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The return of the 'sea turtles'; reversing the brain drain in China:

As China's economy continues to grow exponentially, the country faces a shortage of locally educated managers with international experience. But more and more Chinese who previously left the country to study abroad are heading back to the land of opportunities, according to a recent article in the ILO's International Labour Review¹

ILO FEATURES (BEIJING): Brain drains rob developing countries of valuable human talent, as their best and brightest people go abroad to study and opt to stay in the developed world. For many years, the People's Republic of China has been no exception to this phenomenon.

In recent years, however, tens of thousand of people trained abroad have been returning to China, the ILO article says. Close to a quarter of the more than 930,000 students who went abroad for studies between 1978 and 2005 returned. And the numbers of returnees are growing: from about 6,000 in 1995 to almost 35,000 in 2005, according to the China Statistical Yearbook 2006.

The trend is so prevalent that the Chinese have even coined a term to refer to the returnees - hai gui, or 'sea turtles' returning to the shores they left to grow up in the sea.

"China is experiencing significant return migration brought on by political stability, improved housing, better business opportunities, more modern equipment and management procedures, higher salaries and other special incentives", says David Zweig, Director of the Centre on China's Transnational Relations at Hong Kong University of Science and Technology and author of the article.

Government policies and inter-city competition for foreign-trained scientists and academics have created a positive atmosphere that encourages returnees, while competition among universities, research laboratories and enterprises has given them excellent incentives.

According to the article, market forces, supported by national government reforms, are the single most important factor bringing people back in the private sector, as tremendous opportunities and rewards await those who have learned a valuable skill or used advanced technologies overseas.

"Also, China has created an environment conducive to foreign direct investment which has attracted many multinational companies, creating excellent jobs for expatriates who wish to return.

¹ David Zweig, Competing for talent: China's strategies to reverse the brain drain, in: International Labour Review, special issue: migration, vol. 145/1-2, International Labour Office, Geneva, 2006.

Increasingly, multinationals based in China are seeking those who left China to study and work overseas...” explains Zweig.

'Sea turtles' vs. 'land turtles'

But government efforts to promote return migration have also created problems. Preferential policies for returnees have created bad blood between the ‘sea turtles faction’ and people who have not gone overseas or the ‘land turtle faction’. Interviews with Chinese scientists conducted in 2002 and 2004 showed that almost three times as many locals as returnees were not very satisfied with their housing. More than twice as many locals as returnees thought that the latter were promoted faster.

“Many hai guis have returned with the perception that an overseas MBA degree will put them in superior positions when compared to the locally trained talents. They have invested much time and funds, and therefore expect to receive high remunerations and fast promotion”, explains A.J. Hu, partner of the Shanghai-based JLJ Group, Solutions for China Entry & Growth.

A reality check, however, shows that an MBA holder with some relevant work experience can easily command an annual package of US\$100,000 (800,000 Yuan) in the United States, while the same candidate may fetch only 300,000 Yuan (US\$36,500) on returning to China.

Another hurdle that the returnees need to face is the judgement that their fellow Chinese pass on them. Chinese managers who successfully made their way up to management positions without venturing overseas may not appreciate hai guis with overseas education, but little local market knowledge. As a result, many talented returnees try to open their own businesses.

As companies often expect their employees to perform from the first day, this may prove difficult for returnees lacking this knowledge and local network support after years of absence from China. In 2003, there were 7,000 Chinese returnees in Shanghai who ended up looking for a job for quite a while – what is now referred to as hai dai – which can be translated as both “returnees waiting for jobs” or “seaweed which floats and does nothing”.

Nevertheless, China needs good hai guis to return, take root and help the economy grow. It is estimated that China will need at least 2 – 3 million hai guis over the next 5 years. Apparently only several hundred thousand of them are available now.

“China needs to further develop its strategy on this issue. So far, extensive government efforts and new funding programmes have meshed well with the growing interest of many people to return to China. The result – a ‘reverse brain drain’ - is likely to transform China’s scientific, academic and business communities in the coming decade”, concludes Zweig.

[732 words]