

Firms pay more to high-skill foreign IT pros than to US colleagues: study

13 May 2010

Contrary to public assertions, IT professionals in the U.S. who are not citizens actually earned more than their American colleagues from 2000-2005 and therefore did not depress the salaries of American citizens, according to the Management Insights feature in the current issue of *Management Science*, the flagship journal of the Institute for Operations Research and the Management Sciences (INFORMS).

"Are Foreign IT Workers Cheaper? U.S. Visa Policies and Compensation of Information Technology Professionals" is by Professors Sunil Mithas and Henry C. Lucas, Jr. of the Robert H. Smith School of Business, University of Maryland, College Park.

Management Insights, a regular feature of the journal, is a digest of important research in business, management, operations research, and management science. It appears in every issue of the monthly journal.

Their study, the authors maintain, "provides indirect evidence that visa and immigration policies so far have not had any adverse impact on the wages of American IT professionals due to any relatively lower compensation of foreign IT professionals."

The paper, which relies on salary data on more than 50,000 IT professionals, puts into doubt calls for more restrictive policies for workers in the United States on H-1B visas. H-1B is a temporary work visa issued to employers allowing them to hire professionals in occupations that require a bachelor's degree and highly specialized skills.

The authors warn that enacting policies that restrict the number of skilled IT professionals reaching the United States may actually hurt American workers by leading American companies to off-shore, hiring IT pros to work outside the U.S. Reports about hiring of foreign IT professionals in Canada by

Microsoft who were denied visas to work in the U.S., they say, suggest that this damage may already be occurring.

In a worst case scenario, they warn, policies restricting immigration of specialized workers will hurt the long-term competitiveness of U.S. firms and the domestic economy.

The authors argue that higher quotas for specialized workers benefit American companies.

"A culturally and globally diverse workforce," they write, "even if it comes at a higher price and means paying higher wages for foreign IT professionals, may prove highly effective in capitalizing on opportunities for leveraging foreign countries as source or as markets for improved competitiveness."

More information: The current issue of Management Insights is available at mansci.journal.informs.org/cgi/reprint/56/5/iv

Provided by Institute for Operations Research and the Management Sciences

APA citation: Firms pay more to high-skill foreign IT pros than to US colleagues: study (2010, May 13) retrieved 19 September 2020 from <https://phys.org/news/2010-05-firms-high-skill-foreign-pros-colleagues.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.