

11.1. Job market in China for Foreigners (RC)

Introduction

In the recent years companies are continuing their process of localizing the staff, reducing administrative overhead for managing expatriates and at the same time are reducing cost. In general, contract types can be separated into:

- Expatriates, sent from another country for a specific amount of time (which often can be extended though). In most cases, these employees have been hired by the group in another country before.
- "Flexpats", locally in China hired foreign national staff in which no work contract with the group exists in another country. These often are employees who are committed to stay in the country for the mid- to long-term.
- Local Staff, meaning staff with Chinese nationality.

The job market for international staff is shrinking in general, while there still is demand especially for higher qualified personnel.

With the increasing availability of high qualified Chinese staff and returnees of Chinese graduates from other countries with international education, I personally expect the job market to become increasingly competitive.

Job Types Overview

Foreign staff usually works in one of these functions:

Upper level Management

Upper Level Management is often sent from the headquarters, sometimes also hired locally. For the headquarters, it is easier to exercise control over a legal entity if the staff is foreign and they might bring the additional benefit of bringing along the corporate culture from the headquarters.

Communication with international Stakeholders

When communicating with international stakeholders, also the cultural communication aspect and the perceived trustworthiness can play a big role. The possible jobs in this function are very broad and include Consultants, Lawyers, Internal Reporting functions, etc.

Engineering / R&D / Technical Jobs

This kind of function tends to happen when either technical knowledge transfer is required to the local entity (e.g. engineers get sent to China) or when processes of a multinational enterprise have to be followed, e.g. the R&D process.

Main benefits seem to be different education approaches in other countries, more experience and stronger methodical thinking.

(Language) Teachers

China has been a mecca for language teachers without (formal) qualification in the past. These days seem to be over due to more strict regulations, still there are many language teachers here that tend to get paid higher than local staff, mostly due to the (sometimes doubtful) perceived higher value of the customers.

Even better money can be made for formally qualified teaching staff at international schools.

Facejobs

Foreigners are sometimes solely for representation purposes and have no other real task. This kind of jobs can include modelling at shows (a rather common occurrence in other countries too) but can also go to a little bit obscure way like faking international visitors at exhibitions, handing out fake business cards.

While there surely are others, the majority of foreign staffs seems to work in these functions.

The following criteria might be applied by the

company to choose if local staff of foreign staff will be preferred:

- Need for Representation as an international company: Companies often employ at least some foreigners to demonstrate that they truly are an international company
- Required language skills: Both valid for Chinese and for the foreign language
- Cultural fit: Positions with lots of interactions in the local environment tend to be filled with Chinese staff, positions with lots of interaction with the headquarters with international staff.
- Cost: While high-quality Chinese staff tend to cost a similar amount as foreign staff, for lower qualified positions local staff might be considered more.

Compensation and organizational differences Flexpats and Expats

Due to limited experience with other nations, this section describes the main differences between Expats and Flexpats of staff with German nationality:

- Social Insurance: The social insurance is continued to be paid in Germany, bringing benefits of not leaving the system to the employee. This is possible due to an existing social security agreement between China and Germany but there are limitations in place in which this regulation can be used.
- Support before and after the expatriation period: If an expatriate program is managed professionally by the headquarters, they should have a midterm career development plan and they should be supported during the process of transition towards the target country and backwards. Experience shows though that companies sometimes “forget” about their expatriates while they are away and have a hard time to find a suitable position to reintegrate them in their head office.
- Allowances: While up to negotiation, Expats tend to have higher allowances for

supporting the move to China. This can especially true for Lodging, school fees for children, etc. These allowances are being paid by the company directly to the provider and will not be paid to the employee but relief them from paying these fees themselves.

It is not uncommon for expats to live in apartments that cost as much as their net salary in their last position at home.

- Salary: Even while Expats often get a (temporary) salary increase while working in China, their gross salaries are in a comparable range as locally hired Flexpats.
- Support during the expatriation period: While allowances often focus more on the financial side, expatriates tend to get a much greater support in organizing the daily life while being in China, especially considering transportation, assistant support for translations, etc. This might be especially required if the language skills in Mandarin are limited.
- Even with staff in similar functions, the nationality of an employee seems to have a high influence on the total compensation package at least at the jobs below the upper management.