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INTERNATIONAL BUSINESS EDUCATION AND PRACTICES: CHINESE "SEA TURTLES" AND ECONOMIC DEVELOPMENT

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China's rapid economic growth has created a demand for professionals of international competence. Many Chinese go overseas studying and repatriate for this job market. However, expatriates with little job experience are often unemployed for an extended period unless they lower their expectations in coastal cities where economy is vibrant, while few go to inland regions of lesser developed. Thus, expatriates as "Sea Turtles" become "Sea Weeds." This paper addresses the issues determining this transformation by differential economic development. We discuss the current status of expatriate employability and emergent need in China, and also make policy and strategy suggestions..

INTRODUCTION

The Chinese economy has moved from the verge of collapse in 1978 to a rapid growth with an average annual rate of 9.8 percent (National Bureau of Statistics of China [NBSC], 2005). A large part of this growth is due to the prolific exportation of products, thereby dubbing China as the largest manufacturing workshop in the world. How China has achieved such an economic miracle given the obscured political-economic social structure by Western standards, has posed a challenge for researchers to seek answers. Better understanding of this phenomenon will enrich the critical knowledge in the field of international business (IB).

China's political system is still primarily under the one-party's control, namely the China's Communism Party (CCP). The CCP's members mainly concentrate on the governmental sectors and the leadership group of about 30% state owned key economic firms. Recently, the Party is switching to advocate for managing the nation and economy by justice and fairness to increase social harmony (He, Zhang, & Qi, 2005) from its policy of "Let some people get rich first" promulgated twenty-five years ago. This totalitarian system has effectively macro-managed the nation's economy through numerous up-and-down turns during the past twenty plus years, although arguably in a very inefficient way as compared to the practices in a true free-market economy.

At the end of the Cultural Revolution when the late CCP Chairman Mao died in 1976, China's state economy lacked most of the elements necessary for economic development. However, China's centralized government in a totalitarian format offered its pragmatic leader Deng Xiaoping of an opportunity to change the course of China effectively after the Party's 3rd plenary of the 11th

Congress in 1978. The Deng's motto "liberating of thought and seeking truth through practice" started to root into people's daily practice. China subsequently adopted the Open Door policy advocated by Deng once in the late 1970s, and further reiterated in the early 1990s after a two-year hesitation after the Tiananmen Incident in 1989. At the time, many deemed these policies ideologically radical and questionable, because they aimed at advancing capitalism (Soloman & Ding, 1993). These challenges in ideology was settled by Deng when he proposed in the early 1990s that both market economy and planning economy are of utilitarian functions of economic activities, and can be deployed by either capital or socialist society.

The recent Chinese economic development has experienced two periods: Consolidation and Reform (1980-1990) and Furtherance of Reform and Growth (1991-Current). The first period of growth was at an average rate of 14.7% (NBSC, 2005), but was also clouded by a mixture of the ideological confusion between the traditional planning economy and the modern concept of market economy. The conflict between the market demand and sustained inflations and corruptions from bureaucratic inefficiency led to the 1989 Tiananmen Incident, a marked setback prompting the Chinese significant economic slow down until the spring 1991.

The second period started by Deng Xiaoping's visit to the Special Economic Zones in southern China during which he issued directives to continue the Open Door policy regarding economic reform. The Chinese economy was ignited at a rate of 23.9% annually from 1991-1996 (NBSC, 2005), primarily due to the boom in exports; however, the inflation rate was also at a range of 15-35%. As a result, the Chinese government adopted a policy

called "Soft Landing" in late 1990s. More recently, the Chinese economy has established the reputation of having a consistently high rate of growth at about 9%. However, this growth is not geographically balanced and a large discrepancy exists between the coast and Great West regions (NBSC, 2005).

Nowadays, millions of Chinese workers are without jobs or have become semi-employed due to the restructuring of national economic sectors after China's entry into the World Trade Organization (WTO). Along with about 200 million transient people who migrated into cities from farmland, the Chinese work force is perhaps the most vibrant at the lowest cost in the world. However, there is growing concern regarding the high portion of exports fueling the economic growth and related negative economic ramifications. To reduce this dependency, the Chinese government has called upon a major shift in its policy to stimulate domestic-consumer consumption (Xu, 2006).

China's rapid economic growth has created an emergent demand for qualified personnel in professions that help the country conform to international standards. Many Chinese want to match this demand by going overseas for advanced study and repatriating back to China for employment of their choice. However, there is a huge experience-expectation gap between such job specifications and applicants' qualifications. Often, expatriates have an academic degree from overseas, but lack required work experience and supervisory responsibilities. Firms in China prefer to staff with locals who have much lower salary expectation. To exacerbate the matter, as more people repatriate, those with little job experience have to face a reality of unemployment for an extended period unless they lower their expectation toward job salary and choice of profession. Further, most expatriates have elected to reside in coastal metropolitan cities such as Shanghai, Beijing, and others where the economy is vibrant. A recent poll showed that only 57.5% of Chinese expatriates can find employment within six months after return and 41.6% can work in their specialized field (Shi & Liang, 2005), thus creating a contemporary phenomenon in which expatriates are transformed from "Sea Turtle" to "Sea Weed" in China.

These humorous and analogous terms are derived from Chinese linguistic roots. When a person repatriates, people call him or her, a "Haigui" (i.e., a returnee from overseas). The word "Haigui," in its identical linguistic annunciation, also refers to a "Sea Turtle" in the format of different Chinese characters in writing, inferring a person with valuable advanced knowledge and skills from overseas. When a "Sea Turtle" cannot find a job

over time, the person is analogously denoted as "Haidai" (i.e., a waitee from overseas), further evolving as "Sea Weed" as a less valuable person from overseas. On one hand, expatriates with a degree or training from overseas find it problematic to obtain timely employment within their own field in coastal cities. On the other, firms in inland and Great West regions desperately need these Western-trained professionals but few would want to go due to various factors (Ministry of Personnel, 2006). These contextual issues render the rationale for conducting this study.

THEORETICAL FRAMEWORK

History of Studies

Scholars have long recognized that people with different cultural and training backgrounds view and conduct international business practice and management differently (e.g., Harbison & Myers, 1959). While responding that "management, indeed, is all these things and perhaps more..." Harbison and Myers tried to view business management from several angles, notably: first, as an economic resource; second, as a system of authority; and third, as a class of elite. With these concepts, they applied a wide-ranging of international comparative analysis. They concluded that the essential prerequisite of industrialization is a high-level manpower development, which must be an integral part of a planning for general economic growth (*italics added*). The underdeveloped countries should regard education as an investment rather than a "consumer" service. They should shift the orientation of the educational institutions toward the generation and development of high-level technical and managerial resources.

Farmer and Richman (1965) introduced an important notion that traditional business management theory fails to introduce the dimensions of how to get business practice applicable and operative in different cultures and economies beyond that of the West. Many schools of business theory have made the flawed assumption that external factors are invariant until the field of international business is developed. When a business goes international, it interfaces with another culture and society with different characteristics. Therefore, they must make changes to be adaptive, and to maintain a favorable competitive position in a new business environment, because there is no universal formula for success. Farmer and Richman recognized the constant and close interdependence that ties together managerial effectiveness, productive efficiency, and environmental constraints. They classify these external environmental

constraints as educational, legal-political, socio-cultural, and economic. These factors have a direct impact on international business processes, which in turn influence, business management style, and managerial effectiveness. Logically, the latter will determine a firm's efficiency, which will determine the system's efficiency as a whole. Therefore, international business management is the dependent variable around which the economic environment revolves.

Negandhi and Prasad (1971), on the other hand, argued that if the environmental and cultural factors were the main determinants of international business management practices and effectiveness, one would expect close similarities in the international business management practices of two comparable firms in a singular society. Their model identifies similar elements within the external environment as of Farmer and Richman's, but recognizes business management philosophy as an independent variable.

Other authors, such as Kelley and Worthley (1981), isolate the role of culture in the formation of international business managerial attitudes, while England (1978) considers the personal value system fostered in a given cultural environment to be a relatively permanent framework, which is likely to define the general nature of an international business manager's behavior. England concludes that in national samples of managers in the U.S., Japan, Korea, India, and Australia: (1) there are large individual differences in personal values within each group and those; (2) are relatively stable and do not change rapidly; (3) influence the way managers behave on the job; and (4) influence career success.

Pizam and Reichel (1977), in a study of Israeli managers of Western and South East Asian descent, found that culture influenced differences in managerial attitudes, even with second generational managers from tradition-oriented societies. Kassem (1977) further observed that different cultures single out different aspects of organizations and their management groups for special attention. He further noted that whereas American organizational behavioral scientists have taken a human-process approach to the study of management and organizational theory, their European counterparts have opted for the techno-structural view.

All of the aforementioned studies, as well as other related early research (e.g., England & Lee, 1974; Sekaran, 1981; Harari & Zeira, 1978; Roberts, 1970; Evans, 1975; etc.), concentrate on the role of culture as an external, independent variable. Managerial values, attitudes and philosophy are treated either as a dependent variable or as an independent variable, as in Negandhi

and Prasad's theories. These researchers frame productivity of international business management practices as a dependent variable.

Double-Loop Learning

Managers often practice international business in a way analogous to marrying a bride, or groom, out to another culture, with the learning occurring within the home culture, prior to immigration. They assume that the expatriate will learn, and adapt to the new environment after completing the move. Thus, learning is been defined as the detection and correction of error (Argyris & Shon, 1978: 291). Learning that results in the detection and correction of error without a change in the underlying assumptions, values, attitudes or philosophies of a receiving system, is defined as single-loop learning, analogous to the function of a house thermostat (Agyris, 1980). The thermostat detects whether actual performance (the actual temperature of a room) is comparable to the planned performance (the temperature setting). If a gap exists between the two, the system detects and corrects the error, with the thermostat either shutting down or turning on the furnace. International firms of this kind tend to utilize resources inefficiently in order to support their cross-cultural operations because of their inability to meet the demands of the international business environment (Apud, Lenartowicz, & Johnson, 2003; Black, Mendenhall, & Oddou, 1991; Doremus, Keller, Pauly, & Reich, 1998; Hill, 2001; Ricks, 1999; Storti, 2001; Tung, 1982; Vanhonaker & Yigan, 1997).

Double-loop learning occurs when the detection and correction of error requires changes in the underlying assumptions, values, attitudes or philosophies of the system in a receiving culture. Similarly, the thermostat should develop a series of questions to make necessary adjustment: why is the room temperature set at 70 degrees? Why does it measure the temperature? Why do we have a thermostat? International firms of this kind tend to adapt well into a new culture and more profitable (Dunning, 1997: 196). These operations will gradually yield improved worldwide economic development.

The above analogy suggests the appropriateness of researchers treating cultural knowledge as an independent variable within international business models. Researchers have considered the role of cultural intelligence (Earley & Peterson 2004), cultural competence (Black & Mendenhall, 1990; Johnson, Lenartowicz, & Apud, 2006; Leiba-O'Sullivan, 1999), and cultural sensitivity (Johnson, Cullen, Sakano, & Takenouchi, 1996; LaBahn & Harich 1997; Skarmas, Katsikeas & Schlegelmilch 2002), on the firms' ability to

develop effective strategies. On one hand, firms that employ double-loop learning strategies are able to better utilize cultural knowledge in order to better read into emergent environment factors, and key firm stakeholders are better able to adapt within the dynamic cross-cultural business environment. On the other hand, less developed countries in need of economic development must allow for such an international business model that uses the double-loop learning to break the grip of traditional cultural resistance, and is mutually adaptive to an international standard in today's global economy.

The international business models discussed in the previous sections have the following weaknesses: (1) they fail to place appropriate emphasis upon international business education as a change-initiating variable; (2) international business education is not an independent variable, but a result of the consequences of the theories developed from practices; (3) there is a lack of understanding regarding what is a "feedback mechanism" (this is especially true within countries that are anxious to bring economic development and progress rapidly and sustainably, as in the instant case of the People's Republic of China); (4) international business education has to be recognized as the *sine qua non* (i.e., essential) condition that seeks the "unfreezing" of well entrenched and stagnating philosophies; and, (5) all elements of any international business model should be considered as both independent and dependent variables.

To overcome the aforementioned weaknesses, IB learning models need a feedback mechanism that can integrate double-looped learning in order to initiate changes, unfreeze assumptions, values, and philosophies, and reformulate new and better ones into a receiving system. IB scholars will bring about these changes through proper international business practice and education, which should act as a feedback mechanism bridging theories and practices in the real world. Double-looped learning takes place not only at corporate, but also at national level as the aggregate effectiveness of all firms will ascertain whether the total business system in a nation is effective and efficient as to management productivity. The total business system's effectiveness and efficiency, or the lack thereof, will result in corresponding changes in underlying values and attitudes pinned by a particular culture in the nation.

The nuances of double-loop learning theory serve as the basis for formulation of this field exploratory research that has focused on the contemporary case of the transformation from "Sea Turtle" to "Sea Weed" in the People's Republic of China (PRC). Exploratory field research has three basic purposes: to discover significant

variables in the focal phenomenon, to discover relationships among variables, and to establish a basis for hypothesis testing (Kerlinger, 1973: 406). It is our belief that it is feasible to address the first two goals, which can help lay a ground for the third. Expected field research would be a challenging without adequate resources and support, because of data collection limitation and deficiency in China. Nevertheless, this study relying on primary and secondary sources has attempted to reinforce the validity of the theory-based double-looped international business model aforementioned, rather than from the practical viewpoint of the international labor market. One caveat that should always serve as a reminder: the PRC is a vast country that has changed dramatically in the past twenty-five years in all aspects, but the development is still unbalanced. For instance, the private enterprises, from nonexistence, have grown rapidly to account for 2/3 China's GDP currently. The Chinese government has first recognized its indispensable role in the latest revised Constitution (Johnson, 1999). In furtherance of the privatization policy, Chinese government has proposed a slogan, "People Advance, State Retreats" in the early 21st century as a national economic policy. Over the last five years, while the economy has rapidly expanded after the soft landing started in 1996, private enterprises have proliferated. It appears that this trend will continue into the future, even within the framework of the current Chinese political system.

Purpose of Study

The purpose of this positional paper was to address the current expectation gaps between the demand of specialized professional positions and the supply of trained job candidates in differential economic development areas in the PRC, within the framework of double-loop learning, and subsequently propose policy and strategy suggestions for consideration. We base our analysis and positions upon the framework of double-loop learning adopted in the international business, drawn from the literature, with our focus on its functions and impacts on the national policy and international business education in general. We hope to derive insight and questions from our analysis for further studies on the topic, for Chinese and multinational firms to adjust human resources (HR) strategies in their operations in China, and for business schools to revise internship requirements, thus, providing an inference for improving international HR system efficiency in other developing nations similar to that of China.

Chinese Society

China's land mass is approximately the same as that of the United States, but with a two-thirds less farmable land. The Chinese population exploded between 1650 and 1750, doubled its size from 150 million to 300 million, and doubled again by 1950. According to the issued 2004 national bulletin, the Chinese population is about 1.3 billion. The Chinese late Chairman Mao's view that population was a strength, faded as the numbers skyrocketed. Advances in agriculture have freed millions of migrants from farmlands to cities. For instance, in the city of Beijing with a population of about 14.6 millions, there is an estimated six million transients. Currently, China has about 58.2% of its population classified as farmers as compared to over 90% twenty plus years ago (NBSC, 2006). This similar process has occurred within Europe and North America (Kronholz, 1983: 1). Recent reports indicate that this classification of population nature will be eliminated in the near future because there is no *de jure* meaning at all due to the large number of transients living in urban areas as well as its *de facto* discriminatory practices toward those who are born on rural areas. The Chinese public transportation system carries an estimated 1.88 billion passengers during the 40-day period of 2006 Spring Festival, which is a typical time for people to go back home for a family reunion and return after the Festival (Ministry of Communications, 2006). Beginning in 2006, Chinese government has permanently eliminated the farming product taxes that they had levied for over 2,500 years.

Young generations of Chinese today, are more individualistic and entrepreneurial-oriented. Overall, many are inclined to pursue Western personal values and lifestyles brought together with the Open Door policy. On local television, citizens can view programs ranging from last year's American Funniest Home Videos to live NBA games. The "Super Girl" on Chinese TV, inspired by the "American Idol," was said to have brought about 3.7 billion RMB (US\$460 million) economic activities to Chinese economy. There is an unspoken policy in China that "wanting to become among the best in world, we must learn from Americans," thus, the Chinese are trying to become the best at copying from others. As a result, Chinese business schools have adopted curricula similar to that of the U. S. The dual languages (Chinese-English) are encouraged in classrooms at universities. The Chinese also ground this pedagogical orientation on the fact that much of the Chinese economy is export-driven; therefore, the understanding of Western business practices is vital.

Studying Overseas

Traditionally, Chinese culture has a deep respect for knowledge and its carrier: intellectuals and/or teachers, rooted in Chinese long history. After a 20 year setback when manual labor was extolled over classroom imparting, college education has become a hot commodity. Chinese families strive to make this investment on their children domestically or through overseas education. Typically, when their child is unable to score high enough on the Chinese college entry exam, they try to put them through studying overseas, thus producing a herd of expatriating graduates who will compete within the Chinese job market upon their return. Due to governmental bureaucracy, and economic inefficiencies, young professionals find it difficult to ascend rapidly through governmental or business ranks. This is beginning to change, because as the economy modernizes management is more likely to consider worker productivity. As the economy expands and becomes increasingly global, Chinese business and government sectors increasingly demand highly skilled and knowledgeable professionals trained domestically and overseas to meet the demand of international business activities. Thus, the government has implemented programs to entice overseas professionals to return (e.g., Ministry of Personnel, 2005a). As many repatriated, they have found expectation gaps between what they are enticed and what is being provided in the job marketplace, thereby producing the very contemporary phenomenon of transformation from "Sea Turtle" to "Sea Weed" which has drawn much attention by Chinese news reports (e.g., China News Net, 2006; Yi, 2006). It is imperative that scholars and business leaders study the movement from "Sea Turtle" to "Sea Weed" because developing nations are having the similar issues to a different degree of how to best utilize the mental capital of those Western trained expatriates for economic development. Shenkar & von Glinow, M. (1994) provide numerous compelling reasons for using China as an example: a large number of firms in different natures, the different poli-economic social structure in a culture of a long history, and the importance of the Chinese economy in the global marketplace.

Expatriate Employability

A recent poll showed that among those expatriates who gain employment within 6 months after their return, foreign firms or private local firms are their major employers; thus, 37.6% of those take up middle-level

management positions, and 41.6% can work in their specialized field. Overall, "Sea Turtles" become employed, in a rank order, by foreign firms (32.7%), private local firms, higher education, research institutions, and state-owned major firms (Shi & Liang, 2005). A further examination of the data reveals that the top two destinations for "Sea Turtles" are Shanghai and Beijing.

According to the classification by China Service Center for Studying Overseas (2005), "Sea Turtles" can be grouped by employability into three levels: (1) Elite Professionals - those who have an overseas degree and work experience at multinational firms or universities. Members of this segment studied for many years overseas to have a good educational background, and they worked for several years at multi-national firms or universities. The number of professionals in this group is relatively small, and they enjoy great job market demand because of their specialized knowledge, and established international professional network. Most people of this group return to China to start their own business, lead a national project, or conduct research within a specialized field of study. The people in this group are the most needed among government sectors and universities, and are also competitively sought by domestic and multinational firms; (2) Professionals - this group consists of those with established work experience in China before going overseas to upgrade their knowledge and skill that are deemed to be compatible with international standards.

Typically, they have the work experience in China but believe that going overseas to obtain a graduate, or postgraduate degree, will better their future. Upon their return, they tend to be highly competitive within the job market, and domestic state units or firms for middle and senior managerial positions desire this group; and (3) Graduates - this segment consists of those with equivalent educational background to those students who graduate in China. Their primary strengths lie within their languages and host-country's cultural knowledge. Although this can be strategically useful to Chinese firms looking into global expansion, they often fail to hire members of this group because they are competing, for low-level positions against domestically trained graduates who have significantly lower salary expectations. In other words, their language and cultural knowledge could not override employers' bottom line consideration because not many employers go beyond mere product exportation. As a result, it can be inferred that overseas universities may have to require their international students to take on mandatory internship and/or employment experience of

several years with multinational firms, or similar, so to better prepare their graduates for being competitive "Sea Turtles" in the first group. Alternatively, it might be appropriate to recruit those with work experience and train members within the second group for preferred employability.

Applying the previously discussed double-loop learning strategies, multinational firms and educational institutions alike must treat cultural sensitivity as a necessity in skill development so to allow individuals to adapt well and maintain competitive employability in a dynamic cross-cultural business environment. At a conceptual level, nations of developing economy must provide a fostering environment through national policies that allow the mental capital of the Western trained to be integrated into traditional cultures with few obstacles, thus, being mutually adaptive to an international standard in today's global economy.

The country where one receives education and/or work experience appears to influence employment status. Generally, expatriates from the U.S.A. are the most in demand, probably due to a high volume of international business activities between two nations. Those "Sea Turtles" from the U.S.A. also command the highest salaries, up to \$300,000 a year; those from France can find jobs at a pay rate of \$50,000 to \$60,000 a year; and those from Germany can also easily find a job because a very few have come back so far; and those from Scandinavian nations are also highly employable. The expatriates, who return from New Zealand, Australia, and other European nations, depending upon their Alma Mater University or college, will find that it may take longer to gain employment. Additionally, if Chinese society views one's university as a third tier school in those nations, one would have a harder time and be vulnerable to becoming a "Sea Weed" (Shi and Liang, 2005). Comparative examination of business school curriculums in those nations, for instance, does not provide much insight for explanation. The authors conjured that the differential employability might be attributable to many other factors, such as the difficult level of visa issuance policy by different nation's vis-à-vis the various types of Chinese students going to those nations in general. For instance, the Chinese perceive business schools in the U.S. as being the preferred, but often due to a perceived visa obstacle after the post 911-security concerns, Chinese students may choose to attend schools within other countries. However, some schools in those nations often reportedly fail to provide adequate preparations for those students, even in English language (China Service Center for Studying Overseas, 2005).

"Sea Turtles" employability also depends upon their chosen field of study. Those within Information Technology (IT) from Europe and North America are in demand because the IT education system in these nations has established relatively strong reputations, comparable with that of other nations. "Sea Turtles" in this field can command annual salaries ranging from \$7,500 to \$60,000 (Shi & Liang, 2005). Other fields that currently offer attractive employment prospects for "Seas Turtles" include, (1) technological fields, (2) finance, accounting, and business management, and (3) those within the insurance sectors. Chinese firms within these fields are desperate to upgrade themselves in order to meet international standards.

Dyadic Determinant

Through the examination of the transformation process from "Sea Turtle" to "Sea Weed," we have found two primary reasons for "Sea Turtle" to become "Sea Weed": (1) overly high salary expectations, and (2) a lack of job-related qualifications. Overall, the "Sea Turtles" employability varies greatly by the regions of differential economic development. A further analysis has revealed the dyadic determinant that is composed of two dimensions: (1) environment and (2) individual factors. On the dimension of social and cultural environment, no clear-cut national policy is in place to entice "Sea Turtles" to migrate toward inland cities that are in desperate need of such international business leadership. The vast majority of "Sea Turtles" choose to remain in vibrant coastal cities where a critical mass of such people already exists even at expense of changing their specialized field and taking a lower salary, thus making the already difficult job market increasingly competitive. Further, China's current personnel regulations and rules, city-specific residential registration, and quality of secondary schools for dependent children, all combine to affect "Sea Turtles" from uprooting to inland cities or Great West region. Within the Chinese cultural context, one variable is also worth considering is whether an academic degree from overseas is perceived to be "bought" or "earned." Some Chinese employers view "Sea Turtles" as opportunists for a "gold coated" degree with money, rather than a "solid gold" degree through "earning." If one cannot pass the Chinese college entry exam - arguably the globally most stringent and competitive, but graduates from a university overseas by spending \$200,000, some potential Chinese employers might view this person unfavorably. Conversely, if one

earns a degree through a scholarship or fellowship, an exception to this rule is likely

The other dimension contains the expectation gaps between desired return on investment of studying overseas and the job market's offerings for "Sea Turtles," such as salary, employment location, whether a job is within one's own learned profession, and/or individual adaptability to conflicts in one's underlying assumptions, values, attitudes or philosophy at workplace between the native and adopted cultures. For instance, some who come from the rural or less developed areas of China, and studied overseas with a huge amount of their family funding, have viewed their return as a relocation opportunity to big cities, a payback obligation for their families' support, and/or a step upward in life.

The major Chinese cities that attract "Sea Turtles" are Shanghai, Beijing, Quanzhou, Tianjing, Shen Zhen, Dalian, Hangzhou, Ningbo, Qingdao, Yantai, and Xianmen. These locations are within either the Capital City, or the most developed coastal metropolitan cities with vibrant economic activities along Chinese coastline. From the start of "Open Door" policy in early 1980s to the end of 2003, 700,000 went overseas to study, and 170,000 returned during the same period. Among the expatriates, 104,000 settled down in Beijing and Shanghai, and most of the rest chose to live in the other aforementioned cities (China Service Center for Studying Overseas, 2005). Close examination of data showed that over the years, more "Sea Turtles" have earned a Master's degree than that of a doctorate (a trend-reversal), their average age is getting younger; and more people are choosing to work outside of Chinese universities, research institutions, and state-owned major firms than before.

The "Sea Turtles" with Western trained knowledge and skill often encounter a head-on conflict with Chinese traditional practices at workplace - a foreseeable result of the double loop learning process. Some choose an easy path by relinquishing employment after a short period, and others work through with the problems and attempt to change the system. Through the age-defined retirement mandated by the Chinese government, a new breed of Western trained business leadership has emerged. The total business system efficiency in China has started to improve through such a slow attrition process.

Emergent Need

To reach its goal of US\$2.25 trillion GDP by the year 2010-2015, China must sustain a minimum rate of 8%

annual growth; and its current trend appears most favorable. To sustain this growth, the economy will require millions of qualified managers and technicians. Four Chinese ministries of Education, Personnel, Sciences, and Finance have jointly promulgated the Advisory Guide for Employing Qualified Elite Returning Scholars and Professionals in March 2005. The Guide specifies eight types of "Sea Turtles" talents are most needed for China. The Guide covers leading scholars, researchers, administrators, executives, useful patent owners, and chief technical leaders in the areas of academia, research, Fortune 500 companies, and foreign governments, or international organizations. The guide allows for a favorable investment by local governments in order to better entice "Sea Turtles" to expatriate back to China (Ministry of Personnel, 2005a). Overall, this reflects that China is beginning to recognize that this "mental capital" is vital within the global competitive arena.

According to China's Bluebook Report on Human Resources Development, China is in a desperate need for people with four capabilities, (1) entrepreneurship, (2) creative activities, (3) integrating complex knowledge and skills, and (4) developing fine technologies. The report lists 12 major areas that are in a dire need for professionals. These include: Information Technology and Micro-electronics, Finance and Insurance, Biotechnological, Medical, and Pharmaceutical Fields, Petro-Chemical and Machinery Industries, Auto industries and Assembly Lines, Urban-Agricultural Industries, Modern Logistics and Supply Chain System, Urban Construction and Management, New Materials, Commercial Service Sectors, Investment and Venture Capital Management, and Culture and Sport Industries. Specifically, it has been estimated that the following people are needed respectively in a given field - 1 million for IT, 250,000 for IC card design, 3 millions for software programmers, 2 millions for e-commerce, 6 millions for logistics and supply-chains, 1 million for international trade, 400,000 for testing and assessment, just to name some examples (Ministry of Personnel, 2005b).

Policy Considerations

Business education curriculum should require international students to acquire internship experience at multinational firms as a minimum, thereby providing a platform for them to accumulate work and cultural experience when repatriated. This will better prepare those expatriates to be competitive in the job

marketplace, not necessarily only tied with the form of regular salary. To tie expatriates with the most needed regional economic development, the U.S. policymakers may consider employing the of "CEO" model, where expatriates' compensation is locked with stock options of firms or a contract of multiple years in a long term, performance based year-end bonus, and/or a required vesting period for a deferred compensation and/or cashing-out.

Local government of less developed regions should consider the maintenance of a critical mass of repatriates. They can establish professional residential parks (PRP) to ease the concerns of those expatriates who want to accommodate their family need over career. PRP is not a mere housing concept, but also encompasses a community in which expatriates and domestically grown professionals can share their common roots, strengthen social relationships, and remain in a region for a common cause. Accordingly, public schools, career life supporting and community affiliated services must follow through with quality vendors or programs that are comparable with those in the coastal metro cities. Furthermore, to better attract expatriates from major cities, policy makers should implement subsidized housing or housing allowance, similar to that of the Hong Kong or Singapore model. Alternatively, they should emphasize spatial housing and community over that of monetary value. Finally, they should consider providing unrestricted and high-speed access in broadband to information resources. This will make people feel more connected in the world of informational competition is emergent.

Traditionally, local government tended to offer positions of social significance to those expatriates in governmental branches. This practice worked to some extent in attracting those expatriates who were motivated for government management promotions. However, government's gain is a profession's loss. It is advisable to promote qualified expatriates within their own profession and/or closely interdependent fields. Alternatively, regional Sea Turtles should be employed within projects where the scope of their professional responsibility is enlarged or enriched, and involve regional or national significance.

The Corps of Catalysts (COC), the concept borrowed from the Peace Corps, can serve as an ad hoc solution to establish a critical mass of needed business and technical professionals in the regions of less developed. The central government can encourage individuals of expatriate and train within a project team, in the area lesser-developed area, for a given period. The COC should structure the program on a staggering format, allowing for managerial

and pedagogical continuity. The local government might offer opportunities of career advancement for the COC participants when they fulfill their obligations. The central government can also provide the COC participants with a moderate funding for their livelihood and project initiatives in conjunction with the local government.

Epilogue

The culture of any nation is not something separate or private, but a part of the world's heritage. China has contributed to the common store of knowledge, and absorbed much from other countries. The official line in Chinese ideology now is that the closed door to other societies was absurd and wrong, because it damaged China's economic and intellectual development. There was an insatiable thirst for knowledge in China in early 1980s; now there has been a significant inflow of knowledge from the west. However, the Chinese government is still puzzled with many questions and social problems regarding how a system should or ought to work. In recent years, the Chinese official news media often reports cases of corruption, embezzlement, prostitution, abuse of powers, and negligent liability by government officials. Meanwhile, effective systems for counteracting these problems are only slowly emerging.

China's economy is rapidly growing. Chinese economic reforms have resulted in a sustainable economic boom, and consequently, a demand for gradual reforms within the education process of mental capital. This new reality has led to changes within the content of international business education that professionals receive through educational institutions. The "Sea Turtles", in turn, are bringing changes to China's educational, socio-political, legal, and economic environmental factors. Most importantly, they are facilitating changes in the prevailing management philosophy and attitudes toward the essence and function of market economy. The business system is slowly employing double-loop learning, by introducing changes in the underlying assumptions, values, attitudes and givens of the Chinese system.

Despite the success of China's new look economy, the reforms and their attendant freedoms have created as many problems for Chinese leaders, and they have solved some with their best intent. As predicted in early 1980s (O'Callaghan, 1983a), waste, imbalance between heavy and light industry, the reconciliation of Marxism with the new responsibility system, among others, are formidable hurdles which need to be overcome. China seemed to

show a willingness to examine other cultures, and absorb aspects that would benefit the country (1983b). This early 1980s prediction has supported the assertion that China tends to be receptive to U.S. ideas, and can play a decisive stakeholder role in economic, managerial, educational, and political developments within the world. Meanwhile, China also illustrates extreme bitterness toward the U.S. government because of accusations associated with the Chinese human right records, corporate espionage, and a recent CNOOC's withdrawal from the bidding to acquire UNICAL due to alleged national security concerns in recent years. Such issues clearly divide these two governments. Many have wondered if China would be able to continue its path toward being a stakeholder member of the international community. Others have pondered whether China could change its already threatened system of the Communists' monopoly of power into the democratic, free-market one in the near future. Finally, many also have questioned whether China will sustain its rapid growth of GDP at a high rate of percent for next 20 years, after its entry into the WTO. These issues have promised to influence the world in ways that we can only begin to imagine.

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