

Employability in Focus

EXPLORING EMPLOYER PERCEPTIONS OF OVERSEAS
GRADUATES RETURNING TO CHINA

2018/2019

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EXECUTIVE SUMMARY

- The continued growth of China's economy and shift towards higher-value sectors is increasing demand for highly skilled workers. This has led to rapid growth in the number of students returning to China after studying overseas looking for career development opportunities. Based on a survey of 350 employers who recruit overseas-educated graduates in China, the current research explores employer attitudes towards these returnees and their perceptions of the advantages and disadvantages of overseas-educated Chinese graduates.
- A large proportion of Chinese employers experience difficulty filling positions. Common problems include a lack of suitably qualified applicants, poor soft skills among applicants and a shortage of applicants with specific hard or technical skills.
- The main soft skills demanded by employers in China are teamwork, communication and presentation skills, interpersonal skills, and problem-solving. The most common shortages in hard skills are computer and IT skills, numerical skills and graphical design.
- The degree subjects most likely to be seen as extremely appealing by these employers include IT/computing, English/foreign languages and business or marketing. Almost all employers believe that a postgraduate degree adds value to a potential employee, but very few see it as essential.
- Both local and international companies value graduates with a foreign degree, especially overseas postgraduate degrees. This makes overseas graduates more likely to be hired into more senior positions (but the extent of the salary premium is limited for graduates with no prior work experience).
- On the whole, employers saw overseas graduates as better than their local counterparts across a wide range of hard skills, with the strongest advantages in IT skills and digital marketing. Overseas graduates held an even stronger advantage in languages and in soft skills such as creativity, interpersonal skills and communication.
- However, employers did report some disadvantages of overseas-educated employees. Some employers said that local graduates had better hard skills in some areas, were easier to manage, and had better knowledge of the local market. Overseas-educated employees also have a better range of job opportunities, which could cause their current employers to see them as less loyal. Higher salaries are also seen as a negative from the employer's point of view.
- Transnational education (TNE) programmes are a popular alternative to overseas education, and most employers who have recruited overseas returnees have also employed TNE graduates. Roughly the same number of employers found value in a foreign degree course in China as prefer overseas graduates.

INTRODUCTION AND METHODOLOGY

China has undergone rapid economic growth in the last four decades following the “reform and opening-up” policy implemented in 1978. In the decade after joining the World Trade Organisation in 2001, real GDP increased at an annual average of 10.6 per cent.¹ More recently, annual growth has averaged 7.1 per cent (2013-17), and EIU forecasts that China is set to overtake the US as the world’s largest economy by 2030.² As part of this growth, the country is looking to shift its economy from a dependence on labour-intensive manufacturing to one driven by advanced manufacturing and high value-added services.

To support this growth, China needs more graduates with soft skills and English language proficiency, and needs more graduates with certain hard skills. Local universities are not producing the volume or quality of graduates required. The number of mainland Chinese students studying at institutions overseas has more than quadrupled over the past decade. Can these graduates fill the gap?

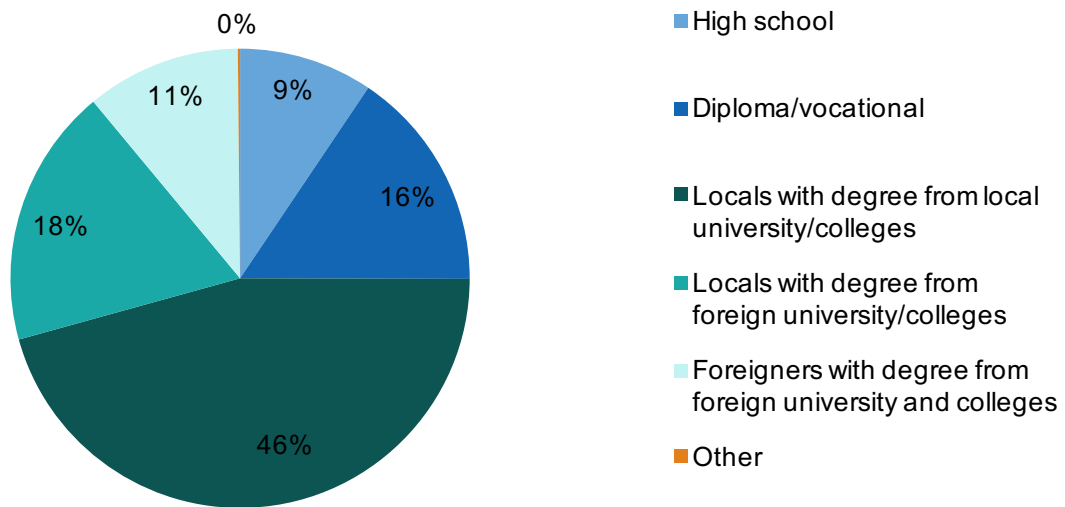
How do employers perceive the value of foreign degrees? What are the differences in key skills between local and overseas university graduates? To answer these questions, we surveyed 350 companies operating in China, including state-owned firms, private domestic enterprises and international companies. Additionally, we conducted in-depth, qualitative interviews of employers in China and analysed previously published research in this area. The survey covered areas such as in-demand skills and recruitment challenges, perceived differences between local and overseas graduates, the value of transnational education, and attitudes towards the UK in comparison with other overseas study destinations.

Survey respondents were chosen to be representative of the type of Chinese firms that hire returned overseas graduates rather than representative of the economy as a whole. These firms are mainly located in China’s Tier 1 cities, with 41 per cent in Shanghai, 30 per cent in Beijing and 20 per cent in Guangzhou. The survey shows that the majority of employees at these firms are educated to the undergraduate (51 per cent) or postgraduate (25 per cent) levels—a considerably higher average education level than across all companies in China. According to survey responses, 46 per cent of entry-level employees were students with domestic degrees while 18 per cent were Chinese citizens returning from overseas study.

¹ National Bureau of Statistics of China. (n.d.). *China statistical yearbook 2017*. Retrieved from <http://www.stats.gov.cn/tjsj/ndsj/2017/indexeh.htm>

² National Bureau of Statistics of China. (2018). *Statistical communique of the People’s Republic of China on the 2017 national economic and social development*. Retrieved from http://www.stats.gov.cn/english/PressRelease/201802/t20180228_1585666.html

**Average entry-level recruit profiles
at surveyed Chinese employers (per cent, N = 350)**



Source: Graduate Employability Survey 2018

Among survey respondents, 31 per cent employ more than 500 employees, 23 per cent employ between 200 and 399 and a further 23 per cent employ between 50 and 199. The majority of the surveyed firms are domestic private enterprises (40 per cent), followed by foreign joint ventures (23 per cent) and SOEs (22 per cent).

The firms are spread across various sectors, reflecting China's success in diversifying its economy from a dependence on heavy industry and towards advanced manufacturing, technology and services. Manufacturing is the largest sector, accounting for 22 per cent of the surveyed companies. Financial services is the second largest sector, accounting for 13 per cent of surveyed firms, followed by construction and infrastructure (12 per cent).

ECONOMIC AND SOCIAL BACKGROUND

Chapter Summary



- **The government's push to restructure the economy towards a higher-value, knowledge-based model is increasing demand for higher-skilled workers.**
- **China is investing heavily in its top universities, but rising numbers of graduates means that the salary premium for bachelor's degrees is declining.**
- **The number of mainland students enrolled at overseas institutions has more than quadrupled in the last decade. However, growth in demand for foreign degrees is slowing.**
- **Demand for skilled graduates in key growth sectors will increase as China's economy shifts.**

2.1 Economic Trends And Labour Markets

China is likely to meet its goal of doubling real GDP by 2020 (with 2010 GDP as the baseline), but GDP growth is expected to slow over time, from an expected 6.6 per cent growth in 2018 to an average of 5.4 per cent in 2021-22.³ Meanwhile, China's labour force will contract markedly in the coming decades as a result of demographic ageing. According to UN Population Division projections, China's working-age population (those aged 16 to 59) will decline from 910 million in 2018 to 874 million by 2025. By 2050, the country's working-age population as a percentage of the total population will fall to 49 per cent, down from 65 per cent in 2018. The only solution is an increase in labour productivity, achieved by building a highly-trained workforce equipped with the necessary skills.

Skills needs and gaps are already evident in sectors such as advanced manufacturing, IT, clean energy, healthcare and financial services. In a 2017 survey of 1,200 Chinese employers conducted by Hays (a global talent recruiter), 97 per cent reported that they were "struggling" to find skilled individuals and that the situation was "worse than ever".⁴ According to this survey, Internet, e-commerce and digital skills; research and development (R&D) skills in

³ The EIU. (2016). *China*. Retrieved from

<http://country.eiu.com/article.aspx?articleid=396904823&Country=China&topic=Economy&subtopic=Charts+and+tables&subsubtopic=Annual+data+and+forecast>

⁴ Hays. (n.d.). 2017 Hays Asia salary guide: Skill shortages continue to burden China's employers. Retrieved from https://www.hays.cn/en/press-releases/HAYS_1822802

high-tech industries; business development skills; and audit, risk, compliance and legal skills are key areas in need. The continued rapid growth of the IT and telecommunications sectors means that foundational IT specialties such as software engineering, network engineering and telecommunications engineering are also in demand. According to one recent survey, specialised skills pertaining to the development of web-based applications—including cyber-security, digital media design and development and web-based logistical management—are particularly valued.⁵ In addition to these hard skills, recruiters and employers report a shortage of soft skills such as communication, problem-solving and managerial skills.

While some of these skills shortages vary by region, finding specialised technical skills can be challenging in any location. There is a particular need for hard skills to support the Made In China 2025 vision, a government initiative to expand high-tech sectors and develop advanced manufacturing, which requires skills in advanced manufacturing, biomedical, pharmaceuticals, digital skills and robotics, as well as soft skills such as problem-solving and communication. Employees with strong “soft skills”—for example, strong communication, problem-solving and managerial skills—are always in short supply.

2.2 Domestic higher education trends

Demand for higher education is growing in China. In 2017, 35.6 million students were enrolled in tertiary education, up from 20.1 million in 2007. Of these, 18.2 million were enrolled in four-year college and university courses, up from roughly 8 million in 2007. A record 8.2 million students are expected to graduate this year, up from 5.12 million in 2008. This demand has been facilitated by growing household incomes, which make university more affordable, and by positive perceptions of higher education, which is seen as a path to higher salaries and better careers.

This massive expansion has not been without its challenges, however. It has caused a strain on higher education resources and generated an oversupply of domestic graduates. A survey by Zhaopin.com, an online recruitment services provider, found that monthly wages for new graduates had fallen by 16 per cent to an average of 4,104 yuan (US\$590) in 2017—the second consecutive annual decline.⁶ Another survey found that six months after completing their degrees, one in four graduates had a salary below that of the average migrant worker.⁷ In this increasingly competitive landscape, graduates from technology, engineering, science and economics disciplines have the best job and salary prospects.⁸ Graduates with degrees in other areas, particularly those without advanced specialisation or practical work experience, are less likely to stand out.

⁵ China News Service. (2018). 报告：2017届大学毕业生就业率达91.9 per cent (Survey: Employment Rate for 2017 University Graduates Reaches 91.9 per cent) Retrieved from: <http://www.chinanews.com/sh/2018/06-11/8535246.shtml>

⁶ Hancock, T. (2017). China's new graduates hit by falling wages. Retrieved from <https://www.ft.com/content/fb5865e4-4993-11e7-919a-1e14ce4af89b>

⁷ Stapleton, K. (2017). China now produces twice as many graduates a year as the US. Retrieved from <https://www.weforum.org/agenda/2017/04/higher-education-in-china-has-boomed-in-the-last-decade>

⁸ Stapleton, K. (2017). China now produces twice as many graduates a year as the US. Retrieved from <https://www.weforum.org/agenda/2017/04/higher-education-in-china-has-boomed-in-the-last-decade>

The current Five-Year Plan (2016–20) foresees only modest increases in the number of students enrolled in higher education, with a target of 36.8 million by 2020—an increase of just 4.8 per cent over 2015 levels.⁹ Instead, the focus has shifted towards improving the quality of higher education, including the development of a group of “world-class” universities and disciplinary departments by 2050 through the Double First-Class University Plan. Government spending on higher education has also increased significantly, from RMB183.3 billion (US\$24.1 billion) in 2007 to more than RMB1.1 trillion (US\$166.7 billion) in 2017.

2.3 Overseas education trends

The number of mainland students going abroad to study has grown rapidly from 134,000 in 2006 to 608,400 in 2017.¹⁰ This growth is supported by rising household incomes, and Ministry of Education data shows that 89 per cent of overseas students are self-funded.¹¹ However, annual average growth in overseas enrolments has slowed, falling from 22.6 per cent growth in 2008–12 to 8.9 per cent growth in 2013–17. According to newspaper reports, Chinese students cite cost, personal safety concerns, increasingly stringent visa restrictions and concerns about growing xenophobia in the US under the Trump administration as reasons for this slow-down.

Students’ preference for English-speaking universities is linked to growing demand for English language proficiency in the workplace, in both domestic Chinese firms and international firms based in China. In a 2014 survey¹² of Chinese students, all respondents who studied abroad agreed that learning in an English-language environment was an important factor in their decision to go overseas. Other reasons for studying abroad reported included the better quality of teaching and research, opportunities for self-development and opportunities to learn valuable soft skills.¹³

9 The People’s Republic of China. (2016). *The 13th Five-Year Plan for economic and social development of the People’s Republic of China (2016–2020)*. Retrieved <http://en.ndrc.gov.cn/policyrelease/201612/P020161207645766966662.pdf>; The State Council, People’s Republic of China. (2017). *China to improve education during 13th Five-Year Plan*. Retrieved from http://english.gov.cn/policies/latest_releases/2017/01/19/content_281475546145620.htm

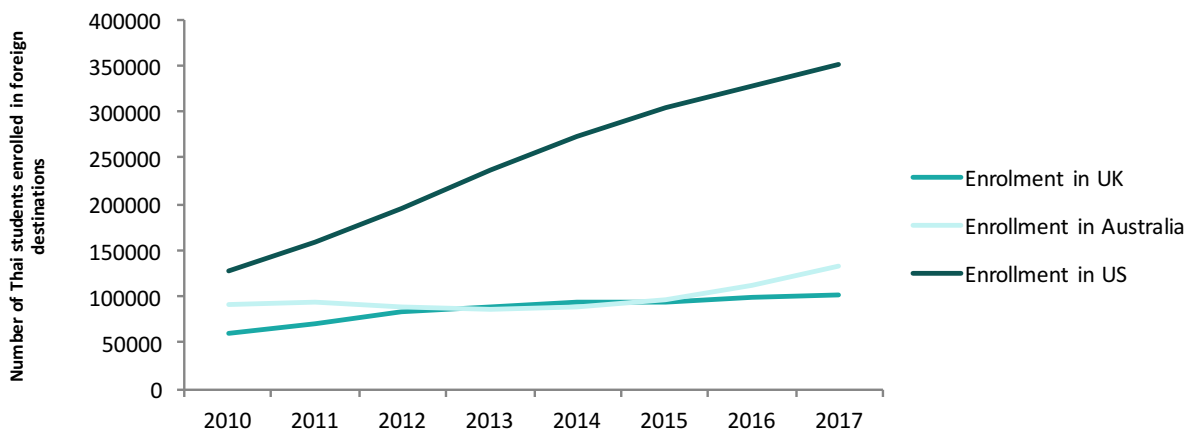
10 Ministry of Education, People’s Republic of China. (2018). *2017 sees increase in number of Chinese students studying abroad and returning after overseas study*. Retrieved from http://en.moe.gov.cn/News/Top_News/201804/t20180404_332354.html

11 Ministry of Education, People’s Republic of China. (2018). *2017 sees increase in number of Chinese students studying abroad and returning after overseas study*. Retrieved from http://en.moe.gov.cn/News/Top_News/201804/t20180404_332354.html

12 Mok, K. H., & Han, X. (2016). From ‘brain drain’ to ‘brain bridging’: Transnational higher education development and graduate employment in China. *Journal of Higher Education Policy and Management*, 38(3), 369–389.

13 CCG. (2017). *Report on employment and entrepreneurship of Chinese returnees 2017*. Retrieved from <http://en.ccg.org.cn/report-on-employment-entrepreneurship-of-chinese-returnees-2017/>

Chinese demand for overseas education



Source: Australian Education International, Institute of International Education, UK Higher Education Statistical Agency.

For those who cannot afford to study abroad, transnational education (TNE) offers an opportunity to receive an international education in China. There has been significant growth in TNE programmes offered in China over the past decade as the government seeks to meet domestic demand for higher quality education and provide students with access to international teaching methods to improve both hard and soft skills. In the 2016-17 academic year, over 70,000 students in China were studying for UK higher education qualifications—more than in any other country apart from Malaysia.¹⁴

¹⁴ Universities UK International. (2017). *International facts and figures*. Retrieved from https://www.universitiesuk.ac.uk/policy-and-analysis/reports/Documents/International/International_Facts_and_Figures_2017.pdf

CHINESE EMPLOYERS' NEEDS AND IN-DEMAND SKILLS

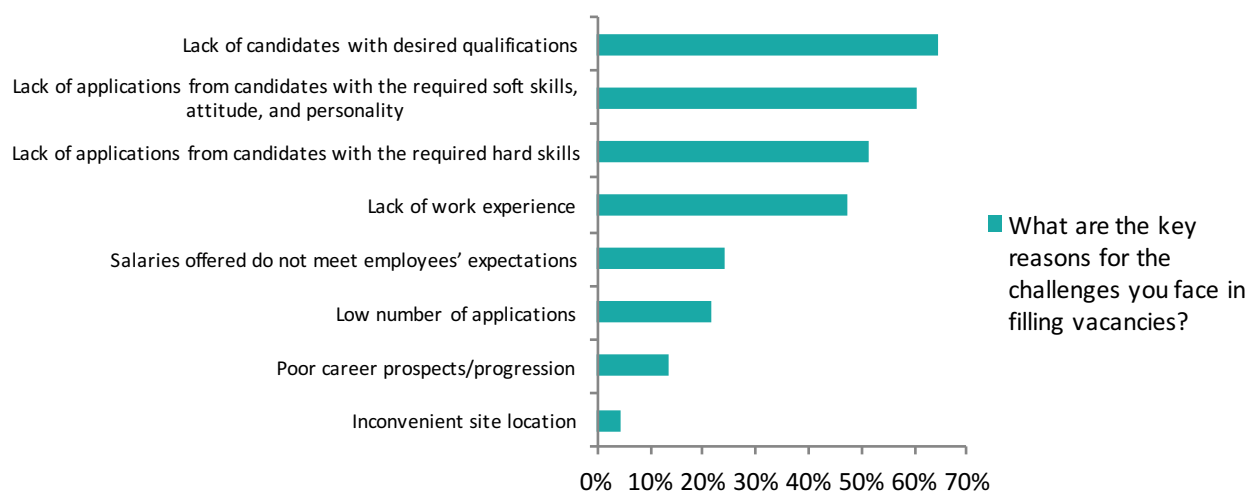
Chapter Summary



- Chinese employers are most likely to say that they have difficulty finding employees with the required “soft skills”, such as teamwork, communication/presentation skills, interpersonal skills and problem solving. The “hard skills” with the most severe shortages are computer/IT skills, numerical skills and graphical design.
- Employers recruiting overseas graduates reported that the most attractive degree subjects were IT/computer science, English, and business or marketing. This contrasts with previous research across a wider range of Chinese employers who are more likely to place greater value on engineering and science degrees.
- Although most employers see a postgraduate degree as valuable, only a small minority of jobs strictly require postgraduate qualifications

Despite growing numbers of local graduates, 44 per cent of surveyed firms reported that they experience difficulties, or long gaps, in filling entry-level roles. The most common challenge in sourcing suitable recruits was a lack of candidates with the desired qualifications, cited by 64 per cent of firms. A lack of applications from candidates with the required soft skills, attitude and personality was a challenge for 60 per cent of firms, while 51 per cent reported a lack of applications from candidates with the required hard or technical skills (described in more detail later in this section).

Key challenges in filling entry-level positions among surveyed Chinese employers with recruitment difficulties (per cent, N = 154)



Source: Graduate Employability Survey 2018

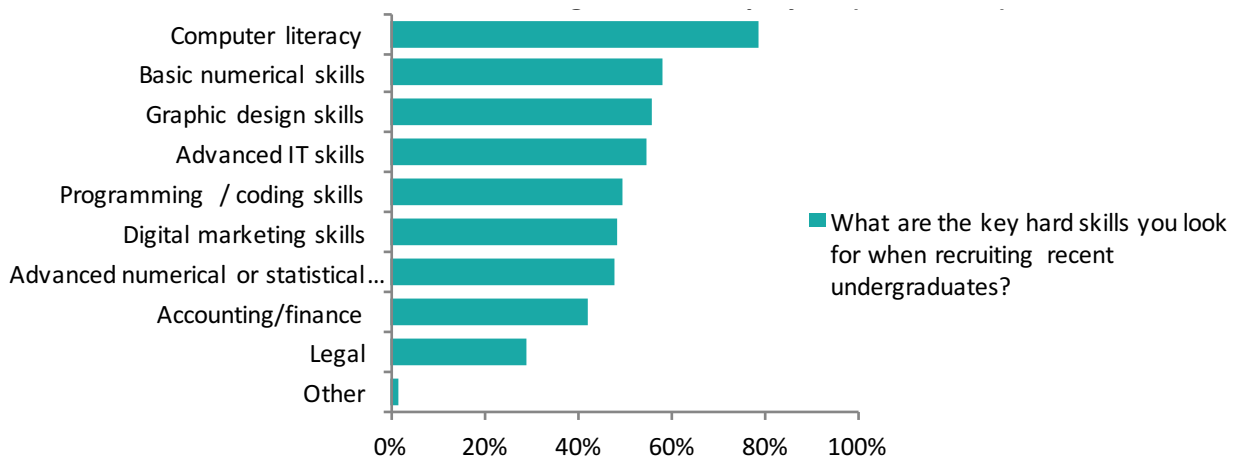
Several interviewees confirmed a shortage of soft skills in the workplace. This puts candidates with a foreign degree at an advantage in the jobs market, as they are more likely to have acquired soft skills while studying overseas. The soft skills most in-demand among surveyed employers are teamwork (78 per cent), communication and presentation skills (77 per cent), interpersonal skills (70 per cent) and problem-solving (67 per cent). Creativity, analytical skills and the ability to manage one's own time were also valued by more than 60 per cent of respondents.

The demand for soft skills varies across sectors. In our survey, only 48 per cent of respondents from domestic firms reported a lack of candidates with the required soft skills, attitude and personality, compared to a survey average of 60 per cent. According to a careers counsellor from a TNE programme, this is linked to the importance of Chinese cultural values in SOE workplaces, including respect for superiors: "The avenue for success in a lot of SOEs seems to be very relationship-focused; it's about developing a very good relationship with your supervisor and executing what he or she instructs you to do in a very faithful manner. The actual quality of your work may be secondary." MNCs (and other firms that have adopted Western-style work environments) are more likely to require soft skills. Private companies fall midway between SOEs and MNCs, he added, requiring "a mix" of both soft skills and Chinese cultural values. These sectoral differences may affect recruitment trends, increasing the likelihood that local graduates who lack soft skills will find employment in SOEs or local companies.

While hard skills are also valued by employers, there does not appear to be a generalised market skills gap. This reflects concerted efforts by the Chinese government to upskill the workforce through its focus on technical degrees. A careers counsellor from a TNE programme agrees: "From a technical skill perspective, most people view young Chinese in the job market as technically proficient. The real challenge is finding people with non-technical soft skills, particularly for multinational companies."

There are some skills shortages, however. According to the survey, 44 per cent of companies have a lack of applications from candidates with the required hard skills, indicating some level of skills mismatch between the types of skills provided by university degrees and the skills required by employers. The hard skills most in demand among employers are computer literacy (79 per cent), basic numerical skills (58 per cent), graphic design skills (56 per cent), advanced IT skills (55 per cent) and programming/coding skills (49 per cent).

Demand for hard skills among surveyed Chinese employers (per cent, N = 350)



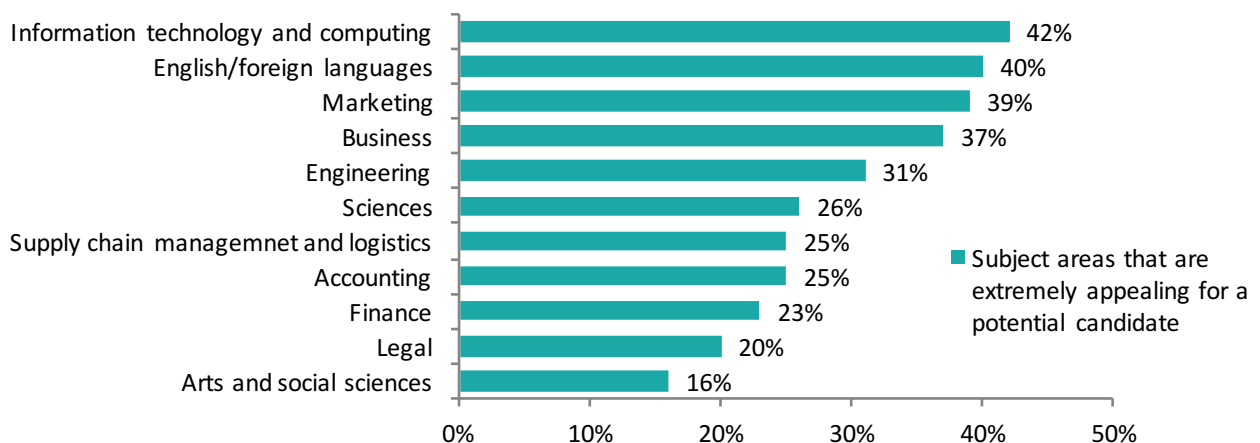
Source: Graduate Employability Survey 2018

According to one interviewee, the managing director of a major recruitment firm, these skills gaps are related to global trends and not merely a China-specific challenge. He added that there is a need for training in hard skills in high value-added services sectors, which are still relatively underdeveloped in China and on course for rapid growth: “These newer tech and newer service industries tend to be dominated by Chinese domestic enterprises and are looking for graduates in IT, AI, big data, biotech, medtech and medical devices. Graduates in these newer tech fields are in short supply globally and also here in China.”

Another interviewee suggested that skills gaps in these areas provide opportunities for overseas graduates: “For the upcoming industries—AI, blockchain—there is a lot less engineering talent locally. The Chinese government is prepared to pay enormous amounts of money to get Chinese talent from abroad, such as those with PhDs. Companies are also offering huge perks and tax breaks and subsidies on the salaries of these people, and then they start working to retain them.”

When asked about the higher education programmes that can provide students with the skills they need, employers expressed strong preferences for courses that develop hard skills over more generalist courses (for example, courses in the humanities). IT and computer programming courses are seen as the most beneficial—cited by 42 per cent of respondents as “extremely appealing”—followed by English and foreign language courses (40 per cent), marketing (39 per cent), business (37 per cent) and engineering (31 per cent). Legal, arts and social science courses are seen as the least appealing. This indicates that both local and overseas graduates who study in more technical fields are likely to be more employable in China’s jobs market than those who study subjects in the arts and humanities. This is not surprising, given China’s focus on advanced technology and drive to become a world leader in emerging industries, especially under Made in China 2025.

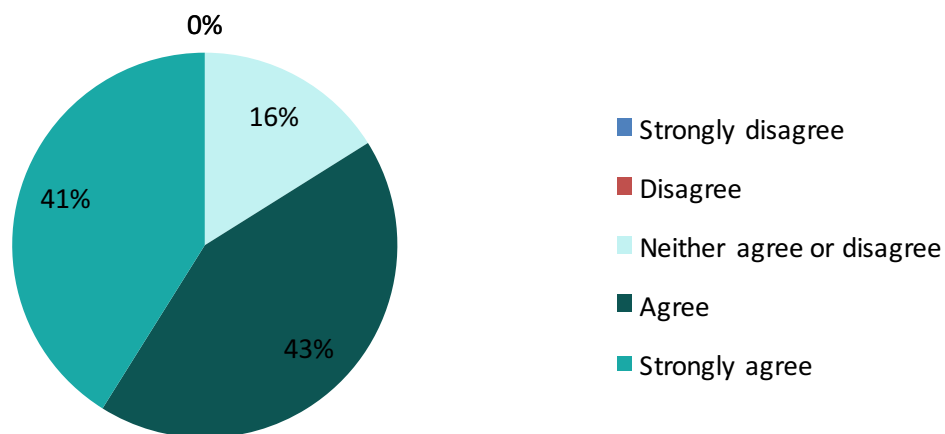
University courses in most demand (per cent, N = 350)



Source: Graduate Employability Survey 2018

While employers value postgraduate degrees, very few require postgraduate training. For example, between 2012 and 2015, the number of available positions requiring an undergraduate degree or above fluctuated between 6.7 per cent and 9.6 per cent, while the number requiring a postgraduate degree never exceeded 0.29 per cent. The vast majority of jobs (over 90 per cent) required no more than a higher vocational diploma.¹⁵ These patterns likely reflect the fact that China is still predominantly a labour-intensive manufacturing centre, although the knowledge-based services sector is growing rapidly.

Perceptions regarding value add of a postgraduate degree for a jobseeker (per cent, N = 350)



Source: Graduate Employability Survey 2018

¹⁵ Li, Q., & Yuan, Z. (2016). *Skill gaps in the Chinese labour market* (中国劳动力市场技能缺口研究). New York, NY: J.P. Morgan.

ATTRACTIVENESS OF OVERSEAS GRADUATES

Chapter Summary



- Employers value graduates with a foreign degree for their hard skills, but they are seen as having an even greater advantage in soft skills such as problem-solving.
- MNCs and private companies particularly value English language skills.
- Employers agree that there is a salary premium for overseas graduates—but the size of this premium is declining over time.
- Overseas graduates can face challenges when they return to China, including diminishing advantages of a foreign degree, reverse culture shock and a lack of local networks.
- Transnational education programmes have a good reputation, and growing demand indicates opportunities for foreign universities to expand in this sector.

4.1 Employers' Attitudes Towards Overseas Graduates

Surveyed employers were asked a series of questions about their opinions on the relative advantages and disadvantages of returning overseas-educated graduates. The survey shows that employers in China value overseas graduates: 86 per cent of respondents agreed or strongly agreed that studying abroad adds value for a jobseeker, and 67 per cent reported that international experience is an important factor in recruitment.

Perceptions regarding value add of foreign education for a jobseeker (per cent, N = 350) Survey question: "Having studied abroad is a value added for a jobseeker"	
Strongly disagree	0%
Disagree	1%
Neither agree nor disagree	13%
Agree	61%
Strongly agree	25%

Source: Graduate Employability Survey 2018

Surveyed employers were asked a series of questions about their opinions on the relative advantages and disadvantages. Despite the comparatively low number of positions requiring postgraduate degrees nationwide, a postgraduate degree is perceived to confer greater benefits for returning overseas graduates than an undergraduate degree. This may be because postgraduates are generally older and possess more specialised skills. While they may face a much narrower market than their undergraduate counterparts, their foreign experience gives them a more pronounced advantage in that market.

China's position as a global manufacturing hub, its ambition to become a leader in new technologies, and its focus on promoting trade, investment and connectivity from Asia to Europe (through the Belt and Road Initiative) mean that jobseekers with foreign language skills are valuable in China's jobs market. English proficiency is valued by all company types, with 59 per cent of firms citing it as a key skill they look for when recruiting undergraduates. In addition, 42 per cent of companies cited English as an "appealing" course for a potential candidate, while 40 per cent cited it as "extremely appealing".

Respondents from foreign/international companies placed the highest value on English language skills, with 88 per cent reporting that graduates with these skills were "appealing" or "very appealing". Of local companies, 78 per cent reported that graduates with English language skills were "appealing" or "very appealing". These findings demonstrate that English proficiency is a useful asset when seeking a job at any company.

Employer perceptions of English/ foreign language courses (% , N = 350)	Overall	Foreign/ international companies	Local companies
1 = Not appealing at all	0%	0%	0%
2 = Less appealing	4%	2%	5%
3 = Moderately appealing	14%	11%	16%
4 = Very appealing	42%	44%	40%
5 = Extremely appealing	40%	44%	38%

Source: Graduate Employability Survey 2018

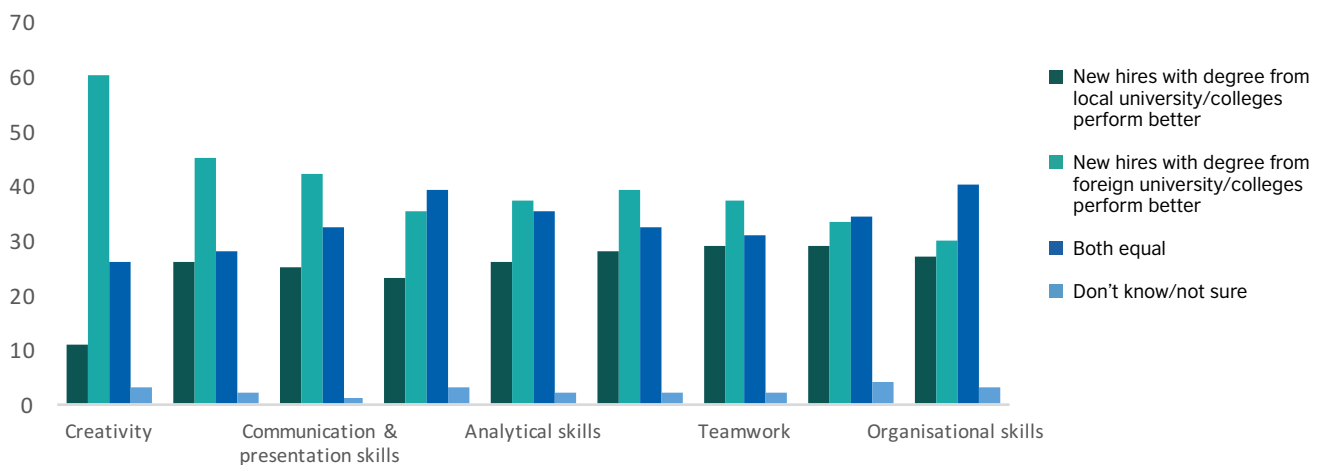
Shuddha Dutta, a senior consultant with a global recruitment agency, explained that becoming fluent in English can be a key differentiator when applying for jobs in international firms, but that it is not necessarily as valued by local Chinese firms or firms whose business is directed primarily at the Chinese market. Graduates with English proficiency may gravitate towards international companies, where English is more highly valued as it is often the language of communication with clients, suppliers, partners or peers at such companies.

Unsurprisingly, survey respondents saw graduates of overseas programmes as having a major advantage in English language skills, despite the growing number of English language schools and even English-taught degree programmes in

China. This highlights an important benefit of overseas study in an English-speaking country—although it is also important for UK universities to ensure that their incoming Chinese students have the right level of English to be successful in their degree course.

Developing soft skills is also seen as a key benefit of studying abroad, with surveyed employers reporting that new hires with overseas degrees outperform their locally educated peers in all ten of the listed soft-skill categories. For example, 60 per cent of respondents reported that overseas graduates were more creative, with only 11 per cent favouring local graduates. A careers counsellor at a TNE programme referenced a “steep gap” in the jobs market in terms of soft skills and listed several skills that Chinese students tend to learn abroad, such as greater initiative in the workplace, better communication skills and loyalty. An overseas degree can also increase students’ confidence, giving overseas graduates an immediate advantage in job interviews. In a survey¹⁶ of Chinese students published in 2018, respondents reported “gaining a better understanding of yourself”, “developing self-confidence” and “developing flexibility” as a result of their study overseas.

Surveyed Chinese employers’ perceptions regarding performance of new hires on selected soft skills (per cent, N = 350)



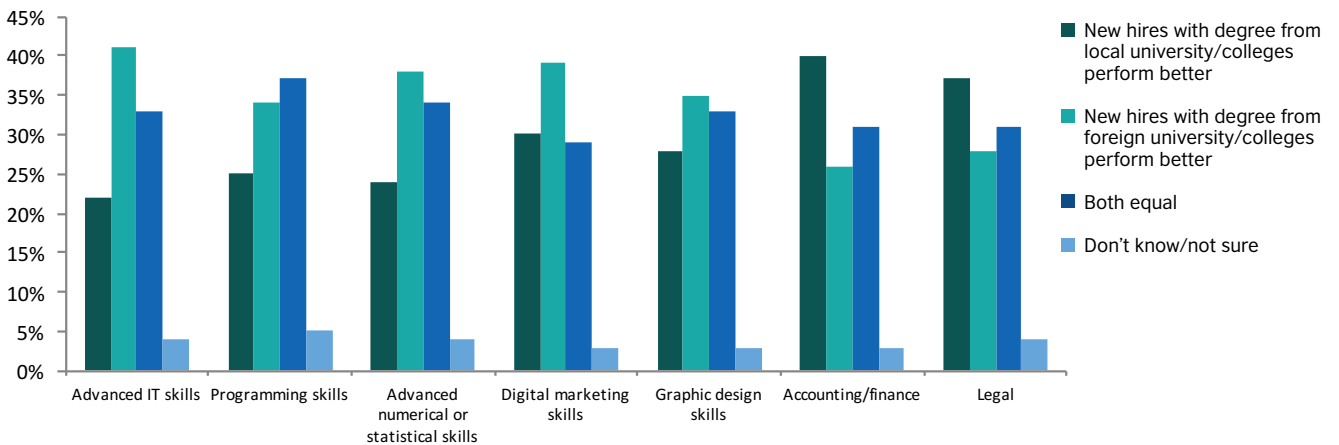
Source: Graduate Employability Survey 2018

¹⁶ Huang, R., & Turner, R. (2017). *International experience, universities support and graduate employability—perceptions of Chinese international students studying in UK universities*. *Journal of Education and Work*, 31(2), 175–189.

One interviewee linked the lack of soft skills among domestic graduates to the style of the Chinese education system, which focuses on cramming to pass exams and devotes less time to engaging with others and developing teamwork skills. She believed that this creates a preference for graduates who have studied abroad: “When hiring for entry-level positions, we prefer those returning from abroad, preferably with some work experience, and not moulded with an SOE mindset. Students coming from abroad, their minds are open and energetic. They come with an ability to think and have creativity and innovative skills.”

Overseas graduates were also perceived as outperforming their locally educated peers across almost all technical skills, including: advanced IT skills, digital marketing, advanced numerical or statistical skills and programming. Conversely, new hires from local universities were thought to perform better within the fields of accounting/finance and legal.

Surveyed Chinese employers’ perceptions regarding performance of new hires on selected hard skills (per cent, N = 350)



Source: Graduate Employability Survey 2018

Large gaps in soft skills and English language proficiency, along with smaller gaps in technical skills, give returning overseas graduates an advantage that can directly influence job hunting and salary benefits. Interviewees agreed that studying abroad gives graduates a better chance of finding a job. One of the interviewees explained that “those coming from abroad have a much higher chance of finding employment in China when they come back”. Previous research has found that overseas graduates have significant advantages over their locally educated peers when it comes to finding work and earning higher salaries.¹⁷

¹⁷ Mok, K. H., Wen, Z., & Dale, R. (2016). *Employability and mobility in the valorisation of higher education qualifications: The experiences and reflections of Chinese*

However, the professional advantages conferred by a foreign degree are diminishing. China's growing supply of graduates has created a competitive market, and many overseas graduates find it harder than anticipated to find a well-paid job that meets their expectations. A survey of 1,821 returning overseas graduates by the Centre for China and Globalisation (CCG) and Zhaopin.com¹⁸ released in 2017 found that just 17 per cent found work in the same field as their major, with 55 per cent reporting that their field of work did not match their academic backgrounds. The survey also found that 45 per cent of respondents earned less than RMB6,000 per month in their first job (roughly the average salary for urban, white-collar employees), while only 6 per cent earned more than RMB20,000 per month.

In part, these challenges reflect changing perceptions of the value of an overseas degree in China. A senior interviewee at a recruitment firm noted that foreign degrees do not have the status or prestige they once had: "Ten years ago, the status of having studied overseas was a big differentiator with a local qualification, but I think the gap has closed now and it is less of a clear advantage." He attributes this partly to the improved standard of Chinese higher education: "Some of China's top-tier universities, domestic universities, are now ranked pretty competitively around the world, particularly in some of those STEM [science, technology, engineering and maths] disciplines." Several interviewees also noted that some students are now choosing to go abroad largely because they can afford to, rather than being driven by academic ability and ambition. For example, a careers counsellor working at a China-based TNE programme sponsored by a US university noted that the children of wealthy Chinese families who do not perform well on China's university entrance exams often choose to go to foreign universities because they may have less rigorous entrance requirements. Overseas graduates in this position may return to find themselves less competitive than they had expected, due to the rising standard of domestic graduates.

In our survey, 72 per cent of respondents agreed that local undergraduates from foreign universities are also paid slightly more than domestic graduates. Of these, 47 per cent reported that overseas graduates with work experience are likely to command a wage premium of 10–20 per cent, while 36 per cent reported a 20–30 per cent salary boost within six to 12 months of job commencement. Only 8 per cent reported a salary boost of less than 10 per cent.

This expected boost to earning power may be a contributing factor in students' decision to study abroad and may also affect the way in which returning overseas graduates approach job negotiations. In the survey, 60 per cent of respondents agreed that new hires with local degrees had lower salary expectations, while just 17 per cent reported lower expectations among new hires with foreign degrees. This suggests that overseas graduates are aware of their worth in the jobs market and willing to demand a premium for it. However, there is some evidence that overseas graduates may have unrealistic salary expectations.¹⁹

An interviewee from a media firm suggested that strong competition for jobs has placed employers in a much stronger bargaining position. While studying abroad may help graduates become "more distinctive", he said, it does not always lead to a higher salary, especially in an entry-level role. However, another interviewee noted Chinese universities' growing

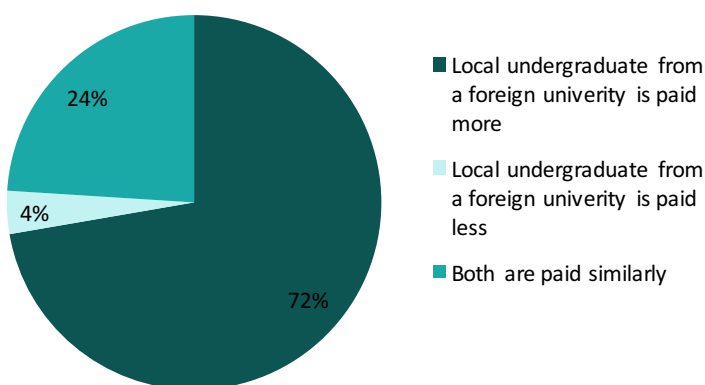
students and graduates. *Journal of Higher Education Policy and Management*, 38(3), 264–281 (citing previous research including New Oriental 2015; Guanghua School of Management 2012; and Liu et al 2014)

18 CCG. (2017). *Report on employment and entrepreneurship of Chinese returnees 2017*. Retrieved from <http://en.ccg.org.cn/report-on-employment-entrepreneurship-of-chinese-returnees-2017/>

19 Mok, K. H., Wen, Z., & Dale, R. (2016). *Employability and mobility in the valorisation of higher education qualifications: The experiences and reflections of Chinese students and graduates*. *Journal of Higher Education Policy and Management*, 38(3), 264–281.

preference for academics with foreign degrees: “I think this is a new trend in China. If universities are doing this, then it is something that was implied to them by the government and I am sure private companies and government-owned companies will follow in their footsteps”.

Is a local undergraduate from a foreign university paid more or less than a local undergraduate from a local university? (per cent, N = 350)



By how much is a local undergraduate from a foreign university paid more than a local undergraduate from a local university? (per cent, N = 253)

10 per cent or less	6%
Between 10 per cent and 20 per cent	47%
Between 20 per cent and 30 per cent	36%
Between 30 per cent and 40 per cent	8%
More than 40 per cent	3%

Source: Graduate Employability Survey 2018

Overseas graduates experience other challenges in the job market as well, such as disconnections from valuable local networks. With 8 million students graduating from Chinese universities each year (as of 2017), there is strong competition for jobs, and it can be harder to find work without family and social connections. One interviewee shared personal experience with this: “Since I did not study in China, I do not have a network of colleagues or classmates who would help me. If I [went to college in] China, I would have a network of fellow students who graduated from Chinese universities, then we would tend to go to companies or institutions that are government-owned or owned by a Chinese company.”

Academic research, surveys and interviewees’ observations also suggest that people who study overseas can lose their sense of the Chinese market and can experience reverse culture shock as they attempt to integrate back into a Chinese work environment. The 2017 CCG and Zhaopin.com survey found that 66 per cent of respondents said they lacked understanding of the domestic employment situation, and 45 per cent cited an inability to accustom themselves to the domestic working environment. A 2016 report²⁰ similarly noted that returning overseas graduates could face difficulties

20 Hao, J., Wen, W., & Welch, A. (2016). *When sojourners return: Employment opportunities and challenges facing high-skilled Chinese returnees*. *Asian and Pacific Migration Journal*, 25(1), 22–40.

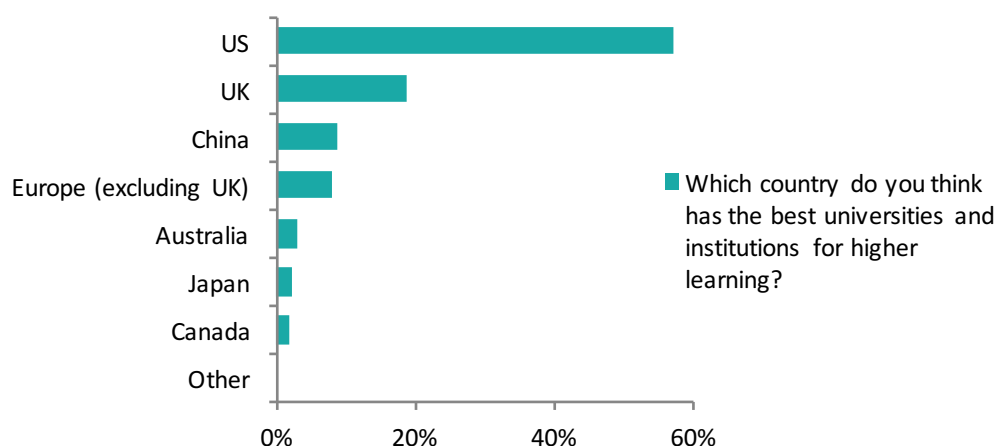
in re-adjusting to China's workplace culture, with its emphasis on interpersonal networks (guanxi), as well as to its work styles and pace.

As the careers counsellor at a TNE programme noted, there is "a fine balance between maintaining that local savvy and local knowledge but also developing some of those [international] skills that might be needed for long-term success." Concerns about losing valuable social networking opportunities could encourage students to choose shorter courses abroad. It could also encourage students to study in China for an undergraduate degree and then go abroad for a postgraduate qualification. These concerns could also prompt some students to choose TNE courses in China over foreign universities.

4.2 Employers' attitudes towards different countries

English-speaking countries are the destination of choice for Chinese people studying abroad, with the US the most popular choice (see Chapter 2). In the survey, 57 per cent of employers reported that the US has the best universities in the world, with the UK coming in second (19 per cent). However, many studies have found that parents and prospective students look at the quality of a university, rather than just the country in which it is located, when choosing where to study. The survey findings show that this also extends to employers, with 75 per cent of survey respondents agreeing or strongly agreeing that a university's reputation is an important criterion when looking at candidates.

Which country do you think has the best universities and institutions for higher learning? (per cent, N = 350)



Source: Graduate Employability Survey 2018

The survey reveals a positive perception of UK universities, with 77 per cent of respondents reporting that studying in the UK adds value for a jobseeker. The UK is seen as particularly appealing as a destination for high-quality postgraduate

study: 84 per cent of respondents reported that a postgraduate degree is valuable for a jobseeker, 52 per cent agreed that postgraduates from UK universities are the best in the world, and 77 per cent agreed that UK universities produce better postgraduates than Asian universities. (The US has the best reputation for postgraduate study, with 60 per cent of respondents agreeing that postgraduates from the US are the best in the world.)

Employer perceptions of UK education (per cent, N = 350)

Employer perceptions of UK education (per cent, N = 350)			
Survey Questions			
	Having studied in the UK is a value added for a jobseeker	Postgraduates from UK universities are best	Postgrads from UK universities are offered the highest salaries
Strongly disagree	0%	2%	1%
Disagree	1%	10%	8%
Neither agree or disagree	22%	36%	35%
Agree	51%	38%	42%
Strongly agree	26%	14%	14%

Source: Graduate Employability Survey 2018

4.3 Employers' attitudes towards transnational education

Our survey suggests that the quality of TNE programmes, and perceptions of those who graduate from these programmes, are improving: 86 per cent of respondents reported that they had hired graduates from a local university delivering a foreign degree programme. Overall, almost half of surveyed employers thought overseas graduates and graduates from local universities offering foreign degrees were of similar quality, while 6 per cent said that graduates from local universities with foreign degree programmes were better than overseas graduates.

Employer perceptions of Transnational Education (TNE) (per cent, N = 350)	Overall	Foreign/ international companies	Local companies
Overseas graduates are better quality than TNE graduates	45%	44%	46%
Overseas graduates are poorer quality than TNE graduates	6%	7%	5%
Both are somewhat equal in quality	49%	50%	49%

Source: Graduate Employability Survey 2018

An interviewee in charge of HR for a media company explained that TNE programmes' value stems from the international nature of both faculty and other students: "They have value because most have faculty from overseas universities and these programmes also attract a lot of international students from abroad who want exposure to China, so I think it is just as beneficial [as travelling overseas to study]."

Findings from a 2014 survey²¹ suggest that the language opportunities offered by these programmes are key to their appeal: 83 per cent of students in TNE programmes cited improving language skills as an important factor in their decision to enrol.

4.4 Disadvantages of overseas study

Studying abroad appears to improve employability in China, particularly if overseas graduates have acquired soft skills, English proficiency and/or hard skills in certain in-demand areas. However, there can be some disadvantages.

First, those who study abroad may suffer a disconnection from their local culture, knowledge and networks. For example, living abroad for a prolonged period of time can result in a lack of knowledge about the rapid changes taking place in Chinese society, especially in terms of technology use and consumption patterns. In the survey, 61 per cent of respondents reported that new hires with local degrees had better knowledge of the local market, while just 16 per cent favoured overseas graduates. This disconnect can become more pronounced the longer students are away. As discussed in the previous chapter, a lack of social networks at home can also make it harder to secure jobs in an increasingly competitive market.

Perceived disadvantages of overseas graduates (per cent, N = 350)



Source: Graduate Employability Survey 2018

²¹ Mok, K. H., & Han, X. (2016). From 'brain drain' to 'brain bridging': Transnational higher education development and graduate employment in China. *Journal of Higher Education Policy and Management*, 38(3), 369–389.

Second, transitioning back into a traditional, hierarchical Chinese working environment can be a challenge. As one interviewee explained, “[if] they have been overseas and perhaps interned in a Western company, they may experience a culture gap with management when they return to China.” Another interviewee highlighted the importance of respect for seniority and willingness to work extra hours in order to cement relationships with senior managers. She suggested that employees who have studied abroad may be less prepared to meet these expectations—something she believes Chinese companies dislike about foreign hires. “We feel that we do not have the obligation to work hours after the day is over and then not get paid for that amount of hours,” she noted. Our survey suggests that employers may struggle with the attitudes of overseas graduates, with respondents reporting that local graduates are easier to manage (48 per cent) and more loyal (44 per cent), with lower salary expectations (60 per cent). The perceived differences between foreign and Chinese workplace cultures can affect the value of an overseas degree, particularly for those applying to SOEs.

Finally, both local and overseas graduates tend to lack work experience, which was cited by 47 per cent of survey respondents as a key challenge in filling vacancies. Interviewees suggested that this is particularly a challenge for overseas graduates and can put them at a disadvantage when applying for jobs. One interviewee noted that “if you are a foreign student overseas, employers have limitations on the kinds of internships they can offer”, while another agreed that “most companies or institutions in the host university country prefer a local student”, adding that this can affect overseas graduates’ ability to find suitable work experience while abroad. Some interviewees suggested that overseas universities could do more to integrate workplace training elements into their courses, such as internships and apprenticeships, which would help Chinese students to gain valuable work experience and demonstrate their abilities to potential employers.

Beyond the areas covered in the survey, several interviewees noted that careers advice is an area where overseas HEIs are lacking. Improving this system for students returning to China would help educate them about the requirements of the local market when they returned and help them to compete alongside domestic graduates. Interviewees also agreed that extensive alumni networks in China can play a big role in helping students find work when they come back to China. Some larger and prestigious universities already have these in place, although these can be limited to one or two cities, such as Beijing or Shanghai.

CONCLUSIONS AND RECOMMENDATIONS

Chinese employers still place a high value on overseas education. Overseas graduates are seen as having strong advantages in several areas where employers are facing skills gaps – in particular, they were seen as being more creative, having better interpersonal / communication skills (including but not limited to English language ability), and being stronger at problem-solving and analytical thinking. Graduates from overseas universities are also highly regarded for a number of specific technical skills.

On the other hand, overseas study also brings several disadvantages in employers' eyes. Some are the secondary effect of an advantage – for example, overseas graduates are seen as less loyal because their higher attractiveness to many employers makes it easier for them to find a better position elsewhere. Others are related to the negative effects of being out of China for an extended period: lower knowledge of the local market environment, weaker social networks in China, and less experience in the Chinese workplace.

Universities in the UK and other major destination countries can provide support to their students intending to return to China in several ways. Career advice and support was seen as a competitive disadvantage of overseas universities; this can help students to understand the local employment market and their own position in it as well as helping graduates to find employment through in-country resources or alumni networks. Work experience is also seen as a very important factor by employers – almost half of employers identified candidates' lack of work experience as a difficulty even when filling entry-level roles – so greater opportunities for internships or other work placements during the course would also help returning Chinese graduates to find a suitable job.

Another important finding of the survey is that, although most employers would pay more for an overseas-educated candidate, the salary premium is fairly modest. The median salary boost for overseas-educated returnees was only 10 to 20 per cent, and just 3 per cent of employers said they would pay these candidates more than 40 per cent over what a locally-educated employee would earn.

These survey results may underestimate the salary advantages of an overseas degree. Although returnees may not earn much more than local graduates in the same company, they are more likely to be employed at large multinational companies who tend to pay higher salaries overall. In addition, research has shown that the main financial benefits of overseas education come later in a returnee's career. According to a report from Chinese recruitment firm BossZhipin, 43 per cent of returnees made salaries of over RMB 20,000 per month eight years after returning, which is more than triple the proportion of their counterparts who graduated from local universities. Nevertheless, the survey confirms that a returning graduate is unlikely to receive a high salary immediately after returning to China, and universities should do more to prepare their students for this reality.

When comparing transnational education programmes to overseas study, around half of employers felt that students who earned a foreign degree in China were of similar quality to those that studied abroad, but most of the remainder felt that graduates returning from overseas made better employees. This shows that there is still a significant advantage to the overseas experience, despite the disadvantages discussed above. Although most employers would still agree to hire a TNE graduate, this shows that there is still scope for HEIs running overseas programmes in China to better articulate the advantages of this model of study.

The survey confirmed the results of previous research in terms of the position of the UK. It shows that employers' attitudes towards UK universities are very positive overall, especially towards postgraduate programmes. Nonetheless, there is room for universities to do more to prepare returnees for the Chinese employment environment.

