

BACKGROUND

Wages of local employees have been rising rapidly, leading many foreign companies in China to move their operations further inland to take advantage of cheaper labour, or out of China altogether in favour of other cheaper Asian markets. At the same time, employers continue to struggle in the face of a shortage of qualified and skilled talent. Efforts to lure back overseas Chinese through initiatives such as the “Thousand Talents Program” have had varying levels of success. So what does attract them back?

Returning Chinese offer employers the opportunity to recruit local talent with highly valued international experience, but they come with a price tag. What motivates Hai Gui to return, what real value do they offer over less expensive candidates without overseas experience, and what is the best approach to their recruitment?

To help answer these questions, we recently contacted Chinese residents who are either studying or working overseas, but thinking about coming back to China for their next career step. 454 completed a confidential online questionnaire in October 2014. We share their insights here.

Profile of our survey respondents

Of our 454 survey respondents, 60 per cent had studied (or are currently studying) in Europe. A further 12 per cent studied in Australia, 5 per cent in the United States, 4 per cent in other Asian countries outside China, and 1 per cent in Canada. 14 per cent studied in China.

Returning Chinese are typically a highly educated group. 30 per cent hold a Bachelor degree, 60 per cent a Masters (including MBA), and 6 per cent a PhD.

Over one quarter (28 per cent) of our survey group have between one and three years of experience. 11 per cent have between three and five years of experience, and 26 per cent have more than five years of experience. The final 36 per cent are students who are yet to gain overseas working experience.

WHY HAI GUI ARE IN DEMAND

After years spent studying or working across the oceans Hai Gui, or 'sea turtles', are encouraged to return to mainland China with all they have learnt. Just like sea turtles, they have travelled great distances overseas. They have studied at a foreign university and gained international work experience, which provides them with a Westernised way of thinking and experience of how business is done overseas.

Employers operating in our globalised economy value such skills and experience – not least because these returners are a more cost-effective alternative to expatriates. Hai Gui have one further advantage over expatriates however; their local China cultural understanding.

As the international expansion of Chinese companies accelerates, employers here in China are looking for internationally knowledgeable staff to ensure they keep moving forward. But they also want candidates with local China market experience, knowledge of PRC regulations and understanding of China business behaviour.

So too do multinational companies. With an increasing number of MNCs establishing or expanding their regional offices in China, demand for talent with both local cultural understanding and global business acumen is intensifying.

Hai Gui are therefore in the unique position of possessing both inherent China market understanding and international business experience. That's why they are highly prized assets, and why the Chinese Government is investing heavily to encourage them home.

Since 2008, the Chinese Government has lured 4,000 Chinese 'experts' living abroad back with a programme that offers each 1 million yuan (\$163,000) and the title of 'national distinguished expert'. This 'Thousand Talents Plan' has brought in high profile scientists and academics, but a thousand talents is far from what China hopes to bring home.

The Center for China and Globalization, in Beijing, says China generates as many as 14 per cent of the world's overseas students – 413,900 in 2013 – and 22 per cent of those in the US alone. Around 353,500 returned, a significant portion of the three million the Government estimates have studied overseas in the past 35 years.

That leaves a vast number of Hai Gui whose international education and experience is highly sought after in their native China.

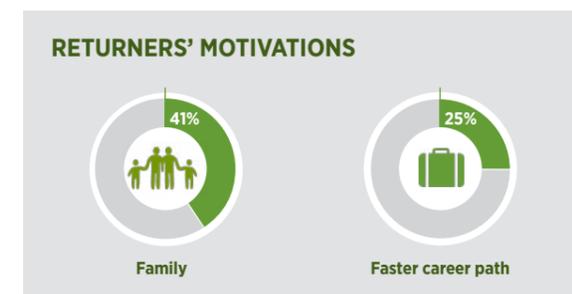
“64% of respondents expect to earn the equivalent to or more than their current earnings”

KEY FINDINGS

Motivations

We firstly asked our China returner survey respondents why they are considering coming back to China. A significant 41 per cent of returners said it was a desire to live closer to their family. A further 13 per cent said they miss the culture and lifestyle in China.

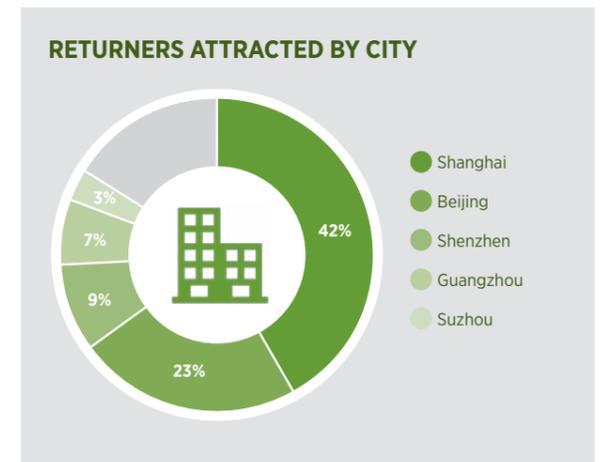
Family ties are a strong motivator in bringing this talent back home. But people who have lived and worked abroad are often highly ambitious and are thus motivated to achieve certain career goals. That's why a significant number of returners are motivated by career development. 17 per cent are considering returning because they feel that China has more job opportunities for them, while 25 per cent expect to have a faster career path in China. So it seems that while the first waves of Hai Gui left China for better opportunities abroad, they are now returning for the very same reason.



We next asked our China returner survey respondents which type of organisation they want to work for if they were to return. The majority (67 per cent) of returners want to work for a foreign-owned enterprise if they return. 9 per cent wish to work for a joint venture, while 7 per cent will look for work in a private company.

Unsurprisingly then, returners are attracted to tier 1 cities where more multinational companies set up their operations. Shanghai is the city that attracts the most interest from our overseas returners, with 42 per cent indicating they'd like to return to it for work. 23 per cent would come to Beijing. More returners wish to come to Shenzhen (9 per cent) than Guangzhou (7 per cent). 3 per cent want to work in Suzhou.

Shanghai is an important global finance centre, which is probably why over one third (35 per cent) of returners want to work in China's financial services industry when they return. 12 per cent want to work in IT/telecommunications, and 11 per cent in professional services. Around 5 per cent want to work in advertising/media, 8 per cent in manufacturing and engineering, 3 per cent in healthcare/pharmaceutical/medical devices/biotech.



Salary expectations

Returning Chinese offer an alternative to both local and Western businesses that have relied on Western expatriates to run their Chinese operations. The question is, however, whether these individuals bringing with them a wealth of trade contacts, new ideas and capital, are actually worth quite what they expect.

While the exorbitant fees to attract a handful of Western expats are a distant memory, with bigger horizons comes bigger expectations. Many returning Chinese understand their worth in the global marketplace, and, knowing full well the value of the magic formula of Chinese cultural awareness and global business acumen, want to realise that value in the reward structures that they receive back home.

According to our survey, if they were to return home 30 per cent of overseas returners want to earn a salary equivalent to their current earnings. 34 per cent say they will only come back to China if they can increase their salary. 31 per cent said they are willing to take a drop in salary to return to a good job.

But with profits under pressure, the salary premium once offered to Hai Gui has diminished. Chinese returners need to be prepared for this before they enter the jobs market, and adjust their salary expectations accordingly.



Bilingual skills

China's rapid development and globalization means that overseas returnees have lost what was once one of their key advantages: bilingual skills. In many cases, a graduate from a local Chinese university now speaks English just as well as an overseas returnee.

Perhaps that's why only a relatively small 12 per cent of our survey respondents said their number one advantage compared to candidates with no overseas exposure is their language skills.

The value of experience

Instead, 49 per cent of the Chinese returners we surveyed said cross-cultural communication skills are their number one advantage. Cross-cultural communication skills can only come from being immersed in another culture and gaining the insight to give you intercultural understanding and cultural adaptability.

A further 26 per cent nominated their overseas work or internship experience as their key advantage over candidates with no overseas exposure.



Given the growing number of graduates from Chinese educational institutions with language skills, it is their work experience that now makes a returner stand out. Overseas study on its own no longer provides an immediate advantage - returners need experience in order to have an advantage over highly educated local candidates who have not travelled abroad.

Returners with a significant number of years of experience abroad are thus in greatest demand. The State Administration of Foreign Experts Affairs says China will need an additional 75,000 executive managers with global experience in the next five to 10 years.

So at the very senior level, the most highly valued talent is the returnee who has developed their career outside China after an overseas education. However, that level of experience at operating effectively in both cultures is rare. As a result, the few internationally minded returnees with senior experience are more expensive than expatriates ever were.

The greatest demand for such professionals is in oil and gas, accountancy and finance, and HR.

Length of job search

The majority of our China returner survey respondents expect it will take three months or less to find a job; 18 per cent think it will take less than one month to find a job in China and 53 per cent said between one to three months. One in five (21 per cent) expect it to take three to six months to find a job, while seven per cent said it will take them more than 6 months to find a job back in China.

“25% of returners expect to have a faster career path in China”

Would you consider working overseas?

The movement of students and professionals overseas shows no sign of abating. Increasing numbers of educated and qualified Chinese are at the same time moving abroad in search of better opportunities, leading the People's Daily to refer to the exodus as “the world's worst brain drain”. In a separate survey in November 2014, we asked 297 people if they would consider working overseas, either now or in the future. Almost half (49.5 per cent) said they would consider working overseas for better job opportunities, career development or exposure. A further 42.8 per cent would consider working overseas for lifestyle factors, such as air quality. Just 7.7 per cent would not consider working overseas.



ADVICE FOR EMPLOYERS

When recruiting Hai Gui, the greatest challenge faced by employers is to avoid overpaying while still making sure they offer enough to secure this great global talent.

Our advice is to firstly make sure you pay appropriately for skill, and nothing else. This is also echoed by a Hays report exploring the attitudes of China's Generation Y. Based on a survey of 1000 respondents born between 1983 and 1995, we found that Gen Y in China prefer their performance to be measured based on skill set and merit instead of years of experience and seniority.

Second, find your leverage and recruit intelligently. What attracts a candidate to your organisation might not be financial. As our survey shows, talent can be brought home by family ties and career advancement opportunities, so talk to your recruiter to gain deeper insight on what motivates the candidate. With this knowledge, you can tailor your offer. For example, for one returnee the opportunity to leave work

an hour early one day a week to spend time with ageing parents might be viewed as a highly attractive benefit, while for another a structured career development plan might encourage them to accept your job offer.

Finally, hold on to what you already have. It is increasingly reported that Chinese staff leave because of undelivered career development, not poor salaries. According to our overseas returnee survey, 25 per cent of Chinese returners are considering coming back to China because they believe they will have a faster career path here. This highlights the importance of putting a solid or individualized retention plan in place, which includes open and honest discussions with returnees about their career development expectations.

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