

Small business: visa quotas hinder finding skilled help

April 22 2015, by Joyce M. Rosenberg



Jacob Tanur, who heads a video production company that employs producers from abroad, reads his phone messages in a conference room, Wednesday, April 15, 2015, in New York. Companies like Tanur's are finding it difficult to get visa's for talent they want to hire from other countries. (AP Photo/Bebeto Matthews)

Some small business owners say government quotas are keeping them from finding the highly skilled help they need.

H-1B [visas](#) allow foreigners with college degrees to work in the U.S. for up to six years. There's such high demand for employees adept in technology and other skilled fields that nearly two-thirds of the applications will be denied. Congress set a limit of 65,000 for visas for workers with bachelor's degrees, and 20,000 for those with master's degrees.

"There is not really an abundant supply of the types of folks we're looking for, with a science, technology, engineering and mathematics background," says Anand Sanwal, CEO of CB Insights, a New York-based [company](#) that compiles information about private firms. He's waiting to hear if visas for three job candidates will be approved.

Thousands of [small business owners](#) are waiting to see if their [job candidates](#) are among the 85,000 who get H-1B visas this year. If the government rejects their applications, owners have to keep trying to find workers with the right skills, many of them in technology. While many companies complain about a shortage of skilled workers in the U.S., small businesses struggle in particular because many talented people are recruited by big companies or start their own, says Phillip Kim, a professor of entrepreneurship at Babson College.

Jacob Tanur believes the government's 2014 rejection of an application for a prospective worker's visa limited his film production company's ability to grow. Click Play Films makes commercials, documentaries and corporate films, and Tanur wants a multicultural mix of cinematographers and other creative staffers who understand the needs of clients in other countries.

"It makes us extremely attractive to advertising agencies," says Tanur, whose New York-based company has 10 staffers. Four have H-1B visas. "What's cool in China is not something that we can artificially create here."

"It would be foolish for us to not explore all avenues to acquire talent," he says.

But demand for the visas outstrips the supply. Companies submitted nearly 233,000 applications on behalf of prospective workers earlier this month and United States Citizenship and Immigration Services closed the application period because of the volume of requests. The USCIS used a computer lottery to randomly select 85,000 of the applications, and is now deciding which will be approved.

Large companies get a disproportionate share of visas, according to a 2011 report by the Government Accountability Office, a congressional agency that audits federal spending. From 2000-09, less than 1 percent of the companies with visa approvals were able to hire nearly 30 percent of all H-1B workers, the GAO said. One reason: Staffing companies submit thousands of applications, giving them better odds of getting approvals than smaller companies that submit only a handful.

An immigration bill that would have increased the number of H-1B visas died in the last Congress.

Small businesses whose candidates can't get visas do have alternatives, says Peter Cappelli, a management professor at the University of Pennsylvania's Wharton School.

"A simple one is to outsource the ([information technology](#)) work to someone who has the skills needed to do it," Cappelli says.

Training U.S. citizens and residents is another option, says Kim, the Babson professor. But that can have drawbacks.

"These businesses then run the risk of losing their newly trained staff eventually to better resourced companies who can offer more

appealing career opportunities and compensation packages," he says.

FutureAdvisor is waiting to hear if its two H-1B [applications](#) will be approved. The investment advisory company has to recruit overseas because it can't offer the salary and perks companies like Google can, says Chris Nicholson, head of recruiting.

"The demand in Silicon Valley is way much higher than supply," Nicholson says.

Rejections have limited the company's productivity and ability to start new projects, Nicholson says.

"Things just don't happen. A company like ours doesn't grow like it should," he says.

Multinational companies have another advantage; they can bring in an unlimited number of workers from overseas operations with what's called an L-1 visa.

"Small companies don't have foreign subsidiaries, so they're stuck competing for the same H-1Bs as the rest of the country," Nicholson says.

If small businesses don't win the visa lottery, they have few options, says David Grunblatt, an immigration law attorney with Proskauer Rose in Newark, New Jersey.

"The [small business](#) is caught in a vise, and they're put at a competitive disadvantage not only to businesses in the U.S.," he says, "but businesses outside of the U.S."

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