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Globalizing Shanghai
International Migration and the Global City
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July 2010

Abstract
Cities are the focal point for the mobility of talents, located between the nations and firms, states and educational institutions. Shanghai, being regarded as the ‘ultimate poster-child for the effects of globalization on cities and regions’ by the BBC (2007), the city is argued as the best candidate for China’s global city (Ni 2008, Lin 2004, Wu and Yusuf 2004). However, one major obstacle in Shanghai’s pathway in becoming a global city is the shortage of skilled labour. Shanghai now is inevitably competing with other cities in China and Asia for the best brains in the world. This paper therefore aims to understand the relationship and linkage between global cities and the migration of talents. By using the case study of the circulating network and mobility of Chinese student migration from elite business schools in France to illustrate its role in Shanghai’s competitiveness and trajectory to become China’s global city.

Keywords: international migration, global cities, talents, brain drain, China, Shanghai

JEL classification: J61, R10, R63, F20
Acronyms

IOM International Organization of Migration
FURS Foundation for Urban and Regional Studies
BBC British Broadcasting Corporation
FDI foreign direct investment
WTO World Trade Organization
FMCG fast moving consumer goods

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1 Introduction

Nowadays, the availability of energy resources and adequate supply of human capital are vital for the economic development in the emerging economies and developed nations. Our contemporary economic globalization is characterized by the international trade in goods and services. Increasingly highly-skilled labour and brightest students have become a sought-after commodity welcomed by nations around the globe. At the frontier of national economy, cities and urban areas also now join the battlefield for brains. Global cities are not only homes to financial capital and merchandises but also favourable hotspots for talents and ideas. In order to remain competitive, Asian countries are among the major players in the global education market sending students to acquire advanced knowledge in western countries. At the same time, some cities in Asia are also aspiring to become education and talent hubs and working hard to attract students and skilled labour from around the globe.

Shanghai, the so-called dragonhead of China’s booming economy is inevitably competing with other cities for the best brains in the world. A fishing village barely a century ago, Shanghai was known as the ‘Paris of the Orient’ for its wealth in the 1920s-1930s and the city is now on its way to regain the prestige. One major obstacle in Shanghai’s pathway in becoming a global city is the shortage of skilled labour. Indeed the lack of sufficient talents has become the bottleneck of sustainable economic development in China (McKinsey 2005). However, being the largest sender of international students abroad, China has a vast number of highly-educated talents studying and working abroad. Many Chinese students are back in big cities like Shanghai, Beijing and Shenzhen and more of them are considering returning to China. What is the role of these returnees and how does student return migration contribute to the rise of Shanghai, China’s global city candidate?

1.1 Globalization and world cities

In today’s world, most societies are characterized by rapid urbanization as more people are migrating to cities, especially mega cities, across the globe. In The Age of Migration (Castles and Miller 2003), cities across the world are the main destinations for this human movement. However migration is not a new subject for cities. Until the mid 19th century, cities were often overcrowded and unhealthy places, and the number of deaths exceeded births in many large European cities. During this period, migration was one of the vital factors for city growth as it accounted for as much as 90 percent of the city population. There were only eight mega cities (population over five million) in 1950. This number grew five-fold to 41 mega cities in 2000 and is predicted to rise to 59 (within them, 23 cities are expected to have over 10 million inhabitants) in 2015. This rapid growth is not only attributed to demographic gains but also to the contribution of both internal (rural-urban) and international migration to urban areas.

The most recent UN-HABITAT report, The State of the World’s Cities 2004/05 has highlighted the importance of migrants and their impact on multiculturalism in cities. While praising the need for ‘cities of difference’, it also noted the growing urban poverty and inequality in many cities. Nevertheless, it clearly showed the migrants’ contribution to urban cosmopolitan culture, in terms of arts, languages, gastronomy, among others. In Castles and Miller (2003), migratory
flows have affected more and more countries on a global scale in tune with the acceleration of trade liberalization. Cities (the economic centres of a nation state) and the formation of a global city have attracted a large influx of immigrants in order to fuel its growing economic activities. In return, international migration has facilitated the increasing incorporation of cities into the global economic system (Skeldon 2003). According to the theory of Sassen (1991), this migration flow is demand-driven, where massive migration from third-world countries is pulled into the expanding but low-service sectors in mega cities. This also explains the informalization of economies and social polarization in these cities.

On the other hand, a different level (higher value-added) of labour supply, skilled migration, managerial transfers and expatriation played an important role in the development of global cities and are strongly associated with the formation of a world city network (Beaverstock 2002). In a knowledge-based economy, contacts, especially face-to-face contacts are essential for exchanging information. Thus in a ‘network society’ (Castells 2000) elite migrant workers (Doyle and Nathan 2001) are circulated through inter- and intra-company transfers (ICTs) to maintain contact and accumulate knowledge (Moore 2004). This has formed a new pattern of international migration (Koser and Salt 1997, King 2002).

However the research on this pool of highly-skilled movement of talent is relatively limited considering their significant economic contribution to urban growth (Findlay et al. 1996). In addition, the impact of immigration is still not recognized as criteria for ranking global urban hierarchy (Short et al. 1996), despite the fact that it was identified as an important factor in the original formulation of the world city hypothesis by Friedmann (1986, also recalled in Short 2004, Beaverstock et al. 2000). Moreover, human capital, knowledge and financial capital embedded in migrants are created and articulated in their local and transnational relationships (Williams et al. 2004), their spaces of origin and destination. These local and spatially stretched relationships (Massey 1994, Allen 1998) are constituted in the networks of social relations and are temporally locked into particular places. This type of human mobility is however said to be neglected by geographers (Williams et al. 2004).

As seen above, there exists a considerable academic literature on the subjects of international migration and the global city. However the migration literature tends to study international migration in a national context and much is policy-oriented. There is also, unfortunately, a lack of geographical research on migrants in cities. One reason to explain this, according to Findlay et al. (1996), is that migration appears to be both the consequence and part cause of global city formation.

In view of Samers (2002), the global city hypothesis needs ‘significant revision’ and should be incorporated with transnationalism. The notions of transnationalism and transnational communities have emerged in recent years defining the new linkages between societies based on migration. Our contemporary globalization has resulted in the ‘deterritorialization of nation states’ (Basch et al. 1994). Human agency is central to this notion. Immigrants are able to build up real life and virtual networks and communities thanks to the development of information technology, which is also called ‘transnationalism from below’ (Smith and Guarnizo 1998). According to Castles and Miller (2003), both transnationalism and transnational communities are said to grow swiftly and will play a more important role in organizing activities, relationships and identity for the transmigrants (people with affiliations in two or more countries). In the view
of Samers (2002), global cities are the ‘locus’ of transnational political mobilization and are connected in ‘inter-urban’ networks formed by migrants.

The linking of cities with the process globalization is a critical area of research (many of the key works by Globalization and World Cities, GaWC and network, can be found in the works by Hall 1966, Friedmann 1986, Sassen 1991, Short and Kim 1999, which reveal some of the physical features of economic globalization such as concentration of headquarters, emergence of global financial capitals, clustering of advanced producer services etc.

From 1960s, social scientists like Hall (1966) and Friedmann (1982, 1986) have set the research agenda in global city research by placing emphasis on control power and the ‘functional reach’ in the changing organization of the global economy. These great cities are where international capital is concentrated. The globalization of production has important implications for international migration and eventually resulted in the so-called ‘new international division of labour’. Global capital and corporations use some key cities in advanced economies as their ‘basing points’ and assign them with functions in the re-structured spatial division of labour, production and market. Furthermore they are interconnected in a complex and hierarchical urban system, ranked by their functions, control and command power.

With the transformation of information technology and increasing multilevel of flows of information, knowledge and services, Sassen (1991) underlines the new strategic role for major cities in a highly connected society. The key features of global cities can be reflected on the concentration of investment, high proportion of (advanced) producer services and their strategic controlling power in the global economic and city network. This ‘interlocking’ network was further explained by a cross-sectional study (Taylor 2004) of advanced producers services firms and their global location strategies, where world cities are conceptualized as the nodal points of the network.

Despite the well-developed theories in global city hypothesis, one long-existed problem still lies in the relative lack of empirical evidence and statistical proof. Past researches have predominantly focused on the simple attributes of cities, such as the number of companies and corporation headquarters (O’Connor 2005). Size, power and control functions are the major factors in measuring cities in a hierarchical model. Attempts are nevertheless made by Taylor (summarized in Taylor 2004) to identify the relations and interconnectedness of cities, but again only a limited number of sources (six advance producer services) are consulted. In both approaches, the economic measures are central criteria. As a consequence, the social-cultural factors (the human side) are largely neglected (Benton-Short et al. 2004) and even their rectification is still attribute-based. My research will add new dimension to the existing (in fact extensively-studied) debates on global cities and their networks through the incorporation of a new focus on human mobility using relative data on student migration. This research project will use both methods, attributional and relational/network analysis to develop what Taylor (2004) calls a network with hierarchical tendencies, as constituted by student migration. This is because the stock of international (student) migrants is the attributional measurement of a city (the size and capacity of international migration) and the return migration reflects the inter-city flow and connectivity in global city network hierarchy.
Overall, the global city literature concentrates on established global cities and their formation. However, in my research, to study a potential global city formation in an emerging world city like Shanghai requires bringing in a further theoretical approach. Shanghai needs a city mechanism that expands its economic life (Jacobs 1972, 1984 and Taylor 2004, 2008) to be in tune with current economic globalization. This mechanism needs to be developed both internally and externally. Shanghai’s attributional gains in office spaces and infrastructural improvements can be viewed as internal growth. This paper, however, will furthermore demonstrate the importance as well as impact of Shanghai’s external growth, through intercity connection and integration to world economy, basing on the mobility and network of student migration.

1.2 International migration and student mobility between global cities

International migration is generally researched mainly on nation state levels. Due to economic globalization, migration research may require new analysis, maybe a more decentralized approach. This is shown on the research on elite migration and inter-company transfers of skilled personnel. In Beaverstock and Boardwell (2000) research on transnational service firm professionals, migration is pronounced between global cities. For instance, the mobility of bankers and financial professionals constitutes the flow between international financial centres such as London, New York, Tokyo, Singapore, Frankfurt. Similarly, elite (business) student migration is articulated in the spaces and flow between the host cities of their institutes. Thus research on the inter-city flow of migration will play a complementary role in understanding and the flows and spaces of contemporary international migration.

In the nexus of migration and development theory, both permanent and temporary migration are viewed as development tools (IOM 2003, 2005, UNDP 2003). Remittances from the overseas diaspora (who usually migrated permanently) have gained substantial praises in helping the economic development of sending countries. But this economic impact of remittances is shown largely to be dissipated in the housing sector and or used for immediate consumptions (Jacobs 1984, King 1986). On the other hand, return migration¹ of temporary migrants is said to be both sustainable and attractive (Ghosh 2000). The knowledge transfer and brain gain (Solimano 2004, 2005) through return migration is far more productive than the increase in consumptional financial capital. This is particularly the case with return student migration, because of their considerable embedded intellectual assets and knowledge, i.e. human capital.

Student migration is often argued to be the precursor of highly-skilled migration (Skeldon 1992) based on case studies from Australia, USA, and Canada. Those so-called traditional migration countries have seen a great number of foreign students particularly from Asia changing status to economic migrants. The outcome of this movement is not predictable and often unexpected. Therefore in traditional migration and development studies, this is viewed as potential brain drain² for developing countries suffering from the loss of their talents (Solimano 2002, 2004).

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¹ Officially refers to the movement of a person returning to his/her country of origin after one year or more, this may or may not be voluntary (IOM 2005).
² One of the negative effects for the country of origin in migration process is the problem of ‘brain drain’. It refers to the loss of human capital, skilled/trained and professional workforce for the migrants’ sending countries. To the contrary, it gives ‘brain gain’ to the receiving countries.
However, recent research on the nexus of migration and development has suggested a potential win-win situation for both sending and receiving countries through the transfer of knowledge, financial and human capital of returning students and diaspora as well as benefiting from transnational migration networks (Xiang 2005, Vertovec 2004). According to the OECD — Organisation for Economic Co-operation and Development (SOPEMI 2002), student migration has been considered one of the dominating sources for skilled migration between OECD countries. Advanced level students working at research level often engage in lab work and academic projects as skilled labour. On the other hand, the high costs of studying abroad have led them to seek part-time jobs to defray tuition burdens. Due to the nature of their work and low pay, they could be considered a form of low-skilled migrant labour in the global cities as defined by Sassen (1992).

Student migration is also said to provide a new research agenda for understanding the global city hierarchy in O’Connor’s (2005) recent studies on international students and global cities. Education, through the internationalization process, can be seen as ‘tradable activity’. Educational institutions are seen as the specialist producers who trade academic learning and training in a global market. Also, leading scholars like Peter Hall (1997) have shown that universities (students) are strongly associated with urban communities and contribute greatly to regional growth. As a result, the flow and movement of students have now given ‘an alternative stream of global connections’ (O’Connor 2005) to global cities and even smaller cities with concentration of educational organizations.

Geographic selectivity in the movement of students is said to be associated with the differences in urban development (O’Connor 2005). Education is a new emerging industry for many countries. The global trade in educational services has grown very fast in the past few years. Different from other trade, overseas education is traditionally supply-driven, i.e. the clients (the students) are driven to the place where good and high-quality education is available. However, with increasing internationalization in education, business education providers are setting up new campuses or starting joint programmes abroad to offer MBA and EMBA courses close to the students’ home-base.

Interestingly, new initiatives as we have seen in the airline industry like Star Alliance and One World, are now taking place in the education sector, with names like TRIUM MBA (which involves New York University, London School of Economics and HEC in Paris), One MBA (an alliance of premier business schools in Rotterdam, Hong Kong, São Paulo, North Carolina and Monterrey). Some leading business schools have even moved one step forward to set up overseas

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In fact this idea was not born in a developing country, but in the UK in the 1950s, when the Royal Society was worried about the outflow of British scientists to the United States. Since then the topic has been put on the discussion tables of the United Nations and governments around the world. Thus for a while, (labour) migration was not seen as a development tool for many countries because of the possibility of brain drain. However recent migration studies have shown many positive sides of (labour) migration especially the remittances that migration has brought to home countries are now considered very important sources of income and development resources.

In some cases, student movements to developed countries are still, however, viewed as part of the brain drain because many students choose to overstay or look for jobs in developed countries after their graduation.
campuses, for example, INSEAD and Chicago’s Asia campuses in Singapore. Cities play an important role for business schools besides being the hosting sites. They offer cosmopolitan lifestyles and extensive working and networking opportunities for business students. Therefore it is not surprising to see many top business schools advertise their ‘urban advantages’, such as the ‘New York Edge’, ‘London Advantage’, ‘Downtown Advantage’ as well as more relaxing and specific lifestyles like ‘Bay Experiences’. To conclude, just like other advanced producer services, business schools are expanding their geographical coverage to increase their ‘globalness’ in today’s education market. At the same time, the exchange programmes and overseas campuses/courses they establish will enable better student mobility across the world’s major cities. As a result, new, complementary, and alternative world city network is again articulated, formulated, and enhanced by business schools and their students (alumni).

This can explain the concentration of Chinese students in major European cities, particularly capital cities due to the size, reputation and highly urbanized infrastructure and metropolitan lifestyle. Most Chinese students in Europe come from urban areas in China therefore bigger cities could provide more services and living standards which the students are used to at home. National education systems in some European countries also play a role in the distribution of higher education institutions. For example, most universities concentrate in the Randstad in the case of the Netherlands and most elite grandes écoles (e.g. HEC, Sciences-Po, ESSEC, EAP-ESCP) are located in Paris. There are also exceptions like smaller university towns in UK (Cambridge, Oxford) and in Germany (Heidelberg) and Sweden (Lund). Major cities like London and Paris are the economic, financial, political and cultural centres for UK and France respectively. Both of them have the highest density of higher education institutions and have become the basing points for Chinese students in both countries.

2 Chinese returnees in Shanghai

China is currently one of the fastest growing economies in the world, with a current two-digit growth, and has already overtaken Germany as the world’s third largest economy. It all started with its economic reforms in the 1970s, through the adoption of so-called ‘open-door’ policies. Since then, massive foreign direct investment (FDI) has flooded into what is the largest developing country in the world. Cities along the east and southeast coastal lines have seen the initial and biggest benefactors from this policy. They were given preferential policies by the central administration to attract FDI. This later led to the emergence of three core regional economies, namely Pearl River Delta (Hong Kong plus Guangdong Province), Yangtze Basin (Shanghai and surrounding cities) and the Beijing-Tianjin Corridor. These also represent three leading metropolitan regions in China, keen to play a major regional and global role in economic and cultural life. Among them, Shanghai is said to be the most suitable candidate for a potential Chinese global city, and gain a comparable position to Hong Kong and Singapore in the region (Olds 1997, Gu and Tang 2002, Wu 2000a, 2000b, Wu and Yusuf 2004, Green 2004, Wei and Leung 2005, Li and Wu 2006, Taylor 2008, Lai 2009, Wasserstrom 2009).

In a recent study, Ye (2004) used three criteria for evaluating Shanghai’s qualification for being a global city: centrality to the national economy; concentration node for global capital and
professional services. Currently, Shanghai has 5.4 per cent share of China’s GDP and 10.9 per cent of national total FDI. Shanghai has shown its vital economic role in China’s economy and strategic position for international capital and investment. Therefore Shanghai seems to have satisfied the first two criteria. However, as China is still a developing country, Shanghai is still in the transformation period of ‘de-industrialization’ (Savitch and Kantor 2002). But the result is encouraging. Nowadays tertiary industry employment accounts for almost half of the total, and the GDP generated by the service sector is 8 per cent of the national production, leaving other Chinese cities far behind.

However Shanghai lacks connectivity and globalness in the world city network. The GaWC project (Taylor et al. 2004) ranked Shanghai 34th among 315 cities around the globe, on the basis of 100 firms in six different sectors, law, advertising, banking and finance, accountancy, management consulting and insurance. Shanghai has far fewer offices than New York, London and Tokyo and her Asian neighbours of Singapore and Hong Kong, just in close ties with Beijing. A large and mobile pool of skilled labour is a key factor for strengthening the service sector in a global city (Moore 2004), and international migration is an important component for the leading Asian cities’ labour markets. In Singapore, 27.7 per cent of its workforce is foreigners (Yap 2003), while in Hong Kong 6.7 per cent of the population are of foreign nationalities; there are also a considerable numbers of legal and illegal workers in major Japanese and Southeast Asian cities, e.g. Kuala Lumpur and Bangkok. According to Shanghai Municipal Statistics Bureau (2004) out of Shanghai’s population of 13 million, only 72,895 come from abroad to live, study and work there. There are only 4,913 foreign students/interns in Shanghai, less than 10 per cent of those in Paris. China, as a whole, has a small stock of foreigners in cities (Skeldon 2004).

Despite economic and trade liberalization, one major critique for Shanghai and other Chinese cities is a lack of openness (Enright et al. 1997, Wu and Yusuf 2004). This stems from the tight control under the ruling communist political system. Openness is not only reflected in economic terms, but also socially and culturally. However, the lack of human capital for Shanghai is in fact a national phenomenon — indeed a lack of sufficient talent has become the bottleneck of sustainable economic development in China (McKinsey 2005). China’s entry to the World Trade Organization (WTO) has resulted in the acceleration of economic development, and pushed China’s integration into the global economy. In a knowledge-based network economy, human capital is the crucial fuel to secure sustained prosperity and competitiveness. In the ‘World Economic Yearbook 2000’ by IMD in Lausanne, Switzerland, China had dropped its position, due to the brain drain and the outflow of highly-skilled human resources (Zhuang 2003). China ranks last and second last for the availability of qualified engineers and information technicians. The World Economic Forum in 2008 also draws similar conclusion on China’s poor performance on human resources, indicating that:

- 2007/2008 ranking: China 34th place overall (out of 113 countries), however 55th on labour market efficiency, 78th on education, 73th on technical readiness, 57th on business sophistication, and 38th on innovation
- Key disadvantages (rank out of 113 countries): quality of management schools 90, brain drain 38, FDI and technology transfer 90, production process sophistication 81, availability of scientists and engineers 78
While improving urban infrastructure and other ‘hardware’ of Shanghai, the key agenda for Shanghai must be to maintain its advantage in its service sector, by having a steady supply of highly-skilled workers. Intellectual talents are wanted in Shanghai, Beijing, Guangzhou, and other cities in China, and they are desired both domestically and internationally. One returnee in the luxury business said her company was facing difficulty in recruiting a brand manager because of the limited pool of talents, even in Shanghai:

‘It is true that there is still a lack of human talents in Shanghai – especially those with international exposures. Therefore, haigui with overseas professional experiences are very highly sought after. Particularly people who have industrial experiences in both China and abroad, and those in banking, legal services and consulting. I know a French law firm who is at the moment desperately looking for Chinese graduates from France, who know Chinese and French laws (on auditing and bankruptcy issues) and speak both languages. In my sector of luxury and fashion industry, there are also limited people with international experiences.’

(ESSEC graduate, female)

Universities and other higher education institutions are the breeding ground for a skilled labour force. China’s huge population and their education needs can not be met with their existing university system. Therefore under the internationalization of education, the fierce university entrance examinations and family pressure for university education has pushed Chinese students to seek alternative sources of learning outside China. English and other foreign language skills are the basis for getting a professional job in China. Thus overseas education is a perfect opportunity to gain advancement in foreign languages and internationally recognized qualifications, experiences and knowledge. There are also pulling factors for this phenomenon, the quality of foreign institutions and sometimes generous scholarships and research facilities also appeal to many qualified Chinese students. There are a few government schemes particularly aiming at attracting most talented students to study abroad, such as British Government’s Chevening scholarships, US Government’s Fulbright Programmes and German Government’s Humboldt Fellowships. China’s entry to the WTO has further raised the demand for international human resources, adding more incentives for Chinese families to send children abroad for studying programmes.

After their graduation, these students usually have advance qualifications and language skills, and will be the key factor in expanding China’s service sector and filling the important managerial positions in public and private sectors, particularly in the services industry. Union Bank of Switzerland, UBS’s report (2004) suggested that the Indian diaspora invest much more to home regions in terms of FDI than the Chinese diaspora. However, it also highlighted the growing new wave of Chinese students returning from abroad to become entrepreneurs in the homeland. So for China, the main concern is the return of students, because if recruitment policies succeed, it will produce the most important asset for China and will not only improve China’s scoring on human resources in the World Competitiveness Index but also increase its FDI particularly in the high-tech sector (for instance, enterprises set up by returning students

3 Haigui means ‘sea-turtles’ in Chinese, which is a nickname for Chinese returnees from abroad.
from Silicon Valley). In order to do so, Chinese central administration and local governments have implemented a series of preferential policies for attracting overseas students to invest and work in the homeland. These policies seem to be successful (Xiang 2003). The recent statistics showed that more than 20,000 students returned in 2003, an increase of 12.3 per cent to the previous year (see Figure 3). More than 5,000 high-tech firms have been set up by returning students with total revenues of 3.75 billions USD.

This paper focuses on the case study of Shanghai, to understand the impact of return migration on the city — using data on Chinese student returnees from Paris to Shanghai, basing on fieldwork with 40 returnees interviewed in Shanghai and conducting 20 additional interviews with Chinese students and graduates studying or working in Paris:

2.1 Schools represented (main focus was on business schools in Paris):

*Grandes écoles and business schools*

ESCP-EAP, ESSEC, HEC, Insead

*Other grandes écoles*

Ecole Polytechnique, Sciences Po

*Universite and others*

Paris 9, Paris 11, Paris 13, Language school

2.2 Company profiles:

*Fast Moving Consumer Goods (FMCG)*

L’Oreal, Capital Lide Foods, Danone

*Industry*

Saint Gobain, DiBcom, Peugeot, Air Products, Air Liquide, BIC World, Alcatel, Kodak, Lafarge, Schindler, Valeo

*Luxury Goods*

P&G Prestige, Guerlain, Art de Vivre, Christian Dior, LVMH

*Banking*

HSBC, BNP Paribas, Allianz Group, China Minsheng Bank, Societe Generale, Areva

*Consultancy*

Accenture, Atkins, Boston Consulting Group, McKinsey, Roland Berger, Reid Investment, GRE Investment
Legal

Clifford Chance

Retailing

Auchon, Carrefour

Others

eBay, Club Med, École Française de Shanghai, French Consulate, Sodexo

Research has shown that Chinese students retain close contacts with communities back at home. Thus they can be seen as the mediators and interface of two networks, linking overseas diaspora network with Mainland China. From there, information about academic, social and business opportunities are exchanged between cities in this dynamic migration network. Observations on Chinese migrants (not exclusively to students) in France further indicate secondary migration system between France and other European countries through migrants’ social network (Ma Mung 2000). Certainly, this will be an important connection for Paris’s external reach with greater China and the international human capital and knowledge network.

Paris is selected on the basis of its status in the global city network and European cities hierarchy. Paris is arguably the second largest city in Europe, the political, economic, financial and cultural heart of France and radiates far beyond in Europe. Although Germany has the second largest population of Chinese students in Europe, there are no comparable cities to the level of Paris. Figure 2 clearly shows the large stock of student populations in Paris and the high percentage of international students. Previous research on MBA schools also confirms the important role of Paris as the fifth city in the business education network. Thus this research selects Paris in Europe as the site for studying Chinese migration.

The return patterns show strong intercity connections, as returnees intend to concentrate in urban areas and within multinational companies. The choice of selecting Shanghai as the location for studying return migration is due to Shanghai being the biggest recipient of return migration and China’s arguably most suitable candidate for a global city (Lin 2004, Wu et al. 2002). Figure 4 has shown the relatively higher stock of student returnees in Shanghai comparing nine other major cities in China. The most reliable and recent survey conducted online by a leading Chinese newspaper (Elite Reference) and governmental agency (www.haiguiss.org 2004) revealed Shanghai (37.3 per cent) and Beijing (31.8 per cent) as the leading destination cities after study by 3097 Chinese students from 49 countries. Among them 47 per cent chose multinationals as their career ambition. The satisfactory integration of returnees is also shown in the employment rate: 71 per cent of returned students found jobs within six months after their return to China.

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4 Due to the federal structure of Germany, its economy is more decentralized and more or less evenly distributed across its regions, like political capital is Berlin and Bonn, financial capital is Frankfurt, trade and shipping centre is Hamburg, business centre is Munich and so on, when comparing to the highly centralized economies of UK and France.
Student return migration has become a ‘calculated strategy’ by the national government (Zweig 2006) to accumulate skills, knowledge, network and financial resources. Comparing to other major cities across the globe, Shanghai has a much smaller rate of both tertiary education entrances and percentage of university and college graduates (Figures 5 and 6). The ‘10,000 Overseas Scholars Converging Programme’ implemented in 2003 already had attracted 10,203 Chinese students from abroad to work in Shanghai. The success of this initiative has led to the new extension of 10,000 Overseas Talents Converging Programme, which was launched in January 2006.

Having a rich supply of internationally competent talents is vital to Shanghai’s pathway to become China’s global city. Therefore with foreign MBAs, language proficiency and work experience, the French business graduates interviewed have all shown their impact on the city’s development. About half of them work for French companies, which directly involves their French knowledge to link China and France economically. One interviewee’s employer is a leading international law firm where more than 70 per cent of his colleagues have studied abroad. This shows the critical contribution of overseas returnees to Shanghai’s rapidly developing service sector. As shown in Figure 7, around 58 INSEAD (one of the highest ranking MBA Schools in Europe and the world) graduates are working in Shanghai in 2004. The city has outshone all other cities in the mainland. The Figure 8 of ESSEC alumni in China also confirms Shanghai’s leading position for returnees.

Most of the returnees either come from Shanghai or have studied or worked in Shanghai and have made the city a favourable destination. All returnees agree Shanghai is the commercial centre for China while Beijing is the administrative capital. Certain sectors are also concentrated in Shanghai, such as the luxury products, consultancy, advertising and other advanced producers services. One graduate working in the cosmetics industry highlighted the importance of Shanghai in her sector:

At least in my opinion and industry, Shanghai is the Chinese centre for cosmetics products. Girls here love fashion and are great trend followers. They are also very daring when it comes to dressing and clothes. It is a truly commercial city. Although Beijing and Guangzhou may have more buying power, the main sales channels there are department stores, while in Shanghai, specialist and boutique shops are more popular. P&G has its headquarters in Guangzhou, mainly because of the tax benefits they receive from the provincial government. However, much of the marketing work is done in Shanghai, hence that is why I am here, not in Guangzhou. The first Sephora shop in China was also opened in Shanghai last year.

(HEC graduate)

Shanghai is also said to be closer to the standard of a global city that meets the demanding business environment and cosmopolitan lifestyle:

Shanghai is the only global city in China. Southern China is not as professionalized and the social order there is also not good, for example, the taxi
drivers there want to cheat you. Beijing is the capital, it is less commercial and the weather there is terrible.

(ESSEC graduate)

An interviewee from ESCP-EAP made a similar comment:

Shanghai’s software is better. I feel the Shanghainese are closer to Parisians, very cosmopolitan…

Shanghai is a dynamic city, at the end of Yangtze River and entry to the East China Sea. It is just a two-hour flight to everywhere, and close to Seoul, Taipei and Tokyo.

(ESCP-EAP graduate)

Another interviewee also compares Shanghai’s position to Beijing, Hong Kong, and Guangzhou on a wide range of issues such as business and personal environment:

Shanghai is a very good base for my and our company. It is an international city and very welcoming for foreign staff. Many of my colleagues from abroad often tell me they feel at home and comfortable. I also have strong feelings for Beijing, but it is more the political heart and cultural centre for China, the service awareness is still not at the same level as in Shanghai or even southern China, like Shenzhen and Guangzhou. Moreover, the living environment and transportation are also better here in Shanghai than in Beijing. What Shanghai lacks is nature. There are not enough green areas, diverse landscapes, and not as many heritage sites and monuments like in Beijing. Although the life in Shanghai is already becoming as fast and stressful as in Hong Kong, Shanghai’s service sector still needs to catch up with the level of Hong Kong. Last but not least, ‘the quality’ of residents remains an issue which needs to be tackled.

(HEC graduate)

Family connections and hometown advantages are also pertinent as one interviewee simply said: ‘Shanghai is my hometown. Naturally it becomes my first choice. It is also a comfortable and convenient place to live.’ Interestingly, almost everyone interviewed had experienced culture shock when they returned to Shanghai. The environment and ‘the quality’ of people are among the biggest concerns. Comparing to Paris, most returned students pointed out the lack of deep and sophisticated cultural base in Shanghai. Of course, overseas returnees are only a small group of people who cannot change this situation alone, but they are definitely adding more diversity to Shanghai by spreading their ideas and appreciation of other cultures to colleagues, friends and family.

Finally, the returnees often mention the notion of cultural mélange or ‘Chinese lifestyle with a French touch’. The bi- or multiple identities and SinoFranco or Sino-European/western lifestyle, raise the demand for diverse and international products and services, from supermarkets and restaurants to TV and newspapers. As one interviewee said, returnees are also ‘big-spending’
consumers, which could potentially encourage the creation of new services and products. Some of the older returnees are now sending their children to École Française (French School) in Shanghai, which was set up to meet the needs of not only the expatriates’ children but also for the growing number of Chinese returnees and those Chinese families who wish for and are able to afford western education for their children. In summary, the interviews carried out with returnees allow four categories to be identified, determined by their cultural experiences, generation and length of sojourn:

*Globalist*

These are mainly INSEAD graduates, who do not limit themselves to French companies. They are concentrated in consultancy and banking sectors as well as in other industries. French language is not important for them but they do have a certain attachment to France. They also meet frequently in smaller groups.

Example, interview with an INSEAD returnee:

‘I like very much French food, but in China, I of course wish to spoil myself with Chinese food. I do watch sometimes TV5 and business news of France on the web. Now I live in an international neighbourhood in Pudong New Area, where many returnees choose to settle, because it is more spacious and has a better living environment and living standard. My girlfriend is also a *haigui* from UK, we plan to travel to Cote d’Azur next year.’

(INSEAD graduate)

*Frenchified (westernized)*

This group comes mainly from *grandes écoles* who studied French before and continue to work for French companies and use French and English as working languages. The interviewees frequently made references in French, they maintain close links with France, and lead French lifestyles in Shanghai. They are usually keen on French activities and alumni organization.

Example: interview with a returnee from HEC:

‘I think I have now a more western style, I think it is healthy, like the food. I usually shop at Carrefour and expatriate shops, like the CityMart, and I live in an international community condo and have TV5 at home and watch it every day… I regularly meet with my friends from HEC and Paris, as well as join the events at Alliance Française… I also prefer my partner to have some overseas experience and my child shall also speak at least Chinese and English, and hopefully French too.’

(HEC graduate)
Localized

The majority of these people only spent a relatively short period of time in France and/or have limited French language skills. They are now fully integrated in local life and have few contacts with alumni or the French lifestyle.

Example: interview with a returnee from INSEAD:

‘Well, I only left China for less than two years, and now everything is back to normal just like before. I sometimes meet classmates of my graduation year from INSEAD. It (studying in France) was a good memory and I hope to have my ‘delayed’ honeymoon there one day. But now, I am too busy to think about it…’

(INSEAD graduate)

French families

These are the spouses of French expatriates or who are naturalized as French and currently working and living in Shanghai. They have strong links with France and the French community in China. (NB: some are more localized – the older generation and some are more westernized – the younger couples)

Example, interview with a returnee from ESSEC:

‘I think that my husband and I have a mixed lifestyle, combing Chinese and European features. I guess I can both bargain for hours in a Chinese market and indulge myself at the Four Seasons resort. I think the haigui are big spenders. Like myself, I am currently living in an international residential area, I still keep good social contacts with my ESCP Europe alumni and Beijing friends, and also with my children’s community.’

(ESSEC graduate)

All four categories show affiliation with French culture and lifestyle. The experiences in Paris have become a part of personal identity to every interviewee, with varied level of assimilation. The life in Paris has left its mark on the daily life of the returnee, whether it is the croissant in the morning or the wine with a meal.

3 Concluding remarks

As seen above, there exists a considerable academic literature on the subjects of international migration and the global city. However the migration literature tends to study international migration in a national context while the study of global cities lacks relational data and empirical analysis. What is the role of cities in this escalating student migration process? Geographic selectivity in the movement of students is said to be associated with the differences in urban
development (O’Connor 2005). At the frontier of national economy, cities and urban areas also now join the battlefield for brains. Global cities are now not only home to financial capital and merchandise but also favourable hotspots and market places for talent and ideas. According to Findlay et al. (1996), migration appears to be both the consequence and part cause of global city formation. International student migration is said to provide a new research agenda for understanding the global city hierarchy in O’Connor’s (2005) recent studies on international students and global cities.

The example of the rise and fall of the city of Kaifeng in ancient China in the past one millennium vividly illustrates the importance of a city’s external connection with the outside world. Kaifeng’s success not only builds on the scientific and technological development of the Song Dynasty, but also on the influx of talented craftsmen and daring businessmen who travelled from far away to Kaifeng via the famous Silk Road, the first interconnected network that linked ancient China and other nations through cultural, commercial and technological exchange. Shanghai is today China’s Kaifeng, with a strong government mandate to become China’s leading global city. This paper attempts to integrate the international migration theory with the current studies on global cities, through the relational case study on return migration from Paris to Shanghai with the aim to analyse how international migration and talent circulation is contributing to Shanghai’s progress in its formation and pathway to a global city, by mediating the relationships between ‘local and global spaces’ through networks, contacts and other social factors.

By studying the global city formation of Shanghai, this research draws another addition to the existing global cities literature. The burgeoning global city literature concentrates on established global cities and their formation in the west. The research on new emerging cities must not rely alone on economic measures but should be also incorporated with other factors, such as the issue of governance, one example being place promotion by the central state (Tickell 1998, Wu 2000). Therefore, in this research, to study an up-and-coming global city formation in an emerging world city like Shanghai (Olds 1997, Gu and Tang 2002, Wu 2000a, 2000b, Yusuf and Wu 2002, Green 2004, Wei and Leung 2005, Li and Wu 2006, Taylor 2008, Lai 2009) requires bringing in a further theoretical approach.

China’s growing economy and emerging market have attracted vast financial capital such as FDI and created an increasing demand for highly-skilled labour, which includes both domestic and foreign talents. Among them, many Chinese students and professionals abroad have returned home to utilize these economic opportunities in China because of their cross-cultural ability having lived in the east and west. Big cities like Shanghai, Beijing and Guangzhou among others are the ‘hot-spots’ for returnees. There is, however, little research devoted to this particular group of return migrants and their contribution to China’s rising global cities.

Family relations and contacts, career strategy and potentials for returnees and confidence on Chinese economy are significant return factors for Chinese students. Returnees are attracted to major cities in China mainly because of the employment opportunities, but also due to the cosmopolitan lifestyle and quality of life. Returnees predominantly work in advanced producer services and in the case of French returnees, most prefer to work at French enterprises or engage in Sino-French business. They can be potentially important sources for filling China’s looming talent crisis and play a significant role in China’s new economic revolution.
This paper therefore hopes to add a new dimension to the existing (in fact extensively-studied) debates on global cities and their network through the incorporation of a new focus on human mobility using relative data on student migration. This is because the stock of international (student) migrants is the attributional measurement of a city (the size and capacity of international migration) and the return migration reflects the inter-city flow and connectivity in global city network hierarchy. Overall, the global city literature concentrates on established global cities and their formation. However, studying a potential global city formation in an emerging world city like Shanghai requires bringing in a further theoretical approach. Shanghai needs a city mechanism that expands its economic life (Jacobs 1970, 1984 and Taylor 2004, 2005) to be in tune with current economic globalization. This mechanism needs to be developed both internally and externally. Shanghai’s attributional gains in office spaces, as well as infrastructural improvements can be viewed as internal growth. This paper, however, furthermore demonstrates the importance as well as impact of Shanghai’s external growth, through intercity connection and integration to world economy, basing on the mobility and network of student migration.

Global cities are strategic points for transnational elites, interconnected in the dynamic process of knowledge-accumulation, contact making and network-creation. In the so-called ‘war’ or ‘race’ for talents, student migration can be viewed as ‘potential unfinished talents’ or ‘precursor of skilled migrants’. Place does matter for the mobility and circulation of talents: attractiveness of a cosmopolitan living environment, quality of life, business, employment and education opportunities all play crucial role in bringing talent to global and regional cities around the world. In the case of Chinese student migrants, global cities like Shanghai, Paris, and Beijing are being articulated as sending, transiting and hosting nodes. Other cities in Asia (Hong Kong and Singapore), Europe (Geneva and London), and USA are also used as temporary ‘mobility stations’ in the lifecycle of some hyper-mobile talents’ strategy for global exposure. Migration of Chinese students once again confirms the complexity of international migration and the strategic decision-making of migrants. The return of Chinese students from abroad is not the end of the journey, but rather the start of creating transnational business and personal networks. Chinese returnees from Paris maintain strong professional links with French enterprises and personal relationships with friends and alumni in Shanghai, Paris and beyond. For cities in the emerging economy, highly qualified and internationalized human capital is vital in securing the development and sustainability. Shanghai benefits from the knowledge, financial capital, professional networks as well as transfer of technology from overseas returnees. ‘Sea-turtles’ in Shanghai also transnationalize the city by enhancing the diversity and cosmopolitan urban setting.
Figure 1

**Total Number of Chinese Students (Mainland) Studying at French Tertiary Education**


Figure 2

**Total University Students in Paris and London**
(Sources: EduParis & Study London - 2005 rough estimation)
Figure 3

Source: China Statistical Yearbook (online version)

Figure 4

Student Return Migration to Chinese Cities
(Sources: Human Resources Market, 22/09/2005)

- Beijing: 40000
- Shanghai: 50000
- Shenzhen: 6500
- Guangzhou: 5000
- Xiamen: 2000
- Dalian: 300
- Wuhan: 800
- Xian: 600
- Chendu: 3000
- Zhuhai: 500

Number of Returned Students
Educational Background of over 25 years old Population
(Sources: Shanghai Municipal Bureau of Human Resources 2003)

<table>
<thead>
<tr>
<th>Location</th>
<th>With over 4yrs tertiary education</th>
<th>With Uni/College education</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chicago (1980)</td>
<td>15.92%</td>
<td>26.46%</td>
</tr>
<tr>
<td>San Francisco (1980)</td>
<td>26.6%</td>
<td>32.47%</td>
</tr>
<tr>
<td>New York (1980)</td>
<td>20.66%</td>
<td>20.66%</td>
</tr>
<tr>
<td>Los Angeles (1980)</td>
<td>18.89%</td>
<td>18.89%</td>
</tr>
<tr>
<td>Washington DC (1980)</td>
<td>32.47%</td>
<td>32.47%</td>
</tr>
<tr>
<td>Canada (1985)</td>
<td></td>
<td>37.40%</td>
</tr>
<tr>
<td>Korea (1985)</td>
<td>11.70%</td>
<td></td>
</tr>
<tr>
<td>Japan (1995)</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>Shanghai (1990)</td>
<td>7.45%</td>
<td></td>
</tr>
</tbody>
</table>

Figure 5
Young People Entry Rate into Tertiary Education in Asia Region
(Sources: Shanghai Municipal Bureau of Human Resources 2003)

Figure 6
INSEAD Alumni in China by Locations and Programmes
(Sources: INSEAD Alumni Network in Shanghai Newsletter 2003 & 2004)

Geographical Distribution of ESSEC Alumni in China (2006)

Source: Author’s field research work and ESSEC Alumni Network in China Database.
References


