsaroglu, she plans to take the Graduate Management Admission Test in a couple of weeks and petition Wharton's M.B.A. program to allow her to apply late.

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