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# Institutions and individual strategies: how did job seekers respond to the changing employment environment in urban China?

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## Abstract

By using qualitative data collected in three representative Chinese cities and quantitative data from a countrywide survey, in this study, we synthesized the conventionally competing arguments from the state-centred and market-centred approaches. We showed the flow of elite resources, such as education, party membership, and family background, among three groups of job seekers—namely, job-assignment adherents, job-assignment networkers, and market adventurers, over time and across regions. With a focus on job seekers' responses to the varying local employment, we showed strong evidence for the co-existence of state power and the market in China's transitional context.

**Keywords:** Employment, State, Market, Individuals, Institutional change, Co-evolution

## Introduction

Since Zhou (2000: 1140) proposed the 'co-evolution' of state power and the market, theoretical development related to China's socioeconomic transition has sought to bring together the two sides of the long-lasting debate between the market-centred and state-centred approaches (Keister and Borelli 2012). However, the majority of existing studies have focused either on the persistence of state power (Bian and Logan 1996; Parish and Michelson 1996; Walder 2004; Zhou et al. 1997) or on the fast growth of the market (Nee 1989, 1991; Nee and Mathews 1996). Still scarce is the empirical evidence that directly shows the significant coexistence of both structural forces. Also, except for very few exceptions (exemplary studies include Hauser and Xie 2005; Liu et al. 2016a, b; Xie and Hannum 1996), the majority of existing studies examine China's transitional process mainly through the change in the relative importance between state power and market strength in the temporal dimension. A more complex co-existence and co-development scenario between state power and the market in the spatial dimension has been largely overlooked (see more details in Liu et al. 2016a, b).

By focusing on how individuals' resources match different employment channels—contingent on variations in time and spatial contexts in urban China, this study therefore aims to demonstrate how the macro-level socioeconomic transition can be understood through changes in job-person matching patterns. Contrasting outcome measures (such as income) that often characterize the static profile of social change,

job-person matching enables investigation of the process of social change. Individuals constantly evaluate the external employment environment and resources they possess, in order to optimize chances to obtain the perceived best jobs. Their perceptions of employment environment and strategies in manoeuvring resources for job acquisition directly mirror the variations in upward mobility channels across the local environment, which, in turn, indicates the changing dynamics of structural forces at the societal level.

Herein, employment environment refers to the employment context in both temporal and spatial senses. Temporally, this study focuses its examination mainly on the historic period up to 2003, at which point re-stratification of social structure was still an ongoing process; more specifically, the free labour market emerged and gradually replaced the state-controlled job assignment system as the dominant employment system in urban China during this period. A focus on this historic period offers the most complex possible scenario to observe a wide range of the variation in individual reactions towards the changing employment environment. Changes after 2003 will not be the focus of the study (though they will be briefly discussed at the end of the paper) because recent studies (Feng 2014; Gu 2014) have shown clear evidence about the end of the re-stratification process of Chinese society and decreasing social mobility in the newly built social hierarchy since the early 2000s. The configuration of structural forces as well as individuals' subsequent behaviours for upward mobility (such as finding a perceived good job) has shown much more straightforward patterns ever since, consequently contributing little to the theoretical development of the literature. Therefore, we consider a focus on the historic period prior to the formation of a re-stratified social hierarchy serving the research purpose of this study better. Spatially, this study distinguishes three types of geographic regions—the metropolitan, coastal, and interior regions. We will elaborate on the distinctively different opportunity structures for employment across the three regions in the following sections of the paper.

In terms of individuals' resources, we focus the discussion on three types—education, party membership, and family background. The match between employment channels and individual resources subsequently differentiates successful job seekers<sup>1</sup> into different groups. We first distinguish the newly emerged labour market from the state-controlled job assignment system under the command economy, and thus term individuals who successfully obtained jobs in the market sector 'market adventurers' (adventurers hereafter). We then separate individuals who were recruited by the job assignment system into two groups—'job-assignment adherents' (adherents hereafter) refers to individuals who got assigned jobs by strictly following the state's formal recruitment procedure, whereas 'job-assignment networkers' (networkers hereafter) refers to those who got assigned jobs more or less through help of social contacts. The distinction among these three groups of successful job seekers will show how different types of resources are distributed between the state and market, which we consider direct evidence indicating the trajectory of the employment institutional change from the dominance of the job assignment system to that of the market.

In the following sections of this paper, we first review how the local employment environment has changed in both the temporal and spatial dimensions since the outset of marketization. We subsequently discuss how individual resources match employment channels by hypothesising an individual's possibility of becoming one of the three types

of job seekers across the varying employment environment. Empirical evidence is drawn from both survey and interview data. We adopt countrywide representative survey data to show general patterns of individual responses towards the institutional change, while in-depth interview data to reveal the fundamental explanations underlying individuals' behaviours. We conclude the study by expanding our discussion to further labour market changes after 2003, and by restating the theoretical significance of understanding institutional change through the job-person matching patterns.

### **A gradual but incremental shift in the employment system up to 2003**

In the temporal dimension, three stages can be identified during the gradual shift of the dominant employment system in urban China. The first stage was roughly from the end of the 1970s to the early 1990s and was characterized by the dominance of the state-controlled job assignment system and the marginal status of market job opportunities. Although a free labour market had been legitimized since the early 1980s, in order to relieve the employment pressure in the urban area, previous studies (Davis 1999; Li 1993) showed that the newly emerged market did not provide suitable positions for high-profile job seekers during this stage. As market opportunities were mainly concentrated in sales and services, professional and managerial positions remained in state-controlled organizations. Consequently, most entrepreneurs and individual business owners (*getihu*) in the market were migrant peasants, unemployed youth, dismissed workers, former criminals released from prisons, and retirees (Davis 1999; Shen and Xu 2016; Wu and Xie 2003: 429).

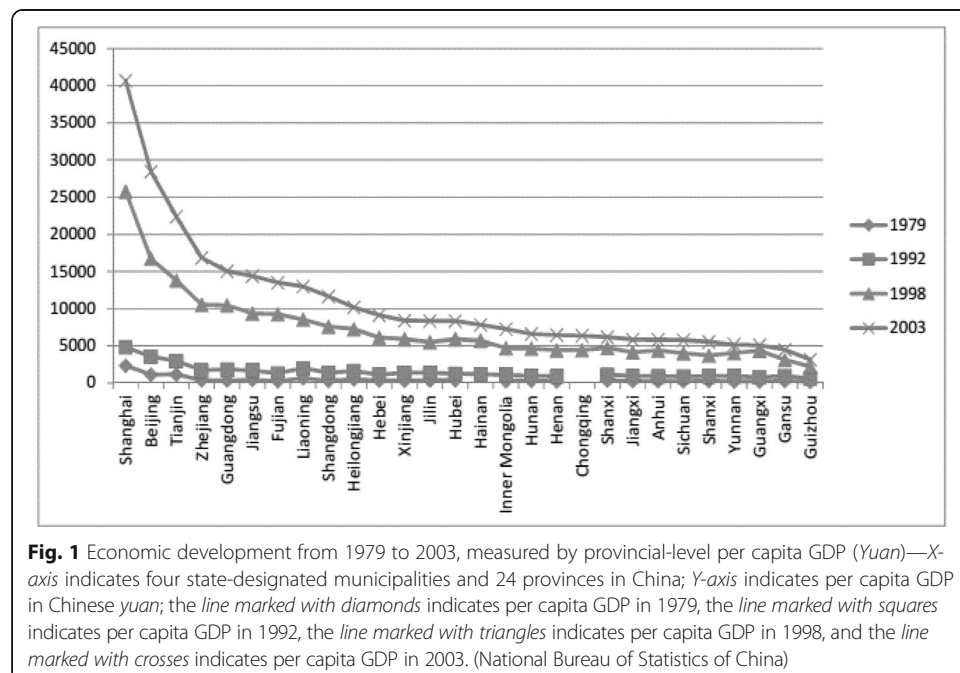
Urban China's employment system entered the second reforming stage between 1992 and 1997, when policies, such as *All Staff Labour Contract System*<sup>2</sup> and *Regulations on Changing State-Owned Industrial Enterprises' Management Systems*,<sup>3</sup> indicated the state's determination of replacing a lifetime, full employment system with a competition-based hiring mechanism. This stage was characterized as a strong contrast between job security as well as comprehensive benefits provided by the state-controlled system and high economic returns available through the market mechanism. As a result, job seekers commonly made attempts to maintain privileges entitled by the state-controlled system and to maximize market benefits at the same time. As Hebel (1996) noted, the common trend of market participation was to take a second job in the market while holding one's assigned job in the state sector. Highly educated employees, such as professors, teachers, engineers, and researchers, were the leading cohort among two-job holders (Hebel 1996). Even those who turned to work primarily in the market sector rarely resigned from their state-assigned jobs. A typical way to 'jump into the sea' (*xiahai*, referring to market participation) was to get a permit from the original work unit for 'leave without pay' (*tingxin liuzhi*).<sup>4</sup> This allowed the individual to go back to the original workplace if the attempt to 'jump into the sea' had failed.

The third stage was between 1998 and 2002 and was characterized as the significant withdrawal of the state-controlled job assignment system. The wave of layoffs (*xiagang*) did not hit the majority of state-owned enterprise (SOEs hereafter) throughout the country until 1998. Meanwhile, starting from 1997, most universities were no longer responsible for assigning job offers to graduates, except for educational institutions directly subject to the central government, such as ministries of national defence and

justice. In addition, a national entrance exam for entry-level governmental positions was widely adopted in all governmental organizations during this period, though it was initially implemented in the early 1990s.<sup>5</sup> Therefore, from this period onwards, a competition-based employment system has started to play a dominant role not only in the market sector but also in the previously state-controlled sectors.

### Heterogeneity in the local employment environment

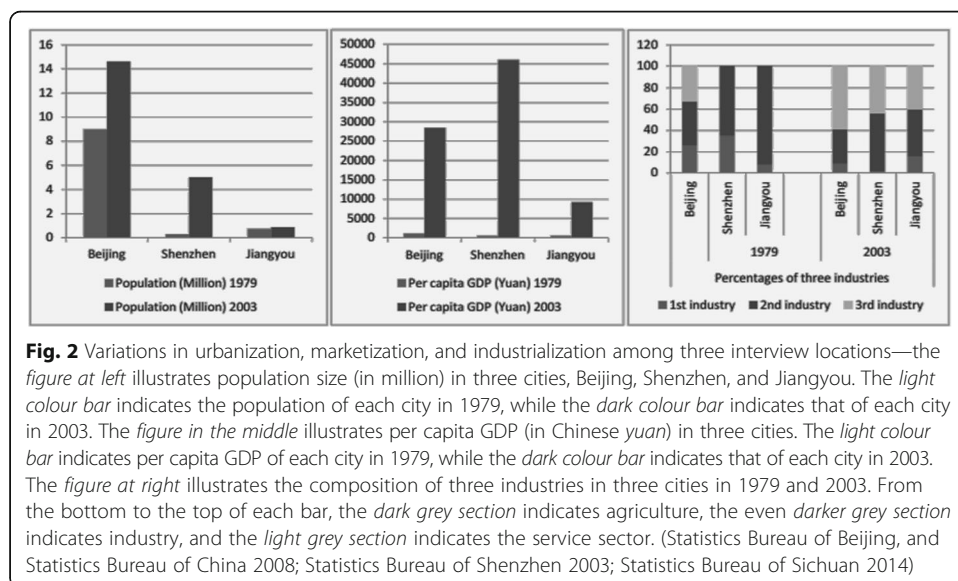
In their recent study on wage differentials throughout 320 prefectures in China, Liu et al. (2016a, b) found that the regional variation in wage inequality needs to be explained simultaneously by the level of market expansion and that of state intervention. Their study, along with previous studies that focused exclusively either on market expansion (Xie and Hannum 1996) or state intervention (Bian and Logan 1996; Bian et al. 2015), has by and large confirmed that the relative significance between market expansion and state intervention varies with the level of economic development. Figure 1 shows annual per capita GDP in 24 provinces and four state-designated municipalities in selected years between 1979 and 2003. While the differences in levels of economic development were minor throughout the country before 1992, the gaps have been increasingly widened afterwards. By 2003, three levels of economic development could be observed. Three state-designated cities (Beijing, Tianjin, and Shanghai) belong to the first tier with per capita GDP above 20,000 *yuan*; seven coastal provinces (Liaoning, Heilongjiang, Jiangshu, Zhejiang, Fujian, Shandong, and Guangdong) belong to the second tier with per capita GDP between 10,000 and 20,000 *yuan*; and all the remaining locations fall into the third tier with per capita GDP below 10,000 *yuan*. As the three-tier division closely resonates with the regional variation confirmed by the existing studies, in this study, we follow the same logic and focus our discussion on differences in three regions, namely, the metropolitan region (including three state-designated cities), the coastal region (including the



aforementioned seven coastal provinces), and the interior region (including all the remaining provinces).

While earnings differentials across regions have been relatively well discussed, direct evidence is scarce about different paths of the employment system change that had undergone in different regions. To illustrate this, we chose three cities that respectively represented typical transitional paths in the three regions and conducted in-depth interviews for the qualitative component of this study. Beijing was selected as the representative of the metropolitan region; Shenzhen was selected to represent the changing path of the employment system in the coastal region; and Jiangyou, a previously heavy-industrial town located in the hinterland province, Sichuan, was selected to demonstrate the direction towards which the employment system change had headed in the interior region. Figure 2 shows the urbanization process—indicated by the size of the urban population (migrant workers excluded), economic growth—indicated by per capita GDP, and the industrialization process—indicated by the composition of three industries in these three cities between 1979 and 2003.

Due to the socialist economy’s heavy focus on secondary industry, better opportunity structures for employment were observed in both Beijing and Jiangyou but not in Shenzhen in the beginning of the institutional transition. However, in 2003, Shenzhen’s urban population had far surpassed that of Jiangyou, though the largest urban population was still observed in Beijing. In this year, although Shenzhen had the highest per capita GDP among the three cities, the figure of the industrial composition suggests essential differences in the opportunity structure for employment between Shenzhen and Beijing. A highly marketized and second-industry-driven economy was observed in Shenzhen. In fact, the exponential economic growth in Shenzhen has commonly been attributed to the massive foreign direct investments and the influx of cheap labour force constituted mainly by migrant workers in manufacturing, at least by the early 2000s (Fan and Sun 2008; Niu et al. 2016; see also Shenzhen Special Economic Zone Yearbook 1985–2003). By contrast, a highly marketized and service-based economy had emerged in Beijing, evidenced by the dominating proportion of the service sector



in Beijing in 2003. It is also noticeable that the proportion of the second industry still remained significant in Beijing at this stage. Due to the traditional dominance of the job assignment system in this sector, it is reasonable to expect the existence of the lagged influence of the state-controlled job assignment system in Beijing in 2003. For the same reason, one can also expect consistently strong influence from the job assignment system in Jiangyou. As the stagnated urban population growth indicates, Jiangyou did not benefit from the marketization process as much as the other two cities did.

To summarize, in the metropolitan region, represented by Beijing, the opportunity structure for employment was the most advantageous due to the concentration of the industrial and service sectors in the job assignment era. Its leading status remained at the end of the changing process, by providing market opportunities that attracted competitive job seekers. The coastal region, represented by Shenzhen, did not provide as many assigned jobs as the metropolitan region did at the outset of the reform. However, its fast paced marketization process created ample market opportunities during the transitional process, particularly for less educated or skilled labour in the manufacturing sector. The interior region, represented by Jiangyou, benefited from the concentration of the heavy industry in the command economy era, but continued to lose ground in attracting competitive job seekers as marketization progressed.

#### **Individual resources, employment environments, and types of successful job seekers**

The variation in the local employment environment over time and across space, as described above, has created different local opportunity structures in which individuals' upward mobility channels vary. In other words, individual resources that are valuable for getting a good job vary with the local employment environment.

In general, three types of individual resources have commonly been discussed in previous studies about social stratification and mobility in urban China. Before marketization, political loyalty was widely considered the primary criterion for upward mobility. In addition to party membership, the direct indicator of one's political standing, family background also played a crucial role in forming the hierarchical order in the socialist regime. It has been well acknowledged that under the rigid state's control, *guanxi* (informal ties) manipulation was so pervasive as to be institutionalized, and family ties functioned as the most often used shortcut for the offspring of powerful parents to rapidly get ahead of their own cohorts (Bian 1997; Gu 2014; Oberschall 1996).

Starting from the end of the 1970s, education has been (re)used to distinguish job seekers. The stratifying role education plays in the meritocracy-based market economy is commonly accepted, which brings no surprise about the importance of education as a new upward mobility channel in China's newly emerged market sector. However, in contrast to the market transition theory (Nee 1989, 1991), most of the following studies attributed the increasing importance of education to the shift in the state's political orientation, rather than the emergence of the market. In fact, it has been found that the newly emerged market did not provide suitable positions for high-profile job seekers in the early stage of marketization, as aforementioned (Davis 1999; Wu and Xie 2003).

Individuals' job acquirement strategies, in terms of which resources to mobilize and through which system, are motivated by their perceptions of the local employment environment. The distribution of different types of successful job seekers thus directly



reflects the relative importance of the state's control and the market mechanism in the local employment system. As aforementioned, in this study, we categorize urban Chinese job seekers before 2003 into three types: job-assignment adherents who obtained the assigned job by completely following a formal procedure, job-assignment networkers who got assigned jobs by more or less mobilizing *guanxi*, and market adventurers who did not get assigned jobs and thus found employment through the market channel. It would be unnecessary to further distinguish individuals who used *guanxi* from those who did not, if they all got jobs through the market channel. The focus of this study is to test whether state power was weakened or strengthened along with the emergence of the market. Thus, the differentiation between adherents and networkers within the job assignment system is crucial to reveal what types of resources still remained in the state-controlled system. However, the market channel, as a newly emerged and continuously growing institution, is assumed to attract both well-educated and well-connected individuals, since the roles education and informal ties play, respectively, have been well documented in various contexts of labour markets (Bian 1997; Chua 2011, 2014; Granovetter 1973; Liu et al. 2016a, b; Xu et al. 2016). We also need to emphasize that as the state sector was further marketized, job seekers increasingly entered the state sector through market competition, rather than the job assignment system. Adventurers thus also include those who were employed in the state sector but whose jobs were not assigned by the state.

The existing literature provides two sets of competing assertions regarding how macro-level structural forces drove the distribution of different types of resources possessed by individual job seekers. The market-centred approach states the increasing importance of education as the new upward mobility channel in the transitional society (Nee 1989, 1991; Cao and Nee 2000; Nee and Matthews 1996), which naturally leads to the hypothesis of the shift in the concentration of highly-educated job seekers from adherents to adventurers as marketization progressed. The state-centred approach emphasizes the persistence of political authority despite marketization (Bian and Logan 1996; Róna-Tas 1994; Walder 1996, 2004, 2009), which implies the persistent concentration of social resources within the state-controlled system. Under the assumption that individual job seekers always tend to manoeuvre their resources to optimize job search outcomes, we posit that the concentration of individual resources should correspond to the dominance of the structural force at the macro level. Namely, hireable resources—education, party membership, and family background—would all increase one's likelihood to seek jobs through the employment channel that provides a relatively better opportunity structure in the local employment environment. In terms of education, first, well-educated individuals are expected to seek assigned jobs in the institutional context where the job assignment system dominates job-person matching, whereas seek jobs through the market channel in the context where the market mechanism dominates employment. As aforementioned, the local employment environment refers to the relative strength of state power and the market in both the temporal and spatial dimensions. Thus, other covariates being equal,

Hypothesis 1a: *As marketization progresses over time, the probability for well-educated individuals to become adherents decreases, whereas that for them to become adventurers increases.* And,

Hypothesis 1b: *As marketization develops unequally across regions, the probability for well-educated individuals to become adventurers increases in the metropolitan region, while that for them to become adherents remains high in other regions.*

Second, although party membership is a symbol of one's status in the political hierarchy, meritocratic traits are indispensable components in the recruitment of party members. As Guo (2005) pointed out, being a party member connotes desirable qualities in a job seeker, such as organizational and communication skills, team spirit, and the capability to get things done. These qualities, rather than one's party membership per se, facilitate one's success not just in the job assignment system, but also in market competition. We therefore hypothesize that party membership plays a similar role with that of education in one's job search strategies. Namely, other covariates being equal,

Hypothesis 2a: *As marketization progresses over time, the probability for party members to become adherents decreases, whereas that for them to become adventurers increases.* And,

Hypothesis 2b: *As marketization develops unequally across regions, the probability for party members to become adventurers increases in the metropolitan region, while that for them to become adherents remains high in other regions.*

Last, we turn to family background as the indicator of one's social capital. Mobilized through informal ties, social capital has long been demonstrated to have a positive effect on labour market outcomes across societal contexts (Bian 1997; Chua 2011, 2014; Erickson 2001; Granovetter 1973; Lin 1999, 2001). In their recent study, Bian et al. (2015) have shown that the pervasive use of informal channels in job searches has at least remained unchanged, if not increased, in Chinese society. A privileged family background helps one gain an advantageous occupational position in the social hierarchy. Thus, whether one's family background facilitates one's job obtainment success in the state-controlled system or in the market depends on which employment system provides a better opportunity structure for career development. This means that, other covariates being equal:

Hypothesis 3a: *As marketization progresses over time, the probability for job seekers with privileged family background to become networkers decreases, whereas that for them to become adventurers increases.* And,

Hypothesis 3b: *As marketization develops unequally across regions, the probability for job seekers with privileged family background to become adventurers increases in the metropolitan region, while that for them to become networkers remains high in other regions.*

### **Research design**

Both quantitative and qualitative data were used to test the above hypotheses. While the use of quantitative analysis is necessary to generalize interactions of the employment environment and individual resources, the use of qualitative analysis is effective in revealing the rationale underlying individuals' job obtainment strategies.

### **Quantitative data and measurements**

Quantitative data were drawn from the 2003 China General Social Survey (CGSS)—the urban section, a four-stage stratified probability sampling survey on the urban population in mainland China. The sample consists of 5894 adults, aged 18 to 69 years old,



who were randomly selected from 28 provincial level locations inside mainland China. The 2003 CGSS data covered exclusively urban Chinese citizens with local *hukou* (legal residency) status.

The dependent variable is the type of the job seeker. If only channels related to the state's distributive power (including 'assigned by a governmental organization' and 'internal recruitment in a state-owned organization') were reported, the respondent was coded as a job-assignment adherent. If a state's distributive channel was reported with assistance of any informal help, the respondent was considered a job-assignment networker. If the obtained job was not assigned by the state, the respondent would then be categorized as a market adventurer.

Independent variables consist of individual resources and the employment environment. Because information in the 2003 CGSS was collected retrospectively, each respondent's life events could be sequenced in chronological order, making it possible to capture each respondent's characteristics at the job entry stage. Education was measured by year, and party membership was a dichotomous variable (with members coded as 1, and non-members as 0). Family background was measured by the father's highest education and party membership, since a household's status was usually determined by the father's, rather than the mother's, status in China's patriarchal context. Father's occupational status was often used as the proxy of family background in the western society. However, a poorly classified occupational structure in the socialist system and a low response rate of the corresponding question in the survey made the use of father's occupational status not suitable for this study. Moreover, as an individual's own resources were measured by education and party membership, it benefited the consistency of measurement by using the same variables to indicate father's resources.

The variation in the local employment environment was measured in both temporal and spatial dimensions. Corresponding to the aforementioned historic stages of the employment system change, we distinguish the employment environment in the temporal dimension by three periods, including the pre-reform period (before 1979; used as a reference category), between 1979 and 1991 (state-dominant stage), between 1992 and 1997 (state-market competing stage), and between 1998 and 2003 (market-dominant stage). The variation in the spatial dimension corresponded to the division among the metropolitan, coastal, and interior regions. Control variables such as age, age square, and gender were included.

#### ***Qualitative data collection***

Qualitative analysis has a unique advantage in delineating not only individuals' job attainment strategies, but more importantly, how decisions were made based on individuals' perceptions of their own resources and the surrounding environment. Interviews were conducted in the aforementioned three locations—Beijing, Shenzhen, and Jiangyou.

By using the snowball sampling method, up to 50 qualified respondents were contacted in each location in the summer of 2009. We selected in total 28 representative respondents to conduct in-depth interviews, including ten cases in Beijing and nine cases in Shenzhen and Jiangyou, respectively. Although each interview covered information about the informant's career development up to the time of the interview, in the body of the analysis, we used information only up to 2003, to correspond to the

time frame covered by the quantitative data. All interviews lasted between 1.5 and 2 h. We used several strategies to ensure the reliability of interviewees' narratives, including checking private files (for example, letters of employment), archival documentations (for example, personnel documents, or other official files) kept by interviewees' employers, and old newspapers; asking about the same information in different ways; checking with a third party (for example, a family member) who was familiar with the interviewee; and conducting a second time interview at a different time and location.

### Analyses

To analyse quantitative data, we constructed three Multinomial Logistic Regression models: the 'education model'—estimating interaction effects between education and the local employment environment in both time and spatial dimensions, 'party membership model'—estimating interaction effects between party membership and the local employment environment measures in both dimensions, and 'family background model'—estimating interaction effects between family background and the local employment environment measures in both dimensions. Estimations were clustered at the provincial level (by using the 'cluster' option in Stata) with the population weight variable used as the probability weight. We presented all possible pair comparisons in Table 1, in order to intuitively show how the distribution of individual resources varies with the employment environment.

Main effects in Table 1 confirm arguments in the existing literature. In the temporal dimension, there is indeed a clear shift from the job assignment system to market competition, shown as the significant increase in one's likelihood of becoming a market adventurer along with the decline in the possibility of becoming either a job-assignment adherent or networker. This finding is in line with the transitional trajectory predicted by the market-centred approach. In the spatial dimension, individuals in the metropolitan region were generally more likely than their counterparts in the other two regions to stay within the job assignment system. Moreover, main effects of individual resources also generally increased one's likelihood of staying within the job assignment system. These findings provide support for the persistence of state power, argued by the state-centred approach.

The Wald test results show that model fit were improved significantly by incorporating interaction items between education and job entry era ( $\chi^2(8) = 117.37$ ;  $p = 0.0000$ ), between party membership and job entry era ( $\chi^2(8) = 106.75$ ;  $p = 0.0000$ ), between education and region ( $\chi^2(4) = 89.14$ ;  $p = 0.0000$ ), between party membership and region ( $\chi^2(4) = 64.46$ ;  $p = 0.0000$ ), and between father's education and region ( $\chi^2(4) = 53.79$ ;  $p = 0.0000$ ). We therefore focus our discussion on these significant interaction effects that contributed to the improvement of model fit. Interactions between father's party membership and the employment environment were omitted in the family background model, since the effect of father's party membership became non-significant after the individual's party membership was taken into account.

### *Increasing marketization and lagged attractiveness of assigned jobs over time*

Figure 3a, b) presents interaction effects between education and job entry era on the likelihood of being adherents and adventurers, respectively (no significant interaction effect was found on the likelihood of being networkers). It is clear that the odds of

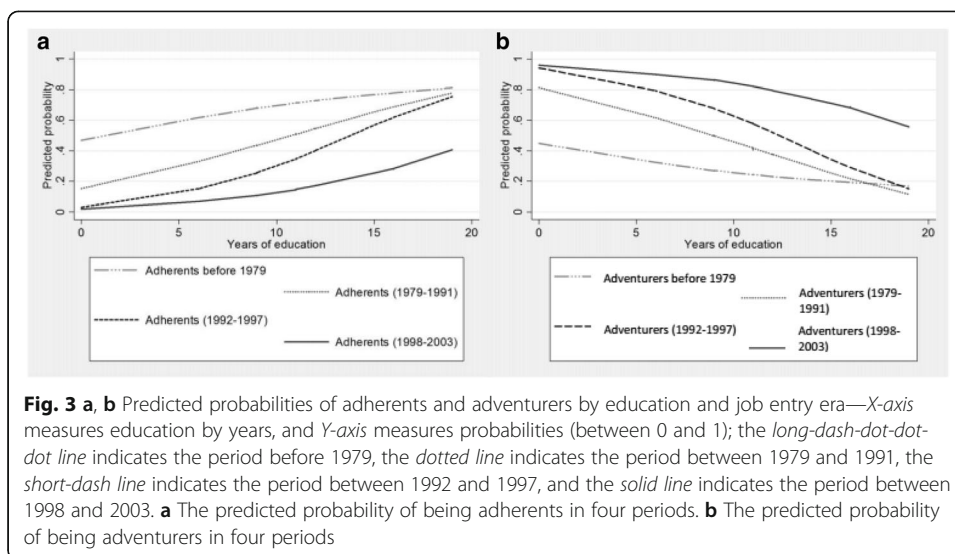
**Table 1** Multinomial logistic regression of the three types of successful job seekers by employment environment, individual resources, and their interactions, CGSS Urban Section, 2003

	Adventurers vs. adherents			Networkers vs. adherents			Networkers vs. adventurers		
	Education Model	Party Membership Model	Family Background Model	Education Model	Party Membership Model	Family Background Model	Education Model	Party Membership Model	Family Background Model
<b>External employment environment</b>									
<i>Temporal dimension</i> (ref: Before 1979)									
1979–1991	1.668 (0.345)***	1.055 (0.107)***	1.094 (0.156)***	0.165 (0.723)	0.642 (0.206)**	0.839 (0.337)*	-1.502 (0.727)**	-0.414 (0.213)*	-0.255 (0.347)
1992–1997	3.190 (0.506)***	1.787 (0.141)***	2.114 (0.226)***	1.316 (0.813)	1.189 (0.255)***	0.893 (0.423)*	-1.874 (0.804)*	-0.598 (0.254)*	-1.221 (0.428)**
1998–2003	3.666 (0.466)***	3.182 (0.154)***	3.193 (0.235)***	1.807 (1.342)	1.490 (0.306)***	1.372 (0.457)***	-1.858 (1.311)	-1.692 (0.300)***	-1.821 (0.456)***
<i>Spatial dimension</i> (ref: metropolitan region)									
Coastal region	1.250 (0.408)***	0.075 (0.108)	0.348 (0.187)	-1.809 (0.924)+	-0.680 (0.225)**	-1.331 (0.392)+	-3.059 (0.963)**	-0.756 (0.225)	-1.679 (0.401)**
Interior region	1.197 (0.388)***	0.175 (0.100)	0.450 (0.173)	-0.422 (0.559)	-0.137 (0.182)	-0.779 (0.274)	-1.619 (0.593)***	-0.311 (0.182)	-1.229 (0.283)*
<b>Individual resources</b>									
Education	-0.001 (0.036)	-0.156 (0.015)***	-0.157 (0.015)***	-0.137 (0.055)*	-0.059 (0.031)*	-0.060 (0.032)*	-0.137 (0.060)**	0.097 (0.031)**	0.097 (0.032)**
Party membership	-1.173 (0.151)***	-0.081 (0.427)	-1.198 (0.148)***	0.343 (0.224)	-0.171 (0.735)	0.328 (0.227)	1.516 (0.236)***	-0.090 (0.797)	1.526 (0.239)***
Father's highest education	-0.003 (0.009)	-0.003 (0.009)	0.055 (0.022)**	0.059 (0.017)**	0.057 (0.017)**	-0.028 (0.037)	0.062 (0.017)**	0.060 (0.017)**	-0.083 (0.040)***
Father's party membership	-0.125 (0.091)	-0.131 (0.091)	-0.112 (0.091)	0.127 (0.169)	0.113 (0.170)	0.113 (0.170)	0.252 (0.167)	0.245 (0.168)	0.225 (0.168)
<b>Interplay</b>									
1979–1991	-0.071 (0.034)*	-0.204 (0.410)	-0.010 (0.022)	0.071 (0.069)	1.131 (0.672)*	0.002 (0.043)	0.142 (0.070)***	1.335 (0.755)+	0.012 (0.04)
1992–1997	-0.141 (0.046)**	0.001 (0.447)	-0.049 (0.028)	0.002 (0.072)	0.425 (0.737)	0.041 (0.049)	0.143 (0.073)+	0.424 (0.804)	0.090 (0.051)*
1998–2003	-0.067 (0.041)	-0.692 (0.411)	-0.024 (0.028)	-0.044 (0.118)	-0.829 (0.783)	-0.022 (0.051)	0.023 (0.116)	-0.138 (0.829)	0.002 (0.051)
Coastal region	-0.117 (0.038)***	-1.116 (0.397)***	-0.046 (0.023)**	0.113 (0.081)	0.422 (0.534)	0.100 (0.044)***	0.230 (0.085)**	1.538 (0.580)***	0.146 (0.045)***
Interior region	-0.101 (0.036)***	-0.789 (0.347)**	-0.045 (0.022)**	0.021 (0.051)	-0.168 (0.447)	0.080 (0.033)***	0.122 (0.054)**	0.621 (0.487)	0.125 (0.034)***

**Table 1** Multinomial logistic regression of the three types of successful job seekers by employment environment, individual recourses, and their interactions, CGSS Urban Section, 2003 (Continued)

Control variables										
Female	0.095 (0.077)	0.097 (0.078)	0.095 (0.078)	-0.028 (0.150)	-0.030 (0.150)	-0.046 (0.150)	-0.122 (0.149)	-0.127 (0.149)	-0.141 (0.149)	
Age	-0.005 (0.025)	-0.014 (0.024)	-0.010 (0.024)	0.014 (0.044)	-0.004 (0.047)	0.016 (0.043)	0.019 (0.044)	0.010 (0.047)	0.026 (0.043)	
Age square	-0.001 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.001)	-0.000 (0.001)	-0.000 (0.001)	0.000 (0.001)	0.000 (0.001)	0.000 (0.001)	
Constant	-0.505 (0.497)	1.063 (0.374)*	0.703 (0.390)	-1.672 (0.885)*	-2.088 (0.772)*	-1.816 (0.737)*	-1.168 (0.916)*	-3.151 (0.777)***	-2.519 (0.748)	
Log likelihood	-3628	-3629	-3636							
Observations	4857	4857	4857							

Note: 1. Robust standard errors are in parentheses. Estimations were clustered at the provincial level with the population weight variable used as probability weights. 2. The father's highest education was used in the interaction term in the Family Background Model. 3. For the convenience of interpretation, all possible comparing pairs were reported  
 \*\*\* $p < 0.001$ ; \*\* $p < 0.01$ ; \* $p < 0.1$  (two-tailed tests)



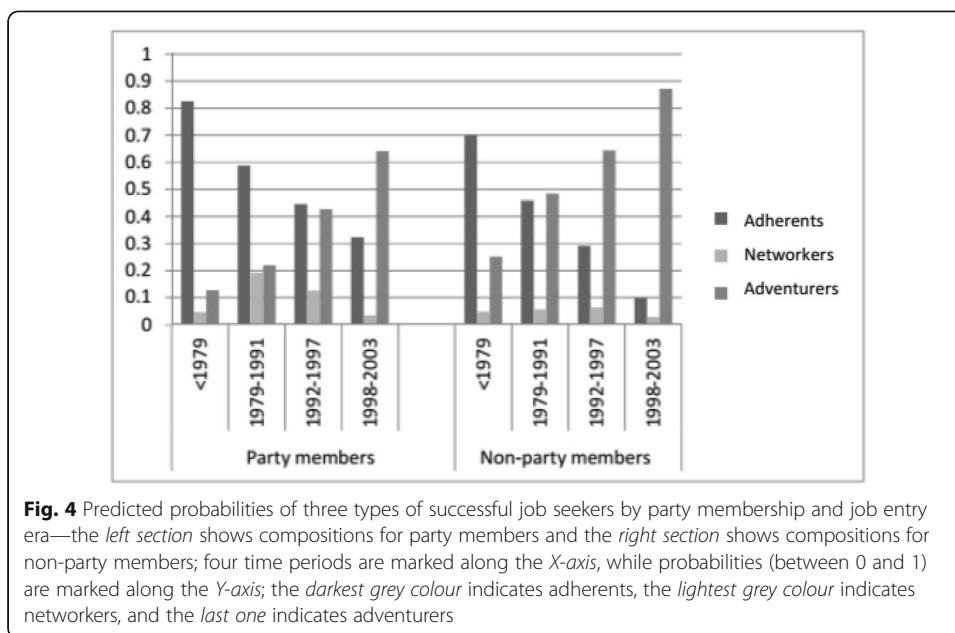
being adherents decreases while the odds of being adventurers increases over time, a finding that well echoes Nee’s market transition theory. These figures further show that the changing probability of becoming either an adherent or adventurer varies with one’s education. Highly educated job seekers showed greater odds of being adherents, particularly before 1999. After 1999, the odds of being adherents for the highly educated dropped significantly. Therefore, although the market emerged as early as in the 1980s in urban China, market opportunities became attractive to the highly educated job seekers only in the late 1990s.

Our interview data shed light on highly educated individuals’ reasoning underlying the above findings. When graduating from a prestigious college specialized in water conservancy in 1992, Mr. Lei Yang,<sup>6</sup> a 40-year-old<sup>7</sup> senior manager in a large-scale FDI (foreign direct investment) company in Shenzhen, was initially assigned to a state-owned oceangoing company in his home province. Lei was unhappy about this assignment, as his grades were good enough for his ideal work unit, the Shanghai Maritime Bureau. Instead of searching another option in the market, however, Lei chose to accept an undesirable assigned job. As he said:

“There is a saying that “a camel that died from hunger would still be bigger than a horse.” After all, you got assigned into a SOE, which broadened your choices. (If) [y]ou like it, you stay; (if you) don’t like it, well, you could always choose to leave later.’ (Interview transcript #11)

With stable salaries, comprehensive benefits, and security of lifetime employment, the job assignment system functioned as a safety net to protect those who were not ambitious and preferred to stay in assigned jobs. For ambitious individuals, the job assignment system would also enable them to accumulate work experience and social resources for desirable job opportunities in the market. In this regard, an assigned job would then function as a springboard.

Turning to party membership, Fig. 4 shows a linear decline in the likelihood of becoming adherents and a steady increase in that of becoming adventurers for both party



members and non-party members. However, it is also clear that party members were more likely to stay within the system while non-party members were more likely to find employment outside the system in each of the observed time periods. These findings echo existing arguments from both the market-centred and state-centred approaches, namely, the shift from the state-controlled system to the market accompanied with the persistence of state power. Since these findings have been well articulated in previous studies, it is unnecessary to further interpret patterns in Fig. 4 by using interview data.

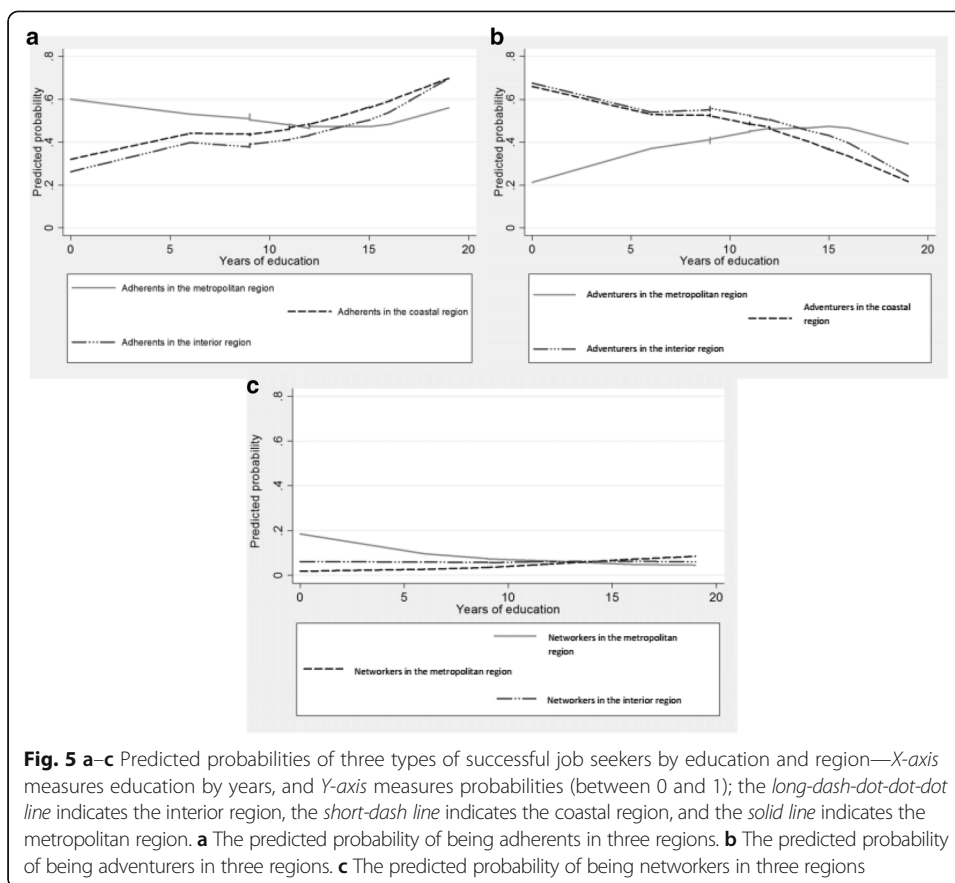
No significant interaction effect is found between family background and the era of job entry, confirming the continuous importance of family background in one’s job attainment regardless of the institutional change, as argued by social capital scholars (Bian 1997; Bian et al. 2015).

**Regional variation in the resource distribution**

***Regional distribution of highly educated job seekers***

Figure 5a–c show the significant effects of the interactions between education and region. Job seekers with little education, such as those with less than 12 years of education (equivalent to the level of high school) in the metropolitan region were much more likely to become job-assignment adherents (as well as networkers), while their counterparts in the other two regions were much more likely to become market adventurers. This shows that the job assignment system played a protective role in providing less competitive job seekers with stable employment only in the metropolitan region. The majority of disadvantaged job seekers in the rest of the country had to look for employment on their own in the market, as the job assignment system shifted to attract highly educated employees in their local areas. Well-educated employees with more than 12 years of education were in demand by both the job assignment system and the market. They tended to become market adventurers in the metropolitan region, while job-assignment adherents (as well as networkers) in both coastal and interior regions.





However, it is noticeable that the most educated ones with more than 16 years of education (equivalent to the level of university) consistently preferred becoming job-assignment adherents, even in the metropolitan region.

Our interview data further show nuanced differences in individual motives of pursuing state-assigned jobs between the coastal and interior regions. Mr. Yue Zhang, a 33-year-old governmental official who found his job through the school’s recommendation, in addition to a formal interview procedure in Shenzhen in 1997, pointed out:

‘Working in the government is not to stay away from the market; but instead, is to better participate in the market. The booming economy needs to be regulated by the government, in terms of, for example, land use, urban planning, infrastructure construction, taxes, and other issues.’ (Interview transcript #16)

High economic returns were generated through the government’s close involvement in economic activities in the coastal region. As Yue admitted, annual bonuses in his department were 10 to 50 times higher than what was offered in counterpart departments in the interior region. Yue’s remarks support the argument of local state corporatism (Walder 1996, 2009), which emphasizes the local cadres’ pursuit of assigned jobs in order to convert political power into market benefits.

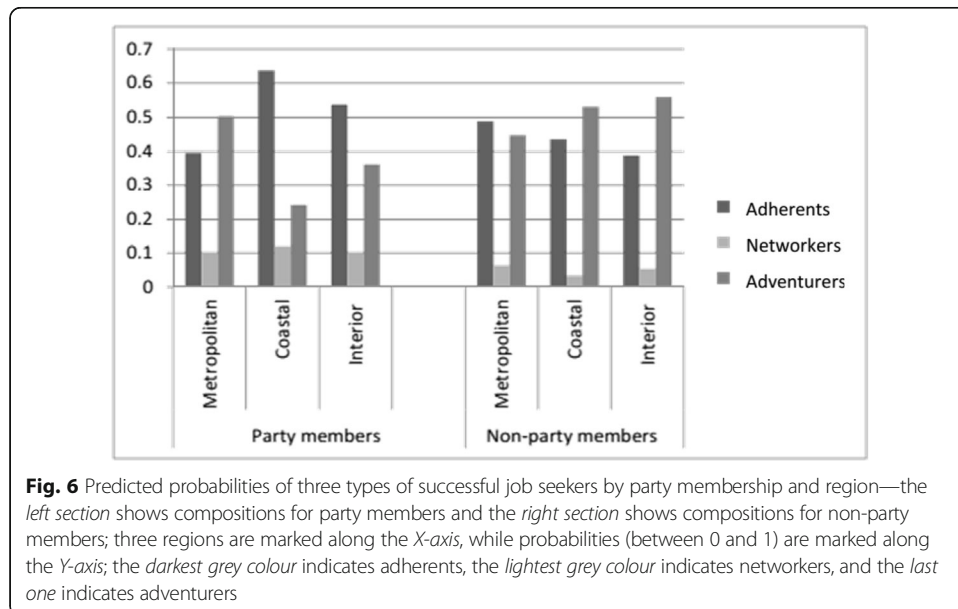
In the interior region, Ms. Yan Lu, a 33-year-old cosmetic product salesperson, expressed her regrets of quitting her permanent position in a large-scale state-owned

steel factory. Yan used the compensation package provided by her former state employer to start up her own business. Unfortunately, ‘small businesses are hard to survive, because everyone is doing it (Interview transcript #26).’ According to Yan, getting a state-assigned job would still be the best option in a hinterland city such as Jiangyou, where the market opportunity structure was relatively less developed.

It is highly likely that Yan, with a high school diploma and a second three-year diploma from a vocational school, could have found a satisfactory market opportunity had she been in the metropolitan region, due to a much better developed local market opportunity structure. In fact, only in the metropolitan region would the job assignment system lose talented individuals to the market system. Ms. Min Chen, a 30-year-old General Manager Assistant in an American-owned financial company in Beijing, said that she only looked for jobs in large scale foreign companies when graduating in 2000. With excellent academic records from a top university in China, Min did not think that any assigned job could satisfy her career ambition (Ms. Chen, Interview transcript, # 9). Similar to Min, another three interviewees, who found jobs in the private sector solely through the market channel, either graduated from prestigious universities or specialized in highly marketable fields, such as telecommunication or finance. Their job search strategies show strong evidence of the fast growth of high technology, knowledge-intensive sectors outside industries that were traditionally controlled by the state in the metropolitan region.

**Regional distribution of other resources**

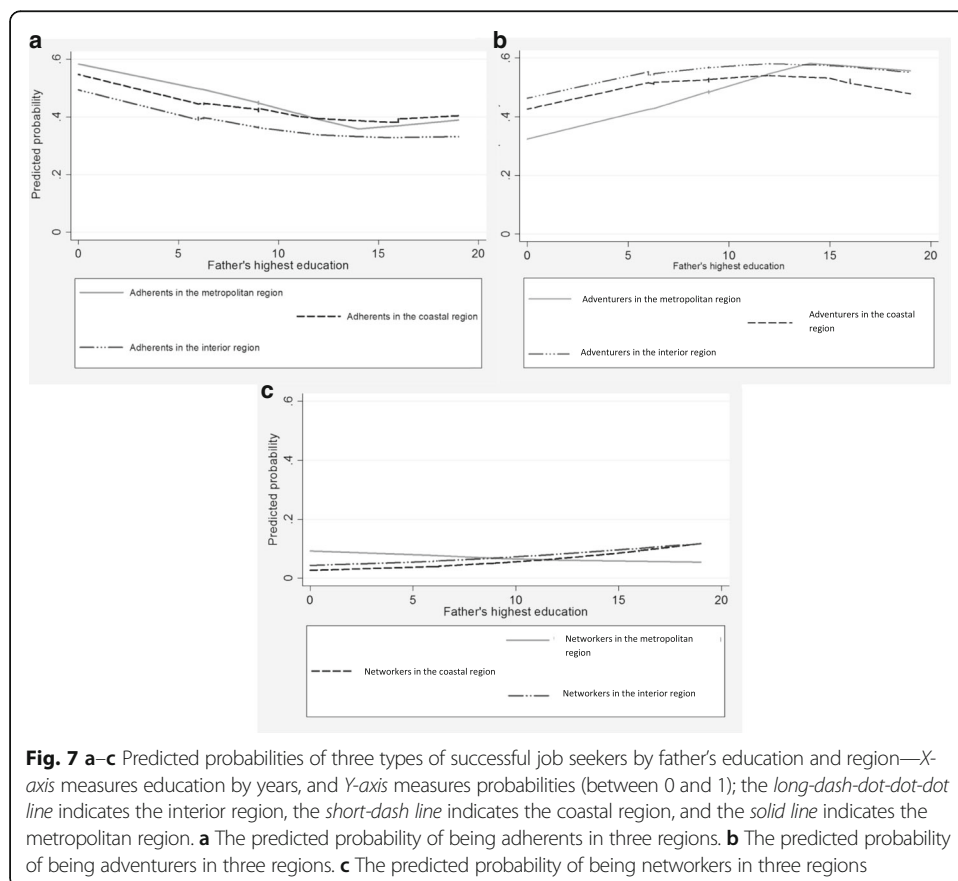
Figure 6 presents the predicted probabilities derived from the interaction effects between party membership and region. While non-party members showed small regional differences in the likelihoods of being job-assignment adherents and market adventurers, party members’ preferences towards the job assignment system and market differed significantly in different regions. In the metropolitan region, party members were less likely than their non-party member counterparts to become adherents, and more



likely to become adventurers. In the coastal region, party members overwhelmingly leaned towards becoming adherents and their chance of becoming adventurers was the lowest not only among all party members but also among all job seekers across the three regions. In the interior region, party membership indeed significantly increased one’s chance of becoming an adherent and decreased the chance of becoming an adventurer. However, due to the lack of assigned job opportunities in this region, even party members were faced with a high risk of becoming market adventurers.

Figure 7a–c present the interaction effects of family background (indicated by father’s highest education) and region on the likelihoods of three types of job seekers. In Fig. 7a, b, individuals with poorly educated fathers in the metropolitan region were more likely to become adherents and less likely to become adventurers than their counterparts in the other two regions. As father’s education increased, an individual tended to shift from being an adherent to an adventurer in the metropolitan region. However, individuals with university-educated fathers did not significantly prefer being adventurers; in fact, they showed an increasing tendency of being adherents in the metropolitan region. Figure 7c shows that father’s education significantly increased one’s chance of being a job-assignment networker in coastal and interior regions, but decreased this chance for those in the metropolitan region.

In addition to education, Figs. 6 and 7 further demonstrated significant differences in the manipulation of party membership and family background in one’s job search process, due to the regional inequality in the opportunity structure for employment.



The interview with Mr. Liang Wang, a 29-year-old, university-educated official in the municipal government in Jiangyou, shows that individuals were fully aware of the essential regional differences. In 2002, Liang started an intern position in a governmental department in Jiangyou, where his father was the associate chief, after his several attempts to move to a metropolitan city failed. Knowing the lack of a good market opportunity structure in the local city, Liang considered getting a job in the local government through his father's help the best available option. In fact, in Jiangyou, eight out of nine interviewees obtained their first jobs within the job assignment system. As the quantity and quality of assigned jobs both declined over time, the use of family ties seemed to have become a dominant job search strategy in Jiangyou.

To summarize, the above analysis delineated over time and across space, how resources—education, party membership, and family background—were used for individual upward mobility, such as finding a perceived good job. In the temporal dimension, while the dominant employment system clearly shifted from the job assignment system to market, the job assignment system remained attractive among highly educated job seekers. In the spatial dimension, state power and the market always co-existed, through different ways in different regions. In the metropolitan region, the availability of assigned jobs for the disadvantaged job seekers and that of market jobs for the advantaged ones (for example, the well-educated and party members) show a pattern of the relatively benign co-evolution between state power and the market. In the rest of the country, the market did not seem to form an opportunity structure as competitive as that within the state-controlled system, at least up to 2003. As a result, advantaged job seekers (the highly educated, party members, and those from privileged family backgrounds) tended to reap market benefits by first getting into the state-controlled system in the coastal region, whereas avoid market risks by remaining in the weakening state-controlled system in the interior region. Moreover, the job assignment system always remained its control over the most educated individuals across regions.

### **Employment system change after 2003**

Without any doubt, Chinese society has been going through another wave of fundamental changes since 2003; for example, the state-controlled job assignment system has become a part of history and is no longer known by newly graduated job seekers in the present society. However, the theoretical significance of understanding institutional change through individuals' perceptions and their subsequent responses towards it holds in any stage of China's transitional process. As robustness tests of this theoretical perspective, we analysed urban Chinese citizens' job search behaviour after 2003, by using the CGSS data in 2008, 2010, and 2012.

The 2008 CGSS shared an identical questionnaire design with the 2003 CGSS regarding job search, so that job seekers' characteristics before job acquirement could be retrieved. Descriptive analysis shows that job seekers who successfully obtained assigned jobs reduced drastically after 2003. The proportion of state-assigned job holders (system adherents and networkers inclusive) in 2003 was less than 7% of all successful job seekers between 2003 and 2008, and this proportion further reduced to below 4% in 2008 (the table is not shown, but available upon request). This confirms that by 2008, the employment system change from the state-controlled system to the

market mechanism had by and large come to the end. This consequently makes the categorization between adherents, networkers, and adventurers no longer suitable in analysing job search behaviour after 2003. Despite this, the fact of individuals strategizing to optimize their job searches in the local employment environment does not change. In continuity with strategies pervasively used in the job assignment era, we found that successful job seekers between 2003 and 2008 could be distinguished first by whether informal ties were used (contact users vs. contact non-users) in a job search, and second by whether kin or non-kin contacts were used among contact users (kin contacts vs. non-kin contacts).

Table 2 presents Multinomial Regression estimations about how the employment environment and individual resources co-shape the distribution of kin contact users, non-kin contact users, and contact non-users. The main effects in the time dimension show a decreasing tendency in the use of kin contacts since 2003, as compared to both the use of non-kin contacts and not using contacts at all, though most of the corresponding coefficients are not significant due to insufficient numbers of cases. However, the main effects in the spatial dimension show significant differences between the interior region and the other two regions. Other covariates being equal, namely, job seekers in the interior region are more likely to mobilize kin contacts, while job seekers in the metropolitan and coastal regions are more likely either not to use contacts or to use non-kin contacts in their job searches. This finding is in line with the regional difference described in the qualitative analysis about contact use before 2003, as presented in previous sections of the paper.

More importantly, other covariates being equal: in the education model, while education by itself decreases one's possibility of using contacts, it increases one's possibility of using contacts and particularly that of using kin contacts in the interior region (vs. the metropolitan region). In the party membership model, neither the main effect of party membership nor its interaction with the employment environment shows a significant effect, indicating a non-significant role party membership plays in successful job acquisition after the state-controlled job assignment system faded away. In the family background model, the main effect of father's education plays a significant role in reducing one's chance of using kin contacts (vs. not using contacts). However, its interaction in the temporal dimension shows that this possibility increase significantly in every following year after 2003 (the coefficient in 2008 is only marginally significant). This finding about the increasing importance of family background in job acquisition after 2003 confirms a trend in the reproduction of social classes, when the process of social structure re-stratification is complete and chances for upward mobility decline in present Chinese society (Feng 2014; Gu 2014). In the spatial dimension, father's education increases one's chance of using non-kin contacts (vs. no contacts) in the interior region relative to the metropolitan region.

Above all, individual job search strategies between 2003 and 2008 indicate the further co-evolution of state power and the market strength after the job assignment system vanished. Family background (indicated by father's education) plays an increasingly important role in one's upward mobility chances over time, which signals that the co-evolution of two structural forces has become relatively stable and a new social hierarchy has come into being. Regional differences in job search behaviour have become non-significant between the metropolitan and coastal regions, while still remained

**Table 2** Multinomial logistic regression of contact use in job searches by employment environment, individual recourses, and their interactions, CGSS urban section, 2008

	Kin contacts vs. no contacts			Non-kin contacts vs. no contacts			Kin vs. non-kin contacts		
	Education model	Party membership model	Family background model	Education model	Party membership model	Family background model	Education model	Party membership model	Family background model
<b>External employment environment</b>									
<i>Temporal dimension</i> (ref: 2003)									
2004	-1.791 (1.713)	0.398 (0.442)	-1.338 (0.906)	-2.022+ (1.207)	-0.304 (0.320)	-0.491 (0.643)	0.230 (1.816)	0.703 (0.476)	-0.846 (0.959)
2005	-2.360 (1.694)	0.388 (0.433)	-1.533+ (0.837)	-0.442 (1.160)	-0.139 (0.307)	-0.122 (0.592)	-1.918 (1.770)	0.526 (0.463)	-1.411 (0.879)
2006	-4.179* (1.838)	0.029 (0.436)	-2.496* (1.018)	0.458 (1.106)	0.230 (0.286)	-0.187 (0.648)	-4.636* (1.880)	-0.201 (0.456)	-2.309* (1.049)
2007	-1.500 (1.628)	0.038 (0.417)	-2.430* (0.954)	0.691 (1.077)	-0.226 (0.289)	-0.650 (0.615)	-2.191 (1.684)	0.265 (0.445)	-1.779+ (0.999)
2008	-1.760 (1.907)	-0.170 (0.468)	-1.471 (0.996)	1.144 (1.165)	-0.257 (0.320)	-0.156 (0.676)	-2.904 (1.958)	0.087 (0.501)	-1.315 (1.043)
<i>Spatial dimension</i> (ref: metropolitan region)									
Coastal region	-3.237 (2.388)	0.668 (0.488)	-0.428 (1.385)	-2.144 (1.442)	0.258 (0.278)	-0.650 (0.667)	-1.093 (2.449)	0.410 (0.524)	0.222 (1.436)
Interior region	-3.797+ (2.260)	1.714*** (0.459)	0.296 (1.328)	-2.770* (1.395)	0.334 (0.276)	-1.001 (0.662)	-1.028 (2.316)	1.381** (0.497)	1.297 (1.381)
<b>Individual resources</b>									
Education	-0.550** (0.209)	0.015 (0.042)	0.018 (0.042)	-0.296* (0.122)	-0.109*** (0.031)	-0.109*** (0.031)	-0.254 (0.215)	0.124** (0.045)	0.127** (0.046)
Party membership	-0.305 (0.424)	-	-0.295 (0.416)	-0.225 (0.293)	-1.058 (1.240)	-0.181 (0.293)	-0.081 (0.462)	-	-0.114 (0.458)
Father's highest education	0.043 (0.035)	0.036 (0.035)	-0.349* (0.153)	0.009 (0.024)	0.007 (0.024)	-0.131 (0.084)	0.034 (0.038)	0.028 (0.037)	-0.217 (0.160)
Father's party membership	0.046 (0.31163)	0.023 (0.306)	-0.038 (0.313)	0.071 (0.23174)	0.025 (0.228)	-0.014 (0.231)	-0.025 (0.33743)	-0.002 (0.333)	-0.024 (0.339)
<b>Interplay</b>									
2004	0.188 (0.154)	-	0.238* (0.116)	0.156 (0.103)	-0.065 (0.882)	0.027 (0.077)	0.031 (0.162)	-	0.210+ (0.122)
2005	0.249+ (0.147)	-	0.285** (0.105)	0.015 (0.098)	-0.980 (1.091)	-0.016 (0.071)	0.234 (0.154)	-	0.301** (0.111)
2006	0.371* (0.153)	-	0.365** (0.119)	-0.027 (0.093)	-0.566 (1.087)	0.049 (0.075)	0.398* (0.157)	-	0.316* (0.123)
2007	0.144 (0.141)	-	0.333** (0.110)	-0.088 (0.092)	-0.257 (0.968)	0.050 (0.069)	0.232 (0.148)	-	0.283* (0.115)
2008	0.147 (0.159)	-	0.205+ (0.116)	-0.129 (0.099)	-0.348 (1.032)	-0.014 (0.076)	0.276+ (0.166)	-	0.219+ (0.122)
Coastal region	0.294 (0.186)	-	0.128 (0.136)	0.188+ (0.111)	1.502 (1.197)	0.106 (0.071)	0.106 (0.193)	-	0.021 (0.143)
Interior region	0.421* (0.174)	-	0.159 (0.128)	0.250* (0.106)	1.202 (1.168)	0.160* (0.069)	0.171 (0.181)	-	-0.001 (0.135)



**Table 2** Multinomial logistic regression of contact use in job searches by employment environment, individual recourses, and their interactions, CGSS urban section, 2008  
(Continued)

Control variables									
Female	0.106 (0.225)	0.064 (0.223)	0.061 (0.225)	-0.202 (0.164)	-0.197 (0.163)	-0.185 (0.163)	0.308 (0.243)	0.261 (0.241)	0.247 (0.243)
Age	-0.048 (0.081)	-0.032 (0.083)	-0.049 (0.082)	-0.046 (0.047)	-0.037 (0.046)	-0.038 (0.047)	-0.001 (0.084)	0.006 (0.086)	-0.011 (0.085)
Age square	0.000 (0.001)	0.000 (0.001)	0.001 (0.001)	0.001 (0.001)	0.001 (0.001)	0.001 (0.001)	-0.000 (0.001)	-0.001 (0.001)	-0.000 (0.001)
Constant	4.817 (2.960)	-2.436 (1.594)	0.720 (2.098)	3.713* (1.813)	1.055 (1.017)	2.285+ (1.269)	1.104 (3.040)	-3.492* (1.680)	-1.565 (2.193)
Log likelihood	-757	-762	-760						
Observations	854	854	854						

Note: 1. Due to the small number of cases, interactions between party membership and the employment environment cannot be estimated correctly between kin contacts and no contacts as well as between kin and non-kin contacts. 2. Standard errors are in parentheses. 3. Father's highest education was used in the interaction term in the Family Background Model  
\*\*\*  $p < 0.001$ ; \*\*  $p < 0.01$ ; \*  $p < 0.05$  +  $p < 0.1$  (two-tailed tests)

significant between the metropolitan and interior regions. Namely, from 2003 onwards, a relatively mature market mechanism has dominated employment behaviour in the metropolitan and coastal regions; meanwhile, state power has still remained its control in the interior region, the majority part of China's urban area.

We subsequently performed a follow-up analysis using the CGSS in 2010 and 2012. Only respondents who searched jobs in the latest 3 months prior to the time of the interview were asked to report their job search methods in those 2 years. As a result, 2.7% (315 cases) of the whole sample in 2010 and 1.9% (226 cases) of the whole sample in 2012 were eligible for our analysis. Reported job search methods in those 2 years could only be differentiated between using and not using contacts. By using the survey year as a dummy variable, we pooled respondents who reported job searches in those 2 years together. Due to the small number of eligible cases (485 in total), it is unlikely that coefficients can be significant in regression estimations (the regression table is not shown, but available upon request). Despite this, a few points are worth being pointed out. Contact use appears to have a decreasing trend between 2010 and 2012. Contact use also seems more likely to occur in coastal and interior regions (relative to the metropolitan region), and this tendency is statistically significant in the party membership and family background models (indicated by father's party membership). The main effects of individuals' resources show a general trend in decreasing the possibility of using contacts, but their interactions with the job search year show a tendency in favour of contact use. In the spatial dimension, individual education and party membership have a tendency to increase one's chance of using contacts in coastal and interior regions, while family background shows a pattern of increasing this possibility in the metropolitan region. Although non-significant due to the limitation of a small number of eligible cases, the above patterns based on individual job search strategies in 2010 and 2012 show continuity of the employment system change that has discussed with focuses on the historic period up to 2003 and a more recent period between 2003 and 2008.

### **Conclusions and discussion**

Using the employment system change in urban China as an empirical case, in this study, we showed direct evidence about how state power and the market strength co-existed and co-developed in China's transitional context, with a focus on the match between job seekers' resources and the varying local employment environment.

Despite a theoretical awareness (Keister and Borelli 2012), empirically, the majority of previous studies were based on a dichotomization between the state and market sectors, which caused a long lasting debate between the state-centred and market-centred arguments (one exception is seen as the discussion about market expansion and state intervention by Liu et al. 2016a, b). Our study has mainly focused on the most complicated stage in urban China's transitional process, namely, from the end of the 1970s to early 2000s. Our findings contribute to synthesizing the two traditionally competing approaches, by showing the flow of elite resources, such as education, party membership, and family background, among the groups of job-assignment adherents, job-assignment networkers, and market adventurers, over time and across regions. Along with the decline of the job assignment system, the market has indeed grown stronger over time, shown by the increasing proportion of adventurers, particularly with high

levels of education. On the other hand, the decline of the job assignment system did not necessarily mean a uniformly well-established market opportunity structure. By the early 2000s, highly educated job seekers would likely choose market opportunities over assigned jobs only in the metropolitan region. In both the coastal and interior regions, the market opportunity structure could not compete against the job assignment system in attracting talented employees. More importantly, assigned jobs remained attractive to the most educated job seekers throughout the employment system change, strongly indicating a strengthening, rather than weakening, tendency in state power.

Since the early 2000s, individual job search behaviour has changed significantly due to the complete withdrawal of the state-controlled job assignment system. The use of *guanxi* seemed to have become salient in urban China's well-established market economy. This phenomenon echoes existing studies about the important role social capital plays in the market economy under the context of strong state power (Chua 2011, 2014). Findings about the changing patterns of the employment system in the 2000s show that family background becomes increasingly important in one's successful job acquisition over time, signalling a declining trend in social mobility as an equilibrium between state power and the market has been by and large achieved since 2003. The market mechanism has well developed in both the metropolitan and coastal regions, leading to reduced differences between these two regions. However, state power remains dominant in the interior region, directly causing highly educated job seekers' increasing preference for finding work through contacts over relying on the market channel alone in this region, the most part of urban China.

Above all, we consider this study a significant contribution to the existing stratification literature, due to the theoretical perspective of focusing on match between individuals' resources and the local employment environment, and the correspondingly mixed use of both quantitative and qualitative research methods. While the body of this study provides new evidence of the co-development of state power and the market in the context of transitional urban China, the theoretical significance of this study is to call upon scholarly attention to the great importance of understanding macro-level transitional process through the job-person matching patterns. As shown in our robustness tests by focusing on the urban Chinese's job search behaviour after 2003, this analytical approach can be effective in any historic period and societal context. That being said, we admit that our attempt to understand institutional change in the labour market through job-person match is only preliminary. Future studies may apply more sophisticated data (quantitative and qualitative inclusive) and advanced research methods, in order to further reveal institutional changes in labour markets co-shaped by the contextual factors and individual responses.

## Endnotes

<sup>1</sup>For the convenience of narration, successful job seekers refer to all observed individuals who obtained jobs successfully, including those who were assigned into job positions within the state-controlled job assignment system.

<sup>2</sup>See 'An Announcement about Proposed Solutions on Issues Related to the Tentative Implementation of All Staff Labour Contract System from the Ministry of Labour', on September 12th, 1992. Retrieved July, 2013 ([http://www.law-lib.com/law/law\\_view.asp?id=55194](http://www.law-lib.com/law/law_view.asp?id=55194)).

<sup>3</sup>‘Quanmin Suoyouzhi Gongye Qiye Zhuanhuan Jingying Jizhi Tiaoli.’ Retrieved July 20, 2013 (<http://cpc.people.com.cn/GB/64184/64186/66684/4494123.html>).

<sup>4</sup>The regulation about *tingxin liuzhi* was first issued in the early 1980s. See ‘An Announcement about SOE workers’ request for “Tingxin Liuzhi” from the Ministry of Labour and the National Council of the Economy,’ issued on June 11, 1983. (Retrieved December 9, 2014. <https://wenku.baidu.com/view/fe55ccda38376baf1fae9e.html>).

<sup>5</sup>‘The Origin of the National Officials’ Entrance Exam.’ Exam Weekly, December 20, 2011. Retrieved August 29, 2013 (<http://www.kszk.com.cn/kszx/gwy/2011/12/20/69749.shtml>).

<sup>6</sup>All names used in this study are pseudonyms.

<sup>7</sup>Ages in the interview data refer to respondents’ ages by the time of the interview.

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#### Authors’ contributions

JS collected interview data and carried out all quantitative analyses. JS drafted the manuscript and was responsible for multiple rounds of revisions. WX offered comments and proofread the manuscript for multiple times. All authors read and approved the final manuscript.

#### Competing interests

The authors declare that they have no competing interests.

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