


Chapter 9

International Student Mobility and Labor Market Outcomes: Evidence from Palestine Through the Lens of Signaling Theory

Yousuf Daas

 <https://orcid.org/0000-0002-7097-2804>

Kobe University, Japan

Keiichi Ogawa

Kobe University, Japan

ABSTRACT

This chapter examines the private returns to studying abroad in the context of Palestine, using data from the Palestinian Labor Force Survey. Drawing on signaling theory, the chapter investigates how international student mobility affects labor market outcomes, emphasizing the wage premiums and employability advantages conferred by foreign education. The findings reveal substantial private returns to studying abroad, where foreign degrees are perceived as credible signals of higher productivity, competence, and adaptability. The results also demonstrate a gradient in returns based on the classification of the country of graduation and the level of education attained, with postgraduate degrees obtained abroad yielding the highest returns. These findings show the critical role of signaling in labor markets, the challenges facing the Palestinian domestic education system, and the need for reforms to enhance its quality and relevance to the labor market needs. The chapter offers policy recommendations to balance the benefits of education mobility with efforts to foster equitable access to high-quality education.

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INTRODUCTION

In an increasingly interconnected and globalized world, international student mobility—the movement of individuals across borders for academic purposes—has emerged as a critical driver of labor market outcomes driven by globalization processes and institutional strategies (Rizvi, 2011). The number of internationally mobile students has increased substantially over the past decades. In 1965, there were approximately 250,000 such students (de Wit et al., 2012). This number grew to just over 2.2 million by 2001 and exceeded 3.8 million by 2011. By 2021, it had surpassed 6 million (UNESCO, 2024). This growth has been driven by factors such as globalization, the rise of the knowledge-based economy, and increased competition for skilled talent (Ge, 2022). The internationalization of higher education has become a key change agent, with the mobility of students, scholars, and programs becoming central to university strategies (de Wit, 2020). However, recent years have seen a slight slowdown in growth rates, from 8% in 2007–2008 to 6.4% in 2008–2009 (de Wit et al., 2012). Despite this, internationalization remains a top priority for higher education institutions and policymakers, with efforts to make it more inclusive and quality-focused (de Wit, 2020). The trend towards internationalization has also been accompanied by changes in governance structures and funding models for universities (Altbach et al., 2010).

International student mobility is viewed as a two-way process, benefiting both host countries and students (Myhovich, 2019). For students, mobility is seen as a means of 'becoming,' encompassing educational, social, personal, and professional development aspirations (Tran, 2016). It enhances job skills, career prospects, and is increasingly valued as a marker of success and social status (Myhovich, 2019; Rizvi, 2011). For institutions and countries, mobility is vital for attracting top talent and gaining economic, diplomatic, and academic benefits (Myhovich, 2019). It also plays a key role in fostering cooperation, regional integration, and addressing global challenges (Palma, 2013). As competition for international students intensifies, comprehensive data and new policies are crucial for meeting evolving student and job market demands in the global higher education landscape.

However, the phenomenon of education mobility is not merely a reflection of the globalized nature of contemporary societies; it is also a strategic response to the diverse and often complex challenges faced by individuals in their quest for economic mobility and social advancement. Studies in this scope highlighted that policymakers and professionals advocate for international education by emphasizing the advantages it offers to students and graduates. These benefits extend beyond personal growth, such as enhanced language proficiency and the development of intercultural skills (Netz & Cordua, 2021; Richter et al., 2021; Zimmermann et al., 2021). However, Jacob et al., (2019) found that the labor market benefits of studying

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