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# ADMINISTRATIVE RELATIONSHIPS, AGENCY THEORY, AND THE SUMMER WORK TRAVEL PROGRAM: 2012-2013

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ADMINISTRATIVE RELATIONSHIPS, AGENCY THEORY, AND  
THE SUMMER WORK TRAVEL PROGRAM: 2012-2013

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A Dissertation  
Presented to  
The Graduate School of  
Clemson University

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In Partial Fulfillment  
of the Requirements for the Degree  
Doctor of Philosophy  
Policy Studies

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by  
Mark A. Reardon  
May 2015

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## **ABSTRACT**

This study discusses the ability of the Summer Work Travel Program (SWTP) to meet the objectives outlined in its authorizing legislation, the Mutual Educational and Cultural Exchange Act of 1961. These goals include educational exchange between participants and the U.S. community, cultural exchange between participants and the U.S. community, and the promotion of peace exemplified by SWTP operators and the U.S. community.

The study adopts agency and transaction cost theory to guide its discussion of the administrative relationship between the U.S. State Department and those designated as Summer Work Travel Sponsors. This study's findings include instances of informational and preference asymmetry between administrative actors. The use of intermediary placement agents by SWTP sponsors was found to be a source of opportunism. Policy and program recommendations are presented to realign the actions of the SWTP administrative actors with respect to accountability and effective methods of contracting.

## **DEDICATION**

This study is dedicated to my family who has provided me with inspiration and guidance. I would like to thank Robert Reardon for his love and support and Susan Nealen for always leading by example. Without my parents and their love I would be lost. This study is also dedicated to Lauren Peebles for her never-ending patience and understanding.

The study is also dedicated to those citizens of Najja, Uganda, who inspired me to grow as a person, to understand happiness, and to give back. The goodwill and support of all those I have encountered inspired me to undertake and complete this study.

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## **CHAPTER 1**

### **INTRODUCTION AND BACKGROUND**

Each year hundreds of thousands of foreign student visitors enter the United States via the Summer Work Travel Program (SWTP) promulgated in 1961 under the Mutual Educational and Cultural Exchange Act, commonly known as the “Fulbright-Hays Act (Pub. L. 87-256).” The Summer Work Travel Program is operated by the U.S. State Department, which oversees program guidelines, operations, and the J-1 cultural visas participants are issued allowing residency in the USA for a period of four months. The purpose of the Summer Work Travel Program is to:

*“...Enable the Government of the United States to increase mutual understanding between the people of the United States and the people of other countries by means of educational and cultural exchange; to strengthen the ties which unite us with other nations by demonstrating the educational and cultural interests, developments, and achievements of the people of the United States and other nations, and the contributions being made toward a peaceful and more fruitful life for people throughout the world; to promote international cooperation for educational and cultural advancement; and thus to assist in the development of friendly, sympathetic, and peaceful relations between the United States and the other countries of the world (Pub.L. 87–256, 75 Stat. 527).”*

Those eligible to participate in the Summer Work Travel Program are students enrolled in Universities or similar tertiary educational programs during their summer or winter academic break. The Summer Work Travel Program invites these students to work in the United States for a period of three months, and affords students an additional month for cultural exploration and travel in the USA. Summer Work Travel Participants typically find employment in low-skilled, temporary, or seasonal areas of work. These include resorts used for seasonal activities such as winter sports (skiing), summer employment opportunities such as restaurant-based positions at eateries in beachfront towns, or employment in year-round theme parks, the largest employer being the Disney owned resorts in Florida. Other participants have reported employment in packaging facilities, seafood processing plants, fast-food chains, and convenience stores, all in the name of cultural and educational exchange.

The Summer Work Travel Program constitutes what the Center for Immigration Services has termed a “\$100 Million Dollar Industry (CIS 2011).” This “industry” represents a number of components, including recruitment services that determine students’ placements with employers and similar services that revolve around the influx of over a hundred thousand seasonal workers visiting the USA each year. The nexus of financial concerns and considerations includes the cost-saving opportunities enjoyed by SWTP sponsors, the employment concerns of domestic workers who feel impacted by employers who utilize SWTP participants, and the numerous economic opportunities the operation of the SWTP creates for

placement agents around the world. This has positioned the Summer Work Travel Program as a focal point for discussions of the effectiveness of such public programs as participation numbers reached all-time highs in 2011 (SEVIS 2011).

The U.S. State Department has outsourced a majority of Summer Work Travel Program operations and responsibilities to agencies located both domestically and internationally. The largest international group responsible for an integral function of the SWTP are the hundreds of entities this paper terms, “intermediary placement agents,” or those responsible for the recruitment of students from foreign nations and the pairing of students with domestic SWTP employers. The State Department has outsourced the responsibility of program operations and adherence to program rules to those it designates as Summer Work Travel Program “sponsors,” or those organizations that are eligible to employ J-1 visa holders participating in the SWTP for a period of three months.

While some have praised the SWTP for its diversity and its exposure of U.S. cultural ideals and practices to the foreign nations of its participants, recently the SWTP has garnered criticism regarding its lack of oversight and regulation. Critics claim the State Department has allowed the SWTP to spin out of control. In some cases to the extent participants fall into the hands of abusive employers, unscrupulous sponsors, and predatory third-party agencies (Costa, 2014; Mohr, Weiss, & Baker, 2010; Mohr & Weiss, 2011; Preston, 2012). Others complain SWTP participants displace low-skilled U.S. workers that depend on seasonal jobs as sources of primary income (Lofholm, 2011; Seasonal Staffing Solutions, 2014; Stewart, 2014).

## Statement of Problem

The problems publically associated with the Summer Work Travel Program encompass the two specific research questions of this study. The first problem this study addresses is the degree to which the Summer Work Travel Program achieves the objectives set forth in its authorizing legislation. Three specific objectives are chosen from the Mutual Educational and Cultural Exchange Act of 1961: the promotion of peace and democratic ideals, cultural exchange among participants and between participants and U.S. citizens, and educational exchange among participants and between participants and U.S. citizens (Pub. L. 87-256, 75 Stat. 527).

The second problem addressed in this study is the effect of the delegation of administrative control from the *principal* administrator, the U.S. State Department, to its *agents*, SWTP sponsors on the SWTP's ability to meet its legislative objectives. Using agency theory to describe the relationship among "agents" and the SWTP "principal," the U.S. State Department, the study focuses on the outsourcing of the recruitment and determination of placement to "intermediary placement agents," or third-party vendors, located outside of the USA. The paradigm through which this delegation of responsibility is addressed is that of "asymmetry," popularly defined by Holmstrom and Shavell as occurring in two distinct forms, that of "preference asymmetry" and "information asymmetry (Holmstrom & Shavell 1979)."

The specific subset of problems chosen for this study are from a larger discussion about the effectiveness and existence of the Summer Work Travel Program in the public policy sphere. The program's objectives are not monetarily valuable to the general public, but only to those employing sponsors. The delegation of Summer Work Travel Program's administrative responsibility without effective monitoring procedures or methods has been a concern mentioned during hearings regarding the role of the State Department (GAO-06-800T). The State Department has admitted they have become so detached from their responsibilities, "they (have) become purveyors of J-1 visas, leaving the actual program administration to third parties (Fed. Reg. 4-26-11)." These third parties are the sponsors who employ the participants. This links the employer's bottom line with its selection and recruitment of participants. An example of special interest "capture" are those sponsors that the State Department must oversee to deter opportunistic actions at the expense of program effectiveness. These are the entities referred to as having been left with the task of program administration, essentially policing themselves with little or no verification of performance. This led to participants being subjected to various forms of exploitation occurring before travel to the USA in the form of overinflated travel and living costs/fees paid up front to sponsors (CIS 2011). Further instances of opportunism have been found after participants arrive in the U.S., where the Department of Homeland Security reported increases in, "incidents involving criminal conduct among SWT participants" (Fed. Reg. 4-26-11). These instances of asymmetry between the U.S. State Department's preferences for SWTP

operation and the reality of how the SWTP program is conducted by SWTP sponsors illustrates areas of concern this study specifically addresses in its data analyses.

### **Purpose of Study**

The purpose of this dissertation is to use economic incentive structures developed by Holmstrom and Shavell (Holmstrom & Shavell, 1979) and Eisenhardt's agency theory to examine the SWTP's administrative relationship with the U.S. State Department, which regulates the J-1 visa, and the program sponsors who employ the approved SWTP applicants. The study also uses transaction cost theory as applied to contract design and the reduction of asymmetries among administrative actors to frame the analysis regarding two key incongruences between the principal and agent: information asymmetry and preference asymmetry (Holmstrom 1979, Shavell 1979).

The first purpose of this study is to present a method by which to measure the degree to which the Summer Work Travel Program meets the objectives of its authorizing legislation. As the Summer Work Travel Program is a unique program not directly impacted by political pressures present in many studies of government undertakings, a second purpose is to highlight analyze the effect of the environment in which the program operates.

This study begins by addressing the objectives of the Mutual Education and Cultural Exchange Act, the Summer Work Travel Program's authorizing legislation. It seeks to provide participant satisfaction data as a method of evaluating program

effectiveness with respect to the legislative goals of educational exchange, cultural exchange, and the promotion of peace. As these sponsors are responsible for all program operations including the recruitment of participants, sponsors are charged with a high degree of responsibility for satisfying the program's legislative goals, yet presented with no clear incentives to focus on activities not congruent with its profit-maximizing, efficiency-oriented, operations or repercussions for failing to do so.

The second purpose of this paper is to address the components of Summer Work Travel Program participants that affect the ability of the program to meet the goals of its authorizing legislation. These effects are defined using agency theory's adoption of "asymmetry" between the actions preferred by the U.S. State Department (termed the "principal" in agency literature) and those actions actually taken by SWTP sponsors (defined as "agents"). In order to determine levels of asymmetry present in the administration of the SWTP, satisfaction scores and interviews from SWTP participants were used to construct two forms of asymmetry, popularly defined in agency literature, "information" asymmetry between the SWTP administrators, and "preference" asymmetry between the SWTP administrators.

The final purpose of the study is to provide policy recommendations to improve the Summer Work Travel Program. These recommendations are derived from the analyses conducted in this study and serve as a springboard for future research. It is the objective of this study to present testable conclusions such that more research can positively impact the Summer Work Travel Program. It is the



purpose of this study to present an entry point for discussion regarding administrative operations of the Summer Work Travel Program and similarly structured programs that are not widely discussed in public policy or political science literature in conjunction with agency theory.

### **Research Questions**

The following research questions will be addressed in this study:

- 1.** *“Does the Summer Work Travel Program meet the objectives of its authorizing legislation?”*
- 1.1** *“Do participants in the Summer Work Travel Program indicate satisfactory levels/exposure to educational exchange during their participation periods?”*
- 1.2** *“Do participants in the Summer Work Travel Program indicate satisfactory levels/exposure to cultural exchange during their participation periods?”*
- 1.3** *“Do participants in the Summer Work Travel Program indicate satisfactory levels/exposure to the promotion of peace during their participation periods?”*

These research questions address the primary concern of this dissertation, the degree of success or failure of the Summer Work Travel Program to meet the objectives outlined in its authorizing legislation, the Mutual Educational and Cultural Exchange Act of 1961. It divides those objectives of the MECE Act into three categories; educational exchange, cultural exchange, and the promotion of peace.

2. *“What aspects of the Summer Work Travel Program participants affect program success?”*

2.1 *“How do the identified participants’ aspects affect Summer Work Travel Program success?”*

The second research question seeks to determine whether any components of the Summer Work Travel Program affect the ability of the program to meet its legislative goals. These components were selected during the methodological design of the study, implemented into both qualitative interview designs and quantitative survey construction, and were then tested against satisfaction scores to determine any significance. To determine the effects of the intermediate placement agents the criteria of “asymmetry” is used for this study’s analyses. Two components of asymmetry as presented by Eisenhardt are measured, information asymmetry and preference asymmetry (1985). Therefore the following research questions are presented:

2.1a *“Do the identified participants’ aspects indicate information asymmetry between the U.S. State Department and Summer Work Travel Program sponsors?”*

2.1b *“Do the identified participants’ aspects indicate preference asymmetry between the U.S. State Department and Summer Work Travel Program sponsors?”*

## **Significance of Study**

Each year over one hundred thousand foreign students enter the United States to participate in the Summer Work Travel Program. These individuals come from institutions of higher education to further their studies while engaging in cultural exchange activities for a period of three months. They are recruited by independent placement agents hired by SWTP sponsors to fill staffing requirements. Once approved for SWTP participation and granted a J-1 visa, participants pay travel costs either directly to the SWTP sponsor or the independent placement agent. They arrive in the United States where sponsors provide or outsource the provision of housing, utilities and amenities, transportation, even groceries at predetermined rates offered to SWTP participants. These non-negotiable rates are either billed to the student or simply deducted from the participant's paycheck. The SWTP sponsor that provides these accommodations are the same that must place the participant in a position wherein they would engage in mutually beneficial cultural and educational exchange with others both within the program and the local community. Although the SWTP constitutes the largest foreign workforce in the United States, the U.S. State Department oversees all labor aspects of the SWTP program, which it has in turn delegated to the sponsors themselves, essentially requiring profit-seeking organizations to determine the degree to which they satisfy the SWTP's legislative goals at expense to their bottom lines. Therefore it is important the employing sponsors of the SWTP are held accountable for the

program's success by the U.S. State Department, yet there are many reasons why the two administrators may differ in their desired operation of the program.

The two groups of administrative actors operating the Summer Work Travel Program, the State Department and the sponsors and recruiters, differ greatly in many respects, leading to the adoption of agency theory to frame the administrative relationships in this study. The use of agency theory to discuss the differences among SWTP administrators is unique to this dissertation, as are its data sources. This dissertation is the first to reflect the feedback of the participants both during and shortly after their participation in the SWTP. The study's approach to integrating participant interviews and quantitative survey data is also unique among reports concerning the SWTP. The study's main importance is to address the ability of the SWTP to meet its legislative objectives. While previous studies have highlighted instances of program abuse or the effects of the program on the U.S. workforce, few studies have addressed the root of the program's problems - the fundamental differences in goals and information among these two groups of program administrators.

This study is significant due to its use of agency theory, its data sources, and its focus on integrating participant feedback into the measurement of SWTP sponsor performance and overall program success. It moves further than reports highlighting the effects of the SWTP and presents policy recommendations following the data analyses. This study is conducted such that the Summer Work Travel Program can present the opportunity to its participants envisioned by the creators

of its authorizing legislation. As the program continues to grow in participation, and thus its impact on U.S. cultural and educational exchanges with nations around the world, the program should not center upon the satisfaction of its sponsoring employers, but rather those participants the program was created for. This perspective reflects the spirit of this dissertation as shown by its methods and data analyses- that participants' experiences should be more than publicized afterthoughts and should instead be a tool by which the performance of SWTP sponsors and the success of the SWTP overall are measured.

## **CHAPTER 2**

### **LITERATURE REVIEW**

The Summer Work Travel Program (SWTP) is one of sixteen Exchange Visitor Programs operated by the U.S. State Department. The Summer Work Travel Program has regularly been referred to as, “a cornerstone of U.S. public diplomacy efforts for nearly 50 years (76 Fed. Reg. 23177).” Its primary purpose is to, “increase mutual understanding” and “strengthen the ties which unite us with other nations (22 C.F.R. 62.2).” The Summer Work Travel Program is largest of the Exchange Visitor Programs whose participation is regulated using the J-1 cultural exchange visa. The SWTP represented almost half of the 300,000 Exchange Visitor Program participants in 2010. The SWTP invites foreign students to work inside the USA for a period of three months (with an additional month allowed for travel) if in a foreign University or equivalent institution and on academic break. Students interact with other participants from various culture as well as U.S. citizens through their work placements, and after employment for three months are allowed to travel for the final month of their stay to further their cultural and educational studies.

The Summer Work Travel Program has a number of proponents and detractors. Those that support the program, including its former top administrator, then Secretary of State Hillary R. Clinton, cite the tremendous opportunities it provides for those who may otherwise not be able to visit the United States. The SWTP directly impacts those students abroad who are able to participate in the

program by immersing them in the culture of the USA and those cultures of their fellow participants. It presents participants with an unbiased opportunity to experience the democratic values and peaceful practices that accompany constitutional pillars such as the first amendment. Indirectly, the program allows the United States to promote democracy and the promotion of peaceful ideals to those associated with SWTP participants as participants return and share their experiences (Pub.L. 87–256). For those who employ SWTP participants, the program provides a dependable labor pool for employment in seasonal positions. Many sponsors employing participants cite the positive attitudes of students, their work ethics, and beneficial cultural exchanges that the program provides. Employer Hugh Fuller has hired foreign students at his Purple Parrot Grill restaurant in Rehoboth Beach for at least 15 years to supplement his 72-person seasonal staff. “I’m very proud of my international students,” he said, adding that for some positions, such as preparing food, he doesn’t get too many local applicants (Klimasinska 2013).

The Summer Work Travel Program has a number of detractors that question the true motives of the program. As the program has grown over the years it has become the largest source of foreign workers in the USA, yet the program is not administered or coordinated with the U.S. Department of Labor. This has caused many to accuse the SWTP of displacing U.S. citizens from potential jobs as employers can hire SWTP participants and pay less money in wages while receiving tax breaks for participating in the SWTP (Costa 2011). Others cite the placements of

SWTP participants as not consistent with its authorizing legislation, placing students in dangerous or even illegal work positions in the sex industry (Preston 2011). While many agree with the objectives of the SWTP, they criticize its results, as participants have reported unsuitable housing and work conditions or exorbitant costs that leave them little money to take home after participation (Costa 2009). Among those that have published reports citing lack of adequate regulations include the State Department itself, the Economic Policy Institute, and the Government Accountability Office.

This literature review begins with the historical context of a shift in the administration and provision of some public services from the public domain to the private. To frame this study's focus on successful methods of contracting public administrative functions to private entities, this literature review identifies the issues in and examples of contracting from the perspective of various academic disciplines including public management, public administration, economics, political science, and public policy studies, ranging from broad examples of government contracting to specific issues of effective contract design and management, including post-contractual concerns. While pre-contract design is concerned with determining the most effective methods of the division of services and administration and the specificity of the contract, post-contractual concerns are related to curtailing opportunism due to goal and preference asymmetry (Shavell 1979).



This study uses principal-agent theory to guide its analysis of the theoretical issues most relevant to the Summer Work Travel Program's administrative relationships and program objectives (Shavell 1979; Jenson & Mecking 1976). While principal-agent theory is well suited to addressing the conflicting goals of the participating entities, transaction cost theory is helpful in determining the most efficient method of providing administrative functions (Williamson 1975, 1985). This study uses transaction cost theory to analyze issues of contract design with respect to costs of monitoring and evaluation in a principal agent setting and agency theory to highlight post-contract implementation concerns relevant to the Summer Work Travel Program operations. Transaction cost theory is used to determine the most suitable methods for the U.S. State Department to adopt and present to potential SWTP sponsors. This approach lays out the theoretical and practical foundation for the methodology section, in which measures of participant satisfaction are used to assess the administrative balance between public and private agencies in the Summer Work Travel Program.

### **Privatization – Historical Overview**

A brief historical overview of recent trends in the public/private dichotomy that has characterized governmental service production and distribution will provide a context for the privatization of the Summer Work Travel Program. While scholars such as political philosopher Norberto Bobbio have traced the public/private dichotomy to Byzantine's Code of Justinian (A.D. 529), this work

begins with the public/private distinction that has characterized the United States economy since the twentieth century (Bobbio 1989). This overview begins with contemporary policymaking utilization of the private sector to conduct operations traditionally carried out in the public domain. Much of the recent literature reflects the neoliberal policy shift toward greater use of market mechanisms for government service production and delivery. For this purpose, the focus is on those methods through which this takes place – those specific actions under the nomenclature “privatization” (Yergin & Stanislaw, 1998).

Following the Great Depression, all indicators reflected a public distrust in private enterprise because of the perceived inability of private enterprises to provide necessary goods such as milk and coal before and during the Great Depression (Hamilton & Wright, 1928). Thus, the administration of Franklin D. Roosevelt and implementation of his presidential agenda started a movement in the opposite direction towards trust in the public sector and public program expansion (Minow 2005). A tremendous expansion of public provision of services took place, entitled the “New Deal Reform” under Roosevelt (1933). Among these services were public welfare reform (Social Security and Aid to Dependent Children), infrastructure programs such as the Public Works Administration, Works Progress Administration, the Civilian Conservation Corps, public planning such as the National Resources Planning Board, and the public ownership of some utilities reflected in the creation of the Tennessee Valley Authority Act in 1933(16 U.S.C. § 831) and the Rural Electric Administration in 1935 (7 U.S.C. § 901).

Following this expansion of government, there was a swing away from “big government” to a more efficient government, characterized by a reduction of peripheral services (Freedman 2006). The outsourcing of government services by contract started the move back towards a trust in the private sector in modern decades. Thus the recent growth of privatization can be explained as a somewhat naturally occurring shift away from the growing public administration of programs emerging from the New Deal (Horowitz 1987) and a reflection of distrust of “big government.” Administrations starting with Ronald Reagan have sought to create a more agile or lean government that is more flexible and efficient to counteract that distrust. Efforts to explore better management practices include the Reagan presidency’s Grace Commission, the National Performance Review under the Clinton presidency, and the President’s Management Agenda under the presidency of George W. Bush (Freeman 2006).

Mutual exclusivity between the public and private spheres is not the only option. Quasi-public/private entities are another options; they have existed as providers of government services and include the Federal Land Bank, port authorities, sports authorities, the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac) (Radford 2003).

During the Clinton administration, the initiative of “reinventing government” sought to integrate government contracting in an effort to improve the ability of the procurement system to meet its goals, or as stated in the Federal Acquisition

Regulation, “to deliver on a timely basis the best value product or service to the customer (FAR 1.102, 60 Fed. Reg. 34,732).” This initiative can be seen as a response to economists’ argument that government agencies are insulated from the pressures of competition and behave like protected monopolies comprised of “so-called public servants [who] have a captive market and little incentive to heed their putative customers” (Savas 1983). The Federal Acquisition Regulation and National Performance Review, under the Clinton Administration, called for “services for goal obtainment” to be carried out, “while maintaining the public’s trust and fulfilling public policy objectives” as part of Clinton’s “reinventing government” program (FAR 1.102).

One example of using privatization to improve efficiency and control costs that took place during the Clinton administration involved the National Aeronautics and Space Administration (NASA) programs. These programs were burdened with cost overruns for routine space operations. Under the Space Flight Operations Contract, the Clinton administration began outsourcing the management and running operations of shuttles to the contract winner, the United Space Alliance. The \$10 billion contract outsourced essentially all operations, from astronaut training to system assembly to the management of launch and recovery, resulting in what many have characterized as a fragmented system that has failed to uphold the successes of its predecessor (Romzek & Dubnick 1987).

The presidency of George W. Bush initiated increased administrative outsourcing compared to previous administrations. The President’s Management

Agenda adopted the policy of “competitive sourcing.” During his campaigning, G.W. Bush stated, “Government should be market-based—we should not be afraid of competition, innovation, and choice. I will open government to the discipline of competition” (OMB FY 2002). The underlying idea behind competitive sourcing was neutrality between commercial and government service providers, so that government providers competed alongside private entities for the provision of services that could be supplied by private firms. The Agenda justified this policy by claiming that public agencies were insulated from pressures to innovate and change and had become complacent due to a lack of competition. As an increasing number of potential service providers for government tasks were readily available in the private sector, “competitive sourcing” moved these tasks into the public or private sector as determined through classic “make or buy” analyses.

Following G.W. Bush’s adoption of “competitive sourcing,” the rate of outsourcing continued to grow in response to the terrorist attacks occurring in 2001, the subsequent military operations in Iraq and Afghanistan, and the natural disaster Hurricane Katrina. The September 11, 2001 terrorist attacks and government response to Hurricane Katrina highlighted the limited ability of government agencies to respond quickly to emergencies or crises, establishing the need for improved “first responses” to such crises (Minow 2005). The increased scope of military operations and political pressures has also highlighted the usefulness of non-governmental military organizations to operate alongside and in conjunction with public military operations.

These administrative agendas reflect a shift in public sentiment away from a focus on the evils of private sector profiteering through exploitation to the perils of a slow-moving, overly bureaucratic big government. Yet, as indicated above, the public and private administration or provision of traditionally public functions should not be viewed as mutually exclusive. Seeking the appropriate balance between the two sectors is a good foundation on which to base decisions about service production and provision. It is at this intersection that this study finds its roots, as the classic “make or buy” decision has produced results and performances that can be utilized to judge its merits. In the case of the Summer Work Travel Program (SWTP), this study evaluates (using satisfaction indicators to judge the program in terms of effectiveness) the decision to externalize parts of the program’s administration while retaining other functions in the public sector.

### **Contracting**

The term “outsourcing” denotes the act of contracting for a service. In governmental services, outsourcing indicates the retention of the ownership and control of the production/distribution function by the government while the contracting private entity operates or staffs the respective function. In its simplest form, it is a short-term business relationship based on a competitive process to fulfill a goal or mission, typically to fill a gap in knowledge or skill in order to increase productivity and/or efficiency. Outsourcing can be contrasted with “privatization,” wherein the private sector invests capital in assets (either new or

existing) and thus retains some degree of ownership of the asset or function.

Privatization allows the establishment of a long-term relationship dependent upon the performance and adherence to negotiated terms and conditions of the production function. Privatization can also be contrasted to outsourcing in terms of the transference of risk – the private sector assumes a portion of the risk in exchange for the hope of the establishment of a long-term contract (Ross 1973; Williamson 1975).

This study focuses on the U.S. State Department’s outsourcing of administrative functions in the Summer Work Travel Program. The previous section has described the historical shifts between the public and private domains. This section focuses on specific contracting between private entities and the U.S. government. It details both the positive and negative aspects of government contracting as developed in academic literature, and a discussion of the challenge of measuring governmental contracting success.

Outsourcing has undeniably grown steadily since 1990 (Minow 2005). In 2006, federal agencies spent roughly \$400 billion on the acquisition of goods and services from private firms, a 90 percent increase over the 2000 figure. As indicated by the Federal Procurement Data System, the fastest-growing component of federal discretionary spending is the use of contracts (FPDS 2000-2006). The growth in contracting is augmented by the increased opportunities to provide what has traditionally been termed “core government services,” such as the operation of prison systems or schooling.

As Harvard scholar Martha Minow states, “We live in an era of pervasive government outsourcing – what we call government by contract” (Minow 2005). Since the Reagan Administration, the U.S. government has increasingly relied on the private sector to provide public goods and functions, specifically regarding national security, intelligence gathering and monitoring operations, warfare, and disaster relief. While government contracting for national defense services is not a particularly new trend, the degree to which the contracts authorize private involvement has grown far beyond the traditional procurement of military weaponry (Minow 2005). In Minow’s “Outsourcing Power: How Privatizing Military Efforts Challenges Accountability, Professionalism, and Democracy,” these more in-depth functions that have been outsourced today include “sensitive functions” previously thought to be exclusively the responsibility of government. These functions include military target selection, border control, interrogation of detainees, and the control of the collection of confidential information gathered during military operations. Through contracting, the private sector has played a significant role in both the planning and operational aspects of national defense (Minow 2005; GAO-06-800T).

While many attribute this increase in outsourcing to the terrorist attacks of September 11<sup>th</sup>, 2001, other major focusing events over the last two decades have included the wars in Afghanistan and Iraq as well as natural disasters such as Hurricane Katrina and more recently Hurricane Sandy. While these events have drawn attention to the ways in which the private sector can perform more



effectively and efficiently in service delivery and faster response, the events are embedded in a larger trend toward government outsourcing of what is termed “the basic work of government,” including agency budget determinations, the provision of social services, delivering foreign aid, and even managing nuclear weapons sites (Guttman 2003). While these focusing events have led many to conclude that the government is ill-equipped to meet the demands of rapid service deployment in response to natural disasters or possess the equipment and human capital necessary for intelligence operations on a large scale, critics of government contracting cite the lack of transparency that often accompanies government outsourcing (Dickenson 2005). This lack of transparency has frequently resulted in a rise in opportunistic behavior among those winners of private contracts who seek to satisfy personal agendas rather than fulfilling contractual obligations (Jenson 1983). Thus the debate over the true costs and benefits of government outsourcing has become central to policymaking theories and procedures.

There are two distinctions regarding the selection of services for outsourcing. The first is the distinction between “core” and “peripheral” services. While services to military personnel such as health services, food services, and housing are easily classified as peripheral rather than core functions, the government’s increased proclivity to contract has led to private sector encroachment of services usually thought to be solely in the government’s domain. For example, when the NSA decided to focus on its “core” objective of intelligence gathering, outsourcing contracts for the maintenance and development of its

computer networks and security infrastructures increased steadily after 1990 (Romzek, B & M. Dubnick 1997). During the contracting competition however, the NSA decided not to simply replace those who had begun infrastructure development but rather to stipulate that the affected workforce be offered positions in the selected company. The existing workforce in the NSA was an asset to be utilized by the contract winner, preserving the current technological capacity of the NSA and augmenting it with highly skilled private workers (Freedman 2006).

The second distinction is that of “mission focus.” While also reflective of efficiency concerns, the federal government had very limited ability to compete with private entities to acquire personnel with specific skill sets in high demand in both private and public sectors around the world. As Soloway and Chvotkin state, “facing seminal changes to the economy and to the role and ownership of technology, a generally losing competition with the broader private sector for talent, and a significantly graying workforce, agencies have had little choice but to turn increasingly to the private sector” (Soloway & Chvotkin 2009). In these instances government entities are presented with the choice of risking mission success by using an antiquated or under-skilled workforce or paying a higher price to recruit those with proper skill sets who typically remain in the private sector due to its ability to pay in proportion to the global demand for the respective skill set. With increasing need for the government to modernize, this use of outsourcing to attract those with highly desired skill sets complements the motives of focusing on core

tasks and achieving “mission success” (quality), rather than simply operating efficiently.

### **Case Studies of Government Contracting**

Examples of government contracting can be found on all levels. Regardless of the scale or level, outsourcing embraces the common theme of contracting for increased efficiency or for “mission success.” Examples of government contracting include contracting for waste disposal on state and local municipal levels, the contracting of military operations, and the privatization of correctional facility operations. These examples will be provided in a broad context to establish the scope through which government outsourcing by contract takes place.

The first example is environmental cleanup for sites classified as “brownfields.” A brownfield is “a property, the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant (epa.gov).” As of 2012, the estimated number of “brownfields” in the United States exceeded 450,000” (epa.gov 2012). The state-administered cleanup projects were seen as reflecting the slow-moving nature of government due to the number of permits and project approval processes needed before projects began. In an effort to address the need for increased efficiency, the state of Massachusetts implemented private consultants (LSPs – Licensed Site Professionals) to independently regulate site cleanups. These independent regulators were placed in charge of supervisory activities including the assessment

of cleanup needs, a presentation to the client of potential cleanup options, and final evaluation of cleanup efforts, wherein LSPs would sign off on completed projects if found to be in accordance with state regulations (Mass. Reg. Code 310, 40.0). The use of an independent third party to supervise the aspects of brownfield cleanup efforts was proposed to circumvent the bureaucratic red-tape characteristic of government agencies. Yet when final site audits were reviewed, in many instances large degrees of opportunism had resulted in suboptimal conditions. LSPs were found to often recommend particular services or cleanup methods that directly or indirectly benefited them financially. Sites were rarely found to be in accordance with environmental specifications even after LSP inspection (Minow 2005).

The apparent conflicts of interest, the wide range of management procedures, the lack of disciplinary actions, and the lack of oversight regarding LSPs all led to increased risk-taking in project operations in the form of LSPs suggesting suboptimal methods that benefited them directly rather than more effective methods not directly benefiting LSPs financially. LSPs also approved suboptimal performances after project completion to keep costs low (Seifter 2008). A review of LSP audits shows that between the years 2001-2005, sites received a “follow-up required” grade were 50%, 65%, 71%, 70%, and 71%, respectively (Mass. DEP 2001-2005). Sites with violations that resulted in the retraction of a “completed” status ranged from 5% to 21% over the same five-year period. Thus LSPs represent a form of “capture” due to their ability to be dominated by the very entities they regulate (Posner 1974).

The second example of government contracting is perhaps one of the most prevalent since the 1990s, the outsourcing of national defense activities to private military firms. It is estimated the Department of Defense (DOD) spends nearly 75 billion dollars each year buying goods and services from the private sector (Nichols & Phillips 2005). As reported by Nevers and Avant, nearly one-half of the personnel deployed by the United States since 2003 have been contractors (Singer 2003; Stanger 2009). Yet the Department of Defense also contracts for services domestically such as computer support, intelligence gathering operations, and jobs as minute as the maintenance of printers and copiers in various domestic facilities. As a result of this growing trend of outsourcing, numerous examples of an abuse of power by these firms can be found, specifically in international settings (Radford 2003). The State Department's Personal Protective Services contract with the private contractor Blackwater during the Iraq war provided contractors with private weapons and helicopters, resulting in the infamous shootout in Nisoor Square, exemplifying Blackwater's overtly aggressive policies (Priest 2004). During the withdrawal of troops in Iraq, private contractor DynCorp provided police and security training to the Iraq police force, including help in constructing compounds and prisons. The Iraqi army was then trained by U.S. contracted private organizations Vinnell Corporation, MPRI, and USIS (Avant 2006). However, the legal framework governing non-combatant yet often armed private contractors had not been revised to address the atrocities exhibited in the Blackwater shootout or the prisoner abuses documented in U.S. run prisons in Abu Ghraib (WP, 2004).

Two main conclusions can be drawn from the extensive literature on military contracting. First, there is a lack of competition among private contractors necessary to foster efficiency and accountability. Second, there is a lack of legal oversight. U.S. Harvard legal scholar Martha Minow states, “Military training, unit discipline, the Uniform Code of Military Justice, and international legal standards governing war and armed conflicts ensure accountability for the military, but not for private corporations and their employees engaged in military work. Serious questions have been raised about whether Congress can use its oversight of the military on private contractors” (Minow 2005). As U.S. global operations continue to grow in size and scope, the structure of government contracting must account for its diversity through oversight and feedback and should be reflected in subsequent contract negotiations.

A third example is contracting of U.S. prison and correctional facility operations to private firms. Vice President Donald Hutto of Corrections Corporation of America (CCA), the largest private company to run U.S. prisons, states, “Every time you want something, you have to go through a complex political process (Pulle 2006).” The privatization of prisons is seen as a more efficient method of operating a traditionally state-owned responsibility, subject to competitive bidding that theoretically produces higher quality services at lower costs than state-run operations. Now managing more than 67 facilities that house more than 93,000 prisoners, CCA has been widely criticized for its lack of transparency regarding prisoner treatment, the falsification of prison records, and a 2012 deadly riot in a

Mississippi prison (Boone 2013). Privatization of prisons also represents a case of goal incongruence. Private companies benefit financially as more prisoners are brought into their complexes, but public agencies responsible for prisons do not benefit financially in terms of the size of the prison population, and is thus prefers lower usage levels. The privatization of prison complexes provides incentives for companies to lobby for increased use of prison capacity whether in terms of longer prison sentences or more crimes punishable through jailing. This example of privatization reflects a degree of regulatory capture, wherein public agencies are less concerned with the humanity of methods utilized in correctional facilities and more concerned with results such as less violence occurring inside prisons.

Lobbying efforts of CCA have repeatedly defeated legislation that would have limited private entrance into correctional facility management, spending \$17.4 million lobbying the Department of Homeland Security, U.S. Immigrations and Customs Enforcement (ICE), the Office of Management and Budget, the Bureau of Prisons, both houses of Congress, and others between 2002 and 2012 (Pulle 2013). Privatization of the management of correctional facilities would need to include transparency clauses in contract design to ensure the maintenance of both health and safety standards. Additionally a truly competitive bidding process is needed in order to ensure high quality service delivery, an objective difficult to achieve given the size of CCA and its much smaller competitors.

Additional examples of public and private contracting in the United States include contracting for health care services, educational endeavors, and aeronautic

services as public agency size and scope continues to decline in the name of efficient governance and reductions in public budgets. As outsourcing continues to grow, the public sector needs to develop the necessary mechanisms to control opportunistic tendencies of profit-seeking organizations. These mechanisms include accountability requirements in political, legal, professional, and bureaucratic forms to manage expectations and curtail opportunism. The institutional and administrative components of measurability (and thus accountability) are central in contracting efforts between public and private organizations. While many peripheral activities are outsourced to a variety of private firms, the responsibility of delivered services and end results remains with public governments to reduce governmental strain and size without a loss of effectiveness or regulatory control. This is specifically exemplified in the utilization of independent environmental cleanup managers (LSPs) in Massachusetts where a shift in responsibility to alleviate demand on public agencies ultimately resulted in more work for the government due to improper regulation over independent managers.

### **Contracting Theories**

The following two sections discuss contracting concerns with respect to the Summer Work Travel Program (SWTP) using a principal-agent framework to model actions among SWTP administrators and transaction cost theory to specify contractual aspects for consideration during the contracting process. This process includes the contracting efforts of the U.S. State Department when selecting



employment organizations to be designated as SWTP sponsors, allowing them to employ J-1 visa holders. While a secondary level of contracting between SWTP sponsors and third party vendors who recruit foreign students for SWTP is an issue, this study focuses on the contracting between designated program administrators. As this study uses participant satisfaction as integral to measuring sponsorship status, it is posited that effective contracting between primary administrators will have a trickle-down effect concerning opportunism exhibited by SWTP sponsors with other entities. Following the discussion of both theories and the administration of the Summer Work Travel Program, this study presents a discussion of those main components that should be addressed through contracting both prior to program operations and the monitoring and governance mechanisms that enforce contractual agreements and determine degrees of contracting “success.”

### **Principal Agent Theory**

Principal Agent Theory (PAT) in its modern form can be traced back to the administrative guidelines of Max Weber (1922). Weber based his argument on a situation with two entities, one with power and authority, and the other with informational advantages. Weber sought to address the impact on performance and efficiency when the entity with authority was separated from the entity holding expertise. In later scholarly reviews this dichotomy was termed the “Weberian asymmetry” (Miller 2005). Among the relationship described by Weber, two roles were distinguished, that of “principal,” or the person in authority, and the “agent,”

whose actions determine the payoff to the principal. The principal may attempt to motivate the agent's behavior with incentives or may through inaction allow the agent to determine its actions from a wide set of choices that affect the principal's payoff. This classic arrangement introduces the idea of "agency costs," or those costs of trying to ensure the agent will act in the manner the principal would act if the principal was able to undertake the action.

The central questions of agency theory explore the motivations and methods the principal can adopt and implement in order to control agent behavior, best characterized as "the principal's problem" (Ross 1973). The principal's problem can be found in economic literature beginning with Spence and Zeckhauser (1971). The examination of insurance literature offers a simple illustration of the problem, with the companies providing automobile insurance (principals), and the clients or drivers who take out policies (agents). Ideally, the agents would behave in the same manner as the principal would if operating the automobile. The principal in this case must develop a contract that motivates the agents to exercise caution. Some actions the agent may adopt will increase the risk incurred by the principal, perhaps driving under or over the speed limit or eating while driving. Such actions are termed "moral hazard" (Spence Zeckhauser 1971). The principal (the insurance company) can create incentives that reduce moral hazard, including low deductibles and safe driving discounts that would be lost if a claim is made that involved negligent behavior by the insured. A second form of moral hazard occurs when inferior services are bought or sold due to information disadvantages. In the insurance

example provided above, the driver may possess information that should lead to a higher premium plan but, by omitting information, is able to receive a lower premium plan. In this example, the insurance company would mitigate said risk by asking many questions or performing background checks prior to offering the insurance plan to minimize information asymmetry. The incongruence among the two parties is often greater when one party is a public agency concerned with public objectives of not only providing quality service, but doing so in addition at determined service levels, whereas a private company may choose to sacrifice quality to reduce costs.

S. A. Ross (1973) explicitly defined the concept of principal and agent in a context of Pareto optimality representing the beginning of a shift from the classic treatment of the firm as “black box.” Ross wrote of the internal dimensions of firms that involve various relationships, conflicting interests and goals, and limited information among actors that make it difficult to obtain such optimality. Ross produced a series of equations that formally express the principal-agent relationship (Ross 1973). Subsequent papers in economics outlined the tenets of what is defined as the principal-agent model (Holmstrom 1979, Shavell 1979). These include agent impact, information asymmetry, preference asymmetry, an initiative that lies with the principal, ultimatum bargaining, and backward induction based on common knowledge between both parties. Agent impact reflects the situation in which actions by the agent determine the payoff to the principal. Information asymmetry is the proposition that differences in information between

the principal and agent lead to agent opportunism and difficulties in contract design as the principal does not have access to the same information as the agent.

Preference asymmetry is incongruity in goal alignment between the principal and agent, resulting in a need for monitoring or incentive use by the principal in order to constrain opportunism. Both kinds of asymmetry are important for this study of the Summer Work Travel Program.

The fourth component of the principal-agent model is the ability of the principal to move first by offering a contract to the agent. This condition is associated with the next component, ultimatum bargaining, or in contractual terms, a contract offered to the agent on a “take-it-or-leave-it” basis.

The final component is backward induction based on common knowledge. This component states that the principal and agent are both aware of the associated costs, potential outcomes, and various parameters of the game. Thus, in contract negotiations, the principal is able to determine the best possible outcome of agent behavior among the agent’s capabilities and can design the contract to entice the agent to maximize their efforts. Similarly, backwards induction allows the principal to mitigate opportunities for agent opportunism, as the principal is aware of the actions possible of the agent.

Eisenhardt made several major contributions to the development of principal-agent theory. Eisenhardt (1958) provided a clear distinction between the integrated organization and the principal-agent model based on the criteria of measurability of outcomes and behaviors. Using data gathered from small retail

chain stores, Eisenhardt focused on control and use of incentives. She distinguished between behavior-based and outcome-based incentive systems and identified four primary differences between principal-agent structures and more traditional hierarchical structures. These differences included:

- 1) The link between structure and performance in principal-agent structures compared to the more implicit and less performance-based traditional structure;
- 2) A higher cost of measurement in traditional structures compared to principal-agent structures;
- 3) Preference divergence in the principal-agent structure, compared to preference convergence in a traditionally structured organization; and,
- 4) Information in principal-agent organizations that varies in detail with respect to the number of actors and degree of inquiry, versus the simplistic view of traditional structures as containing only a singular level of information.

Eisenhardt's second contribution (1989) was a summary of the literature concerning principal-agent theory. Eisenhardt distinguished between two lines of development in agency theory, a positivist approach and a principal-agent approach. Positivist works are those that have identified situations in which the principal and agent are likely to have conflicting goals but are less mathematically rigorous and focus on the alignment of interests (Eisenhardt 1989). The work of Jensen and

Meckling (1976) regarding ownership of the corporation and the alignment of interests of managers and owners is considered influential in the positivist stream.

Fama (1980) addressed utilization of capital/labor markets as information signaling mechanisms to control self-interest of executives. Using the work of Alchian and Demsetz to frame the firm as a set of contracts, Fama drew a distinction between risk-bearing and management as carried out by separate actors rather than the classic “entrepreneur” that would own everything and also manage the firm, thus policing shrinking out of his own self-interest. In doing so Fama presented the firm as representative of multiple managers who, “face both the discipline and opportunities provided by the markets for their services, both within and outside of the firm (Fama 1980).” Jensen, Meckling, and Fama all focused on the corporate structure to identify mechanisms that address the principal-agent problem in a market context. Eisenhardt (1989, p. 60) develops an important proposition from this line of inquiry; when the Principal-Agent (PA) contract is outcome-based or when the principal has information to gauge agent behavior, the agent is more likely to behave in the interests of the principal.

The second line of agency theory development concerns the selection of the ideal contract with respect to behavior versus outcome based design options. Using the assumptions of goal conflict, a measurable outcome, and a risk-averse agent, Eisenhardt developed eight propositions, of which four are applicable to this work (Eisenhardt 1989). The first relevant proposition is that informational systems are positively related to behavior-based contracts and negatively related to outcome-

based contracts. This means that, when faced with lack of information regarding agent actions, the principal may either invest in information gathering or employ a contract based on the outcomes of the agent's actions. The same can be stated for outcome uncertainty, as when the agent is faced with high degrees of uncertainty an outcome-based contract is preferred to behavior-based incentive contracts. The second proposition is that as the principal becomes more risk-averse, it is increasingly desirable to pass this risk onto the agent in the form of an outcome-based contract. Thus risk aversion of the principal tends to result in outcome-based contracts rather than behavior-based contracts (Eisenhardt 1989). The third proposition is that goal conflict between principal and agent and the ease of measurability of by which the principal may gauge the actions of agents are both negatively related to behavior-based contracts and positively related to outcome-based contracts. When the principal is faced with uncertainty of the outcomes of agents' actions or these outcomes are difficult to measure, an outcome-based contract is more effective than behavior-based contracts. Lastly, Eisenhardt proposes that the length of the PA relationship is positively related to behavior-based contracts and negatively related to outcome-based contracts. This proposition rests upon the assumption that the principal is able to increase knowledge pertaining to the agent's actions with respect to time, so that agent behavior is more easily determined, eliminating the need for outcome-based contracting as agent performance is more predictable to the principal and thus using an incentive-based

contract is preferred versus an outcome-based contract used when uncertainty of outcomes is high Lambert 1983; Eisenhardt 1989).

As the principal-agent model moved from economics to political science there has been an extension of the theory to discuss interactions between various types of actors. It is the administrative relationship between public and private entities that is relevant to this study. In terms of the Summer Work Travel Program the “principal” is the U.S. State Department, a public entity, and the “agents” of interest are both private third-party placement firms (located both domestically and internationally) and the SWTP sponsors, (work organizations employing participants). The application of principal-agent theory to the public-private dynamic is an extension of work from Downs and Rocke, who first applied the theory in a political science context. Framing the chief executive of the government, the President, as an agent beholden to the constituency (the principal) he/she serves and represents, sanctioned only in terms of removal from office, Downs and Rocke describe the “agent” in this model as having unobservable behaviors but measurable outcomes in terms of the success of the executive’s decision-making. The principal should contract in terms of outcomes rather than behavior because measurability of agent behavior is low. The authors cite the example of “punishment” or the act of voting the executive out of office if well intentioned plans result in failure, even if this action makes both parties worse off. This punishment is intended to ensure that future executives are not incentivized by moral hazard



problems while operating under the same outcome-based contract with information asymmetry (Downs & Rocke 1994, p. 373).

Two extensions of principal agent theory conclude this literature overview of agency theory and its move from economics to political science. One is an analysis of the Federal Trade Commission by Weingast and Morgan in 1983 and the second is an analysis of the Securities and Exchange Commission by Weingast in 1984. Other scholars, including Eisenhardt (1989) and Miller (2005), believed that Weingast's focus on the implications of information asymmetry for these regulatory agencies resulted in the application of agency theory to Congressional oversight operations as well as bureaucratic politics. While Congressional oversight was traditionally seen as ineffective, Weingast reformulated this ineffectiveness as a lack of monitoring rather than a lack of control. In the analysis of the FTC, the authors state that Congressional committees "possess sufficient rewards and sanctions to create an incentive system for agencies" (Weingast, BR & Morgan 1983, p. 768). They suggest the desirability of a shift in focus of such committees to outcomes rather than an examination of inputs. In the SEC paper, Weingast is more direct about the specific incentives influencing regulatory agencies. He defines them as bureaucratic competition for budgetary appropriations, Congressional influence on bureaucratic appointments, and the threat of ex-post sanctions in the form of hearings and investigations (Weingast 1984).

A summary of principal agent literature produces a number of considerations that are directly applicable to the modeling of the actions of administrative actors in

the Summer Work Travel Program. These include the influential variables that determine the nature of both the input (contract design and its governance) and output (the experience of SWTP participants) between the principal and agent(s). Among these variables are goal alignment, asset specificity, moral hazard, information and preference asymmetry, incentives and coercive actions, and monitoring. These variables all determine the costs to the principal as well as the best formation of a contract to align the actions of the agent(s) with the goals of the principal.

### **Transaction Cost Theory**

To apply these insights to the Summer Work Travel Program, a second line of inquiry in the economics of contracts was used (Williamson 1975, 1985). How can the contract between the principal and agents be designed in a manner that minimizes transaction costs regarding the Summer Work Travel Program's administration and/or operations?

The focus in principal-agent theory is on the relationship between two or more parties who enter into an agreement for the provision of goods and services. The principal-agent relationship is governed by a contract between these two entities such that the agent is driven to perform as the principal would if able to conduct all tasks itself. This study focuses on analyzing the existing administrative structure of the Summer Work Travel Program using the principal-agent model based on certain criteria by which such contracting should be designed (or

redesigned if necessary). An initial criterion is the ability to create an effective long-lasting relationship between the employing sponsor and U.S State Department for Summer Work Travel Program that benefits the participants in terms of cultural and educational exchange. An additional primary criterion is the minimization of transaction costs, or those costs associated with economic exchange, exhibited in the works of Oliver Williamson (Williamson, 1975,1985) and his mentor, Ronald Coase (Douma & Schreuder 2010).

John Commons introduced transaction costs, defined as the costs of participating in the market, in 1931. Commons identified transactions as “the alienation and acquisition, between individuals, of the rights of property and liberty created by society, which must therefore be negotiated between the parties concerned before labor can produce, or consumers can consume, or commodities be physically exchanged” (Commons, 1931, p. 649). According to Williamson, transaction-cost economics treats the transaction as the unit of analysis and regards governance as the means used to achieve order with respect to potential conflicts that may “undo or upset opportunities to realize mutual gains” (Williamson, 1998, p.22). Here the focus is on those transaction costs associated with contract design and negotiations between the government and third parties. While Williamson began focusing on the application of transaction costs to the classic “make or buy” decision of the firm, this study assumes the “buy” decision as its starting point for discussion.

Transaction cost analysis originally focused on the decision to internalize or externalize production among private sector entities, but the transaction costs logic can be applied to similar issues facing governments (Williamson 1985). While governments are perhaps more complex, more restricted in decision-making options and processes, and typically have ambitious goals that are not always congruent with those of their external agents, governments are nonetheless purposive organizations that seek to reduce uncertainty risks (Rainey 1991, p.73).

Transaction cost theory is utilized in congruence with agency theory in this study to determine the costs of monitoring, evaluation, and forms of supervision to be determined by the U.S. State Department and specified in contracting between Summer Work Travel Program administrators. While agency theory is used to frame the points of discussion in this study, transaction cost theory provides a set of criteria for measurement and selection among various options. The contract between sponsors and the U.S. State Department is the vehicle through which the detrimental effects of uncertainty and asymmetry in preferences and information are to be minimized. The study of transactions costs can identify some of the less costly ways of producing desired outcomes.

Transaction cost analysis examines: (1) service-specific characteristics such as asset specificity and service measurability; (2) goal conflict and information asymmetry; and, (3) shirking problems, including ex-ante concerns of measurement, and contract design and intent, as well as ex-post concerns of moral hazard, all of which affect the costs of monitoring and contract outcomes. This discussion helps to

identify governance options regarding contract adherence and mechanisms available for agent monitoring.

### **Service-Specific Characteristics**

Asset specificity and service measurability are service-specific characteristics covered extensively by Williamson in Economic Institutions of Capitalism (1981). Asset specificity can be defined here as the transferability of assets that support a given transaction. Asset specificity has been refined to three forms of specificity, including human specificity, physical specificity, and procedural specificity (Grover, 2003). Human specificity such as the training of personnel to carry out or produce the asset is of particular interest in this study of the Summer Work Travel Program. The “training” of personnel to accommodate those international students in terms of orientation to work and cultural practices among their new settings is a behavior desired but difficult to measure or identify. Physical specificity, the investment of capital in physical structures or items relevant to the transaction, is not particularly relevant to the Summer Work Travel Program as investment in physical assets is not a major consideration. Procedural specificity, wherein parties develop specific actions unique to the relationship, reflects the disadvantage of the State Department in future rounds of contracting with SWTP sponsors. When sponsors are able to determine the practices of monitoring and evaluation of the State Department, they may relax or ignore orientation and accommodation support (not measured by the

State Department) that participants find helpful, presenting increased opportunities for potential non-compliance.

With respect to the Summer Work Travel Program, the asset contracted for is sponsorship designation and subsequent employment of foreign participants. As the construction of job placements in cultural and educational exchange are beyond the purview of the U.S. State Department, it can be concluded there is a low degree of asset specificity. Brown and Potoski (2003) posit that greater asset specificity in the production of a good or service increases the government's reliance on internal service production.

The second service-specific characteristic is that of service measurability. Measurability itself is a core component of principal-agent models. Services that are easily measured are contracted for between parties in terms of performance measures. If service measurability is low, the ability to specify contractual objectives and expectations becomes increasingly difficult (Praeger, 1994). Similarly, when measurability of the quality of services is low, the risk of opportunism of agents under contract increases. Service measurability directly relates to the frequency of monitoring and enforcement undertaken by the principal. When outputs or monitoring practices are frequent, the degree to which the principal can determine the desired methods that produce positive outputs can be more effectively determined. When output or monitoring is infrequent, the inputs that determine the service alignment with the principal's desires are more difficult to specify both in initial contracts and in subsequent negotiations. Here the distinction must be made

between service measurability in terms of required inputs for effective service delivery (such as educational and cultural exchange) versus the measurability of service inputs. As inputs may vary and do not directly produce desired outcomes, contractual design must be less concerned with the requirement of inputs and more concerned with the measurement of outcomes when determining contract effectiveness.

As there is no definitive system of measurement to determine the desired degrees of cultural and educational exchange, output in the study presented in this dissertation is measured using participant feedback. Thus, when designing the contract between the principal and agents in the Summer Work Travel Program, the value of the service (both quantity and quality) is best measured by its output. Satisfaction survey data was collected in this study to determine the quality of service outputs produced by the agents. Brown and Potoski observed, "As services become more difficult to measure, governments produce more services through joint contracting (joint contracting rather than internal production)" (Brown & Potoski, 2003, p.445).

### **Goal Conflict and Information Asymmetry**

The second set of criteria under transaction costs theory are those related to goal conflict or goal incongruence. In *Managerial Dilemmas: The political economy of hierarchy*, Miller (1992) describes principal-agent theory as the cousin of transaction cost theory, because it focuses on situations where principals direct the

behavior of agents. This includes information asymmetries and goal incongruence between principals and agents that increase the cost of monitoring and measurement in order to see if goals are being met. Private firms, unlike public agencies, may deliver a lower-quality service in order to reduce their costs and raise profits (Cohen 2003; Light 2000). When the goals of the contracting parties are similar, the degree to which a contract must be specific regarding detailed procedures, expected outcomes, and other characteristics is lower. When the goals of the two parties conflict, however, the degree of contract specificity must be higher in order to prevent exploitation, or with respect to principal-agent theory, to minimize actions taken by the agent that are inconsistent with the way in which the principal would act if it would conduct the activities itself.

The combination of goal incongruence and information asymmetry increases the transactions costs of contract design, monitoring and measurement. In the case of the Summer Work Travel Program, the amount of information the employing sponsors have access to regarding the recruitment practices of third party placement organizations, the efforts undertaken to achieve program goals, and participants' experiences, is far greater than the information the State Department has concerning the selection of SWTP participants. Similarly, the information about program operations once participants arrive in the U.S., particularly with respect to the mutual exchange of cultural values and educational ideals, is unknown to the State Department, which mainly derives its information retroactively after complaints are made public. The degree of information asymmetry partially



determines the degree of preference asymmetry or goal conflict. When the preferences of private firms in the SWTP may result in a lower quality of services provided than those the principal would prefer, a higher degree of detail and specificity of contracting between the two parties is required. Thus goal incongruence is a major determinant of transaction costs in the Summer Work Travel Program administrative actors and contract design between the two entities.

The administrative relationships in the Summer Work Travel Program are undoubtedly characterized by a large degree of information asymmetry and goal conflict, as the U.S. State Department and those employing sponsors differ greatly in mission focus. Mission focus, a descriptive of goal conflict or preference asymmetry, is used here as an overarching term for differing foundational natures of a public entity and a private firm. The private firm, the SWTP sponsor, is an entity based around efficiency and profit-seeking behaviors. The public organization, the U.S. State Department, is concerned with effectiveness due to its public nature. As a governmental entity overseeing all SWTP operations, its focus on effectiveness is related to the degree of risk and accountability for program successes and failures, despite the identity of the true culprit. Thus, while cost-saving measures are a concern, they are not as important to the State Department as administering an effective program that meets its legislative goals, without exploitation that may result in reputation damage of the government as the purveyor of public programs. This degree of difference in mission goals, preferences, or objectives is quite vast.

## **Shirking and Opportunism**

A noteworthy concept in agency theory germane to the discussion of transaction costs with respect to contracting is that of moral hazard. As economist Paul Krugman defines it, “Moral hazard refers to any situation in which one person makes the decision about how much risk to take, while someone else bears the cost if things go badly” (Krugman 2009, p.3). Moral hazard reflects agent proclivities to shirk responsibility after the contract has been finalized. Augmented by a lack of governance and monitoring by the principal, moral hazard situations in the Summer Work Travel Program have festered over the years as sponsors have become more familiar with the program’s operations and the U.S. State Department’s limited monitoring/governance activities to ensure contract adherence. Another definition given by James Glassman is helpful; ‘What moral hazard means is that, if you cushion the consequences of bad behavior, then you encourage that bad behavior. The lesson of moral hazard is that less is more (Glassman 1996, p. 269).’ Moral hazard calls for a reflection on the type of contract chosen to govern administrative relationships in the Summer Work Travel Program, as the contract specifies the methods of observing agent behaviors or outcomes and the mechanism through which they occur. Given the growth in participation of the SWTP, it is important to minimize the “encouragement of bad behavior” as the program’s capacity grows.

## **Contract Design**

Contracting literature concerning government actions has largely focused on the neoclassical “make or buy” determination. In this study, the SWT Program’s organizational structure is rigid due to the nature of its objectives – the placement of individuals in opportunities for employment that expose them to mutual educational and cultural exchanges. Due to the necessary integration of private employers, the make or buy decision with respect to the legislative objectives of the SWTP results in the “buying” of services through contracting with private sponsors. These designated sponsors then contract out recruitment services to third party placement agents to access international communities. This study’s focus is on the contract between the U.S. State Department and those employing entities that wish to become Summer Work Travel Program sponsors, a contract that specifies the terms and conditions under which the program is to be carried out. In designing and critiquing the contract between the government and SWTP sponsors, it is first helpful to establish the criteria of the relationship that must be addressed with respect to the objectives of the relationship.

It should first be established that a contractual relationship between the State Department and employment entities is necessary to achieve the objectives of the SWTP. Educational exchange, cultural exchange, and the promotion of peace through work in the USA, are key objectives of the Summer Work Travel Program’s underlying legislation, the Mutual Educational and Cultural Exchange Act of 1961. To achieve these objectives, the State Department’s Bureau of Cultural Affairs offers

sponsorship status to employing organizations that qualify (by filling out required paperwork) for designation. The act of offering sponsorship is the point at which the contractual analyses of this study begins. The following sections address the content and implementation of the contract. The first section considers those concerns that must be specified in the contractual agreement ex-ante. The second focuses on the enforcement of the contract's implementation, or those concerns that can be labeled ex-post.

### **Ex-ante Concerns**

Ex-ante contracting concerns are those defined as concerns prior to the occurrence of the event. In the SWTP agreement, the ex-ante concerns are the arrival and placement of the Summer Work Travel Program participants. These experiences or “outputs” of participation while employed with the sponsor are also ex-ante concerns, as their measurement must effectively provide insight related to sponsor performance. Specifying the methods and frequencies of such evaluative methods is an integral part of initial contract design, specifically when establishing criteria for future rounds of contracting. A number of aspects must be considered before the design of a contract between the U.S. State Department and potential SWTP sponsors.

We have already considered the following ex-ante primary concerns in the prior discussions of principal-agent and transaction cost theories: asset specificity, service measurability, information asymmetry, goal conflict (mission focus asymmetry), opportunism, and moral hazard. The next section discusses additional

concerns of contract design: the scope and scale of specified arrangements, the organizational structure of the SWTP, competition for contracts, and the measurement of outcomes and agent behaviors.

The scope and scale of the project are important concerns in contract design between multiple parties. The scope of the contract for Summer Work Travel Program includes the recruitment and employment of international students who qualify for the J-1 visa for a period of four months. The scope of the contract embraces a number of activities contracted out to SWTP sponsors, including a variety of activities of the employing entity that are focused on profit maximization which they may not be equipped to handle. These SWTP sponsors have an incentive to engage in further rounds of contracting with outside parties to fill gaps in their service delivery capacities. When inputs cannot be detailed, the specification of services expected when inputs cannot be detailed can establish concretely the expectations of the principal. This ability to detail the desired outputs but not necessarily inputs leads to contract design that focused on outcome-based reward structures.

The second aspect of contract design concerning SWTP administrators is that of scale. Certain activities may be cost prohibitive to the sponsor to offer or conduct independent of outside help. For example, when SWTP participants first arrive in the United States, sponsors must arrange for their transportation and orientation. The personnel of the employing SWTP sponsor may not have the expertise necessary to introduce foreigners to the United States, particularly when faced with

language difficulties. A third party may more effectively conduct this activity with higher degrees of specialization regarding these required actions. As the principal offers a take-it-or-leave-it contract to the agent, the principal must determine the manner in which such services should be conducted. Otherwise there is a risk of underperformance if SWTP sponsors are left to determine methods of introduction of foreign students to the United States based on cost-saving calculations that may result in ineffectiveness.

Inherent in the discussion of the proper division of services is the organizational structure of the Summer Work Travel Program. The structure is hierarchical in nature, with the principal, the U.S. State Department, at the top of the structure and the SWTP participants at the bottom. The organizational nature of the program positions a number of entities between participants and the U.S. State Department, which may distort or mismanage feedback information that could be useful in making program improvements or modifications. It is the outsourcing of SWTP responsibilities to the various entities that distances the State Department from those most adept to evaluate its successes or failures, suggesting a necessary correction in the reporting/feedback organizational structure. Feedback is one component that should be outlined prior to contracting. As cited In the Department of Defense and presidential “competitive sourcing” agendas, the distinction between core and peripheral services presents a method by which the principal can specify directions for services not vital to core operations of the SWTP sponsor. As these sponsors are primarily profit-seeking organizations concerned with efficiency, their

ability to find quality housing and other accommodations may be compromised by their business orientation regarding cost-effectiveness.

By determining through contracting which activities are core versus peripheral, the principal may be better able to specify what services the sponsors may contract out and those services they must perform internally to fulfill their obligations. In its current form the SWTP leaves all contracting decisions to the sponsors, producing mixed results as sponsors choose the quality and providers of services using their own criteria and discretion. Thus the core versus peripheral distinction is a helpful tool for not only future SWTP administrative alignment overall, but also for the specification of necessary services participants must receive, and which entity (internal producer or external organizations) is best suited in meeting the needs of the participants. A consideration of the organizational structure and capacity of administrators In the Summer Work Travel Program constructively prompts questions such as, "Should the employer who operates a restaurant also be the procurer of housing and laundry services for SWTP participants, and if this decision is left to sponsors' discretion, is this in the best interest of the participants?"

The degree to which competition is present when agents are selected for contracting is another component that may determine transaction costs. When large numbers of potential sponsors for the SWT Program are present and desire to contract with the U.S. State Department, a competitive process for contracts can produce desirable results for the principal. Entities wishing to enter into the SWT

Program would theoretically examine the services they offer in order to provide a case for their selection versus other “bidders.” If potential sponsors operate in an environment in which others are willing to take over their responsibilities if necessary, an added performance incentive is present. Furthermore, when multiple “bidders” are present, the principal can learn more about the inputs that are required for service provision using comparative methods. When competition for contracts is non-existent, the opposite outcome can be hypothesized. Without concern for other sponsors supplanting their place, agents may initially falsely advertise their capabilities resulting in poor agent selection by the principal, or may gain the contract yet put forth only the least amount of effort necessary to honor its obligations in order to maximize profits. In the Summer Work Travel Program, this form of exploitation may be the simple use of participants as employees without concerns for the objectives of the Summer Work Travel Program.

Perhaps the most relevant point regarding the Summer Work Travel Program and competition is the way in which contracts are offered to potential sponsors. Absent any competition from other potential sponsors, organizations apply for sponsorship status and are required to simply pay a fee if approved for entrance into the program. Thus, the selection process of the U.S. State Department negates the potential advantages of competition for Summer Work Travel Program sponsorship. The current process of sponsor designation and the automatic renewal of sponsorship status is as simple as giving automatic approval upon the absence of any negative feedback, a procedure that offers no incentive to provide participants



with a good experience. Thus, as organizations become embedded in program operations, they become increasingly able to put forth a minimum effort while avoiding detection. The introduction of competition into the contract bidding process would require a method of measurability In the Summer Work Travel Program that is not presently available.

### **Ex-Post Options & Determinants**

This section details ex-post contracting concerns and their relationship to the type of contract design selected. Contract design influences the mechanisms available for the measurement process, methods of governance for contract enforcement, and subsequent rounds of contracting with Summer Work Travel Program sponsors. A concern of the principal in agency theory is its ability to select the best product when faced with limited information. These “products,” in terms of the Summer Work Travel Program, are the employing sponsors chosen by the U.S. State Department to implement the SWT Program (who subsequently select placement agents to recruit students for employment).

When sponsors are under-monitored and improperly governed to manage potentially opportunistic behavior, the appropriate selection of sponsors is difficult to determine (Fama & Jensen 1983). This form of behavior can take place before the contract is signed between the State Department and the sponsor as well as afterwards when contracts are renegotiated. Absent information about the quality of services provided, the principal has no definitive method of measuring agent

performance. Once the agent is aware of the monitoring practices of the principal, the agent's intentions may be made more difficult to determine. The more embedded the agent becomes in the program, the greater is the importance of contract design and its governance in order to minimize moral hazard. The measurement aspect of contracting includes two important aspects, the ability to gauge performance and the contract design through which measurement mechanisms are detailed.

### **Measurement**

While the nature of measuring the service in the SWTP has been covered previously under the service-measurability section of service-specific characteristics, the methods undertaken must be specified prior to the completion of contracting so that both principal and agent are aware of both the criteria by which agents are evaluated and also the methods by which such criteria is ascertained. Monitoring and governance are two popular approaches to assessing agent results (Williamson 1985).

Monitoring may be physical or technological in nature, either conducted through field visits or the establishment of a third party to address the task independently of both principal and agent. Technological monitoring may include the input by sponsors or participants of actions, conditions, and general feedback regarding their experiences with respect to a number of aspects. Currently a form of technological monitoring exists for the SWTP in the form of the SEVIS database;

however, it is not used for monitoring purposes. Containing the location and background information of the participants, SEVIS does not detail specific work placements or actual jobs undertaken, the quality of services provided, or any form of post-participation feedback. It instead consists entirely of information determined prior to the SWTP participants' arrival. After the experience, distinction of core versus peripheral services and possible subsequent rounds of contracting, the common denominator in all activities (the SWTP participants themselves) should be interviewed. Although they are directly impacted in every aspect of the program detailed thus far, currently no method of accessing this population for information of any kind has been implemented.

### **Contract Design**

The second aspect of contract measurement is the type of contract offered to agents by the principal. The contract type varies greatly among different types of firms. PepsiCo, with an entrepreneurial style of decision-making, relies upon incentive-based contracts. General Motors adopts a more bureaucratic approach, where employees have less incentive to take risks and rely more on established procedures presented by the authority figures or supervisors. Southwest Airlines, which emphasizes a teamwork or collaborative relationship, presents a mixture of both incentive and bureaucratic contracting examples (Miller 2005).

In the principal agent literature, solutions to overcoming the agency dilemma include "buying-in" options where the reward to the agent is linked to the goals of

the principal through profit sharing or stock distribution. Linking agent performance to overall organizational performance reduced the incentive to shirk because it is counterproductive to the agent's profit-seeking objectives (Eisenhardt 1989). This "buying-in" option resolves the need for precise input measurement; however, initial requirements for linkage to overall organization performance requires a more cumbersome entry examination of the agent's abilities to minimize the possibility that the agent under-performs while part of the organization.

A second solution to the agency dilemma is to provide incentives to the agent to undertake actions similar to those the principal would take if it had complete control (Eisenhardt 1988). This solution focuses more on the measurement of inputs. The use of desired inputs is rewarded, while using those inputs not preferred induces sanctions or absence of incentives. This contract design requires definitive determinations of goals, objectives, and most importantly, a clear picture of the proper means to achieve the determined goals. This form of contract is used when the agents' actions are easily determined as potentially yielding positive or negative results, and is most appropriate when such behaviors are not commonplace (and thus trust is lower than in an outcome-based contractual relationship).

In light of the difficulty in determining the inputs for satisfying the objectives of the Summer Work Travel Program, it appears the incentive-based contract would not adequately curtail opportunism. The principal in the SWTP, the U.S. State Department, is unable to monitor the efforts undertaken by each agent, a SWTP

sponsor. Instead the outcome-based contract design seems more suitable, given that outcomes are measured objectively and independently for reference against other agents' performances, thus providing the principal a degree of measurement to use in future rounds of contracting for SWTP sponsorship.

## **Summary**

This literature review has addressed the theoretical constructs that guide the design and analyses of this study. The literature review began with a brief introduction to the SWTP and the sentiments of its detractors and supporters. It next moved from general discussions of the history of privatization to the growth of contracting in the United States. To highlight the growth of government outsourcing by contract, the case study of environmental cleanup in Massachusetts, the growth of contracting to provide national defense services, and finally the growth of privately run prison systems were presented. The literature review also discussed the contributions of two contracting theories, Agency theory and Transaction-Cost Theory. The administrative dynamic of the principal and its agent provided two key concepts that lead to opportunism discussed later in this study's analyses: information asymmetry and preference asymmetry. Transaction Cost Theory presented a foundation for contract design considerations between two administrative entities and the methods by which monitoring and measurement of agent actions and performance could take place. The final portion of the literature

review presented considerations with respect to before and after a contract is implemented to govern the actions of two parties. The ex-ante concerns included the scope and scale of the program, the organizational structure of the program, and the degree of competition present. Ex-post concerns included methods of measuring adherence to the contract and how its design dictates the available tools to measure performance. These concepts are applied to this study's approach to examine the administrative relationships of the Summer Work Travel Program and its ability to meet its legislative objectives.

## **CHAPTER 3**

### **RESEARCH METHODS**

This chapter presents the research design and processes used to answer the research questions of this study. This chapter describes the research methodology of the sample and the sample selection process, the procedures and instruments used for data collection, and the statistical procedures used for data analyses.

It is important to begin by highlighting the issues encountered concerning access to SWTP data sources. This study found the controlled release or limited authorization to the SEVIS database to be a serious obstacle to academic research and analyses. Without rigorous academic analysis and research using statistical inferences for past data trends, only cross-sectional studies with low levels of reliability can be conducted. Contact with the program participants was also nearly impossible due to the lack of access to data regarding their time of entry or the location of their placement. Even designated sponsor locations/contact information are not released for earlier years and can only be accessed through an interactive map of the United States provided on the State Department's J-1 visa "Facts and Figures" website (<http://j1visa.state.gov/basics/facts-and-figures/>).

Thus, the research design used for this study was determined after various alternative data collection techniques were considered and found unfeasible. In attempts to gather Summer Work Travel Program data regarding participants, eight total requests under the Freedom of Information Act (FOIA) were submitted to the

State Department requesting records indicating where the participants were placed after arrival to the United States. Additional requests were made to the State Department in the form of FOIA requests and direct correspondences with program officials appealing for limited access to the SEVIS database. The results of the FOIA requests and individual correspondences led to two conclusions. The first was that there is a gap in the data available before the 2003 implementation of SEVIS when records were digitized and aggregated as well as a gap in variables collected after the creation of SEVIS. Variables of significance missing from datasets include any data collected in the form of feedback after the participant's stay is over, data related to academic study and relativity to work placement, and data regarding participant placement categorized by U.S. State of employment for years prior to 2012. All FOIA requests made for the purposes of this study, including requests for data from previous years displayed on the J-1 Visa website for 2012, were denied.

### **Research Design**

This study uses a quasi-experimental cross-sectional mixed-methods research design. Mixed methods research designs include both quantitative and qualitative forms of inquiry in tandem so the overall strength of a study is greater than either qualitative or quantitative research (Creswell & Plano Clark, 2007). This study used both qualitative and quantitative forms of analyses, and "triangulation," as a component of the research design (Creswell 2009). Also referred to as "confirmation," "disconfirmation," "cross-validation," or "collaboration," this



approach draws conclusions using both quantitative and qualitative methods first individually, collecting and analyzing data respectively, and then comparing results from each form of analysis to determine any convergences, differences, or combinations of both (Greene, Caracelli, & Graham, 1989; Morgan, 1998; Steckler, McLeroy, Goodman, Bird, & McCormick 1992). Triangulation in this study included the use of quantitative survey data, qualitative individual and group interviews, and secondary sources from academic, educational, government and non-government organizations, as well as popular news sources, to provide a comprehensive assessment of the study's research questions.

The employment of a mixed method research design reflects a pragmatic research philosophy. As stated by many researchers, a pragmatic research approach arises out of actions, situations, and consequences, and is prescriptive (Cherryholmes, 1992; Patton, 1990). Of particular note are the writings of Tashakkori and Teddlie (1998), who convey the importance of focusing attention on the research problem in social science research and then using pluralistic approaches to derive knowledge about the problem (Morgon 2007). The use of a mixed-methods research design is used in this study to gather as much data as possible about the participants' Summer Work Travel Program experiences. This data was analyzed independently to draw conclusions from the three distinct approaches used in data collection and for analyses. This presented an opportunity to compare the conclusions from each data source to confirm or disconfirm the individual findings.

## **Triangulation**

The concept of “triangulation” is an integral part of this study’s research design. The term “triangulation” can be traced to a 1959 article where social scientists Campbell and Fiske introduced the idea of triangulation and that of “multiple operationalism,” the idea of using multiple methods to strengthen research conclusions (Campbell & Fiske 1959). Their approach was further detailed in 1966 by Webb, Campbell, Schwartz, and Sechrest, who defined multiple operationalism as using multiple methods that are, “hypothesized to share in the theoretically relevant components but have different patterns of irrelevant components (Webb et al, 1966).”

Jick states, “The most prevalent attempts to use triangulation have been reflected in efforts to integrate fieldwork and survey methods (Jick 1979:1).” The viability and necessity of such linkages have been advocated by various social scientists (Vidich and Shapiro, 1955; Reiss, 1968; McCall and Simmons, 1969; Diesing, 1971; Sieber, 1973). This study utilizes Denzin’s (1978) definition of triangulation as, “the combination of methodologies in the study of the same phenomenon.” Denzin is also credited with differentiating between “within-methods triangulation,” wherein differing methods are used in qualitative or quantitative research designs, and that of “between-methods triangulation,” in which varying research methods among both qualitative and quantitative research are used (Denzin 1978:41). With respect to Denzin’s distinctions, this study has adopted a triangulation method best described as “between-methods” as it uses quantitative

and qualitative research techniques as well as “within methods” as it uses more than one qualitative and quantitative research approach in its triangulation design.

This study uses the research approach of triangulation to strengthen the validity of concurrently generated results through the mixed methods of data collection. By designing this study’s data collection procedures such that each data source can be analyzed to confirm or disconfirm the results of one another’s conclusions, the conclusions presented are strengthened in terms of their validity, reliability, and overall quality. Furthermore the reliability of the study’s methods and analyses are easily determined by replicating the analysis of the three data sources used in this study; quantitative data, qualitative data, and secondary-source data.

### **Research Questions**

This study uses a mixed-method research design to address the study’s first objective of determining the success of the Summer Work Travel Program in achieving its authorizing legislative goals regarding mutual educational, cultural exchange, and the promotion of peace. It is also used to address the second research question that seeks to determine the aspects of the Summer Work Travel Program participants that affects program success.

This study was guided by the following research questions:

1. *“Does the Summer Work Travel Program meet the objectives of its authorizing legislation?”*

- 1.1 *“Do participants in the Summer Work Travel Program indicate satisfactory levels/exposure to educational exchange during their participation periods?”*
- 1.2 *“Do participants in the Summer Work Travel Program indicate satisfactory levels/exposure to cultural exchange during their participation periods?”*
- 1.3 *“Do participants in the Summer Work Travel Program indicate satisfactory levels/exposure to the promotion of peace during their participation periods?”*
2. *“What aspects of the Summer Work Travel Program participants affect program success?”*
  - 2.1 *“How do the identified participants’ aspects affect Summer Work Travel Program success?”*
    - 2.1a *“Do the identified participants’ aspects indicate information asymmetry between the U.S. State Department and Summer Work Travel Program sponsors?”*
    - 2.1b *“Do the identified participants’ aspects indicate preference asymmetry between the U.S. State Department and Summer Work Travel Program sponsors?”*

## **Hypotheses**

The following hypotheses are tested to answer the second research question,

*“Does the Summer Work Travel Program meet the objectives of its authorizing legislation?”*

To answer this question the following hypotheses were developed to answer individual research questions 1.1-1.3:

1. **H<sub>0</sub>:** The mean satisfaction score for Overall SWTP is greater than or equal to 3, “Average/Neutral.”
 

**H<sub>A</sub>:** The mean satisfaction score for Overall SWTP is less than 3, “Average/Neutral.”

**1.1 H<sub>0</sub>:** The mean satisfaction score for SWTP Educational Exchange is greater than or equal to 3, “Average/Neutral.”

**H<sub>A</sub>:** The mean satisfaction score for SWTP Educational Exchange is less than 3, “Average/Neutral.”

**1.2 H<sub>0</sub>:** The mean satisfaction score for SWTP Cultural Exchange is greater than or equal to 3, “Average/Neutral.”

**H<sub>A</sub>:** The mean satisfaction score for SWTP Cultural Exchange is less than 3, “Average/Neutral.”

**1.3 H<sub>0</sub>:** The mean satisfaction score for SWTP Promotion of Peace is greater than or equal to 3, “Average/Neutral.”

**H<sub>A</sub>:** The mean satisfaction score for SWTP Promotion of Peace is less than 3, “Average/Neutral.”

The following hypotheses are tested to answer the second research question, *“What aspects of the Summer Work Travel Program participants affect program success?”*

The second research question seeks to determine whether participants’ demographic characteristics are statistically significant in determining satisfaction scores. This research question is answered by developing the following testable hypotheses:

2a. **H<sub>0</sub>:** Summer Work Travel Program satisfaction scores are not statistically significantly higher for university placements than independent placements

**H<sub>A</sub>:** Summer Work Travel Program satisfaction scores are statistically significantly higher for university placements than independent placements

**H<sub>0</sub>:** Summer Work Travel Program satisfaction scores are not statistically significantly higher for government placements than independent placements

**H<sub>A</sub>:** Summer Work Travel Program satisfaction scores are statistically significantly higher for government placements than independent placements

**H<sub>0</sub>:** Summer Work Travel Program satisfaction scores are not statistically significantly higher for sponsor-direct placements than independent placements

**H<sub>A</sub>:** Summer Work Travel Program satisfaction scores are statistically significantly higher for sponsor-direct placements than independent placements

**2b. H<sub>0</sub>:** Summer Work Travel Program satisfaction scores are not statistically significantly higher for males than females.

**H<sub>A</sub>:** Summer Work Travel Program satisfaction scores are statistically significantly higher for males for females.

**2c. H<sub>0</sub>:** Summer Work Travel Program satisfaction scores are not statistically significantly higher for those with no prior knowledge of the SWTP versus those with prior knowledge of the SWTP.

**H<sub>A</sub>** Summer Work Travel Program satisfaction scores are statistically significantly higher for those with no prior knowledge of the SWTP versus those with prior knowledge of the SWTP.

**2d. H<sub>0</sub>:** Summer Work Travel Program satisfaction scores are not statistically significantly higher for those at middle of degree completion versus those at the beginning of degree completion.

**H<sub>A</sub>:** Summer Work Travel Program satisfaction scores are statistically significantly higher for those at middle of degree completion versus those at the beginning of degree completion.

**H<sub>0</sub>:** Summer Work Travel Program satisfaction scores are not statistically significantly higher for those in the end of degree completion versus those at the beginning of degree completion.

**H<sub>A</sub>:** Summer Work Travel Program satisfaction scores are statistically significantly higher for those in the end of degree completion versus those at the beginning of degree completion.

**2e. H<sub>0</sub>:** Summer Work Travel Program satisfaction scores are not statistically significantly higher for those with no contacts in the USA than those with contacts in the USA.

**H<sub>A</sub>:** Summer Work Travel Program satisfaction scores are statistically significantly higher for those with no contacts in the USA than those with contacts in the USA.

**2f. H<sub>0</sub>:** Summer Work Travel Program satisfaction scores are not statistically significantly higher for age group 21-23 than age group 18-20.

**H<sub>A</sub>:** Summer Work Travel Program satisfaction scores are statistically significantly higher for age group 24-23 than age group 18-20.

**H<sub>0</sub>:** Summer Work Travel Program satisfaction scores are not statistically significantly higher for age group 24-27 than age group 18-20.

**H<sub>A</sub>:** Summer Work Travel Program satisfaction scores are statistically significantly higher for age group 24-27 than age group 18-20.

**H<sub>0</sub>:** Summer Work Travel Program satisfaction scores are not statistically significantly higher for age group  $\geq 28$  than age group 18-20.

**H<sub>A</sub>:** Summer Work Travel Program satisfaction scores are statistically significantly higher for age group  $\geq 28$  than age group 18-20.

The following hypotheses are tested to answer the research question,

*“How do the identified participants’ aspects affect Summer Work Travel Program success?”*

It does this using the following research questions,

2.1a *“Do the identified participants’ aspects indicate information asymmetry between the U.S. State Department and Summer Work Travel Program sponsors?”*

2.1b *“Do the identified participants’ aspects indicate preference asymmetry between the U.S. State Department and Summer Work Travel Program sponsors?”*

The use of agency theory presents the concepts of informational asymmetry and preference asymmetry between the U.S. State Department and Summer Work Travel Program sponsors. The operationalization of the “information” and “preference” composite variables are described in table 3.2. The following questions addressed the second research question and were used to develop the following hypotheses:

**2.1a H<sub>0</sub>:** Intermediate placement agent choice exemplifies no informational asymmetry between Summer Work Travel Program sponsors and the U.S. State Department as determined by satisfaction scores.

**H<sub>A</sub>:** Intermediate placement agent choice exemplifies informational asymmetry between Summer Work Travel Program sponsors and the U.S. State Department as determined by satisfaction scores.

**2.1b H<sub>0</sub>:** Intermediate placement agent choice exemplifies no preference asymmetry between Summer Work Travel Program sponsors and the U.S. State Department as determined by satisfaction scores.

**H<sub>A</sub>:** Intermediate placement agent choice exemplifies preference asymmetry between Summer Work Travel Program sponsors and the U.S. State Department as determined by satisfaction scores.



## **Operationalization of the Research Variables**

The operationalization of variables to determine the satisfaction of the legislative goals of the Summer Work Travel Program reflects the measuring of “satisfaction.” To determine the degree each legislative goal is met, participants were asked to determine how “satisfied” the program adequately reflected its legislative goals during their experience in the SWTP. Possible responses included ordinal selections from 1 to 5, where 1= extremely unsatisfied, 3= average/neutral, and 5= extremely satisfied. Program goals were considered to be met if averaged satisfaction scores produced results higher than “average/neutral,” and not met if averaged satisfaction scores produced results lower than the score of “3,” or, “average/neutral.”

To describe whether any aspects of Summer Work Travel Program participants predict higher or lower satisfaction scores, those variables with the demographic questions of the survey were utilized. Demographic characteristics of SWTP participants include age range, gender, prior knowledge of the Summer Work Travel Program, contact with any USA resident or family member in the USA, progress towards degree completion, and the type of intermediary placement agent used to enter the SWTP. Potential responses for the six demographic variables are provided in table 3.1, “Research Question 2 Variables.”

The operationalization of the independent variables for the second portion of the second primary research question components (2.1a, 2.1b) includes a distinction brought from agency literature, that of “principal” and “agent”

administrators, and a focus on the delegation of responsibility and interactions between administrative actors. Utilizing the principal agent framework, the second research question includes the operationalization of two components found in principal-agent literature; information asymmetry and preference asymmetry.

The independent variables for the second set of research questions are the utilization of intermediary placement agents chosen by Summer Work Travel Program sponsors. These intermediary placement agents are categorized as independent, university-affiliated, government-affiliated, or affiliated directly with the employing SWTP sponsor. These independent third parties, such as travel agencies or academic departments in foreign universities, may present the Summer Work Travel Program in any respect. The four types of intermediary placement agents are as follows:

The first independent variable is “Independent Placement Agent.” This term refers to the intermediary placement agents used by sponsors to recruit and present participants for employment. “Independent Placement Agents” are those agents that have no affiliation with any university, government agency, or directly with the sponsor. They are often organizations such as travel agencies that present the Summer Work Travel Program as a “travel-abroad” opportunity or a trip to explore the USA (CIS Report 2011).

The second independent variable is the intermediary agent best described as “University Affiliated.” This intermediary agent is in some way affiliated with a University and often recruits participants using University distributed materials or

university postings such as billboards in certain departments. The “University Affiliated” agent does not reflect any formal recognition from the university it is affiliated with and can therefore be associated either formally or informally.

The third intermediary placement agent is best described as “Government Affiliated.” These placement agents often operate as government agents who recruit participants through government-related distributed materials or state travel agencies. “Government affiliated,” indicates any degree of responsibility or endorsement by the country’s government that indicates the placement agent has ties to government entities in such a manner quality of participation would in some manner reflect governmental direction or authority. The final agent type can be identified as “Sponsor –direct.” These intermediary agents are less intermediary agents than simply extensions of the sponsor themselves. This placement group includes sponsors who directly recruit students or lend their title/brand/sponsorship to intermediary agents who recruit solely on the sponsor’s behalf.

The dependent variables used to answer the second research question are composite variables used to represent “information,” and “preferences.” These composite variables were created by distinctly categorizing survey questions that reflected themes of informational flows or examples of preference asymmetry. The resulting list of variables is represented in table 3.2 for “information asymmetry,” and table 3.3 for “preference asymmetry.” Once both composite variables were

created, they are tested for statistical significance against the dependent intermediary placement agent variables described above.

**Table 3.1 Research Question 2 Variables**

<b>Research Question 2 – Aspects of SWTP Participants &amp; Program Success</b>		
<b>Composite Variable – SWTP Components</b>	<b>Variable Type</b>	<b>Possible Responses</b>
Age Range	Ordinal	18-20, 21-23, 24-27, 28+
Gender	Nominal	Male, Female
Prior Knowledge of SWTP	Nominal	Yes, No
Degree Completion	Ordinal	Beginning, Middle, End, Other
Contacts/Family in USA	Nominal	Yes, No
Placement Type	Nominal	Independent, University, Government, Other

**Table 3.2 Research Question 2.1a Variables**

<b>Research Question 2.1a – IPAs and U.S. State Dept. – Information Asymmetry</b>		
<b>Composite Variable- “Information Symmetry”</b>	<b>Variable Type *Likert Scale (1-5) 1=lowest, 5=highest</b>	<b>Variable Description</b>
Travel Costs	Ordinal*	Costs Associated with Prearranged Travel to/from USA
Travel Info	Ordinal*	Information regarding Travel Opportunities
Expectations vs. Reality	Ordinal*	Expectations of SWTP versus Reality of SWTP Experience
Quality of Living – Housing	Ordinal*	Conditions of Housing during SWTP
Quality of Living – Costs	Ordinal*	Costs of Housing during SWTP
All Costs	Ordinal*	Overall Costs of SWTP Participation - Travel

Table 3.2 (Continued)		
Supervisor 1	Ordinal*	Ability to Report to an Immediate Supervisor
Supervisor 2	Ordinal*	Ability to Report to any Secondary Supervisor
Feedback All	Ordinal*	Ability to Issue Feedback During/After SWTP

**Table 3.3 Research Question 2.1b Variables**

<b>Research Question 2.1b – IPAs and U.S. State Dept. – Preference Asymmetry</b>		
<b>Composite Variable- “Preference Symmetry”</b>	<b>Variable Type *Likert Scale (1-5) 1=lowest, 5=highest</b>	<b>Variable Description</b>
Level of Pay	Ordinal*	Level of Pay Received
Work Conditions	Ordinal*	Conditions of SWTP Workplace
Placement Methods	Ordinal*	Methods Used to Determine SWTP Sponsor Placement
Travel Ability	Ordinal*	Ability to Travel During Final Month of Visa
Workplace Experience	Ordinal*	Experiences Within SWTP Work Placement
Work / School	Ordinal*	Applicability of Education to SWTP Work Placement
Educational Diversity	Ordinal*	Diversity of Educational Backgrounds in SWTP
Educational Opps	Ordinal*	Opportunities for Educational Exchange
Cultural Exchange - Direct	Ordinal*	Cultural Exchange from Formal SWTP Events
Cultural Diversity	Ordinal*	Cultural Diversity Experienced

## **Research Population & Sample**

The sample identified for this study were participants in the Summer Work Travel Program between the years of 2012 and 2013. Due to the specific focus on the program experiences the participants were asked to complete surveys only if they had completed at least two months in the Summer Work Travel Program in the United States, and had reached the halfway mark of program participation. The sample design for the population was a clustering sampling design. The selection process used reflects a nonprobability sample (or convenience sample) as respondents were chosen based on their availability (Babbie, 1990).

To identify the population, sponsors were chosen using the most recent list available from the U.S State Department of the Summer Work Travel Program sponsors. From this database a list was constructed comparing the current sponsors with previously sanctioned sponsors to determine all of the potential sponsors. Once this list of 48 sponsors was established, 45 were considered to be viable sources for data after the initial outreach methods such as emails, postal mailings, and phone calls were factored into determining those sponsors were still actively participating in the Summer Work Travel Program. Of the 45 active sponsors, survey access data was provided by 40 of the sponsors. Using a standard sample size formula with a confidence interval of 5 and confidence level of 95% it was determined that the number of sponsors was adequate (Fowler, 2002).

Participants were recruited through electronic mail and posted announcements at their places of employment, any housing identified for Summer

Work Travel participants, and through agency staff such as program administrators. Participants were directed to a website where a digital survey was offered in their respective native language. One hundred and seventy-eight individuals completed the survey responses and were received during the open submission period. Follow-up information indicated on the completed surveys allowed for interviews that took place during six predetermined time periods, resulting in one hundred and thirteen qualitative entries consisting of both group and individual responses.

### **Research Instruments**

The purpose of this section is to detail the methods of data collection such that the study may be replicated. The instruments used for this study included a questionnaire survey, interviews using internet social chat clients, focus-group interviews using digital meeting rooms, and interviews conducted both in person and with internet chat clients utilizing webcams. The instrumentation section for this study is categorized by the type of instrument that was used to collect data. This section details those instruments used for data collection for quantitative analyses, qualitative analyses, and those instruments used to collect data from secondary sources.

#### **Quantitative Instruments**

For the quantitative portion of the data collection procedure a sponsor list was downloaded from the U.S. State Department's J-1 visa website for the years

2005-2010. This list was then merged to form the most recent list of 45 participating sponsors. Sponsors were then contacted using a variety of methods including electronic mail, postal mail, telephone calls, and site visits to gain access to administration in contact with Summer Work Travel Program participants. Notice of surveys for SWTP participants and the opportunity to win Amazon gift cards were dispersed by determining housing institutions, community centers, and work locations where flyers, electronic discussion board posts, and mailings were distributed to all SWTP participants who would spread awareness to other participants.

A survey consisting of thirty-six questions was created by the investigator to address the areas for this study and would address the two research questions. The survey was designed and administered online over a period of three months during which data collection took place. The questions were both nominal and ordinal in nature with responses structured using a Likert scale. The survey instrument used to collect data was an online survey tool modeled after the commercial product "SurveyMonkey." The instrument was posted online and presented to the user in the form of radio buttons to click to indicate their satisfaction level for each question. All of the questions were presented in the same order to each participant. The website was created using HTML and CSS coding techniques by the investigator. The participants responses were automatically transcribed into excel tables for analysis.

Prior to the launch of the survey the website was extensively tested using a number of different Internet browsers, participants with varying degrees of English



proficiency, and methods of access. The survey was pilot-tested using ten volunteers over a period of two weeks to test the functionality of the website. Graduate students at American University were used to clarify points of confusion concerning the ordering of the questions and the wording. Survey questions were written in Spanish, English, German, Portuguese, Chinese, Italian, and French language formats, all of which were verified by native speakers from the American University in Washington, D.C. and offered as options to the survey participant for each question.

Survey questions were developed to determine satisfaction scores related to the conditions and experiences in the Summer Work Travel Program with respect to the legislative objectives of educational exchange, cultural exchange, and the promotion of peace. All questions were developed used a closed-response format with Likert scale ordinal responses ranging from one to five. Thirty-six questions were developed including six demographic related questions, eleven questions regarding educational exchange, ten questions regarding cultural exchange, five questions regarding the promotion of peace, and a final four questions regarding overall conditions encountered while participating in the Summer Work Travel Program. The questionnaire is available in Appendix A. A sample question is included for reference:

*“Please indicate your level of satisfaction regarding the pay you received while working in the Summer Work Travel Program.”*

*Click the response which best describes your satisfaction level.*

- Extremely Unsatisfactory
- Somewhat Unsatisfactory
- Average – Suitable
- Somewhat Satisfactory
- Extremely Satisfactory
- N/A

As each survey was completed, responses were automatically scored using translation software coded in Java. The survey responses were coded using dummy variables and binary data. Each response was given a score of 1 to 5 where 1 was coded for “extremely unsatisfactory,” 5 for “extremely satisfactory,” and 6 if a “N/A” response was given. Data was verified by two independent sources to check for any data conversion errors. The data was then analyzed using those procedures specified in the section entitled, “Data Analyses Procedures,” found later in this chapter.

### **Qualitative Instruments**

The qualitative component of this study includes a set of questions designed by the investigator, related to the themes established for the construction of the survey questionnaire so the results would confirm or disconfirm those identified

through the quantitative analysis. The study's research questions for interview question were used as a guide for the interview question construction. The two main themes discussed were the ability of the Summer Work Travel Program to meet its goals or legislative objectives, and the aspects of Summer Work Travel Program participants that were statistically significant regarding satisfaction rates. All of the questions were presented in a straightforward manner determined during a pretest period where the questions were read aloud and amended for clarity before the final interviews were carried out with SWTP participants.

In accordance with the research design, the participants were asked the questions following the same outline as the order presented in the quantitative survey. The interviews were conducted using three primary mechanisms: Internet chat clients, Internet group meeting software clients, and video chat clients. These chat clients included Yahoo Messenger, Google Hangouts, Skype, MSN Messenger, and AIM chat software were all used for individual interviews. The group-oriented Internet chat clients used for the two focus group interviews were Google Hangouts, Adobe Connect, and Skype. The study allowed each subject to choose their preferred chat client.

The interviews consisted of twenty questions for both the group and individual interviews. These questions are presented in Appendix C. The interviewees were instructed to answer by describing only their own experiences and were instructed to stop the interview at any time a question or concept was unclear. Participants were also informed they were not required to answer any of

the questions asked. For the focus group and individual interviews, participants were asked to indicate their opinions and any additional reflections at the end of each question. When participants needed additional probing for answers, the strategies identified by Michigan State University were utilized ([michigan.gov/msu/interview09.html](http://michigan.gov/msu/interview09.html)). This included asking about variations over the time and how it may affect the participant's response, reviewing all possible influences regarding why participants felt a certain way, employing counterfactuals to clarify the respondent's position or attitude, asking how the question made them feel or their thoughts on the question itself, simply asking for more details after a given answer, and finally repeating and clarifying the participant's response (McIntre & Miller, 2005).

The interviews followed established and well-publicized guidelines that included a checklist for preparation, logistical considerations, the protocol for the interview, and report writing ensuring participant confidentiality. All interview procedures were verified to be in accordance with guidelines outlined by the Institutional Review Board under DHHS regulations for the Protection of Human Subjects (45 CFR 46). An interview protocol was developed and used as a guideline during the interview and analysis portions of the qualitative data collection and all participants signed the consent form reproduced in Appendix B before any data was collected. The data was recorded using video file formats and consulted during data transcription. Interview transcription software including Nuance Dragon transcription programs were used to transcribe captured audio to word documents

for future reference. Interview themes were developed by reviewing the word documents and scored focus-group responses using the procedures detailed later in this methodology section. No names were collected with specific interviews to protect participant confidentiality.

The questionnaire and the interviews were collected after approval from the Institutional Review Board was received and the interview design was found to be acceptable. The quantitative and qualitative themes developed during the data analyses were collected using Internet grouping software, or software programs where group meetings may take place digitally so that participants were not limited by their physical location if Internet accessibility was feasible. The two group interviews were coordinated using software from Google, "Google Hangouts." Participants were able to join the group as registered users or guests via a password and IP address provided to the email addresses provided from the surveys indicating follow-up interview interest. Participants were able to communicate using their preferred method. For instance, they could type responses or speak and be seen using webcam audio and video interaction. For personal or individual interviews, a variety of chat or interactive Internet tools were used depending on the participant's level of comfort. Users were able to indicate prior to the interview their preferred method of communication, which ranged from text-based Internet chat (messenger services such as Yahoo Messenger, Google Chat, IMO, AIM, etc.) to video chat tools such "Skype." All interviews, both group and individual, were timed and recorded (either text or audio) depending on participant approval.

All interviews were conducted anonymously, and only sponsorship location was provided to verify participation. Language-based limitations were overcome using translation services provided by Google for those interviewees who were not comfortable using English during interviews. The method of transcription to Microsoft Excel tables was verified to function properly by conducting pilot studies with students at American University before presenting the website to interviewees. Appendix D indicates the dates and times of data collection for both individual and group interviews. Eighty-four individual interviews were conducted over nine Internet sessions where participants were able to log in using their preferred communication mediums. Another 29 interviews took place during two focus group sessions, one at the beginning of the data collection period and the other at its end.

### **Secondary Sources**

The secondary sources used for this study include numerous forms of media such as newspaper and magazine articles, electronic websites, government reports and studies, congressional and committee hearings, third-party independent organization reports, and university research. The key search terms used were: “Summer Work Travel Program,” “J-1 visa,” and, “Exchange Visitor Program.” After these initial searches the criteria for refinement was the term “Summer Work Travel Program” and the publication date was narrowed to items published between the years 2000-2010. An exception was made for official government agency reports that dated back to the legislation’s introduction. To provide a holistic representation

of the data about the Summer Work Travel Program, the final sources used included both minor and major newspapers, formal and informal travel blogs, official government or agency reports, legislative amendments, and website transcriptions. These sources were gathered in the form of digital media by utilizing a number of Internet databases that offer scholarly publications, governmental and non-governmental reports, popular news sources, and federal registry entries, public notices, and other governmental public reports. These items were obtained by using the ProQuest Congressional Database for all federal actions, notices, and comments. JSTOR, Academic OneFile, Google Scholar, and EBSCOhost databases were used to retrieve the articles published in scholarly journals. ProQuest and LexisNexis online judicial databases were used to provide the legislative history of the Mutual Educational and Cultural Exchange Act. In total, 22 newspaper articles, 11 governmental reports, 7 legislative documents, 37 informal media articles, and 52 promotional websites were found using the aforementioned search engines. These sources were used in the triangulation process to analyze the general themes related to the research questions of this study. These sources were categorized by type and reviewed in chronological order. The identified themes are provided to independently confirm or disconfirm the results of the quantitative and qualitative analyses.

## **Data Analyses**

The data analyses to analyze this study's research questions are described in this section. The structure of the following section follows the order of the research questions. The specific statistics used to conduct the data analyses for each research question is outlined. The data analyses section focuses only on the methods and procedures used to analyze the collected data.

### **Research Question 1**

The first procedure described is the analyses conducted to address the first primary research question, "Does the Summer Work Travel Program meet the objectives of its authorizing legislation?"

Using the data collected from the survey questionnaires, 36 variables were constructed to reflect the overall sentiments towards each survey question using a ordinal response scale of 1-5, where 1= "Extremely Unsatisfactory," 3= "Average/Neutral," and 5= "Extremely Satisfactory." When appropriate, a sixth option was offered so the participants could respond that the question was not applicable to their SWTP experience.

To answer the first research question, survey variables that corresponded with each respective legislative objective were identified such that four variables were utilized – satisfaction scores indicating levels of educational exchange, cultural exchange, the promotion of peace, and overall Summer Work Travel Program experience. These variables were used to conduct a descriptive analysis that



described the overall distribution of scores. Additional analyses included using mean variance tests such as one sample t-tests.

To confirm or disconfirm the results of the descriptive analyses, qualitative and secondary source data were used independently to review conclusions to strengthen or weaken the resulting quantitative themes. The interview data were categorized by legislative objective and then evaluated to determine if the responses indicated negative or positive feedback. These responses were tallied and reviewed to produce an overall theme for each respective objective: educational exchange, cultural exchange, the promotion of peace, and the overall SWTP experience. A similar approach was taken with the secondary source data. Secondary data sources were consulted to provide a comprehensive review of the program using both formal and informal publications. These sources were categorized and the reports summarized so themes could be identified. Themes from the qualitative and secondary source analyses are presented in the data analyses section following the quantitative results as a component of the triangulation process.

## **Research Question 2**

A second set of procedures were used to address the secondary primary research question, “What aspects of the Summer Work Travel Program participants affect program success?”

These procedures began with the isolation of the demographic variables. These six components were presented in Table 3.1, “Research Question 2 Variables.”

These demographic variables were regressed using a principal factor analysis and used to predict the composite variable representing each respective theme.

Following an ordered logistical regression to determine statistical significance of any demographic variable and satisfaction scores, the components that affect program success were isolated for further analyses.

The following procedures were used to address the second portion of the second primary research question, “How do intermediate placement agents affect Summer Work Travel Program success?”

As described in the operationalization of variables section, two measures of asymmetry between administrative actors as concepts from agency theory were measured, “information asymmetry,” and, “preference asymmetry.” This subset of research questions asked, “Do the identified participants’ aspects indicate information asymmetry between the U.S. State Department and Summer Work Travel Program sponsors?” as well as, “Do the identified participants’ aspects indicate preference asymmetry between the U.S. State Department and Summer Work Travel Program sponsors?”

To construct measurements of these two concepts, applicable survey questions were categorized for analyses to construct composite variables. These composite variables were constructed using Levene’s test for equality of variances and t-tests for equality of means among survey questions identified as representing informational flows between the U.S. State Department and SWTP sponsors, as well as those survey questions that address preference diversity that may exist between

SWTP sponsors and the U.S. State Department. A principal factor analysis was conducted to construct two composite variables to represent information asymmetry and preference asymmetry. The two variables were regressed using a logistical regression with Summer Work Travel Program participants' demographic variables to determine any statistical significance.

The role of qualitative and secondary data sources in confirming or disconfirming the quantitative results for the second research question required a more in-depth analysis than conducted to answer the first research question of legislative goal satisfaction. While conducting qualitative data collection operations, students were asked to indicate their impressions of both preference and information asymmetry between how the U.S. State Department would prefer the SWTP to be operated and the reality of how the program is operated by SWTP sponsors. This data was used to determine qualitative themes corresponding with the two measures of asymmetry, which were compared to the quantitative measures and results. For an analysis of secondary sources pertaining to information and preference asymmetry, the number formal responses in the form of government and independent third-party reports provided detailed information of preferential and informational flows since the year 2003. These reports were compared to relevant informal media pieces, generating the overall themes regarding information and preference asymmetry between the principal (the U.S. State Department), and the agent (SWTP sponsors). The overall themes from secondary data sources as well as those themes generated through qualitative

analyses were further refined to determine instances that correspond with any aspects of the SWTP that were found to affect program success during quantitative analyses.

### **Validity and Reliability**

The validity of the quantitative survey component of this study was addressed to reflect the three traditional forms of validity as outlined by Humberly & Zumbo: content validity, predictive or concurrent validity, and construct validity (1996). Content validity is defined as, “the systematic examination of the test content to determine whether it covers a representative sample of the behavior domain to be measured (Anastasi & Urbina, 1997 p.114).” Content validity was addressed by pretesting the survey questions for clarity and applicability to the concepts sought to measure by using a conceptual map to organize survey and interview design. Content validity was also addressed by obtaining a representative sample from the population as described in the “Population & Sample” section of this dissertation.

Concurrent validity is defined as, “a type of evidence that can be gathered to defend the use of a test for predicting other outcomes (McIntre & Miller, 2005:122).” Concurrent validity concerns were addressed by wording all questions using similar formatting and presenting the questions in a straightforward manner to the participant. Each data collection method was designed to illicit similarly structured responses between measurements to increase the validity of the triangulation

design. As indicated in the research methodology section, the procedures and analyses undertaken were clearly specified so this study can be easily replicated.

Construct validity is the extent to which operationalizations of a construct actually measure what the theory states. In this study these operationalizations are the composite variables used to describe the legislative objectives of the SWTP as well as agency's theory's concepts of informational and preference asymmetry. To address this concern the individual variables measured to construct each composite variable are clearly presented in table format in the methodology section. These variables were also confirmed as representative of the overarching concept by two independent researchers at American University, who reviewed the study's methodology for clarity of purpose and links within the methodology and data analyses to the core concepts developed in the literature review. The reliability of this instrument was also reinforced by its adoption by other researchers conducting similar studies (Gibbs, 2007; Zumbo, 1996).

Qualitative validity and reliability is distinct from validity and reliability in quantitative research (Gibbs, 2007). To reinforce the reliability of the qualitative findings, all transcripts were checked by secondary and tertiary reviewers for any errors made during transcription. In determining the themes, satisfaction levels, and conclusions from the interviews, all data was interpreted independently and cross-referenced for inconsistencies. As data from qualitative notes were coded, statistical software in STATA was used to identify any redundancy errors. All input data were then checked independently for any errors in data input/analysis.

To reinforce the validity of the qualitative methods, a number of “validity strategies” as identified by Creswell (2006) were utilized. These included the concept of “triangulation,” which is a central pillar of this study’s research design, member checking to verify conditions and reports given in the survey, establishing and minimizing observer bias during the data collection and interview process by wording and speaking questions in a neutral manner, and by using an external auditor. The external auditor used for this study was a doctoral student from American University who was unfamiliar with the project, the investigator, or the directions of the study. All interview and survey questions as well as the research design was evaluated by the external auditor to determine any bias present as well as to provide clarity in question wording, accuracy in coding methods, and overall consistency of questions asked.

## **Summary**

The research methods chapter provided an overview of the research design of this study, procedures used for data collection, analytical and statistical techniques used to operationalize variables and interpret the data, and concluded with the study’s validity and reliability concerns. The chapter concluded with a section detailing validity and reliability concerns. This section focused on the methods undertaken to address three validity concerns including content validity, concurrent validity, and construct validity. Chapter four will present the results of this study.

## **CHAPTER 4**

### **RESULTS**

This chapter presents the results of this study. The results are presented for each main research question. The quantitative results are presented first followed by the qualitative results and then the secondary source results. The independent results from each source are compared in accordance with its triangulation research design to present an overall summary of all results. Results for quantitative data are presented in summary tables with a discussion of these results. Qualitative results are presented as those themes were found to reoccur throughout the interview process. Secondary data source analysis includes citations of key reports and those themes found to reoccur in studies pertaining to the research questions.

The first section presents this study's findings that seek to determine whether the Summer Work Travel Program satisfies its legislative objectives. The quantitative data section presents descriptive summary statistics regarding the survey satisfaction data and the individual SWTP components of educational exchange, cultural exchange, and the promotion of peace. The qualitative results section details those interview themes identified from the structured interview questions. These questions were designed to gauge responses about educational benefits of the SWTP, the degree of cultural exchange and diversity in the SWTP, and the participants' interpretations of the promotion of peace. The results of the secondary source analysis are presented with respect to the themes of educational exchange, cultural exchange, and the promotion of peace.

The second portion of the results section examines the aspects of the SWTP participants that affect Summer Work Travel Program satisfaction scores. These results are presented with quantitative results, qualitative results, and secondary source results discussed respectively. The results include an analyses using agency theory's contribution of "preference" and "information" asymmetries to characterize the administrative actor relationships. These results include discussions about the statistical regressions performed, resulting themes from qualitative interview data, and those themes generated from secondary source data. The results from each of the data sources' analysis are compared and contrasted to confirm or disconfirm the research questions and hypotheses.

The conclusion of the results section presents a discussion of all results to confirm or disconfirm the results from each method of analysis used. The degree of continuity among results is then highlighted in the final chapter of this study where recommendations are presented with respect to other publications regarding the Summer Work Travel Program and both agency and transaction cost theory.

## **Question 1 – Overall Goal Satisfaction**

### **Quantitative Results**

The first research question, *"Does the Summer Work Travel Program meet the objectives of its authorizing legislation?"*

To answer the question three refined research questions were developed:



- 1.1 *“Do participants in the Summer Work Travel Program indicate satisfactory levels/exposure to educational exchange during their participation periods?”*
- 1.2 *“Do participants in the Summer Work Travel Program indicate satisfactory levels/exposure to cultural exchange during their participation periods?”*
- 1.3 *“Do participants in the Summer Work Travel Program indicate satisfactory levels/exposure to the promotion of peace during their participation periods?”*

The results of the data analyses to answer the specific research questions of individual objective satisfaction shall follow those that indicate overall sentiments towards the Summer Work Travel Program.

**Table 4.1 Overall Satisfaction – Summer Work Travel Program**

<b>SWTP Overall</b>	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative</b>
<b>Least Satisfied</b> <b>1</b>	73	41.01	41.01
<b>2</b>	49	27.53	68.54
<b>3</b>	41	23.03	91.57
<b>4</b>	10	5.62	97.19
<b>Most Satisfied</b> <b>5</b>	5	2.81	100.00
<b>Totals</b>	178	100.00	

*1=Highly Unsatisfied, 2=Somewhat Unsatisfied, 3=Average/Neutral, 4=Somewhat Satisfied, 5=Highly Satisfied*

The tabulation shows 68.5% of respondents indicated an unsatisfactory experience, with 41% “highly unsatisfied” and 27.5% only, “somewhat unsatisfied.” Those indicating a neutral or average experience constituted 23% of respondents. Of the 178 respondents surveyed only 15 respondents, or 8.4%, indicated positive

levels of satisfaction. This included 5.6% who responded as, “somewhat satisfied,” and 2.8% who responded, “highly satisfied.” The results show the majority of respondents were not satisfied with their Summer Work Travel Program experience.

To further describe the overall SWTP satisfaction scores, a one sample mean t-test is conducted to test the hypothesis the mean is equal to 3, “neutral/average.”

**Table 4.2 One Sample Median Test – Overall SWTP Satisfaction Scores**

Variable	Obs	Mean	Std. Err.	Std. Dev.	[95% Conf. Interval]
Overall	178	2.016854	.0794648	1.060192	1.860034 2.173674

t = -12.3721                      degrees of freedom =177

**H<sub>0</sub>:** mean = 3

**H<sub>A</sub>:** mean < 3

Pr (t < t) = 0.000

**H<sub>A</sub>:** mean > 3

Pr (t < t) = 1.000

The following hypothesis conclusion can now be stated:

**H<sub>0</sub>:** The mean satisfaction score for Overall SWTP is greater than or equal to 3, “Average/Neutral.”

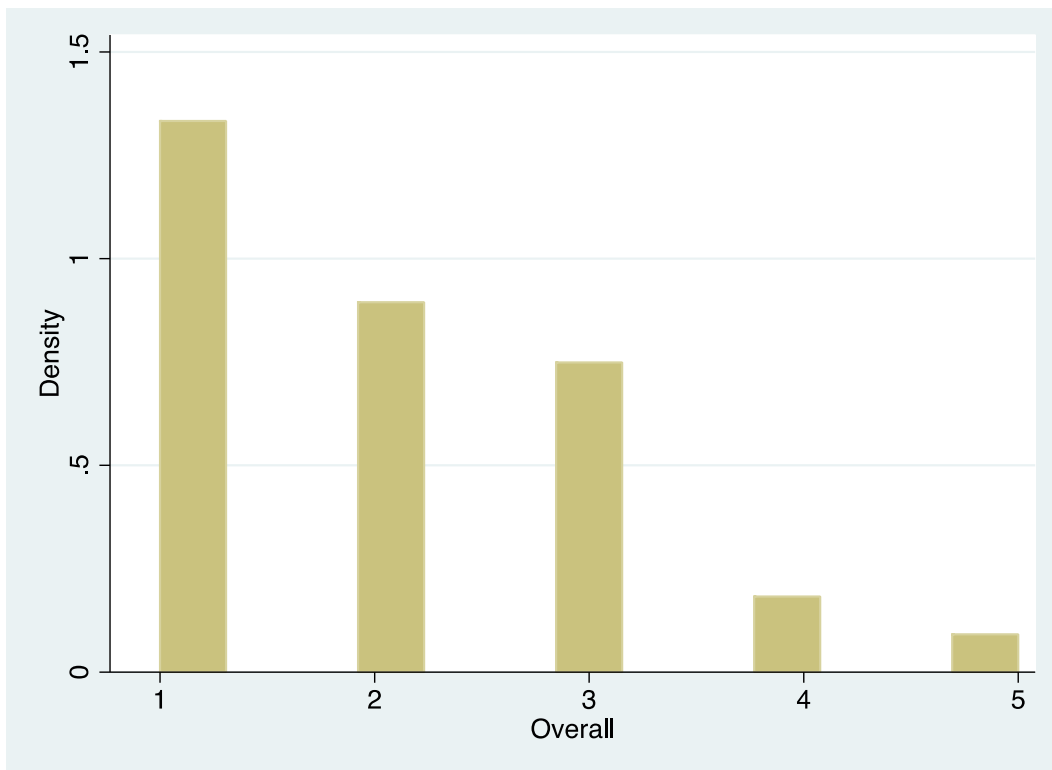
**H<sub>A</sub>:** The mean satisfaction score for Overall SWTP is less than 3, “Average/Neutral.”

This study rejects the null hypothesis that the mean satisfaction score for Overall SWTP is greater than or equal to 3, “Average/Neutral.” It therefore fails to

reject the alternative hypothesis the mean  $< 3$  and rejects the hypotheses the mean  $> 3$ . The mean response was 2.02, similar to response 2, “somewhat unsatisfied.”

To illustrate the distribution of responses the following histogram is provided:

**Table 4.3 Histogram – Overall SWTP Satisfaction Scores**



The distribution of scores shown in the histogram indicates the majority of responses were “extremely unsatisfactory,” and “somewhat unsatisfactory.” More “average/neutral” responses were given than positive responses, #4 and #5.

### Research Question 1.1 Educational Exchange

The success of the Summer Work Travel Program in regards to the educational objective of the Mutual Educational and Cultural Exchange Act is determined using summary statistics of the participants surveyed.

Satisfaction survey data was used to analyze the overall impression of educational exchange for SWTP participants during the years 2012-2013. The first results displayed are summary descriptions of satisfaction levels of participants regarding educational exchange in the Summer Work Travel Program.

**Table 4.4 Overall Satisfaction Scores – Educational Exchange**

<b>Overall Education</b>	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative</b>
<b>Least Satisfied 1</b>	68	38.20	38.20
<b>2</b>	54	30.34	68.54
<b>3</b>	34	19.10	87.64
<b>4</b>	17	9.55	97.19
<b>Most Satisfied 5</b>	5	2.81	100.00
<b>Totals</b>	178	100.00	

*1=Highly Unsatisfied, 2=Somewhat Unsatisfied, 3=Average/Neutral, 4=Somewhat Satisfied, 5=Highly Satisfied*

The tabulation shows 68.5% of respondents indicated an unsatisfactory experience, with 38.2% “highly unsatisfied” and 30.3% only, “somewhat unsatisfied.” Those indicating a neutral or average experience constituted 19% of respondents. Of the 178 respondents surveyed only 22 respondents, or 12.4%, indicated positive levels of satisfaction. This included 9.6% who responded as, “somewhat satisfied,” and 2.8% who responded, “highly satisfied.” The results show

the majority of respondents were not satisfied with the educational exchange component of the Summer Work Travel Program.

To further describe educational exchange SWTP satisfaction scores, a one sample mean t-test is conducted to test the hypothesis the mean is equal to 3, “neutral/average.”

**Table 4.5 - One Sample T Test -Educational Exchange Satisfaction Scores**

Variable	Obs	Mean	Std. Err.	Std. Dev.	[95% Conf. Interval]
OverallEd	178	2.08427	.0823649	1.098885	1.921726 2.246813

t = -11.1180                      degrees of freedom =177

**H<sub>0</sub>:** mean = 3

**H<sub>A</sub>:** mean < 3

Pr (t < t) = 0.000

**H<sub>A</sub>:** mean > 3

Pr (t < t) = 1.000

The following hypothesis conclusion can now be stated:

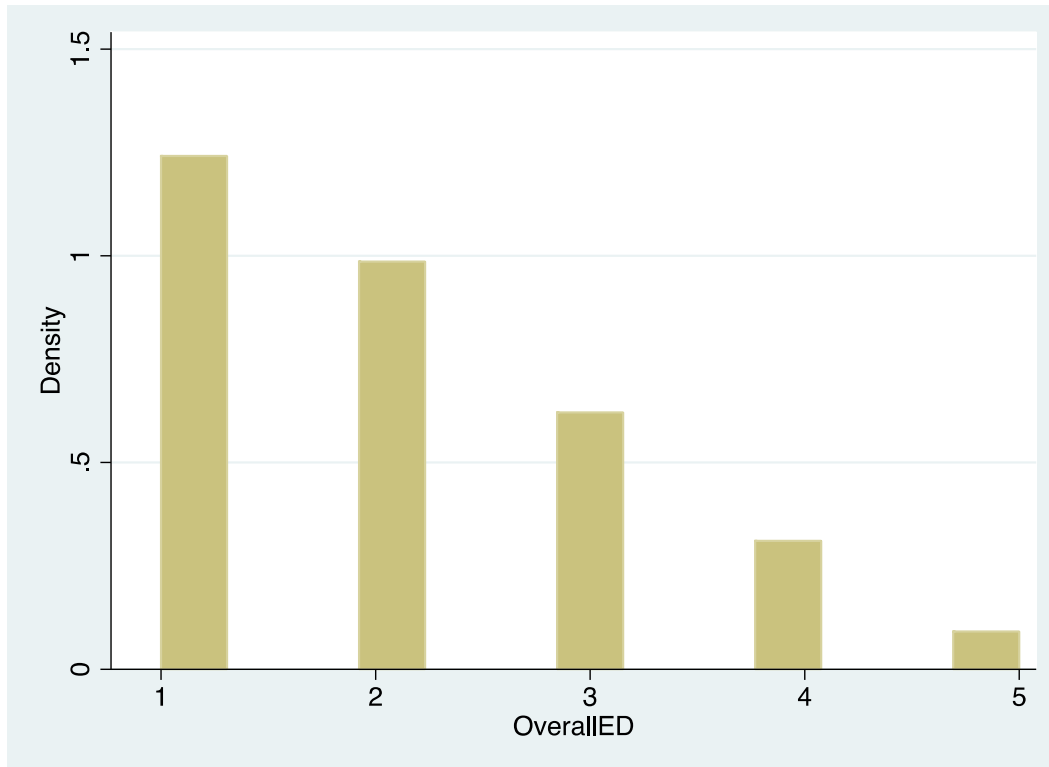
**H<sub>0</sub>:** The mean satisfaction score for SWTP Educational Exchange is greater than or equal to 3, “Average/Neutral.”

**H<sub>A</sub>:** The mean satisfaction score for SWTP Educational Exchange is less than 3, “Average/Neutral.”

This study rejects the null hypothesis that the mean satisfaction score for Educational Exchange is greater than or equal to 3, “Average/Neutral.” It therefore fails to reject the alternative hypothesis the mean < 3 and rejects the hypotheses the mean > 3. The mean response was 2.08, similar to response 2, “somewhat unsatisfied.”

To illustrate the distribution of responses, the following histogram is provided:

**Table 4.6 Histogram – Educational Exchange Satisfaction Scores**



The distribution of scores shown in the histogram indicates the majority of responses were “extremely unsatisfactory,” and “somewhat unsatisfactory.” More “average/neutral” responses were given than positive responses, #4 and #5.

## **Qualitative Results Research Question 1.1**

Question 1 was presented as an open-format question to encourage participants to engage in a discussion with one another, specifically to compare experiences regarding different sponsors, placements, and experiences regarding educational exchange and their academic field of study. The question was presented as follows:

*“Please discuss your satisfaction levels and sentiments regarding the relationship between your academic field of study and the work assigned to you by your Summer Work Travel Program sponsor. I will not interrupt the discussion and there is no time limit.”*

*THEME 1: Academic Degree Sought Not Highly Considered When Determining Placement.*

Participants consistently indicated their chosen course of study was not cited explicitly (to the best of their knowledge) in the process where the agents determined appropriate SWTP sponsor placement.

*THEME 2: The lack of consideration for academic concentration and placement resulted in educational exchange opportunities due to diversity.*

While participants indicated they were not consistently placed with others studying similar subjects, the lack of consistency resulted in academic exchange among participants due to varying backgrounds.

## Question 2

Question 2 was presented using an open-format where participants were allowed to discuss the question with no interruption or time limit. The question was designed to orient participants to a discussion about educational exchange that occurred specifically in the workplace. Question 2 was presented as follows:

*“Describe your satisfaction regarding opportunities for educational exchange in the workplace, directly or indirectly related to your work.”*

*THEME 3: Participants were offered little or no formal opportunities for educational exchange in the workplace.*

Participants indicated no direct program or endeavor to facilitate or stimulate educational exchange by the employing sponsor.

*THEME 4: Placement agents rarely presented participants with a variety of choices and did not discuss how placement determines the degree of applicability to the participants’ educational fields of study.*

*THEME 5: The Spillover Effect Due To Cultural Diversity*

Participants indicated an indirect benefit of cultural diversity was the way in which subjects are approached in varying countries as determined through interaction with other participants.



### **Question 3**

Question 3 was presented using an open-format where participants were allowed to discuss the question with no interruption or time limit. The question was designed to orient participants to a discussion about educational exchange that occurred specifically outside the workplace. Question 3 was presented as follows:

*“Please indicate your satisfaction regarding educational exchange opportunities outside the workplace.”*

*THEME 6: The local community was often the source of opportunities for educational exchange that were not related to the sponsor in any way.*

The surrounding community’s composition was continually cited as providing opportunities for educational exchange to varying degrees, however no formal extension to the local community was presented to participants.

*THEME 7: Free Time is Free Time – “It is what you make of it”*

As indicated by experiences with their local communities, participants indicated their free time could be used to engage in educational exchange endeavors if participants put forth effort to arrange their own transportation and schedules.

### **Question 4**

Question 4 was presented using an open-format where participants were allowed to discuss the question with no interruption or time limit. The question was

designed to gauge the overall impressions about educational exchange and the Summer Work Travel Program. Question 4 was presented as follows:

*“What were your thoughts and satisfaction levels regarding the entire Summer Work Travel Program experience and educational exchange?”*

*THEME 8: No Formal Opportunities Presented by Sponsor but Opportunities for Educational Exchange Were Present.*

*THEME 9: What Could Have Been – More Information Needed*

Participants offered a number of ideas or instances where formal events or methods could be taken to facilitate cultural exchange. These ideas indicated opportunities for improvement are widespread and not all would be costly to the employing sponsor.

### **Summary of Qualitative Results**

The quality of educational exchange in the Summer Work Travel Program was found to be unsatisfactory by a majority of those interviewed. Themes developed during the focus group and individuals were cross-reference for verification. Using the four research questions presented the interviews developed themes included the lack of participant’s knowledge about the responsibility and process of aligning placement and educational background. A second theme was the

lack of formal opportunities for educational exchange presented by sponsors once the participants were in the United States. A third theme developed reflecting the “it is what you make of it” attitude adopted by many of the participants, and the varying degrees of educational exchange related to the geographical location of employment and access to local resources. A fourth theme identified was the “spillover” of opportunities for educational exchange due to the cultural diversity present in or outside the workforce. The final theme developed was the degree to which access to local contacts, calendars, and community events would have increased the amount of opportunities for educational exchange participants may have engaged in.

### **Secondary Source Results Research Question 1.1**

The approach to the secondary analysis was to examine and analyze individual articles and policy reports. A summary of the content of each article is provided. The summary describes the key findings from the review conducted to present sources related to the educational exchange component of the Summer Work Travel Program.

- 1) Constable, P. (2011 October 30). Foreign students allege abuses in visa work program. *The Washington Post*. p. A4.

The article begins with Aysel Kiyaker, a student from Turkey who paid \$3,000 for her airfare and work visa. Kiyaker states, “My parents agreed to send me

because it would be a way to improve my English....they told us the job would be easy and fun and they would have pizza parties for us. After work my whole body was numb.”

She said one friend was threatened after she complained, and another was fired for not working fast enough. “After that happened, people were more afraid.” In detailed formal complaints, the guest-worker group described systematic efforts to intimidate students who complained and charged that government investigators had worked in tandem with factory managers.

The article cites an instance of intimidation that has been widely reported by participants in reference to their sponsors. Participants identify the disadvantages of reporting due to the leverage of the sponsors who often provide all housing and transportation accommodations. In addition, many employers made it clear that negative reports could result in the visa status reversal and immediate deportation, regardless of the validity of the claims. The students, under increased pressure, do not issue the feedback to the appropriate sponsors or supervisors that would result in positive program change.

2) Jordan, M. (2013 March 9). Temp Troubles Visit McDonald's. *The Wall Street Journal*. pp. B1, B4.

Students in Harrisburg, PA, including those from Malaysia, China, Peru and Chile, said they were attracted by ads on their university bulletin boards and websites. One ad by a company called Out of the Box Personal Development, in

Kuala Lumpur, touted, “a unique opportunity to live life in the USA – up close and personal!” On arrival they were assigned to one of three McDonald’s and some reported being given so few hours they barely earned any money after their boss and landlord deducted rent from their paychecks. Others reported working continuous shifts up to 25 hours without overtime pay.

“Since I got to the States, I have been working just to pay to live in a basement,” stated Jorge Rios of Argentina, who arrived in mid-December and shared the one-room space with five other foreigners who work at the same McDonalds. He said he worked about 25 hours a week earning \$7.25 an hour, and Mr. Cheung, his boss, deducted weekly rent of \$75 from his pay. Kah Inn Lee, a 23-year-old student from Malaysia, said a curtain separated the men’s and women’s beds in the tiny basement she shared with seven other students in a house owned by Mr. Cheung’s son. Earning about \$250 a week, she calculated she was in the red after paying for housing and food.

### **Additional Reports (3) – Education, Labor, & Displacement of U.S. workers**

- Preston, J. (2011 August 17). Foreign Students in Work Visa Program Stage Walkout at Plant. *The New York Times*. Accessed online September 22, 2012 at: [http://www.nytimes.com/2011/08/18/us/18immig.html?\\_r=2&pagewanted=all](http://www.nytimes.com/2011/08/18/us/18immig.html?_r=2&pagewanted=all)
- GAO/NSIAD-90-16 – Government Report
- Gordon, J. (2011 August 24). America’s Sweatshop Diplomacy. *The New York Times*. pp.A5.

The effects of the SWT program on the domestic labor market are vast and numerous enough to be considered independently in a separate report. The

Fulbright-Hays Act was not developed to take jobs away from U.S. citizens. This study noted the 1990 GAO report that stated, "Training appeared to consist primarily of manual labor in commercial enterprises with no cultural or educational emphasis placed on the participants' program activities (GAO/NSIAD-90-16)." This was reflected in the first news article discussed in this study from the Eastern European electricians that were classified as trainees (due to their lack of certification under U.S. law). Although they were highly skilled and subsequently billed as "electricians for hire at \$15 per hour." The use of trainees as laborers without any educational or cultural consideration seemed to be the most popular complaint issued against the SWT program. Its classification of trainees exempts the companies and organizations from applying for H-1B visas that is controlled by an annual cap so it does not impede US domestic labor growth. It also exempts employers from paying the prevailing wage and from filing forms with the Department of Labor.

The last two articles are from the New York Times and were published in July and August of 2011. The first is entitled, "America's Sweatshop Diplomacy" and documented the 300 J-1 visa workers who went on strike at a Hershey packaging plant in Pennsylvania during the summer of 2011. Citing meager pay, overnight and sometimes 24-hour shifts, the students went on strike after lifting heavy crates of chocolate bars for three months during the summer. The students on strike each reported paying between \$3000 and \$6000 to be placed in the United States SWT program, yet they received only \$8 for their work at the plant. While \$8 is above the

minimum wage, the students cited numerous fees, deductions for living expenses, and transportation costs that left them with an estimated \$1 to \$3.50 per hour. Compare this to the report that documented unionized workers were paid \$18 to \$30 per hour for doing the same jobs.

Hershey now uses a non-unionized company to hire workers through the J-1 program (this “middle-man” company is termed an umbrella organization). A similar sponsor, also authorized by the State Department, is cited as offering a “payroll taxes savings calculator” on its Website such that potential employers can determine how much they can save by avoiding costs of paying U.S. workers. The author wrote, “Indeed, the J-1 program is attractive to employers because it is uncapped and virtually unregulated; companies avoid paying Medicare, Social Security and, in many states, unemployment taxes for workers hired through the program (Gordon: 2011).”

The final article also covered the strike at the Hershey plant and was reprinted by the New York Times from a local Pennsylvania paper near the Hershey packing plant. This paper sheds light on the sponsoring program, the Council for Educational Travel, U.S.A., which placed the students with the Eastern Distribution Center III, who operated the warehouse the students worked in. After the students complained about the strenuous work and the lack of training or cultural exchange, the local news agencies reported some of the students’ stories.

Among them were three Chinese students with bruises all over their arms and chests from lifting the heavy boxes. A Nigerian third-year medical student with

back pain and aches so intense stated he was having trouble writing and holding a pencil, and a second-year medical student from Istanbul who invested \$3,500 for the “opportunity.” One of the students was quoted that her eight hour shift that began at 11pm, “you stand for the entire eight hours...it is the worst thing for your fingers and hands and your back; you are standing at an angle (Preston, 3: 2011).”

The student remarked that the tipping point was when students discovered they were paying almost twice what neighbors were paying for worse living conditions, they had little money left after the \$400 per month rent was deducted from their checks. The medical student stated, “We are supposed to be here for cultural exchange and education, but we are just cheap laborers.” Another student remarked, “There is no cultural exchange, none, none (Preston, 1: 2011).

### **Summary of Secondary Source Results**

The news articles responses and reports documented and surveyed for this study indicated that not only were the students being placed in positions inconsistent with their educational background, but that the State Department, who contracted out the placements of students to sponsors, was not aware of the students work or housing situations. When allegations arose or strikes took place the first response indicated in each article is a redirection of blame to another company in charge of the placements. Due to the overwhelming number of SWT program participants the State Department has outsourced the job of placement of students to suitable work and living condition as well as the recruitment of students



abroad. Furthermore there seems to be a significant disconnect between the jobs offered to students in the ads of sample placements and the actual jobs they find after they arrive.

Finally, the major theme in all the articles was a focus of the placement companies and the companies who offered positions. These articles described the economic advantages of hiring foreign SWT program participants. The objectives of securing meaningful training and protection for SWT program participants were clearly not met for many. Most startling is the fact that this study found was that no sponsor has lost its status since the program's beginning and only a handful have even been reprimanded. When questioned about the strike at the Hershey plant and why students from medical backgrounds were lifting heavy boxes of chocolate bars for eight hours each day, the recruitment and placement organization, the Council for Educational Travel, U.S.A., the chief executive of the council stated, "We are not getting any cooperation...we are trying to work with these kids. All this negativity is hurting an excellent program. We would go out of our way to help them, but it seems like someone is stirring them up out there (Preston, 2: 2011)." Given the objectives of the Summer Work Travel Program, one wonders why "these kids" were placed in such positions in the first place, especially considering the highly skilled background of the participants.

## Question 1.2 Cultural Exchange

### Quantitative Results

The analysis of cultural exchange is conducted to answer this study's research question,

*“Do participants in the Summer Work Travel Program indicate satisfactory levels/exposure to cultural exchange during their participation periods?”*

The cultural aspect of the Summer Work Travel was an important component due to the historical context of the program's creation during the rise of communism. The cultural component of the Summer Work Travel Program is such that a mutual exchange of cultural ideas and understanding may take place between the United States and nations around the world. To measure the cultural component of the Summer Work Travel Program, a set of questions were asked in a survey distributed to 178 SWTP participants. The results of the satisfaction survey are as follows:

**Table 4.7. Overall Satisfaction Scores – Cultural Exchange**

<b>Overall Culture</b>	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative</b>
<b>Least Satisfied</b> <b>1</b>	71	39.89	39.89
<b>2</b>	67	37.64	77.53
<b>3</b>	21	11.80	89.33
<b>4</b>	11	6.18	95.51
<b>Most Satisfied</b> <b>5</b>	8	4.49	100.00
<b>Total</b>	<b>178</b>	<b>100.00</b>	

*1=Highly Unsatisfied, 2=Somewhat Unsatisfied, 3=Average/Neutral,*

**4=Somewhat Satisfied, 5=Highly Satisfied**

The tabulation shows 77.5% of respondents indicated an unsatisfactory experience, with 39.9% reporting, “highly unsatisfied,” and 37.6% of respondents indicating “somewhat satisfied.” Of the 178 total respondents, 11.8% indicated a neutral or average satisfaction rate. Those indicating a satisfactory level of cultural exchange totaled 10.7%, of which 6.2% indicated satisfaction rates of “somewhat satisfied,” and 4.5% indicating satisfaction levels of “highly satisfied.”

To further describe cultural exchange SWTP satisfaction scores, a one sample mean t-test is conducted to test the hypothesis the mean is equal to 3, “neutral/average.”

**Table 4.8 One Sample T Test – Cultural Exchange SWTP Satisfaction Scores**

Variable	Obs	Mean	Std. Err.	Std. Dev.	[95% Conf. Interval]
OverallC	178	1.977528	.0812346	1.083805	1.817215 2.137841

t = -12.5867                      degrees of freedom =177

**H<sub>0</sub>**: mean = 3

**H<sub>A</sub>**: mean < 3

Pr (t < t) = 0.000

**H<sub>A</sub>**: mean > 3

Pr (t < t) = 1.000

The following hypothesis conclusion can now be stated:

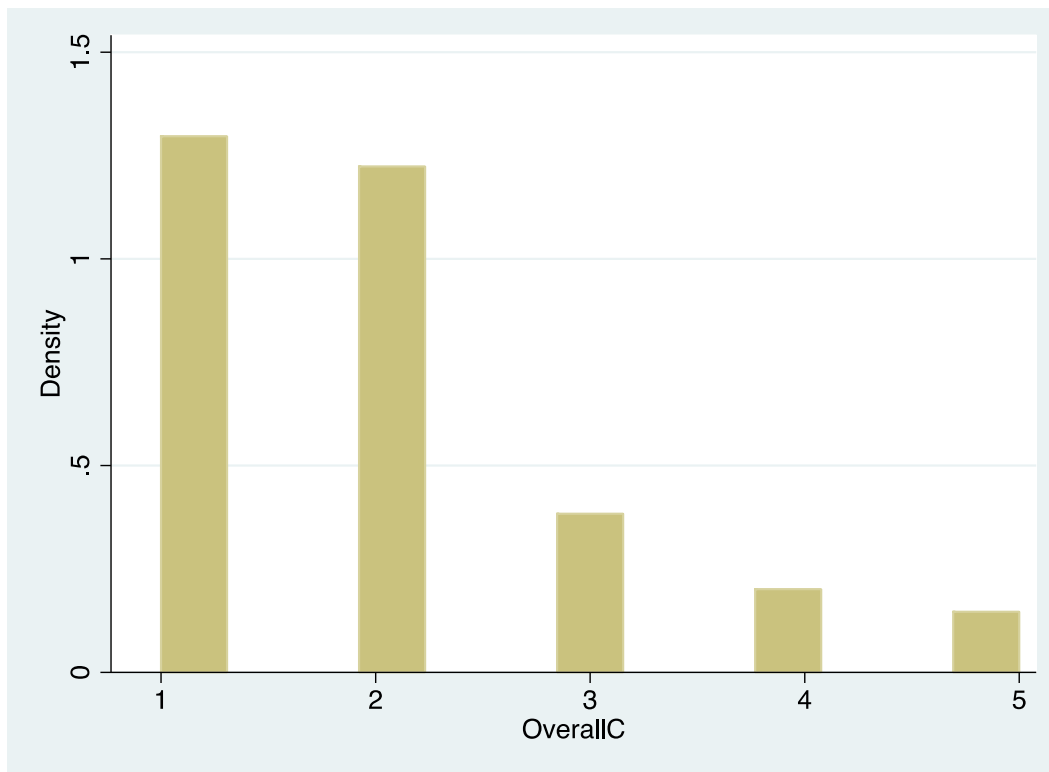
**H<sub>0</sub>**: The mean satisfaction score for SWTP Cultural Exchange is greater than or equal to 3, “Average/Neutral.”

**H<sub>A</sub>:** The mean satisfaction score for SWTP Cultural Exchange is less than 3, “Average/Neutral.”

This study rejects the null hypothesis that the mean satisfaction score for Overall SWTP is greater than or equal to 3, “Average/Neutral.” It therefore fails to reject the alternative hypothesis the mean < 3 and rejects the hypotheses the mean > 3. The mean response was 1.98, similar to response 2, “somewhat unsatisfied.”

To illustrate the distribution of responses the following histogram is provided:

**Table 4.9 Histogram – Cultural Exchange Satisfaction Scores**



The distribution of scores shown in the histogram indicates the majority of responses were “extremely unsatisfactory,” and “somewhat unsatisfactory,” rather

than positive responses, even when response #3, "Average/Neutral satisfaction," were included.

## **Qualitative Results Research Question 1.2**

### **Question 1**

Question 1 was presented as an open-format question to encourage participants to engage in a discussion with one another, specifically to compare experiences regarding different sponsors, placements, and experiences regarding opportunities for cultural exchange. The question was presented as follows:

*“Please indicate your level of satisfaction regarding the amount or degree of cultural diversity present in your workplace while participating in the Summer Work Travel Program. I will not interrupt the discussion and there is no time limit.”*

### **Results:**

#### *THEME 1: Orientation is Key*

The process of orientating/acclimating SWTP participants to their new surroundings presents the greatest opportunity to organize events to promote cultural exchange. The lack of participants’ exposures to other participants leaves participants to engage in cultural exchange activities at their own leisure.

#### *THEME 2: Cultural Exchange Opportunities Were Most Common Outside the Workplace.*

Participants indicate little or no structured events or activities in the workplace to interact with other cultures aside from work scheduling.

## **Question 2**

Question 2 was presented as an open-format question to encourage participants to engage in a discussion with one another, specifically to compare experiences regarding different sponsors, placements, and experiences regarding opportunities for cultural exchange. The question was presented as follows:

*“Please describe your level of satisfaction regarding any formal or informal cultural exchange opportunities. I will not interrupt the discussion and there is no time limit.”*

### **Results:**

Participants in both focus groups and individual interviews indicated informal cultural exchange opportunities occurred more often than formal opportunities. In some cases the lack of formal opportunities for cultural exchange prompted adherence to those in similar linguistic backgrounds.

#### *THEME 3: Participants Stick Together*

When not introduced or forced to interact with participants of other cultural backgrounds, participants tended to gravitate and socialize among those participants they have the most in common with, particularly with respect to language.

#### *THEME 4: The Participants That Live Together Socialize Together*

## **Question 3**

Question 3 was presented as an open-format question to encourage participants to engage in a discussion with one another, specifically to compare

experiences regarding different sponsors, placements, and experiences regarding opportunities for cultural exchange. The question was presented as follows:

*“Please describe your level of satisfaction regarding the ability to interact with the local communities surround your work placement.”*

**Results:**

Participants responded both positively and negatively when asked about community interaction and cultural exchange. Depending on their location participants encountered varying degrees of acceptance from local communities, while others reported local communities who thought SWTP participants were taking jobs from local citizens.

*THEME 5: The Community Opinion of the SWTP Matters*

The attitude of the community towards the SWT Program dictates the degree to which participants felt comfortable interacting with the community. A valuable insight given was the suggestion of community events to inform the community about the objectives of the SWTP prior to the participant’s arrival.

*THEME 6: Some Cultures Stick Together or Isolate Themselves*

**Question 4**

Question 4 was presented as an open-format question to encourage participants to engage in a discussion with one another, specifically to compare experiences regarding different sponsors, placements, and experiences regarding opportunities for cultural exchange. The question was presented as follows:



*“Describe your satisfaction regarding overall degrees of cultural exchange and diversity during your participation in the Summer Work Travel Program.”*

**Results:**

Many participants indicated cultural exchange was inhibited by divisions made by employers for efficiency purposes. The overall conclusion presented was that “business” often got in the way of cultural exchange opportunities, and this was often induced by the sponsor.

*THEME 7: Business Often Hindered Cultural Exchange*

The participants indicated experiences congruence with the conflict between cost-effective business practices and cultural exchange through hosted or promoted events that cut into company’s bottom line. This lead to the second major theme:

*THEME 8: Business Comes First and Last*

**Qualitative Summary**

The participants interviewed reported unsatisfactory experiences regarding cultural exchange while participating in the Summer Work Travel Program. A number of themes were developed using the interview data including the business orientation of most workplaces where SWTP participants were placed. Organizing the participants in ways to improve effectiveness or efficiency for business operations were often cited as obstacles for cultural exchange. These included grouping participants by language or ethnicity and providing different work schedules that did not allow interaction among different work groups.

Another set of themes developed reflected the tendency of particular cultures to interact only with other members of their group. These groups were formed both due to cultural background as well as work groupings. Often these groups worked together and interacted outside of work as well without mixing with other groups.

A final set of themes was developed regarding cultural interactions with the participants' local communities. Many interviewed stated they were either well received by their local communities, or treated as if they were directly responsible for the displacement of local job opportunities. Geographical locations also factored in to the amount of opportunities for cultural exchange as participants found proximity to public resources determined their ability to interact with U.S culture. Overall formal events for cultural exchange were either nonexistent or occurred very rarely, such as the beginning and end of the Summer Work Travel Program, or coincidentally, before and after the work was sponsors' first priorities.

### **Secondary Source Results Research Question 1.2**

- 1) Schneider, P. (2013, June 6). Dells Operators Say Immigration Bill Would Hit Them Hard. *The Capital Times*. pp 9.

This article is included in the culture section as an example of a positive benefit of the Summer Work Travel Program, as the principal would intend.

Referencing the SWT Program, Jim Franz, employee relations manager at Great Wolf Resorts stated, "There's a lot more to it than a worker program. People I have

worked with have benefited greatly. They come thinking the whole country is New York and California and everyone is a millionaire, they leave with a whole new perspective and that is a benefit to everyone.”

Summer Work Travel Program reflections include that of Melanie Pursel, Executive Director of the Greater Ocean City Chamber of Commerce, who stated, “The Seasonal Workforce Committee provides SWTP students with support and resources, including greeting the students when they arrive in town and providing them with a student handbook with basic information like how to find housing and where the local banks are located.” Coordinated with the Ocean City Seasonal Workforce Committee, the operations in Ocean City, MD provided the cultural aspect that is often overlooked when planning for Summer Work Travel Program participants. As many sponsors have shown however, the creation of a cultural enrichment programs for SWTP participants cuts into profit-seeking motivations of employers. The balance achieved in Ocean City is one of the few instances of positive feedback found while researching the Summer Work Travel Program.

2) Preston, J. (2012 May 5). State Department Revises Foreign Student Job Program After Abuse Complaints.” *The New York Times*. pp 13.

“After paycheck deductions, the students said, they were paid so little they could not afford to travel in the United States, as the program promised.”

Robin Lerner, deputy assistant secretary of state for private sector exchange, said the department’s goal was, “to bring the program back to its core cultural purposes.”

US State Department = “the work component has too often overshadowed the core cultural component that Congress intended.” Students were, “concentrated in single locations for long hours in jobs that provided little or no opportunity to interact with U.S. citizens {and were} exposed to workplace safety hazards....subjected to predatory practices through wage deductions for housing.”

3) Klimasinska, K. (2013 July 12). Foreign-Student Work Plan Cut by U.S. as Complaints Mount. *Bloomberg.com*. Accessed online at: [www.bloomberg.com/news/print/2013-07-12/](http://www.bloomberg.com/news/print/2013-07-12/)

In another positive example of the potential mutual benefits of the Summer Work Travel Program, employer Hugh Fuller has hired foreign students at his Purple Parrot Grill restaurant in Rehoboth Beach for at least 15 years to supplement his 72-person seasonal staff. “I’m very proud of my international students,” he said, adding that for some positions, such as preparing food, he doesn’t get too many local applicants. “We have certain jobs that, you know, it comes down to, American people just won’t do.” This article cites the use of foreign students not to fill labor gaps during high volume seasons but rather to do work others will not do. While the positive review from Fuller is encouraging, it highlights the lack of coordination between what a student studies at the university in his home country and the type of employment in the United States that should be somewhat relative.

5) Jordan, M. (2013 March 9). Temp Troubles Visit McDonald’s. *The Wall Street Journal*. pp. B1, B4.

In an brief article recalling actions taken in response to a McDonald's program, Carl Shusterman, a Los Angeles immigration attorney and former Immigration and Naturalization Service official state, "This is a cheap-labor program, nothing more," He added, "Since when is flipping burgers a cultural exchange?" This compliments the previous reports of placing students in employment positions that American citizens may be reluctant to do. It contrasts with the claims that the Summer Work Travel program is used mainly to staff seasonal-related occupations. If students are utilized simply due to their compliance with requests American citizens avoid, potential issues may exist if employers were asked to indicate the cultural or educational aspects of placements set aside for incoming SWTP participants.

6)Additional Reports (3):

Editorial. (2001) "Importing Foreign Labor: A How-Not-To-Guide." Engineering News-Record. Vol. 247 Issue 24, p48.

Zarembka, JM (2002) "America's Dirty Work: Migrant Maids and Modern-Day Slavery" in *Global Woman: Nannies, Maids, and Sex Workers in the New Economy*. London: MacMillan.

McMahon ,C. (2011, July 10). "Problems with J-1 Visas seen across the country." *Sea Coastal Online*. Accessed Sept 2012 at [www.seacoastonline.com/McMahon/J-1/](http://www.seacoastonline.com/McMahon/J-1/)

The first article published in 2001 comes from the Engineering News-Record and is entitled, "Importing Foreign Labor: A How-Not-To Guide." This report describes the tactics of USA-IT, a sponsor and exchange company, which brought in electrical workers as a cheap labor supply primarily from Eastern Europe. USA-IT brought in workers and redistributed them to large contractors, one of which was Integrated Electrical Services (IES). Although its reports and interviews show IES

and USA-IT as “doing fine” and placing individuals in training positions, due to living expenses and conditions as well as low pay the International Brotherhood of Electrical Workers lured over half of the participants, documented at nearly 700 persons, to leave USA-IT and join its forces. When workers were asked why this was the case they cited the failure of USA-IT to properly cite and document (to the State Department) clear figures regarding the costs of placements and living expenses. Furthermore, participants stated a large number of positions reflected “disappointing work assignments, turning experienced craft workers into swing labor performing tasks not directly related to the craft (ENR: 2001).” While the State Department described the potential positions at USA-IT “electrical management,” the marketing letter from USA-IT contracting its J-1 visa SWT participants out for training and cultural exchange purposes clearly illustrated its true intent simply through the title of the letter – “Does your company need qualified electricians at \$15 per hour?”

A second report was published in 2002 in the book *Global Woman: Nannies, Maids, and Sex Workers in the New Economy*. This report, entitled “America’s Dirty Work: Migrant Maids and Modern-Day Slavery,” opened with an introduction worth repeating for the purposes of understanding the exploitation of many J-1 visa SWT participants; “Imagine you are locked away in a strange home. You do not speak your captor’s language. On the rare occasions when you are escorted off the premises, you are forbidden to speak to anyone. You are often fed the leftover food of the children you are required to watch while completing your around-the-clock

household duties. You have never been paid for your labors, and the woman of the house physically abuses you (Zarembka 2002).” This narrative continues to explain the conditions four nannies that entered the U.S. after conditions placed on their country of origin by the World Bank and IMF forced them to find work elsewhere. “Modern-day slavery, trafficking, and migrant domestic worker abuse result from the illegal manipulation and deception of hopeful immigrants.” This statement echoes the tone of the report overall and describes additional workers forced to work as sex slaves or forced to beg on the streets after losing jobs promised to them when considering working in the U.S. The article goes on to state that “psychological coercion” is the major problem among placements in childcare that are in homes, many of which are never documented. The article concludes with the suggestion that networks of same-language partners be created to compare conditions and wages, as well as a call for a more rigorous reporting and evaluation mechanism that would discover abuses sooner than the yearly report requirement (which is done by the sponsor themselves).

In another article written by Charles McMahon in 2011 additional problems with the J-1 visa holder placement are documented. McMahon writes a description of a 20-year-old Turkish college student having difficulties (alongside others living with him) finding employment after being fired from his job in New Hampshire. Again primary concerns were the living conditions and costs demanded by placement companies, alongside complaints of not being able to work the promised number of hours at the placement job and thus being evicted for failure to pay rent

(rent that was set by the program inconsistent with market value). The most disturbing part of the article is the fact that like many others, the students in question had to pay visa fees, costs of living, and entrance fees to participate in the Summer Work Travel Program prior to their entrance in the United States, leaving them with little money if the promises heard when abroad do not become a reality. McMahon cites an Associated Press investigation published earlier in 2011 that stated, "Participants paid thousands of dollars to come to the country, only to learn jobs they were promised didn't exist." Furthermore the participants "share beds in crowded houses or apartments, charged so much for lodging and transportation that they took home no pay (McMahon 2: 2011)." Another citation is of an AP investigation from 2005 in which it was reported two Ukraine J-1 students were beaten and forced to work in strip clubs in Detroit. Upon contacting the State Department McMahon was told the root of the problem is often the sponsors themselves, who report available jobs that either do not exist or are markedly different than described. When asked to comment on the allegations made by the Associated Press regarding publicized emails between Thai students and their sponsor, the YMCA of New York, detailing twelve students required to pay \$400 per month to live together in a mobile home in the Florida Panhandle infested with cockroaches and rodents, the official said he was unable to comment on the case as it was under "active review.



### Research Question 1.3 Promotion of Peace

#### Quantitative Results

The promotion of peace was explicitly featured in the Mutual Educational and Cultural Exchange Act of 1961 as its authors envisioned the SWTP such that it might “provide demonstrations of peaceful practices” between nations.

This section seeks to present the descriptive results of the third and final objective of the first research question. It seeks to answer research question 1.3,

*“Do participants in the Summer Work Travel Program indicate satisfactory levels/exposure to the promotion of peace during their participation periods?”*

Satisfaction survey data was used to analyze the overall impression of the promotion of peace for SWTP participants during the years 2012-2013. The first results displayed are summary descriptions of satisfaction levels of participants regarding the promotion of peace in the Summer Work Travel Program.

**Table 4.10 Overall Satisfaction Scores – Promotion of Peace**

Overall Peace	Frequency	Percent	Cumulative
<b>Least Satisfied</b> 1	68	38.20	38.20
2	52	29.21	67.42
3	41	23.03	90.45
4	11	6.18	96.63
<b>Most Satisfied</b> 5	6	3.38	100.00
<b>Totals</b>	178	100.00	

***1= Highly Unsatisfied 2=Somewhat Unsatisfied, 3=Average/Neutral, 4=Somewhat Satisfied, 5=Highly Satisfied***

The tabulation shows 67.4% of respondents indicated an unsatisfactory degree of the promotion of peace during their SWTP participation. Of the 67.4%, 38.2% indicated responses of “highly unsatisfied,” while 29.2% of respondents

indicated their satisfaction level to be “somewhat unsatisfied.” 23% of respondents indicated their satisfaction level to be “average or neutral,” while 9.5% offered responses fitting in levels described as “satisfied.” Of the 9.6% of satisfied responses offered, 6.2% indicated being “somewhat unsatisfied,” while 3.4% offered responses of “highly satisfied.” The results show that a majority of respondents indicated unsatisfactory levels regarding the promotion of peace during their Summer Work Travel Program experience.

To further describe the promotion of peace SWTP satisfaction scores, a one sample mean t-test is conducted to test the hypothesis the mean is equal to 3, “neutral/average.”

**Table 4.11 One Sample Median Test - Promotion of Peace Satisfaction Scores**

Variable	Obs	Mean	Std. Err.	Std. Dev.	[95% Conf. Interval]
OverallP	178	2.073034	.0808705	1.078947	1.913439 2.232628

t = -12.5867                      degrees of freedom =177

**H<sub>0</sub>**: mean = 3

**H<sub>A</sub>**: mean < 3

Pr (t < t) = 0.000

**H<sub>A</sub>**: mean > 3

Pr (t < t) = 1.000

The following hypothesis conclusion can now be stated:

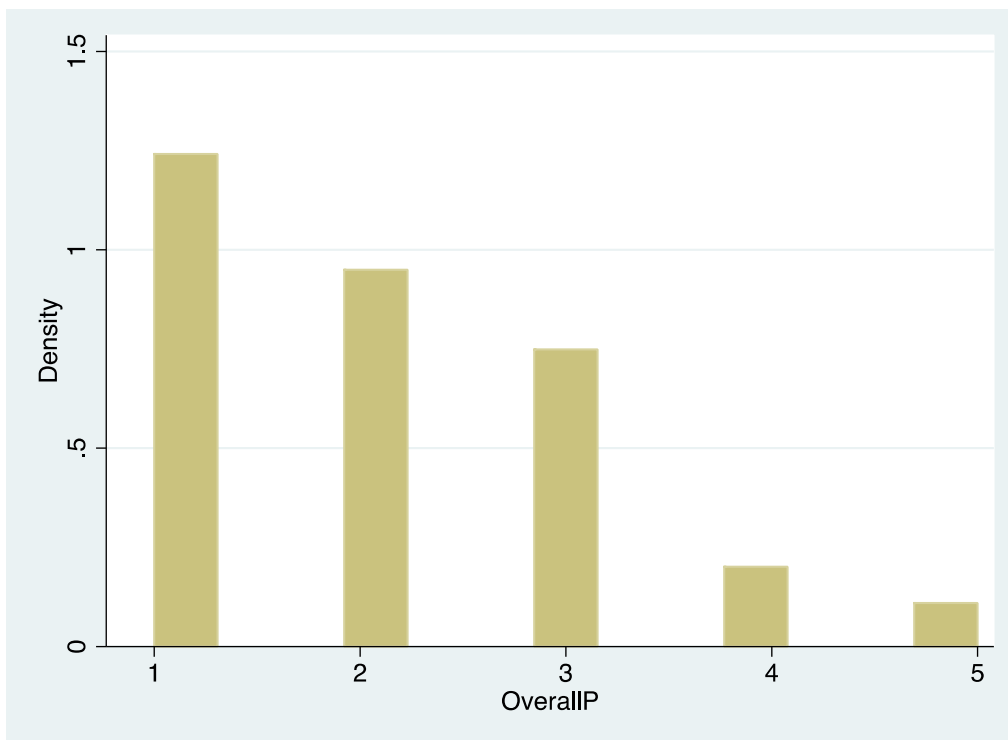
**H<sub>0</sub>**: The mean satisfaction score for SWTP Promotion of Peace is greater than or equal to 3, “Average/Neutral.”

**H<sub>A</sub>**: The mean satisfaction score for SWTP Promotion of Peace is less than 3, “Average/Neutral.”

This study rejects the null hypothesis that the mean satisfaction score for the promotion of peace is greater than or equal to 3, “Average/Neutral.” It therefore fails to reject the alternative hypothesis the mean  $< 3$  and rejects the hypotheses the mean  $> 3$ . The mean response was 2.07, similar to response 2, “somewhat unsatisfied.”

To illustrate the distribution of responses the following histogram is provided:

**Table 4.12 Histogram – Promotion of Peace Satisfaction Scores**



The distribution of scores shown in the histogram indicates the majority of responses were “extremely unsatisfactory,” and “somewhat unsatisfactory,” rather than positive responses #4 or #5.

## **Qualitative Results Research Question 1.3**

### **Question 1**

Question 1 was presented as an open-format question to encourage participants to engage in a discussion with one another, specifically to compare experiences regarding different sponsors, placements, and experiences regarding examples of the promotion of peace. The question was presented as follows:

*“Describe your level of satisfaction regarding the promotion of peaceful ideals directly expressed during your participation in the Summer Work Travel Program. I will not interrupt you and there is no time limit.”*

### **Results:**

#### *THEME 1: Promotions of Peace Were Found In USA Culture*

The promotion of peace exhibited through participants’ comparisons of their foreign communities to their communities when living in the USA. The promotion of peace was found to be indirectly satisfied through the various experiences participants engaged in over their four-month period in the USA.

### **Question 2**

Question 2 was presented as an open-format question to encourage participants to engage in a discussion with one another, specifically to compare experiences regarding different sponsors, placements, and experiences regarding examples of the promotion of peace. The question was presented as follows:

*“Please describe any actual demonstrations of peaceful practices you observed while participating in the Summer Work Travel Program, whether they were directly or indirectly observed/experienced. I will not interrupt you and there is no time limit.”*

**Results:**

Participants reflected on the promotion of peace as an aspect of culture. Discussion among interviewees became a comparison of conflict management in the United States and examples of how situations would be handled differently in their home countries.

*THEME 2: Conflict Management Techniques Exhibit Demonstrations of the Promotion of Peace.*

*THEME 3: The General Level of Non-Violence was a Demonstration of Peace in General to Which Participants Were Not Accustomed.*

Another indirect result of living in the USA, participants commented on the variations in crime and punishment and the response from local municipal forces as a form of “promotion of peace” as it was typically less violent than how participants indicated similar circumstances would be addressed back home.

**Question 3**

Question 3 was presented as an open-format question to encourage participants to engage in a discussion with one another, specifically to compare experiences regarding different sponsors, placements, and experiences regarding examples of the promotion of peace. The question was presented as follows:

*“Please describe your satisfaction regarding the overall levels you experienced related to the exemplification of peaceful practices or a peaceful society. I will not interrupt you and there is no time limit.”*

**Results:**

Most responses recorded would fit under the benefits of interaction with participants’ local communities while participating in the Summer Work Travel Program.

*THEME 4: Cultural Differences Often Promote Peace without any Help From Sponsors.*

**Qualitative Summary**

The promotion of peace as an objective of the Summer Work Travel Program is difficult to quantify as the peace component of U.S. culture is compared to those cultures of various participants. Main themes developed include the reflection of peaceful practices of local communities, including conflict management techniques and reporting structures if problems occur. Many participants indicated that the reflection of peace in U.S. culture was more impacting than events or demonstrations by sponsors. Finally, participants noted the “expectation” of peaceful practices noticed in local communities. This was consistently contrasted to practices of participants’ home countries. The component of the promotion or exemplification of peace while participating in the Summer Work Travel Program is evident yet not developed formally by sponsors.

### **Secondary Source Results Research Question 1.3**

- 1) Stein, K. (2013 September 14). Work Travel challenges in Door County. *Door County Advocate*. pp. 2.

This Door County, Wisconsin article features Nadiia Bondarieva, a 19-year-old Ukrainian student who worked at three Sister Bay businesses, who stated she lived in a two-bathroom house with nine other students. She said the hardest part about the arrangement were the days when most of the students had to be at work at 9 a.m. and there was a scramble for the bathrooms.

She also disclosed that other students she spoke with or worked with ended up living in different towns than the ones in which they worked; some of the students biked 10 or 15 miles to and from work each day because they didn't have cars and Door County doesn't have much public transportation. The article draws a distinction between those areas that offer a wide variety of cultural and educational activities because of their diverse cultural makeups, and those communities that use Summer Work Travel Program Participants that are simply too rural or widespread geographically to foster environments that would satisfy the cultural aspect of the Summer Work Travel Program. It also speaks to the ability of participants to travel or interact with others outside their own culture if public transportation is limited, unlike in major cities where attractions and events are easily accessible.

- 2) Jordan, M. (2013 March 9). Temp Troubles Visit McDonald's. *The Wall Street Journal*. pp. B1, B4.

This article describes the experience of Argentine college student Jorge Rios, who spent \$3000 to participate in cultural-exchange program but found himself, “at the mercy of a McDonald’s Corp. franchisee who was his employer and landlord.” During the week of March 9<sup>th</sup> 2013, he and 15 other students demonstrated outside a McDonald’s after filing complaints with the State Department and Labor Department saying they were exploited at fast-food outlets in the Harrisburg, Penn. area and housed in substandard conditions.

Citing the protest, Arizona Senator John McCain said this week in Congress that working with labor to revamp visa programs has emerged as one of the toughest issues in discussions over a framework to provide legal status for the 11 million immigrants living in the U.S illegally. Los Angeles immigration attorney and former Immigration and Naturalization Service official Carl Shusterman summarized his frustrations with increasing protests due to labor conditions regarding the Summer Work Travel Program. Shusterman remarked, “This is a cheap-labor program, nothing more” as well as, “Since when is flipping burgers a cultural exchange?”

### **Summary Secondary Results**

The articles above do not directly cite examples of the promotion of peace but do indicate the processes through which participants are exposed to peaceful practices. Perhaps the most popular example is the protest at the Hershey packing plant. While this protest brought attention to the Summer Work Travel Program as a



whole, the manner in which students expressed their concerns, by peacefully protesting, is a method of conflict resolution that not effective in many other cultures. Many participants interviewed repeatedly cited the peaceful practices in U.S. culture, particularly if problems arise. Although most participants never exercised the suggested methods for conflict resolution, the adoption of a peaceful protest by the students at Hershey set an example for other participants to peacefully detail their complaints. It also reflects a choice by those students at Hershey to use a peaceful method rather than resorting to violence or causing damages at the workplace.

The first article details the problems of participants in rural communities lacking robust public transportation. While the article adopts a negative viewpoint, it cites instances of transportation such as buses where students would see peaceful practices and examples of conflict resolution in person between U.S. citizens. Those participants placed in urban environment find immersion in the local U.S culture. It should be noted the promotion of peace is embedded and directly linked to the cultural component of the Summer Work Travel Program.

## **Summary**

### **Research Question 1**

The first research question sought to determine if the Summer Work Travel Program met its legislative objectives as outlined in the Mutual Educational and Cultural Exchange Act of 1961. These objectives were defined as educational exchange, cultural exchange, and the promotion of peace.

To address these research questions quantitative, qualitative, and secondary source analyses were performed. The quantitative results used the median score of educational variables to determine the satisfaction levels of the participants. The results included a rejection of the null hypothesis that the mean satisfaction score would be higher than the average survey response for educational exchange, cultural exchange, and the promotion of peace. The qualitative analyses resulted in twenty independent themes about the three objectives and participants' experiences. These themes confirmed the quantitative results of unsatisfactory SWTP of all objectives. Finally, secondary source analyses were performed for all the three objectives. The conclusions of these sources confirmed the independently generated results from both the quantitative and qualitative analyses.

## **Question 2 – SWTP Participant Demographics and SWTP Satisfaction Rates**

The second primary research question asked, *“What aspects of the Summer Work Travel Program participants affect program success?”*

To address this question a secondary research question was asked:

2.1 *“How do the identified participants' aspects affect Summer Work Travel Program success?”*

These effects are discussed using two measures adopted from agency theory, “preference asymmetry,” and, “information asymmetry.” To represent this

refinement the following research questions are presented to answer research question 2.1:

- 2.1a *“Do the identified participants’ aspects indicate information asymmetry between the U.S. State Department and Summer Work Travel Program sponsors?”*
- 2.1b *“Do the identified participants’ aspects indicate preference asymmetry between the U.S. State Department and Summer Work Travel Program sponsors?”*

To determine the effect the participants’ demographic data had on program satisfaction scores, all demographic variables were regressed in a logistical regression to determine those that were statistically significant. The regression analysis was performed using all descriptive variables to determine whether any of these variables influenced satisfaction scores regarding the participants’ responses to their satisfaction levels of the STWP overall, educational exchange experienced during SWTP participation, cultural exchange experienced during SWTP participation, and finally examples of the promotion of peace during SWTP participation. The results of these regressions are as follows:

**Table 4.13 Demographic Variables and Overall Summer Work Travel Program Experience**

Ordered Logistic Regression	Number of Obvs.	178
	LR chi2 (11)	59.5
	Prob>chi2	0
Log Likelihood = -187.65714	Pseudo R2	0.1368

Demographic Variables and Overall SWTP Experience						
Overall	Odds Ratio	Std. Err.	z	P>[z]	[95% Conf. Interval]	
<b>Age Range</b>						
21-23	0.718	1.053	-0.230	0.821	0.041	12.698
24-27	0.022	0.044	-1.920	0.054	0.000	1.076
28+	1.951	3.418	0.380	0.703	0.063	60.464
<b>Gender - Male</b>	1.652	0.499	1.660	0.096	0.915	2.985
<b>Prior Part - No</b>	0.547	0.268	-1.230	0.218	0.209	1.430
<b>Degree Comp</b>						
Middle	1.907	2.752	0.450	0.654	0.113	32.246
End	41.650	67.907	2.620	0.009	3.478	569.264
<b>USA contact - No</b>	0.896	0.415	-0.240	0.813	0.361	2.223
<b>Placement</b>						
University	2.523	0.833	2.800	<b>0.005*</b>	1.320	4.818
Government	3.461	1.485	2.890	<b>0.004*</b>	1.492	8.025
Sponsor Direct	3.510	1.991	2.21	<b>0.027*</b>	1.156	10.667

To interpret whether any predictive variables exists among the descriptive variables at a 95% significance rate, the P > [z] statistic was consulted. With a value of <0.05, the model indicated it contains predictor variables. Consulting the P-values given, it is determined the variables of intermediary placement agent (IPA) has significance. Specifically when compared to the base response of using an

independent intermediary placement agent, the variables of university affiliated IPAs, government affiliated IPAs, and IPAs directly related to the sponsor indicated interaction.

Using the Odds Ratio measurement this study concludes the proportional odds ratio for a one unit increase in university affiliated IPAs, the odds of higher Overall Satisfaction scores versus the combined lower and middle Overall satisfaction scores are 2.523 times greater, given the variables are held constant. Similarly, the proportional odds ratio for a one unit increase in government affiliated IPAs, the odds of higher Overall Satisfaction scores versus the combined lower and middle Overall satisfaction scores are 3.461 times greater, given the variables are held constant. The final IPA related directly to the sponsor indicates for a one unit increase, the odds of higher Overall Satisfaction scores versus the combined lower and middle Overall satisfaction scores are 3.510 times greater, given the variables are held constant. It was therefore determined the intermediary placement agent variable was a statistically significant predictor of overall SWTP satisfaction scores.

**Table 4.14 Satisfaction Levels and Educational Exchange during SWTP**

**Participation**

Ordered Logistic Regression	Number of Obsvs.	178
	LR chi2 (11)	87.76
	Prob>chi2	0
Log Likelihood = -200.03974	Pseudo R2	0.1799

Satisfaction Levels - Educational Exchange						
Overall-Education	Odds Ratio	Std. Err.	z	P>[z]	[95% Conf. Interval]	
<b>AgeRange</b>						
21-23	1.30157	1.57152	0.22	0.827	0.12210	13.874
24-27	4.84960	7.94752	0.96	0.335	0.1953	120.40
28+	0.11619	0.180619	-1.38	0.166	0.00552	2.445
<b>Gender - Male</b>	0.89892	0.265837	-0.36	0.719	0.50350	1.604
<b>PriorPart - No</b>	2.00760	0.969062	1.44	0.149	0.7794	5.170
<b>DegreeComp</b>						
Middle	0.43440	0.516736	-0.7	0.483	0.0422	4.471

**Table 4.14 (Continued)**

End	0.01683	0.027281	-2.52	0.012	0.0007	0.4035
<b>USAcontact - No</b>	1.12019	0.506564	0.25	0.802	0.4617	2.717
<b>Placement</b>						
University	2.69245	0.856590	3.11	<b>0.002*</b>	1.4432	5.022
Government	6.37816	2.93059	4.03	<b>0.000*</b>	2.5917	15.69
Direct - Sponsor	6.21462	3.31608	3.42	<b>0.001*</b>	2.1838	17.68

To interpret whether any predictive variables exists among the descriptive variables at a 95% significance rate, the P > [z] statistic was consulted. With a value of <0.05, the model indicated it contained predictor variables. Consulting the P-values given, it was determined the variable intermediary placement agent has

significance. Specifically when compared to the base response of using an independent intermediary placement agent, the variables of university affiliated IPAs, government affiliated IPAs, and IPAs directly related to the sponsor indicate interaction. The variable of Degree Completion is also found to be other than zero, indicating those in the “end” of their degree completion represent an interactive variable.

Using the Odds Ratio measurement this study concludes the proportional odds ratio for a one unit increase in the variable degree completion – end, the odds of higher educational exchange satisfaction scores versus the combined lower and middle educational exchange satisfaction scores are 0.017 times greater, given the variables are held constant. Regarding university affiliated IPAs, the odds of higher educational exchange satisfaction scores versus the combined lower and middle educational exchange satisfaction scores are 2.693 times greater, given the variables are held constant. Similarly, the proportional odds ratio for a one unit increase in government affiliated IPAs, the odds of higher educational exchange satisfaction scores versus the combined lower and middle educational exchange satisfaction scores are 6.378 times greater, given the variables are held constant. The final IPA related directly to the sponsor indicates for a one unit increase, the odds of higher educational exchange satisfaction scores versus the combined lower and middle Overall satisfaction scores are 6.215 times greater, given the variables are held constant. It was therefore determined the intermediary placement agent variable

was a statistically significant predictor of SWTP educational exchange satisfaction scores.

**Table 4.15 Satisfaction Levels and Cultural Exchange during SWTP Participation**

Ordered Logistic Regression      Number of Obs.      178  
 LR chi2 (11)      111.28  
 Prob>chi2      0  
 Log Likelihood = -175.40741      Pseudo R2      0.2408

<b>Cultural Exchange - SWTP Satisfaction Scores</b>						
<b>Overall Culture EX</b>	<b>Odds Ratio</b>	<b>Std. Err.</b>	<b>z</b>	<b>P&gt;[z]</b>	<b>[95% Conf. Interval]</b>	
<b>AgeRange</b>						
	2.524711	3.1275	0.75	0.455	0.2227	28.61869
<b>24-27</b>	1.640717	2.6508	0.31	0.759	0.0691	38.93145
<b>28+</b>	0.25103	0.39369	-0.88	0.378	0.0116	5.428387
<b>Gender - Male</b>	0.6215561	0.19052	-1.55	0.121	0.3408	1.133438
<b>Prior Part - no</b>	1.711411	0.82934	1.11	0.268	0.6620	4.424288
<b>Degree Comp</b>						
<b>Middle</b>	0.6312	0.76604	0.38	0.705	0.0584	6.811038
<b>End</b>	1.124856	1.3445	0.1	0.922	0.1080	11.70925
<b>USAcontact - No</b>	2.852422	1.3636	2.19	0.228	1.1175	7.280483
<b>Placement Type</b>						
<b>University</b>	2.378325	0.7744	2.66	<b>0.008*</b>	1.2563	4.502244
<b>Government</b>	2.720316	1.1916	2.28	<b>0.022*</b>	1.1527	6.419262
<b>Sponsor Direct</b>	9.136457	4.8135	4.2	<b>0.000*</b>	3.2533	25.65843

To interpret whether any predictive variables exists among the descriptive variables at a 95% significance rate, the P > [z] statistic was consulted. With a value of <0.05, the model indicated it contained predictor variables. Consulting the P-values given, it is determined the variables of intermediary placement agent has significance. Specifically when compared to the base response of using an



independent intermediary placement agent, the variables of university affiliated IPAs, government affiliated IPAs, and IPAs directly related to the sponsor indicate interaction. The variable of Contacts or Family in the USA prior to SWTP participation is also found to be other than zero, indicating an interactive variable.

Using the Odds Ratio measurement this study concludes the proportional odds ratio for a one unit increase in the variable no family or contacts in the USA prior to SWTP participation, the odds of higher cultural exchange satisfaction scores versus the combined lower and middle cultural exchange satisfaction scores are 2.852 times greater, given the variables are held constant. Regarding university affiliated IPAs, the odds of higher cultural exchange satisfaction scores versus the combined lower and middle cultural exchange satisfaction scores are 2.378 times greater, given the variables are held constant. Similarly, the proportional odds ratio for a one unit increase in government affiliated IPAs, the odds of higher cultural exchange satisfaction scores versus the combined lower and middle cultural exchange satisfaction scores are 2.720 times greater, given the variables are held constant. The final IPA related directly to the sponsor indicates for a one unit increase, the odds of higher cultural exchange satisfaction scores versus the combined lower and middle cultural exchange satisfaction scores are 9.137 times greater, given the variables are held constant. It was therefore determined the intermediary placement agent variable was a statistically significant predictor of SWTP cultural exchange satisfaction scores.

**Table 4.16 Satisfaction Levels and the Promotion of Peace during SWTP Participation**

Ordered Logistic Regression	Number of Obs.	178
	LR chi2 (11)	78.12
	Prob>chi2	0
Log Likelihood = -201.52409	Pseudo R2	0.1623

Promotion of Peace – Satisfaction Scores						
Overall Peace	Odds Ratio	Std. Err.	z	P>[z]	[95% Conf. Interval]	
<b>AgeRange</b>						
21-23	1.171493	1.473086	0.13	0.900	0.0996327	13.77455
24-27	6.182499	10.37193	1.09	0.278	0.2307621	165.6394
28+	0.1222264	0.19417	-1.32	0.186	0.0054312	2.750628
<b>Gender - Male</b>	0.9263976	0.27274	-0.26	0.795	0.5202206	1.649709
<b>PriorPart - no</b>	1.70758	0.81449	1.12	0.262	0.6704524	4.349048
<b>DegreeComp</b>						
middle	0.4631759	0.57261	-0.62	0.534	0.041061	5.224717
end	0.8167766	0.66261	-0.25	0.803	0.1665544	4.005443
<b>USAcontact - no</b>	0.9453554	0.43305	-0.12	0.902	0.3851835	2.320184
<b>Placement</b>						
University	2.303371	0.72810	2.64	<b>0.008*</b>	1.239636	4.279898
Government	4.791418	2.14331	3.5	<b>0.000*</b>	1.993888	11.51403
Sponsor Direct	6.519124	3.59092	3.4	<b>0.001*</b>	2.214738	19.18917

To interpret whether any predictive variables exists among the descriptive variables at a 95% significance rate, the P > [z] statistic was consulted. With a value of <0.05, the model indicated it contained predictor variables. Consulting the P-values given, it is determined the variables of intermediary placement agent has significance. Specifically when compared to the base response of using an independent intermediary placement agent, the variables of university affiliated

IPAs, government affiliated IPAs, and IPAs directly related to the sponsor indicate interaction.

Using the Odds Ratio measurement this study concludes the proportional odds ratio for a one unit increase in university affiliated IPAs, the odds of higher promotion of peace satisfaction scores versus the combined lower and middle promotion of peace satisfaction scores are 2.303 times greater, given the variables are held constant. Similarly, the proportional odds ratio for a one unit increase in government affiliated IPAs, the odds of higher promotion of peace satisfaction scores versus the combined lower and middle promotion of peace satisfaction scores are 4.791 times greater, given the variables are held constant. The final IPA related directly to the sponsor indicates for a one unit increase, the odds of higher promotion of peace satisfaction scores versus the combined lower and middle promotion of peace satisfaction scores are 6.519 times greater, given the variables are held constant. It can therefore be determined the intermediary placement agent variable is a statistically significant predictor of overall SWTP satisfaction scores. It was therefore determined the intermediary placement agent variable was a statistically significant predictor of SWTP promotion of peace satisfaction scores.

## Hypotheses - Question 2

The following are results of the hypotheses presented in the research methods section:

2a. **H<sub>0</sub>**: Summer Work Travel Program satisfaction scores are not statistically significantly higher for university placements than independent placements

**H<sub>A</sub>**: Summer Work Travel Program satisfaction scores are statistically significantly higher for university placements than independent placements

**Result** = This study fails to reject the null hypothesis and rejects the alternative hypothesis.

**H<sub>0</sub>**: Summer Work Travel Program satisfaction scores are not statistically significantly higher for government placements than independent placements

**H<sub>A</sub>**: Summer Work Travel Program satisfaction scores are statistically significantly higher for government placements than independent placements

**Result** = This study fails to reject the null hypothesis and rejects the alternative hypothesis.

**H<sub>0</sub>**: Summer Work Travel Program satisfaction scores are not statistically significantly higher for sponsor-direct placements than independent placements

**H<sub>A</sub>**: Summer Work Travel Program satisfaction scores are statistically significantly higher for sponsor-direct placements than independent placements

**Result** = This study fails to reject the null hypothesis and rejects the alternative hypothesis.

2b. **H<sub>0</sub>**: Summer Work Travel Program satisfaction scores are not statistically significantly higher for males than females.

**H<sub>A</sub>**: Summer Work Travel Program satisfaction scores are statistically significantly higher for males for females.

**Result** = This study fails to reject the null hypothesis and rejects the alternative hypothesis.

**2c. H<sub>0</sub>:** Summer Work Travel Program satisfaction scores are not statistically significantly higher for those with no prior knowledge of the SWTP versus those with prior knowledge of the SWTP.

**H<sub>A</sub>** Summer Work Travel Program satisfaction scores are statistically significantly higher for those with no prior knowledge of the SWTP versus those with prior knowledge of the SWTP.

**Result** = This study fails to reject the null hypothesis and rejects the alternative hypothesis.

**2d. H<sub>0</sub>:** Summer Work Travel Program satisfaction scores are not statistically significantly higher for those at middle of degree completion versus those at the beginning of degree completion.

**H<sub>A</sub>:** Summer Work Travel Program satisfaction scores are statistically significantly higher for those at middle of degree completion versus those at the beginning of degree completion.

**Result** = This study fails to reject the null hypothesis and rejects the alternative hypothesis.

**H<sub>0</sub>:** Summer Work Travel Program satisfaction scores are not statistically significantly higher for those in the end of degree completion versus those at the beginning of degree completion.

**H<sub>A</sub>:** Summer Work Travel Program satisfaction scores are statistically significantly higher for those in the end of degree completion versus those at the beginning of degree completion.

**Result** = This study fails to reject the null hypothesis and rejects the alternative hypothesis.

**2e. H<sub>0</sub>:** Summer Work Travel Program satisfaction scores are not statistically significantly higher for those with no contacts in the USA than those with contacts in the USA.

**H<sub>A</sub>:** Summer Work Travel Program satisfaction scores are statistically significantly higher for those with no contacts in the USA than those with contacts in the USA.

**Result** = This study fails to reject the null hypothesis and rejects the alternative hypothesis.

**2f. H<sub>0</sub>:** Summer Work Travel Program satisfaction scores are not statistically significantly higher for age group 21-23 than age group 18-20.

**H<sub>A</sub>:** Summer Work Travel Program satisfaction scores are statistically significantly higher for age group 24-23 than age group 18-20.

**Result** = This study fails to reject the null hypothesis and rejects the alternative hypothesis.

**H<sub>0</sub>:** Summer Work Travel Program satisfaction scores are not statistically significantly higher for age group 24-27 than age group 18-20.

**H<sub>A</sub>:** Summer Work Travel Program satisfaction scores are statistically significantly higher for age group 24-27 than age group 18-20.

**Result** = This study fails to reject the null hypothesis and rejects the alternative hypothesis.

**H<sub>0</sub>:** Summer Work Travel Program satisfaction scores are not statistically significantly higher for age group  $\geq 28$  than age group 18-20.

**H<sub>A</sub>:** Summer Work Travel Program satisfaction scores are statistically significantly higher for age group  $\geq 28$  than age group 18-20.

**Result** = This study fails to reject the null hypothesis and rejects the alternative hypothesis.

Using the results of the ordered logistical regression intermediary placement agent selection is found to be statistically significant when compared to satisfaction scores for the Summer Work Travel Program overall, the educational exchange aspect of the SWTP, the cultural exchange aspect of the SWTP, and the promotion of peace in the SWTP.

This led to further analyses to determine instances of “preference asymmetry” and “information asymmetry” among the U.S. State Department and SWTP sponsors using the independent placement agent variable, as utilization of placement agents is reflective of SWTP sponsors’ decision-making mentality. To determine the presence of information and preference asymmetry, the following principal component analyses were conducted to form two composite variables, “INFO,” and “PREFS”:

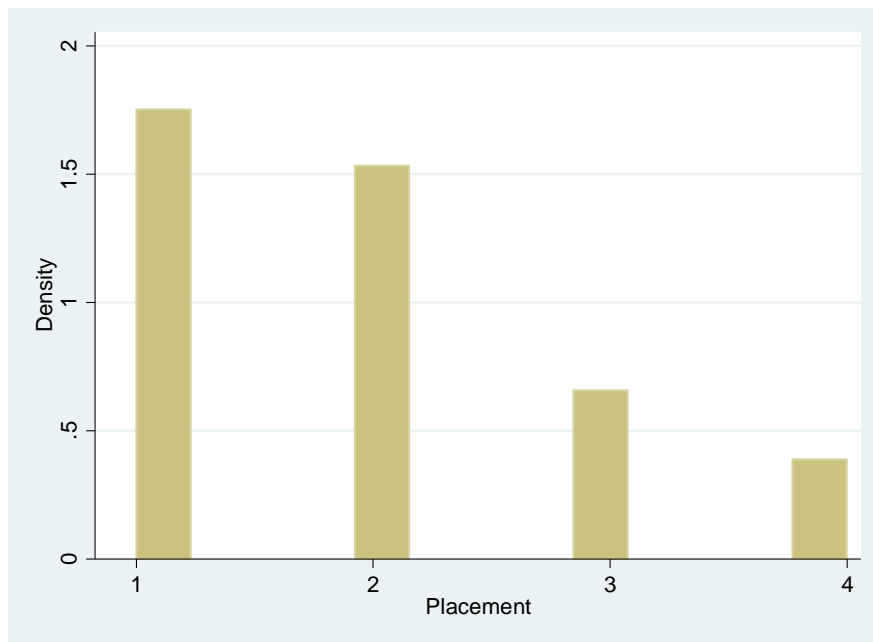
### **Variable Frequency Distributions**

To establish frequency distributions of the variables tested in the ordered logistical regressions below, the following is presented:

**Table 4.17 Placement**

<b>Placement</b>	<b>Frequency</b>	<b>Percent</b>	<b>Cum.</b>
1	72	40.45	40.45
2	63	35.39	75.84
3	27	15.17	91.01
4	16	8.99	100.00
<b>Total</b>	178	100.00	

To illustrate the distribution of responses, the following histogram is provided:

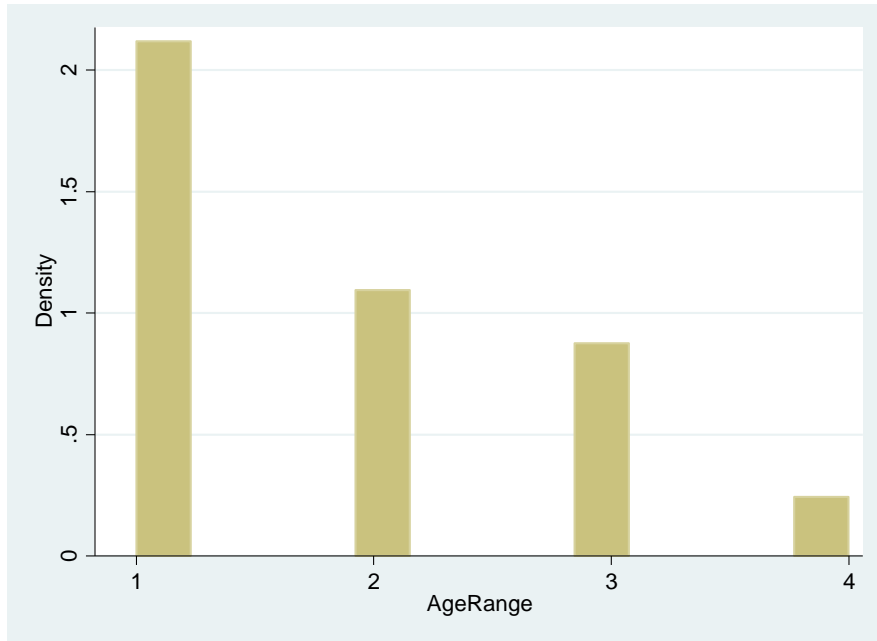


**Table 4.18 Age Range**

<b>Age Range</b>	<b>Frequency</b>	<b>Percent</b>	<b>Cum.</b>
18-20	87	48.88	48.88
21-23	45	25.28	74.16
24-27	36	20.22	94.38
=>28	10	5.62	100.00
<b>Total</b>	178	100.00	



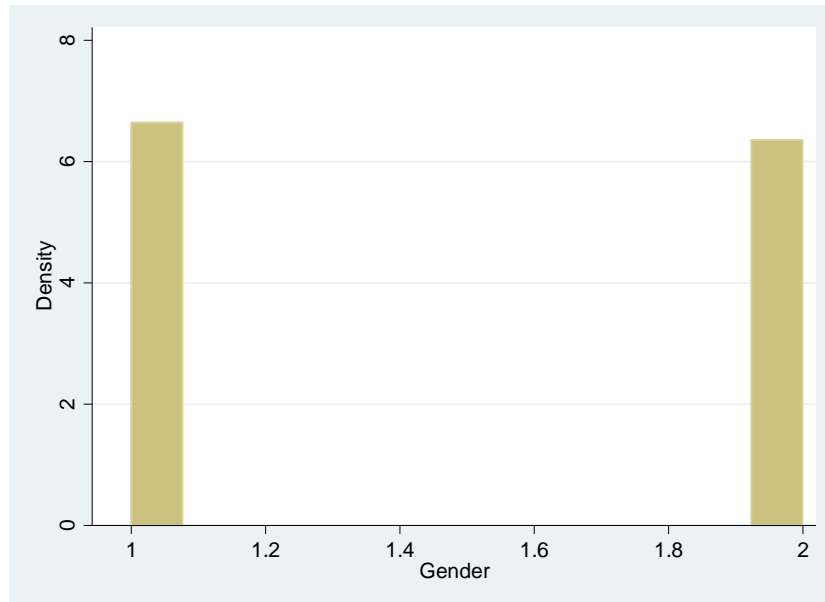
To illustrate the distribution of responses, the following histogram is provided:



**Table 4.19 Gender**

<b>Gender</b>	<b>Frequency</b>	<b>Percent</b>	<b>Cum.</b>
Female	91	51.12	51.12
Male	87	48.88	100.00
<b>Total</b>	178	100.00	

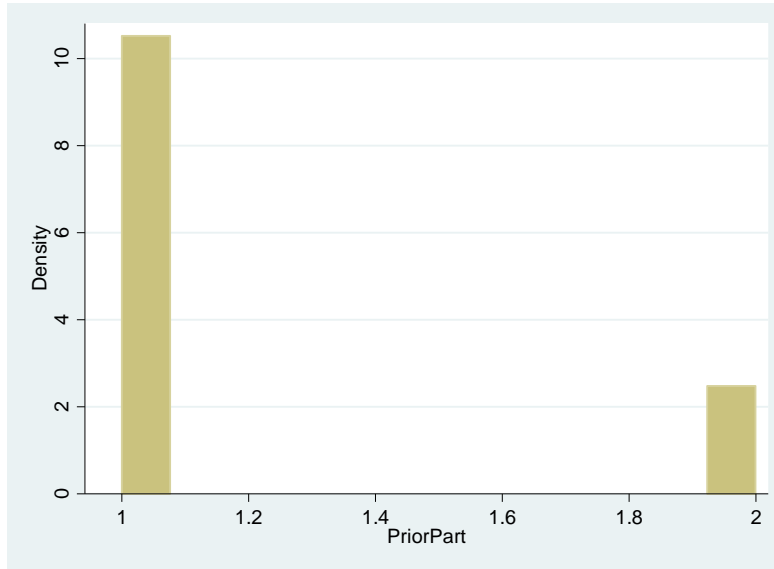
To illustrate the distribution of responses, the following histogram is provided:



**Table 4.20 Knowledge of Prior SWTP Participation**

<b>PriorSWTP</b>	<b>Frequency</b>	<b>Percent</b>	<b>Cum.</b>
Yes	144	80.90	80.90
No	34	19.10	100.00
<b>Total</b>	178	100.00	

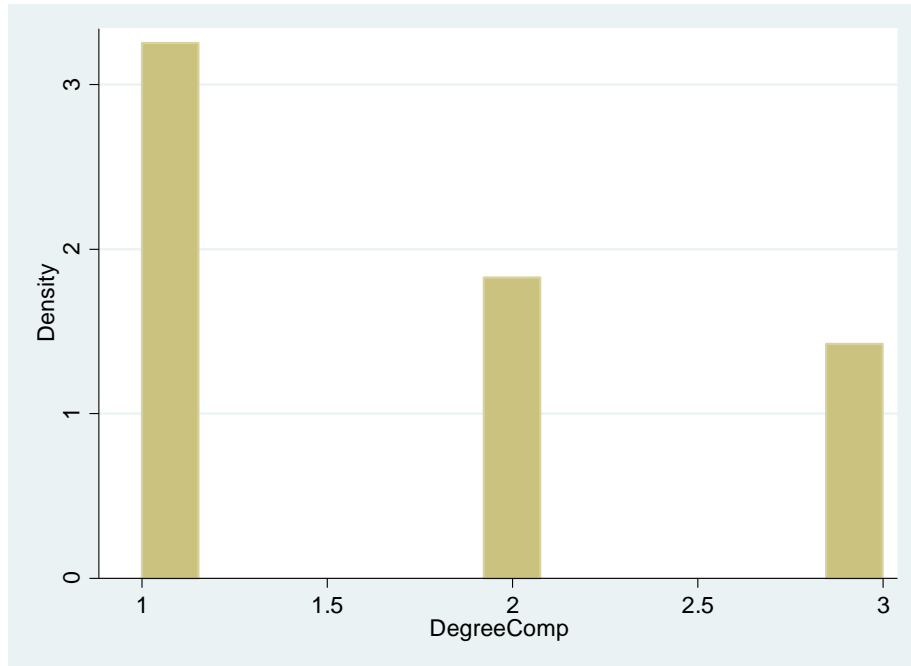
To illustrate the distribution of responses, the following histogram is provided:



**Table 4.21 Status of Academic Degree Completion**

<b>DegreeComp</b>	<b>Frequency</b>	<b>Percent</b>	<b>Cum.</b>
Beginning	89	50.00	50.00
Middle	50	28.09	78.09
End	39	21.91	100.00
<b>Total</b>	178	100.00	

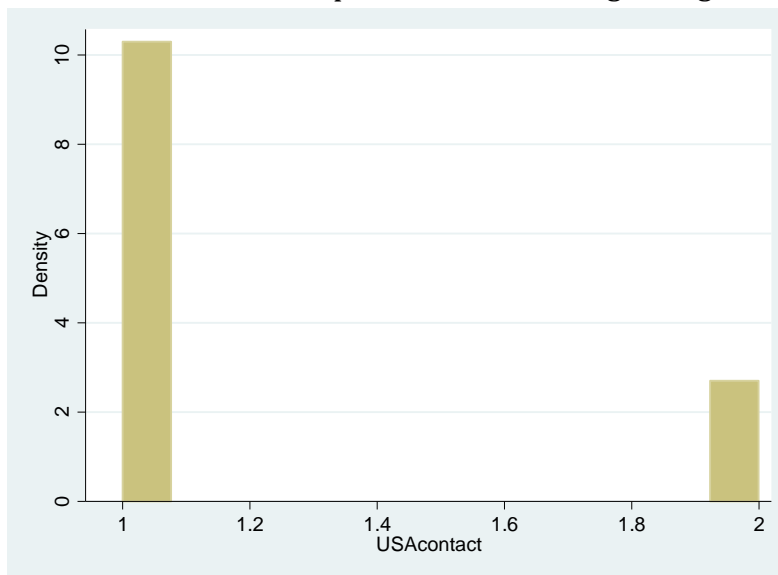
To illustrate the distribution of responses, the following histogram is provided:



**Table 4.22 Contacts in USA**

<b>USA Contacts</b>	<b>Frequency</b>	<b>Percent</b>	<b>Cum.</b>
Yes	141	79.21	79.21
No	37	20.79	100.00
<b>Total</b>	<b>178</b>	<b>100.00</b>	

To illustrate the distribution of responses, the following histogram is provided:



### Research Question 2.1a Information Symmetry

**Table 4.23 Principal Component Analysis, INFO Composite Variable  
Construction**

Principal components/correlation	Number of Obs.	=	<b>178</b>
	Number of comp.	=	<b>2</b>
	Trace	=	<b>9</b>
Rotation: (unrotated = principal)	Rho	=	<b>0.5752</b>

Component	Eigenvalue	Difference	Proportion	Cumulative
<b>Comp1</b>	4.17512	3.17335	0.4639	0.4639
<b>Comp2</b>	1.00177	.275948	0.1113	0.5752
<b>Comp3</b>	.725824	.0097725	0.0806	0.6559
<b>Comp4</b>	.716052	.0647178	0.0796	0.7354
<b>Comp5</b>	.651334	.0593691	0.0724	0.8078
<b>Comp6</b>	.591965	.0923477	0.0658	0.8736
<b>Comp7</b>	.499617	.114148	0.0555	0.9291
<b>Comp8</b>	.385469	.132625	0.0428	0.9719
<b>Comp9</b>	.252844	.	0.0281	1.0000

**Table 4.23 (Continued)**

**Varimax Rotation - Component Loadings**

<b>Variable</b>	<b>Comp1</b>	<b>Comp2</b>	<b>Unexplained</b>
<b>TravelCost</b>	0.4663		.3175
<b>TravelInfo</b>	0.4614		.2981
<b>Expectations</b>	0.4045		.3761
<b>LivingQuality</b>		0.6669	.3249
<b>HousingCosts</b>	0.4283		.4991
<b>Supervisor1</b>		0.3642	.5386
<b>Supervisor2</b>		0.4663	.4333
<b>FeedbackAll</b>	0.4153		.5341
<b>AllCosts</b>		0.4264	.5013

**Promax Rotaton - Component Loadings**

<b>Variable</b>	<b>Comp1</b>	<b>Comp2</b>	<b>Unexplained</b>
<b>TravelCost</b>	0.4687		.3175
<b>TravelInfo</b>	0.4623		.2981
<b>Expectations</b>	0.4015		.3761
<b>LivingQuality</b>		0.6734	.3249
<b>HousingCosts</b>	0.4349		.4991
<b>Supervisor1</b>		0.3606	.5386
<b>Supervisor2</b>		0.4647	.4333
<b>FeedbackAll</b>	0.4220		.5341
<b>AllCosts</b>		0.4244	.5013

**Table 4.23 (Continued)**

**Kaiser-Meyer-Olkin measure of sampling adequacy**

<b>Variable</b>	<b>kmo</b>
TravelCost	0.8781
TravelInfo	0.8168
Expectations	0.8337
LivingQuality	0.8449
HousingCosts	0.8736
Supervisor1	0.9032
Supervisor2	0.9005
FeedbackAll	0.9044
AllCosts	0.8533
<b>Overall</b>	<b>0.8626</b>

This principal component analysis predicts the variable “INFO.”

This variable is then regressed against intermediary placement agent (IPA) use.

**Table 4.24 SWTP Participant Demographic Variables and Information Symmetry**

Source	SS	df	MS	Number of obs =	178
				F( 11, 166) =	9.70
Model	289.091131	11	26.281012	Prob > F =	0.0000
Residual	449.905407	166	2.71027354	R-squared =	0.3912
				Adj R-squared =	0.3509
Total	738.996539	177	4.17512169	Root MSE =	1.6463

**Table 4.24 (Continued)**

INFO	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
Placement						
University	1.625165	.366222	4.44	0.000	.9021113	2.348218
Government	2.753334	.4368057	6.30	0.000	1.890923	3.615745
SponsorDirect	2.823934	.5761727	4.90	0.000	1.686363	3.961505
AgeRange						
21-23	2.232489	1.241228	1.80	0.074	-.2181398	4.683118
24-27	2.359664	1.520201	1.55	0.123	-.6417557	5.361084
>28	1.73377	1.477864	1.17	0.242	-1.184063	4.651602
Gender - M	-.094547	.2551364	-0.37	0.711	-.5982776	.4091835
PriorPart - No	.4997112	.4163037	1.20	0.232	-.3222212	1.321644
DegreeComp						
Middle	-3.436478	1.219654	-2.82	0.005	-5.844512	-1.028445
End	-4.392971	1.444824	-3.04	0.003	-7.245571	-1.540371
USAcontact - No	.0796912	.4055408	0.20	0.844	-.7209915	.8803739
_cons	.0937041	.4689916	0.51	0.953	-.805479	.9

To interpret whether any predictive variables exists among the descriptive variables at a 95% significance rate, the  $P > [z]$  statistic was consulted. With a value of  $<0.05$ , the model indicated it contained predictor variables. Consulting the P-values given, it is determined the variables of intermediary placement agent and degree completion are statistically significant. Specifically when compared to the base response of using an independent intermediary placement agent, the variables of university affiliated IPAs, government affiliated IPAs, and IPAs directly related to the sponsor indicate interaction. Similarly, when compared to those indicating their

academic progress of degree completion as “beginning” were found to be statistically significant when compared to those indicated the progress of their degree completion as “middle” or “end.”

Using the Odds Ratio measurement this study concludes the proportional odds ratio of higher information symmetry when using a University IPA is 1.83 times higher than when using an Independent IPA, given the variables are held constant. Similarly, the proportional odds ratio of higher information symmetry when using a Government IPA is 2.75 times higher than when using an Independent IPA, given the variables are held constant. The final IPA related directly to the sponsor indicates the proportional odds ratio of higher information symmetry when using a IPA directly affiliated with the Sponsor IPA is 2.82 times higher than when using an Independent IPA, given the variables are held constant. It was therefore determined the intermediary placement agent variable was a statistically significant indicator of information asymmetry between SWTP administrators.

The second statistically significant variable, progress of degree completion, indicated the proportional odds ratio of higher information symmetry when indicating progress of degree completion was “middle” compared to those at the “beginning” of degree completion is 3.44 times lower, given the variables are held constant. Similarly, those indicating their progress of degree completion to be “end” compared to those at the beginning of degree completion indicated levels of information symmetry to be 4.39 lower, given the variables are held constant. It was



therefore determined the degree completion variable was a statistically significant indicator of information asymmetry between SWTP administrators.

In conclusion, the following results answer research questions 2.1a:

**H<sub>0</sub>:** Demographic variables of the Summer Work Travel Program participants' were found to not be statistically significant when compared to measures of information symmetry.

**H<sub>A</sub>:** Demographic variables of the Summer Work Travel Program participants' were found to be statistically significant when compared to measures of information symmetry.

In conclusion, this study rejects the null hypothesis that no statistical significance exists between participants' demographic variables and measures of information symmetry.

### **Qualitative Results Information Asymmetry**

The interviewees were asked to recount their experiences regarding the role of any agents involved in their placement during the process of obtaining sponsorship while abroad and then again once in the United States with respect to the information they provided for participation. The questioning produced the following category; 1) Information Asymmetry – Who Asked, Who Knew?

#### **Information Flows**

Results of the focus group interviews are displayed in chart form, and reflect the overall sentiments towards each component. The themes developed were from individual interviews, as well as those focus group interviews, and are presented after the question posed to the research group.

For the discussion about information flows, the interview question asked participants to recall their experiences reflecting instances of “asymmetric information flows” between their sponsors and the U.S. State Department. To add further clarification to the question, participants were asked of instances where informational flows served the interests of their sponsor/employer versus the interests of the overall SWTP administrator, the U.S. State Department. The question was presented as follows:

### **Question 1- Who Asked, Who Knew?**

Question 1 was presented as an open-format question to encourage participants to engage in a discussion with one another, specifically to compare experiences regarding different sponsors, placements, and experiences reflecting instances of “information asymmetry” as described to the group detailed above. The question was presented as follows:

*“Please recall and indicate your satisfaction regarding information you gave to determine your placement or information you provided once in the United States. How well was the information used to enhance your participation? I will not interrupt you and there is no time limit.”*

### **Results:**

*THEME 1: Information was not utilized when it did not serve the interests of the intermediary placement agent and by proxy the sponsor.*

Participants' experiences indicated a lack of knowledge about the process of selection and placement, the options available under program guidelines, and general knowledge about the structure and objectives of the Summer Work Travel Program. Information given to participants was indicated to contain biases to lead them to make decisions that benefit cost-saving measures of USA sponsors. Primary examples included participants' choices (if a choice was given) of placement, and the method by which housing and amenities would be provided.

*THEME 2: Information Was Often Collected for No Particular Purpose Other than Procedure.*

Participants often indicated data collection procedures in their home countries by intermediary placement agents or government officials had no impact on their placement and was seemingly not used to enhance the participants' experiences.

### **Qualitative Summary**

The participants' discussions about the role of information and their experiences with determining placement opportunities often served only the interests of those sponsors funding the intermediary placement agents. When asked whether information flows served the best interests of the U.S. State Department, interviewees expressed a wealth of information describing their educational background, preferences, and even their medical histories that were never shared

with the sponsors or the U.S. State Department, and was only recorded by intermediary placement agents. Other participants indicated the collection of data that was never integrated into the process of determining placement. A final response related to information flows to participants from sponsors or the U.S State Department indicated that information regarding feedback or reporting of conditions often went only to their employers or sponsors and excluded the State Department. Overall conclusions about the interviews were that the majority of informational flows benefited the agents at the peril of the principal, and often at the expense of the participant's experience in the SWTP.

### **Secondary Source Results Information Asymmetry**

The principal can observe the outcome but not necessarily the actions of the agent. Monitoring and oversight may provide the principle with the ability to monitor actions of the agent at the expense of efficiency. The degree of informational asymmetry determines the program's success with respect to the objectives of principal (program effectiveness) versus those of the agents (efficient and/or convenient labor forces). The following secondary sources about preference asymmetry were categorized by the following topics:

- 1) *Informational flows to/from Agent and Agent Proxies, and 2) Informational flows/monitoring to/from Principal.*

## **Informational flows to/from Agent and Agent Proxies**

1) Preston, J. (2012 February 3). U.S. bans recruiter for exploiting students. *The International Herald Tribune*. pp. 14.

In a study conducted by the Center for Immigration Services, Kammer calculated sponsors earned more than \$100 million annually in fees. He stated the Summer Work Travel Program was governed by a “flabby regulatory regime” that required no effort to recruit Americans and no test of employers’ claims to need foreign workers. The report demonstrated the lack of information to and from the principal – The US State Department, as well as the lack of oversight by the principal.

2) Klimasinska, K. (2013 July 12). Foreign-Student Work Plan Cut by U.S. as Complaints Mount. *Bloomberg.com*. Accessed online at: [www.bloomberg.com/news/print/2013-07-12/](http://www.bloomberg.com/news/print/2013-07-12/)

Business owners stated one of the main advantages of hiring foreign students was their availability for the entire season from June to September. American students often have to return to school by mid-August, said Christopher Darr, personal manager at Seaside Amusements Inc.’s amusement park Funland in Rehoboth Beach, Delaware. The articles also discussed the lack of oversight of the J-1 visa. Immigration attorneys stated the J-1 visa program did not face the same oversight as other temporary-worker programs, such as the H-1B, commonly used to bring skilled workers to the USA, or the H-2A, for seasonal agricultural laborers.

3) Jordan, M. (2013 March 9). Temp Troubles Visit McDonald’s. *The Wall Street Journal*. pp. B1,B4.

This article featured photos of students protesting outside a McDonald's restaurant due to housing and workplace abuses. A McDonald's spokeswoman said the company knew about franchisees in seasonal or low-population areas that used guest workers but stated the company did not know how many workers were recruited each year. The article demonstrated the lack of involvement of the principal in placement, citing that the employer often did not know or care to discover how students were brought to them for employment.

- 4) Anonymous. (2013 May 28). Students 'trapped' into cheap labor in US. *The Global Times*. Published and access online May 28, 2013 at: [www.globaltimes.cn/SummerWork](http://www.globaltimes.cn/SummerWork)

This article referenced the process through which Chinese college students are initially exposed to the Summer Work Travel Program. The article highlighted the difference in presentation of the Summer Work Travel Program abroad versus its U.S. congressional intent more openly covered in US recruitment publications. The article stated, "Thousands of Chinese college students are hoaxed by China-based education agencies to work in the US as minimum wage laborers during the summer, allowing such intermediaries to take advantage of a US government program to bring in questionable profits." A student from Nanjing University was informed by the agency handling his SWTP that he would be interning at Six Flags Park in Los Angeles, but he ended up spending his days picking up trash.

Several students at a Beijing University complained that they were cheated into paying their way to Seattle to serve as cheap labor. They told *The China Youth Daily* that they were forced to share a room in the ghetto with more than 10 students. They were allegedly paid less than a dollar per hour to perform labor-intensive work. US lawyers said that because the students' complaints did not involve physical or psychological harm or present human rights violations, the students' best option was to solve the problem through consultation.

The article also featured a placement agent who had positive reviews. He stated, "We're very careful; we don't accept too many students and we check in with them regularly and ensure that we have people in the US available to help them....but not every intermediary follows these procedures, which can lead to various problems." Clearly the article highlighted the difference between what perhaps should be done when placing students versus the reality of most placement methods.

### **Informational flows/monitoring to/from Principal**

- 1) Preston, J. (2012 February 3). U.S. bans recruiter for exploiting students. *The International Herald Tribune*. pp. 14.

The article covered the removal of CETUSA, a nonprofit organization that sponsored more than 5,000 students in 2011. The company could lose at least 5 million dollars in annual fees for the summer program. The company also allegedly created businesses providing health insurance to students. State Department

officials reviewed CETUSA's participation in three other academic exchanges. Under formal rules, the company could *still* reapply for sponsorship after two years.

When reached for comment, Program Director Rich Ruth said his department was increasing its oversight staff for the program by 15 people. It currently had about 40 employees that monitored almost 125,000 students participating annually in the Summer Work Travel Program.

Saket Soni, director of the National Guestworker Alliance, the labor group that helped organized the Palmyra protest at the Hershey packing plant in 2011 demanded that the State Department take action against the sponsor. The NGA group stated the decisions to revoke CETUSA's status was, "a blow against a larger trend of labor recruiters using guest workers to hollow out industries and undercut wages all over America."

Mr. Soni and other critics were skeptical that the State Department would make deep changes in the program. As economist Jerry Kammer from the Center of Immigration Studies agreed, stating, "The fundamental problem is that it provides a basket of incentives for employers to ignore American kids and hire foreign kids, instead." The article pointed out that despite the egregious actions reported in increasing numbers during the previous decade, CETUSA would be the first sponsor to have its membership revoked. It also noted the preferences of the principal cannot be satisfied by the agent unless the incentives offered for agent's who behave opportunistically at the peril of the Summer Work Travel Program are minimized.



- 2) Weiss, M. (2011 June 20). Student Visa Program: New Rules, Same Problems. *Huffington Post*. pp.7-8.

State Department spokesman John Fleming stated the rules already on the books allowed sanctions ranging from written reprimands to a revocation of sponsors' designation. However, the State Department also acknowledged that no Summer Work Travel sponsor had been removed from the program for its treatment of students, despite years of complaints of exploitation and deplorable living and working conditions, according to documents obtained by the AP.

"You can have all the rules and regulations in the world, but if you don't have enforcement, the rules are worthless. They're not worth the paper they're written on" stated George Collins, Okaloosa Florida sheriff's inspector who has complained to the State Department for 10 years regarding SWTP abuses.

The State Department response in the Federal Register states, "This past summer the Department received a significant increase in the number of complaints from foreign governments, program participants, their families, concerned American citizens (Fed. Reg. 4-26-11)." However as the article noted, the AP found that while law enforcement and others had complained to the State Department about J-1 abuses for some time, the State Department didn't start tracking complaints until 2010 – after the AP requested the documents using the Freedom of Information Act. Once the agency began keeping a log of complaints, the list grew quickly.

The AP investigation documented the abuse of hundreds of students in more than a dozen states. The article also mentioned the AP obtained emails between several Thai students and their sponsoring organization, the International YMCA, based in New York. The emails said 12 foreign students were each paying \$400 a month – a total of \$4,800 – to live in the Florida Panhandle in a mobile home infested with cockroaches and rodents.

The article stated, “The Thai students complained to U.S. Rep. Jeff Miller, R-Florida, saying they were afraid of a third-party labor broker, Ivan Lukin, who arranged for their housing and jobs. They said Lukin threatened them with deportation when they complained, and that the State Department and YMCA did little to help them. ‘We are afraid of Mr. Lukin and fear for our personal safety, but the YMCA dismissed our concerns, even after we informed them of our fears,’ one of the students who wrote to Miller.”

When the AP asked about Lukin, the State Department said in an email the agency cut ties with people or businesses that violated established procedures. However, the Florida police had warned the State Department as far back as 2007 that Lukin was subjecting students to crowded living conditions in violation of housing codes, according to emails obtained by the AP.

3) Additional Reports - Inadequate Regulations - 1990 GAO report, 2005 GAO report

The 1990 GAO report stated, “Regulations governing J visa programs are too vague and not comprehensive enough to ensure that participants and their activities are consistent with the intent and purpose of the 1961 act (and) provide little guidance as to what constitutes legitimate educational and cultural exchanges (GAO/NSIAD-90-61).” What is needed is a more concise definition of training and educational opportunities such that the legislation cannot be interpreted in a multitude of ways depending on available job placements. Furthermore even when participants were told of their placement the conditions were often overstated in order to justify housing costs and the low wage paying jobs. Thus it is the conclusion of this study that more consideration needs to be given to the background of the applicant such that a program is selected that best suits the student’s academic and training goals as well as future goals and aspirations. This is not to say students should be held in the highest regard and placed unfairly in competitive positions in their desired field. Students should at the very minimum be placed in the same field as their academic studies in their home country.

4) Additional Reports – Oversight Protocols - 1990 GAO report, 2005 GAO report

Mentioned in three of the reports reviewed was the degree of management and oversight in the program. The 1990 GAO report stated, “USIA lacks adequate

information on participant activities, does not enforce requirements that program sponsors provide periodic information on participant activities, has no systemic process to monitor sponsors' and participants' activities, and does not adequately coordinate the program internally or with other agencies having visa responsibilities (GAO-06-106)." Although USIA was dissolved and moved back in the State Department in 1999, the lack of requirements still exists in the program today. Sponsors are only required to report on conditions of their programs once a year and no data is collected directly from the participants. This is an example of a "one-sided" report as the sponsor is highly unlikely to report negatively about their activities. Why exit interviews or any sort of data collection process is not carried out upon the completion of the program has not been addressed by the State Department. Furthermore, even the annual reports from the sponsors are not independently audited.

Although the reports each detailed the neglect of sponsors, program directors, and even the agency responsible for reading the yearly reports, it is perhaps this last discovery that summarizes the broad lack of oversight in the program. Each year an estimated 1,460 annual reports are received by the Educational and Cultural Affairs Bureau. The Bureau admitted it lacked the staffing to read all of the reports. Compounding this neglect is a statistic regarding the field reports conducted by the State Department; "In the past 4 years (2005 report), State officials made visits to only 8 of its 206 SWT sponsors, which means on average only 1% of sponsors received a visit (GAO-06-106)." This indicated the tremendous

growth of the program in the last decade, and also indicated the lack of personnel positioned to handle the growth. If the State Department cannot conduct reviews or find suitable and independent third parties to conduct the reviews it should limit the number of sponsors that receive federal money and authorization. Furthermore, the original legislative intent of the Fulbright-Hays Act was to use the finances from the “sale of war properties” to carry out the cultural and educational exchange program. Therefore the money should be budgeted accordingly for additional accountability and quality personnel.

### Research Question 2.1b Preference Symmetry

**Table 4.25 Principal Component Analysis, PREFS Composite Variable Construction**

Principal components/correlation	Number of Obs.	=	<b>178</b>
	Number of comp.	=	<b>2</b>
	Trace	=	<b>11</b>
Rotation: (unrotated = principal)	Rho	=	<b>0.5200</b>

Component	Eigenvalue	Difference	Proportion	Cumulative
Comp1	4.37793	3.03629	0.3980	0.3980
Comp2	1.34164	.436808	0.1220	0.5200
Comp3	.90483	.10302	0.0823	0.6022
Comp4	.80181	.0114801	0.0729	0.6751
Comp5	.79033	.133771	0.0718	0.7470
Comp6	.656559	.0567816	0.0597	0.8066
Comp7	.599778	.0110379	0.0545	0.8612
Comp8	.58874	.105253	0.0535	0.9147
Comp9	.483487	.0285883	0.0440	0.9586

#### Varimax Rotation - Component Loadings

Variable	Comp1	Comp2	Unexplained
PayLevel	0.5437		.3904
WorkConditions	0.3894		.5461
PlacementMethods			.6325
TravelAbility			.7204
WorkplaceEXP		0.6210	.3991
WorkSchool	0.3665		.5718
AcademicDiversity	0.4645		.3971
EducationalOpps		0.3017	.5154
CulturalEX			.5461
CulturalDiv		0.5566	.4435

**Table 4.25 (Continued)**

**Promax Rotaton - Component Loadings**

<b>Variable</b>	<b>Comp1</b>	<b>Comp2</b>	<b>Unexplained</b>
PayLevel	0.5790		.3904
WorkConditions	0.3932		.5461
PlacementMethods			.6325
TravelAbility			.7204
WorkplaceEXP		0.6437	.3991
WorkSchool	0.3671		.5718
AcademicDiversity	0.4731		.3971
EducationalOpps			.5154
CulturalEX			.5461
CulturalDiv		0.5713	.4435

**Kaiser-Meyer-Olkin measure of sampling adequacy**

<b>Variable</b>	<b>kmo</b>
TravelCost	0.8781
TravelInfo	0.8168
Expectations	0.8337
LivingQuality	0.8449
HousingCosts	0.8736
Supervisor1	0.9032
Supervisor2	0.9005
FeedbackAll	0.9044
AllCosts	0.8533
<b>Overall</b>	<b>0.8626</b>

A principal component analysis is used to predict the variable "PREFS." This variable is then regressed against intermediary placement agent (IPA) use.

**Table 4.26 SWTP Participant Demographic Variables and Preference Symmetry**

Source	SS	df	MS	Number of obs	=	178
				F( 11, 166)	=	7.15
Model	222.409528	11	20.219048	Prob > F	=	0.0000
Residual	469.665257	166	2.82930878	R-squared	=	0.3214
				Adi R-squared	=	0.2764
Total	692.074786	177	3.91002704	Root MSE	=	1.6821

PREFS	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
Placement						
University	1.043822	.3741778	2.79	0.006	.3050614	1.782583
Government	1.972761	.4462949	4.42	0.000	1.091615	2.853906
DirectSponsor	2.522153	.5886895	4.28	0.000	1.359869	3.684437
AgeRange						
21-23	2.702814	1.268193	2.13	0.035	.1989474	5.20668
24-27	3.847884	1.553225	2.48	0.014	.7812614	6.91457
>28	2.457936	1.509969	1.63	0.105	-.523283	5.43916
Gender - M	.0976649	.260679	0.37	0.708	-.417008	.6123385
PriorPart-No	.6670747	.4253475	1.57	0.119	-.172713	1.506863
DegreeComp						
Middle	-3.87236	1.24615	-3.11	0.002	-6.33271	-1.41202
End	-5.42082	1.476212	-3.67	0.000	-8.33539	-2.50625
USAcontact-No						
_cons	-.2501	.4143508	-0.60	0.547	-1.0681	.5679578
	-.3478	.2748351	-1.25	0.214	-.88533	.1999151



To interpret whether any predictive variables exist among the descriptive variables at a 95% significance rate, the  $P > [z]$  statistic was consulted. With a value of  $<0.05$ , the model indicated it contained predictor variables. Consulting the P-values given, it is determined the variables of intermediary placement agent and degree completion are statistically significant. Specifically when compared to the base response of using an independent intermediary placement agent, the variables of university affiliated IPAs, government affiliated IPAs, and IPAs directly related to the sponsor indicate interaction. Similarly, when compared to those indicating their academic progress of degree completion as “beginning” were found to be statistically significant when compared to those indicated the progress of their degree completion as “middle” or “end.” A third independent variable, age range, was found to be statistically significant. Those that indicated being in the 21-23, and 24-27 age ranges were found to report higher levels of preference asymmetry than those in the 18-21 age range.

Using the Odds Ratio measurement this study concludes the proportional odds ratio of higher preference symmetry when using a University IPA is 1.04 times higher than when using an Independent IPA, given the variables are held constant. Similarly, the proportional odds ratio of higher preference symmetry when using a Government IPA is 1.97 times higher than when using an Independent IPA, given the variables are held constant. The final IPA related directly to the sponsor indicates the proportional odds ratio of higher preference symmetry when using a IPA directly affiliated with the Sponsor IPA is 2.52 times higher than when using an

Independent IPA, given the variables are held constant. It was therefore determined the intermediary placement agent variable was a statistically significant indicator of preference asymmetry between SWTP administrators.

The second statistically significant variable, progress of degree completion, indicated the proportional odds ratio of higher preference symmetry when indicating progress of degree completion was “middle” compared to those at the “beginning” of degree completion is 3.87 times lower, given the variables are held constant. Similarly, those indicating their progress of degree completion to be “end” compared to those at the beginning of degree completion indicated levels of preference symmetry to be 5.42 lower, given the variables are held constant. It was therefore determined the degree completion variable was a statistically significant indicator of preference asymmetry between SWTP administrators.

The third statistically significant variable, age range, indicated the proportional odds ratio of preference symmetry of those aged 21-23 compared to those aged 18-21 was 2.70 higher. The second age group, those 24-27, indicated the odds ratio of preference symmetry to be 3.85 times higher than those in the age range 18-21. The oldest age range, those 28 years old and above, were not found to be statistically significant when compared to the base group, those aged 18-21. It was therefore determined the intermediary placement agent variable was a statistically significant indicator of preference asymmetry between SWTP administrators.

In conclusion, the following results answer research questions 2.1b:

**H<sub>0</sub>:** Demographic variables of the Summer Work Travel Program participants' were found to not be statistically significant when compared to measures of preference symmetry.

**H<sub>A</sub>:** Demographic variables of the Summer Work Travel Program participants' were found to be statistically significant when compared to measures of preference symmetry.

In conclusion, this study rejects the null hypothesis that no statistical significance exists between participants' demographic variables and measures of preference symmetry.

### **Qualitative Results Preference Asymmetry**

Interviewees were asked to recount their experiences about the asymmetry of preference of both the agent and the principal. Interviewees were asked to explain the dichotomy between the two entities. Two rounds of questioning produced the following results as categorized below; 1) Preference Asymmetry – Serving the Agent; 2) Preference Asymmetry – Serving the Principal.

The results of the focus group interviews are displayed in chart form (Table 57), and reflect the overall sentiments towards each component. The themes were developed from the individual interviews, as well as those focus group interviews, and are presented after the question is posed.

The objectives of the Summer Work Travel Program, as well as its authorizing legislation, were reviewed with the interviewees. They were told of the structure and processes related to recruitment for SWTP participation and the roles of intermediary placement agents. Preference asymmetry towards the principal was described as actions or preferences that helped satisfy those aforementioned program objectives. Preference asymmetry towards the agent was described as actions or preferences that reflected actions that were not in congruence with the satisfaction of SWTP goals.

### **Question 1**

Question 1 was presented as an open-format question to encourage the participants to engage in a discussion with one another, specifically to compare experiences regarding different sponsors, placements, and experiences reflecting instances of “preference asymmetry” as described to the group detailed above. The question was as follows:

*“Please recall your experience while participating in the Summer Work Travel Program and whether it served the interests explained to be those of the Sponsor or the Principal. I will not interrupt and there is no time limit.”*

### **Results:**

*THEME 1: The Principal Would Not Be Happy...*

As participants were introduced to the principal/agent characterization of the U.S. State Department and SWTP sponsors and the goals of the underlying legislation, most concluded that their overall experience was not in congruence with

the objectives of the MECE Act of 1961, or were not facilitated to satisfy identified objectives even though indirect benefits often resulted through participation.

*THEME 2: Even if Preferences Are Oriented Towards Sponsor, the Satisfaction of SWTP Objectives Was Still Possible – If Participants Put Forth the Effort.*

While participants were generally unfamiliar with the outlined objectives of the MECE Act of 1961, a majority of participants indicated they found the community and USA to be conducive to the objectives, and although SWTP employing sponsors seldom made efforts to satisfy these objectives, participants themselves were able to engage in educational and cultural exchange to various degrees depending on their own personal activities and effort levels.

## **Question 2**

Question 2 was presented as an open-format question to encourage participants to engage in a discussion with one another, specifically to compare experiences regarding different sponsors, placements, and experiences reflecting instances of “preference asymmetry” as described to the group detailed above. The question was presented as follows:

*“Please recall your experience while participating in the Summer Work Travel Program and whether it served the interests explained to be those of the US State Department.”*

*THEME 3: Expectations of Program Favored the Principal, Reality of Program Favored its Agents*

*THEME 4: Preferences of Principal Were Made Expensive to Satisfy*

Participants indicated the majority of activities that were encountered during their participation were presented in the form of out-of-pocket costs and not integrated into upfront expenses specified before travel to the USA. Participants often reported having too little money to participate in these endeavors (or find transportation to activities), or reported having to spend more money than anticipated. These extra costs forced participants willing to engage in such activities to spend the money they made while employed in the USA or to request money to be sent for home, often resulting in limited funds available for travel during the final month of their visa.

### **Qualitative Summary**

The interviews produced conclusions about unsatisfactory preference asymmetry levels in favor of the sponsors. The themes identified were related to the expectations of the Summer Work Travel Program before the participants arrived in the USA versus the reality of the program they encountered upon their arrival. In general, the participants concluded the way the SWTP was presented served the preferences of the principal while the reality of their experiences served those preferences of the agents. Other participants indicated that cultural and educational exchange still took place, but required effort by the participants to invest their free time or finances to participate in these activities. Many indicated the overall amount of hidden costs imposed by the sponsors did not allow them to travel. The SWTP's

cultural exchange component is critical to meeting the intended objectives of the program.

## **Secondary Source Results Preference Asymmetry**

### **Instances of Preferential Action towards Agent Preferences**

- 1) Kammer, J. (2012 February 6). "Abuses in Summer Work Travel Program Extend far Beyond Hershey and CETUSA." Center for Immigration Studies. Accessed at <http://www.cis.org/print/krammer/>

This article began by quoting a cable intercepted from the Russian Fraud Prevention Unit sent from the U.S. Embassy in St. Petersburg, Russia. It stated, "During this year's Summer Work and Travel season, FPU (the Fraud Prevention Unit at U.S. consulate in S. Petersburg, Russia) paid particular attention to Rospersonal, a SWT agency new to our area. Initially, we discovered that the agency was providing its students with job offers through the Alliance Abroad Group at US companies that no longer existed. Further investigation found that they were also selling fake university IDs and student record books for clients who were not bona fide students but nevertheless were looking for a way to go to the U.S."

Following this report the US State Department acknowledged it was involved in, "an investigation with DHS and FBI regarding a Eurasian Organized Crime group operating in Colorado and Nevada that is suspected of using 28 Summer Work and Travel exchange students including two female students from Russia to participate in financial fraud schemes." Both correspondences were dated 2009, one year before Secretary of State Hillary Clinton called for a thorough review of the Summer

Work Travel Program. It further linked fraudulent behavior to the 2010 AP report of a broker for topless bars recruiting and using J-1 SWTP participants to staff locations in Los Angeles as well as Las Vegas. While these entities were not directly tied to sponsoring organizations, they were determined to have some degree of “affiliation.”

The article served as an example of the sponsors’ demand for cheap sources of labor for positions not advertised. It identified the lengths intermediary placement agents, proxies of sponsors, took to undercut bureaucratic oversight or monitoring protocols, including the requirement that all Summer Work Travel Program participants be university students currently enrolled (as fraudulent student ID cards and records were provided for those wishing to find a way to the U.S.).

2) Klimasinska, K. (2013 July 12). Foreign-Student Work Plan Cut by U.S. as Complaints Mount. *Bloomberg.com*. Accessed online at: [www.bloomberg.com/news/print/2013-07-12/](http://www.bloomberg.com/news/print/2013-07-12/)

In this article Steven Camarota, director of research of the Center for Immigration Studies, illustrated reasons foreign students displace domestic workers for seasonal jobs. He cited the practice of foreign students signing up for summer jobs several months earlier than their American counterparts to reserve employment opportunities. The Summer Work Travel Program participants were also cheaper, he stated, “because employers don’t have to pay Social Security or Medicare taxes for them.” Like similar articles, Camarota cited the various incentives employers have to hire SWTP participants versus domestic workers and



also other foreign visa holders – including those issued for seasonal work such as the H-1B and H-2B visas.

The article was another indication of the need for reform of admittance to the Summer Work Travel Program. It spoke to the efforts intermediary placement agents must undertake to make a profit, as they benefit only when participants are secured job placements and therefore pay visa and travel fees to participate in the Summer Work Travel Program.

3) Jordan, M. (2013 March 9). Temp Troubles Visit McDonald's. *The Wall Street Journal*. pp. B1, B4.

This article reported the experience of Argentine college student Jorge Rios, who spent \$3000 to participate in cultural-exchange program but found himself “working for a McDonald’s Corp. franchisee who was his employer and landlord.” During the week of March 9<sup>th</sup> 2013, he and 15 other students demonstrated outside a McDonald’s after filing complaints with the State Department and Labor Department saying they were exploited at fast-food outlets in the Harrisburg, Penn. area and housed in substandard conditions.

Citing the protest, Arizona Senator John McCain stated in Congress that working with labor to revamp visa programs has emerged as one of the toughest issues in discussions over a framework to provide legal status for the 11 million immigrants living in the U.S illegally. Los Angeles immigration attorney and former Immigration and Naturalization Service official Carl Shusterman summarized his frustrations with increasing protests due to labor conditions regarding the Summer

Work Travel Program. Shusterman remarked, “This is a cheap-labor program, nothing more”. He also noted, “Since when is flipping burgers a cultural exchange?”

- 4) Stein, K. (2013 September 14). Work Travel challenges in Door County. *Door County Advocate*. pp. 2.

This Door County, Wisconsin article featured Nadiia Bondarieva, a 19-year-old Ukrainian student who worked at three Sister Bay businesses, who stated she lived in a two-bathroom house with nine other students. She said the hardest part about the arrangement were the days when most of the students had to be at work at 9 a.m. and there was a scramble for the bathrooms.

She also disclosed that other students she spoke with or worked with ended up living in different towns than the ones in which they worked. Some of the students biked 10 or 15 miles to and from work each day because they didn't have cars and Door County did not have much public transportation. The article drew a distinction between those areas that offer a wide variety of cultural and educational activities because of their diverse cultural makeups, and those communities that used Summer Work Travel Program Participants that are simply too rural or widespread geographically to foster environments that would satisfy the cultural aspect of the Summer Work Travel Program. It also spoke to the ability of participants to travel or interact with others outside their own culture if public transportation is limited, unlike major cities where attractions and events are easily accessible.

- 5) Mohr, H. (2010 October 7). US State Department urged to ban housekeeping jobs from troubled student exchange program. *The Associated Press*. Reprinted by *VancouverDesi.com*. Accessed at [www.vancouverdesi.com/news/](http://www.vancouverdesi.com/news/)

The Southern Poverty Law Center stated it has interviewed hundreds of program participants in Louisiana, Mississippi, Alabama and the Florida Panhandle. The organization said that in 2011 it found students working as housekeepers at a casino in Mississippi where pay was based on how many rooms they cleaned a day. The SPLC said the company that arranged the students' jobs and housing charged so much for rent that one participant reported taking home \$189 for 67 hours of work or less for \$3 an hour.

This brief article featured a sponsor who used efficiency measurements to dock or reduce the participants' pay. This, in turn, left SWTP participants with little money to travel or live comfortably during their stay.

- 6) Hill, C. E. (2012 July 25). For Foreign Youth on Visas, No Problem Finding Vermont Jobs. *VTDIGGER.com*. Retrieved October 29, 2012, from <http://vtdigger.org/2012/07/25/for-foreign-youth-on-visas-no-problem-finding-vermont-jobs/>

In a comprehensive piece featuring J-1 students who worked in local Vermont stores and reasons the companies employed them, Mario Janssen, program director of State Department-designated sponsor trainee and intern programs for the J-1 visa, stated that American employers like the program because of *payroll savings of roughly 15% over the cost of hiring Americans*. Additional incentives included the fact that employers do not need to pay Social Security or Medicare or

provide unemployment insurance. Furthermore, the J-1 visa does not require U.S. citizenship and Immigration Services pre-approval, making J-1 visas more attractive to employers than their H-1B or H-2B counterparts. Also unlike H-1B or H-2B visas, J-1 visa holders are not required to be paid industry-standard wages. As attorney Leigh Cole stated, "The industry of J-1 sponsors will help you place someone (unlike the other options)."

#### 7) OIG Audit Report 00-CI-028

Due to the circumvention of regulations sponsors can employ year-round guest workers for comparatively low wages compared to their U.S. counterparts, including the lack of any insurance or protective measures. In addition, the sponsoring agencies can set the price of housing accommodations well above the market price and establish program fees at its own determined rate. While the average fee for program participants ranged from \$400 to \$2000 SWT participants on average paid more than \$1000 to secure what they presumed would be enriching experiences leading to the furthering of their career and to cultural understanding. The 2000 report cited many non-profit and for-profit entities as existing simply to make money from program fees, some of which were reported as obtaining "considerable financial gain (OIG Audit Report 00-CI-028)." This report did not cover those umbrella organizations that placed students in positions they were told were available and thus received a small processing fee.

## **Instances of Preferential Action towards Principal Preferences**

- 1) Gelles, J. (2011 November 8). State Department puts curbs on student visa program. *The Philadelphia Inquirer*. pp. A13.

This 2011 article stated that some Summer Work Travel participants earned as little as \$1 an hour, the AP has found, and wound up in homeless shelters during their U.S. stays. After the Hershey workers' protest, the U.S. Labor Department stated it had opened two investigations into the company's warehouse. In a public notice Monday, the State Department stated it was taking further steps because "the number of program complaints received this year continues to remain unacceptably high." Complaints included improper work placements, fraudulent job offers, job cancellations, inappropriate work hours, and problems regarding housing and transportation.

There appeared to be little exploitation that had yet to occur in regards to intermediary placement agents and employers utilizing Summer Work Travel Participants. The ability of such preferential actions to persist over time illustrated the lack of effective oversight and access to informational flows on the behalf of the programs administering agency, the U.S. State Department.

- 2) Klimasinska, K. (2013 July 12). Foreign-Student Work Plan Cut by U.S. as Complaints Mount. *Bloomberg.com*. Accessed online at: [www.bloomberg.com/news/print/2013-07-12/](http://www.bloomberg.com/news/print/2013-07-12/)

Students covered travel costs, insurance, housing and fees for U.S. sponsors and contractors in their home countries. They relied on the sponsors and U.S. employers to get jobs, help with affordable housing and cultural programs, such as

baseball games or sightseeing tours. While the article detailed sponsor misbehavior, the main reason for inclusion in this study was the various activities highlighted that are the sponsor's responsibility. These responsibilities existed to satisfy the Congressional intent of legislation authorizing the Summer Work Travel Program; however, sponsors were concerned with efficiency and cost and extracurricular activities outside work were in direct contrast to profit-seeking motivations.

- 2) Willey, P. (2012 September 22). WSC was told housing foreign workers was not appropriate. *Williston Herald*. pp. 2.

North Dakota University System's chancellor Hamid Shirvani denied the renewal of a contract permitting J-1 SWTP participants to stay on Williston State College's campus. Williston State College President Ray stated the contract with United Work and Travel was not renewed because, "we found that United Work and Travel were not providing all documentation necessary for the workers." In a letter regarding the rejection of the contract renewal Shirvani wrote, "This contract has not served the interests of WSC students and there are risks and potential liability associated with the arrangement. Housing transient workers in a campus building in close proximity to WSC student housing and permitting those workers access to facilities designed and intended for use by WSC students raises legitimate safety and security concerns."

The housing agreement placed SWTP participants in a residence named Dickson Hall where WSC students were not being housed during the school year due to mold issues. Linda Donlin, director of media relations for the University System,

stated, “Our feeling was if (Dickson Hall) is not a suitable facility for students, it’s not suitable for workers either.... We were worried about a potential liability issue, and we wouldn’t want that to happen to anyone.”

The article highlighted an instance where an independent party was able to prevent future Summer Work Travel Program participants from being subjected to substandard living conditions, even though the sponsor repeatedly requested a second decision. It was a rare instance for an entity offering a service for participants placed safety concerns above financial motives, without regard to the disappointment to sponsors.

- 3) Lochner, M. (2012 July 26). Seafood industry to lose over 4,000 foreign workers. *Anchorage Press News*. Accessed online September 6, 2012, at: [www. Anchoragepressnews.com/new/seafood-industry-to-lose-over-4000-foreign-workers/](http://www.Anchoragepressnews.com/new/seafood-industry-to-lose-over-4000-foreign-workers/)

The State Department banned the use of J-1 visa workers being placed in the food packing or manufacturing sectors of the Alaskan seafood industry which left local companies looking for more workers to fill the void. As Tom Sundle, Ocean Beauty Seafoods spokesman stated, “The answer is, we just don’t know what we’re going to do yet.” Others however had already decided to recruit more workers locally to replace the foreign workforce, including Copper River Seafoods. “We have no plan to pursue and foreign labor going forward. [Instead] the company is automating some of its plant operations and hiring more Alaskians,” stated Robin Richardson, Copper River Seafoods’s chief business development officer. Regarding

the idea to use other foreign work visas instead of the J-1 visa, such as the H-1B or H-2B visas, citizenship attorney Margaret Stock stated, “These program are highly regulated, very expensive to use, and extremely bureaucratic....it’s also virtually impossible to use them without a skilled lawyer (unlike the J-1 programs, where an employer and an employee don’t need to have a lawyer involved).”

Richardson stated that during the time Cooper River Seafoods used J-1 students, the company always paid J-1 student the same wages as their American counterparts. The company also took the students on tourism trips throughout the state and fulfilled the cultural exchange component that is a requirement under the program.

While many employers cited the increased costs of local labor, Cooper River Seafoods embarked on a recruitment campaign to meet staffing requirements. It was a reflection of the positive change (including raising wages to attract the local workforce) that served the interest of the State Department to promote cultural exchange in the Summer Work Travel Program. Instead of finding other ways to utilize cheap labor forces, at least one company met the challenge of employing local workers without sacrificing its profits.

## **Summary Research Question 2**

The second research question sought to determine whether any aspects of the data collected held a statistical significance when compared to the legislative



satisfaction scores of each identified objective. A regression was performed with all demographic variables and overall SWTP satisfaction, SWTP educational exchange satisfaction, SWTP cultural exchange satisfaction, and SWTP promotion of peace satisfaction, respectively. The results concluded the variable intermediary placement agent to be statistically significant.

To further determine how intermediary placement agents interacted with satisfaction score variables, two themes from agency theory were operationalized. These two themes, “information asymmetry,” and, “preference asymmetry,” were created using a principal factor analysis and were regressed against the participants’ demographic variables. The quantitative results indicated the levels of asymmetry to be statistically significant when compared to intermediary placement agent, age range, and state of degree completion.

The qualitative component of the study produced five independently generated themes from interviews conducted with SWTP participants. These five themes were found to be consistent with the quantitative results. The secondary source analysis produced a number of conclusions that confirmed instances of both information and preference asymmetry between the “principal,” the U.S. State Department, and “agents,” SWTP sponsors. The confirmation of the independently generated results from three methods of analysis produces the conclusion opportunism exists in the SWTP most commonly in terms of intermediary placement agent type used by participants.

## Summary – Results

The first research question sought to determine the extent to which the Summer Work Travel Program satisfies its legislative objectives. These objectives, taken from the Mutual Educational and Cultural Exchange Act of 1961, were defined as “educational exchange,” “cultural exchange,” and the, “promotion of peace.” The study used a quasi-experimental concurrent triangulation research design to address the satisfaction of these objectives by collecting quantitative data through surveys, qualitative data through interviews, and collecting secondary source data through targeted searches for relative documents from both formal and informal media sources. Its quantitative analyses included coding survey responses to tabulate satisfaction scores, which were then tested using a one-sample median hypothesis test. Results of hypotheses testing yielded unsatisfactory results for all legislative objectives analyzed.

Qualitative themes developed through analysis of interview responses were found to confirm the dissatisfaction found through quantitative analyses. Specifically asked about the three aforementioned legislative objectives, interviewees cited indirect actions or occurrences related to the SWTP that reflected educational exchange, cultural exchange, or the promotion of peace, yet also cited a lack of formal events conducted by SWTP sponsors that would further satisfy objectives. Themes from secondary source analyses also confirmed the lack of formal events offered by SWTP sponsors, highlighting the lack of educational and

cultural value of placements. The promotion of peace was found to be the least unsatisfactory objective, and conclusions from all three forms of data collection and analyses indicated the indirect exemplification of democracy through participant interactions with the U.S. judicial system, governmental tolerance of the public demonstrations of dissatisfaction, and conflict-management practices in general to differ from those experiences in their respective home countries.

The first portion of the second primary research question sought to determine whether aspects of the SWTP or its participants were statistically significant when regressed with legislative objective satisfaction scores. Using data collected through surveys, the variables of age, sex, degree completion, contacts in the USA, prior knowledge of the SWTP, and intermediary placement agent used to enter the SWTP were tested against educational exchange, cultural exchange, and promotion of peace satisfaction scores. The results indicated the variable intermediary placement agent to be statistically significant, indicating those using independent intermediary agents to enter the SWTP resulted in lower satisfaction scores consistently across all three objectives. Using qualitative and secondary source data sources, similar themes validating the quantitative results were found, as intermediary placement agent type was cited as a gateway for participants to be exposed to the opportunities of the SWTP and form initial understandings and expectations for participation. The impressions of those using independent intermediary placement agents were found to consistently be more ambiguous and

biased than those described by participants using alternative intermediary placement agents.

The second portion of the second primary research question sought to identify opportunism among the U.S. State Department and those SWTP agents tasked with implementing the Summer Work Travel Program as defined in agency literature by using composite variables to represent information asymmetry and preference asymmetry. These variables were constructed by conducting a principal factor analysis on those survey questions indicating a preference the State Department would delegate to a sponsor, and those survey questions representing informational flows to and from the U.S. State Department or SWTP sponsors. Six components of the SWTP and its participants were used to regress “information symmetry” and “preference symmetry” to determine statistical significance. Quantitative analyses produced results indicating that age, status of degree completion, and intermediary placement agent used to enter the SWTP were all statistically significant predictors of symmetry levels. The results for information symmetry indicated those using independent intermediary placement agents to reflect higher degrees of asymmetry when compared to government-affiliated, university-affiliated, and sponsor-affiliated intermediary placement agents. The results for preference asymmetry indicated participants older than the 18-20 base group indicated higher degrees of asymmetry, as did those closer to the completion of their academic degrees. Similar to the information symmetry results, intermediary placement agent type was found to be statistically significant. Again

those using an independent intermediary placement agent to enter the SWTP indicated higher levels of asymmetry than those utilizing university-affiliated, government-affiliated, or sponsor-affiliated intermediary placement agents.

The results of the qualitative analysis and the analysis of secondary sources confirmed the results from the quantitative analyses. During the qualitative collection procedures, a common distinction made were between normative and positivist perspectives of Summer Work Travel Program operations. Participants often cited how the SWTP was presented to them versus the reality of the program and its ability to meet its objectives, coupled with individual explanations of shortcomings. These statements were found to be part of the broader theme of profit-seeking groups implementing and operating a public service program whose goals and objectives are often at odds with the cost-saving and efficiency-based models that characterize for-profit organizations. Qualitative and secondary source data confirmed the concerns of those interviewed participants, often citing the program as having grown to an unmanageable capacity where profit-seeking businesses have taken advantage of lackluster oversight and monitoring by the U.S State Department to utilize participants as a source of cheap labor.

## **CHAPTER 5**

### **DISCUSSION**

The discussion chapter begins with a comparison this study's results with those of existing reports concerning the Summer Work Travel Program. It then discusses its results with respect to agency and transaction cost theory. For comparison, secondary sources are summarized briefly with respect to their resulting themes. These sources were initially discussed in more detail in the literature review of this study.

#### **Results - Previous SWTP Reports**

Governmental reports over the years 1990-2005 have stated that the Exchange Visitor Program, including the Summer Work Travel Program, has repeatedly resulted in participants' involvement in unauthorized activities, reflects mismanagement of participants' expenses and administrative fees, and has little or no oversight of the program sponsors' performances (GAO 1990, 2005). Additional reports from the Government Accountability Office cited inappropriate use of the J-1 cultural exchange visa used to employ foreign participants in positions not consistent with the goals of the Mutual Educational and Cultural Exchange Act of 1961 (GAO-90-61). This concern about placements inconsistent with educational or cultural exchange has been expressed in a number of popular news articles, especially those from 2011 that covered the protest at a Hershey packaging plant in

Palmyra, PA (Star-Ledger 2011, Kramer 2012, NYT 2012). Despite the frequency of sources citing inappropriate placements, there have also been positive responses regarding the Summer Work Travel Program. Employers, including owners within Vermont's hospitality industry, have cited the dependability and reliability of J-1 workers, Ocean City's Seasonal Workforce Commission has employed SWTP participants since the 1970s, and Maryland's Rehoboth Beach's Purple Parrot Grill, whose owner Hugh Fuller details SWTP participants' extra effort and willingness to undertake tasks that other workers often avoid (Klimasinska 2013).

A second set of results includes widely cited reports from the Southern Poverty Law Center and the Center for Immigration Services. Reports from the Southern Poverty Law Center include documentation of more than 1,700 J-1 workers from more than 46 countries that sought free meals during the summer of 2010 in Ocean City, Maryland, presumably due to exploitatively high costs of participation and housing while in the SWTP. The SPLC report entitled, "Culture Shock: The Exploitation of J-1 Cultural Exchange Workers" documents the experiences of many participants suffering from inflated or deceitful descriptions of potential work placements and the harsh reality of the SWTP they encountered upon their arrival. The second source is the popular report entitled, "Cheap Labor as Cultural Exchange: The \$100 Million Summer Work Travel Industry," published by the Center for Immigration Studies. This report issued a scathing criticism of the SWTP, claiming the State Department has, "provided lax regulation and permissive oversight" causing the program to spin out of control, in some cases, "into the hands

of abusive employees, unscrupulous sponsors, and predatory third-party agencies overseas (CIS 2013, pp.2).”

The final set of results presented for comparison comes from the Florida Law Review entitled, “The Wonderful World of Disney Visas.” This report by Kit Johnson details Disney’s use of the J-1 visa to staff its resorts while offering an International College Program to meet the educational and cultural requirements of the MECE Act. As students are required to participate in educationally beneficial work placements, the International College Program would seemingly meet this requirement. Upon investigation it was found participants did not need to qualify in any capacity such as a relevant field of study in order to enter the program. Student’s “academic training” within the International College Program is positioned as part of a “concurrent source of study that an academic training participant can undertake,” however it is not academic itself, but rather simply labor that is termed as a “academic training,” and is in theory coupled with academic coursework students later take at their respective foreign universities (Johnson 2011, p.946).”

The results of the aforementioned reports are summarized here and then compared to the results of this study’s analyses. They are presented in a context of the process through which students enter and participate in the SWTP. This comparison is conducted to confirm or disconfirm the consensus of existing reports regarding the Summer Work Travel Program and its parent program, the Exchange Visitor Program, and leads to a discussion of this study’s limitations and its contributions towards future research.



The conclusions from existing literature of the Summer Work Travel Program can be summarized by those recommendations offered by the GAO and the Southern Poverty Law Center. Main conclusions include a lack of rigor and objective description of the SWTP when potential participants express interest. It was reported SWTP participants select their desired placements using a list of sponsors provided to them by intermediary placement agents, which may or may not be inclusive of all potential placements. Both sources report a majority of participants are not adequately prepared for the reality of the SWTP. This reality includes the costs of travel to and from the USA, housing and basic amenity costs, and costs of activities that would directly correlate with cultural and educational enrichments.

Upon arrival to the USA, participants describe a variety of “orientation” events, from a complete lack of coordination regarding initial travel from arrival destinations to job sites to regionally held orientation conferences. During participation in the SWTP, the existing literature cites job placements as not educationally relevant or even legal, while employers cite participant’s dedication, dependability, and willingness to undertake tasks that domestic employees avoid.

The existing literature produces a number of concerns regarding the administration of the SWTP by the U.S. State Department. These concerns fall into two main categories. The first concern is that the SWTP has become the largest foreign work placement program and should be administered and monitored by the Department of Labor rather than the State Department, as the Department of Labor could better address the financial incentives that lead to predatory behavior by

employers. The second main concern is the lack of regulation and oversight conducted by the U.S. State Department, particularly after participants arrive in the USA.

The existing literature of SWTP operations details the current system of monitoring by potential site visits as inadequate. Reports document a need for a revised monitoring system that integrates coordinators such as those found in Fulbright Program able to address participant concerns and monitor placement quality during students' participation rather than retroactively.

The results of this study can be said to confirm those results of the aforementioned independent studies. This study found participants' introductions to the SWTP, particularly with respect to intermediary placement agents, was often biased by limited selections presented according to the employer of the placement agent. Participants also documented work and living conditions reported by intermediary placement agents were substantially different upon their arrival to the USA. Once in the USA, this study indicated participants found both the educational and cultural degrees of exchange to be severely lacking. Many participants confirmed the results of existing literature regarding the educational relevancy of placements, citing the absence of any attempt to match degree of study with work placement before or during their participation in the SWTP. Students also reported only indirect cultural exchange opportunities, confirming existing reports of cultural exchange limited by financial restrictions due to wage garnishing for unexpected expenses. While not a major theme in existing literature, this study found the

promotion of peace to be the most positive experience of the three MECE Act legislative objectives. This was attributed to differences in how the U.S government addresses public dissatisfaction and differences in the judicial processes of the USA and those of participants' respective home countries.

Lastly, this study's discussion of the implications of transaction cost and agency theory confirms the lack of oversight and monitoring reported by the Government Accountability Office. Site visits were determined to rarely take place and participants did not indicate instances of program reform during their participatory time periods. Participants also cited a lack of feedback opportunities offered by the State Department. A resulting theme of this study is the integration of participant feedback to guide the restructuring of program operations. With respect to those findings of the Southern Poverty Law Center, this study recommends the adoption of existing databases used for other visa programs for use in the SWTP to gather and analyze participant feedback. Finally, existing literature regarding the SWTP administrative composition cites the growing number of participants and sponsors, but the process of SWTP sponsorship designation is not discussed. A conclusion offered by this study is the introduction of competition by utilizing competitive contracting for sponsorship status.

### **Results - Agency & Transaction Cost Theory**

The second section of this discussion considers the results of this study with respect to the application of agency and transaction cost theories. As both theories

are summarized in the literature review of this study, this section presents the major themes from this study's results most germane to the theories' core components. Results are presented again with respect to students' progressions through the SWTP. The first result of this study relevant to agency theory begins with participants' initial exposure to the SWTP. The use of intermediary placement agents by SWTP sponsors is determined in this study to represent a form of adverse selection, perhaps most popularly attributed to Akerlof's discussion of a "market for lemons" in the used car industry. Void of any information to indicate the potential of SWTP sponsors' to implement the SWTP in such a manner as the U.S. State Department would prefer, the U.S. State Department potentially selects organizations for SWTP sponsorship that misrepresents their intentions or abilities. As the awarding of SWTP sponsorship to organizations is merely a process of qualification, the "free-rider" problem described by Alchian-Demsetz (1972) exists as exploitative sponsors potentially enter the SWTP program alongside adequate sponsors. This situation can be attributed to the lack of competition for sponsorship status and the lack of monitoring and measurement once sponsorship is awarded. This study concludes this lack of monitoring to be particularly harmful to the principal when sponsorship status is submitted for renewal by participating organizations, as a lack of information regarding performance can lead to continued utilization of subpar sponsors that better understand the criteria (or lack thereof) used to determine renewal status by the principal. This repeated selection process under the high degrees of uncertainty leads to the adaptive sequential decision

problem discussed by Williamson wherein the principal must determine whether its initial selection was correct and exogenous conditions led to subpar agent performance or if the agent is indeed opportunistic and undeserving of sponsorship status (Williamson 1985).

The concept of moral hazard, brought forth from insurance literature to agency theory by Jenson (1983) and Eisenhardt (1989), is present in the results of this study. To illustrate the congruence of this study's results with the concept of moral hazard, Holmstrom's definition of moral hazard is worth repeating here. Moral hazard refers to, "any situation in which one person makes the decision about how much risk to take, while someone else bears the cost if things go badly (Holmstrom 1979)." This describes the administrative interactions of the principal and agents in the SWTP as the agents, SWTP sponsors, often reflect varying degrees of effort in satisfying those legislative objectives outlined by the State Department found in the MECE Act of 1961. Due to the nature of delegation in the Summer Work Travel Program and the composition of its actors (public and private entities), the responsibility for program shortcomings attributable to agents' actions falls on the shoulders of the State Department. As the SWTP is a public program with non-pecuniary objectives such as the promotion of peace and goodwill, the most absent component found in agency literature are those mechanisms by which performance is measured.

As agency theory is characterized by information asymmetry and the delegation of authority, a large portion of scholarly literature focuses on addressing

the uncertainty that characterizes principal-agent interactions. As Barzel states, “it is not the act of cheating that is costly but rather the resources devoted to cheating and those resources devoted to its prevention that distinguishes the outcome from that obtained in a Walrasian world (Barzel 1985, p.8).” The costs of transacting give rise to this study’s policy recommendations regarding the adoption of competitive contracting to reduce the costs of ex-post measurement. Governing by contract is the policy recommendation of this study as the current structure of the SWTP does not adequately mitigate the hazards of the exchange between the U.S. State Department and organizations seeking SWTP sponsorship. One primary conclusion regarding this delegation is the remodeling of the recruitment process such that the authority is removed from sponsors that this study shows exhibit a proclivity to use predatory independent placement agents.

The concept of signaling is discussed in transaction cost literature as well as agency literature by Williamson (1985) and Spence (1974) respectively. This study’s results lead its policy conclusions to adopt measures that correspond with the two forms of signaling identified by Spence: contingent contracts and exogenously costly signals. The use of contingent contracts is recommended for contract design regarding sponsorship renewal as there is no direct monetary appropriation from principal to agent. The “exogenously costly signals” recommended by this study include the adoption of the SEVIS database and integration of participant feedback into the measurement of agent performance. Adequate use of the SEVIS database includes the adoption of monitors to regularly

verify and react to data reports, a cost that falls upon the U.S. State Department. The recommended program modifications for the adoption of the SEVIS database and other “signaling” devices or strategies are presented to address the previously discussed instances of both moral hazard and adverse selection.

### **The Summer Work Travel Program & Public Policy**

The second section discusses the Summer Work Travel Program in a larger public policy context. This section focuses first upon the growing public/private dynamic that characterizes the provision of public services in the modern era. The section concludes with the application of agency theory to public policy programs similar to the Summer Work Travel Program involving differing administrative actors.

From Reagan’s Grace Commission to the National Performance Review under Clinton, to the President’s Management Agenda under G.W. Bush, the transformation of government work has been a main theme of modern governance in the 21<sup>st</sup> century. When discussing programs such as the Summer Work Travel Program in a broader public policy context, it is beneficial to distinguish the type of restructuring the SWTP has been subject to. The Summer Work Travel Program is an example of outsourcing, or contracting out, as the government retains all responsibilities for service provision - educational exchange, cultural exchange, and the promotion of peace, but contracts out the operation of the program to only the private sector. While scholars (Schooner 2003, Bloom 2005, Gansler & Lucyshyn

2006, Minow 2009) have compared this public/private framework to privatization or “competitive sourcing,” the SWTP contains an inherently governmental function, the use of J-1 cultural visas to regulate participation in the program, and unlike competitive sourcing, must utilize the private sector to employ its participants. The implementation and operation of the Summer Work Travel Program is outsourced to the private sector, while the U.S State Department retains the responsibility for its administration.

The administrative actors unique to the Summer Work Travel Program represent a fundamental discord in the private provision of public services. While services provided by the government must be effective, this effectiveness must be accompanied by transparency of methods to ensure accountability to the public. When similar services are provided by private organizations, the resulting services may or may not be of similar quality to those produced by the public organization. However, the methods used to achieve these results are obfuscated, often due to the cost-saving methods utilized to serve the private organization’s financial motives. Thus, foundational differences between the public and private provision of similar programs can achieve widely differing results, particularly when studied from the perspective of the participants themselves, who are most aware of the quality of methods employed. The Summer Work Travel Program includes the private provision of employment while in the United States for a period of three months, yet the responsibility of visa coordination and the legislative goal of satisfaction remains with the U.S. State Department. The relationships of the program’s



administrative actors are compounded by the introduction of intermediary placement agents. These intermediary placement agents introduce an additional level for consideration as the motives of these agents have been found to vary with respect to the demands of employing SWTP sponsors, with actions ranging from providing effective and relevant placements for students to simply meeting staffing requirements issued by the employing SWTP sponsor.

In instances where a multitude of diverse administrative actors implement and operate a public program such as the SWTP, particularly when the responsibility for all actions is retained by the government, the importance of accountability is paramount. While ultimately the U.S. State Department is accountable for all SWTP results, the monitoring of individual operations and respective actors during the program's operation is integral for program improvement and is the first primary concern of this study.

Accountability is a byproduct of successful program design and effective evaluation. Two basic methods of accountability are relevant to the SWTP: accountability through contracting rules and the terms of the contract, and accountability through oversight. An accountability definition for the SWTP can be summarized using that put forth by Jerry Mashaw, who defines accountability as the ability to, "specify at least six important things; *who* is liable or accountable to *whom*; *what* they are liable to be called to account for; *through what process* accountability is to be assured; *by what standards* the putatively accountable behavior is to be judged; and, what the potential *effects* are of finding that those

standards have been breached (Mashaw 2006, pp. 118).” While it is possible to determine “who” is accountable to “whom,” the “what” they are accountable for is not clearly stated in the sponsorship contract design, nor are the standards by which they assessed adequately rigorous.

The first method of establishing accountability, the use of contracting among administrators, develops the criteria and methods the monitoring of program operations takes place. Without such contractual agreements, there is little the State Department has to gauge sponsor quality in terms of the performance data available.

Void of competition, SWTP sponsorship has become a sign-up process, with monitoring of actions by the State Department existing only in the form of potential site visits. This has made program assessment extremely difficult, as the evaluator does not have access to data that indicates or measures SWTP sponsor performance. This leaves program administrators to respond retroactively to instances of program failure, rather than comprehensively measure performance during program operations to address instances of opportunism or program abuse before they occur.

The implementation of a contract and a competitive process for sponsorship designation are integral for the cultivation and retention of SWTP sponsors able to satisfy the legislative objectives and provide positive experiences for SWTP participants. In accord with the secondary data and the preliminary research conducted for this study, the benefits of SWTP sponsorship are numerous, yet

competition for these benefits is nonexistent. This correlates with the exponential growth of the program between 2000 and 2011. The method of determining organizations best suited for sponsorship designation should be operationally defined during the process of contract design by the U.S. State Department, as the contract should specify both the methods and criteria by which future rounds of contract negotiations will take place. Currently the Summer Work Travel Program does not utilize a competitive process for sponsorship designation. The SWTP also does not specify specific criteria or comprehensive methods through which performance is measured, as contracts are revoked or organizations sanctioned only retroactively.

The second concern is the ability to assess and improve the SWTP program versus addressing individual components that characterize the operation of the SWTP. This concern can be explained best using the “core” versus “periphery” function/component distinction popular in organizational literature (Westwood, Gavin, Khan, & Frenkel 2004). While peripheral components of the SWTP such as its employing sponsors may be replaced, sanctioned, or encouraged if data were available to measure performance, the core component, the SWTP, could also be revised to accommodate data results and policy recommendations. This study’s conclusions serve as an example of this potential. If the U.S. State Department were aware the intermediary placement agents used to enter the program had a tremendous impact on the participants’ experiences (a peripheral function), then the government could alleviate this issue by amending program operations such

that sponsors must recruit participants themselves or remove the recruitment process by categorizing it under those tasks the U.S. State Department provides. Thus a program recommendation could, given appropriate monitoring and measurement data, suggest the amendment of a core or peripheral function. In its current form, the SWTP is only able to sanction sponsors retroactively, restricting the ability of program administrators to improve the very program whose success they are accountable for. A lack of monitoring and the resulting lack of data to form policy recommendations hinders the Summer Work Travel Program's effectiveness to address issues or program shortcomings at its core (the SWTP's design) and its periphery (the implementation of the SWTP by sponsors).

The third and final concern of the Summer Work Travel Program in a public policy context is the lack of competition that characterizes contracting with potential SWTP sponsors. While the effects of a lack of competition in the SWTP have been cited previously, the benefits of competition for similarly structured governmental programs is discussed here to emphasize the importance of its inclusion in program design. In the greater public policy context, the term "competitive sourcing" has moved to the center of the debate on methods of delegation of responsibility for public programs scholars (Schooner 2003, Bloom 2005, Gansler & Lucyshyn 2006, Minow 2009). Competitive sourcing differs from programs similar to the SWTP as it allows both public and private organizations to bid for contracts (or sponsorship status in the SWTP), with no presumption of which organization can best meet the outlined objectives. The SWTP, due to its

program design, excludes public organizations from employing SWTP participants, and thus any competition of SWTP sponsorship designation within the private sector. For the SWTP and similar programs, the specification of objectives in contractual agreements is paramount for the establishment of accountability, the measurement of performance, and for future rounds of contract negotiations, as the competitive process allows the U.S. State Department to learn more about the actions and methods of its sponsors over time. The participatory numbers of the Summer Work Travel Program illustrate the demand for SWTP participants by sponsors. As the objectives of the SWTP are ambiguous, a competitive process through which potential sponsors outline methods to satisfy these objectives allow the U.S. State Department to better determine in initial contracting rounds those organizations that are willing to put forth the desired effort to make the SWTP successful versus those potential sponsors who seek a cheaper source of labor. In subsequent contracting negotiations, competition produces valuable information for the U.S. State Department to gauge sponsor performance.

In a public policy context the Summer Work Travel Program represents a governmental program that suffers from both design flaws and operational mismanagement. Void of any comprehensive methods of monitoring SWTP sponsors' performance, the U.S. State Department can only address program shortcomings in a retroactive fashion. The Summer Work Travel Program represents a governmental program whose participation numbers have outgrown its administrative capacity, rendering the program potentially exploitable. Due to its

unique integration of the private sector to satisfy public objectives such as the promotion of peace or democratic ideals between the USA and foreign nations, the program requires extensive and comprehensive methods to ensure the sponsors' operations are aligned with SWTP legislative objectives. This leads to a discussion of specific recommendations for the improvement of the Summer Work Travel Program drawn from the results of this study.

### **Summer Work Travel Program Recommendations**

The following recommendations are presented for the Summer Work Travel Program and are drawn from the results of this study. The main recommendation for the SWTP program is the construction or redesign of SWTP operations to focus on accountability. By establishing accountability for program objective satisfaction, the actions of the agent are more observable to the principal, providing information to measure performance as defined in contract negotiations. This should reduce the degree of administrative informational asymmetry between SWTP sponsors and the U.S. State Department, curtailing opportunism through repeated contract negotiations as agent effectiveness is established. The development of appropriate methods to ensure accountability in the Summer Work Travel Program requires revised contracts, effective methods of measurement of sponsor performance, improved methods of data collection, and a revised system for monitoring operations during student's participation in the SWTP.

The second policy recommendation for the Summer Work Travel Program is to address the use of intermediary placement agents by SWTP sponsors. The use of independent intermediary placement agents was determined to reflect both informational and preference asymmetry in this study. The function conducted by these placement agents, foreign student coordination with SWTP sponsors, placement opportunism can be reduced by integrating the function back into the duties performed by the U.S. State Department through use of foreign embassies already tasked with J-1 visa approval. These recommendations are further discussed in the order they were presented below.

### **Accountability and the SWTP**

The issue of accountability of SWTP operations has been a popular criticism as instances of program abuse have been publicized (GAO 1990, 2005). This study found the methods and mechanisms through which accountability is established to be lackluster or altogether absent in the SWTP. Three specific accountability concerns are presented alongside respective policy recommendations. The first consideration is the need for competition through contracting for SWTP sponsorship. The second is the need for measurement criteria to be developed and specified in sponsorship contracts. The third consideration is need for additional data and more comprehensive methods of monitoring sponsor performance.

The benefits of implementing a competitive process to determine Summer Work Travel Program sponsorship have been cited numerous times in this study.

The first policy recommendation for the Summer Work Travel Program is to make SWTP sponsorship designation a competitive process through the use of competitive contracting. Contracts should be awarded on a competitive basis to be determined by the U.S. State Department and potential SWTP sponsors need to be aware of the criteria through which their submissions are evaluated. It is the recommendation that this competitive process include the requirement sponsors detail methods through which they will facilitate educational exchange, cultural exchange, and the promotion of peace. Sponsors would submit detailed plans that include formally arranged events for participants, allowing the U.S. State Department to compare plans in terms of potential effectiveness. In subsequent rounds for renewal of sponsorship status, these plans can be consulted to justify reinstatement or removal of SWTP sponsorship. Potential sponsors would submit “bids” for contracts that contained detailed reports of the methods to achieve goal satisfaction, intended work placements and assigned tasks, number of participants to be employed, and any staff or designated coordinator to assist participants with assimilation to U.S.

The second policy recommendation for the Summer Work Travel Program is the use of contracts to specify criteria by which sponsor performance shall be measured. Measurability has been an issue that has plagued the Summer Work Travel Program during its growth between 2000 and 2011. As the program has grown, so too has the need for definitive measurements of the sponsors performance. This study recommends that criteria be developed by the U.S State



Department to outline both the specific measurements to take place and the methods through which they will occur. Sponsors should be aware of their expected performance when applying for sponsorship status, as subsequent rounds of negotiation for sponsorship status should reflect previous measurement outcomes. Recommended methods of measurement of performance include feedback from data from the participants after their first and final months of participation in the SWTP. Measurement would also include unannounced site visits as well as consideration of the efforts undertaken to present participants with beneficial opportunities outside of the workplace (such as activities offered during participants' free time including recreational and culturally relevant trips).

The third policy recommendation for the Summer Work Travel Program is to increase both its frequency and number of methods used to monitor the sponsors' activities. Although unannounced site visits have been the primary method of evaluation, in reality they seldom occur. This highlights the limited abilities of the staff in the U.S. State Department that are charged with overseeing the SWTP. While the hiring of independent contractors is an option, case studies have shown such individuals can be subject to opportunism and "capture" by those they are hired to monitor (Mass. LSP). Thus, it is the recommendation that the State Department use SWTP participants to monitor sponsor activities. The infrastructure already exists in the SEVIS database used to collect information about participants. By allowing participants to login and upload information about their experiences in the form of feedback to the SEVIS database, a central information hub can be created to monitor

SWTP sponsors as they operate in the Summer Work Travel Program. An example of such implementation would be to develop regional electronic portals (websites) all SWTP participants could log into, select their sponsor by region, and submit feedback after the first and last month of their participation. This should be required for all SWTP participants, however participants should also be able to log into the sites at any time during their participation and share feedback, concerns, or make inquiries. Regional coordinators can be utilized to monitor data as it is submitted, to investigate claims of abuse or exploitation, and to coordinate with participants regarding any questions they have or assistance they may need.

### **Intermediary Placement Agents & the SWTP**

The second major recommendation of this study is to integrate the actions undertaken by intermediary placement agents back into the duties of sponsors or the U.S. State Department itself. This study's results show that when compared to intermediary placement agents affiliated with a university or the government, and particularly when affiliated directly with the sponsors, the use of independent intermediary placement agents results in lower satisfaction scores and higher instances of both informational and preference asymmetry. The integration of recruitment responsibilities needs to be stated in the contract between the U.S. State Department and SWTP sponsors. It should either require sponsors to recruit participants directly, or be held accountable for those placement agents they may delegate this responsibility to.

An additional option would be to integrate the recruitment of potential SWTP participants into the responsibilities of the U.S. State Department. As foreign embassies are already responsible for the issuance of the J-1 visa by which students enter the United States, these officials could be utilized to confirm participants have been presented with an accurate description of the Summer Work Travel Program, its objectives, and specifics regarding their work placement. This would represent a shift from the active recruiting system SWTP sponsors utilize today allowing intermediary placement agents to present a potentially biased description of the SWTP and participants' experiences. Instead a passive system through which interested participants contact U.S. embassies directly for program details and required documents could be constructed to ensure participants are given objective descriptions of the realities of the SWTP as well as view feedback from previous participants (as U.S. embassy officials could access the aforementioned regional databases to show potential participants feedback from other students previously employed in the locations the participant may desire to be placed in).

### **Limitations of the Study**

The limitations of this study begin with the timeframe in which the study was conducted. After participation numbers were capped in 2011, a number of program revisions were called for by independent agencies, perhaps most frequently the Government Accountability Office (GAO reports 1990, 1995, 1998, 2002, 2006). As policy recommendations, committee hearings, and staffing changes are made, the

administrative makeup and overall composition of the Summer Work Travel Program also changed. New policy changes must be evaluated both with respect to previous program shortcomings and also with those policy alternatives available for program reform. While suggested program amendments such as those offered by this paper may be integrated into the program in the future, the degree to which they are successfully implemented remains to be seen and should be monitored closely. It should not be assumed that, when regulations to curtail opportunism are implemented, sponsors would not find it cost-effective to invest in alternative forms of program exploitation in order to keep their participation costs low.

The second limitation of the study is the sampling procedures. While extensive efforts were made to get responses from a representative sample of the population of the current year (2012), descriptive statistics are only available for the previous year (2011). Thus, while 95% of the previous year's sponsors were represented in this study, new sponsors were not available during the data collection process. There are also limitations to the validity of responses given in this study. While all responses were confirmed through concurrent triangulation research design, there was no method of independently verifying that all participants answered only for themselves and their own experiences and were indeed the participants they claimed to be, as all interviews were kept anonymous. The consistency and research design of this paper were designed to minimize the potential for bias in data collection; however, this limitation should be noted.

A third limitation pertains both to this study's data collection methods and the overall process of information collection for all J-1 visa holders. The SEVIS database used to maintain records of foreign visa statistics is not accessible to researchers for academic purposes. In addition, the database does not contain information regarding the specific location of participant placements or job type. Thus, the SEVIS database is severely limited for determining placement trends or individual job type satisfaction rates, a statistic that would improve the U.S. Department's ability to eliminate those job placements not found to be suitable for the program or educationally relevant for participants' academic backgrounds.

### **Suggestions for Future Research - SWTP**

Future research regarding the Summer Work Travel Program needs to focus on the degree to which successful changes are implemented and integrated into Summer Work Travel Program operations. As the program continues to receive public attention and thus the attention of policymakers and administrators linked to the SWTP, future research should detail the process through which change is adopted and implemented. The Summer Work Travel Program serves as an excellent example of a legacy government program that has grown disproportionately as employers capitalize on the benefits it offers in the form of cost-savings. The process through which reform is discussed and the interactions between competing interest groups who may prefer the program in its current state

versus those who want program reform and improved conditions provide insight into the 21<sup>st</sup> century policymaking process.

A second avenue for future research is the data collection process for those entering the United States under the J-1 cultural exchange visa. Currently used to track visas given for twelve exchange programs, the SEVIS database falls short of collecting useful information on participant entry into the USA, particularly from the perspective of the participants. The database nonetheless represents an immensely beneficial tool for visa entry and exit analyses; however, vital information such as the number of placements per U.S. state is absent as data is inadequately maintained by administrators.

A third research endeavor is the effective use of feedback scores to measure agent performance in the Summer Work Travel Program. Research pertaining to the appropriate combination of U.S. State Department monitoring and feedback from participants should be conducted to determine the best methods and criteria by which to establish standards for Summer Work Travel Program sponsors. These research endeavors may include the improved contract design between principal and agent in the SWTP. As this study recommends a focus on outputs rather than inputs due to the variety of sponsor types and locations, optimal contract design will require considerations for a variety of situations and actions that can be applied to all sponsors' activities and programs and be fairly assessed. The design of communication systems to allow feedback from participants and sponsors alike in a timely manner is of future interest, as participants represent a variety of cultural

backgrounds and various levels of comfort with the English language. This means that future research may assess the best methods to help participants receive immediate assistance without fear of recourse from employers as well as to adequately understand and measure participants' responses about their experiences, and culturally sensitive/unique needs or concerns.

A fourth area that future research regarding the Summer Work Travel Work Program may take is the role of the SWTP as a foreign policy tool. It would be beneficial to measure the rates of visa distributions over time with respect to foreign policy and relations with foreign nations. Is the Summer Work Travel Program biased in its selection of participants with respect to US foreign relations/engagements? Does the Summer Work Travel Program mutually benefit the United States as well as those foreign participants? Is the program used as tool to spread the values of democracy more than to present foreign students opportunities to exchange values and knowledge with others? These questions all represent future research endeavors concerning the Summer Work Travel Program this study illustrates have yet to be addressed.

### **Suggestions for Future Research - Agency Theory**

This study adopted agency theory to frame the relationship between the administrative actors of the Summer Work Travel Program. Unlike the classic principal-agent model, the administrative relationship between the principal, the U.S. State Department, and agents, SWTP sponsors, has created a secondary

principal-agent relationship between SWTP sponsors and those intermediary placement agents employed by sponsors to fill participation quotas. Thus the principal-agent model that best characterizes the Summer Work Travel Program is a nested principal-agent relationship where SWTP sponsors are both agents and principals. The second contribution to principal agent literature from this study's results is the use of modern technology, such as the SEVIS database, to minimize monitoring costs and information asymmetry between principal and agent. While previous studies have focused on contract design to align agent actions with the interests of the principal, this study suggests an additional method to reduce information asymmetry- a low-cost, accessible, digital medium that allows secondary parties to more easily submit feedback. This method of reducing asymmetrical informational flows can complement the redesign of contracts between principal and agent to reduce agent opportunism. As information sharing methods and platforms continue to grow and thus entry and adoption costs are lowered, information asymmetry between principal and agent can be addressed through a growing variety of mechanisms to collect more data than previously possible. While contract design and monitoring are both recommendations for SWTP redesign, solely the principal is traditionally tasked with monitoring. This study suggests monitoring of SWTP sponsors be conducted by the principal, the U.S. State Department, as well as those participants that are directly affected by agents' actions. Future research of principal-agent relationships in public policy can benefit from integrating not only the principal but additional stakeholders to monitor the



actions of agents with delegated authority through information collection and dissemination.

## **Conclusions**

This study focused on the Summer Work Travel Program during the years 2012-2013. It was conducted using a quasi-experimental concurrent triangulation research design incorporating quantitative, qualitative, and secondary sources. Data was collected over a one-year period. The data collected represented 95% of the sponsor population was collected using surveys, individual and group interviews, and a variety of secondary sources. The study's research questions sought to determine the adherence of the Summer Work Travel Program to the goals of its authorizing legislation, the Mutual Educational and Cultural Exchange Act of 1961. The research questions also sought to identify aspects of the SWTP and its participants that were statistically significant when regressed against objective satisfaction scores. It used two composite variables to determine potential informational asymmetry and preference asymmetry between administrative actors.

The literature review of this study presented a discussion of outsourcings and privatization trends regarding government programs and services. It focused on the Summer Work Travel Program specifically and its administrative components with respect to principal agent theory. The literature review discussed the core

tenets of principal agent theory as it expanded from insurance literature across the economics discipline to the organizational sciences, political science, and public administration. The study sought to determine its applicability to public policy and governmental programs removed from corrective pressures identified in previous works such as political, judicial, and economic pressures. Highlighting the unique aspects of the Summer Work Travel Program, the study performed regressions using SWTP program and participant variables to determine the presence of information asymmetry between principal and agent and preference asymmetry between principal and agent.

The findings included the limited success of the Summer Work Travel Program in meeting its legislative objectives of educational exchange, cultural exchange, and the promotion of peace. Results also indicated the presence of asymmetry between the SWTP principal and its agents to unsatisfactory degrees. A vital missing component was the methods of determining agent performance using participant feedback data and the SEVIS database, which has been underutilized as a central point for data collection and upkeep. Further conclusions focused on corrective measures to realign agent actions with the direction and preferences of the SWTP principal, the U.S. State Department.

Policy suggestions addressed the need for accountability to become a primary concern for future SWTP administration. Contract negotiations between potential SWTP sponsors and the U.S. State Department and the introduction of competition for sponsorship designation were suggested. Another policy

recommendation was the dissolving of intermediary placement agents by reassigning the responsibility explicitly to sponsors directly or by integrating participant recruitment back into the U.S. State Department and those foreign embassies that issue J-1 cultural visas. A number of suggestions for future research included revised design of contract bidding processes, integration of feedback data and monitoring/observations by the U.S. State Department and participants through utilization of the SEVIS database, and the criteria for measurement and monitoring methods to be specified in initial contract offerings to potential SWTP sponsors.

## APPENDICES

## APPENDIX A – SURVEY QUESTIONS

### Summer Work Travel Program - Demographics

1. Please indicate your designated Summer Work Travel Program sponsor.

2. Please indicate the country which you are enrolled in a higher educational institution.

3. Please indicate your age within the ranges presented below.

18-20	21-23	24-27	28 +
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

4. What is your gender?

- Female  
 Male

5. Prior to your participation did you know of anyone else who had participated within the Summer Work Travel Program?

- Yes  
 No  
 Other (please specify)

6. Please indicate the progress of your schooling at your university.

Beginning of Degree Completion	Middle of Degree Completion	End of Degree Completion	N/A
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

7. Please indicate whether you have any familial, social, or professional contacts in the USA prior to participating in the Summer Work Travel Program.

- Yes  
 No  
 Other (please specify)

8. Please indicate the type of organization that best describes the entity that placed you in contact with your Summer Work Travel Program sponsor.

Placement Agent - Independent	Placement Agent - University Affiliated	Placement Agent - Government Affiliated	Placement Agent - Sponsor (Directly)
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other (please specify)

## Summer Work Travel Program - Satisfaction

1. Please indicate your level of satisfaction regarding the costs associated with arriving to the USA to participate within the Summer Work Travel Program.

Extremely Unsatisfactory	Somewhat Unsatisfactory	Average - Suitable	Somewhat Satisfactory	Extremely Satisfactory	N/A
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

2. Please indicate your level of satisfaction regarding instructions and/or help with your travel plans to the USA.

Extremely Unsatisfactory	Somewhat Unsatisfactory	Average - Suitable	Somewhat Satisfactory	Extremely Satisfactory	N/A
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

3. Please indicate your level of satisfaction regarding your overall expectations developed by your sponsor or travel agency versus the overall reality of Summer Work Travel Program experience.

Extremely Unsatisfactory	Somewhat Unsatisfactory	Average - Suitable	Somewhat Satisfactory	Extremely Satisfactory	N/A
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

4. Please indicate your level of satisfaction regarding any methods used to determine your placement by your sponsor or travel agency.

Extremely Unsatisfactory	Somewhat Unsatisfactory	Average - Suitable	Somewhat Satisfactory	Extremely Satisfactory	N/A
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

5. Please indicate your level of satisfaction regarding the housing and accommodations provided for you while participating in the Summer Work Travel Program in terms of overall quality of living.

Extremely Unsatisfactory	Somewhat Unsatisfactory	Average - Suitable	Somewhat Satisfactory	Extremely Satisfactory	N/A
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

6. Please indicate your level of satisfaction regarding the housing and accommodations provided for you while participating in the Summer Work Travel Program in terms of the costs associated with your housing.

Extremely Unsatisfactory	Somewhat Unsatisfactory	Average - Suitable	Somewhat Satisfactory	Extremely Satisfactory	N/A
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

7. Please indicate your level of satisfaction regarding the pay you received while working within the Summer Work Travel Program.

Extremely Unsatisfactory	Somewhat Unsatisfactory	Average - Suitable	Somewhat Satisfactory	Extremely Satisfactory	N/A
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

8. Please indicate your level of satisfaction regarding all living expenses incurred while participating in the Summer Work Travel Program.

Extremely Unsatisfactory	Somewhat Unsatisfactory	Average - Suitable	Somewhat Satisfactory	Extremely Satisfactory	N/A
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

9. Please indicate your level of satisfaction regarding the applicability of your work while participating in the Summer Work Travel Program to your academic field of study.

Extremely Unsatisfactory	Somewhat Unsatisfactory	Average - Suitable	Somewhat Satisfactory	Extremely Satisfactory	N/A
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

10. If your work placement was not related to your academic field of study, please indicate your level of satisfaction regarding any and all educational opportunities that were available during your participating in the Summer Work Travel Program.

Extremely Unsatisfactory	Somewhat Unsatisfactory	Average - Suitable	Somewhat Satisfactory	Extremely Satisfactory	N/A
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## Summer Work Travel Program - Satisfaction2

1. Please indicate your level of satisfaction regarding educational exchange opportunities with others while participating in the Summer Work Travel Program.

Extremely Unsatisfactory	Somewhat Unsatisfactory	Average - Suitable	Somewhat Satisfactory	Extremely Satisfactory	N/A
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

2. Please indicate your level of satisfaction regarding the degree of academic diversity you encountered while participating in the Summer Work Travel Program.

Extremely Unsatisfactory	Somewhat Unsatisfactory	Average - Suitable	Somewhat Satisfactory	Extremely Satisfactory	N/A
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

3. Please indicate your level of overall satisfaction regarding opportunities for educational exchange while participating in the Summer Work Travel Program.

Extremely Unsatisfactory	Somewhat Unsatisfactory	Average - Suitable	Somewhat Satisfactory	Extremely Satisfactory	N/A
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

4. Please indicate your level of satisfaction regarding the amount of cultural diversity present during your experience within the Summer Work Travel Program.

Extremely Unsatisfactory	Somewhat Unsatisfactory	Average - Suitable	Somewhat Satisfactory	Extremely Satisfactory	N/A
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

5. Please indicate your level of satisfaction regarding opportunities for cultural exchange while participating in the Summer Work Travel Program.

Extremely Unsatisfactory	Somewhat Unsatisfactory	Average - Suitable	Somewhat Satisfactory	Extremely Satisfactory	N/A
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

6. Please indicate your level of satisfaction regarding your ability to interact with other participants of varying cultural backgrounds during your participation in the Summer Work Travel Program.

Extremely Unsatisfactory	Somewhat Unsatisfactory	Average - Suitable	Somewhat Satisfactory	Extremely Satisfactory	N/A
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

7. Please indicate your level of satisfaction regarding your ability to interact outside work with participants of varying cultural backgrounds during your participation in the Summer Work Travel Program.

Extremely Unsatisfactory	Somewhat Unsatisfactory	Average - Suitable	Somewhat Satisfactory	Extremely Satisfactory	N/A
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

8. Please indicate your level of satisfaction regarding opportunities to interact with your local community while participating in the Summer Work Travel Program.

Extremely Unsatisfactory	Somewhat Unsatisfactory	Average - Suitable	Somewhat Satisfactory	Extremely Satisfactory	N/A
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

9. Please indicate your overall level of satisfaction regarding opportunities for cultural exchange while participating in the Summer Work Travel Program.

Extremely Unsatisfactory	Somewhat Unsatisfactory	Average - Suitable	Somewhat Satisfactory	Extremely Satisfactory	N/A
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

10. Please indicate your level of satisfaction regarding exposure to peaceful practices and or peaceful demonstrations while participating in the Summer Work Travel Program.

Extremely Unsatisfactory	Somewhat Unsatisfactory	Average - Suitable	Somewhat Satisfactory	Extremely Satisfactory	N/A
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

### Summer Work Travel Program - Satisfaction3

1. Please indicate your level of satisfaction regarding workplace conflict management techniques and the promotion of peaceful ideals and demonstrations while participating in the Summer Work Travel Program.

Extremely Unsatisfactory	Somewhat Unsatisfactory	Average - Suitable	Somewhat Satisfactory	Extremely Satisfactory	N/A
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

2. Please indicate your overall level of satisfaction regarding the promotion of peace while you were a participating in the Summer Work Travel Program.

Extremely Unsatisfactory	Somewhat Unsatisfactory	Average - Suitable	Somewhat Satisfactory	Extremely Satisfactory	N/A
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

3. Please indicate your level of satisfaction regarding your ability to travel during your final month while participating in the Summer Work Travel Program.

Extremely Unsatisfactory	Somewhat Unsatisfactory	Average - Suitable	Somewhat Satisfactory	Extremely Satisfactory	N/A
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

4. Please indicate your overall level of satisfaction regarding your work conditions while participating in the Summer Work Travel Program.

Extremely Unsatisfactory	Somewhat Unsatisfactory	Average - Suitable	Somewhat Satisfactory	Extremely Satisfactory	N/A
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

5. Please indicate your level of satisfaction regarding your ability to report work or living conditions to appropriate supervisors.

Extremely Unsatisfactory	Somewhat Unsatisfactory	Average - Suitable	Somewhat Satisfactory	Extremely Satisfactory	N/A
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

6. Please indicate your level of satisfaction regarding overall workplace experience while participating in the Summer Work Travel Program.

Extremely Unsatisfactory	Somewhat Unsatisfactory	Average - Suitable	Somewhat Satisfactory	Extremely Satisfactory	N/A
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

7. Please indicate your overall level of satisfaction regarding your immediate supervisors while participating in the Summer Work Travel Program.

Extremely Unsatisfactory	Somewhat Unsatisfactory	Average - Suitable	Somewhat Satisfactory	Extremely Satisfactory	N/A
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

8. Please indicate your overall level of satisfaction regarding any secondary supervisors while participating in the Summer Work Travel Program.

Extremely Unsatisfactory	Somewhat Unsatisfactory	Average - Suitable	Somewhat Satisfactory	Extremely Satisfactory	N/A
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

9. Please indicate your level of satisfaction regarding your ability to provide feedback while or after participating in the Summer Work Travel Program.

Extremely Unsatisfactory	Somewhat Unsatisfactory	Average - Suitable	Somewhat Satisfactory	Extremely Satisfactory	N/A
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

10. Please indicate your level of satisfaction regarding your overall Summer Work Travel Program experience.

Extremely Unsatisfactory	Somewhat Unsatisfactory	Average - Suitable	Somewhat Satisfactory	Extremely Satisfactory	N/A
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



## Summer Work Travel - follow up

### Follow-up Questionnaire for Survey Participants

If you would like to be entered into a drawing to win one of 5 Amazon Gift Cards, please participate in a brief Internet interview. Please choose whether you prefer to be contacted via email or directly using a chat client below.

**1. If you would like to participate in a brief (10 minutes) interview using an Internet chat client and would like to be contacted via email, please include an email address you can be reached.**

**2. If you would like to participate in a brief (10 minutes) interview using an Internet chat client and would like to be contacted via a specific chat client, please include the service you use and your username.**

Chat Client:

Username:

## APPENDIX B – LETTER OF CONSENT

### **Letter of Informed Consent** *(emailed)*

**Title:** The Summer Work Travel Program: A Survey of Participant Satisfaction.

**Investigators:** Mark Arthur Reardon, PhDc  
Clemson University

**Purpose:** The purpose of this survey is to provide basic measurements regarding participants' experiences while participating in the Summer Work Travel Program. The survey focuses on experiences related to educational exchange, cultural exchange, and demonstrations of peaceful practices.

**Procedures:** I am asking you to answer questions to determine your satisfaction with experiences while participating in the Summer Work Travel Program. The survey will take approximately 15 minutes to complete.

**Risks to Participation:** There are no anticipated risks associated with participation in this study. Names are not asked or recorded for the purposes of this study.

**Benefits to Participants:** You can expect no direct benefits by participating in this study except the satisfaction of providing accurate and honest information that may be useful to others in the future. The results of this survey will be used to open the discussion on measuring and improving the Summer Work Travel Program.

**Alternatives to Participation:** Your participation in this research is voluntary and you may stop participating at any time without consequence or penalty. You may indicate that you do not want to participate by leaving the survey incomplete.

**Confidentiality:** Any personally identifiable information obtained from you during this study will remain confidential, or will be disclosed only with your permission unless required by law. You are in agreement that any information not identifiable to you resulting from the study may be presented at meetings and published so that the information can be helpful to others.

**Questions/Concerns:** Should you have any questions or concerns, please contact

Mark Arthur Reardon at markr@g.clemson.edu or by telephone at 919-360-8216.

**Consent:** By signing this form, you are indicating that you agree to participate in the research project described above. You are indicating that you are 18 years of age or older and have participated in the Summer Work Travel Program. The researcher will provide you with copy of this signed form.

_____		_____
Participant's Name (Printed)	and	Date (mm/dd/yyyy)
<u>Mark Arthur Reardon</u>		_____
Researcher's Name (Printed)	and	Date (mm/dd/yyyy)

## **APPENDIX C – QUALITATIVE QUESTIONNAIRE**

### **Questions yielding qualitative results:**

#### **Education**

1. “Please discuss your satisfaction levels and sentiments regarding the relationship between your academic field of study and the work assigned to you by your Summer Work Travel Program sponsor. I will not interrupt the discussion and there is no time limit.”
2. “Describe your satisfaction regarding opportunities for educational exchange in the workplace, directly or indirectly related to your work.”
3. “Please indicate your satisfaction regarding educational exchange opportunities outside the workplace.”
4. “What were your thoughts and satisfaction levels regarding the entire Summer Work Travel Program experience and educational exchange?”

#### **Culture**

1. “Please indicate your level of satisfaction regarding the amount or degree of cultural diversity present in your workplace while participating in the Summer Work Travel Program. I will not interrupt the discussion and there is no time limit.”
2. “Please describe your level of satisfaction regarding any formal or informal cultural exchange opportunities. I will not interrupt the discussion and there is no time limit.”

3. "Please describe your level of satisfaction regarding the ability to interact with the local communities surround your work placement."
4. "Describe your satisfaction regarding overall degrees of cultural exchange and diversity during your participation in the Summer Work Travel Program."

### **Promotion of Peace**

1. "Describe your level of satisfaction regarding the promotion of peaceful ideals directly expressed during your participation in the Summer Work Travel Program. I will not interrupt you and there is no time limit."
2. "Please describe any actual demonstrations of peaceful practices you observed while participating in the Summer Work Travel Program, whether they were directly or indirectly observed/experienced. I will not interrupt you and there is no time limit."
3. "Please describe your satisfaction regarding the overall levels you experienced related to the exemplification of peaceful practices or a peaceful society. I will not interrupt you and there is no time limit."

### **Information Asymmetry**

1. "Please recall and indicate your satisfaction regarding information you gave to determine your placement or information you provided once in the United States. How well was the information used to enhance your participation? I will not interrupt you and there is no time limit."

## **Preference Asymmetry**

1. "Please recall your experience while participating in the Summer Work Travel Program and whether it served the interests explained to be those of the Sponsor or the Principal. I will not interrupt and there is no time limit."

## APPENDIX D – INTERVIEW DATES AND SECONDARY SOURCES

Interview Dates:

<b>Interview Date</b>	<b>Interview Location</b>	<b>Interview Length</b>	<b># of Interviewees</b>
6.01.2013	New York City	~1.5 hours	12 -focus group#1
6.05.2013	New York City	Avg.14 mins	14
6.15.2013	New York City	Avg. 16 mins	17
6.20.2013	New York City	Avg. 13 mins	11
6.25.2013	New York City	Avg. 11 mins	14
7.01.2013	New York City	Avg. 10 mins	12
7.15.2013	New York City	Avg. 14 mins	13
7.21.2013	New York City	Avg. 12 mins	5
7.24.2013	New York City	Avg. 12 mins	4
8.01.2013	New York City	Avg. 11 mins	4
8.04.2013	New York City	~2 hours	17-focus group#2
			113 interviewees TOTAL

Secondary Sources:

<b>Type of Media-Source</b>	<b>Publication Dates</b>	<b>Number of Reports</b>
Mainstream Newspapers	08.26.2002 – 09.27.2012	22
Government Reports	1998 – 2011	11
Legislative Reports	2001-2012	7
Informal Media	2009-2012	37
Promotional Materials	2005-2012	52 (websites)

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