

MANAGEMENT OF CHINESE RETURNEES

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Extended Abstract

China experienced a phenomenal brain drain in 1980s and 1990s after opening of the country to the outside world. A large number of Chinese elites went abroad to pursue high-level studies and career opportunities in developed countries. This phenomenon of brain drain has been reversed in recent years because of pull factors in the home countries as well as push factors in the host countries. The dynamism of the Chinese market and the continuous improvement of working and living conditions in China as well as emotional attachment attract this group of people to come back to work in the home country. The global economic downturn further reinforced this wave of return due to the stagnation of the Western economy (CCG Report, 2016; Wang, 2010; Zhou, 2008). The number of returnees rose from 186 200 in 2011 to 409 100 in 2015 (Zhao and Su, 2016).

Because of their distinctive profiles, the employment of Chinese returnees keeps rising (Mercer, 2016). They are particularly sought for senior management positions in Chinese subsidiaries of MNCs (Wang, H.Y. 2011, Wang, H.L., 2010; PwC, 2013). Compared with other types of executives: foreign expatriates and local Chinese, returnees have obvious advantages in managing subsidiaries of multinationals in China. They have double cultural background, overseas professional experience, ease of communication both with headquarters and within the subsidiary, knowledge of the local market, as well as professional and personal networks in China and abroad (Cartus, 2010, Wang, H.Y., 2011; PwC, 2013).

Despite the significant role that returnees play in multinationals, few studies have been carried out in the management of this particular category of executives in terms of motivation, satisfaction and retention (Wang, H.Y., 2011; Wang, H.L., 2010). However, their special status and profile require a different approach in management and retention relative to foreign expats and local Chinese executives.

To fill the gap, the present empirical research tries to provide an answer to the question how to motivate and retain returned Chinese executives. More specifically, we focus on the relationship between job satisfaction and the employment contract they have. Indeed, most of the Chinese returnees are provided with a hybrid work contract called "local plus" contract (Chan, 2007; Towers Watson, 2010; Watson Wyatt, 2009). It is a pay package that consists of a local salary plus some additional benefits that are not offered to the local staff (Stanley & Farmer, 2011). It is less advantageous than expatriation contract but more interesting than a purely local contract. Are the returnees satisfied with the local plus contract? The objective of our research is first to find out the feelings and expectations of the returnees with respect to the contract, and then to identify the factors influencing such feelings. The aim is to establish the relationships between causes and effects in order to provide managerial reflections.

The existence of discriminatory work contracts may cause frustration and a sense of inequity among Chinese returnees. According to equity theory (Adams, 1963, Adams, 1965; Carrell and Ditttrich, 1978), individual job satisfaction is based on comparisons with others. Individuals compare their job inputs and outcomes with those of others based on two calculations: a calculation for oneself and the other for others.

This social comparison is essential for assessing distributive justice. If individuals find themselves in an inequitable situation, they may experience frustration and resentment, and consequently they may reduce efforts at work or simply leave the organization. People's perception of an inequitable situation is not the same. Individual factors affect perception and judgement of their relationship with the referents (Guerrero et al., 2013). Individuals' perception of distributive injustice depends largely on which kind of referents are chosen for comparison. Change of referents leads to change of results of comparison, and thus change of perception of fairness (Chen, et al. 2002). The present empirical research aims to find out what kind of referent each respondent tends to choose and why, what individual factors can influence the respondents' perception and judgement of an equality situation.

Given the paucity of existing research and the exploratory nature of the current one, a qualitative research approach was employed. The technique of semi-directive interview was used in the collection of first-hand data. Two categories of respondents were interviewed: one with representatives of the companies as regard

to compensation policies and the other with returnees. The investigation with five representatives of employers is for purpose of finding out the rationale of local plus contract from the perspective of multinationals. Ten returnees were carefully selected to be investigated in the present research. Four themes of questions were asked:

- Respondent's personal profile concerning age, sex, marital status, degrees, experiences, position
- Existence of different contracts and respondent's points of view of the justifications
- Respondent's local plus contract and feelings toward it
- Suggestions for improvement

The analysis of the interviews was carried out vertically and horizontally. Each case was studied carefully to find internal logic and cause and effect relationship. After the analysis of individual cases, a horizontal analysis across all cases was conducted. The purpose was to through comparisons find out the similarities and differences between the cases, and further on, what factors lead to similar and different aspects.

The comparison of views between the top management representing the investigated companies and those of the returnees indicates a gap on the legitimacy of contract differentiation. The arguments provided by the employer are not convincing in the eyes of the returnees.

The investigation with the returnees shows that the terms of each local plus compensation differs a great deal. Some local plus contracts are quite similar with that of expatriation. At the other extreme, some contracts are almost the same with a purely local one. In establishing the link between the benefits of the contract and the level of satisfaction, it is found out that the benefits of the contract are not directly related to the level of satisfaction. Two major factors have a direct impact on the satisfaction of the respondents vis-à-vis their compensation package: self-identification which makes them align more with France or with China, and self-esteem based on one's educational and professional backgrounds. These two factors have a close connection with the referents each chooses for comparison.

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