

Report on Employment & Entrepreneurship of Chinese Returnees 2017

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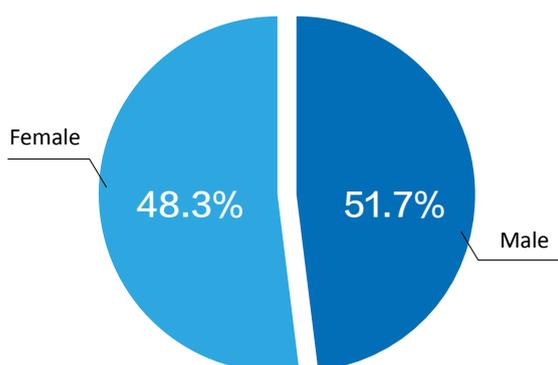
Employment, has been a top priority in Chinese society since the reform and opening-up policy, for it being a crucial element in a country's talent development strategy. According to the Ministry of Education, the total number of the students graduating from Chinese higher education institutions in 2017 is expected to hit 7.95 million, 4% higher than 2016. Meanwhile, about 432,500 students returned to China after graduating from overseas universities in 2016, up 36.26% from 2012, according to a joint conference focusing on Chinese overseas students, making the total number of Chinese returnees exceed 2.65 million by the end of 2016. The biggest ever wave of Chinese returnees proves China is becoming a talent magnet for its rapid economic development, while bringing more pressure to the domestic employment market that deserves more attention both from the government and society.

In 2015, CCG and Zhaopin.com, a leading recruitment platform, jointly released the Report on Employment & Entrepreneurship of Chinese Returnees 2015 that drew great attention from academic community and media both at home and abroad. It was covered by nearly a hundred of domestic and international media outlets, with the new trends and prospect of Chinese returnees' employment and entrepreneurship in China highlighted. To build on the success, CCG joined Zhaopin.com again this year in a more in-depth research on the issues and published their new findings for 2017. The latest report shed the light on the current situation and challenges of Chinese returnees' employment and entrepreneurship after graduation, especially those who were born in the 1980s and 1990s. Based on the result of 1,821 valid survey questionnaires collected, the key findings are as follows:

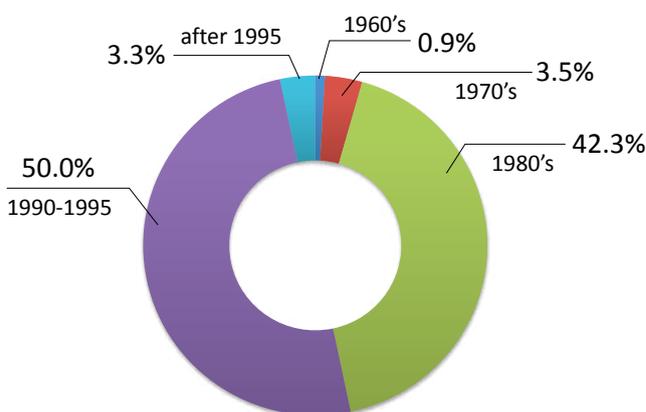
1 General information about Chinese returnees

1) Survey sample features: more male than female; nearly all are Chinese citizens; more than half were born in the 1990s; over 70% are the single child of the family; and more than 70% are unmarried.

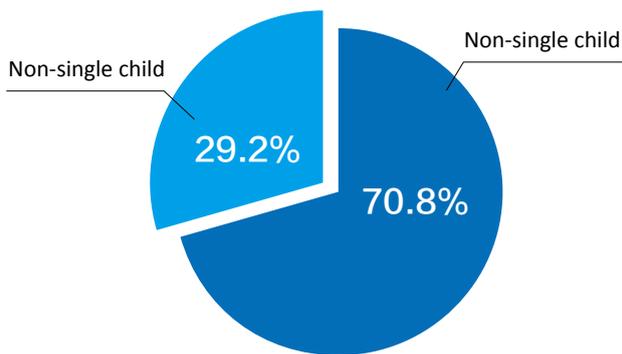
The survey strikes a balance in the gender of those polled, with male accounting for 51.7% and female 48.3%. Among all, up to 99.3% have Chinese citizenship while 0.7% has already obtained other nationalities.



In terms of age, most respondents were born in the 1980s and 90s, accounting for 42.3% and 53.3%, respectively, followed by those born in the 1970s (3.5%) and 60s (0.9%). As for their civil status, 24.9% of the respondents are married, and 74% still single.

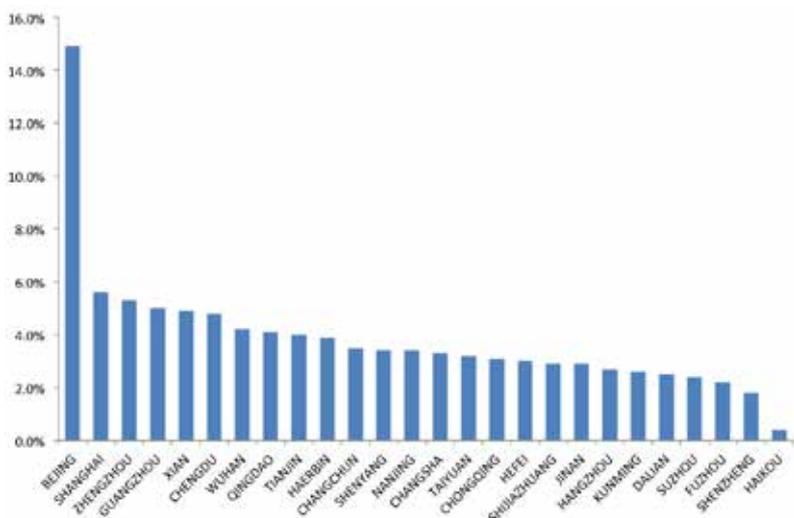


The survey also shows a majority of respondents are the only child of their families, accounting for 70.8% of the total. Therefore, more and more overseas Chinese students chose to return home for family reunion and senior care, as China entered into the aging society.

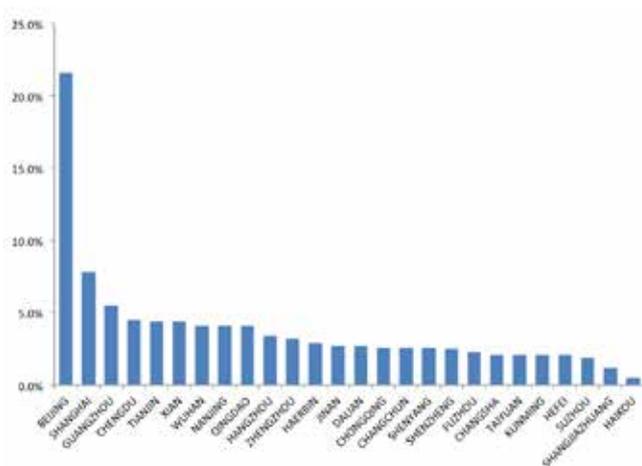


2) The source of those studying abroad: Beijing remains top source of Chinese returnees, followed by Shanghai and Guangzhou; a majority of them have obtained their bachelor's degrees before studying abroad.

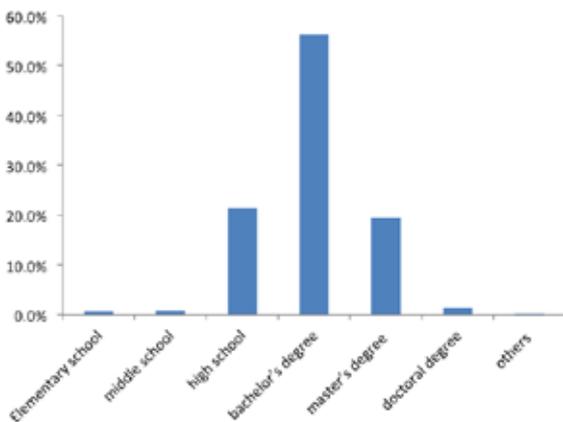
Beijing has a clear leading role as the top place of source of Chinese returnees, followed by Shanghai, Zhengzhou, Guangzhou, Xi'an and Chengdu, covering China's eastern, central, and western regions.



Beijing, Shanghai and Guangzhou are the top three places of residence for Chinese returnees before they went abroad to study, followed by Chengdu, Tianjin, Xi'an, Wuhan, Nanjing, Qingdao, Hangzhou, Zhengzhou, and other major cities in the eastern, central and western regions.

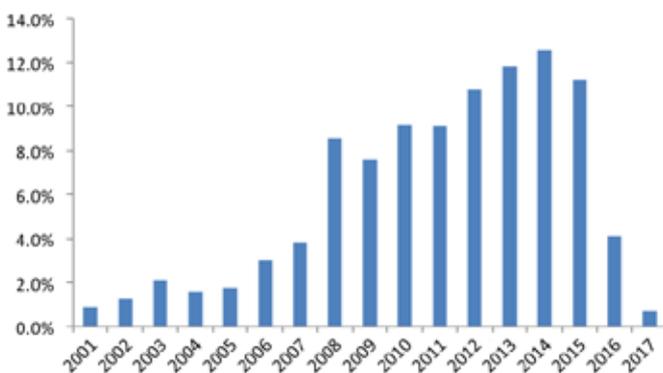


In terms of their education levels before studying abroad, 56.2% have got a bachelor's degree, 21.4% a high school diploma, and 19.5% master's degree. Few has brought with them a doctoral degree (1.3%) or elementary school completion certificate (0.7%).

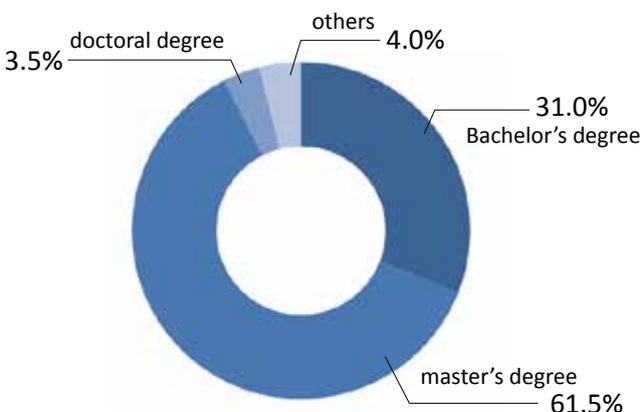


3) Trends in studying abroad: most respondents returned from overseas universities/colleges between 2008 and 2015; most returnees obtained master degree abroad and majored in business; the United States and United Kingdom remain the top two destinations of Chinese students.

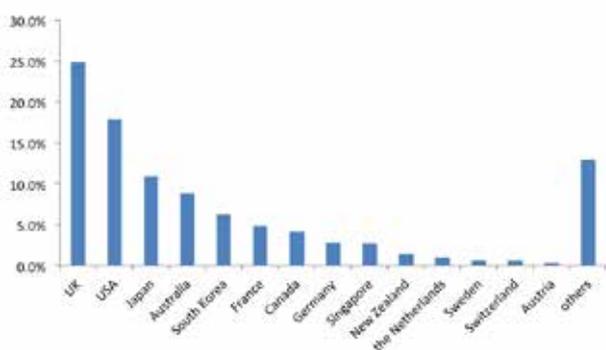
Over 80% of the respondents returned from abroad after graduating from universities and colleges between 2008 and 2015. Since those who were enrolled in 2015 will graduate in 2017 and onwards, they were not included in the survey sample.



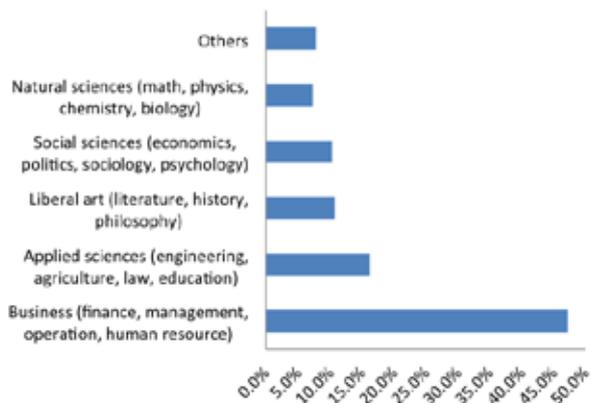
In terms of the highest education level completed abroad, 61.5% of respondents obtained master's degree, 31% bachelor's degree, and 3.5% doctoral degree.



The top five destinations for studying abroad are UK (24.9%), USA (17.9%), Japan (10.9%), Australia (8.8%), and South Korea (6.3%). France and Canada also both have the share of over 4%.

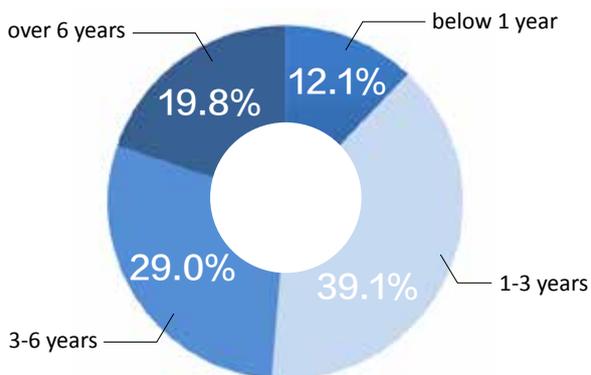


Among all the respondents, 47.3% chose to major in business-related disciplines, 16.2% in applied sciences, 10.8% in liberal arts, and 10.4% in social sciences. Compared to the 2015 survey result, the number of business-majored returnees increased 12.1%.

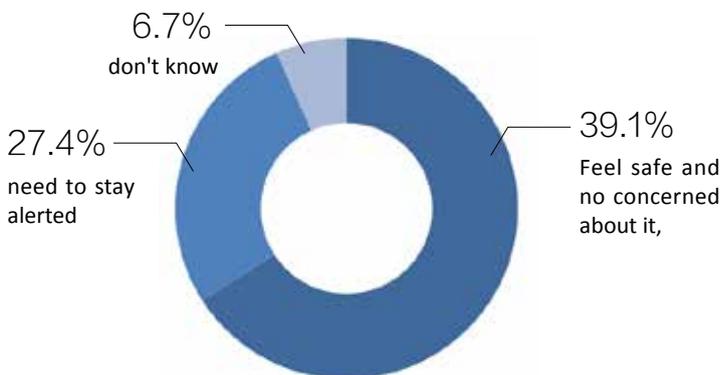


4) Life overseas: the duration of living abroad is averagely between one and three years; over 60% of respondents consider campus security breaches as only individual cases; about 65% of them remain uncertain about their career development prospect overseas.

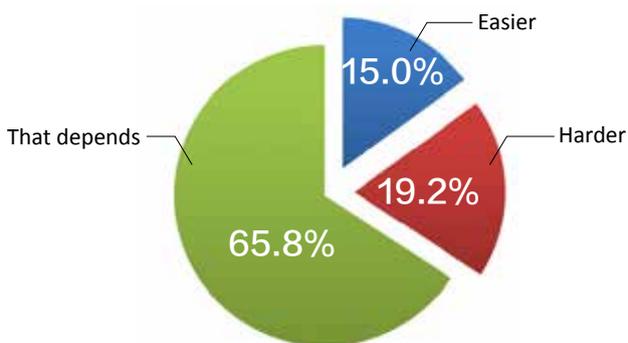
For those who studied abroad for the first time, 39.1% of them stayed for 1 to 3 years, 29% stayed for 3 to 6 years, 19.8% long than 6 years, and 12.1% less than 1 year. The length varies according to the education system in each country. For instance, a master's degree program in the United States usually lasts for two years, while it only takes one year to complete it in the UK.



On the campus security concern, 65.9% of those polled believe that it's safe and few individual cases exaggerated by media coverage. While, 27.4% of them still believe it necessary to stay alerted.

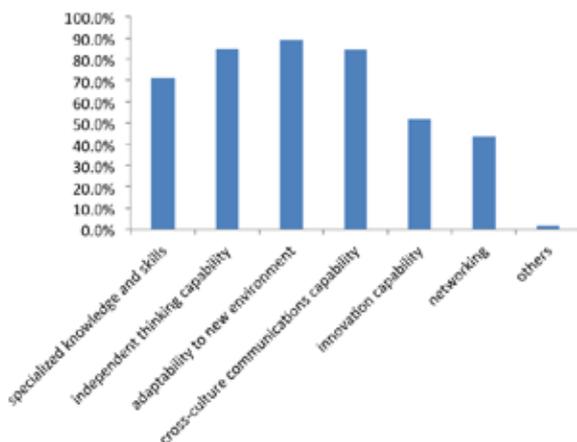


When asked to compare the career prospect in China and abroad, 19.2% of returnees believe it is more difficult abroad than at home, while 15% chose the opposite. The rest 65% believe it should be determined case by case.

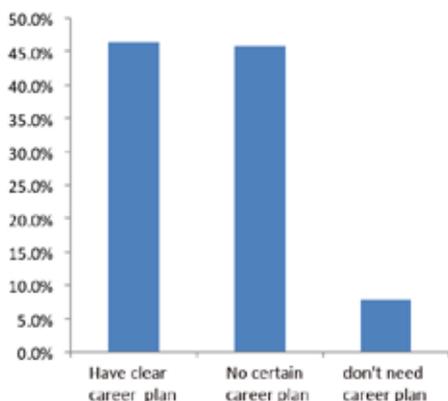


5) Skill training and career planning: Chinese returnees have significantly improved their independent living skills; 46.3% of them have set clear career development paths.

The studying abroad experience has brought great benefits on Chinese returnees' independent living skills, such as adaptability to new environment (89%), cross-culture communications capability (84.9%) and independent thinking capability (84.4%), specialized knowledge and skills (71.2%), innovation capability (52.1%) and networking (43.7%).

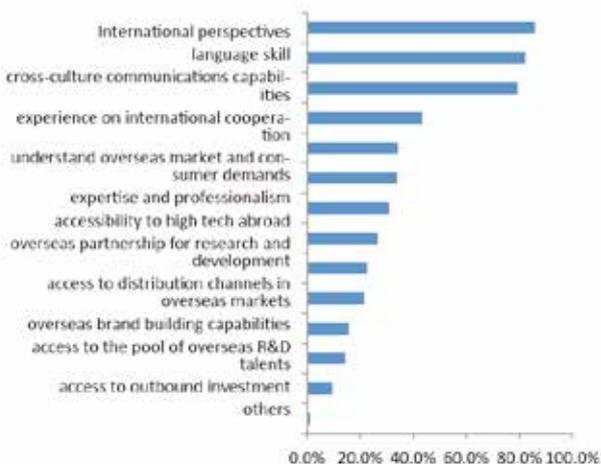


In terms of career planning, 46.3% of those polled said they had clear goals, while 45.9% made no specific plan. The remaining 7.8% chose not to make plan at all.

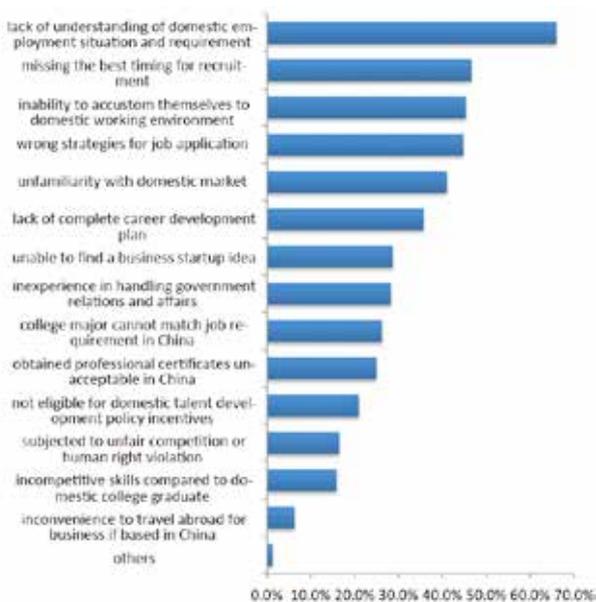


6) Returnees' advantage and disadvantage: they are more competitive in the domestic market for their international perspectives, language skills, and cross-cultural communications capabilities; they lack understanding of domestic employment situation and requirement

Nearly 86% of the respondents believe their biggest competitiveness in the domestic job market is their international perspectives obtained from studying abroad, followed by language skills (82.2%) and cross-cultural communications capabilities (79.5%)

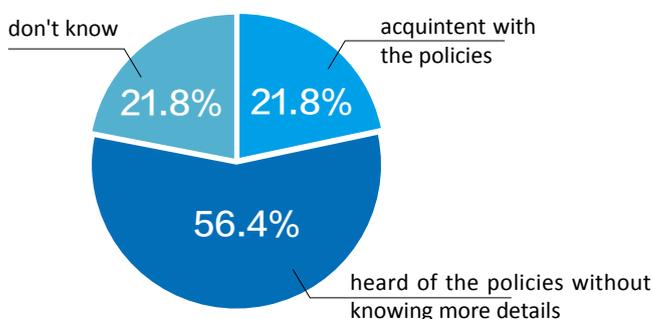


In terms of the disadvantage, 65.9% of the respondents mentioned the lack of understanding of domestic employment situation and requirement, followed by missing the best timing for recruitment (46.6%), inability to accustom themselves to domestic working environment (45.3%), wrong strategies for job application (44.7%), unfamiliarity with domestic market (41%).

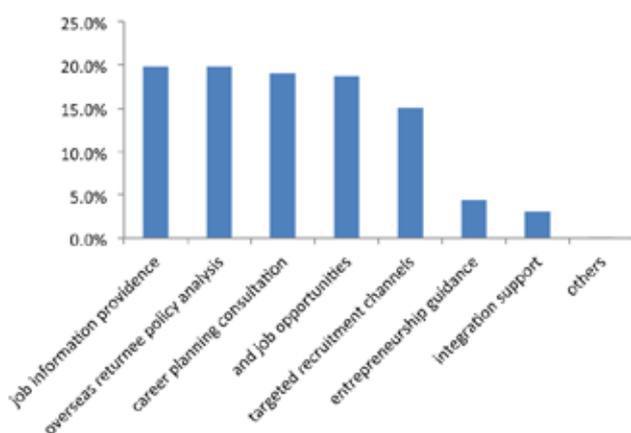


7) Understanding of relevant policies: only 21.8% of returnees understand the policies to facilitate their employment and entrepreneurship back home; most of them need career consultation services to obtain the information for their job search; improved compensation and welfare is believed the most needed government incentives for returnees.

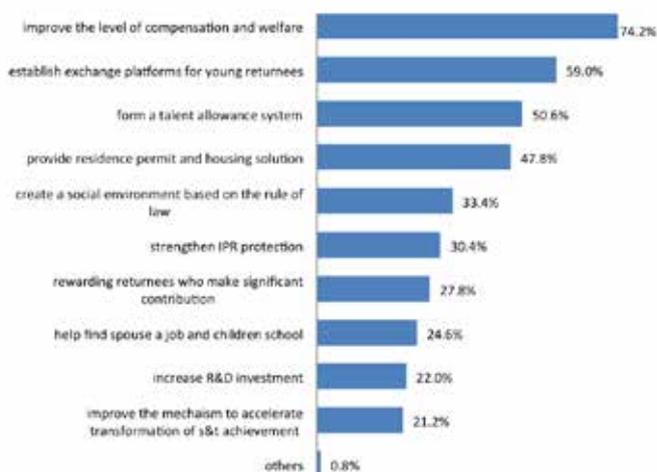
When asked about if they have knowledge about the incentive policies to attract overseas Chinese students to return, 56.4% of the respondents said they have heard of it but without knowing too many details, and 21.8% said they usually paid attention to the relevant information and so had sufficient knowledge about it. The remaining 21.8% chose “don’t know”.



The top four services overseas returnees desire most before they come back to China are job information providence (19.8%), overseas returnee policy analysis (19.8%), career planning consultation (19%), and job opportunities recommendation (18.7%).

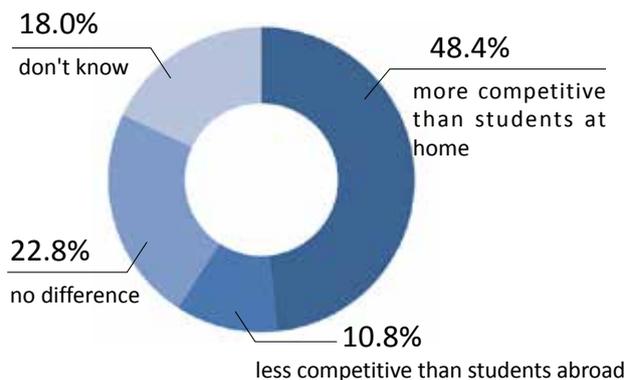


Based on the feedback, the most-needed measures to increase policy incentives to attract overseas Chinese students are: improve the level of compensation and welfare (74.2%), establish exchange platforms for young returnees (59%), form a talent allowance system (50.6%), provide residence permit and housing solution (47.8%), create a social environment based on the rule of law (33.4%), and strengthen IPR protection (30.4%).

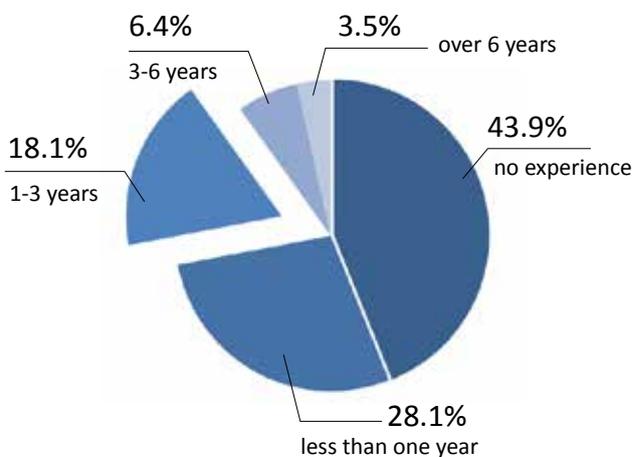


8) Returnees' employment situation: nearly half of the returnees believe they are more competitive than the students graduating from domestic universities or colleges in job market; 56.1% of them have full-time work experience abroad; over 40% have stayed in China less than one year since their return.

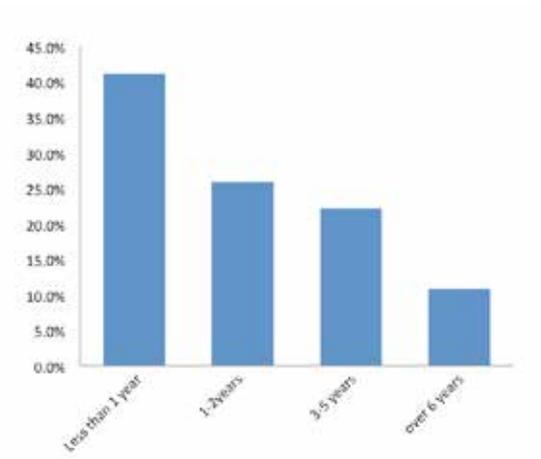
Compared to those without studying abroad experience, 48.4% of overseas returnees believe they are more competitive in the domestic job market, 22.8% find no difference in their competitiveness, and 10.8% said they are less competitive.



The survey finds 43.9% of the returnees have no full-time working experience abroad. Among those who worked full time abroad, 28.1% of them have less than one year of experience, 18.1% have 1 to 3 years of experience, and 6.4% have experience of 3 to 6 years.

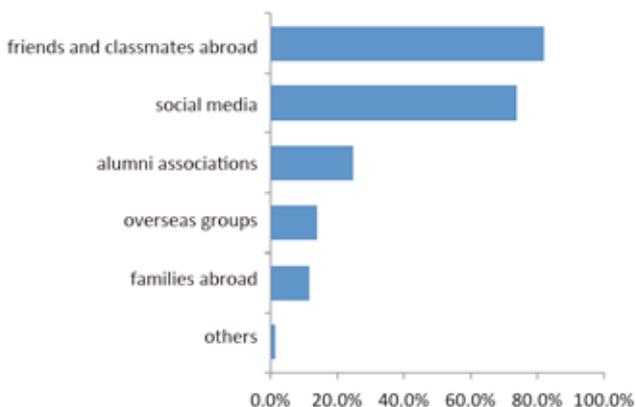


About 67% of the returnees surveyed came back to China less than two years ago, including 41.1% having stayed in China for less than one year, 25.9% for 1 to 2 years, 22.2% for 3 to 5 years, and 10.8% for over 6 years.

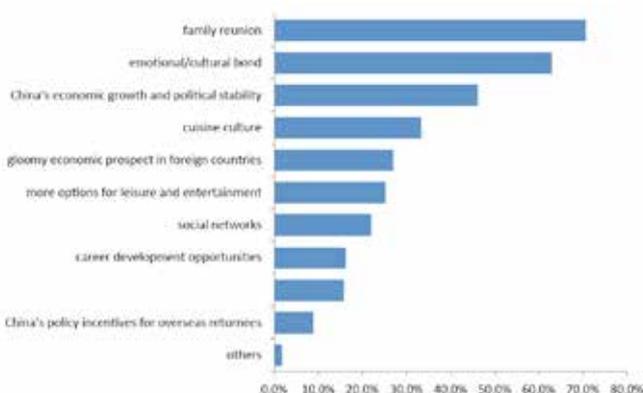


9) Personal networks: overseas friends and classmates are the primary medium for Chinese returnees to stay connected internationally; family reunion is the biggest motivation for their return; over 90% of them believe they can adapt themselves to society.

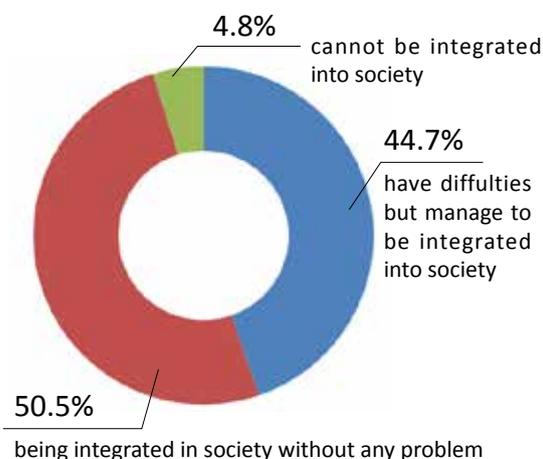
More than 82% of the respondents said they stay connected internationally after their return through friends and classmates abroad, followed by social media (73.7%), alumni associations (24.7%), overseas groups (13.9%) and families abroad (1.4%).



The survey finds family reunion and emotional/cultural bond are the two major reasons for their return, which were selected by 70.6% and 63% of the respondents, respectively. It is in line with the fact that over 70% of the people in the survey sample group are the single child in their families. Other factors mentioned include domestic economic growth, political stability, cuisine culture, gloomy economic prospect in foreign countries. Also, social networks and career development path are also key consideration when they decided to come home. Only 8.8% of them returned due to China's policy incentives to attract overseas returnees.

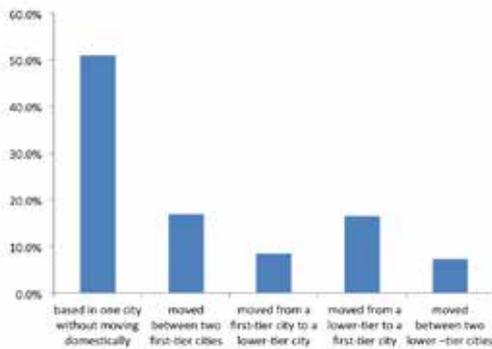


50.5% returnees have successfully adapted themselves to the new environment, and 44.7% find it a bit difficult but managed to overcome the difficulties. Only 4.8% feels it is too hard to them to do so, much lower than the 12.9% in the 2015 survey.

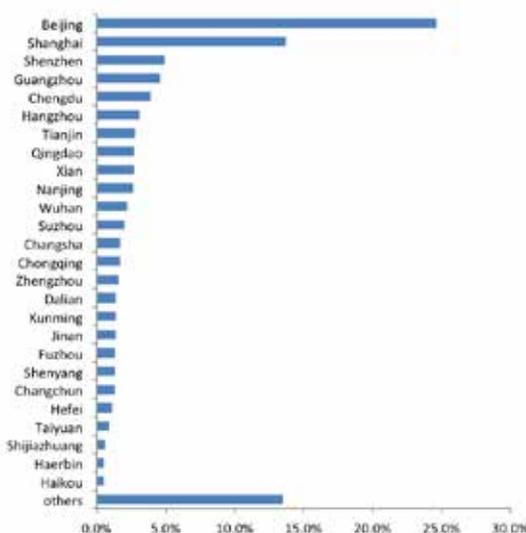


10) Preferred destinations: more than half of the returnees have not migrated to a different city domestically; Beijing remains the top destination and other economically developed cities are also preferred destinations.

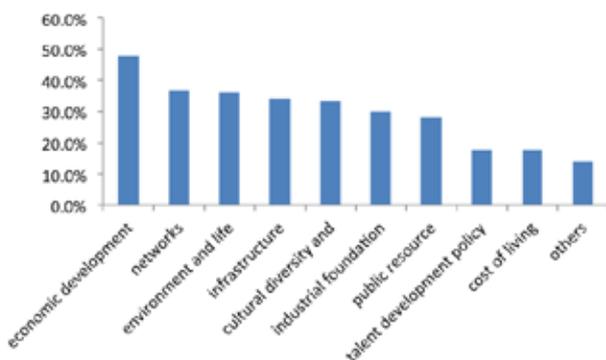
After return, 50.9% of the respondents have been based in one city without moving domestically. For those who have migrated to a different city, 16.9% of them have moved between two first-tier cities, 16.5% moved from a second-tier city to first-tier, and 8.4% moved from a first-tier city to a lower-tier. Those who moved between two lower-tier cities account for 7.3%.



Beijing and Shanghai still remain the top destinations for overseas returnees, chosen by 24.7% and 13.8% of them as the place of residence, respectively, followed by Shenzhen (4.9%) and Guangzhou (4.6%). Compared to the survey result in 2015, the popularity of Beijing and Guangzhou declined by 2% and 1.2%, respectively.

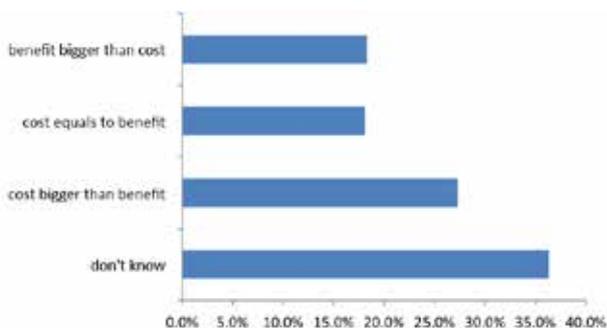


The main criteria for their choice of return destinations are economic development (47.7%), networks (36.8%), environment and life conditions (36.1%), infrastructure (34.2%), cultural diversity and inclusiveness (33.3%). Other considerations include industrial foundation, public resource, talent development policy incentives, and cost of living.

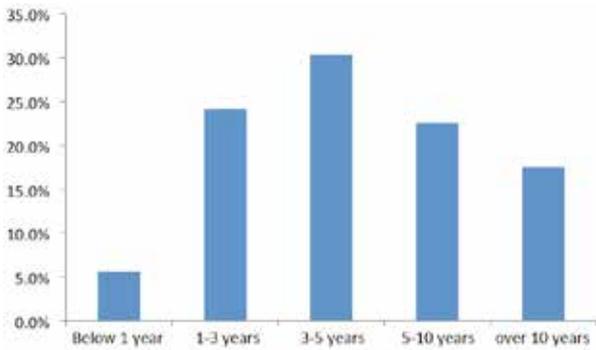


11) Evaluation of returnees' career development: more than 1/3 of the respondents believe studying abroad experience brought more benefit than cost to them; over 30% of returnees believe they can earn enough money in the next 3 to 5 years to cover their cost of studying abroad.

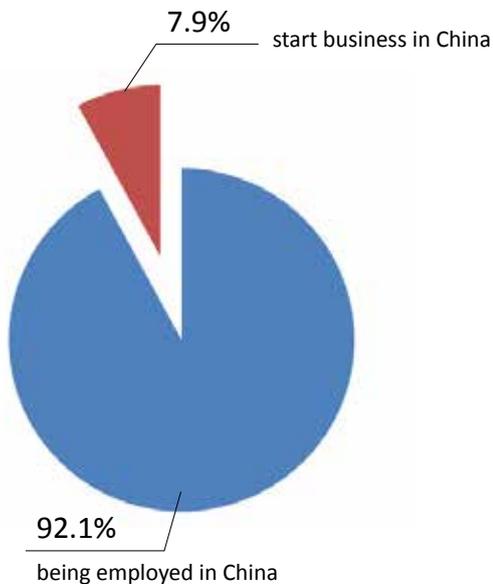
The survey finds 36.3% of overseas returnees, in general, have positive attitude towards studying abroad experience, believing the benefit is bigger than cost. Those who believe the benefit and cost break even. Only 27.3% of them argued the cost is actually higher than benefit.



Regarding the cost of studying abroad, 30.3% of the respondents believe they will earn sufficient income in the next 3 to 5 year to cover it, and 24.1% believe it only takes 1 to 3 years.



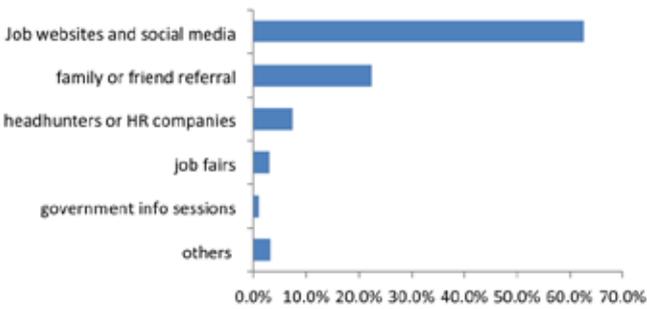
The survey sample can be further categorized into two groups – 92.1% of the respondents are employed domestically and 7.9% of them launched their entrepreneurship projects. Moving on, the report will zoom in to look into these two groups.



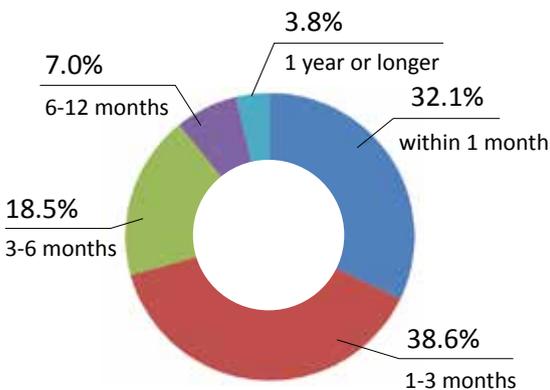
2 Employment of overseas returnees

1) Job application: job websites and social media are the primary channels for overseas returnees to find their first jobs back home; nearly 90% of them can find a job within half of year.

Job websites and social media are the most effective channels through which returnees find their first job back home, helping 62.6% get employed, followed by family/ friend referral (22.5%), headhunters or HR companies (7.4%), job fairs (3.1%), and government info sessions (1.1%).

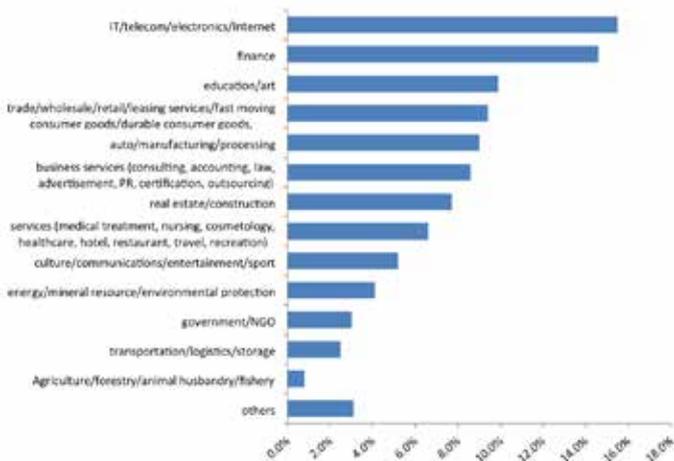


In terms of time consumed, 38.6% of the respondents only took 1 to 3 months to secure the first job back home, and 32.1% used less than one month. Another 18.5% succeeded in their job search in 3 to 6 months, meaning 89.2% of the returnees can be employed within half of the year.

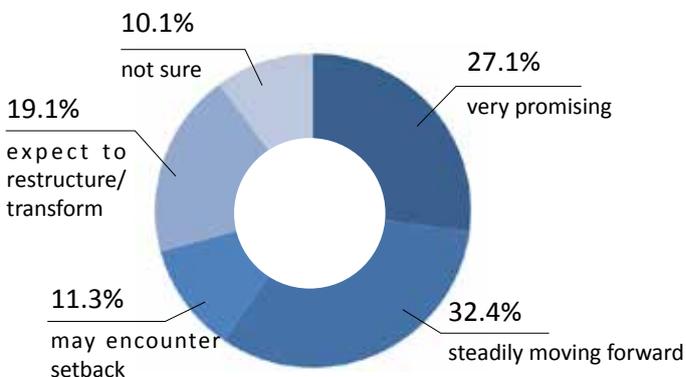


2) Preferred industrial sectors: the biggest sectors that hire returnees are IT/telecom/electronics/Internet and finance

The top five industrial sectors that hire overseas returnees are IT/telecom/electronics/Internet (15.5%), finance (14.6%), culture and sport (9.9%), trade/wholesale/retail/leasing services/fast moving consumer goods/durable consumer goods (9.4%), auto/manufacturing/processing (9%). Compared to the survey result in 2015, the number of returnees employed in IT/telecom/electronics/Internet increased 10%, making the industrial sector exceed finance to become the biggest returnee employer.

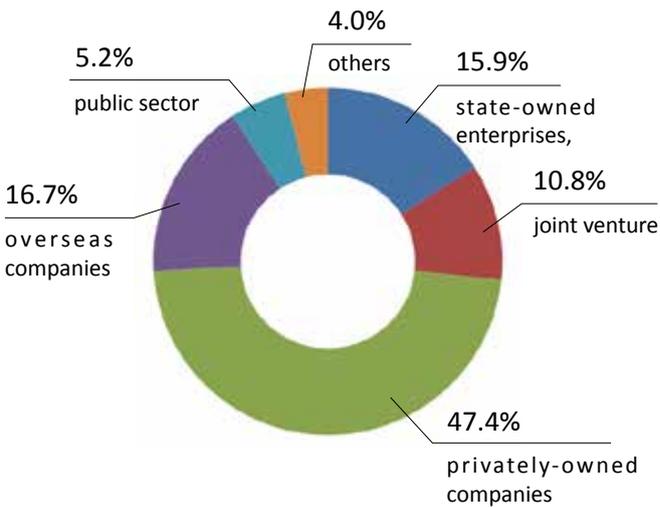


Overall, overseas returnees are optimistic about their career prospect in the next 10 years, with 27.1% of them believing it is very promising, and 32.4% saying it is moving forward steadily. However, 19.1% of them expect to restructure and transform their career development plan.

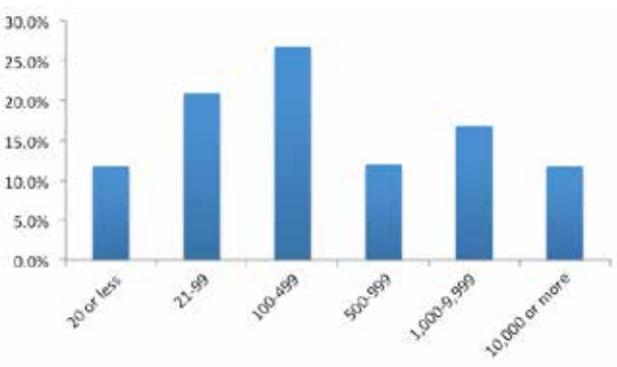


3) Employing firms: privately-owned enterprises are the major employers of overseas returnees, especially those with less than 500 employees.

Overseas returnees are employed by a great variety of enterprises, with 47.4% by privately-owned companies, 16.7% by overseas companies, 15.9% by state-owned enterprises. The number of returnees hired by privately-owned companies increased 11.3% from 2015, while the share of the returnees who joined overseas companies declined 10%, which shows the rising competitiveness of Chinese private firms.

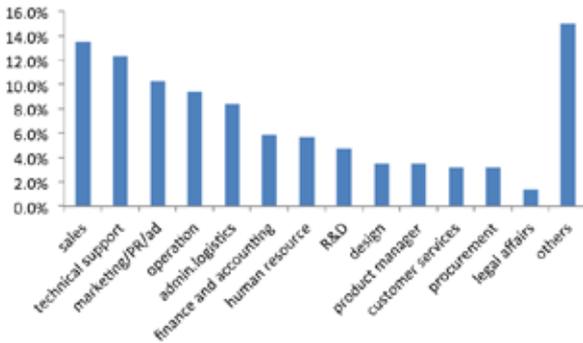


Among all that hire overseas returnees, nearly half of them are small and medium-sized companies, with 26.7% hiring 100 to 499 employees and 20.9% hiring 21 to 99 employees.

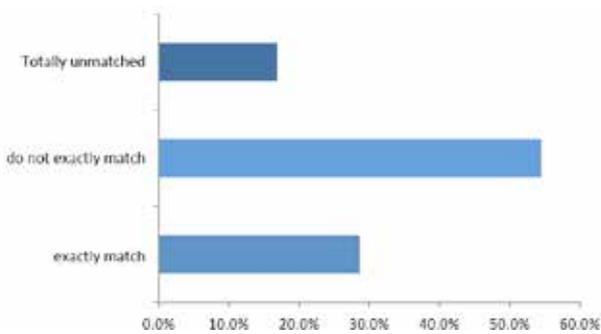


4) Job positions: the most popular positions are sales and technical support; most positions of the returnees do not match their majors when studying abroad.

The top five positions overseas returnees are placed in are sales (13.5%), technical support (12.3%), marketing/PR/advertising (10.3%), operation (9.4%), and administration/logistics (8.4%).

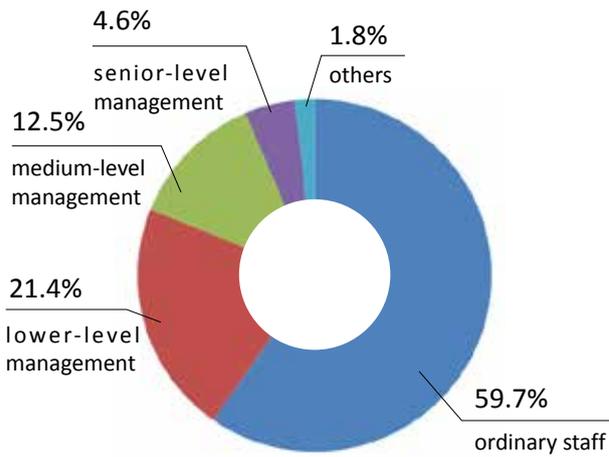


The survey finds only 16.9% of the returnees are working in the exactly same fields as their majors in universities/colleges abroad, while 54.5% of them believe their jobs do not exactly match their academic background and 28.6% said they are totally unmatched.

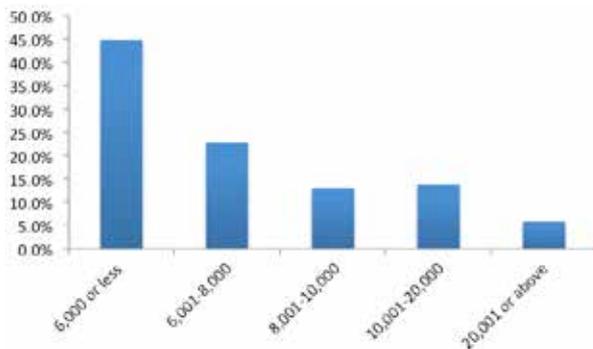


5) Income: more than 40% of the returnees earn less than RMB6,000 per month after tax, since most of them are not holding senior positions at their first jobs back home.

Nearly 40% of the returnees are hired for management positions, including 4.6% at senior level, 12.5% at medium level, and 21.4% at lower level, while 59.7% of them work as ordinary staff.

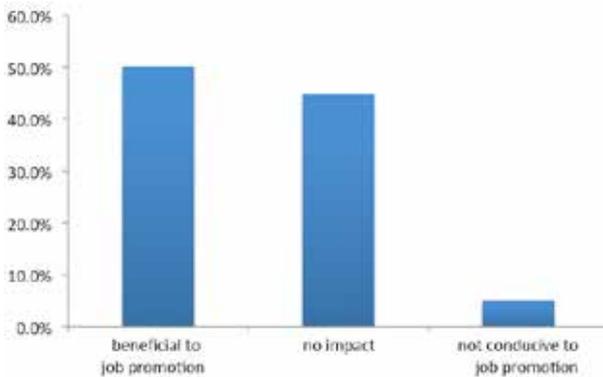


In terms of monthly income, 80.5% of the returnees earn RMB10,000 or less, including 44.8% making less than RMB6,000. Only 5.8% of them can earn RMB20,001 or more.

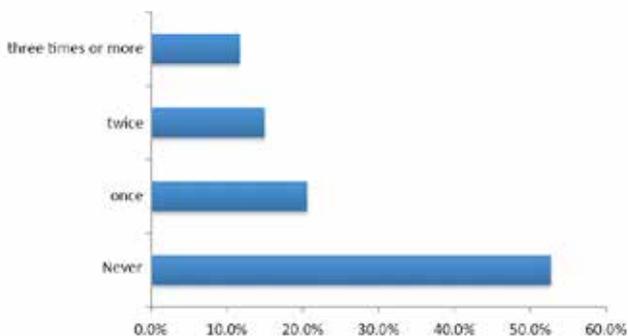


6) Career development: over half of the respondents believe studying abroad experience is beneficial to their career promotion; a majority of them are satisfied with their current job positions as 52.7% of them have not changed jobs yet.

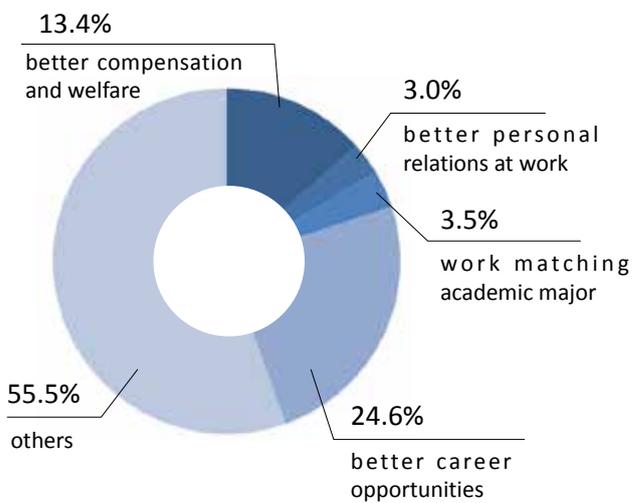
As for the impact of studying abroad experience on their career development, 50.1% of the respondents believe it is helpful, while 44.8% thinks it is irrelevant. The remaining 5.1% consider it a barrier in job promotion.



Among all, 52.7% of the returnees polled have not yet changed their jobs. Those that changed their jobs once account for 20.6%, and the rest of them have changed twice or more.



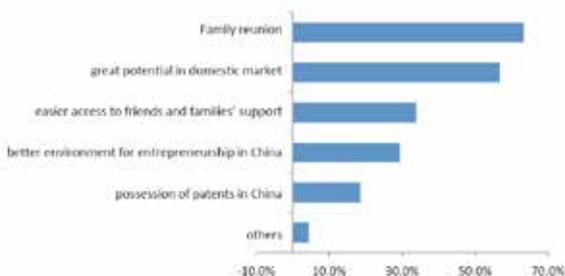
With respect to the reasons for their change of jobs, 24.6% of the respondents mentioned the pursuit for better career opportunities; 13.4% of them want better compensation and welfare; and 3.5% of them hope they can work in the same fields as their academic majors.



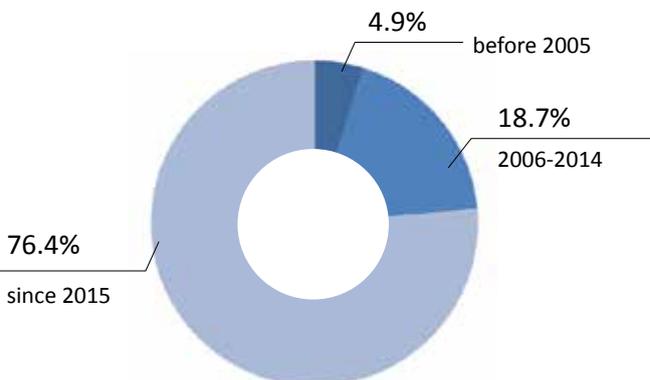
3 Entrepreneurship of overseas returnees

1) **General situation: family reunion and great potential in domestic market are the main motivation for overseas returnees to start business back home; their start-up business is focused in technology and modern service industries.**

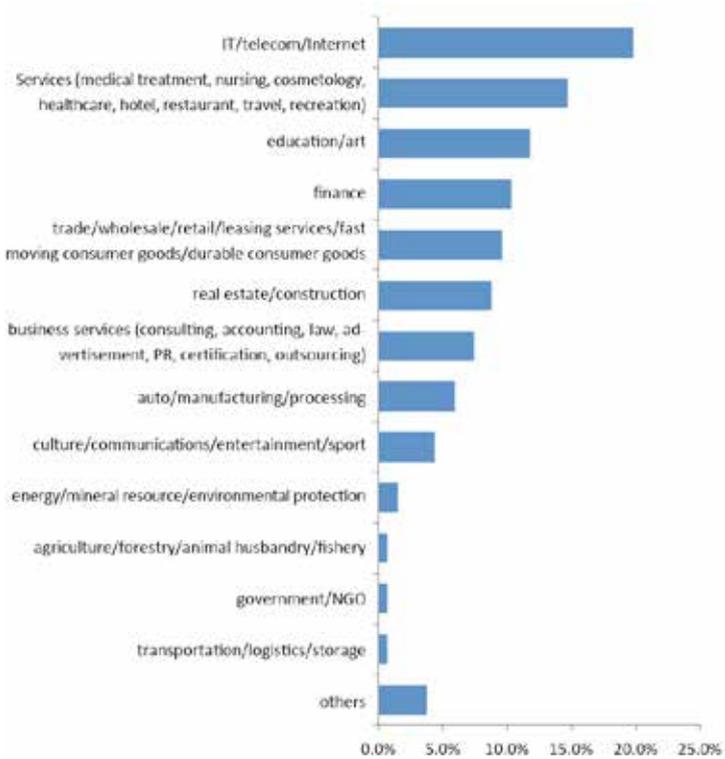
Around 63% of the respondents start their own business back home for the purpose of family reunion, and 56.6% of them is motivated to pursue entrepreneurship in China for its great potential. Other reasons include easier access to friends and families' support (33.8%) and better environment for entrepreneurship in China (29.4%).



The year 2015 has witnessed the boom of returnees' entrepreneurship, accounting for 76.4% of the total, due to the Chinese government policies that support mass innovation and entrepreneurship. Those that were started between 2006 and 2014 accounts for 18.7% and only 4.9% began prior to 2005.



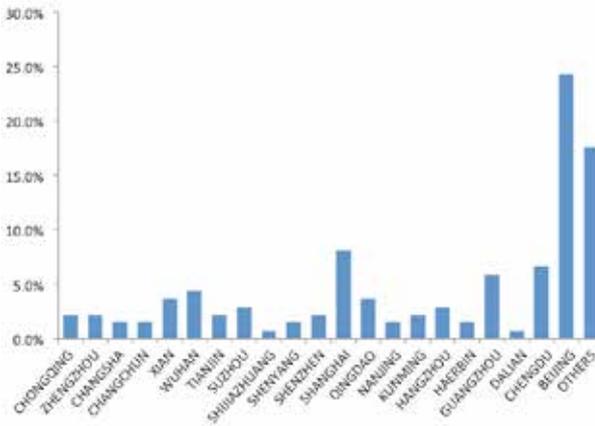
Sectorwise, technology innovation and modern services are most preferred by overseas returnees, with 19.8% in IT/telecom/Internet, 14.7% in services, and 11.8% in education and art.



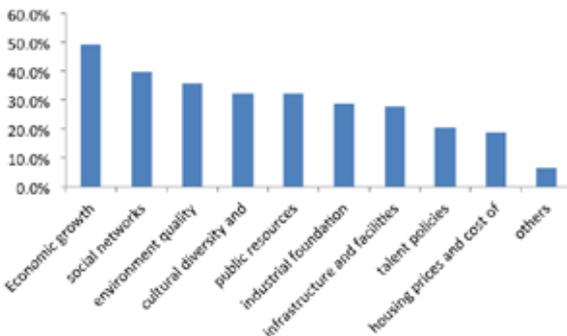
2) Preferable locations for business startup: Beijing remains the most preferable location to start business; second-tier cities such as Chengdu and Wuhan are rising as new preferable locations, due to their fast-growing economic momentum and extensive social networks.

The top five cities for overseas returnee to start their own business are Beijing (24.3%), Shanghai

(8.1%), Chengdu (6.6%), Guangzhou (5.9%) and Wuhan (4.4%), which, combined, home nearly half of the returnees. Zhongguancun, a science and technology innovation hub in Beijing, is particularly attractive to returnees.

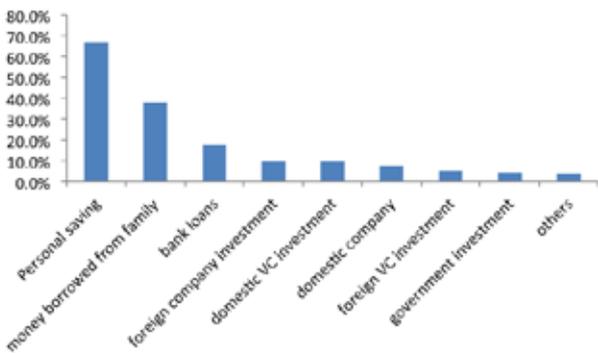


The top factors returnees consider when choosing a place to start their own business are economic development (49.3%), social networks (39.7%), environment quality (36%), cultural diversity and inclusiveness (32.4%), and public resources (32.4%). This finding shows that a city's soft power is the main criteria for returnees to choose the place for business start-up. Other factors include industrial foundation (28.7%), infrastructure and facilities (27.9%), talent policies (20.6%), housing prices and other cost of living (19.1%).

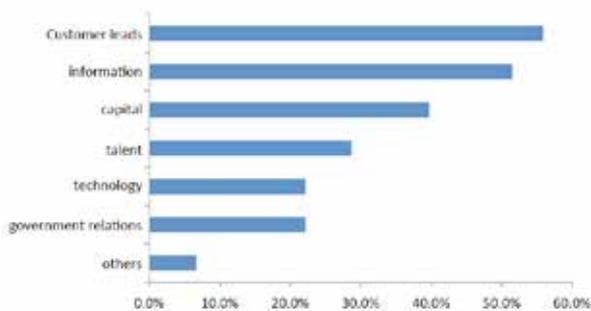


3) Entrepreneurship development: the main sources of finance are personal saving, family and friends' support, and bank loans; customer leads and information are most important resources for entrepreneurship; nearly 60% of the start-up companies have not started earning profit.

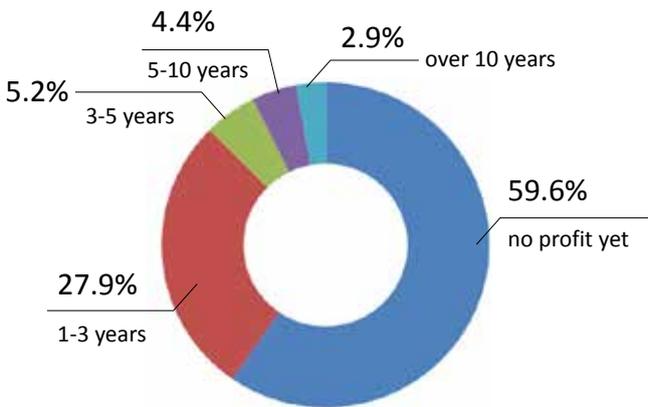
Returns have a great variety of sources of finance, including personal saving (66.9%), family and friends' support (38.2%) and bank loans (17.6%). Compared to 2015, the share of bank loans increased by 8.33%, which shows that returnees have easier access to financial institutions.



Among all the resources key to overseas returnees' entrepreneurship, customer leads (55.9%) and information (51.5%) are considered most important, followed by capital (39.47%), talent (28.7%), and government relations (22.1%).

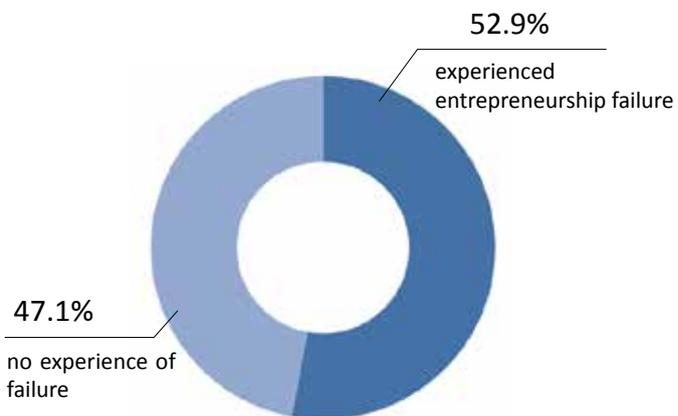


Returnees' start-up companies vary in terms of the circle of profit as they try in different sectors, scale, and management systems. Among all, 27.9% started earning profit in 1 to 3 years, while nearly 60% of them have not made profit yet. It makes sense since many of them were established in 2015.

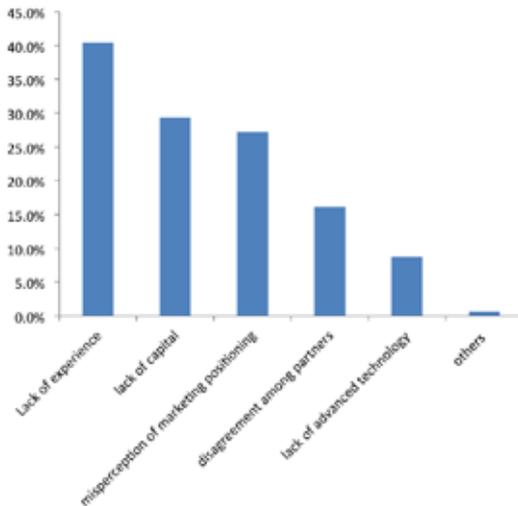


4) Challenges to returnees' entrepreneurship: more than half of returning entrepreneurs experienced the failure, and the main reason is the lack of experience. Currently, the biggest barrier for their business startup is high operational cost.

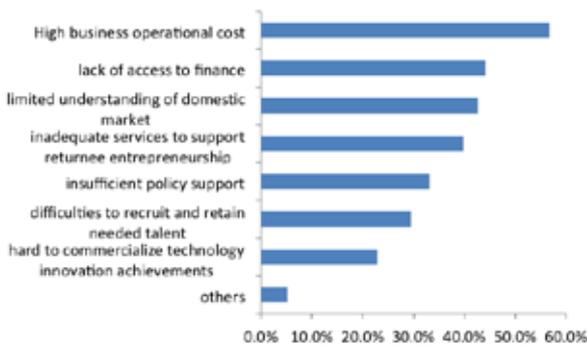
As many as 52.9% of the respondents admitted that they have failed once before the current startup.



Lack of experience and capital is the main reasons for their failure, which were mentioned by 40.4% and 29.4% of the respondents, respectively. Another 27.2% of them also attributed the failure to their misperception of market positioning for their products/services.

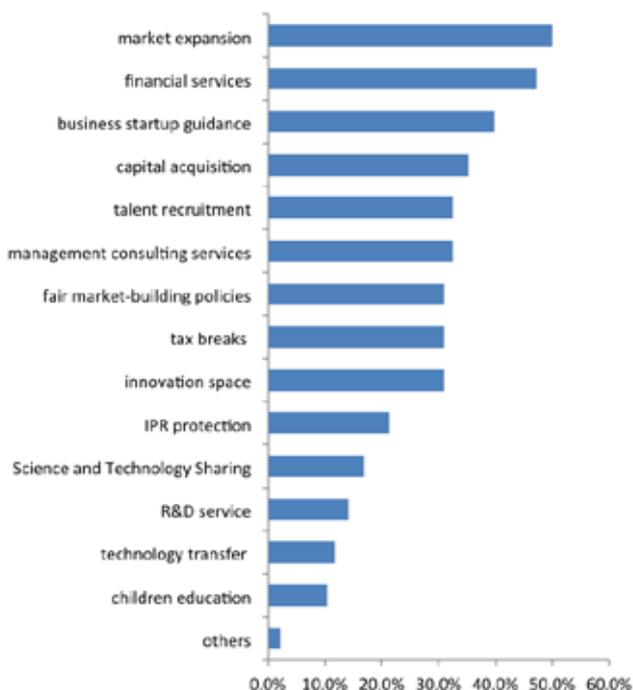


Based on the survey results and case studies, the report identifies several challenges facing returnee entrepreneurship, with the top four as high business operational cost (56.6%), lack of access to finance (44.1%), limited understanding of domestic market (42.6%), inadequate services to support returning entrepreneurs (39.7%).

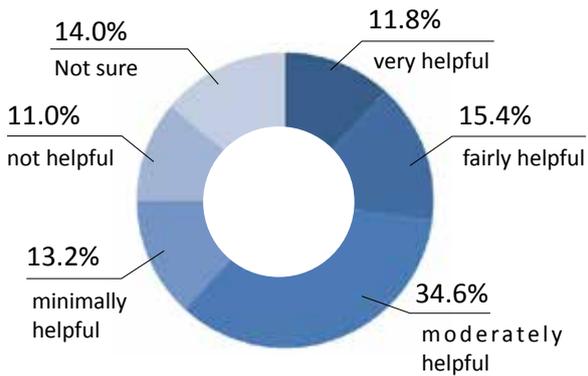


5) Returnees' review and comment on entrepreneurship services: market and capital are two most needed resources to start-up businessmen; while only 27.2% of the respondents believe innovation bases and platforms can effectively help start-up business.

Returning entrepreneurs are in dire need of support in many ways, including market expansion, financial services, business startup guidance, capital acquisition, talent recruitment, management consulting services, fair market-building policies, tax breaks and innovation space. Meanwhile, they also expect to solutions to some key issues such as IPR protection, technology transfer and children education. Compared to 2015, the number of returning entrepreneurs seeking guidance and mentorship increased 14.7%.



When asked to comment on the role of innovation bases and platforms such as start-up business park or incubators, only 11.8% of the respondents consider them very helpful, and 15.4% of them believe they are fairly helpful, while nearly 73% of the returnees think they are only helpful to a minimum or limited degree or not helpful at all.



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