



## FOREIGN STUDENT PLACEMENT IN A U.S. TRANSFER PRICING CAREER

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*Foreign students often tell me they want to study transfer pricing in order to have a US job after graduation. The reality is different: they face a soft barrier – English – that for many is more difficult to scale than the hard barrier of US employment regulations.*

Since 2007, I have been teaching a graduate seminar on transfer pricing at Texas A&M University.<sup>1</sup> Regularly, I receive emails from foreign students who want to take my transfer pricing course because they have heard that my foreign students after graduating have transfer pricing jobs in the United States.

It is true that over the past several years, I have placed a large number of Texas A&M graduate students in US transfer pricing careers; my estimate is nearly 100 as of May 2016. However, the placement rate for foreign students has been much lower than for Americans. Whereas perhaps 80-90% of my American students have successfully found a US transfer pricing job; the success rate has been perhaps at best 50% for foreign students. The 50% average, however, disguises significant differences. Students from home countries where English is a native language (e.g., Canada, Australia, India, Philippines) have almost always, with some extra effort relative to American students, found successful US-based transfer pricing placements. Foreign students who have spent some years in the United States prior to taking my transfer pricing course (perhaps doing an undergraduate degree in a US university) have found US placements, albeit with a lower success rate and more effort than American students. US placement in transfer pricing, however, has been nearly zero for foreign students whose English skills are poor.

When my foreign students have been willing to take a transfer pricing placement in their home country, they typically have placed quite easily. Their US graduate degree is a plus, and they are almost always the only candidates who have transfer pricing training. However, in my experience, most of my foreign students want a US placement, preferably with a Big Four firm, because the salaries are higher and the training deeper and more extensive than they would get at home.

***Why is it so difficult for foreign students to find placement in a US transfer pricing career? I believe there are two key reasons.***

First, foreign students looking for a US placement must already jump one hurdle that is not faced by American students – US government regulations that restrict the number and kind of foreign students that firms in the United States can hire.<sup>2</sup> This is, of course, true in most countries; employment regulations favor nationals and there are restrictions on the numbers and kinds of foreigners who can be hired.<sup>3</sup>

In the United States, INS regulations are a regulatory or **hard barrier** facing foreign students who want US jobs after graduation. This hard employment barrier is less costly for my students compared with foreign

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<sup>1</sup> For more information on transfer pricing at Texas A&M, see <http://www.voxprof.com> and my LinkedIn Page.

<sup>2</sup> On US regulations regarding hiring of foreign workers see <https://www.dol.gov/general/topic/hiring/foreign>.

<sup>3</sup> [https://www.dlapiper.com/~media/Files/Insights/Publications/2015/06/MRS000014362\\_Guide\\_to\\_Going\\_Global\\_Employment\\_V5\\_OT.pdf](https://www.dlapiper.com/~media/Files/Insights/Publications/2015/06/MRS000014362_Guide_to_Going_Global_Employment_V5_OT.pdf)

graduates from US universities in general, for three reasons. First, transfer pricing jobs are typically classified as “economist” jobs. In economics, demand historically exceeds supply and there are special rules for economists (under, for example, the NAFTA) so it is easier for firms to justify to the INS hiring a foreign student rather than an American student. Second, since there are almost no semester-length courses in transfer pricing taught in the United States, a student who takes my transfer pricing course has an advantage over the typical student graduating from a US university. My students are familiar with the subject matter, have worked with transfer pricing datasets, and are ready to start fulltime employment. The firms know this so placement rates are higher. Third, the recent relaxation of the OPT regulations to allow foreign students in STEM disciplines (including economics) to stay and work longer in the United States<sup>4</sup> will help offset the hard barrier to US employment. Still, US firms must still jump various costly regulatory hurdles to employ foreign nationals in the United States and these additional costs discourage transfer pricing firms from offering jobs to graduating foreign students.

In my opinion, though, an even more important barrier than the hard regulatory barrier to placing foreign students in US transfer pricing jobs is the quality of the student’s written and oral English, which is a **soft employment barrier**. My foreign students focus on the hard barrier, but I believe the soft barrier is far more important. **Poor English → probability (US transfer pricing placement) → zero.**

**What I have learned over the years of working with students who take my transfer pricing class is that the #1 soft skill that US transfer pricing employers look for is the quality of his or her English.** The employers (all of them – no exceptions) want perfect (not good or excellent but perfect) professional-level English – both written and oral skills.

The simple reason is that so much transfer pricing work involves writing reports and talking with clients. **Most transfer pricing jobs in the private sector are consulting jobs.** Think what a consultant must do on a daily basis – work in teams, prepare reports, meet with clients, participate and take notes during long conference calls, make presentations, and so on. The nature of the work means that transfer pricing professionals must have impeccable English, not only in terms of writing emails and memos but also 100-200 page legal documents. Transfer pricing consultants must also be able to converse easily and well, not only in one-on-one situations but also large group situations with heterogeneous audiences.

Unfortunately, the quality of English for most foreign students is not at that level and getting to that level is not easy; what comes naturally when you are a child is much more difficult as an adult. Learning a foreign language to the level of a native speaker requires sustained effort and immersion in the local language; hours and hours spent talking and writing in English with other native English speakers, learning arcane grammar rules, and practicing writing documents that flow logically and smoothly.

**Does this mean foreign students should not look for a career in transfer pricing? Absolutely not! The field needs professionals who speak multiple languages and are comfortable in diverse cultures and countries. Moreover, 2016 -- now -- is the best time to be launching a career in transfer pricing.**

Transfer pricing is an exciting field with great potential for growth, not only in the United States but all over the world; in fact, the fastest growth is in China (Shanghai and Hong Kong). The newspapers are full of cases (Lux Leaks, Panama Papers) of tax avoidance by multinationals. The digital economy is creating new opportunities for trade. Multinationals are restructuring, migrating intellectual property, centralizing service functions, and setting up marketing hubs and cash pooling arrangements. The BEPS (base erosion

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<sup>4</sup> On the STEM OPT extension see <https://studyinthestates.dhs.gov/stem-opt-hub>.

and profit shifting) initiatives of the OECD are ushering in new country-by-country reporting requirements. All of these activities need transfer pricing professionals. ***The time has never been better to start a career in transfer pricing.***

What I am saying is that my advice to foreign students is and has been that if your English is not perfect, don't take my transfer pricing course because you believe it will get you a US job; it may not. You must invest the time and money to get your written and oral English to the level of an American's – or better (since many US university students cannot write well <sup>5</sup>) – and you need to do this ***before*** taking my transfer pricing course so you are ready when the firms start coming on campus to interview. ***I recognize this is sobering news for foreign students who see transfer pricing as a straightforward path to a great US job with a Big Four firm. The truth is that the path is much more difficult that it looks.***

If you are a foreign student and a US job placement is very important to you, I do have some suggestions that I hope will help provide direction to your search.

**1. Foreign students who want a US-based transfer pricing placement after graduation:**

a. Work hard to improve your written and oral professional English before you go on the job market. Treat learning English as a job.

i. To improve your English writing skills, I recommend:

1. Buy one or more of Diane Hacker's Bedford books on grammar and work through the writing exercises, for example, *A Pocket Style Manual* or *A Writer's Reference*.
2. Add Grammarly (<http://www.grammarly.com>) to your MS Office suite and use it to check your written work and emails.
3. Take one or more MOOCs (Massive Open Online Courses) on business writing from, for example, Coursera<sup>6</sup> or Lynda.com<sup>7</sup>.<sup>8</sup>
4. Spent time reading well-written business magazines such as *The Economist*.

ii. To improve your oral English skills, spend as much time as possible talking one-on-one with native English speakers. Perhaps you might be able to trade lessons in your native language for English lessons.<sup>9</sup>

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<sup>5</sup> See for example George Leef, (Dec. 11, 2013), "For \$100K, You Would At Least Think That College Grads Could Write", *Forbes*. <http://www.forbes.com/sites/georgeleef/2013/12/11/for-100k-you-would-at-least-think-that-college-grads-could-write/#735a0c96403a>.

<sup>6</sup> <https://www.coursera.org/learn/business-writing>

<sup>7</sup> <http://www.lynda.com/search?q=business+writing>

<sup>8</sup> Thank you to Tetiana Zakrevska for these suggestions.

<sup>9</sup> For example, my students have an English-Mandarin Buddies (EMB) club that matches US students studying Mandarin with Chinese students studying English; they meet once or twice a week to practice both languages.

- b. Take several economics courses or an economics degree. Take Financial Statements Analysis in Accounting and if possible the CFA exams, at least level 1. Become an expert in Advanced Excel, using pivot tables and filters. The more credentials you have in quantitative courses, economics, finance and accounting, the higher your chances of a US placement.
- c. Spend time polishing your LinkedIn page and your resume. Both should highlight your skills and training in areas relevant to transfer pricing. If you qualify for the STEM OPT extension, put that on your resume and LinkedIn page.
- d. Recognize that hiring a foreign student imposes costs on US firms that they do not have to bear if they hire an American student. Be prepared to “go the extra mile” (more realistically, “extra miles”) to find a US placement in transfer pricing. You will need to work harder and look longer than your US counterparts.
- e. Be prepared to explain to potential employers why you want a job in transfer pricing. Learn as much as you can about this career so that you can talk intelligently about what transfer pricing professionals do and why a firm should hire you. What do you bring to the table that would make you a great fit for this career path?
- f. Look for job openings with smaller firms, law firms, firms where transfer pricing is only part of their practice, industry/multinationals, or tax authorities. Transfer pricing jobs used to be primarily with Big Four firms, but the field has exploded and there are now many organizations in the private and public sectors looking for transfer pricing expertise. Check “transfer pricing” jobs on the main job employment boards (GlassDoor.com, LinkedIn.com, SimplyHired.com, Indeed.com, and Twitter.com) and you will see how wide the options are.
- g. Be prepared to start your first transfer pricing job outside the United States, perhaps in your home country. The key is to get into the transfer pricing field and move after you are inside. Getting on the “career ladder” is the most important thing you can do to launch a transfer pricing career. Once hired, you could spend 2-4 years working in that firm and location, and then transfer back to the United States either within the same firm or with another transfer pricing firm. There are many opportunities to move around in terms of organizations and locations once you have some experience in transfer pricing.

**2. Foreign students who want a US-based career in an area related to transfer pricing:**

- a. Many students study transfer pricing with me because they are specializing in a related area such as tax, audit, financial crimes or data analytics. They believe that transfer pricing will be a useful complementary skill for them in their chosen career. I agree with their assessment – transfer pricing is relevant to many other career paths. If you are in this situation, that’s great. Take transfer pricing as a way to complement your chosen career path.
- b. However, If you have searched diligently and unsuccessfully for several months for a US-based transfer pricing placement (internship or fulltime), and a US-based placement is important to you, consider alternative US-based careers where consulting with clients and teamwork may be less important than in transfer pricing. Look also for areas where the STEM OPT extension is available. I have two suggestions and am sure there are others.

- i. Consider taking a master's degree in data analytics or take as many data analytics courses in your current degree program as you can. In data analytics, demand for graduates exceeds supply, and more time on the job is spent at a computer crunching numbers. As a result, the level of English needed for a successful US career isn't as demanding as in transfer pricing.
- ii. Look at jobs in the financial sector where the regulatory requirements are high and the need for data analytics in the compliance area should getting stronger over time. Take as many courses as you can in the banking, risk, insurance and finance areas.

In conclusion, **why** a foreign student wants to study transfer pricing is important. If it's because the student finds the subject interesting, has the right background, and wants a career in this area (including being willing to start their career outside the USA), come study with me. Similarly, if the student is interested in the topic and/or sees it as complementary to their career path, come study with me. However, if the primary reason is to find a US job, I recommend go elsewhere, for example, data analytics. I hope these comments, while blunt and sobering, are helpful.

***Foreign students often tell me they want to study transfer pricing in order to find a US job. The reality is different: they face a soft barrier – English – that for many is more difficult to scale than the hard barrier of US employment regulations – but if they can scale that barrier, the sky is the limit!***

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