“Sea Turtles” or “Seaweed?”
The Employment of Overseas Returnees in China

David Zweig
Chair Professor and Director, Center on China’s Transnational Relations
The Hong Kong University of Science and Technology

and

Donglin HAN
Ph.D. Candidate, Division of Social Science
The Hong Kong University of Science and Technology

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Introduction

Massive numbers of Chinese students have gone overseas to study since China opened up in 1978. Chinese authorities believed that returnees from overseas would upgrade China’s educational system and provide the nation with advanced technology to meet the goal of modernization. According to China’s Ministry of Education, more than one million students went abroad between 1978 and 2007, of which 70 percent went overseas after 2000. Among these students, 300,000 (30 percent) returned home. Historically, overseas returnees in China had considerable political, economic and social impact, and the current batch of returnees may also be influential.

The current wave of overseas students is the largest one in Chinese history, with the number of students flowing both in and out peaking in the past five years. However, with the massive number of returnees from overseas, and the rapid expansion of college graduates within China, the new generation of returnees faces the challenge of employment. In Chinese, returnees from overseas with advanced education are often called “hai gui,” which means “returnees from overseas.” But a homonym sounds exactly “sea turtles.” However, due to the problems they now face finding jobs, returnees become “hai dai,” or “returnees waiting for

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1 We express our deep gratitude to our colleagues in Beijing at the CSCSE, Dr. Shao Wei, Che Weimin, and Ms. Zhang Ying, who supervised the data collection and survey, and Liu Bilan, Director of the Southern China Overseas Human Resource Center (SCOHR), who shared her data on returnees in Guangzhou and her insights about the difficulties of job search for young returnees. We recognize financial support from the Asia-Pacific Foundation, Vancouver, and the Japan External Trade Office, Hong Kong.


employment.” But “hai dai” also means “seaweed,” which reflects the difficulties returnees apparently now face in their job search. In other words (or “other sounds”), “sea turtles” are becoming “seaweed.”

Still, this paper argues that the phenomenon is much overstated. In part, the quality of people going overseas has dropped. Previously, most returnees came back with Ph.D.s, set up their own company, or possessed an MA or MBA from a reputable university. But today, many returnees studied at poor quality overseas colleges and have limited or no work experience. So, given the sharp increase in the number of domestic college graduates, it is not surprising that for some returnees, good jobs are hard to come by.

Students go overseas in two ways: government or private sponsorship. Government sponsored students and scholars go abroad for research collaboration or to get a degree, and their primary focus is on the state’s needs. But students have been going overseas at their own expense since the mid-1980s, and compared with government sponsored students, the number and the fields of privately funded students are much greater.

From Shortage to Surplus

Reports began to appear in 2003-04 about a new problem; it was now taking returnees longer to find work and they were being forced to accept salaries well below their expectations. The valued “sea turtles” were turning into “sea weed!” China Daily explained

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5 Youths awaiting employment are called “dai ye qing nian,” where “dai” means to wait. So returnees from overseas (overseas is described as “hai wai”) are said to have become “returnees from overseas waiting for employment,” or “hai wai dai ye.” This is often shortened to “hai dai.” But “hai dai” in Chinese also means “sea weed.”
this shift from shortage to surplus. “A new wave of students who basically gilded their resumes by attending less-than-reputable overseas schools or easy-to-get certificate programmes . . . . have been blamed for the sudden drop of quality of sea turtles.”

Also, the numbers of college graduates in China from competitive programs, such as business schools in high quality mainland universities, has increased dramatically According to Bai Chunli, deputy director of China Association of Alumnae from Europe and America,

"As China's education catches up with the West, sea turtle replacements have been growing at a rapid rate. Domestic employers are taking a more rational attitude towards sea turtles. They're not blindly chasing foreign diplomas any more. They want real, solid experience."

Finding employment for returnees has become more difficult, as many returnees have earned only a one- or two-year MA from very poor schools in England. As of 2006, among mainlanders studying in graduate programs, over 53 percent were studying in England, where for many years students were forbidden to work at all upon graduations. But employers in China demand that returnees have some overseas experience, making British policy extremely detrimental to Chinese students’ employment opportunities back home. Chinese education officials expressed their annoyance indirectly: in one instance, the author was asked to criticize British policy in a speech he was making in Beijing about returnees, as the Chinese government did not want to do so directly. In 2007, the Chinese Minister of Education, Zhou Ji, and his British counterpart, John Denham, the UK Secretary of State for Innovations Universities and Skills, negotiated a deal allowing mainland students graduating from British

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7 “Neidi sheng pu ying liuxue ji zeng 20%” (The number of Mainland students going overseas to England to study increases by 20%), Wen Wei Po, 5 February 2007: A22.
universities to stay on for 18 months if they could find a job.\textsuperscript{8} The number of mainland students going to England in 2006 suddenly doubled over 2005, from 10,000 to 19,000, but fell well short of the peak year of 2003, when 35,000 students went to England.\textsuperscript{9} As one Chinese official commented, "Employability is about more than educating individuals and giving them the skills to meet business needs. The UK and China will cooperate to give our graduates the practical work experience our job markets require."

These words aside, Western academic institutions, particularly in England and Australia, have turned education into a valuable commodity to sell to the children of China’s new middle classes. In the past, Western universities sought talented graduate students from China for their research skills; today, many Chinese high school or college graduates go to mediocre schools overseas,\textsuperscript{10} believing that any overseas education will improve their job search back in China.

Chinese government officials who are engaged in overseas education, particularly at the local level, feel great pressure to help returnees find jobs. Chinese citizens invest large amounts of their family’s savings—perhaps funds planned for the parents’ retirement—to support their child’s overseas education. Suddenly they discover that good jobs at high salaries are hard to come by. Having spent a minimum of $150,000 for a one-year MA in England, the parents criticize local officials who helped their child go abroad. If local officials in other departments face similar problems, local educational officials must respond. Thus the Guangzhou Personnel Bureau established a department to help returnees seek jobs. They regularly hold meetings to introduce local business leaders to the returnees who are seeking jobs. Interestingly, central


\textsuperscript{9} “The number of Mainland students going overseas to England to study increases by 20%.”

\textsuperscript{10} Brendan O’Malley, “British universities ‘poor value for money’,” South China Morning Post, 29 September 2007, E2.
officials responsible for educational exchanges and returnees do not see a crisis but a market failure that will regulate itself in a few years. Therefore, they see no reason for the government to get too involved. Nevertheless, the number of returned students has increased substantially, even as the “going abroad fever” persists (figure 1). In fact, the number of returnees reached 42,000 in 2006, a historic high.

Figure 1. *Number of Students Going Overseas and Returning, 1978-2006*

![Graph showing the number of students going abroad and returning from 1978 to 2006.](image)


This paper assesses the extent to which returnees face employment problems and why such problems emerged. In particular, our research will focus on two key questions:

1) Do overseas returnees really face serious difficulties finding a job?

2) Who faces the greatest difficulties? What are the characteristics of these people?
Methods and Data Sets

Our analysis is based on three surveys. Two were carried out by the Ministry of Education’s Chinese Service Center for Scholarly Exchange (CSCSE). A third was carried out in 2006-07 by the Southern China Overseas Human Resource Center (SCOHR), based on a list of returnees provided by the Guangzhou Service Center for Scholarly Exchange (GSCSE). The Center on China’s Transnational Studies (CCTR), at The Hong Kong University of Science and Technology gave advice on all three surveys.

CSCSE is the government agency in charge of overseas degree certification for returnees. The first survey focused on returnees from Japan and was carried out in 2006. It employed systematic sampling, picking one from every two names in the certification list that the CSCSE possessed. The CSCSE has a list of over 50,000 returnees who have registered their degrees with the CSCSE of whom about 7,000 are returnees from Japan. They first contacted them, asked if they would like to fill the questionnaire and if they agreed, they were mailed one. CSCSE followed up with a phone call to encourage them to respond. In total, they received 1,381 responses to this survey, accounting for a 46 percent of response rate. The second survey focused on returnees from Canada and was carried out in the summer of 2007. Drawing on a list of 2,233 returnees from Canada, they found 1,215 people who were mailed a questionnaire. Eventually, they received 529 responses, accounting for a 44 percent response rate.

The CSCSE list does not include all overseas returnees. As the authentication system was established in the 1990s, it lacks records of returnees in the 1980s. Second, returnees validate their degree in order to convince their employer about their study experience. It is mandatory if returnees want a job in a government office or other state enterprises. However,
returnees who set up their own company need not validate their degree. Still, this is the most comprehensive list in China, whose missing returnees will not bias the results.

The third dataset is from Guangzhou, near Hong Kong, which hosts a significant number of returnees. Drawing on a list of 2,690 returnees who had registered with their organization in Guangzhou, the Southern China Overseas Human Resource Center (SCOHR) sent all of them an email with the questionnaire. SCOHR received 276 responses, a response rate of 10.3 percent.11

Selection bias could exist in Guangzhou’s dataset. The GSCSE list also does not include many people who set up their own companies. Second, the low response rate raises the question of the representativeness of the sample, as we wonder what were the differences between those who did and did not respond? However, we believe this data is still valid for two reasons. First, those who had difficulty finding a job were more likely to respond to this survey as the SCOHR provided them help finding a job; so any bias would likely over-represent returnees who had difficulty finding a job. On the other hand, most variables are consistent with the CSCSE data, reinforcing our confidence in the validity of the dataset.

*China’s Changing Job Market for College Graduates*

Returnees and domestic college graduates in China face the same dilemma; the exponential growth in the number of university graduates due to the expansion of university

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11 Unlike the CSCSE, Guangzhou’s SCOHR did not ask people first if they would respond to the survey; hence the lower response rate. However, in Beijing, the CSCSE could not find half the people on their list, and half the people who had said they would respond to the questionnaire, did not do so. So, the CSCSE surveyed only 25 percent of their original list.
enrollments. Young people worldwide face serious difficulties successfully transitioning from school to work. In Asia, young people are between two and a half (Japan) and five times (Hong Kong) as likely to be unemployed as adults, with women also having higher youth unemployment than men. But unemployment falls dramatically with increased educational. In OECD countries, unemployment rates have widened among those with lower and higher levels of education.

In 1999, the Chinese government increased university enrollments substantially. Four years later, in 2003, these undergraduates faced serious challenges finding work as 1.87 million students graduated from universities. And the supply of fresh graduates has considerably increased since 2003, reaching 4.95 million in 2007 (figure 3). According to the Ministry of Education, the number of students graduated from university waiting for job jumped from 0.53 million in 2003 to 1.44 million in 2007. The share of graduates still looking for jobs has increased as well, from 25.6 percent in 2000 to 29.1 percent in 2007. This oversupply of university graduates is causing serious social problem in China, as nearly a quarter of college leavers from 2007 had failed to secure a job. Returning to such a competitive environment with a less than stellar degree (particularly an undergraduate degree or overseas diploma), no

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16 Li, “1m who graduate last year still jobless.”
overseas work experience, and/or limited foreign language facility, makes finding a well-paying job a difficult task.

*Figure 2. Number of College Graduates and Unemployed, 2000-2007*

![Graph showing number of college graduates and unemployed from 2000 to 2007.](image)


**Job Seeking after Returning**

We adopted both subjective and objective measures to evaluate the extent that returnees were facing difficulties finding jobs. Our subjective measures included an individual’s own evaluation of the difficulties he/she faced in job-seeking. Two of our objective measures were the length of time finding a job and the monthly salary from their first job after returning. If individuals used less time finding their job, we expect that subjectively, they will weigh the
difficulties they faced finding a job lightly. At the same time, a higher monthly salary in their first job could make them view the entire job search in a more positive light.

Table 1. Time Used Finding a Job, results from three surveys

<table>
<thead>
<tr>
<th>Time Used to find a job</th>
<th>Returnees from Japan</th>
<th>Returnees from Canada</th>
<th>Returnees in Guangzhou</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arranged before returning</td>
<td>678 (51.7)</td>
<td>133 (25.7)</td>
<td>N.A.</td>
</tr>
<tr>
<td>Less than 3 Months</td>
<td>372 (28.4)</td>
<td>243 (47.0)</td>
<td>189 (73.0)</td>
</tr>
<tr>
<td>3-6 months</td>
<td>160 (12.2)</td>
<td>105 (20.3)</td>
<td>54 (20.9)</td>
</tr>
<tr>
<td>More than 6 months</td>
<td>101 (7.7)</td>
<td>36 (7.0)</td>
<td>16 (6.1)</td>
</tr>
<tr>
<td>Total</td>
<td>1311 (100)</td>
<td>517 (100)</td>
<td>259 (100)</td>
</tr>
</tbody>
</table>

Note: “Arranged before returning” was not an option in the Guangzhou survey. Numbers in parentheses are column percentage, p < 0.000.

These objective measures suggest that the difficulty finding a job is not so serious. In our Guangzhou data, 73 percent of returnees found their job within three months, while only six percent searched for more than six months. If we adopt three months as the cutoff point of the difficulties in seeking a job, only 27 percent of our sample had problems. And when we compare the Guangzhou data with our returnees from Japan and Canada, we find that only a small number of returnees suffered a long job search (table 1). Only 27 percent of returnees from Canada took more than three months to find their job, while for returnees from Japan, it is

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17 There is no formal definition of “unemployed” for students, as the ILO does not treat students as unemployed. Nevertheless, the British government reportedly defines individuals who have been seeking a job for more than three months but fail to find one as unemployed.
around 23 percent. In sum, both Guangzhou and the nationwide data indicate that most returnees found their job in a short period.

While we know how long it took our returnees to find a job, has the perception of that level of difficulty increased recently? We had returnees from both Japan and Canada to assess their own level of difficulty finding a job, scaling responses from 1 ("no difficulty at all") to 5 ("most difficult"). Of the returnees from Japan, 35 percent believed they did not have difficulties, while only five percent felt great difficulty.

In order to check the validity of the subjective and objective measures, figure 2 compares these two measures of difficulties. The subjective evaluation of the average difficulty score was 2.3 for the returnees from Canada and Japan, indicating that their self-evaluation of the difficulty of finding a job is not as serious as expected by the media. In terms of objective measures, we adopt the length of time in job-seeking, ranging from 1 to 5, the same as the subjective measures. The comparison shows that both subjective and objective measures are almost consisted with each other, indicating the validity of the measures. The only exception is year 2006, while returnees’ self-evaluation of difficulty increased and the length of time decreased. It might be the result of the media reporting: as the media reports the issue of “haidai”, the returnees believed they face serious job-seeking problem, which makes the score of subjective measures inflated and inconsistent with the objective measures.
Figure 3. Subjective and Objective Measures of Level of Difficulty Finding a Job, 2001-06

Note: 1) Table combines returnees from Canada and Japan.
2) Coding method of objective measure: Arranged before returning=1, <3 months=2, 3-6 months=3, >6 & <12 months=4, >12 month=5.

The monthly income from the first job after returning is another measure indicates difficulties in their job seeking. In our Guangzhou survey, respondents’ first jobs’ monthly incomes averages 5714 RMB per month, equaling US$816 in 2005,. The distribution of the logged income nearly equals a normal curve, suggesting the utility of using OLS regression. Most returnees in Guangzhou earn good incomes, compared with the average month income in Guangzhou of 2824 RMB/mo per worker. The monthly income of 57 percent of returnees in Guangzhou was 4000-6000 RMB/mo, with only eight percent receiving less than 2,000 RMB/mo. Thus, our empirical data does not support the argument that returnees face serious difficulties finding jobs. The next part of this paper will discuss factors affecting their job search.
Table 2. Expected and Real Monthly Income, Locals and Returnees, by gender

<table>
<thead>
<tr>
<th></th>
<th>Locals</th>
<th>Overseas Returnees</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Expected</td>
<td>Real</td>
<td>%</td>
<td>Expected</td>
<td>Real</td>
<td>%</td>
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</tr>
<tr>
<td></td>
<td>Income</td>
<td>Income</td>
<td>Change</td>
<td>Income</td>
<td>Income</td>
<td>Change</td>
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<tr>
<td>Ph.D.</td>
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<td>N/A</td>
<td>N/A</td>
<td>3573</td>
<td>4657</td>
<td>+30.3</td>
<td></td>
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</tr>
<tr>
<td>Female</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>3573</td>
<td>4657</td>
<td>+30.3</td>
<td></td>
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<tr>
<td>Male</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>3573</td>
<td>4657</td>
<td>+30.3</td>
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<tr>
<td>Master</td>
<td>4188</td>
<td>3061</td>
<td>-26.9</td>
<td>5582</td>
<td>4686</td>
<td>-16.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>4342</td>
<td>3484</td>
<td>-19.8</td>
<td>6303</td>
<td>5680</td>
<td>-9.9</td>
<td></td>
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<tr>
<td>Male</td>
<td>4342</td>
<td>3484</td>
<td>-19.8</td>
<td>6303</td>
<td>5680</td>
<td>-9.9</td>
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<tr>
<td>Bachelor</td>
<td>2621</td>
<td>2348</td>
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<td>3933</td>
<td>3786</td>
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<td>Female</td>
<td>2890</td>
<td>2345</td>
<td>-18.9</td>
<td>4473</td>
<td>3970</td>
<td>-11.2</td>
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<tr>
<td>Male</td>
<td>2890</td>
<td>2345</td>
<td>-18.9</td>
<td>4473</td>
<td>3970</td>
<td>-11.2</td>
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<tr>
<td>Diploma</td>
<td>1895</td>
<td>1483</td>
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<td>3833</td>
<td>1599</td>
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<td>1783</td>
<td>1521</td>
<td>-14.7</td>
<td>3724</td>
<td>3589</td>
<td>-3.6</td>
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<tr>
<td>Male</td>
<td>1783</td>
<td>1521</td>
<td>-14.7</td>
<td>3724</td>
<td>3589</td>
<td>-3.6</td>
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<td>Average</td>
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<td>2252</td>
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<td>6199</td>
<td>5845</td>
<td>-5.7</td>
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Explaining the Job Seeking Results

How do we explain the differences we have found in job-seeking results? Human capital theory argues that earnings reflect returns to individual investments in education.18 The higher one’s educational level, the more one earns. In our explanatory model, we use the logarithm

monthly income from the first job as our dependent variable.\textsuperscript{19} Returnees believe that overseas study imparts new ideas, technologies and information often unavailable in China, and this “transnational human capital” makes them more valuable to Chinese society (figure 4).\textsuperscript{20}

Figure 4. Self-Evaluation of the Competitiveness of Overseas Returns versus Domestic Graduates in the Job Market, Guangzhou, 2006


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\textsuperscript{19} We considered using “length of time searching for a job” as a dependent variable, but the results were very weak.

Years of schooling is commonly used to measure educational attainments.\textsuperscript{21} In our model, we adopt several variables to measure schooling: highest degree, quality of university, field of study, and country where they studied. Differences among the quality of the college and universities should affect an individual’s professional attainments and the earnings of its graduates,\textsuperscript{22} so we assess whether the quality of the university affects individual salaries. We also recognize the low quality of many of the schools where returnees studied, so we wish to assess the impact of this trend. The fields studied overseas differ in terms of the extent to which they offer new ideas, technologies and information, unavailable in China, which could impact on earnings as does the employment sector.\textsuperscript{23} Age commonly measures working experience or seniority,\textsuperscript{24} while overseas work experience measures “transnational human capital.”

Table 3 presents the descriptive statistics for our key variables. The age of the sample is 29.4 years, showing that returnees are relatively young. More male are in the sample than females (approximately 6:4 ratio). Most returnees believed that they are fluent in English (mean = 3.6); 72 percent of Guangzhou respondents believe they are fluent in English, while 23 percent of them think it is “pretty good” (lianghao). Similarly, 72 percent of returnees from Canada believed that they are excellent in English, while, 69 percent of returnees from Japan


reported being fluent in Japanese, with another 21% reporting their language level as “pretty
good.” Interestingly, 18 percent of returnees from Japan reported fluency in English as well.

Most returnees received an M.A. degree (72.7%) overseas, with the UK the most
popular destination country (43%). Other European countries (France, Germany, Netherlands
and Russia) came second with 12.7 percent. Returnees preferred to study business management
(39.9%), and worked in private (27.7%) or foreign funded firms (26.9%) and as well as
universities (22.1%).

To assess the impact of the quality of universities attended by the returnees, we rank
their universities according to the Academic Ranking of the World University 2006 by
Shanghai Jiaotong University, scaling them from 1 to 6. More than half of the returnees
graduated from universities below top 500, showing the poor quality of their overseas
education. Table 3 reports the results of the multiple linear regression using salary as the
dependent variable. The model’s R-square is 0.3767, showing the robustness of our
independent variables.

The impact of demographic variables, such as age and gender, vary in the model. At
the critical level of 10 percent, female returnees are disadvantaged in terms of their income in
their first job. In contrast, age does not appear significant.

25 Our coding method was as follows: universities ranked in the top 100 = 1. Universities ranked below
500 = 6 (Similarly, 101-199 = 2, 200-299 = 3, 300-399 = 4, 400-500=5).
Table 3. Summary Statistics (Means) for Variables in OLS Regression

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean or percent</th>
<th>Variables</th>
<th>Mean or percent</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General</strong></td>
<td></td>
<td><strong>Overseas Major</strong></td>
<td></td>
</tr>
<tr>
<td>Monthly Income (in RMB)</td>
<td>5714</td>
<td>- Natural Science</td>
<td>10.5%</td>
</tr>
<tr>
<td>- Log (monthly income)</td>
<td>8.179</td>
<td>- Applied Science or Engineering</td>
<td>22.1%</td>
</tr>
<tr>
<td>Age (in years)</td>
<td>29.4</td>
<td>- Social Science</td>
<td>15.2%</td>
</tr>
<tr>
<td>- Log (Age)</td>
<td>3.38</td>
<td>- Business Management</td>
<td>39.9%</td>
</tr>
<tr>
<td>Gender = Female</td>
<td>40.5%</td>
<td>- Humanities / Others</td>
<td>12.3%</td>
</tr>
<tr>
<td>English Fluency (1-4)</td>
<td>3.6</td>
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<td></td>
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<tr>
<td><strong>Overseas Degree</strong></td>
<td></td>
<td><strong>Overseas Country</strong></td>
<td></td>
</tr>
<tr>
<td>- Diploma</td>
<td>4.5%</td>
<td>- U.K.</td>
<td>43.1%</td>
</tr>
<tr>
<td>- Bachelor</td>
<td>13.1%</td>
<td>- North America (U.S., Canada)</td>
<td>12.7%</td>
</tr>
<tr>
<td>- Master</td>
<td>72.7%</td>
<td>- Oceania (Australia, New Zealand )</td>
<td>11.9%</td>
</tr>
<tr>
<td>- Ph.D</td>
<td>9.7%</td>
<td>- Europe (France, Germany, Holland, Russia )</td>
<td>12.7%</td>
</tr>
<tr>
<td>Overseas Working Experience (= Yes)</td>
<td>38.8%</td>
<td>- Hong Kong</td>
<td>2.2%</td>
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<tr>
<td>University Rank (mean between 1-6)</td>
<td>4.3</td>
<td>- Other Countries</td>
<td>14.5%</td>
</tr>
</tbody>
</table>

**Employment Sectors**

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>- State Owned Enterprises</td>
<td>11.1%</td>
<td>- University or Research Institutes</td>
<td>22.1%</td>
</tr>
<tr>
<td>- Private firms</td>
<td>27.7%</td>
<td>- Government, Public Organization, others</td>
<td>12.1%</td>
</tr>
<tr>
<td>- Foreign firms</td>
<td>26.9%</td>
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</table>
Table 4. Results from the OLS on Monthly Earnings, Guangzhou, 2005

| Variables                                      | Coefficient | SE    | P>|t| |
|------------------------------------------------|-------------|-------|-----|
| Gender = Female                                | -.123       | .075  | 0.099 |
| Log (age )                                     | .379        | .263  | 0.151 |
| English Fluency                                | .101        | .059  | 0.088 |
| **Major (baseline = Natural Science)**          |             |       |     |
| Applied Science/Engineering                    | -.021       | .156  | 0.894 |
| Social Science                                 | -.191       | .165  | 0.245 |
| Business Management                            | -.183       | .155  | 0.239 |
| Humanities and Others                          | -.196       | .165  | 0.236 |
| **Overseas Degree ( baseline= Diploma )**       |             |       |     |
| Bachelor                                       | .294        | .208  | 0.159 |
| Master                                         | .543        | .183  | 0.003 |
| Ph.D.                                          | .548        | .208  | 0.009 |
| **Overseas Working Experience**                | .295        | .075  | 0.000 |
| **University Ranking**                         | -.019       | .018  | 0.314 |
| **Overseas Country ( Baseline = U.K. )**       |             |       |     |
| North America (U.S. and Canada)                | .112        | .129  | 0.383 |
| Oceania ( Australia, New Zealand )             | .090        | .103  | 0.382 |
| Europe ( France, Germany, Holland, Russia )    | -.039       | .109  | 0.723 |
| Hong Kong                                      | .618        | .312  | 0.049 |
| Other Countries                                | .095        | .121  | 0.43  |
One’s overseas experience has a complex impact on salary. One’s major overseas has no impact on earnings, while having an MA or a Ph.D. is statistically significant, i.e., the higher your overseas degree, the more you earn in your first job. However, the effects of education on earning are not linear: compared with diploma holder, the bachelor degree holder received 34% more salary (e^0.294=1.34); MA holders receive 72.1 percent more salary; and Ph.D.s receive 73 percent more salary, other things being equal. Neither the ranking of the university, nor the country where they studied, is statistically significant, but compared to returnees from Britain, having studied in Hong Kong increases one’s monthly income by 85 percent. Work experience overseas is significant, as is working for a foreign company, showing that foreign companies insure the best return on investment in human capital.

**Discussion and Conclusion**

The Chinese government should take comfort in our findings. If people overseas worry that there are serious employment problems back in China, they will hesitate to return. This
would harm China’s efforts to reverse the brain drain and reap the benefits of sending people abroad. But our findings do not support the idea that returnees face a major unemployment problem. In Chinese, we like to say “hai dai bu cun zai” (“Seaweed does not exist!”). As we show, most returnees can find a job within three months of returning, and over 93 percent of returnees in all three of our groupings had found a job after six months. And, while some of them do face problems finding a job, that dilemma is solved largely by lowering their salary expectations. So, the Chinese government in good conscience can call on people to return.

Second, if studying abroad adds little value to an individual’s human capital, the study abroad program, a key component of China’s post-1978 opening, could be at risk. However, the facts show that overseas education has a very positive effect on salaries relative to those who do not go abroad. Women who return get much lower salaries than men—a woman with a Ph.D. earns less than a man with an MA—and women must undergo a much more significant shift in their salary expectations. But all types of returnees have higher salaries than locals who never went abroad.

Our respondents believe they are more competitive than domestic graduates, as indicated by the Guangzhou returnees’ self-evaluation (figure 4). Around 51 percent of returnees in Guangzhou believed that they are “more competitive” than domestic graduates, and 36 percent believe they are “a little more competitive.” And, table 4 shows they are correct.

That returnees have high salary expectations is understandable, given the high costs of studying abroad. Most people go overseas on their own money, while educational returns are dependent on the domestic job market. According to one interviewee in Guangzhou, she spent more than 1 million RMB on her overseas study. How could she recoup her investment in her
overseas education if she only earned 3,000 RMB per months? In our sample, 58 percent our
respondents in Guangzhou admitted lowering their salary expectation. In fact, the average
salary expectation of returnees was more than double the average expectation of local
graduates holding the same degree. This finding confirms previous findings that actual returns
to college education are less than what the graduate anticipated.26 Moreover, male graduates
are more likely than females to be “self-enhancing,” i.e., overestimate the salary they could
earn.27

“Sea turtles” remain quite valuable, as studying overseas does enhance one’s transnational
capital. In the past, many argued that the students who went overseas were already self-selected,
in that only those that were good were able to go abroad. So, not surprisingly, they were doing
better upon their return. But today, with over 120,000 students going overseas each year, and
tens of thousands returning, some “seaweed” must accumulate. Nevertheless, the higher
salaries earned by returnees demonstrate that they are adding significant value to Chinese
society. China should hope that the turtles keep on swimming home.

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26 Herbert L. Smith and Brian Powell, “Great Expectations: Variations in Income Expectations Among
27 Smith and Powell, “Great Expectations: Variations in Income Expectations Among College Seniors.”
Clearly, the “sea turtles” are still quite valuable, as studying overseas does enhance one’s transnational capital. In the past, many argued that the students who went overseas were already self-selected, in that only those that were good were able to go abroad. So, not surprisingly, they were doing better upon their return. But today, with over one hundred thousand students going overseas each year, and tens of thousands returning, some “seaweed” must accumulate. Nevertheless, the higher salaries earned by returnees demonstrate that they are adding significant value to Chinese society. China should hope that the turtles keep on swimming home.
Appendix A

Eight Tips from Employers to ‘Sea Turtles”

1. Get rid of the sense of superiority and be prepared to compete on an equal footing;

2. Don't limit the choice of your job location to the few metropolises.

3. Don't calculate your salary request by the cost of your overseas education, but by the market rate of the position you're seeking.

4. Don't assume that the area of specialty that you majored in is still in high demand when you graduate.

5. Fluency in foreign languages alone does not usually constitute a full slate of job skills. One needs hands-on experience in a specific field.

6. Be ready to adapt your Western way of thinking to the Chinese way of making things to happen.

7. Knowing the market is not just window dressing. It is essential. Developing what you're best at regardless of market needs may land you in a dead end.

8. Be prepared to make a leap of confidence and settle down in China. Managing a business by "remote control" from abroad is not practical.

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