China’s Talent Schemes: Initiatives from Central to Local Governments

ZHAO Litao and ZHU Jinjing*

Facing the challenge of the global financial crisis, Chinese central government’s latest “One Thousand Talents Scheme” targets to recruit 2000 top talents including top academics, senior professionals and entrepreneurs in the next five to 10 years. Meanwhile, local governments are actively attracting entrepreneurs and professionals. China’s increasingly competitive research and business environment also serves as strong pulling factors to attract talents.

THE CURRENT GLOBAL financial crisis does not always carry bad news. It has a part to play in helping China attract global top talents. The Central Organisation Department (COD) of the Chinese Communist Party launched the “One Thousand Talents Scheme” in December 2008. The scheme plans to recruit 2,000 talents of any nationality in the next five to 10 years. By April 2009, the scheme had lured the first

*ZHAO Litao is Research Fellow at the East Asian Institute, National University of Singapore. ZHU Jinjing is Research Assistant at the same institute.
batch of 96 scientists and 26 entrepreneurs to China. Of the group, more than 80 hold foreign passports and four are of non-Chinese origin.

China has been actively recruiting global talents since the 1990s, particularly targeting overseas Chinese. Earlier programmes, such as the Chinese Academy of Sciences’ “100-Talents Scheme” and the Ministry of Education’s “Yangtze River Scholar Scheme”, have attracted more than 4,000 researchers in the past 15 years. Most of them hold postdoctoral qualifications or are associate professors.

Compared with these programmes which continue to be in place, the new scheme not only sets the bar higher, but also casts the net wider. It aims to attract three groups of top-class candidates who (1) have academic titles equivalent to professor in internationally well-known universities and institutions; (2) work as senior managing staff within well-known international companies or banking institutions; or (3) have developed technologies and patents and established their own business abroad.

Compared with earlier programmes, the new scheme is helped by a number of factors. First, China is able to offer a much more generous package than before, including a one-time relocation allowance of one million yuan and globally competitive salaries. Second, China’s research, business and social environment has improved considerably over the years. After the 2008 Beijing Olympics, large cities such as Beijing and Shanghai have become more internationalised.

Third, China’s ability to attract global talents is helped by the large pool of talent formed over the years as more than 1.2 million Chinese had studied abroad by 2007. It is estimated that more than 200,000 Chinese have been working in the developed countries after receiving education there, including 67,000 who have titles equivalent to assistant professor, and 15,000 equivalent to associate or full professor.

Unlike the older generations of overseas Chinese, who became a significant liability to China in the Cold War era when China had troubled relationship with its Southeast Asian neighbours, these new migrants—who were born and educated in China and maintain strong cultural, social and family ties with China—are seen by the Chinese government as valuable assets for economic development.
Last but not least, the worst global financial crisis in decades has hit the developed countries and their universities and research institutions hard, resulting in research programmes being cut back. In contrast, China continues to increase spending on science and technology. Its state-owned enterprises and banks, some among the largest of their kind in the world, began to recruit talents from Wall Street and other multinational corporations.

While the central government is taking advantage of the global financial crisis, local governments are no less active in recruiting global talents either. Unlike the central government, which is more interested in top scientists and engineers, local governments are keen to attract entrepreneurs, especially those in high-tech industries.

So far local governments have been very effective in promoting returnee entrepreneurship in high-tech industries such as internet, IT, communication, media and new energy. By February 2009, China had established more than 110 overseas returnee entrepreneurship incubation centres, with more than 8,000 enterprises and 20,000 returnees.

Not only provincial governments, but some county level governments are also very active in attracting overseas returnees. For example, the county government of Changzhou in Jiangsu province so far has recruited four batches of returnee entrepreneurs from abroad.

While there are more and more efforts at local levels to tap global talents, there are also intergovernmental efforts to create trans-local networks for overseas returnees. For example, the Association of China Returnee Entrepreneurship Parks comprises 41 high-tech parks from Beijing, Nanjing, Shanghai, Shenzhen and some other cities. It was initiated by governments in different cities, with an explicit purpose of fostering closer relationship among high-tech parks in different regions.

China today is in a much better position to attract global talents than in the 1990s. Local governments have joined the central government, and state-owned enterprises and banks have joined universities and national laboratories, in stepping up efforts to lure global talent. Both the pull factors (globally competitive salaries, better career opportunities and improved research and social environment) and the push factors (the global financial crisis) work to the advantage of China. So far ethnic Chinese have dominated talents recruited into China, but foreign talents of non-Chinese origins have begun to show interest in working in Chinese universities, research institutions and state-owned enterprises.

The “One Thousand Talents Scheme”

In an effort to boost the country’s scientific and innovative capability, the central government has set up programmes to attract top scientists and academics since the 1990s. The Chinese Academy of Sciences initiated the “100-Talents Scheme” in 1994 while the Ministry of Education initiated the “Yangtze River Scholar Scheme” in 1998. From 1998 to 2006, among a total of 1,107 Yangtze River Scheme scholars, 94 per cent of them had overseas work or study experience.
In 2001, for the first time a special chapter on human resource development was included in the 10th Five-Year Plan. In 2003, China also for the first time held a national conference on human resource development and decided to establish a Central Group for the Coordination of Talented Personnel headed by COD, with recruiting global talents as one of its priorities.

As a result of the state policy of sending scholars to study overseas and recruiting scholars from abroad, 77 per cent of the presidents of Chinese universities, 84 per cent of the academicians of Chinese Academy of Sciences and 75 per cent of the academicians of Chinese Academy of Engineering have overseas study and/or work experience.

The “One Thousand Talents Scheme” initiated by COD in December 2008 represents a new effort to tap global talents. According to this scheme, four types of organisations can apply to recruit global talents through the scheme. These organisations are (1) national innovation projects; (2) key scientific subjects and laboratories; (3) central government-owned enterprises and state-owned banking institutions; and (4) high-tech parks.

On the other hand, candidates can send their applications directly to the Ministry of Human Resources and Social Security, the State Administration of Foreign Experts Affairs, the All-China Youth Federation, the China Association for Science and Technology and the Western Returned Scholars Association.

The Office for Attracting High Level Overseas Talent established by COD coordinates the evaluation and selection process. The Ministry of Science and Technology evaluates candidates for national innovation projects and works with the Ministry of Education to evaluate candidates for key subjects and laboratories. The State-owned Assets Supervision and Administration Commission of the State Council and the People’s Bank of China evaluate applicants for state-owned enterprises and banking institutions. Finally, the Ministry of Science and Technology and the Ministry of Human Resources and Social Security evaluate talents with entrepreneurial skills.

Organisations participating in the scheme are required to provide good career opportunities and working conditions to those who are selected. The latter have favourable chances of leading research institutes, state-owned banking institutions or government-funded key research programmes. They can apply for research and
industrial development funds provided by the Chinese government, and can apply to be an academician of the Chinese Academy of Sciences or an academician of the Chinese Academy of Engineering.

Non-Chinese professionals and their families can apply for Permanent Residence or multiple-entry visa valid for two to five years. For all professionals selected by the scheme, the central government will provide each with one million yuan as a one-time subsidy in addition to their salaries, which should be comparable to the remuneration of their previous job. Moreover, they and their families will be able to enjoy social security benefits.

The Overseas Students and Experts Service Centre, under the Ministry of Human Resources and Social Security, will open special service windows to help professionals handle paperwork and get settled, including Permanent Residence or household registration, and schooling for their children.

Li Yuanchao, head of COD in 2007, is keen to push this scheme forward. He had learned the importance and skills of attracting overseas returnees when he was the party secretary of Jiangsu Province. Li has a stake in managing the new scheme well, which can add credit to his bid for membership in China’s top leadership—the standing committee of the CCP—in the 18th Party Congress to be held in 2012.

Promoting Local Technopreneurship

China has been reshaping its national science and technology policy to be more enterprise-led and commercial-oriented. Under this reorientation, China has been actively recruiting entrepreneurs in high-tech industries, such as internet, IT, communication and media, as well as professionals in high-end service industries, such as finance and accounting, consulting, law, media, publishing, public relations, advertising, tourism, meetings and exhibitions, and education.

While the central government has placed priority on recruiting top scientists and academics, local governments have been very active in attracting high-tech entrepreneurs. The best known example is Beijing’s Zhong Guan Cun Science and Technology Park, which has established 25 incubation centres. By the end of 2007, Zhong Guan Cun incubation centres attracted 4,200 companies. Among the returnee entrepreneurs in Zhong Guan Cun, 44 per cent have patents.

Provincial level governments have recognised the importance of returnee entrepreneurship for local economic growth. They are now willing to spend on a variety of talent schemes, in some cases as generous as those offered by the central government. Jiangsu Province initiated a scheme targeting innovative returnee entrepreneurs in the 11th Five-Year Plan period (2006–2011). The provincial government planned to spend 100 million yuan every year. More than one million yuan will be provided as financial support to each of the selected talents. In 2008, total spending was increased to 200 million yuan a year to annually attract 150 high level innovative talents.

Beijing has a number of schemes to promote returnee entrepreneurship. In December 2008 it set up an Overseas Students and Scholars Service Centre to help recruit overseas Chinese. Shanghai initiated China’s first talent scheme as early as 1992. It is now
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Large cities in coastal regions are in an advantaged position to attract overseas returnees. Among an estimated total of 300,000–400,000 returnees, about 100,000 have chosen to live in Beijing, 70,000 in Shanghai, 30,000 in Guangzhou, Shenzhen and other Pearl River Delta cities, nearly 100,000 in capital cities of Chinese provinces, and another 50,000–100,000 returnees in more remote counties.

While provincial and city governments take the lead in promoting returnee entrepreneurship, some county governments in the coastal regions have begun to follow suit. A good example is the county government of Changzhou, Jiangsu Province, which identifies four categories of returnees for recruitment: (1) those who have developed technologies in high-tech industries; (2) those who have intellectual property rights and patents which have great market potential; (3) those who can bring in advanced technologies and equipment to Changzhou, and (4) those who can manage big projects and help Changzhou develop high tech industries.

Changzhou county government will provide three million yuan as start-up capital for selected returnee entrepreneurs. It is also willing to provide venture capital of up to 15 per cent of the registered capital of the new enterprises. There are also various innovation funds for returnee entrepreneurs to apply. Finally, the Changzhou county government will provide good education and welfare benefits to the children and family of returnee entrepreneurs. By 2008, four batches of overseas returnees had been recruited to Changzhou.

While recent years have seen effort to attract global talents going down from central government to provincial, city and even county governments, a horizontal network involving governments and businesses in different regions has been forming. For example, 41 high-tech and industrial parks from Beijing, Nanjing, Shanghai, Shenzhen and some other cities formed the Association of China Returnee Entrepreneurship Parks to promote cross-regional cooperation.

Local governments in different cities have played a facilitative role in cultivating this trans-local network, which allows high-tech and industrial parks with different comparative advantage to benefit from closer relationship. For example, Zhong Guan Cun is strong in its high-tech research and development, but is relatively weak in
production. On the other hand, Nanjing high-tech zone has competitive advantage in labour and infrastructure cost and production scale. There is much to gain by cooperating through the Association of China Returnee Entrepreneurship Parks.

**Attracting High-Level Professionals**

Other than top scientists/academics and technopreneurs, China is also in need of high-level professionals. A 2005 McKinsey Global Institute survey found that fewer than 10 per cent of Chinese job candidates would be suitable to work in a foreign company for reasons including the lack of practical skills and the relatively low creativity of Chinese students. For both foreign firms investing in China and Chinese firms going global, professionals with knowledge of international practices are always lacking.

With Chinese banks and state-owned enterprises becoming some of the largest in the world, high-level professionals for the first time become the target for recruitment in central government’s most recent talent scheme—”One Thousand Talents Scheme”. Eligible candidates should have worked as senior managing staff in a well-known multinational corporation or banking institution. The State-Owned Assets Supervision and Administration Commission will work with COD to recruit high-level professionals for central government-owned enterprises and the People’s Bank of China will work with COD to attract high-level professionals for Chinese banks.

Local governments seem to be more interested in attracting technopreneurs than high-level professionals, in part because technopreneurs directly contribute to local economic growth while high-level professionals do not. But some provincial governments have recognised the importance of professionals for local enterprises, be they privately- or state-owned. Zhejiang Province, which has a more developed private economy than most other provinces, organised a job fair in Wenzhou in 2004 to attract overseas professionals for local private enterprises. The job fair brought international and domestic job agencies and 120 overseas returnees into contact with more than 300 private enterprises.

While most overseas returnees prefer to work for multinational corporations, state-owned enterprises and banks are now able to offer attractive packages. Due to the growing effort by central and local governments, more high-level professionals and other top talents are likely to be found in SOEs. Some private firms in high-end service industries are also able to attract high-level professionals. Some of them are in fact set up by overseas returnees.

The talent schemes initiated by central and local governments target top scientists/academics, innovative technopreneurs and high-level professionals. For most other overseas returnees who are less competitive, they have to compete for jobs with other overseas returnees and a much larger number of Chinese university graduates. Education abroad alone can no longer guarantee a high-paying job.

Overseas returnees have been stratified into different status groups as a result of growing competition. The Chinese have coined a number of terms to describe them. The earlier term is Haigui (overseas returnees), which is associated with high-paying jobs and high socioeconomic status. As overseas returnees become more differentiated,
two new terms have appeared. The term Haiou (seagulls) refers to a group of “half-returnees” who split their time between China and other countries. The growing trend of transnationalism allows them to pursue multiple careers without being bound by national borders. With globally portable skills, Haious are of course the most privileged among all the Haigui. Another group, now known as Haidai (unemployed returnees), comprises those who have yet to find a regular job in China. The talent schemes have nothing to do with the Haidais.

China’s sustained economic growth and rapid integration with the world economy have created favourable conditions for central and local governments to attract global talents. China is now able to offer globally competitive packages and better career prospects to overseas Chinese whose climb up the corporate ladder have often been blocked by the racial-based “glass ceiling”. Some large Chinese cities have become much more internationalised than before, making living in China a less daunting challenge for the families of foreign talents.

Previously China’s SOEs and banks were to a large extent closed to foreign talents. As they globalised and grew into some of the largest ones in the world, they have begun to review their human resource practices and are now keen to recruit foreign talents for senior positions in multinational corporations.

China’s ability to attract global top talents is further helped by the current global financial crisis, a unique advantage not available to China in the 1990s. Taking all these factors into account, China’s “One Thousand Talents Scheme” and other initiatives by central and local governments are likely to be more successful than earlier programmes. However, many institutional and organisational problems loom large in the process. For instance, the “One Thousand Talents Scheme” has recently been criticised for the non-transparency of its recruitment procedure, as well as its retrospective recognition of already-returned talents rather than actively seeking new personnel from abroad. Another concern is whether the recruited talents can have a supportive working environment where their local colleagues receive much less pay. So far ethnic Chinese have dominated talents recruited to Chinese universities, research institutes, development zones and state-owned enterprises. To fully tap into the pool of global talents, China’s largest cities still have a long way to go, compared with more internationalised cities like Singapore and Hong Kong.