



## Weak ties, strong ties, and job mobility in urban China: 1978–2008



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### ABSTRACT

The economic transformation in urban China provides a unique opportunity to assess how institutional arrangements shape network-based job searches. Despite several studies on this issue, disagreement exists over how network-based job searches evolve in the Chinese emerging labor market. We argue one way to solve this controversy is to examine the patterns of change in the use of weak ties and strong ties separately. Using pooled data from three cross-sectional surveys in urban China, the results show a steady increase in the use of weak ties and an increasing and persistent use of strong ties in finding jobs between 1978 and 2008. The results also show no systematic difference between the use of weak ties for finding jobs in the market sector versus the state sector. However, they show faster growth in the use of strong ties for finding jobs in the state sector, compared to the market sector.

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Since Mark Granovetter's seminal work *The Strength of Weak Ties* (Granovetter, 1973; Granovetter, 1995 [1974]), there has been increased awareness that weak ties and strong ties offer distinct resources, and their efficacy for job searching depends on the institutional context in which they are embedded. For example, in market economies, job candidates and employers are matched directly through the market. In this setting, weak ties can disseminate non-redundant information about job openings, reduce uncertainties between job seekers and employers, and help identify jobs with good fit (Diaz et al., 1999; Granovetter, 1995 [1974]; Lin et al., 1981; Wegener, 1991; Yakubovich, 2005). In the redistributive economies of state-socialist countries, jobs are assigned through centralized systems (Bian, 1994). In this setting, strong ties that entail trust and obligation can influence authorities to bend the rigid control of jobs toward one's interest (Bian, 1997; Völker and Flap, 1999; Yang, 1994). As these state-socialist countries have started to implement market-oriented institutional transformations, interesting questions emerge. For example, has the use of weak ties and strong ties in job searches evolved in the emerging labor market and, if so, how?

In this study, we examine the pattern of change in the use of weak ties and strong ties for job searching in urban China between 1978 and 2008. During this period, substantial institutional changes occurred in the Chinese labor market as the centralized

job-assignment system was abandoned and replaced with a labor market that matches employees with employers directly (Bian, 2008). Several studies on this issue disagree over how network-based job searching evolves during such transformation. Some argue that network use strictly declines (Guthrie, 1998; Hanser, 2002), while others argue that the patterns of change are more complex (Bian, 2002b; Zhang and Cheng, 2012; Zhang and Guo, 2011; Zhang and Zhang, 2012; Zhao, 2013). Part of the controversy, we argue, arises from treating all ties as equal (except for Bian and Huang, 2009; Bian and Zhang, 2001). Strong ties and weak ties are resourcefully distinct in how they benefit job seekers in job-matching process (Obukhova, 2012; Yakubovich, 2005). Thus, examining their patterns of change separately enable us to better understand how institutional change has influenced the network-based labor market behaviors.

Specifically, we hypothesize that weak tie use will increase as a result of the shift from a centralized job-assignment system to an open, competitive labor market. On the other hand, given the strongly path-dependent nature of the Chinese reform, we do not anticipate a decline in the use of strong ties. Rather, we predict that strong tie use will persist, followed by an initial increase in response to institutional uncertainty during the early stage of the reform. We also argue that network use will differ in the market and state sectors. In the following, we articulate the theory and hypotheses and then proceed to examine them with empirical data. We conclude by discussing our results and how they apply to the recent debate on the rising inequality in reform-era China, and also to the broader literature on the interplay between network-based economic behaviors and institutional arrangements.

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## 1. Weak ties, strong ties, and institutional contexts

Economic actors are double embedded, in that they are embedded in a web of social relationships as well as in a set of economic and cultural institutions (Baker and Faulkner, 2009). Institutional arrangement in the labor market influences the opportunities and resources that are available for network-based economic actions (McDonald et al., 2012). For the purpose of this paper, we concentrate on the difference between market economies and redistributive economies regarding the benefits of weak or strong ties in job searching. The redistributive economy distributes goods and service through centralized decision-making that is external to the market, while the market economy self-regulates (Polanyi, 1957). This difference leads to distinctive patterns in the use of weak and strong ties to locate jobs.

Market economies are characterized by information asymmetry (Akerlof, 1970). In the labor market, for example, employers cannot obtain complete information about a job seeker, and the job seeker cannot obtain complete information about an employer and cannot pass personal information to the employer. Thus, information channeled through networks provides better information about job openings and helps employers to screen job candidates (Fernandez et al., 2000; Fernandez and Weinberg, 1997). This information advantage is channeled through weak ties in particular, as weak ties often connect job seekers with contacts that are outside their social circles (Burt, 2001; Granovetter, 1973) or socioeconomic status (Lin, 2001; Lin et al., 1981). Thus, weak ties increase search efficiencies and promote better matching between job seekers and employers (Granovetter, 1995 [1974]; for a review, see Marsden and Gorman, 2001).

In contrast, in redistributive economies jobs are matched through a centralized job-assignment system in which the government matches employees with employers (Bian, 1994). In this context, the information advantage brought by weak ties is not useful because job candidates cannot individually apply for positions and employers cannot directly recruit job candidates. Instead, strong ties with job-assignment authorities can exert influence on job-matching process and thus help the job seeker to obtain a desired job (Bian, 1997; Völker and Flap, 1999). Strong ties can also serve as bridges to connect job seekers with unrelated authorities, “the ultimate helper [with decision power] was usually targeted first and search for the ‘right’ intermediary was planned accordingly.” (Bian, 1997: 375). This bridge is successful only if the relationships between the job seeker and the intermediary, and between the intermediary and the ultimate helper, are close and entail reciprocal obligations (Lin, 2002).

With the economic transformation in urban China, a new question emerges: as former redistributive economies replace job-assignment systems with labor markets, how will the use of weak ties and strong ties in job searches change? Previous scholarship is ambiguous about how network-based job searches evolve with institutional changes. Some qualitative findings suggest that the rise of a market economy reduces network benefits and thus leads employers to shift the hiring focus from networks to meritocracy (Guthrie, 1998; Hanser, 2002). Some quantitative research finds that network use in job searching increased in the early stage (Bian, 2002b; Zhao, 2013) and continued to increase in the later stage of the transformation (Zhang and Zhang, 2012). Others find that returns to networks on job mobility declines with the level of marketization (Zhang and Cheng, 2012; Zhang and Guo, 2011; Zhang, 2006).

In this paper, we argue that these contradictory results may result from treating all ties as equal. Strong ties and weak ties offer distinct benefits to job seekers during the job-matching process. Strong ties often entail trust and mutual obligation. Thus, helpers are more motivated to put time, effort, and resources into

influencing the job-matching process for those with whom they have strong ties than for those with whom they have weak ties. Weak ties, on the other hand, offer structural benefits, as they provide information and thus increase match quality (Bian, 1997; Obukhova, 2012; Smith, 2005). This distinction is especially important in the Chinese context. The Chinese economic transformation is not only market-driven, but also a co-evolution of the market and the state, and the state has carefully guided and monitored the transformation process (Fligstein, 1996; Fligstein and Zhang, 2011; Lin, 2011; Parish and Michelson, 1996; Zhou, 2000). Earlier research based on samples prior to 2000 suggests distinct patterns of change for the use of weak ties and strong ties in job searching, where the use of weak ties increases and the use of strong ties persists in the early stages of the transformation (Bian and Huang, 2009; Bian and Zhang, 2001). The patterns of change after the 2000s are not known. Thus, an investigation of the separate effects of weak ties and strong ties over the course of economic transformation is necessary to understand how institutional changes affect network-based job searching behaviors. The specific hypotheses are derived in the following section.

## 2. Hypotheses

Since the 1980s, the job-matching process in urban China has gradually shifted from a centralized, closed, job-assignment system to an open, competitive labor market. This process may increase the use of weak ties, which provide job seekers and employers with better and cheaper information about each other. We propose that this hypothesis is based on the assumption that both job seekers and employers have incomplete information about the market. In the centralized job-assignment system, weak ties are not relevant for job searching, because job seekers cannot directly apply for jobs and employers cannot directly recruit job candidates. In an open labor market, on the other hand, job seekers and employers are matched directly and thus seek the best available information.

Weak ties are good for channeling specific job information that cannot be passed through formal channels. For the job seekers, weak ties provide job information from outside their social circles and thus increase job-searching efficiency (Granovetter, 1973). For the employers, weak ties indirectly connect them with their new employees and thus provide a third-party warranty that the information is correct (Yakubovich, 2005; Yakubovich and Kozina, 2000). This information advantage provided by weak ties is especially crucial for job seekers and employers in an emerging labor market, where the rules of evaluation are not readily available (Gerber and Mayorova, 2010). Thus, we expect that,

**H1.** The probability of finding jobs through weak ties, relative to formal methods (i.e., not using networks), increases over the course of reform.

On the other hand, the use of strong ties for job searching depends on the trajectory of the Chinese economic reform. Early work proposes that this market-oriented reform limits the use of strong ties as favor exchanges in hiring decisions, as employers are motivated to find the best qualified employees to maximize profit (Guthrie, 1998) However, other research refutes this prediction (Bian, 2002b; Bian and Huang, 2009; Zhao, 2013). We argue that the prediction of a declining significance of strong ties is based on the incorrect assumption that the Chinese economy has shifted toward a liberal market economy (Fligstein and Zhang, 2011; Lin, 2011; Walder, 2009). As several studies show, Chinese economic reform, like reforms in other post-socialist countries, is path dependent (Nee and Cao, 1999; Oi, 1995; Walder, 1995a, 1996). As Stark (1996: 955) notes, “Actors in the postsocialist context are rebuilding organizations and institutions not on the ruins but with the ruins of

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