

**HOW SMALL NATIONS FARE IN THE GLOBAL WAR ON TALENT:  
THE CASE OF DENMARK**

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**ABSTRACT**

*In light of the looming shortage of skilled professionals, companies are increasingly eager to recruit highly educated and competent employees, regardless of country of origin and nationality, in order to remain globally competitive. This paper seeks to shed light on how nations compete for the same talent pool by presenting the findings of two related studies on whether (a) Chinese students who are studying in Denmark choose to return to work in China; and (b) Danish students in Denmark are willing to work for Chinese companies in Denmark and/or China. Despite its population of 1.3 billion, China has a critical shortage of managerial talent. The vast majority of Chinese students in Denmark do not plan to remain in Denmark upon completion of their education, while many Danish students are receptive to working for Chinese companies, albeit more so in Denmark than in China. The findings of this study have implications on the plight of smaller nations, such as Denmark, in attracting and retaining human talent. These findings also have implications for small-sized companies in their competition with large firms for human talent.*

**INTRODUCTION**

The growing boundaryless nature of the workforce (DeFilippi and Arthur, 1996; Stahl, Miller, and Tung, 2002; Tung, 1998), brought about by the globalization of the world economy and the reduction in immigration and emigration barriers to the movement of people (Johnston, 1991), has contributed, in part at least, to the war on talent worldwide. The 2006 World Economic Forum in Davos, Switzerland, highlighted the magnitude of this problem by bringing together executives and academics from developed and emerging economies to focus on the human capital deficit in countries both large and small, and to discuss ways to deal with this challenge (World Economic Forum, 2006).

As Samuel A. DiPiazza Jr., Global CEO of PricewaterhouseCoopers (USA) noted, "Globalization is not just something for the big guys but everybody. People coming out of college now have different horizons and they are often just as willing to start work in Shanghai as their home town. There is this war for talent and we are not just talking about the top five percent" (*The Global Talent Gap*, 2006). Implicit in Mr. DiPiazza's assertion is that this talent gap is of equal concern to all nations, regardless of size, because ultimately the international competitiveness of a country depends upon its ability to develop, attract, and retain a pool of highly developed human talent. An important keyword in the looming war on talent is *retention*, as talent poaching appears to be an expedient means to acquire and gain highly qualified professionals.

The challenge to attract and retain talent appears to be particularly acute for countries and firms that are perceived as less enticing from the cosmopolitan's (Kanter, 1995) perspective. Cosmopolitans refer to people who are rich in concepts, competence, and connections. Nations that are small, economically underdeveloped, and/or politically unstable are less alluring to cosmopolitans in comparison to economies that are dynamic. The latter countries provide plenty of opportunities for growth and learning, even though these economies may still be at the emerging market stage with all its accompanying challenges. This serves to explain why China, the country that has experienced the fastest rate of economic growth in the past quarter of a century, has become a popular destination for graduates and professionals from the West (Tung, 2007).

At the firm level of analysis, companies that are small may also be perceived as less attractive from the cosmopolitans' perspective because they appear to present more limited opportunities for further learning and development. According to Towers Perrin's 2006 global survey of 86,000 employees from 16 countries across four continents, "access to learning opportunities" emerged as one of the top ten drivers in the attraction, retention, and engagement of employees who are "informed, connected, and more demanding than at any other time in history" (*Winning Strategies for a Global Workforce*, 2006).

This paper seeks to cast some light on the war on talent by examining how Denmark, a small country of 5.3 million people, stacks up to China, the most populous country in the world with a population of 1.3 billion. This research question will be examined in the context of two separate surveys: First, a study of the attitude of Chinese students in Denmark to return to work in China; and, second, an investigation of the opinions of Danish students toward working for Chinese companies in Denmark and/or China. The findings of this study have implications for small-sized vis-à-vis large companies in their competition for human talent.

## DENMARK VIS-À-VIS CHINA

### Denmark

Denmark is a small country, both in terms of land mass and population. Denmark has a total land mass of 16,629 square miles, about one-tenth the size of the state of California, and a population of 5.3 million (*U.S. States: Area and Ranking*). Denmark is a welfare state; as such, roughly one-third of all taxes received are redistributed to its citizens in the form of transfer income (Andersen, 2007). As such, Danes enjoy high wages and generous social welfare benefits.

Because of the limited size of the domestic market, many Danish companies are "born global" (Madsen & Servais, 1997). With the exception of Maersk, one of the largest shipping lines in the world, most Danish companies are small, employing less than 100 employees. However, the majority of them have a high export ratio compared to domestic sales. As such, most Danes keep an international outlook and, despite low levels of immigration into Denmark because of the homogeneity of its society and the difficulty of learning the Danish language, Danes have been generally perceived to be open to people of other cultures. Furthermore, tuition at all levels of education was provided free to citizens and non-citizens alike until 2006. Thus, Denmark was able to attract a fairly large number of students from China.

According to unofficial sources, there are 5,000 Chinese students studying in Denmark. These Chinese students comprise approximately one-half of the total number of Chinese living in Denmark. The Danish Ministry of Education has restricted the maximum foreign intake of students from any given country to 2 percent of the total student population in Denmark. The exception to this 2 percent quota is other European Union (EU) countries. However, this quota does not apply to colleges and other non-university institutions. Even with the introduction of tuition fees for all students outside of the EU in 2006, tuition in Denmark is still low compared with those in the U.S. For example, the tuition fee at Copenhagen Business School (CBS), the leading business school in that country and one of the most highly-ranked business

programs in Europe, is around US \$15,000 per year for a two-year Master's program, and US \$40,000 for a one-year full-time or two-year part-time MBA program. CBS offers primarily undergraduate and Master of Science programs, since MBAs are still a relatively new phenomenon in Northern Europe. Most Chinese students who come to Denmark enroll in the undergraduate and graduate programs in engineering and business. More recently, some Chinese students came to Denmark to attend middle school before continuing on to a university.

Since the general workforce is highly educated, the Danish government, in collaboration with its trade unions and employers' federation, has targeted the development of home-grown knowledge-intensive companies. Thus, like other countries with a similar objective, Denmark has embarked on a race to attract human talent, wherever they could be found (*Denmark – a Knowledge Society*).

As far as international competitiveness is concerned, according to the 2006-2007 World Competitiveness Index, Denmark ranked number 4, ahead of the U.S. at number 6 position (*World Competitiveness Report, 2006-2007*).

### **China**

In contrast, China has a population of 1.37 billion and occupies a landmass of 3.6 million square miles, roughly the same size as the U.S. In principle, while China is still a socialist country, it has adopted many aspects of the market economy. This means that state-owned enterprises (SOEs) co-exist with private and foreign-invested enterprises (FIEs), with the latter outperforming the former. Prior to the adoption of market mechanisms, tuition at all levels of education was free and the government assumed responsibility for all aspects of the social welfare of its citizenry. With the transition to a planned market economy, tuition fees have been introduced. At Fudan University, a leading university in China, for example, the tuition fee for an International IMBA program is US \$20,000 and US \$35,000 for the Executive MBA program. At the China Europe International Business School, the

top-ranked business program in China, the tuition for a two-year MBA program is US \$40,000. Furthermore, with liberalization the Chinese are free to emigrate and study overseas on their own accord, provided they have the means and wherewithal.

According to a 2007 report by the Chinese Academy of Social Sciences (CASS), there are 35 million Chinese emigrants worldwide, making it the largest emigrant population in the world. In the 1990s alone, an estimated 450,000 Chinese from mainland China have emigrated to the U.S. Between 1978 and 2006, CASS reported that over 1.06 million Chinese have gone abroad to study. In 2005 alone, of the 118,500 Chinese students who went overseas, 105,600 did so at their own expense. Thus, most overseas Chinese students are under no obligation to return home upon graduation. Furthermore, according to the CASS report, 70 percent of Chinese students have remained abroad upon completion of their studies (Watts, 2007). This constitutes a major brain drain for that country.

Since its open door policy in 1978, China has experienced the fastest growth rate in the world to become the "manufacturing workshop of the world." Every year since 2002, according to A.T. Kearney's Foreign Direct Investor Confidence Index, China has been ranked as the most attractive destination for foreign direct investment (FDI). In 2007, China is poised to overtake Germany as the third largest economy in the world. In 2006, China was the third largest recipient of FDI, after the U.S. and the United Kingdom (U.K.). In 2006, China overtook Japan to hold the world's largest foreign reserves – this has enabled China to embark on its own "go global" policy where the objective is to create 30 to 50 "world class" national champions. These developments, coupled with China's aspirations to become a "technology powerhouse" and the high stay rates of Chinese students abroad after completion of their overseas studies, have resulted in an acute human talent shortage in China (Tung, 2007). According to Farrell and Grant (2005), in 2005 alone, China had a talent shortfall of 70,000 executives. One effective way of redressing this shortfall is to appeal to the nationalistic sentiments of

overseas Chinese to return to contribute to economic development at home – the Chinese government has done precisely that. Another method is to attract qualified non-nationals to work for Chinese companies within and outside of China.

As noted above, this paper seeks to shed light on how a small but prosperous country such as Denmark can compete with China, a gigantic country that is still plagued with lingering economic and social problems, for the same pool of talent supply in Denmark. This talent pool includes Danes and Chinese who are currently studying in that country.

The two studies reported in this paper used the same methodology and questionnaire that Tung (2007) adopted in her survey of the attitudes of Chinese and non-Chinese students in Canada to work for Chinese companies in China and/or Canada. Where relevant, the findings here will be compared with the Canadian study.

The first of the two studies presented in this paper investigates the intention of Chinese university students in Denmark to return to work in China upon graduation. The second study explores the willingness of non-Chinese students at Danish universities to work for Chinese firms in Denmark and/or China. The most visible example of a Chinese presence in Denmark is Lenovo, the Chinese multinational that acquired IBM's personal computers' division. These two surveys are supplemented by in-depth interviews with Chinese who want to remain in Denmark and those who wish to return home. Together, these studies can provide a more comprehensive picture of how Denmark will fare vis-à-vis China as both countries strive to compete for the same talent pool.

## METHODOLOGY

### **First Study: Chinese Students in Denmark**

**Sample.** A modified version of a 5-page questionnaire developed by Tung (2007) was used to investigate the attitudes of Chinese students with regard to their return to China upon graduation from Danish institutes of higher learning. Information was obtained on the following: (a) whether they planned to

return to China or remain in Denmark, including their reasons for so doing; (b) if they intend to return to China, the types of companies they hope to work for; and (c) the most significant challenges they expect to encounter upon return. Where relevant, the findings from Denmark will be compared with those obtained in Canada (with a population of 32.9 million) to determine if country size and other characteristics matter as far as the retention of Chinese graduates are concerned.

In spring 2007, the questionnaire was distributed online to members of the Association of Chinese Students and Scholars group in Denmark for completion by ethnic Chinese students enrolled in the engineering and business programs at Danish universities and colleges. The reason for focusing on students in these two disciplines is that graduates of such programs are in demand in China. Thirteen questionnaires were returned online and another 29 responses were collected at an annual job fair for Chinese students in Denmark at the Danish Technical University. Thus, a total of 42 usable questionnaires were obtained.

Unlike the Canadian sample where many have obtained Canadian citizenship or landed immigrant status despite the fact that all were born and raised in China, all participants in this study were studying in Denmark on a student visa. This difference might be attributed to one or both of the following reasons: One, the Canadian policy on immigration and citizenship is fairly liberal. All foreign students who graduate from a Canadian university program can apply for landed immigrant status provided they could find employment. Once landed, the immigrant is eligible for Canadian citizenship in three years' time. Two, given the cultural and ethnic diversity in Canada, it has become a popular destination for emigration by many Chinese.

In the Danish sample, the vast majority of Chinese students have lived there for under five years (57 percent has stayed in Denmark between two to five years, and 38.1 percent has lived there for less than two years). Only 4.8 percent has been in Denmark between 5 to 10 years. Over one-third (38.1 percent) of

the respondents were female and 57.1 percent were male; the rest did not specify their gender. Slightly under one-quarter of the respondents (23.8 percent) were enrolled in the undergraduate programs, while 69 percent were studying in a Master's program.

**Second Study: Non-Chinese Students**

**Sample.** For the second study, another four-page questionnaire was adapted from Tung (2007) to gather information on the opinions of non-Chinese students toward working for (a) a Chinese majority- or wholly-owned company in Denmark, and the reasons for so doing; and (b) a Chinese majority- or wholly-owned company in China. The questionnaire also sought to examine likely challenges that non-Chinese students would encounter if they were to work for a Chinese company, regardless of location.

In spring 2007, the questionnaire was distributed online to non-Chinese students enrolled in five classes at a leading business program in Denmark. In this second study, 55 usable responses were obtained. About one-half (43.6 percent) of the students were female and roughly one-half (45.5 percent) of all respondents in the second study were enrolled at the undergraduate level. The overwhelming majority of the students were born in Denmark.

The two surveys of Chinese and non-Chinese students were supplemented by interviews with three Chinese (two females and one male) who have chosen to remain in

Denmark and another two Chinese who wished to return to work in China (one male and one female). These interviews were conducted in May and June 2007 and in the language of their choice (i.e., either English or Mandarin). Furthermore, in order to obtain qualitative data from non-Chinese students about their willingness to work for a Chinese company either in Denmark or China, eight Danish students (three males and five females) were interviewed in May 2007. Each interview ranged from 45 to 90 minutes. Relevant excerpts from these transcribed interviews were used to support and/or elucidate some of the issues raised in the two questionnaire surveys.

**FINDINGS**

**First Study: Chinese Students Abroad**

40.5 percent of the respondents expressed their intentions to return to work in China in the next five years; one-half (51.1 percent) said that they were “not sure”; and only a small percentage (2.4 percent) indicated that they “would not” return. No statistically significant difference was found between male and female respondents. Compared to the sample of Chinese students in Canada (Tung, 2007), a significantly higher percentage of Chinese students in Denmark expressed the intention to return (40.5 percent for the Danish study vis-à-vis 32.1 percent for the Canadian sample) while substantially fewer Chinese in Denmark (compared to those in Canada) indicated that they “would not return to China” (2.4

**Table 1: Reasons reported by Chinese Students for Returning to China**

Reasons	Mean (5= very important)
Better career opportunities for myself	3.91
Other family related reasons	3.82
Quality of life in China has improved	3.69
Standard of living in China has improved	3.53
Better financial remuneration in China	3.33
Better career opportunities for my spouse/partner	3.33
My elevated social status in China upon return	3.30
Better opportunities for my children	2.94
Experienced discrimination in Denmark	2.74
Not used to Danish lifestyle	2.66

percent vis-à-vis 29.4 percent, respectively). These statistics appear to suggest that a large country like Canada, a country that espouses an official policy of multiculturalism and has a large ethnically diverse community, including a sizable Chinese settlement, enjoys a better chance of attracting Chinese students to remain upon graduation.

Respondents who indicated that they plan to return or were uncertain about returning – the overwhelming majority in this study – were asked to evaluate the importance of different reasons for their decision. Table 1 presents these reasons, in descending order of importance.

The means and rank-ordering of reasons for their decision were consistent with, while not identical to, that of the Canadian sample. “Family-related reasons” emerged as a very important reason for their decision. Because most Chinese respondents were single, this issue was probed further in the interviews. The interviews revealed that from the Chinese perspective, “family” includes one’s parents and additional extended family, as opposed to the narrower definition of nuclear family in western countries. As such, even though the majority of Chinese students did not experience discrimination nor encounter major problems in adapting to the Danish lifestyle, the absence of a sizable ethnic Chinese community and the difficulty of learning the Danish language appears to have caused many Chinese respondents to consider Denmark a less attractive destination for their parents and members of their extended family. Consequently, they demonstrated reluctance to settle in Denmark upon completion of their studies.

In-depth interviews with several Chinese who have decided to return to China have shed some light on these issues. One respondent, for example, said that he “never felt that I am part of them.” The “them” here refers to Danish society: while the Danes are international in their outlook, in general, they espouse a paradoxically “inward” orientation toward their families and friends. The average Dane has a limited number of friends and these seldom include foreigners. A Chinese who has settled in Denmark has declared to one of the co-authors: “I would

like to have a Danish friend,” thus suggesting that although he works alongside Danes, he does not have any Danish friends with whom he could socialize outside of the workplace. Another respondent stated, “We always feel that we belong to China and should be there.” It is probably a universal concern that most people harbor fears of “non-belonging or psychological anomie in their adoptive countries” (Tung, 2007).

A statistically significant difference ( $p < 0.01$ ) was found between the male and female respondents on the item “not used to Danish life style.” Apparently, females (mean of 2.07) had an easier time adjusting to Danish society than males (mean of 3.06). This finding is consistent with Tung’s (2004) assertion that because women still represent a minority in many professional fields, in order to advance their careers, they have to adapt to the majority, even in their home country. Thus, in general, women have more experience in adapting. One interviewee concurred by stating “that women always have to adjust – in China and other places.” Furthermore, women are perceived to possess stronger language skills than men, including acquisition of foreign languages. Through magnetic resonant imaging scans of the brain, the blood flow to the brains of men and women were compared in terms of their language processing functions. When reading a novel, in the male subjects, “only the left hemisphere of their brains was activated. The brains of female subjects, however, showed activity on both the left and right hemispheres” (Nazario, 2005), thus appearing to support the commonly-held stereotype that women tend to possess stronger language skills. Greater proficiency in a foreign language can, of course, facilitate adaptation to a foreign environment.

Another difference based on gender pertained to the finding that female students emphasized “improved standard of living in China” as a more significant reason for returning to China than their male counterparts ( $p < 0.01$ ). A possible explanation for this finding could be that men tended to focus on career prospects while women were more concerned about living standards given their more nurturing

instincts. This difference is consistent with the observed patterns between male and female students from China (Murphy, 2002).

In addition, some statistically significant differences were found between undergraduates and graduate students regarding their reasons to return to China. Compared to their undergraduate counterparts, graduate students were significantly less used to Danish lifestyle ( $p < .01$ ). This might stem from the fact that since the graduate students were older when they arrived in Denmark, they have experienced more difficulties in adjusting to the host culture. This finding thus serves to reinforce the conjecture that Chinese respondents might be concerned about their elderly parents not being able to adapt to Danish lifestyle in the event that they should decide to remain in Denmark.

When asked about the types of companies they preferred to work for upon return to China, about one-half (45.2 percent) indicated that they want to work for FIEs; a slightly higher percentage (47.7 percent) expressed that they “don’t know”, i.e., it depended on the opportunity upon return; and 7.1 percent wished to set up their own company. None of the respondents specifically expressed a desire to work for SOEs or Chinese companies in the private sector. For those who planned to work for FIEs, they emphasized “better career opportunities” (mean of 4.21), the provision of “more training” (mean of 4.13), “better salary” (mean of 3.88), and “better working conditions” (mean of 3.82) as the most important reasons for their preference. Thus, even though many Chinese students have chosen to return to China, nevertheless they have indicated a preference to work for FIEs. Given their knowledge of the Danish language and its culture, these Chinese students appear to be well-suited to work for Danish operations in China. Danish FDI in China grew from US \$6.5 million in 2004 to US \$33 million for the first five months of 2006 (*FDI in China*, 2006). In addition, some Danish investments made in China are routed through Hong Kong as several Danish companies have wholly-owned operations there.

With the exception of “better salary,” the differences between females and males were significant at the  $p < 0.1$  level. Females emphasized “better career opportunities,” “more training,” and “better working conditions” more than their male counterparts. A possible reason for this finding could be that females, in general, have less career and training opportunities in China. Hence, they value these attributes in a job more so than “better salary.”

Over one-third (38.1 percent) of the respondents indicated that if they were to return to China, they would plan to remain there indefinitely. Other respondents said that if they were to return, they would stay for under 5 years (19 percent), between 5-10 years (7.1 percent), and more than 10 years (16.7 percent). The fact that over 60 percent of the Chinese respondents believe they would not remain permanently in China is an indication of their openness to leave their country of origin and settle elsewhere. This accounts for the CASS finding, reported earlier, that Chinese constitute the largest emigrant population in the world (Watts, 2007).

### **Second Study: Non-Chinese Students**

When Danish students were asked whether they would consider working for a majority- or wholly-owned Chinese company in Denmark, 18.2 percent said “definitely yes” and 81.8 percent opted for “maybe/not sure.” None of the respondents said they would “definitely not” work for a Chinese company. Thus, it appeared that all the Danish students, in this study at least, were willing to entertain the possibility of working for Chinese companies in Denmark. This finding might be attributed, at least in part, to two factors: One, the international outlook of most Danes – this is common among people from smaller nations since opportunities appear to abound in the larger world outside as opposed to the limited domestic market. Two, China has experienced the fastest rate of growth in the world in the past three decades. Thus, many young people see the need to learn about that country. In comparison, 10.8 percent of the non-Chinese Canadians said that they will “definitely not” work for a Chinese company, while 64.7

percent were “unsure” and 24.5 percent were definitely willing to do so (Tung, 2007). The higher percentage of Canadians who expressed clear-cut opinions (i.e., either “definitely yes” or “definitely no”) could stem from the fact that because non-Chinese Canadians have more experience and opportunity to interact with the Chinese, they have more information to make a decision on this matter.

The reasons, in descending order of magnitude, that have influenced the Danish students’ responses with regard to whether they would consider working for a majority- or wholly-owned Chinese company in Denmark are presented in Table 2a.

Growth prospects associated with China emerged as the most important reason for choosing to work for Chinese companies, while the greatest concern that Danish students noted is a “disagreement with Chinese government policies and programs.” Even though the questionnaire probed about working for Chinese companies, the fact that “disagreement with Chinese government policies and programs” emerged as the primary deterrent for seeking employment with Chinese firms suggests that many Danes appear to consider Chinese companies as inseparable from their government. In other words, this perception is analogous to the fear, yet admiration, that much of the western world had toward “Japan Inc.” in the 1980s. The term “Japan Inc.” first appeared in a 1936 *Fortune* magazine and was later popularized by old Japanese hand, James C. Abegglen, to characterize the cohesiveness of government, big business and labor in Japan. The remarkable harmony of mission and objectives among these three groups made possible the phenomenal growth of the

Japanese economy from the 1960s through the 1980s (*The Story of Japan Inc.*, 2002). This finding of the inability of Danish respondents to distinguish between the Chinese companies and the Chinese government is consistent with the perceptions of Canadians in Canada (Tung, 2007).

However, there were gender differences with regard to attitude to working for a Chinese company in Denmark. In general, females were more willing to work for Chinese companies ( $p < .05$ ) because of the more limited career opportunities available to them. Even though Denmark scores high on Hofstede’s femininity index (1983), women are significantly under-represented at the senior management level. In Denmark, only 22 percent of corporate board memberships are represented by women (*Facts on Gender Equality*, 2006). This finding that Danish women are more willing to work for Chinese companies paralleled the results of the Canadian sample, albeit in a different manner. In the Canadian sample, fewer women were willing to work for a Chinese company. However, for those who did, they expressed “better career prospects” as a reason for their decision more often than their male counterparts (Tung, 2007). This again points to the fact that even in countries that espouse high gender equality, such as Canada and Denmark, women continue to experience, whether real or perceived, a glass ceiling in their ascent up the organizational ranks.

Even though Danish students were generally receptive to the idea of working for Chinese companies in Denmark, it is not surprising, given their inability to separate Chinese companies from their government, that less

**Table 2a: Reasons reported by non-Chinese Students for Willingness or Unwillingness to work for a Chinese Majority- or Wholly-owned Company in Denmark**

Reasons	Mean (5= <i>to a very great extent</i> )
Good career prospects posed by rapid growth of China’s economy	3.03
Disagree with Chinese government policies and programs	2.91
Fascination with Chinese culture	2.56
Low status associated with working for a Chinese company	2.29
Limited employment opportunities in other companies	2.04



than one-tenth (9.1 percent) of the respondents indicated that they will work “indefinitely” for a Chinese company. The vast majority (58.2 percent) said they were “not sure” whether they will leave once they have acquired the necessary work experience, and about one-third (29.1 percent) expressed certainty about such a career move.

When the questionnaire turned to gauging Danish students’ attitude toward working for a Chinese majority- or wholly-owned company in China, a very different profile emerged. Approximately one-third (30.9 percent) said that they “definitely would not”; another one-half (49.1 percent) indicated that they were “not sure”; and only 14.5 percent gave an unequivocal “yes.” However, even for those who were prepared to work for Chinese companies in China, 41.8 percent indicated they would quit once they have gained the necessary work experience. This finding paralleled the Canadian situation in which there was a greater reluctance to work for Chinese companies when relocation to China was involved (Tung, 2007).

Despite the fact that more Danish students were willing to work for Chinese companies in Denmark as compared to those in China, the sheer fact that 14.5 percent of them responded positively to this question and almost 50 percent were “not sure” is consistent with the growing trend toward boundaryless careers (Tung, 1998; Stahl, Miller, and Tung, 2002) whereby highly-qualified professionals were receptive to relocating outside of their countries of origin in search of opportunities that could enhance their careers. Given the phenomenal growth in the Chinese economy, both Chinese and non-Chinese alike perceive the value associated with acquiring work experience there, albeit for a couple of years.

In the follow-up interviews with the Danish students, one Danish male indicated that ownership did not matter to him. “Nationality of the firm is completely irrelevant to me. That is not important. It is all about the opportunities that the company can offer me and my career. I do not care if it is a Chinese, Danish, German, French, or

Turkish company as long as the work and the position are interesting.” Although none of the Danish students could identify a Chinese company by name, the majority of Danish respondents who were interviewed for this study echoed this sentiment by stating that ethnicity or nationality of the boss does not matter as long as the person can “build team spirit and develop his employees.”

Some interviewees noted that, indeed, it would be interesting to live in China for a predetermined period of time because of the allure of working in a dynamic economy, especially compared to the alternative of remaining in a stable business environment all the time. A co-author of this paper shares these students’ perspective that China does look attractive to those who come from a country that has experienced little change over the years. In the words of a Danish expatriate living in China who was interviewed in 2007, “nothing is happening in Denmark.” Other Danish students felt that if they could perform well in China, it would be a major asset on their resume.

For those Danish students who were willing to relocate to China, the preferred destinations were Shanghai, the commercial center of China, Beijing, and Guangzhou in the south. These are the most developed cities in China and are consistent with the preference expressed by Chinese students in other studies (*World HR Lab Survey*, 2004; Tung, 2007). The Danish students felt that it was important to live and work in the developed cities because the sizable foreign community in these locations would help ease adjustment: “If I can work for a Chinese company in Denmark, I don’t see any problems with working for one in China. I would prefer to work in Shanghai, Beijing, or Guangzhou because these places have attracted many companies and have a strong foreign community.”

In general, there was little gender difference among Danish students in their overall attitude toward working for Chinese companies. That is, both male and female Danish students were more willing to work for a Chinese company in Denmark and were less concerned about the nationality of the firm. In fact, one female student thought that

“it sounds cool to say that one works for a Chinese company.” However, by and large, the female students were more apprehensive about the prospects of working for a Chinese boss. One Danish female student expressed that: “It would be difficult for me to work under a Chinese boss – maybe he is not used to Danish women’s straightforwardness and equality.” Another female interviewee elaborated on this concern: “I am probably prejudiced, but I think that Chinese society is much more male dominated than society in Denmark, and there are more men in leading positions than women in China. That is why it would be more difficult for me – a woman – to be promoted to the top in a Chinese company with a male boss.” In other words, Danish women perceive the possible existence of a glass ceiling in a male-dominated country. There may be grounds for this concern – Bishop and Chiou (2004), for example, found that the gap between organizational/managerial ranks held by men and women has widened in recent years in China, with females losing more ground to their male counterparts. In 2006, Denmark ranked 15<sup>th</sup> on the Gender-related Development Index (GDI) compared to 81<sup>st</sup> position for China. For the same year, Canada ranked 6<sup>th</sup> (*Gender-related Development Index*, 2006).

Yet another female interviewee expressed a different challenge associated with working

for a Chinese boss: “I think it would be a bigger challenge to work under a boss who is a Chinese national because I would not know what to expect ... Normally we (Danes) talk in a casual and informal tone, and don’t really care about titles and all that stuff. Perhaps with a Chinese manager, this might not be appropriate. I suspect that there would be communication problems in the beginning.”

Similar to the findings in the Canadian sample (Tung, 2007), while the majority of Danish women interviewees expressed more reservations about working for a Chinese company, one female respondent saw a silver lining by stating that: “Career women in China definitely have a harder time. Women need to be a little bit tougher, more persistent and not give up easily. However, I see that many of the students from China are women which imply that they have the will and the possibilities to have a career. The more career women there are, the better the conditions for women in general. China’s booming economy perhaps offers more job and career opportunities for women than in our part of the world – no matter how hard it is.” In fact, even women in more gender egalitarian countries, such as the U.S., perceive the advantages associated with successfully serving in an international assignment on their subsequent career advancement. In her study of a comparative

**Table 2b: Reasons reported by non-Chinese Students for Unwillingness to work for a Chinese Majority- or Wholly-owned Company in China**

Reasons	Mean (5= <i>to a very great extent</i> )
My spouse/partner may object to relocation to China	3.7
The inability to fully understand the mentality of my Chinese boss and/or colleagues	3.59
Perceived influence by the Chinese government in the company’s operations	3.28
Other family related issues	3.28
Deal with more bureaucracy	3.22
Corruption and other unsavory business practices	3.22
Poor working conditions, such as long hours, lower compensation, less job security	2.96
Glass ceiling, i.e., perception that non-Chinese will have limited opportunities for advancement to the top	2.61
Difficult to transfer experience to other non-Chinese companies	2.16

sample of 80 male and 80 female expatriates, Tung (2004) found that the women executives were more willing to undertake assignments to culturally tough, economically less developed and politically unstable countries as long as they were not precluded from performing the duties associated with their job. Furthermore, in the interest of career advancement, women were more willing to make personal sacrifices, including accepting an overseas posting even if their family objected to the assignment. These findings have led Tung (2004) to raise the specter that women may be the ideal global manager.

When asked about the challenges that they would most likely encounter if they were to accept employment to China, the Danish students expressed many concerns. These challenges, in descending order of significance, are presented in Table 2b.

Four of the six challenges had a mean score above 3, the neutral point, suggesting that these concerns were quite significant. In the Canadian sample, all six challenges received mean scores of over 3. Furthermore, most of these concerns pertained to family issues and perceived problems of dealing with the Chinese bureaucracy. The spouse's possible objection to relocation was identified as the most significant challenge. Thus, the Danes appear to be as equally concerned as the Chinese students with family issues. This finding might stem from their awareness that successful adjustment to living and working abroad is very much a family affair, a point that has been repeatedly made in the expatriation literature (Tung, 1981; Garonzik, Brockner, and Siegel, 2000; Hutchings, 2003; Spector, Cooper, Poelmans, Allen, O'Driscoll, and Sanchez, 2004; Tung, 1998).

One Danish respondent bluntly stated that he would not relocate for any company, regardless of its nationality: "No! I don't think that I would consider moving to China to work. Not for a Chinese or a Danish company or any other company for that matter. I am too attached to Denmark. My girlfriend, family, and friends are all here." Aside from members of the immediate family who will usually relocate with the

expatriate, the sentiment expressed by this Danish respondent here exemplifies the paradoxical "inward" orientation that many Danes have toward their family and friends discussed earlier.

As far as the perceived problems with the Chinese bureaucracy is concerned, one Danish respondent noted as follows: "I think there would be more bureaucracy in a Chinese company compared to a Danish one. The former communist countries that I have visited have all been very cumbersome and bureaucratic. I have never been to China, so this is just a feeling. You need a stamp on everything and you have to pay to get your papers stamped. I suspect China and Chinese organizations are also like that too." Another female interviewee elaborated on her concerns as follows: "Another challenge would be to understand how business operates in China. I suspect that although the economy is roaring, there are still areas where things are not as developed as in the west. For instance, I hear that it is most important to know the right people. China is still a totalitarian regime and companies need to have much more contact with the authorities and that probably means a lot of red tape, etc. Business does not quite operate according to that in the west."

Another reservation about working in China that emerged in the interviews pertained to perceived problems of communication: "Language is also important. That is another reason for not considering China. I want to be able to speak the local language if I were to live in a certain place." This concern was elaborated upon by another interviewee: "Language is important to make you feel that you belong in a place. If you cannot speak to the local people in the local language, then you will never belong and always remain an outsider. I don't want that."

## **DISCUSSION AND CONCLUSION**

This paper has used the case of Denmark to illustrate the challenges that a smaller nation has in attracting and retaining human talent. This analysis was couched in the context of two related studies: a sample of Chinese students in Denmark who could choose to return to China, opt to stay in Denmark, or

relocate elsewhere upon graduation; and a sample of Danish students about their attitude toward working for the world's most dynamic economy even though it is still fraught with growing pains. The two studies revealed that: One, an overwhelming majority of Chinese students did not plan to remain in Denmark. However, most Chinese students preferred to work for FIEs in China. Two, many Danish students were receptive to the idea of working for a Chinese company, albeit in Denmark, and substantially fewer of them were willing to relocate to work in China. However, for the minority of Danish students who were open to working in China for a while, they were attracted by the excitement of gaining work experience in a fast-paced environment where "change" appears to be the only constant.

In surmising the findings of both samples reported in this paper, coupled with the study of Chinese students in Canada and non-Chinese Canadians' attitude toward working for Chinese companies (Tung, 2007) which inspired the surveys at hand, several important conclusions can be drawn about the global war on talent, with implications for small- and medium-sized enterprises (SMEs):

First, the war on talent is here to stay. With the dawning of the knowledge-based economy, those companies that can attract and retain the best and most qualified professionals will thrive. Thus, it is imperative that companies, regardless of size, seek to recruit talent from wherever they could be found. However, just as companies can readily recruit highly qualified professionals from other countries, given the growing boundaryless nature of the workforce, they have to be cognizant that it is just as easy to lose these cosmopolitans to other firms, both domestic and international. Hence, the key here is not just attraction, but retention of cosmopolitans. As shown in the two studies reported in this paper, companies in both Denmark and China have to compete for the same talent pool, in this case Danish and Chinese graduates in business and engineering.

Second, consistent with the 2006 Towers Perrin survey on "Winning strategies for a global workforce" (Towers Perrin, 2006) reported earlier, the Chinese students identified opportunities for career development, i.e., acquiring valuable experience on the job, as one of the principal reasons for returning to China. The same motivation applied to Danish students if confronted with an offer to work for a Chinese company. Thus, it appears that from the perspective of highly qualified professionals, regardless of nationality and country of origin, the "job of choice" is one that offers abundant opportunities for learning and development. This is so because the skills and competencies that they acquire can be readily transferred to another position and locality, if they so choose. By virtue of their size, SMEs appear to be well-positioned to do this since the employee would have more opportunity to learn about different aspects of the organization as compared to their larger counterparts.

Third, similar to the findings of the Canadian samples (Tung, 2007), the two studies reported in this paper showed that while men and women both look for challenging positions and opportunities for learning and development, their concerns about accepting a position tend to be different. In general, women are more concerned about the existence of a glass ceiling. Because of the "personal touch" and flatter organizational hierarchy typically associated with SMEs, many women may find them to be more attractive as prospective employers (Worm, 1997).

Fourth, a larger country such as Canada that embraces cultural and ethnic diversity has a better chance to attract and retain cosmopolitans from around the world. However, size does not appear to matter as much as cultural diversity since Canada has only one-tenth the population of the U.S. Thus, openness to members of other ethnic groups appears to be more salient. Since many immigrants have a more difficult time in finding employment with larger organizations in their adoptive countries, SMEs might have a better chance of attracting them (Chung, 2002).

Future research based on a larger and more diversified sample should, of course, explicitly test these assertions to determine how SMEs would fare vis-à-vis large companies in the global war on talent.

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