

Opportunities and challenges for academic returnees in China

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Abstract A growing number of Western-educated management PhD graduates are starting their academic career in Chinese business schools. While opportunities are abundant for these returnees, they also face the choice between developing internationally transferable assets and building locally embedded competences. Some possible solutions are discussed, at both personal and institutional levels.

Keywords Returnees · Opportunities · Challenges · China

The past decade has witnessed some significant progress made by Chinese business schools.¹ One of the most important changes that have occurred is the appearance of research-oriented faculty in China's major schools. These researchers consist mostly of new PhD graduates from North American and European academic institutions, who are of a Chinese origin. Their number is rather small compared to their counterparts who choose to stay in the United States, Canada, and Europe—as Chinese graduates traditionally have. But the number of academic returnees² is definitely starting to rise. Whether this trend can continue will impact the future of management research in China, as well as the convergence of the Chinese academia with the international research community.

¹In this paper, “Chinese business schools” refer to local schools in mainland China, *not* including Cheung Kong Graduate School of Business (CKGSB) and China Europe International Business Schools (CEIBS), which are fully or jointly foreign owned.

²Returnees are nick-named “sea turtles” in the popular Chinese language, in contrast to “land turtles” for locals. A word of caution, though. While the term “sea turtle” is humorous, to call somebody a “land turtle” could be interpreted as insulting.

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In 2001, I joined the Guanghua School of Management, Peking University upon my graduation from York University's Schulich School of Business. As far as I know, I was the first Western-educated management PhD to go to China on tenure-track terms³ and a quasi-market-based package. In the past several years, an increasing number of junior scholars joined me at Guanghua and other Chinese schools. Table 1 depicts the progress one Chinese school has made in this regard. During this period, research conducted by these returnees has been published or accepted by major academic journals, such as the *Academy of Management Journal*, *Academy of Management Review*, *Journal of Financial Economics*, *Journal of International Business Studies*, *Review of Accounting Studies*, and *Strategic Management Journal*, as well as by regionally-focused outlets such as the *Asia Pacific Journal of Management* and *Management and Organization Review*.

Despite such progress, some major difficulties exist. Within the schools, a typical two-track system (for locals and returnees, respectively) with variance in salary and performance expectation has inevitably created some internal tensions. At the national level, some major schools, especially those in the southern cities of Shanghai and Guangzhou, have been slow in opening their doors to the returnees. This limits the returnees' choices of institutional destination, as well as their future mobility domestically. Internationally, the increasing demand for management graduates in the North American market has made it harder, year after year, for potential returnees to make up their mind. In this paper, I will attempt to analyze the state of management research in China, the motives of the returnees, as well as the opportunities and challenges they face.

The state of management research and returnees in China

In a review article published in *Management World*, a leading Chinese management journal, Xu and Zhou (2004) summarized some key characteristics of Chinese business schools as follows:

- Most Chinese business schools were originally a spin-off from departments of economics or operations management, with a very short history (about 20 years), and were heavily influenced by the traditions of these two fields, especially economics.
- Inside the schools, many people, including some in key administrative positions, did not have a clear idea about the differences between management and economics.
- There was no research-oriented PhD program in the nation. Best graduates went to the government or industries.
- A popular belief was that management research was done through the writing of cases (as opposed to quantitative or inductive research).

³ To this day, Guanghua is still the only Chinese school that has explicitly spelled out tenure terms. The timeframe for getting tenure there is a bit longer than in a typical North American institution: It takes at least eight years, as tenure comes only with full professorship.

Table 1 Number of overseas PhD graduates who joined the Guanghai School of Management, Peking University (2001–2007).

Year joined	Management disciplines	Cumulative % in all faculty	Economics and others	Cumulative % in all faculty
2001	2	3	1	1
2002	5	9	6	9
2003	3	13	3	13
2004	5	17	6	18
2005	1	17	2	19
2006	7	23	1	19
2007	2	24	2	20
Remaining	24	23	20	19

About 90% of the returnees were new PhD graduates at the time of returning to China. All of them are ethnic Chinese, but some of them may hold foreign passports. Two returnees left for other institutions in 2007. These figures do not include people holding joint appointments from overseas institutions and (about 10) earlier returnees who joined the school before 2001, mostly from European schools, without a market-based contract.

A review of papers published in two representative Chinese journals in 2003 indicated that research conducted by Chinese scholars at that time was mainly normative or descriptive, with few well-developed quantitative studies, or real qualitative pieces aimed at building theory (Xu & Zhou, 2004). Three years from then, however, a casual survey of papers in the same journals would identify significant improvement, much due to the contributions made by the Western-educated returnees.

To understand the situation faced by, and the status of, business school returnees in China, it may be helpful to compare and contrast them with those in some other fields, such as economics and the natural sciences, who returned to China in the 1990s or even earlier.⁴ These early returnees went back to China without a market-based contract and accepted salaries that were much lower than international standards. In return, they were often rewarded by the government in non-monetary terms such as free housing, spousal employment, and resident status (*hukou*) for children in large cities, a privilege for Chinese citizens. Furthermore, for propaganda purposes, the government often labeled such returnees as patriotic figures who abandoned a high salary and a lavish life style overseas in order to contribute to the motherland. Typically, they would be promoted faster than their local peers and achieve prominence in academic status—for example, being appointed as doctoral supervisors.⁵

The return of these people during the 1990s coincided with the birth and rapid growth of China's MBA educational market. Because of the absence of qualified management PhD graduates in China, many returnees in economics turned to teach

⁴ Not until the early 1980s, since the end of Cultural Revolution, did China have the first university graduates, some of whom then started to go abroad for post-graduate study.

⁵ In the Chinese educational system, only a small fraction of full professors are allowed to supervise doctoral students. These are designated, by the Ministry of Education, as "doctoral supervisory professors." Recently, however, Peking University has been allowed to extend this designation to its associate and assistant professors.

in business schools, some becoming school deans and program directors later. More generally, economists are the most conspicuous group of academics in China today. They play a pivotal role in determining the economic policy agenda and shaping academic languages, a situation detailed by Xu and Zhou (2004). The economic and social incentives of returning to China were substantial for some economics graduates. Once having returned, many of them were quickly immersed in local politics and networks. Very few of them had the interest and capability to engage in meaningful research targeting international academic outlets.

Management PhD graduates, on the other hand, have long been held back by the salary gaps between Chinese and North American schools, and by the low level of development of the management disciplines in China. By the time they started to return (partly attracted by a special offer by the Guanghua School), most of the non-monetary benefits were gone. Hardly could they expect to be promoted on a fast track, or become a political star in the school or even university. This reality led to two consequences. First, for the first time, there were hard-nosed negotiations between Chinese schools and overseas candidates, leading to more or less market-based contracts. I personally believe that the negotiation between Guanghua and myself laid the foundation for Guanghua's special package for returnees,⁶ which has attracted more than 40 Western-educated PhDs so far. Second, there was a self-selection process, to the effect that those truly interested in Chinese management research are more likely to go back to China than do some other people, such as political opportunity-seekers.

Academic opportunities for the returnees

It may be too much a task to discuss all the opportunities arising from conducting management research on Chinese firms in China. Some returnees may have recognized these opportunities to make such a move. Others will identify and seize research opportunities after having gone back and stayed for a few years. Luckily, by the time they start their academic career, the legitimacy of China research is no longer an issue, or at least not as serious an issue as in the early 1990s (Peng, 2005). Therefore—take my personal case for example—the transition from a general IB/MNE topic to a China focus proved to be natural and, to a large extent, free of mental struggle.

Generally, one can reasonably expect that most of the China research opportunities are associated with physical adjacency to the research subjects—Chinese firms and people inside these firms. Unlike economic phenomena, which can usually be observed from a distant location, management research focuses on the internal aspects of the firm. Physical access is crucial for the understanding of managerial motives and internal processes in a specific context,⁷ which in turn will enhance general theory development (Meyer, 2006, 2007) and contribute to global

⁶ Although the monetary value of the package was still substantially lower than the North American standards, it was at a level unimaginable to an average university professor in China.

⁷ The point has been well made by Vermeulen (2007): You do not have to have been a mountain gorilla to understand them; but to truly understand the subject, you have to go to the mountains and smell the beast.

management knowledge (Tsui, 2004). A detailed discussion on this topic is beyond the scope of this paper, but I suspect this must be what every returnee has in mind.

I do believe, however, that management returnees have at least two other opportunities—or rather, tasks. The first is to help the Chinese academia integrate into the international academic community, and play a leading role in the process. Business school faculty in China mainly comprise academics who either have had no doctoral training or have obtained a PhD in economics or other fields locally. Although most senior scholars in China read English, few have ever published in English, let alone in top-tier international journals. Most of them are not aware of the norms and the shocking rejection rates associated with international outlets, and hence their resistance to using internationally accepted journal rankings as an evaluation criterion for junior faculty.

Furthermore, as it stands now, the field of management in China is rather fragmented, in terms of both theory and people in the community. Each major school has some leading scholars, whose academic contributions often consist of “theories” and insights that are “disconnected from global conversations” (Meyer, 2006: 122). Across the schools, there is little consensus on the domain, paradigms, methods, and languages of management research. This, in part, is due to the widespread practice of “inside careers” described by Meyer (2006), namely hiring a school’s own PhD graduates as its faculty. Such a practice has impeded cross-school fertilization of ideas, delayed the process of reaching consensus among local scholars in the field, and consequently, made integration with the global community of management scholars virtually impossible.

Although the field of management at large has also been criticized due to a lack of consensus and paradigms (Pfeffer, 1993), the Chinese scenario is certainly much worse. An even bigger problem is that local scholars do not seem conscious of these issues. In fact, there is little discussion or debate over these topics in Chinese outlets. Nor have Chinese scholars engaged in academic discourse in the form of research presentations, visiting professorship, or sabbatical leaves. An increasing presence of returnees can certainly facilitate the formation of these institutional arrangements, and transform the local academic conduct to be more internationally compatible.⁸

A second major task (or opportunity) for the returnees is the training of research-oriented doctoral students. China is becoming an important source of doctoral students in management disciplines in North America, yet inside China, the rich human resources have not been fully utilized. Historically, there was not a single research-oriented PhD program in Chinese schools. In 1998, when I was auditing an International Management course by Professor Paul Beamish at the Ivey School of Business, University of Western Ontario in Canada, the class spent a long time discussing this situation and considering possible alternatives for doctoral education in China. The general feeling was that without physical presence of international

⁸ Ramaswamy (2007) proposed to help Asian scholars integrate into the global research community through faculty exchanges. While I believe overseas exchanges have been a good way of internationalizing China’s MBA programs, they haven’t produced much research output—despite the fact that a high proportion of faculty members in top Chinese business schools have gone through some kind of exchange program. From my personal observation, the existence of returnees seems more effective in creating an internal research environment.

scholars in China, it would be very difficult to train Chinese students and make them true researchers. Five years later, however, the first research-oriented IPhD program was established at Guanghai, with Professor Anne Tsui of the Hong Kong University of Science and Technology as its academic director, and returnees like myself as its main teaching faculty. At the 2007 Academy of Management annual meetings in Philadelphia, six papers by students in the program were presented, a significant achievement considering the short history of the program and the generally low level of involvement by Chinese scholars in such international academic events. These young scholars may well become the first generation of locally-educated academic leaders in the future.⁹ In this regard, there are certainly gaps to fill in other schools, an opportunity for future returnees.

Major challenges for the returnees

A major challenge to the returnees, from my perspective, is the dilemma in personal competence development in an early career stage: Should they focus on developing internationally transferable, or country specific, competences and assets?¹⁰ On the one hand, an important consideration of the returnee, at the time of making his/her decision, is whether he/she will be able to come back again to North America or other places outside mainland China, if he/she feels China is not suitable for him/her. In terms of academic credentials, the only guarantee that would allow him/her to be internationally mobile is his/her publication record. This requires him/her to devote most of his/her time and energy to a research program aimed at premier international journals. I believe most returnees will make research work a priority in their first several years in China.

On the other hand, as discussed earlier, a major purpose and big advantage of returning to China is being close to where the action is. To fully utilize this advantage, one needs to commit a substantial amount of time and energy to the understanding of Chinese firms, their managers, and their internal processes. Of course, knowledge about Chinese firms is not necessarily country specific—it is an internationally transferable asset since China research, and more broadly, Asia management research, has now been incorporated into the center stage of global management research (Peng, 2005; Pleggenkuhle-Miles, Aroul, Sun, & Su, 2007). However, the competence in acquiring such knowledge in China is country specific, and the costs associated with such acquisition probably cannot be justified unless one stays in China on the long term. Simply put, this process requires the returnee to develop *guanxi* and engage in activities that may not bring immediate results, and much of this locally embedded *guanxi* may become a sunk cost should the returnee decide to leave China. I shall not go to the specifics on this, but will instead list below some associated issues in the returnee's academic life as examples.

⁹ A current constraint on these research-oriented PhDs is again the tradition of “inside careers”. While Guanghai has made it a policy that the school will no longer hire its own graduates, most other schools have not followed suit, causing difficulty for placing these graduates.

¹⁰ Such a dimension was used by Dawar and Frost (1999), when discussing strategic choices of emerging market firms.

First, should the returnee publish in Chinese outlets? Publications in Chinese probably are not considered internationally transferable assets and do not help maintain one's mobility. Yet, if a returnee targets English journals only, he/she may become rather lonely among colleagues, since the number of returnees outside the top few Chinese schools is still very small. He/she may also take the risk of being locally irrelevant because of language barriers facing Chinese firms. Due to the long review cycles at international journals (often several years) and the short publication cycles at Chinese outlets (typically several months with no revisions of submitted papers), the returnee may be under pressure to show some short-term results in Chinese outlets, since official school rankings in China are based on the number of Chinese publications. Indeed, Chinese outlets serve as an important platform for engaging in intellectual discourse with local scholars, for educating management educators on the appropriate positioning of the management field,¹¹ and for exercising academic leadership. Further, because many Chinese journals are policymaker- and practitioner-oriented, publications in these outlets will enhance research impact on policy and practice, which, in turn, may help one's formal research program.

Second, should the returnee abide by the local rules of academic games? Take research grant application for example. The major source of funding for management research in China is the Natural Science Foundation of China (NSFC). The local rule of the game is that the applicant should form a large team consisting of, in hierarchical order, doctoral supervisory professor(s), full professor(s), associate professor(s), assistant professor(s), and doctoral student(s). Often the inclusion of deans and department heads (who are often doctoral supervisory professors) will greatly improve chances for success. When I applied for NSFC grants for the first time in 2002, I decided to do something perhaps never done before: As a junior assistant professor, I had only one co-investigator, who was still a doctoral student overseas. Our team of two won a small grant, which indicates that after all, the local rules can be changed.

Third, should the returnee be more involved in non-academic affairs such as administrative duties and media relations? To a young scholar in the West, these activities, except those required service duties, will probably be perceived as counter-productive to career advancement. In China, however, administrative positions may bring significant personal benefits as well as career advantages within the Chinese academic hierarchy. Yet, looking at people who returned in earlier years, we can easily see a negative correlation between their political and social status and subsequent academic performance.

More generally, therefore, we come back to the basic choice of internationalization versus localization. Although conceptually they are not necessarily contradictory to each other, in reality, it is very difficult for a returnee, with limited time resources, to strike a balance between the two. Whether and to what extent a returnee should place him/herself in locally embedded relationships and activities thus can only be determined by his/her personal objectives and philosophy.

¹¹ Besides Xu and Zhou (2004), Justin Tan also published two articles in *Management World* (Tan, 2006, 2007), positioning and promoting the field of management in China.

Conclusion: two possible solutions

Will the returnees be able to make sustained contributions to Chinese management research in the long run, or do they just represent a short-term fad? So far we haven't heard many success stories of management PhD returnees outside the English-speaking nations. Within the region, some countries have had a relatively large number of returnees, many from prestigious North American and European schools, yet other than some rare cases, their research output has been rather limited. Because scholarly discourse in the world has been mostly conducted in English, the academia in non-English-speaking countries typically suffers from a low level of internationalization. This situation creates a special challenge for the returnees, as in the Chinese case, in terms of their human asset specificity. In order to be truly successful in a country he/she has left for years, the returnee has to invest heavily on the country specific aspects of his/her human resources. By doing so, however, the returnee runs the risk of being internationally immobile, as much of his/her knowledge and *guanxi* cannot be used elsewhere. On the other hand, if the returnee remains entirely international and does not localize at all, then there is really not much incentive for him/her to stay in China.

Faced with this situation, a sensible strategy for the returnee to take is perhaps to choose a relatively short time horizon when planning to return to China. A short horizon limits the returnee's country specific investments in his/her human assets, in the same way as a short tenure limits a CEO's firm specific human capital (Buchholtz, Ribbens, & Houle, 2003). Of course there are still sunk costs when the returnee does leave the country and goes back to the international scene, but these are necessary costs for having an option: Within a relatively short period of time, the returnee can remain highly mobile, while having the option of staying in the country should he/she find opportunities attractive enough. This is what many senior colleagues had advised me when I first went back to China. The "short" horizon in my case turned out to be six years. Exercising the option to leave is especially important in China because of the low level of internationalization in the Chinese academia. Unless one has already made up his/her mind to stay forever, spending longer than six years might increase career risks significantly.

This personal strategy, however, has not solved the returnee's problem fundamentally. Again, in my personal experience, I felt I was faced with a hard decision: Either I had to stay with my first academic employer forever, or I had to incur substantial transaction costs to move out of the country, simply because there was not much an alternative for me in mainland China. An important institutional solution, therefore, would be for the Chinese business schools to create a sizable domestic academic job market in order to minimize school-specific uncertainties for the returnee. Once this is achieved, the level of risks that returnees are taking, as well as the premiums that local schools have to pay for these risks, can be lowered significantly. China is a big market with substantial internal variations. Especially, cross-regional difference is an important feature for almost all industries (Chang & Xu, 2008), including education. This would offer ample opportunities for each returnee to identify an ideal place.

Finally, although the formation of such a domestic market depends ultimately on the dynamics inside Chinese business schools, institutional forces from outside China can certainly play a major facilitating role. For instance, accreditation institutions such as AACSB International can exert an influence by pressuring for a

higher level of internationalization, in terms of both the origin of faculty degrees and the outlet of faculty publications. Likewise, foreign partners of China's major joint MBA programs may express their preference for management returnees being on the faculty of these programs. The collective interests involved are substantial: In the near future, returnees may well become an important link between international business schools and the Chinese management education market that is still largely untapped by these schools.

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