



# Social networks and study abroad – The case of Chinese visiting students in the US<sup>☆</sup>

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## ABSTRACT

Using a unique data set on Chinese visiting students in the US, we investigate some non-traditional determinants, especially social networks/connections, on the number of Chinese students hosted in American universities. Applying truncated, OLS, and GLS estimation, we find that social networks/connections have a strong positive and significant effect, and the result is robust across model specifications and estimation methods.

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## 1. Introduction

Since the beginning of economic reform in 1978, the higher education system in China has expanded dramatically. In the meantime, a large number of Chinese students and scholars went abroad to study or do research work.<sup>1</sup> Based on Li (2010), in 2006, a total of 134,000 new Chinese students went to various countries to further their study, and from 1996 to 2006, the average annual growth rate of Chinese students studying abroad was 25.7%. Moreover, for most years since 1994, the number of Chinese students going abroad for graduate study was approximately one third of that in domestic graduate programs. And according to the Institute of International Education (2008), China is the overall largest supplier of international students to countries around the world over the past decade.

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<sup>1</sup> The increased scale of domestic higher education could be a complement or a substitute to study abroad. More detailed research is needed to address this question. However, for China's current situation, we believe that domestic higher education would be, to some extent, a complement to study abroad. In other words, the larger the scale of domestic higher education in China, the larger the candidate pool for study abroad, and thus more students going abroad. This becomes evident from the rapid increase in study abroad in China. Bound, Turner, and Walsh (2009) also mentioned that growth in undergraduate education in China might translate to increased demand for doctoral education from US institutions.

The United States is one of the most popular destinations for Chinese students. In 2009, among all foreign students studying in the US, 98,235 students were from China, which accounted for 14.6% of the total number of international students in the US. In recent years, China has ranked first, or second to India, in the numbers of students studying in the US (Li, 2010).<sup>2</sup> Contrary to their earlier cohorts, Chinese students have relied significantly less on financial aid (fellowship or assistantship) from the hosting schools in recent years, and more Chinese students have come to the US with funding from their families and other sources.

Despite the importance of Chinese students studying abroad for both China and hosting countries, little is known about how a Chinese student chooses a university in a foreign country, how a foreign university decides to accept a Chinese student, and the determinants of the number of Chinese students in a foreign university. Clearly, in the US, the number of Chinese students varies greatly across universities. Although it is known that the number is jointly determined between the prospective Chinese students and the hosting school, there are few empirical studies on this question due to a lack of data. Existing studies about Chinese students studying abroad are mostly based on aggregate statistics or are case studies, *per se*.<sup>3</sup>

In general, schools select students mainly based on academic merits, like standardized test scores, and students choose a school mostly based on scholarship, tuition and net cost. There have been numerous studies on university enrollment and on students' choice of schools, such as Wetzel, O'Toole, and Peterson (1998) and Kane (1995) on enrollment; and Avery and Hoxby (2004), Drewes and Michael (2006), Long (2004), Monks and Ehrenberg (1999), Montgomery (2002) on students' choice.

Students with similar academic qualifications and family background, however, are admitted by different universities or choose to go to different schools. Therefore, traditional factors such as academic merits and costs cannot fully explain the joint decisions between students and schools. Some other factors should also play an important role in the choice. Among non-traditional factors, for example, personal connections or social networks between a student and a potential school are of particular interest. Social networks have become an important component in social, political and economic studies (Scott, 2000). Social networks can reduce information costs and enhance the probability of success for a search or match (see, for example, Stigler, 1962; Vishwanath, 1991, and Breiger, 1990). In China, because of its cultural emphasis on personal connections (in Chinese, it is called *guanxi*), social networks have become even more important.<sup>4</sup>

The influence of social networks in higher education has become even more prominent since US universities require recommendations in the submission process. It is well-known that in higher education, personal connections via formal and informal recommendations have played an important role in a university's admission decision as well as in a student's school choice. In general, students are more likely to choose a school where he/she knows someone, and a school is more likely to take a student if the recommender has some connections there. More importantly, given the potentially large search costs in a foreign country, social networks are even more important for students who study abroad.

However, the effects of such social networks are generally difficult to identify. One reason is the lack of data. Another reason is that traditional factors like academic merits and cost usually dominate the choice, and thus the non-traditional factors become more difficult to observe.

In this study, we use a unique data set on visiting Chinese doctoral students in the US to study this issue. Given the special features of this group of students, for whom the traditional factors like standardized tests and costs are less important, we can investigate the effects of some non-traditional factors, especially social networks, on the number of Chinese students hosted in a university in the US.

Although this group of visiting Chinese doctoral students is different from Chinese students who formally study in a graduate program in the US for a degree, the influence of social networks and personal connections on their school choice and on their admission should be similar to that for degree-seeking students. Therefore, this study can provide useful information on school choice and admission decisions for all Chinese students studying abroad in general, and for those coming to US in particular from the perspective that is different from traditional academic qualifications and costs. It will have implications for policies related to study abroad for China and for hosting countries. Additionally, the findings will also shed some light on the impact of social networks on the mutual choices between students and schools in higher education in general.

The rest of the paper is organized as follows. In Section 2, we introduce the Graduate Students Joint Training Program. Section 3 presents our simple theoretical framework and empirical strategy. Data are discussed in Section 4. We present our empirical results in Section 5, and Section 6 concludes.

## 2. The Chinese Graduate Students Joint Training Program

In 2007, the Chinese government introduced the Graduate Students Joint Training Program (GSJT). This program sponsors first or second year graduate students, mostly doctoral students, currently studying in universities in China to do course work and dissertation research in some designated universities in developed countries for a period of six to twenty-four months.<sup>5</sup> The

<sup>2</sup> During his visit to China, US President Barack Obama said, the US would receive more Chinese students and facilitate visa issuance for them. US-China Joint Statement (Beijing, China 2009), <http://www.whitehouse.gov/the-press-office/us-china-joint-statement>.

<sup>3</sup> For example, Li (2010) discusses the development and trends of Chinese students studying abroad, especially in the United States. A report edited by Fazackerley and Worthington (2007) reviews Chinese students in the UK.

<sup>4</sup> For example, Li and Li (2000) describe the Chinese economy as relation-based rather than rule-based. Lovett, Simmons, and Kali (1999) find that even multinational companies rely on social networks to expand their markets in China. Zhang and Li (2003) shows that social networks have a significant role in non-farm employment in China.

<sup>5</sup> The program also supports students to seek a doctoral degree abroad. But the number is very small due to its requirement of tuition waiver from hosting schools.

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