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Runjing Lu April 10, 2014

The Impact of Household Registration System on the Economic Role of Social Capital in China Labor Market

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Abstract

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By Runjing Lu

This paper focuses on the role of social capital in China's labor market in the background of Household registration System (Hukou System). By employing *Urban Individual Income, Consumption, and Employment Data* in CHIP (2002), I study the interacting effects between Hukou system and social capital. My results suggest that urban individuals with different hukou status, either the current status or the status at birth, have relatively same amount of social capital and social capital of the same quality. Nonetheless, rural migrant women take advantage of social capital far more often than others during job search. My results also show that social capital has a positive impact on urban residents' hourly wages, regardless of their hukou status. However, the rate of return on social capital is higher for male rural migrants than men born with urban hukou.

Key words: social capital, wages, hukou, Household Registration System

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I. Introduction

In recent years, the role of social capital in the economy has been constantly attracting widespread attention. Researchers have done considerable amount of work on different aspects of social capital, including economic growth and development (Pilecek et al. 2013; Woolcock 2000), inter-firm network (Huggins and Johnston 2010), and the labor market (Kanas et al. 2011; Zhao 2003).

However, there is a sizable amount of ambiguity with respect to the precise definition of social capital, as pointed out by many scholars (Kadushin 2004; Manski 2000). The social capital that this paper is going to address is referred to as "network" social capital, namely the economic impact of characteristics of families, acquaintances, or social groups on individual outcomes (Mouw 2006). According to Portes (1998), this form of social capital can be defined as "the ability of actors to secure benefits by virtue of their membership in social networks or other social structures".

In China, social capital is an indispensable constituent of economic activities and social life. Some scholars even consider social capital as the "operational code" for how best to get things done in China (Oi 1999). In the light of Knight and Yueh (2008), the emphasis on social capital in China may result from "the lack of a comprehensive legal structure, the inconsistent enforcement of laws, risk reduction in an uncertain socio-politico-economic environment, and rent-seeking in imperfectly competitive labor markets".

Meanwhile, the Hukou System (Household Registration System), which divides

population into “rural” and “urban” hukou, may serve as the most important determinant of differential privileges in China (Wu and Treiman2004). This system is a direct result of China’s Stalinist growth strategy adopted after the Communist Revolution in 1949. The traditional Stalinist growth strategy relies highly on the rapid industrialization centered on heavy industry in urban areas and the extraction of agricultural surplus from rural people. This strategy in turn requires a strong mechanism to prevent rural residents from fleeing (Chan 2010) to cities. In 1958, after repeatedly introducing regulations to stop rural migration to urban areas, Chinese government finally established the Hukou System to control population mobility. Under this system, each citizen is assigned a hukou at birth, either “rural” or “urban” depending on their parents’ hukou status, and all internal migration should be approved by the relevant local government. At the beginning of the Hukou System, rural people were “forced” to stay in rural areas. Nowadays, however, the system allows but discourages rural-to-urban migration by providing rural migrants with no or limited access to social care, health care, education support, and almost every aspects of social benefits in urban areas. Rural people are allowed to migrate to cities as long as they are willing to stand for this discrimination and are able to make a living there[1].

Indeed, the Hukou System successfully prevented rural migration and ensured China’s early development, but it also imposes a strong discriminating impact on today’s society. Given the stratification effect of the Household Registration System

[1] It is worth noting that, unlike on the early stage of Household Registration System, people with rural hukou can now switch to urban hukou by going to urban college, joining the army, purchasing a house in urban areas, buying urban hukou directly, and many other ways.

and the economic importance of social capital in China, one may ask the question: does hukou status affect the role of social capital in urban labor market? Considering the importance of social capital and the Hukou System in China, it is surprising that not much work has been done on this topic. Even if there are papers on the topic, they are largely conducted using data within one city (Lu, Ruan,and Lai 2013).

Therefore, this paper is aimed to enlarge the scale of research on the impact of hukou status on social capital from city-wide to country-wide. My main measurement of social capital is the way the respondents find their current jobs, the relationship between the respondents and their job referrals, and the number of contacts that the respondents can turn to when they want to switch jobs[2]. The paper is going to address the following questions. 1) How does the hukou status affect the possession and utilization rate of social capital among urban residents[3] during job search? 2) Does social capital have a positive impact on urban labor market outcomes, as measured by the average hourly wages? 3) How is the rate of return on social capital different between urban residents with urban hukou and those with rural hukou?

My results suggest that urban individuals with different hukou statuses, either the current status or the status at birth, have relatively same access to social capital. Nonetheless, rural migrant women utilize social capital far more often than others when searching jobs. My results suggest that urban individuals with different hukou status, either the current status or the status at birth, have relatively same amount of social capital and social capital of the same quality. Nonetheless, rural migrant women

2 Please refer to Section 3 for more detailed explanations of how I measure social capital.
3 Urban residents can have either “rural”hukou or “urban”hukou.

take advantage of social capital far more often than others during job search. My results also show that social capital has a positive impact on urban residents' hourly wages, regardless of their hukou status. However, the rate of return on social capital is higher for male rural migrants than men born with urban hukou. Given rural migrants' vulnerable position in urban labor market, they are more dependent on social capital to get and retain high-paid jobs, hence higher rate of returns on social capital. Other interesting findings include that Chinese Communist Party membership has significant positive effects only on female and that marriage has no impact on hourly wages whatsoever.

The paper is structured as follows. Section 1 introduces background knowledge and the thesis topic. Section 2 presents literature review and hypotheses based on previous studies. Section 3 describes the dataset and explains how to construct social capital indices (SCI). Section 4 illustrates the methodology. Section 5 concludes. Section 6 lists the limitations of the paper and possible further research ideas.

II. Literature Review

A challenge of analyzing the economic role of social capital in labor market is to faithfully measure its value. To arrive at an efficient measurement, many scholars have tried different methods, with which they get various results.

By analyzing individual-level data from Urban Household Survey (1999), Knight and Yueh (2008) quantify the value of social capital in Chinese labor market and compare the value among different age cohorts and various ownership sectors. Their

main measurement of social capital is the number of close contacts, namely the number of relatives, friends, colleagues or acquaintances with whom the respondents have exchanged gifts or often kept in touch in the past year. In addition, they also use the worker's and their parents' membership of the Chinese Communist Party (CCP) to proxy associational social capital. Their results show that all measures of social capital are positively correlated with labor incomes.

In addition to measuring the economic role of social capital in a general sense, some researchers focus on how social capital affects migrants' integration process and how social capital contributes to income inequality among workers with different registration status, i.e., rural versus urban and documented versus undocumented. With the data gathered in Mexican Migration Project since 1987, Michael B. Aguilera and Douglas S. Massey (2003) analyze how social capital facilitates the immigration process and how it affects male Mexican immigrants' incomes in the U.S. In order to measure workers' social network, Aguilera et al. construct four indices: *near family tie*, *far family tie*, *friendship tie*, and *respondent's interaction with labor market information*. Each index is calculated by summing up the number of criterions fulfilled by each respondent. The authors conclude that social capital influences how a job is obtained and whether it is in the formal sector, and that social capital improves the efficiency and effectiveness of job search to yield higher wages. More importantly, the effects of social capital on wages are greater for undocumented than documented migrants, reflecting the more tenuous labor market position of the former.

Unlike Aguilera et al. (2003) who study social capital among Mexican

immigrants, Lu, Ruan, and Lai (2013) compare social capital among migrants with rural hukou and urbanites with urban hukou. They analyze micro-data from Survey of Rural Migrants and Local Residents in Shanghai (2005) and attribute the income inequality between rural migrants and urbanites to their different amount of social capital and different rates of return on social capital. Lu et al. use position generator method[4] to quantify an individual's links to various social locations. They then construct three social capital indices (SCI): *extensity* (number of positions reached), *upper reach-ability* (highest positions one can reach), and *range* (the difference between highest and lowest positions one can reach). Their results show that there exist large disparities in the quality and quantity of social capital between rural migrants and people with urban hukou, that migrants are much less likely to form diverse and high-status social tie, and that local and high-status contacts matter for locals but not for migrants (P. 366).

Based on previous studies, I hypothesize that workers with urban hukou possess more and higher quality of social capital than rural migrants. In addition, I expect that people with rural hukou status will be more dependent on social capital and will thus utilize social capital at a higher rate than people with urban hukou. I also hypothesize that social capital will have a positive impact on workers' labor incomes regardless of their hukou status, but it will have a larger impact on rural migrant workers than those

4 This methodology involves presenting the respondent with a variety of occupational positions at various status levels. The respondent is then asked whether any of his or her relatives, friends, or acquaintances hold such positions. Usually, three indexes are generated: (1) extensity: the number of occupations a respondent could access, which represents the size and diversity of his or her network; (2) upper-reachability: the highest occupational prestige score among the accessed occupations; (3) range: the difference between the highest and lowest accessed occupational prestige scores.

with urban hukou.

III. Data

A. Data Description and Social Capital Index

The dataset I use to test my hypotheses is the *Urban Individual Income, Consumption, and Employment Data* in the *Chinese Household Income Project (CHIP)* conducted by the Institute of Economics at the Chinese Academy of Social Sciences in 2002. CHIP (2002) consists of ten separate datasets and each was collected through interviews based on different questionnaires at the end of 2002. The *Urban Individual Income, Consumption, and Employment Data* surveys 20,632 individual urban household members, contains 151 variables, and covers a total of 11 Chinese provinces, including Beijing, Liaoning, Jiangsu, Guangdong, Shanxi, Anhui, Henan, Hubei, Sichuan, Chongqing, Yunnan and Gansu.[5] Since this paper is aimed to quantify social capital's impact on people who find jobs through voluntary job search and I assume that social capital is independent of the factors that lead to the below events, I drop subjects who are laid off or not working, who find jobs through governmental assignment, inheritance, or starting one's own business, and whose occupation is owner of private firm, self-employed, and farmer. After the dropping, I have a dataset consisting of 1312 females and 1169 males.

There are several questions in the questionnaire that can be used to measure social capital during job search at an individual level. Questions such as "how many friends or relatives you can turn to if you want to change you jobs" and "did any

5 A detailed description of CHIP (2002) can be found in Li et al (2008).

friends or relatives actually help you find a job" enable me to quantify the size of social capital. "How did you get your current jobs" allows me to measure participants' utilization rate of social capital during job search. Questions like "what is the relation between you and your job referral", "how close is your relation with your referrals", and "is your job referral a member of Chinese Communist Party (CCP) member or a cadre" enables me to evaluate the quality of social capital. Following the index design of Aguilera and Massey (2003), I construct the following social capital indices (SCI) to measure the quality and size of social capital:

Firstly, I construct *family tie*, a variable that captures the quality of the relation between a respondent and the relative who refers the job. To measure *family tie*, I first calculate three dummy variables: *way, status*, and *closeness*. 1) *Way* represents the way of getting the current job. It is 1 if the respondent gets the job through family members and 0 otherwise. 2) *Status* denotes the job referral's social status. It adds 1 point if the referral is a member of CCP and adds another point if the referral is a cadre. *Status* ranges from 0 to 2. 3) *Closeness* measures the closeness of the relation between the respondent and the referral. It ranges from 1 to 4, representing the claimed degree of closeness from "not close", "so-so", "close", to "very close"; it is 0 if the respondent does not find his or her job through a referral, or he or she does not give a specific answer to the question "how close is your relation with your referrals". Following Aguilera and Massey (2003), I let *Family tie* equal *way*(status + closeness)*, yielding an index ranging from 0 to 6. However, including *closeness* in *familytie* can pose a problem. The appeared closer relation with referrals for rural

migrants can be simply due to the fact that they do not have wider social network rather than higher quality of the network. Such closer relation might not be able to bring them diverse or high-paid jobs, even though it is closer. Thus, I leave out closeness and let *family tie2* equal *way*status*, which varies from 0 to 2.

In a similar manner, I construct *friend tie* and *friend tie2* to measure the quality of the relation between a respondent and his or her friends who refer the job. The only difference between *friend tie* and *family tie* is in the dummy *way*. Here, *way* equals 1 if the respondent gets the job through a friend and 0 otherwise. *Status* and *closeness* are defined as above. Therefore, *friend tie* equals *way*(status + closeness)*, ranging from 0 to 6 while *friend tie2* equals *way*status*, varying from 0 to 2.

Thirdly, the size of social capital is measured by *social contact* and *adjusted social contact*. *Social contact* adds 1 point if the respondent can turn to 1 person when he or she wants to switch the job, adds 2 points if the respondent can turn to 2 people, and so on, creating an index ranging from 0 to 20. However, being able to turn to a certain number of friends or relatives does not necessarily mean that they have already helped the respondent in job search or job switch. Therefore, I create the *adjusted social contact* by multiplying *social contact* with a dummy variable *actual*, which is 1 if any of the people have actually helped the respondent find a job, and 0 otherwise. *Adjusted social contact* also varies from 0 to 20.

The goal of the paper is to study how hukou status affects the rate of return on social in China. Thus, I construct *hukou* and *born_urban* to represent current hukou

status and hukou status at birth[6], respectively. *Hukou* is 1 if the participant is holding an urban hukou and 0 otherwise. *Born_urban* is 1 if the participant was born with urban hukou and 0 otherwise.

In order to measure the effects of social capital alone, I control for a group of standard indicators in wage determination, such as demography factors (age and marital status) and human capital (years of education, years of experience in the current company, and square of experience) (Agulera et al. 2003; Kight et al. 2008; Kansas et al. 2011). My model also accounts for different occupation types: professional (14.61% of the sample), director of government agent or other institutions (0.83%), department director of government agency or other institutions (3.29%), clerical/office staff (19.56%), skilled manual worker (18.19%), unskilled manual worker (13.61%), and service worker (29.92%). The average hourly incomes of different occupation are listed in Table 1.

Table 1. Hourly Income and Occupation Type

Occupation	Hourly Income
Department director of any institutions	9.302
Director of any institutions	8.363
Professional	7.547
Clerical/office staff	6.043
Skilled worker	4.478
Salesclerk or Service worker	3.608
Unskilled worker	3.422

Notes: (1) Hourly income equals total income in 2002 / total working hours in 2002

[6] Citizens are allowed to change hukou status through many ways, so the current hukou status might be different from the hukou status assigned when one was born.

B. Means of the Independent and Dependent Variables

According to previous studies of wage determination in China, even though gender wage gap in urban China has been shrinking, the unexplained portion of gap (discrimination) actually widened throughout the years (Zhanget al. 2008; Lin and Morley 2013; Gustafsson and Li 1997). In Table 2, I present the Oaxaca decomposition using regression results from regression (6) of male subsample in Table 9. The unexplained portion of gap is 11.6% and the percent of gap is about 67.3%. Women get a huge pay penalty for simply being female and not because of lower returns on wage-determining characteristics (Lin and Morley 2013). Since women are paid according to a different wage function from men, it is likely that the interacting effects of social capital and hukou status on wage will be different between men and women. To account for this disparity, I split the whole sample into male and female subsamples, and then examine whether hukou status imposes a significant impact on the effects of social capital or not.

Table 2. Oaxaca Decomposition

Yf-bar	relative earnings	(lnYf)-bar	lnYf-lnYm	(lnYf)-estbar	unexplained	percent of gap
4.67	0.86	1.21	0.17	1.33	0.12	0.67

Notes:

(1)Yf-bar is the average female hourly wages in 2002; relative earnings is the average female hourly wages over average male hourly wages in 2002; (lnYf)-bar is the actual average of natural log of female hourly wages; lnYf-lnYm is the difference between actual average of natural log of female hourly wages and that of male hourly wages; (lnYf)-estbar is the female earnings estimated by model (6) of male subsample in Table 10.

(2)Unexplained portion is the difference between estimated natural log of female hourly wages and the actual value

(3)Percent of gap is the unexplained portion over (lnYf-lnYm).

In Table 3 and Table 4, I present the means and standard deviations for dependent

and independent variables for different hukou status in both male and female subsamples. There is a significant disparity in the means of hourly wage between men and women regardless of hukou status, which indicates the necessity to split the sample according to gender. Specifically, men earn 11% more than women if they are holding urban hukou or were born with urban hukou, 18% more if born with rural hukou, and even 35% more if holding rural hukou. In terms of how likely for one to utilize social capital during job search, about 40.7% women born with rural hukou and 60.5% women currently holding rural hukou find jobs through referrals, which is much higher than people in other categories. Men, on the other hand, tend to find jobs on their own. This might indicate that women with rural hukou status (either current or at birth) face greater handicaps than men in searching for jobs and hence are more likely to ask acquaintances for help find a job. For the amount of social capital, people born with urban hukou or currently holding urban hukou have higher average social contacts and adjusted contacts than those born with rural hukou or holding rural hukou (4-15% more for female and 2-12% more for male), implying that people with urban hukou status might have more social capital than those with rural hukou status. However, SCI designed to represent the quality of social capital, like *familytie* and *friendship tie*, show mixed results. Residents with urban hukou do not necessarily have higher-quality social relationship with their job referrals.

Table 3. Mean and Standard Deviation of Selected Variables by Current Hukou Status in Male and Female Subsamples.

	Female				Male			
	urban hukou		rural hukou		urban hukou		rural hukou	
	Mean	SD.	Mean	SD.	Mean	SD.	Mean	SD.
Hourly wage								
Log of hourly wage	1.232	0.799	0.613	0.699	1.395	0.775	1.005	0.642
Average hourly wage	4.745	5.053	2.281	1.47	5.45	5.2	3.401	2.65
Way of finding current job								
Through an employment agency	0.147	—	0.026	—	0.143	—	0.039	—
Found it through the newspaper	0.107	—	0.026	—	0.086	—	0.039	—
Foundthrough a referral	0.35	—	0.605	—	0.349	—	0.346	—
Found it on your own	0.397	—	0.342	—	0.423	—	0.577	—
Social capital index (SCI)								
Family tie1	0.753	1.711	1.132	1.742	0.715	1.682	0.731	1.614
Family tie2	0.175	0.529	0.079	0.359	0.169	0.52	0.077	0.392
Friendtie1	0.572	1.352	0.868	1.436	0.632	1.444	0.462	1.174
Friendtie2	0.144	0.486	0.184	0.512	0.151	0.496	0.154	0.464
Social Contact	1.393	1.967	0.895	1.269	1.417	1.954	1.231	1.632
Adjusted contact	0.713	1.602	0.632	1.149	0.714	1.536	0.269	0.724
Political capital								
Party	0.117	0.321	0.105	0.311	0.158	0.365	0.038	0.196
Human capital								
Years of education	10.922	2.839	8.711	2.65	11.051	2.973	8.962	2.946
Years of experience in current company	7.756	7.322	6.263	6.181	8.395	8.739	8.538	6.993
Occupation								
Professional	0.138	—	0.053	—	0.16	—	0.039	—
Director of any institutions	0.005	—	0	—	0.013	—		—
Department director of any institutions	0.018	—	0	—	0.051	—	0.039	—
Clerical/office staff	0.237	—	0.184	—	0.154	—	0.039	—
Skilled worker	0.089	—	0.053	—	0.289	—	0.192	—
Unskilled worker	0.143	—	0.237	—	0.119	—	0.385	—
Salesclerk or Service worker	0.37	—	0.474	—	0.214	—	0.308	—
Demographic background								
Age	36.673	9.743	34.947	8.804	37.953	10.343	37.423	11.282
Marriage	0.779	0.415	0.868	0.343	0.757	0.429	0.885	0.326
Total observations	1274		38		1143		26	

Table 4. Mean and Standard Deviation of Selected Variables by Hukou Status at Birth in Male and Female Subsamples

	Female				Male			
	born with urban hukou		born with rural hukou		born with urban hukou		born with rural hukou	
	Mean	SD.	Mean	SD.	Mean	SD.	Mean	SD.
Hourly wage								
Log of hourly wage	1.24	0.81	1.117	0.771	1.394	0.766	1.347	0.814
Average hourly wage	4.767	4.801	4.319	5.658	5.421	5.124	5.322	5.356
Way of finding current job								
Through an employment agency	0.148	—	0.124	—	0.145	—	0.122	—
Found it through the newspaper	0.113	—	0.073	—	0.084	—	0.088	—
Found itthrough a referral	0.344	—	0.407	—	0.351	—	0.337	—
Found it on your own	0.395	—	0.396	—	0.42	—	0.454	—
Social capital index (SCI)								
Familytie1	0.701	1.659	0.993	1.88	0.706	1.662	0.761	1.759
Familytie2	0.161	0.51	0.211	0.572	0.159	0.502	0.205	0.583
Friendtie1	0.585	1.358	0.567	1.347	0.637	1.443	0.585	1.421
Friendtie2	0.149	0.498	0.131	0.441	0.15	0.49	0.156	0.519
Contact	1.395	1.947	1.316	1.97	1.422	1.902	1.371	2.142
Adjusted contact	0.713	1.693	0.698	1.472	0.713	1.519	0.659	1.547
Human capital								
Years of education	11.031	2.773	10.235	3.069	11.077	2.848	10.684	3.533
Years of experience in current company	7.766	7.516	7.513	6.431	8.36	8.908	8.576	7.709
Political capital								
party	0.117	0.321	0.116	0.321	0.134	0.341	0.251	0.435
Occupation								
Professional	0.146	—	0.098	—	0.149	—	0.195	—
Director of any institutions	0.005	—	0.004	—	0.011	—	0.02	—
Department director of government agent	0.017	—	0.018	—	0.048	—	0.059	—
Clerical/office staff	0.239	—	0.222	—	0.15	—	0.156	—
Skilled worker	0.079	—	0.12	—	0.286	—	0.293	—
Unskilled worker	0.125	—	0.186	—	0.129	—	0.107	—
Salesclerkor Service worker	0.379	—	0.353	—	0.227	—	0.171	—
Demographic background								
Age	36.643	9.78	36.554	9.511	37.725	10.369	38.898	10.29
Marriage	0.76	0.427	0.856	0.352	0.734	0.442	0.874	0.332
Total observations	1027		285		954		215	

IV. Methodology

From previous studies and above data description, I arrive at four hypotheses on social capital:

(1) Urban residents with urban hukou (current or at birth) have more social capital than those with rural hukou (i.e., rural migrants), in terms of the size and the quality of social capital.

(2) Urban residents with rural hukou (current or at birth) are more likely to take advantage of social capital during job search than people with urban hukou.

(3) Social capital has a positive impact on the wages of urban residents who actively find jobs.

(4) The rate of return on social capital is higher for urban residents with rural hukou (current or at birth) than those with urban hukou.

To test whether urban hukou (current or at birth) has a positive impact on the size and quality of social capital, I estimate the following linear regression model:

$$SCI_i = \alpha + \beta_1 hukou\ status_i + \sum \gamma_i x_i + \epsilon_i \qquad (1)$$

In model (1), I denotes the ith respondent. SCI_i stands for *familytie*, *familytie2*, *friend tie*, *friend tie2*, *social contact*, and *adjusted social contact*. α is a constant. $Hukoustatus_{\text{i}}$ represents *hukou* and *born_urban*, current hukou and hukou at birth, respectively. The coefficient of $hukoustatus_{\text{i}}$ is what I am interested in. $Hukou_{\text{i}}$equals 1 if the respondent has an urban hukou and 0 otherwise. $Born\_urban_i$ equals 1 if the respondent was born with an urban hukou and 0 otherwise. X_i represents all the control variables in model (1): political capital (Chinese

Communist Party membership), human capital (years of education, years of experience in the current company, square of experience), occupation type, log of hourly income (*lnhincome*), and other background factors (age, marital status). ϵ is the error term. Under my first hypothesis, β_1 should be positive.

Model (2) is used to test whether the utilization rate of social capital in job search will be different between workers with different hukou (current or at birth).

$$way_i = \alpha + \beta_1 hukou\ status_i + \sum \gamma_i x_i + \epsilon_i \qquad (2)$$

In model (2), i denotes the ith respondent. $Hukou\ status_i$ and x_i are the same as in model (1). α is a constant. β_1 is negative if urban residents with rural hukou status find jobs through referrals more often than those with urban hukou status. $\epsilon$is the error term.

I use model (3) to test whether social capital has a positive impact on hourly wages.

$$lnhincome_i = \alpha + \beta_1 SCI_i + \sum \gamma x_i + \epsilon_i \qquad (3)$$

Here, i denotes the ith participant. $Lnhincome_i$ is the natural log of average hourly wages, which include all the money individuals get from their companies. SCI_i is the same as defined in model (1). X_i represents all the control variables: political capital (Chinese Communist Party membership), human capital (years of education,years of experience in the current company, square of experience), occupation type, and other background factors (age, marital status). If the hypothesis that residents with more social capital or social capital with higher quality are easier to find high-paid jobs is true, β_1 should be positive. ϵ is the error term.

Model (4) is the most important model and is aimed to examine whether social capital has stronger effects on the wages of urban workers with rural hukou (current or at birth) than those with urban hukou.

$$lnhincome_i = \alpha + \beta_1 SCI_i + \beta_2 hukou\ status_i + \beta_3 SCI_i * hukoustatus_i + \sum \gamma x_i + \epsilon_i \quad (4)$$

In model (4), i denotes the i[th] respondent. $lnhincome_i$, SCI_i, and $hukou_i$ are the same as defined in model (1). β_3 is the coefficient that I am most interested in. It measures how much more or less the rate of return on social capital is for people with rural hukou than those with urban hukou. If my third hypothesis is correct, β_3 should be negative. X_i represents all the control variables: human capital (years of education), occupation type, and other background factors (age, marital status).$\epsilon$is the error term.

Since I use cross-sectional data of only one period of time, there might be heterogeneity problem in the data. Thus, I run robust OLS instead of OLS on all my regression models to get unbiased estimators for both coefficients and their variances. There might also be endogeneity problem in the model, namely higher wages leading to more social capital and vice versa. Due to the endogeneity problems, I am not able to establish a solid causal relation based only on the regression results. Nonetheless, I will still report my results and indicate possible explanations for the results.

V. Results

A. The Size and Quality of Social Capital

Table 5 reports the size and quality of social capital for both rural migrants and people currently with urban hukou. Surprisingly, only "adjusted contacts" shows a significant difference between male rural migrants and male urbanites. On average, men with urban hukou have 41% more contacts to ask for help during job switch than men with rural hukou. One possible reason is that men with urban hukou have more opportunities to get in touch with people from different walks of life, either through work or through private social life, hence relatively larger social networks. Rural migrants, on the contrary, are limited to their constrained social network built upon kinship or geological relation. As a result, male rural migrants have fewer contacts for job search or job switch. This finding well accords with my first hypothesis that people currently holding urban hukou might have advantages in terms of the size of social network.

However, other social capital indices, especially the ones indicating quality of social capital, show no significant difference between urban residents with rural hukou and those with urban one. This finding might indicate that people currently holding different hukou have nearly the same amount of social capital and approximately same quality[7] of social capital. However, more possibly, this might reflect the selection bias in the data because rural people participating in this survey

[7] Quality refers to the closeness of relationship and whether their acquaintances are cadres or members of Chinese Communist Party.

are all urban residents. These rural migrants might be better connected and more able to find jobs in urban areas than average rural people.

It is also worth noting that experience on job is very significant compared to other variables but it is negative in most models. Depending on which SCI the model uses, the amount of social capital men lose for having one more year of experience in the same company ranges from 0.7% to 3%, and women from 0.4% to 2%. Having more experience in one company actually leads to less social capital and lower quality of it. This implication seems to be counterintuitive at first sight because experienced employees are thought to know more people and know people well in the company or in the industry. However, it is possible that individuals who work for a company for a long time lack opportunities to contact with employees in other companies and industries, and hence they have relatively more stable and smaller social networks. The amount of social capital these people gain through staying in one company for a long time might be offset by the amount of social capital they lose through not being able to enlarge their social network by switching jobs. Another possible interpretation is that people with more social capital simply move on to better jobs while people lack such social capital stay in one job for a long time.

Table 5. The Size and Quality of Social Capital among People Holding Rural and Urban Hukou

	male						female					
	1	2	3	4	5	6	1	2	3	4	5	6
VARIABLES	familytie1	familytie2	friendtie1	friendtie2	contact	adj_contac	familytie1	familytie2	friendtie1	friendtie2	contact	adj_contac
urban hukou	0.058	0.088	0.143	-0.03	0.044	0.410***	-0.277	0.097	-0.309	-0.065	0.328	0.078
(ref. rural hukou)	-0.33	-0.083	-0.222	-0.085	-0.337	-0.157	-0.29	-0.063	-0.24	-0.086	-0.204	-0.193
party	-0.088	-0.022	0.128	0.083	0.066	0.071	-0.002	0.005	0.004	0.049	0.19	0.089
(ref. not CCP member)	-0.164	-0.052	-0.14	-0.054	-0.194	-0.163	-0.173	-0.055	-0.136	-0.056	-0.222	-0.187
lnhincome	0.097	0.026	-0.016	0.023	0.193*	0.139*	0.097	0.03	0.097*	0.038*	0.269***	0.125**
	-0.068	-0.02	-0.064	-0.02	-0.089	-0.075	-0.071	-0.021	-0.057	-0.021	-0.095	-0.057
age (in years)	-0.001	-0.001	0.015**	0.008***	0.001	0.006	-0.015**	-0.006***	0.009*	0.003*	-0.012*	-0.002
	-0.006	-0.002	-0.006	-0.002	-0.008	-0.006	-0.006	-0.002	-0.005	-0.002	-0.006	-0.005
marriage	0.046	-0.027	0.088	-0.033	0.005	0.123	0.454***	0.106**	0.1	0	0.194	0.305**
(ref. not married)	-0.155	-0.048	-0.132	-0.041	-0.193	-0.13	-0.14	-0.043	-0.107	-0.04	-0.161	-0.127
education (in years)	-0.063***	-0.022***	-0.017	0.002	-0.004	-0.045*	-0.063***	-0.014**	-0.019	-0.004	0.01	-0.028
	-0.02	-0.006	-0.018	-0.006	-0.029	-0.026	-0.022	-0.007	-0.017	-0.007	-0.023	-0.017
exp_on_job (in years)	0.028	0.011*	-0.047***	-0.006	-0.007	-0.040**	0.013	0.009	-0.040**	-0.002	-0.081***	-0.075***
	-0.018	-0.006	-0.016	-0.006	-0.021	-0.016	-0.022	-0.007	-0.018	-0.006	-0.026	-0.024
exp_on_job2 (in years)	-0.001**	-0.000**	0.001	0	0	0	0	0	0.001	0	0.003***	0.002**
	-0.001	0	0	0	-0.001	0	-0.001	0	-0.001	0	-0.001	-0.001
Occupation(ref. unskilled												
Professional	0.046	0.125**	0.041	-0.075	0.341	0.096	0.09	0.074	0.198	0.042	0.01	0.322*
	-0.196	-0.058	-0.176	-0.062	-0.238	-0.16	-0.22	-0.068	-0.16	-0.06	-0.217	-0.17
Director	0.291	0.181	0.006	-0.099	0.252	0.391	-0.559**	-0.12	-0.433***	-0.172***	-0.771*	-0.378**
	-0.549	-0.159	-0.329	-0.124	-0.457	-0.339	-0.235	-0.078	-0.159	-0.066	-0.456	-0.178
Department director	-0.168	0.06	-0.114	-0.082	0.605*	0.222	0.309	0.228	0.132	0.058	0.724	0.433
	-0.236	-0.075	-0.217	-0.091	-0.355	-0.239	-0.524	-0.182	-0.331	-0.144	-1.003	-0.523
Clerical	0.482**	0.236***	0.045	-0.027	0.274	0.408**	-0.111	0.028	0.034	-0.002	0.116	0.333**
	-0.216	-0.066	-0.169	-0.064	-0.202	-0.172	-0.186	-0.058	-0.133	-0.051	-0.196	-0.167
Skilled worker	-0.063	0.048	0.19	-0.012	0.07	0.17	-0.182	0.001	0.076	0.013	-0.096	0.081
	-0.162	-0.044	-0.147	-0.056	-0.151	-0.124	-0.229	-0.074	-0.165	-0.061	-0.197	-0.152
Service worker	-0.153	-0.007	-0.053	-0.114**	0.321*	0.21	-0.261	-0.068	0.047	-0.04	-0.149	0.053
	-0.164	-0.043	-0.148	-0.052	-0.18	-0.14	-0.16	-0.047	-0.115	-0.041	-0.145	-0.113
Constant	1.159**	0.228*	0.281	-0.059	0.953*	0.379	1.812***	0.260**	0.706**	0.109	1.218***	0.781**
	-0.459	-0.129	-0.364	-0.126	-0.55	-0.435	-0.428	-0.11	-0.337	-0.124	-0.415	-0.334
Observations	1120	1120	1120	1120	1120	1120	1242	1242	1242	1242	1242	1242
R-squared	0.029	0.034	0.042	0.035	0.018	0.04	0.031	0.039	0.022	0.017	0.034	0.026

Notes:

(1)Robust standard errors in parentheses; *** p<0.01, ** p<0.05, * p<0.1;

(2)CCP represents Chinese Communist Party.

Table 6 presents the size and quality of social capital for people born with rural hukou and those born with urban hukou. In Table 6, only “familytie1” is significant. Women born with urban hukou have 22% less familytie1 compared to women born with rural hukou. One possible explanation is that women who were born in rural areas tend to have more siblings and relatives than women born in cities, due to the Family Planning Policy[8] focusing mainly on urban areas. Therefore, women born with rural hukou will have more close family members and are more likely to ask them for help during future job search. As a result, women born with rural hukou have higher family tie compared to women born with urban hukou.

Other results are similar to those presented in Table 5.

8 The Family Planning Policy, or known as the One-Child Policy, is the population control policy of the People's Republic of China. Before late 2000s, the Family Planning Policy strictly bans urban families from having more than one child. However, this policy is relatively loose in rural areas in that rural families can have a second child if the first child is a girl or is disabled. In late 2000s and early 2010s, the Family Planning Policy has been largely relaxed and families in which at least one parent has no siblings are allowed to have two children. But since this survey was conducted in 2002, the respondents were still subject to the tighter Family Planning Policy then.

Table 6. The Size and the Quality of Social Capital among People who were born with Rural and Urban Hukou

	male						female					
	1	2	3	4	5	6	1	2	3	4	5	6
VARIABLES	familytie1	familytie2	friendtie1	friendtie2	contact	adj_contact	familytie1	familytie2	friendtie1	friendtie2	contact	adj_contact
born_urban	0.003	-0.03	0.1	0.011	0.152	0.108	-0.220*	-0.037	0.008	0.015	0.015	0.016
(ref. born with rural hukou)	-0.136	-0.044	-0.111	-0.04	-0.157	-0.119	-0.126	-0.038	-0.093	-0.031	-0.137	-0.106
party	-0.086	-0.025	0.142	0.084	0.085	0.089	-0.006	0.001	0.012	0.051	0.184	0.088
(ref. not CCP member)	-0.166	-0.052	-0.139	-0.054	-0.197	-0.165	-0.174	-0.055	-0.136	-0.056	-0.223	-0.186
lnhincome	0.097	0.028	-0.018	0.023	0.189**	0.138*	0.095	0.033	0.091	0.037*	0.275***	0.126**
	-0.068	-0.02	-0.064	-0.021	-0.09	-0.076	-0.071	-0.021	-0.056	-0.021	-0.095	-0.057
age (in years)	-0.001	-0.001	0.015**	0.008***	0.001	0.006	-0.014**	-0.005***	0.009*	0.003	-0.011*	-0.002
	-0.006	-0.002	-0.006	-0.002	-0.008	-0.006	-0.006	-0.002	-0.005	-0.002	-0.006	-0.005
marriage(ref. not married)	0.045	-0.032	0.096	-0.031	0.021	0.125	0.439***	0.100**	0.108	0.003	0.188	0.304**
	-0.156	-0.048	-0.132	-0.041	-0.191	-0.13	-0.139	-0.042	-0.108	-0.04	-0.165	-0.127
education (in years)	-0.063***	-0.021***	-0.018	0.002	-0.006	-0.045*	-0.061***	-0.012*	-0.021	-0.005	0.012	-0.027
	-0.02	-0.006	-0.018	-0.006	-0.029	-0.026	-0.022	-0.007	-0.017	-0.007	-0.023	-0.017
exp_on_job (in years)	0.028	0.011*	-0.046***	-0.006	-0.005	-0.041**	0.01	0.009	-0.040**	-0.002	-0.081***	-0.075***
	-0.018	-0.006	-0.016	-0.006	-0.021	-0.016	-0.022	-0.007	-0.018	-0.006	-0.026	-0.024
exp_on_job2 (in years)	-0.001**	-0.000**	0.001	0	0	0	0	0	0.001	0	0.003***	0.002**
	-0.001	0	0	0	-0.001	0	-0.001	0	-0.001	0	-0.001	-0.001
Occupation(ref. unskilled worker)												
Professional	0.049	0.126**	0.06	-0.075	0.361	0.127	0.097	0.074	0.2	0.042	0.008	0.321*
	-0.194	-0.057	-0.177	-0.063	-0.236	-0.16	-0.22	-0.068	-0.16	-0.06	-0.217	-0.17
Director	0.294	0.18	0.028	-0.098	0.278	0.426	-0.564**	-0.122	-0.429***	-0.170***	-0.774*	-0.379**
	-0.55	-0.16	-0.331	-0.125	-0.458	-0.338	-0.246	-0.08	-0.158	-0.066	-0.456	-0.178
Department director	-0.166	0.061	-0.105	-0.083	0.613*	0.239	0.299	0.227	0.129	0.058	0.728	0.434
	-0.235	-0.075	-0.217	-0.091	-0.355	-0.239	-0.527	-0.182	-0.331	-0.144	-1.001	-0.522
Clerical	0.485**	0.239***	0.058	-0.028	0.286	0.435**	-0.107	0.028	0.036	-0.001	0.114	0.332**
	-0.214	-0.065	-0.17	-0.064	-0.203	-0.172	-0.186	-0.058	-0.134	-0.051	-0.196	-0.167
Skilled worker	-0.06	0.051	0.201	-0.013	0.078	0.196	-0.198	0	0.071	0.013	-0.089	0.083
	-0.16	-0.044	-0.148	-0.056	-0.151	-0.124	-0.228	-0.074	-0.166	-0.061	-0.196	-0.152
Service worker	-0.151	-0.005	-0.048	-0.115**	0.323*	0.224	-0.253	-0.067	0.047	-0.041	-0.149	0.053
	-0.163	-0.043	-0.148	-0.052	-0.18	-0.14	-0.16	-0.047	-0.115	-0.041	-0.145	-0.113
Constant	1.208***	0.328***	0.333	-0.093	0.880*	0.661	1.708***	0.359***	0.451	0.048	1.475***	0.836***
	-0.379	-0.117	-0.341	-0.11	-0.491	-0.44	-0.376	-0.109	-0.282	-0.108	-0.413	-0.32
Observations	1120	1120	1120	1120	1120	1120	1242	1242	1242	1242	1242	1242
R-squared	0.029	0.034	0.042	0.035	0.019	0.039	0.033	0.039	0.021	0.017	0.033	0.026

Notes:

(1)Robust standard errors in parentheses; *** p<0.01, ** p<0.05, * p<0.1;

(2)CCP represents Chinese Communist Party.

B. Utilization Rate of Social Capital in Job Search

As shown in Table 7, female rural migrants are 21.8% more likely than female urbanites to find jobs through referrals while men does not show the same pattern. It appears that women currently holding rural hukou take advantage of their social capital more often than other categories during job search, which partially substantiates my second hypothesis.

The higher tendency for female rural migrants to find jobs through referrals might be due to the more tenuous job market for female rural migrants in cities (Zhang and Hunnum 2008). For one thing, not all jobs in the urban areas are open to people with rural hukou and female rural migrants are usually poorly educated, narrowing their job choices inevitably. For the other, even among people with the same hukou and education background, females are more disadvantageous in job market. In China, even highly educated women have a more difficult time than men in finding jobs, let alone female rural migrants aiming at lower-skilled positions (China Labor Bulletin)[9]. Apart from socially constructed norms that prefer men to women, many Chinese laws and regulations, designed to "protect" female workers, can also impose gender discrimination in work place. The *Labor Law* explicitly bars women from many physically demanding jobs, such as logging and underground mining. The *Regulations on the Scope of Prohibited Labor for Female Workers* further prohibit menstruating, pregnant or lactating women from doing certain jobs. Rather than imposing physical ability tests before recruitment, such regulations simply reinforce social norms that women are unsuitable for certain jobs (China Labor

[9] After studying over one million internet job postings, Kuhn and Shen (2012) find that overall ten percent of postings expressed a gender preference, but over 23 percent for jobs that did not require a college education.

Bulletin). Therefore, it is harder for female rural migrants to find a job in urban areas and they are more likely to ask relatives or friends for help.

Another possible reason why female rural migrants are more likely to find job through referrals might be that women are more sociable than men and they are more incline to turn to acquaintances for help, when faced with the same unemployment problem.

While current hukou seems to make a difference in job search technique, hukou at birth does not show any significant effects on the probability that an individual would find job through referrals in Table 7. It can be that previous hukou status matters little when more important factors like years of education and experience are taken into account.

Also, both men and women are about 2.25% and 2.55% less likely to find jobs through referrals when they have one more year of education, and 1.1% (hukou) and 0.5% (born_urban) less likely if they have one more year of experience in their fields. This finding corroborates the above “tenuous job market” theory well. Given more formal education and experience on job, more doors are open to individuals and they are more likely to find decent jobs on their own without asking acquaintances for help.

Table 7. The Utilization Rate of Social Capital in Job Search

	male		female	
	1	2	1	2
VARIABLES	way	way	way	way
Urban hukou	0.028		-0.218***	
(ref. rural hukou)	-0.091		-0.081	
born_urban		0.039		-0.042
(ref. born with rural hukou)		-0.036		-0.033
lnhincome	0.021	0.02	0.046**	0.042**
	-0.02	-0.02	-0.019	-0.019
age (in years)	0.004**	0.004**	0	0
	-0.002	-0.002	-0.002	-0.002
marriage (ref. not married)	0.051	0.056	0.110***	0.111***
	-0.042	-0.042	-0.038	-0.039
education (in years)	-0.022***	-0.023***	-0.025***	-0.026***
	-0.006	-0.006	-0.006	-0.006
exp_on_job (in years)	-0.011***	-0.011***	-0.005***	-0.005***
	-0.002	-0.002	-0.002	-0.002
Occupation (ref. unskilled				
Professional	-0.017	-0.011	0.054	0.057
	-0.057	-0.056	-0.056	-0.057
Director	0.016	0.025	-0.261***	-0.259***
	-0.105	-0.104	-0.052	-0.054
Department director	-0.045	-0.04	0.077	0.075
	-0.073	-0.073	-0.12	-0.119
Clerical	0.089	0.093*	-0.025	-0.022
	-0.056	-0.056	-0.048	-0.049
Skilled worker	0.027	0.03	-0.05	-0.055
	-0.049	-0.048	-0.058	-0.058
Service worker	-0.043	-0.042	-0.043	-0.041
	-0.051	-0.05	-0.043	-0.043
Constant	0.431***	0.427***	0.750***	0.593***
	-0.126	-0.104	-0.117	-0.098
Observations	1120	1120	1242	1242
R-squared	0.063	0.064	0.048	0.043

Notes:

(1)Robust standard errors in parentheses; *** p<0.01, ** p<0.05, * p<0.1;

(2)Way is the dependent variable and it represents the way of getting current jobs;

C. The Effects of Social Capital on Hourly Wages

a. The Effects of Social Capital on Hourly Wages without Hukou Division

As hypothesized in previous sections, social capital has significant and positive effects on both men's and women's hourly wages. In Table 8, having 1 more *friendtie2* raises women's hourly incomes by 8%. Women will also be paid 3.7% and 2.3% more for one more acquaintance to turn to during job search (represented by contact and adjusted contact respectively). It is largely the same story for men. Even though social capital indices indicating the quality of social capital are not significant, men still have 2.4% and 2.9% higher hourly wages for having one more acquaintance to turn to when switching jobs (for contact and adjusted contact respectively). This finding confirms the hypothesis that people will be compensated for having higher quality of social capital and larger social network. Individuals with more social capital tend to find higher-paid jobs because they have more information or might be connected with insiders (Agulera and Massey 2003).

Table 8. The Effects of Social Capital on Hourly Wages without Hukou Division (male and female subsamples)

	male						female					
	1	2	3	4	5	6	1	2	3	4	5	6
VARIABLES	lnhincome	lnhincome	Lnhincome	lnhincome	lnhincor	lnhincome	lnhincome	lnhincome	lnhincome	lnhincome	lnhincome	lnhincome
familytie1	0.016						0.016					
	-0.012						-0.012					
familytie2		0.048						0.06				
		-0.036						-0.038				
friendtie1			-0.004						0.025			
			-0.015						-0.015			
friendtie2				0.046						0.080*		
				-0.04						-0.045		
contact					0.024**						0.037***	
					-0.011						-0.011	
adj_contact						0.029*						0.023**
						-0.015						-0.011
party	0.025	0.024	0.024	0.02	0.022	0.021	0.182***	0.182***	0.182***	0.178***	0.174***	0.180***
(ref. not CCP member)	-0.063	-0.063	-0.063	-0.063	-0.063	-0.063	-0.063	-0.063	-0.063	-0.063	-0.063	-0.063
Age (in years)	0.009***	0.009***	0.009***	0.008***	0.009***	0.009***	0.015***	0.015***	0.014***	0.014***	0.015***	0.015***
	-0.003	-0.003	-0.003	-0.003	-0.003	-0.003	-0.003	-0.003	-0.003	-0.003	-0.003	-0.003
marriage	0.039	0.042	0.041	0.042	0.04	0.037	-0.034	-0.032	-0.029	-0.026	-0.033	-0.033
(ref. not married)	-0.07	-0.07	-0.07	-0.07	-0.07	-0.07	-0.057	-0.057	-0.057	-0.057	-0.057	-0.057
Education (in years)	0.062***	0.062***	0.061***	0.061***	0.061***	0.062***	0.082***	0.082***	0.081***	0.081***	0.080***	0.081***
	-0.008	-0.008	-0.008	-0.008	-0.008	-0.008	-0.009	-0.009	-0.009	-0.008	-0.009	-0.009
exp_on_job (in years)	0.031***	0.031***	0.032***	0.032***	0.032***	0.033***	0.024***	0.024***	0.026***	0.025***	0.027***	0.026***
	-0.007	-0.007	-0.007	-0.007	-0.007	-0.007	-0.008	-0.008	-0.009	-0.008	-0.009	-0.009
exp_on_job2 (in years)	-0.001***	-0.001***	-0.001***	-0.001***	-0.001**	-0.001***	-0.001**	-0.001**	-0.001**	-0.001**	-0.001**	-0.001**
	0	0	0	0	0	0	0	0	0	0	0	0
Occupation (ref. unskilled worker)												
Professional	0.566***	0.561***	0.568***	0.570***	0.556***	0.562***	0.474***	0.471***	0.470***	0.472***	0.471***	0.467***
	-0.083	-0.084	-0.083	-0.083	-0.083	-0.084	-0.084	-0.084	-0.084	-0.084	-0.084	-0.084
Director	0.596***	0.592***	0.601***	0.605***	0.592***	0.587***	0.1	0.099	0.102	0.105	0.119	0.1
	-0.202	-0.202	-0.202	-0.198	-0.197	-0.194	-0.3	-0.301	-0.3	-0.299	-0.297	-0.301
Department director	0.614***	0.609***	0.612***	0.616***	0.595***	0.603***	0.478**	0.469**	0.479**	0.477**	0.452**	0.472**
	-0.113	-0.113	-0.114	-0.114	-0.113	-0.113	-0.235	-0.235	-0.236	-0.236	-0.21	-0.231
Clerical	0.398***	0.395***	0.407***	0.408***	0.398***	0.393***	0.349***	0.345***	0.346***	0.347***	0.340***	0.339***
	-0.082	-0.083	-0.082	-0.082	-0.082	-0.082	-0.07	-0.07	-0.071	-0.071	-0.071	-0.071
Skilled worker	0.235***	0.231***	0.235***	0.234***	0.231***	0.228***	0.147*	0.144*	0.142*	0.143*	0.146*	0.142*
	-0.07	-0.07	-0.07	-0.07	-0.07	-0.07	-0.084	-0.084	-0.083	-0.083	-0.083	-0.083
Service worker	0.049	0.047	0.046	0.052	0.038	0.04	-0.008	-0.008	-0.013	-0.009	-0.007	-0.013
	-0.078	-0.078	-0.078	-0.078	-0.078	-0.078	-0.063	-0.063	-0.063	-0.063	-0.063	-0.063
Constant	-0.104	-0.099	-0.083	-0.08	-0.108	-0.106	-0.509***	-0.503***	-0.494***	-0.487***	-0.534***	-0.502***
	-0.155	-0.154	-0.153	-0.153	-0.153	-0.154	-0.15	-0.15	-0.149	-0.148	-0.149	-0.15
Observations	1120	1120	1120	1120	1120	1120	1242	1242	1242	1242	1242	1242
R-squared	0.229	0.229	0.228	0.229	0.231	0.231	0.237	0.237	0.237	0.238	0.243	0.238

Notes:

(1)Robust standard errors in parentheses; *** p<0.01, ** p<0.05, * p<0.1;

(2)CCP represents Chinese Communist Party.

(3)adj_contact represents adjusted contacts.

b. The Effects of Social Capital With Hukou Division

Table 9 and Table 10 present the most important findings of this paper. As shown in Table 9, the effects of social capital on wages are greater for men born with rural hukou than men born with urabn hukou, while the effects of social capital for women do not show strong preference for rural hukou at birth. For men born with urban hukou, having one more acquaintance to ask for help during job search will bring about 8% less income benefit than men born with rural hukou. Also, the friendship tie of men who were born with urban hukou has 22.9% less hourly income benefit than men born with rural hukou. This finding corresponds with Aguilera et al. (2003) which conclude that the effects of social capital on wages are greater for undocumented than documented migrants.

Table 10 tells much the same story. Both male and female rural migrants receive higher returns for their social capital than locals with urban hukou. Having one more friend or family member to turn to will have 13.5% more positive impact on hourly wages for male rural migrants than male urbanites, and 13.3% more for female rural migrants than female urbanites.

That the rate of return on social capital is higher for people currently holding or born with rural hukou than those with urban hukou might be due to the more tenuous market for the former. Since people with urban hukou have a right to be employed in almost all occupations in the cities, they can search openly and widely. If they are unsatisfied with their wages or working conditions, they are free to look for other jobs. In addition, people with urban hukou, especially when they were born with one, are

usually educated, and are aware of employee rights and how to protect themselves from immoral employers (liu 2005).

In contrast, rural migrants have access only to limited jobs in few occupations, as not all jobs are open to workers with rural hukou in early 2000s. They have less access to formal education, know less about how to protect themselves legally, and tend to be victims of unfair labor standards. Consequently, people holding rural hukou or born with one are more dependent on others to act on their behalf and in their interests (Agulera and Massey 2003). Given rural migrants' vulnerable position in urban labor market, rural migrants are more dependent on social capital to obtain and retain high-paid jobs. Therefore, urban employees with rural hukou status, whether current or at birth, will receive higher returns for social capital than their counterparts with urban hukou status.

It is worth noting that current hukou status seems to matter more for female rural migrants while hukou status at birth seems to matter more for male rural migrants in terms of the rate of return on social capital. The design of social capital indices might be a possible cause to this result. However, for now, I do not have a satisfying explanation for this finding and further research is indeed required.

In terms of Chinese Communist Party (CCP) membership, *party* is significant only in female subsample but not in male subsample. On average, women who are in the party earn about 18% more than women not in the party while men does not show similar pattern. To be a member of CCP is very different from being a member of any political party from the Western perspective. Although membership is voluntary, to

become a CCP member, one needs to pass CCP entrance exam, to be elected by peer reviewers, and to be approved by superiors within the Party. Most people join CCP when they are in colleges or after entering institutions which prefer employees to be CCP members, for instance government agencies or state-owned companies. Once a CCP member, one cannot resign from the party unless one violates certain regulations or does not pay CCP dues for one whole year.

Even though becoming a CCP member costs considerable amount of time and efforts (in that CCP members are required to attend CCP activities, study CCP materials, and comply with CCP disciplines), the benefits of joining CCP may well exceed these costs. CCP's network and its occupation of important administrative positions is a salient feature of the Chinese economy and society (Appleton et al. 2003). Since CCP membership is taken as a prerequisite for holding certain positions in government, it is often seen as a form of political capital that provides economic gains: access to stable jobs, additional income, higher status, and greater power or influence.

One reason why party membership only has significant impact on women is that women are more disadvantageous than men in job market. Thus, the economic benefits women gain from joining CCP might be greater than men (Zhang and Hannum 2008). Another possible reason can be that *party*'s explanatory power is taken up by the occupation types. *Party* is likely to be correlated with certain job types and becomes insignificant due to its large variance. As shown in Table 11, dropping occupation variables, i.e., *professional, director, department director, skilled*

worker, and *service worker*, does make party membership significant in male subsample.

Another interesting finding is that *marriage* is insignificant for both men and women. This might be due to the Family Planning Policy, which was first initiated in 1960s. The most common family structure in China is two parents with one or no child, especially in urban areas. Thus, women have fewer children to take care of. In addition, the presence of elderly family members in urban household to take care of grandchildren is a common phenomenon in China, especially when both parents are working (Xiu and Gunderson 2013). Therefore, marriage might impose less childcare and housekeeping responsibilities for urban women and less negative impact on women's career, if they have one. In much the same fashion, marriage will also not affect men's career significantly.

Table 9. The Effects of Social Capital on Hourly Wages for People Born with Urban and Rural Hukou (male and female subsamples)

	male						female					
	1	2	3	4	5	6	1	2	3	4	5	6
VARIABLES	lnhincome	lnhincome	lnhincome	lnhincome	lnhincon	lnhincome	lnhincome	lnhincome	lnhincome	lnhincome	lnhincome	lnhincome
born_familytie1	0.038						0.002					
	-0.031						-0.027					
born_familytie2		0.12						0.005				
		-0.087						-0.079				
born_friendtie1			-0.088**						-0.019			
			-0.039						-0.036			
born_friendtie2				-0.229**						-0.078		
				-0.111						-0.108		
born_contact					-0.042						-0.018	
					-0.026						-0.031	
born_adjcontact						-0.080**						0
						-0.039						-0.027
born_urban	0.065	0.071	0.144**	0.127**	0.143**	0.142**	0.04	0.04	0.049	0.048	0.062	0.038
(ref. born with rural hukou)	-0.06	-0.06	-0.058	-0.057	-0.063	-0.058	-0.056	-0.054	-0.055	-0.053	-0.065	-0.057
familytie1	-0.014						0.015					
	-0.029						-0.023					
familytie2		-0.044						0.058				
		-0.078						-0.065				
friendtie1			0.069*						0.04			
			-0.036						-0.031			
friendtie2				0.231**						0.143		
				-0.101						-0.094		
contact					0.057**						0.051*	
					-0.023						-0.029	
adj_contact						0.094***						0.023
						-0.036						-0.025
party (ref. not CCP member)	0.035	0.036	0.03	0.022	0.034	0.03	0.184***	0.184***	0.184***	0.178***	0.177***	0.181***
	-0.064	-0.064	-0.063	-0.063	-0.064	-0.064	-0.063	-0.063	-0.063	-0.063	-0.063	-0.063
age (in years)	0.009***	0.009***	0.009***	0.008***	0.009***	0.008***	0.015***	0.015***	0.014***	0.014***	0.015***	0.015***
	-0.003	-0.003	-0.003	-0.003	-0.003	-0.003	-0.003	-0.003	-0.003	-0.003	-0.003	-0.003
marriage	0.049	0.052	0.051	0.052	0.048	0.048	-0.029	-0.028	-0.025	-0.021	-0.029	-0.03
(ref. not married)	-0.07	-0.07	-0.07	-0.069	-0.07	-0.069	-0.058	-0.058	-0.058	-0.058	-0.057	-0.058
education (in years)	0.060***	0.060***	0.061***	0.060***	0.060***	0.062***	0.081***	0.081***	0.081***	0.081***	0.079***	0.081***
	-0.008	-0.008	-0.008	-0.008	-0.008	-0.008	-0.009	-0.009	-0.009	-0.009	-0.009	-0.009
exp_on_job (in years)	0.033***	0.032***	0.033***	0.033***	0.032***	0.034***	0.025***	0.024***	0.026***	0.025***	0.028***	0.027***
	-0.007	-0.007	-0.007	-0.007	-0.007	-0.007	-0.008	-0.008	-0.009	-0.008	-0.009	-0.009
exp_on_job2 (in years)	-0.001***	-0.001***	-0.001***	-0.001***	-0.001**	-0.001***	-0.001**	-0.001**	-0.001**	-0.001**	-0.001***	-0.001**
	0	0	0	0	0	0	0	0	0	0	0	0
Occupation (ref. unskilled worker)												
Professional	0.576***	0.566***	0.571***	0.578***	0.557***	0.570***	0.473***	0.469***	0.470***	0.470***	0.470***	0.466***
	-0.083	-0.084	-0.083	-0.083	-0.084	-0.084	-0.084	-0.083	-0.084	-0.084	-0.084	-0.084
Director	0.603***	0.596***	0.594***	0.598***	0.592***	0.585***	0.102	0.1	0.103	0.105	0.113	0.102
	-0.203	-0.203	-0.187	-0.182	-0.192	-0.183	-0.303	-0.303	-0.303	-0.301	-0.3	-0.303
Department director	0.618***	0.608***	0.612***	0.619***	0.596***	0.608***	0.478**	0.470**	0.478**	0.471**	0.439**	0.473**
	-0.113	-0.113	-0.113	-0.114	-0.113	-0.114	-0.237	-0.238	-0.238	-0.238	-0.207	-0.233
Clerical	0.408***	0.401***	0.406***	0.411***	0.396***	0.389***	0.348***	0.345***	0.347***	0.347***	0.337***	0.338***
	-0.082	-0.083	-0.082	-0.082	-0.083	-0.083	-0.07	-0.07	-0.07	-0.071	-0.071	-0.071
Skilled worker	0.241***	0.234***	0.240***	0.239***	0.230***	0.229***	0.149*	0.146*	0.146*	0.145*	0.147*	0.144*
	-0.07	-0.069	-0.07	-0.07	-0.07	-0.07	-0.084	-0.084	-0.084	-0.084	-0.084	-0.084
Service worker	0.053	0.047	0.045	0.049	0.036	0.035	-0.01	-0.01	-0.015	-0.012	-0.01	-0.015
	-0.078	-0.078	-0.078	-0.078	-0.077	-0.078	-0.063	-0.063	-0.063	-0.063	-0.063	-0.063
Constant	-0.15	-0.15	-0.217	-0.188	-0.21	-0.215	-0.530***	-0.525***	-0.525***	-0.520***	-0.572***	-0.523***
	-0.161	-0.159	-0.158	-0.158	-0.16	-0.161	-0.153	-0.153	-0.15	-0.151	-0.153	-0.153
Observations	1120	1120	1120	1120	1120	1120	1242	1242	1242	1242	1242	1242
R-squared	0.232	0.232	0.234	0.234	0.235	0.236	0.237	0.237	0.238	0.239	0.244	0.238

Notes:

(1)Robust standard errors in parentheses; *** p<0.01, ** p<0.05, * p<0.1;

Table 10. The Effects of Social Capital on Hourly Wages for People Currently Holding Urban and Rural Hukou (male and female subsamples)

	male						female					
	1	2	3	4	5	6	1	2	3	4	5	6
VARIABLES	lnhincome	lnhincome	lnhincome	lnhincome	lnhincon	lnhincome	lnhincome	lnhincome	lnhincome	lnhincome	lnhincome	lnhincome
hukou_familytie1	0.074						0.005					
	-0.051						-0.061					
hukou_familytie2		0.019						-0.310***				
		-0.073						-0.075				
hukou_friendtie1			0.005						-0.036			
			-0.098						-0.058			
hukou_friendtie2				-0.077						-0.136		
				-0.205						-0.11		
hukou_contact					-0.135**						-0.067	
					-0.052						-0.071	
hukou_adjcontact						0.139						-0.133**
						-0.103						-0.067
urban hukou	0.084	0.134	0.138	0.153	0.305**	0.09	0.332***	0.353***	0.372***	0.363***	0.379***	0.416***
(ref. rural hukou)	-0.122	-0.113	-0.119	-0.115	-0.125	-0.119	-0.095	-0.099	-0.113	-0.104	-0.116	-0.104
familytie1	-0.057						0.012					
	-0.05						-0.059					
familytie2		0.027						0.362***				
		-0.064						-0.066				
friendtie1			-0.009						0.061			
			-0.096						-0.056			
friendtie2				0.122						0.213**		
				-0.201						-0.1		
contact					0.157***						0.102	
					-0.051						-0.07	
adj_contact						-0.11						0.154**
						-0.103						-0.066
party (ref. not party member)	0.023	0.023	0.022	0.018	0.017	0.018	0.189***	0.184***	0.189***	0.185***	0.180***	0.189***
	-0.063	-0.063	-0.063	-0.063	-0.063	-0.063	-0.063	-0.063	-0.063	-0.063	-0.063	-0.063
age (in years)	0.009***	0.009***	0.009***	0.008***	0.009***	0.009***	0.014***	0.014***	0.014***	0.014***	0.014***	0.014***
	-0.003	-0.003	-0.003	-0.003	-0.003	-0.003	-0.003	-0.003	-0.003	-0.003	-0.003	-0.003
marriage (ref. not married)	0.045	0.045	0.043	0.046	0.048	0.041	-0.026	-0.024	-0.021	-0.019	-0.025	-0.026
	-0.07	-0.07	-0.07	-0.07	-0.07	-0.07	-0.057	-0.057	-0.057	-0.057	-0.057	-0.057
education (in years)	0.061***	0.061***	0.060***	0.060***	0.059***	0.061***	0.079***	0.078***	0.078***	0.078***	0.077***	0.078***
	-0.008	-0.008	-0.008	-0.008	-0.008	-0.008	-0.009	-0.009	-0.008	-0.008	-0.009	-0.009
exp_on_job (in years)	0.032***	0.032***	0.032***	0.032***	0.032***	0.033***	0.024***	0.024***	0.025***	0.024***	0.027***	0.026***
	-0.007	-0.007	-0.007	-0.007	-0.007	-0.007	-0.008	-0.008	-0.008	-0.008	-0.009	-0.008
exp_on_job2 (in years)	-0.001***	-0.001***	-0.001***	-0.001***	-0.001**	-0.001***	-0.001**	-0.001**	-0.001**	-0.001**	-0.001***	-0.001**
	0	0	0	0	0	0	0	0	0	0	0	0
Occupation (ref. unskilled worker)												
Professional	0.564***	0.555***	0.561***	0.564***	0.561***	0.558***	0.473***	0.473***	0.470***	0.473***	0.469***	0.465***
	-0.084	-0.084	-0.084	-0.084	-0.084	-0.084	-0.083	-0.083	-0.084	-0.084	-0.084	-0.084
Director	0.591***	0.586***	0.595***	0.599***	0.599***	0.581***	0.104	0.103	0.105	0.109	0.12	0.099
	-0.203	-0.202	-0.202	-0.198	-0.198	-0.194	-0.303	-0.303	-0.302	-0.302	-0.3	-0.303
Department director	0.612***	0.604***	0.607***	0.610***	0.604***	0.601***	0.471**	0.467**	0.473**	0.473**	0.447**	0.464**
	-0.114	-0.114	-0.114	-0.114	-0.114	-0.113	-0.234	-0.235	-0.236	-0.235	-0.21	-0.231
Clerical	0.393***	0.388***	0.399***	0.401***	0.402***	0.386***	0.348***	0.345***	0.345***	0.347***	0.338***	0.335***
	-0.083	-0.083	-0.083	-0.083	-0.083	-0.083	-0.07	-0.07	-0.07	-0.07	-0.071	-0.07
Skilled worker	0.230***	0.224***	0.227***	0.228***	0.232***	0.220***	0.140*	0.139*	0.134	0.138*	0.137	0.128
	-0.071	-0.071	-0.071	-0.071	-0.071	-0.071	-0.084	-0.084	-0.083	-0.084	-0.084	-0.084
Service worker	0.048	0.042	0.042	0.048	0.048	0.034	-0.008	-0.007	-0.013	-0.007	-0.008	-0.014
	-0.079	-0.078	-0.078	-0.079	-0.079	-0.078	-0.063	-0.062	-0.062	-0.063	-0.063	-0.062
Constant	-0.174	-0.217	-0.205	-0.216	-0.396**	-0.18	-0.774***	-0.787***	-0.796***	-0.781***	-0.846***	-0.846***
	-0.179	-0.174	-0.174	-0.173	-0.18	-0.177	-0.163	-0.165	-0.171	-0.167	-0.176	-0.168
Observations	1,120	1,120	1,120	1,120	1,120	1,120	1,242	1,242	1,242	1,242	1,242	1,242
R-squared	0.23	0.229	0.228	0.229	0.234	0.232	0.242	0.242	0.243	0.243	0.248	0.244

Notes:

(1)Robust standard errors in parentheses; *** p<0.01, ** p<0.05, * p<0.1;

In Table 11, I present the results of regressions that leave out occupations. As expected, *party* becomes significant for both female and male samples. On average, male CCP members have 11.5% more hourly wages than non-CCP members while female CCP members have about 27% more. This finding corroborates my speculation that party membership might be correlated with certain job types. Due to the limitation of available data, I am not able to test which job types are correlated with party membership or by how much.

Table 12 and Table 13 report the regression results for the whole sample (including both female and male subsamples) for comparison and reference.

Table 11. The Effects of Social Capital on Hourly Wages for People Born with Urban and Rural Hukou (male and female subsamples) – Drop Occupation

	male						female					
	1	2	3	4	5	6	1	2	3	4	5	6
VARIABLES	lnhincome	lnhincome	Lnhincome	lnhincome	lnhincon	lnhincome	lnhincome	lnhincome	lnhincome	lnhincome	lnhincome	lnhincome
born_familytie1	0.039						0.007					
	-0.032						-0.027					
born_familytie2		0.152*						0.014				
		-0.09						-0.081				
born_friendtie1			-0.102**						-0.007			
			-0.043						-0.037			
born_friendtie2				-0.233*						-0.047		
				-0.119						-0.113		
born_contact					-0.056**						-0.02	
					-0.025						-0.034	
born_adjcontact						-0.080**						-0.002
						-0.037						-0.029
familytie1	-0.009						0.018					
	-0.03						-0.023					
familytie2		-0.029						0.084				
		-0.081						-0.066				
friendtie1			0.082**						0.035			
			-0.039						-0.032			
friendtie2				0.238**						0.139		
				-0.109						-0.1		
contact					0.074***						0.058*	
					-0.021						-0.032	
adj_contact						0.099***						0.034
						-0.033						-0.027
born_urban	0.027	0.03	0.116*	0.09	0.125*	0.105*	0.035	0.037	0.039	0.041	0.062	0.037
(ref. born with rural hukou)	-0.064	-0.063	-0.061	-0.06	-0.066	-0.061	-0.058	-0.056	-0.056	-0.054	-0.068	-0.059
party	0.118*	0.118*	0.110*	0.105*	0.115*	0.111*	0.279***	0.277***	0.278***	0.272***	0.266***	0.273***
(ref. not CCP member)	-0.063	-0.063	-0.063	-0.063	-0.063	-0.063	-0.066	-0.066	-0.066	-0.066	-0.067	-0.066
age (in years)	0.010***	0.010***	0.011***	0.010***	0.010***	0.010***	0.016***	0.016***	0.015***	0.015***	0.016***	0.016***
	-0.003	-0.003	-0.003	-0.003	-0.003	-0.003	-0.003	-0.003	-0.003	-0.003	-0.003	-0.003
marriage (in years)	0.053	0.058	0.057	0.056	0.053	0.053	-0.048	-0.047	-0.041	-0.038	-0.045	-0.048
	-0.072	-0.072	-0.071	-0.071	-0.072	-0.071	-0.06	-0.06	-0.06	-0.06	-0.059	-0.06
education (in years)	0.092***	0.092***	0.093***	0.092***	0.090***	0.093***	0.109***	0.108***	0.108***	0.108***	0.106***	0.108***
	-0.008	-0.008	-0.008	-0.008	-0.008	-0.008	-0.008	-0.008	-0.008	-0.008	-0.008	-0.008
exp_on_job (in years)	0.036***	0.036***	0.037***	0.037***	0.036***	0.038***	0.031***	0.030***	0.032***	0.031***	0.034***	0.033***
	-0.007	-0.007	-0.007	-0.007	-0.007	-0.007	-0.009	-0.009	-0.009	-0.009	-0.009	-0.009
exp_on_job2 (in years)	-0.001***	-0.001***	-0.001***	-0.001***	-0.001**	-0.001***	-0.001***	-0.001***	-0.001***	-0.001**	-0.001***	-0.001***
	0	0	0	0	0	0	0	0	0	0	0	0
Constant	-0.304*	-0.306*	-0.378**	-0.341**	-0.383**	-0.381**	-0.738***	-0.733***	-0.727***	-0.718***	-0.780***	-0.734***
	-0.163	-0.162	-0.159	-0.161	-0.16	-0.162	-0.153	-0.153	-0.15	-0.15	-0.153	-0.153
Observations	1120	1120	1120	1120	1120	1120	1242	1242	1242	1242	1242	1242
R-squared	0.176	0.178	0.178	0.177	0.181	0.18	0.191	0.192	0.191	0.192	0.2	0.193

Notes:

(1)Robust standard errors in parentheses; *** p<0.01, ** p<0.05, * p<0.1;

(2)CCP represents Chinese Communist Party.

Table 12. The Effects of Social Capital on Hourly Wages for People Currently Holding Urban and Rural Hukou (whole sample)

	1	2	3	4	5	6
VARIABLES	lnhincome	lnhincome	Lnhincome	lnhincome	lnhincon	lnhincome
hukou_familytie1	0.033					
	-0.045					
hukou_familytie2		-0.188**				
		-0.088				
hukou_friendtie1			-0.006			
			-0.05			
hukou_friendtie2				-0.114		
				-0.106		
hukou_contact					-0.101*	
					-0.052	
hukou_adjcontact						-0.035
						-0.049
familytie1	-0.017					
	-0.044					
familytie2		0.234***				
		-0.085				
friendtie1			0.017			
			-0.049			
friendtie2				0.172*		
				-0.101		
contact					0.130**	
					-0.051	
adj_contact						0.059
						-0.049
hukou (ref. rural hukou)	0.222***	0.263***	0.258***	0.275***	0.350***	0.264***
	-0.08	-0.077	-0.086	-0.08	-0.09	-0.084
party (ref. not CCP member)	0.107**	0.105**	0.105**	0.102**	0.100**	0.104**
	-0.044	-0.044	-0.044	-0.044	-0.044	-0.044
age (in years)	0.012***	0.012***	0.012***	0.012***	0.012***	0.012***
	-0.002	-0.002	-0.002	-0.002	-0.002	-0.002
marriage (ref. not married)	-0.013	-0.012	-0.01	-0.009	-0.011	-0.015
	-0.044	-0.044	-0.044	-0.044	-0.044	-0.044
education (in years)	0.070***	0.070***	0.069***	0.069***	0.068***	0.070***
	-0.006	-0.006	-0.006	-0.006	-0.006	-0.006
exp_on_job (in years)	0.025***	0.025***	0.026***	0.026***	0.027***	0.027***
	-0.005	-0.005	-0.005	-0.005	-0.005	-0.005
exp_on_job2 (in years)	-0.001***	-0.001***	-0.001***	-0.001***	-0.001**	-0.001***
	0	0	0	0	0	0
Occupation (ref. unskilled worker)						
Professional	0.524***	0.519***	0.524***	0.526***	0.519***	0.517***
	-0.059	-0.059	-0.059	-0.059	-0.059	-0.059
Director	0.449***	0.446***	0.450***	0.455***	0.456***	0.444***
	-0.172	-0.172	-0.171	-0.17	-0.168	-0.168
Departmetn director	0.574***	0.570***	0.574***	0.574***	0.557***	0.565***
	-0.1	-0.1	-0.101	-0.101	-0.097	-0.099
Clerical	0.369***	0.365***	0.371***	0.373***	0.365***	0.360***
	-0.053	-0.053	-0.053	-0.053	-0.053	-0.053
Skilled worker	0.232***	0.229***	0.228***	0.231***	0.230***	0.225***
	-0.05	-0.05	-0.05	-0.05	-0.05	-0.05
Service worker	0.009	0.008	0.006	0.012	0.008	0.003
	-0.049	-0.049	-0.049	-0.049	-0.048	-0.049
Constant	-0.506***	-0.540***	-0.524***	-0.534***	-0.647***	-0.545***
	-0.124	-0.122	-0.126	-0.123	-0.13	-0.126
Observations	2362	2362	2362	2362	2362	2362
R-squared	0.237	0.237	0.236	0.237	0.242	0.238

Notes:

(1)Robust standard errors in parentheses; *** p<0.01, ** p<0.05, * p<0.1;

(2)CCP represents Chinese Communist Party.

Table 13. The Effects of Social Capital on Hourly Wages for People Born with Urban and Rural Hukou (whole sample)

	1	2	3	4	5	6
VARIABLES	lnhincome	lnhincome	Lnhincome	lnhincome	lnhincon	lnhincome
born_familytie1	0.016					
	-0.02					
born_familytie2		0.052				
		-0.059				
born_friendtie1			-0.053**			
			-0.026			
born_friendtie2				-0.150**		
				-0.075		
born_contact					-0.029	
					-0.02	
born_adjcontact						-0.037
						-0.024
familytie1	0.004					
	-0.018					
familytie2		0.014				
		-0.051				
friendtie1			0.053**			
			-0.023			
friendtie2				0.181***		
				-0.067		
contact					0.053***	
					-0.018	
adj_contact						0.056***
						-0.022
born_urban	0.06	0.063	0.101**	0.091**	0.106**	0.094**
(ref. born with rural hukou)	-0.041	-0.04	-0.04	-0.039	-0.045	-0.041
party (ref. not CCP member)	0.111**	0.112**	0.109**	0.102**	0.108**	0.108**
	-0.044	-0.044	-0.044	-0.044	-0.045	-0.044
age (in years)	0.013***	0.013***	0.012***	0.012***	0.012***	0.012***
	-0.002	-0.002	-0.002	-0.002	-0.002	-0.002
marriage (ref. not married)	-0.01	-0.008	-0.007	-0.005	-0.01	-0.011
	-0.044	-0.044	-0.044	-0.044	-0.044	-0.044
education (in years)	0.070***	0.070***	0.070***	0.070***	0.069***	0.071***
	-0.006	-0.006	-0.006	-0.006	-0.006	-0.006
exp_on_job (in years)	0.026***	0.025***	0.026***	0.026***	0.027***	0.027***
	-0.005	-0.005	-0.005	-0.005	-0.005	-0.005
exp_on_job2 (in years)	-0.001***	-0.001***	-0.001***	-0.001***	-0.001**	-0.001***
	0	0	0	0	0	0
Occupation (ref. unskilled worker)						
Professional	0.531***	0.526***	0.531***	0.532***	0.520***	0.525***
	-0.059	-0.059	-0.059	-0.059	-0.059	-0.059
Director	0.460***	0.456***	0.455***	0.457***	0.454***	0.452***
	-0.173	-0.173	-0.168	-0.165	-0.167	-0.166
Departmetn director	0.580***	0.574***	0.578***	0.577***	0.552***	0.573***
	-0.101	-0.101	-0.101	-0.101	-0.096	-0.101
Clerical	0.376***	0.371***	0.379***	0.380***	0.365***	0.364***
	-0.053	-0.053	-0.053	-0.053	-0.053	-0.054
Skilled worker	0.241***	0.238***	0.241***	0.240***	0.236***	0.234***
	-0.05	-0.05	-0.05	-0.05	-0.05	-0.05
Service worker	0.012	0.01	0.008	0.011	0.004	0.003
	-0.049	-0.049	-0.049	-0.049	-0.049	-0.049
Constant	-0.356***	-0.354***	-0.384***	-0.368***	-0.407***	-0.385***
	-0.112	-0.111	-0.11	-0.11	-0.111	-0.111
Observations	2362	2362	2362	2362	2362	2362
R-squared	0.235	0.235	0.236	0.236	0.24	0.237

Notes:

(1)Robust standard errors in parentheses; *** p<0.01, ** p<0.05, * p<0.1;

(2)CCP represents Chinese Communist Party.

VI. Conclusions

There have been many studies on the stratification effect of Chinese household registration system on rural-urban income gap and many papers devoted to the economic role of social capital in China. However, little empirical evidence exists for the interacting effects between hukou status and social capital in China.

This paper contributes to previous studies by examining the effects of hukou status on the returns on social capital and by enlarging the scope of research on this topic from city-wide to country-wide. Following previous studies, I construct social capital indices (SCI) to measure different aspects of social capital: family tie and friendship tie to measure the quality of social capital, and social contact to measure the size of social capital.

My results suggest that urban people with different hukou, either current or at birth, have relatively same access to social capital of nearly the same quality. Nonetheless, urban residents with different hukou do utilize social capital at different rates during job search. Rural migrant women tend to find jobs through referrals while other categories do not show similar tendency. This phenomenon might be attributed to the more tenuous job market for female rural migrants in cities. My results also confirm the theory of social capital by demonstrating that social capital has a positive impact on hourly wages regardless of hukou status. Social capital benefits people by providing them with more job-related information and closer connections with insiders.

I also find that the rate of return on social capital is higher for rural migrants than for people with urban hukou. Generally speaking, rural migrants have access only to limited jobs in few occupations, often not aware of employee rights, and tend to be victims of unfair labor standards. Therefore, they are more dependent on others to act on their behalf and in their interests (Agulera and Massey 2003). Given rural migrants' vulnerable position in urban labor market, they are more dependent on social capital to get and retain high-paid jobs, hence higher rate of returns for social capital.

My research also shows that only women have significant positive returns for being Chinese Communist Party members. Since women are more disadvantageous than men in job market, the economic benefits they gain from joining the party might be greater than men (Zhang and Hannum 2008). Another interesting finding is that marriage is insignificant for both men and women. This might be due to the Family Planning Policy and the presence of elderly family members in urban household to take care of their grandchildren (Xiu and Gunderson 2013).

VII. Limitations and Further Improvements

Firstly, due to limitation of the data I use, all the respondents are urban residents regardless of their hukou. It is possible that a selection bias will occur in this sample, in that only well connected or more capable rural people will be able to make a living in cities and thus willing to migrate to urban areas. Therefore, the impact of social capital and the utilization rate of social capital during job search might be slightly

biased upward for rural migrants. However, as long as there is no better data available to analyze social capital under the household registration system, I do what I can with this dataset.

Secondly, the design of social capital indices is limited to the availability of relevant questions in the Urban Individual Income, Consumption, and Employment Dataset. Therefore, my social capital indices might not be able to capture 100% of the intrinsic value of social capital.

Thirdly, social capital might be inter-correlated with party membership, years of education, and experience on job; higher incomes might in turn raise the social capital one can attain. Such correlation might give rise to endogeneity problem and the estimators can be biased. One option to solve this problem is to use instrumental variables. For future improvement of this paper, I will construct instruments that correlated with hourly wages but not with party membership, education level, or experience on job, and use IV to see how the results will change.

Last but not least, since this paper only concerns about the social capital during active job search, I drop subjects who are laid off or not working, who find jobs through assignment of government, inheritance, and starting one's own business, and whose occupation is owner of private firm, self-employed, and farmer. I assume that social capital is independent of the factors that lead to any of these events. However, this assumption might be too strong. Further research is needed if want to study the role of social capital in these processes (e.g. government job assignment).

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