

Human Capital of Family and Social Mobility in Rural Areas - Evidence from China

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Abstract

This research focuses on the impact of family's human capital on social mobility in China's rural community. Empirical research is conducted based on data from surveying a typical rural community in the past 20 yr. The study indicates that social mobility in rural area is active in the past 20 yr, and the human capital of family, represented by primary labor's education level, has played an essential role in mobility of low social class. Meanwhile, socio-economic development and the change of supply and demand in labor market dims the signaling role of degree education, but the impact of occupational training is increasingly remarkable. Therefore, the change from sole degree education to multi-leveled education including occupational education and training is a main way for China's rural families in low class to realize social mobility.

Key words: education level of family, social mobility, rural community

INTRODUCTION

Social mobility in rural area is one of the most important socio-economic phenomena in China at the current stage. Human capital has a remarkable effect on social stratification and social mobility (Room 2011). On the one hand, demand for skilled workers with higher levels of education is increasing with the rapid industrialization in China. Human capital represented by education level is becoming a more and more important occupation threshold and status feature. Moreover, education is also an important indicator of stratification. On the other hand, return to education investment in China also changes, due to changes of labor market. In a typical rural community in China, what changes have occurred to social classes? How about the roles of family's human capital level on social mobility? How to promote rational mobility of social classes in

China's rural areas? Answers to these questions have important theoretical and practical significances to the harmonious socio-economic development in China.

An abundance of studies have paid close attention to the positive meanings of education to social mobility and social stratification (Deininger and Squire 1998; Glewwe 2002; Kuha and Goldthorpe 2010). Manski (1992) and Johnson (2008) indicate that government's education policy as well as the function and structure of educational organization itself affect social mobility. Obtaining education achievement is affected by people's social class, but transformation and improvement of education help reduce this kind of effect (Lucas 2001). Experiences and facts since the 1980s demonstrate that education plays an increasingly important role in social stratification in China (Lu *et al.* 2002). Liu (2001), from the angle of occupation, analyzes the gradually intensified process of the effects of different types of education diploma and qualification on people flowing into middle and high ranking white collar oc-

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cupation class. Some relevant research has also paid close attention to the negative meanings of human capital (education) to social mobility. Andrews and Leigh (2009), by using transnational data, analyze the unequal relationship between social mobility and social welfare including income and education, and find that social and economic inequality restricts the normal mobility of social classes. Overall, there is close two-way interaction between social mobility and education (Dong *et al.* 2009).

The existing researches have defects in two aspects: First, there are very few empirical researches regarding the effect of human capital of family on rural social mobility. Fuwa (1999) applies multinomial logit model to investigate social mobility of rural families in Philippines, and finds that no matter in farming sector or non-farming sector, the education level of family (total years of schooling of family members including parents and children above 10 yr old) has a remarkable effect on upward mobility from unstable hiring labor families to small farm owners or families with stable non-farming occupations. Second, social mobility is a dynamic process, but the existing research on China's rural areas mostly focuses on static analysis. By using the data obtained from continuous point survey, this paper analyzes the effect of human capital level on mobility between different social classes, and investigates the following questions: (1) Compared with social capital and physical capital, what roles human capital of family plays in social mobility in rural community; (2) Whether a threshold effect exists in education investment and influence social mobility, just like Aghion and Howitt (1998) implies.

VARIABLES DESCRIPTION AND CHARACTERISTICS OF SOCIAL MOBILITY

Classification of social class in sample community

In an industrial society and post-industrial society, a person's occupation is highly correlated with his/her economic status (income level) and social status

(social prestige). Therefore, many sociologists use occupation classification or scoring of occupation prestige to classify class or stratum. According to the characteristics of the surveyed rural community, we take family as a unit in class classification. Taking the classification standards in Lu's research on contemporary China (Lu 2002) and Fuwa's research on rural Philippines (Fuwa 1999), we select the individual labor having the highest income in family as primary labor, and classify family's social class based on primary labor's occupation. Many families' children have left rural area through channels such as receiving higher education, which is a type of social mobility. Therefore, in this paper, we take a big family as a unit for class classification, including grown up children, as well as children already working in city. We divide the whole social class as follows:

(1) Agricultural labor class (1st). The primary labor in the family is basically engaged in farming, and his/her family's main income (80% and above) is also from farming. The per capita arable land in the sample area is very limited, which makes large scale farming impossible. Additionally traditional agriculture is the major farming model in the sample area. Therefore, the families belonging to this class are the poorest in the survey.

(2) Non-stable part-time farming class (2nd). The primary labor in the family is not only engaged in farming, but also spends a certain proportion of work time in other non-farming job and gains some income through doing non-farming business. He/she usually does labor work in a local or non-local company or public-sector organization, or is self-employed doing other small businesses. Such persons's 50% or more income is from non-farming work. The class reflects the trend that China's rural area is transforming from traditional agricultural society to modern industrial and commercial society.

(3) Stable non-farming occupation class (3rd). The primary labor in the family has a stable non-farming occupation with a decent income, and is almost not engaged in farming anymore. This kind of primary labor includes technician, manager in company or public-sector organization in some or most areas, and low ranking public servant. Our survey finds that the rank of officials at village level is not high and their access

to mobilize resources is limited, due to the elimination of agricultural taxes and the gradual regulation on rural land transfer in China. Therefore, village official is classified into stable non-farming occupation class.

(4) Business owner and social administrator class (4th). In “research report on social class in contemporary China” (Lu 2002), the state administrator and social administrator are classified in the top class. However, the reality of China’s rural area indicates that only the officials at township and above level can have some resources to mobilize. Meanwhile, along with the development of private economy, private business owners have abundant economic resources, as well as certain political resources in rural community. Therefore, in this paper, we classify the primary labor who is private business owner or official at township level or above in the top class in the sample rural community.

Variables description

The effect of own factors of an individual or a family is of great importance to social mobility and to obtaining social status. Bourdieu (1986) classifies these factors into three fundamental forms: cultural capital (human capital), economic capital (physical capital), and social capital. In this paper, we also adopt this classification to analyze the main factors affecting social mobility in rural community. The data used in this paper are from the field survey in December, 2011 conducted by research group of project “development of education, social stratification and compensation for the vulnerable groups” supported by the National Social Science Foundation of China. The survey objects are families residing in Xiejia Town of Yangzhou, Jiangsu Province. With an administrative area of 122.24 square kilometers and a population of 56 800 residents, Xiejia Town is a typical town in central Jiangsu Province of China. While keeping a small portion of traditional agriculture sector, industry sector is becoming a more important economic pillar to the town, with an industry output valued at 3.658 billion CNY, agriculture output valued at 0.508 billion CNY, and farmer’s per capita annual net income at 11 259 CNY, in 2010. There are 30 resident communities and villages under the town, from which we randomly

surveyed approximately 1 200 families. The relevant data in 2010 are completely from this survey, while the data in 2000 and 1990 are from census provided by the township government. The final sample consists of 932 families. The objectives of this paper are to investigate the social mobility in a typical rural community and evaluate the effect of education level of family on social mobility.

The statistics description of relevant indicators of the survey is given in Table 1. The human capital level of family is human resources that can be used by family, including the total year of education of the family and the education level of the primary labor who contributes main income to the family. The total year of education of the family refers to the years of education of all adult labors in the family, which is an indicator of the overall quality of the labors in the family. The education level of primary labor includes factors such as work experience, whether receiving high school or above education, and whether having occupational training, reflecting the situation of primary labor who plays a decisive role in class classification. The indicators of physical capital and social capital are also used in the research, in order to compare and analyze the relative roles of human capital. The data such as residents’ deposit, cash, and fixed assets are used in calculating physical capital. Social capital is the social relationship that can be used by family, which is expressed by the number of relatives and friends (classified in the 3rd and 4th classes) who keep close social intercourse with the family. Table 1 shows that, in dynamic comparison between different periods, the total years of education of family and education level of primary labor are enhanced drastically, and physical capital of family grows very fast but its distribution becomes more uneven (standard deviation in later period is very large).

Social mobility

The common method to measure social mobility is to establish social mobility matrix. Valentind (1993) applies simplified Markov model to permute social mobility matrix to measure status of social mobility.

In this paper, agricultural labor class and non-

Table 1 Characteristics of variables of rural community¹⁾

Variable	1990		2000		2010	
	Average value	Standard deviation	Average value	Standard deviation	Average value	Standard deviation
Family's human capital						
Family's total human capital (yr)	10.12	12.99	14.43	14.67	18.76	24.65
Primary labor's human capital						
Work experience (yr)	15.54	17.11	12.76	18.35	10.17	19.77
Receiving high school or above education (yes=1, no=0)	0.15	0.11	0.27	0.14	0.39	0.31
Receiving occupational training (yes=1, no=0)	0.20	0.11	0.35	0.25	0.56	0.34
Family's physical capital (10000 CNY)	1.26	1.11	10.42	33.21	23.69	58.97
Family's social capital (person)	5.15	3.12	10.98	7.54	8.78	10.11

¹⁾ Source: Data come from field survey. The same as below.

Table 2 Social mobility matrix of rural community

1990 \ 2000	Agricultural labor class	Non-stable part-time farming class	Stable non-farming occupation class	Business owner and social administrator class
Agricultural labor class	0.587	0.290	0.110	0.013
Non-stable part-time farming class	0.245	0.477	0.252	0.026
Stable non-farming class	0	0.262	0.699	0.039
Business owner and social administrator class	0	0.125	0.201	0.674

stable part-time farming class are low class, while stable non-farming occupation class and business owner and social administrator class are high class. Tables 2 and 3 show social mobility matrix of the sample community at two periods. Static comparison indicates that the non-stable part-time farming class is the most active class. During the first period (1990-2000), the percentage staying at the original class was only 47.7%, while over half of the families realize upward or downward mobility; during the second period (2000-2010), 47.5% of families stayed at the original class, while 27.8% of families mobilized downward, and 24.7% of families realized upward mobility. The percentage of pure agricultural labor class in rural area was not high, but through getting education for children and other channels. This class realized 40% upward mobility. Contrast to non-stable part-time farming class, stable non-farming occupation class was the most inactive class, as high as 69.9 and 72.9% of families staying at the original class, respectively, during two periods. This reflects the effect of occupation stability on social mobility.

Therefore, low class particularly the non-stable part-time farming class has extremely strong motivations for upward mobility. Meanwhile, due to its instability, this class easily mobilizes downward, showing very frequent social mobility in low class.

Table 3 Social mobility matrix of rural community

2000 \ 2010	Agricultural labor class	Non-stable part-time farming class	Stable non-farming occupation class	Business owner and social administrator class
Agricultural labor class	0.635	0.256	0.101	0.008
Non-stable part-time farming class	0.278	0.475	0.229	0.018
Stable non-farming occupation class	0	0.110	0.729	0.161
Business owner and social administrator class	0	0.188	0.177	0.635

Table 4 shows a summary of social mobility. From a dynamic angle, occupation differentiation is increasingly remarkable, and the characteristics of class solidification in rural area appear. For low class, the extent of upward mobility during the second period is obviously lower than that in the first one. During the first period, 41.3% of agricultural labor class and 27.8% of non-stable part-time farming class realized upward mobility. However, during the second stage, only 36.5% of agricultural labor class and 24.7% of non-stable part-time farming class realized upward mobility. Meanwhile, during two these periods, stable non-farming occupation class as well as business owner and social administrator class basically maintained stable, with a low downward percentage,

and generally speaking, high class seldom mobilized to the lowest class. Among surveyed samples, almost no families from stable non-farming occupation class and business owner and social administrator class mobilized to agricultural labor class, and even the percentage of stable non-farming occupation class mobilizing downward was lowered. This illustrates that along with development of market economy and due to increasingly remarkable

phenomenon of social and economic differences caused by occupation differentiation, occupations with high degree of specialization often gain higher economic income and social prestige. Mastering economic and political capital, business owners and social administrators also gain higher income and more social resources, while income and social status of manual labors at lower class are lowered relatively.

Table 4 Summary of social mobility

Stage	Agricultural labor class		Non-stable part-time farming class		Stable non-farming class		Business owner and social administrator class	
	Upward	Downward	Upward	Downward	Upward	Downward	Upward	Downward
1990-2000	0.413	0	0.278	0.245	0.039	0.262	0	0.326
2000-2010	0.365	0	0.247	0.278	0.161	0.110	0	0.375

ANALYSIS ON FACTORS AFFECTING SOCIAL MOBILITY IN RURAL COMMUNITY

Construction of model

Assume that objective function of a typical family in a rural community is:

$$\max \sum_{t=1}^T \delta^t U(C_t, L_t) \equiv V(t, H_t, L_t) \quad U_c > 0, U_{L_t} < 0$$

Where C_t is total goods consumed by family at time t ; L_t is leisure; and δ^t is discount rate of utility. Family's main resources are human capital and physical capital, and family's income depends on family business (farming or non-farming) and wage income from non-family business. Since we investigate social mobility for two periods during 1990-2010, assuming that, at any time t , family maximizes utility the same as it in the next 10 yr through investment on human capital and asset accumulation. Given that initial human capital is H_t and leisure is L_t , indirect utility function is composed of independent observable part and unobservable part, and its form can be transformed to:

$$v_t^i = V(t^i, H_t^i, Z_t^i, L_t^i) + \varepsilon_t^i$$

Where ε_t^i is an unobservable part, for example, capability of family's labor resources, preference for leisure and consumption. If mobility from j class at time t to k class at time T happened as the result of family's optimization selection, then give 1 when family i at time T belongs to class k , otherwise give 0. Assuming that ε_{jkt} is independent normal distribution, probit of mobility can be expressed by multi-logit model:

$$P_{jkt}^i = \frac{\exp(X_t^{i'} \beta_{jk} + \varepsilon_{jkt}^i)}{\sum_{l=1}^M \exp(X_t^{i'} \beta_{jl} + \varepsilon_{jl}^i)}$$

Under the strictly independent assumption, equation of maximum likelihood estimation is¹:

$$\log\left(\frac{P_{jk}}{P_{ij}}\right) = X_t' \beta_{jk}, k \neq j, \text{ and } \beta_{ij} = 0$$

Empirical analysis

We conduct maximum likelihood estimation of the above-mentioned panel logit model. Hausman test is needed to choose between random effect model or fixed effect model. We apply stepwise screening method to eliminate variables with insignificant coefficients, and estimate the random effect and fixed effect

¹ Apply detailed deduction process described by Fuwa (1999).

respectively (see Tables 5 and 6 for test results). The test results show that the null hypothesis is rejected at 5% level (original assumption H0: random effect model; H1: fixed effect model), and the fixed effect model is selected. Detailed estimation results are shown in Tables 5 and 6, and Z test results are shown inside the brackets. As seen from likelihood ratio test and logarithmic likelihood value, the whole model is statistically adequate.

Mobility of low class and human capital level of family in sample community The human capital of family has remarkable effect on social mobility of agricultural labor class. In sample community, pure agricultural labor class is at the lowest social level. As shown in Table 5, for agricultural labor, total years of education of family and factors concerning education of primary labor have positive and remarkable effects on realizing upward social mobility, and receiving high school education and occupational education or training are beneficial to realizing mobility toward non-stable part-time farming class and stable non-farming occupation class. However, for mobility toward the 4th class, education level of family does not show significant effect, while social capital and

physical capital have positive and significant effect. This also illustrates that for the low class, it is very difficult to realize such mobility, and the key of mobility is factors beyond human capital.

Non-stable part-time farming class has the largest percentage and the most active mobility in sample community. This kind of families mostly are migrant workers working in local city or non-local region and have “two-way mobility” between urban and rural area like migrant birds (Wei 2011). The estimation results show that family’s total year of education does not have significant effect on downward mobility, and that primary labor’s work experience, whether receiving high school education, and whether receiving occupational training are critical to prevent downward mobility. Meanwhile, the education level of family has a significant and positive effect on realizing mobility to stable non-farming occupation class. Moreover, enhancing family’s total year of education or enhancing primary labor’s education level are beneficial to pushing mobility from the 2nd class to the 3rd class. Therefore, for low class, the strategy to enhancing family’s human capital including education and training. This is very important to realize the

Table 5 Logit estimation-mobility of low class

Dependent variable	Fixed effect	Family’s total year of education	Primary labor’s educational status			Control variable	
			Work experience	Receiving high school education (yes/no)	Receiving occupational training	Physical capital	Social capital
Original class is agricultural labor class							
Mobilize to 2nd class	-3.742 (-1.98)	0.269* (-1.84)	0.247** (-2.75)	0.198* (-1.99)	0.298** (-3.23)	-	-
Mobilize to 3rd class	-6.743 (-2.46)	0.414** (-2.77)	0.279** (-2.72)	0.558** (-4.14)	0.298** (-2.37)	-	0.279* (2.01)
Mobilize to 4th class	-3.353 (-2.75)	-	0.451** (-2.81)	-	-	0.505** (3.77)	0.681* (2.08)
Likelihood ratio test				85.18			
Hausman test				chi2(4)=6.92 Prob>chi2=0.0000			
				chi2(5)=8.77 Prob>chi2=0.0000			
				chi2(3)=7.54 Prob>chi2=0.0000			
Logarithmic likelihood value				-654.65			
Original class is non-stable part-time farming class							
Mobilize to 1st class	2.654 (-1.32)	-	-0.104* (-1.93)	-0.311* (-1.85)	-0.365** (-3.35)	-	-
Mobilize to 3rd class	-3.432 (-1.65)	0.432** (-3.77)	0.575** (-3.74)	0.479** (-3.07)	0.417** (-3.19)	-	0.323* (1.96)
Mobilize to 4th class	2.418 (-1.22)	-	0.179* (-1.8)	0.108* (-2.23)	-	0.598** (3.54)	0.406* (2.13)
Likelihood ratio test				99.15			
Hausman test				chi2(3)=5.75 Prob>chi2=0.0000			
				chi2(5)=9.12 Prob>chi2=0.0000			
				chi2(4)=7.33 Prob>chi2=0.0000			
Logarithmic likelihood value				-765.65			

**, significant at 5% level; *, significant at 10% level, data in brackets are Z test values. The same as below.

mobility from the lower classes to stable non-farming occupation class.

Mobility of high class and human capital level of family in sample community Stable non-farming occupation class' family income and social relation actually have broken away from farming. In survey, some family members of sample families even have departed from rural community through migration. Stable non-farming occupation class usually possesses occupational knowledge or skills, and continuous refining of labor specialization. This brings them a systematic occupation differentiation system based on technical grade or degree of specification. Since the occupations with high degree of specification often generate higher income and social prestige, stable non-farming occupation class is the most stable class of all classes. Of all sample families, almost no families mobilize to the 1st class. As to the factors affecting mobility to the 2nd class, the reason for downward mobility is that the primary labor lacks work experience and occupational education. Income and social status of such labors with lower level of skills are relatively lower. Accumulation of social capital and physical capital has positive effect on upward mobility of stable non-farming occupation class, but due to a low mobility rate of stable non-farming occupation class, this mobility depends

on family's wish to mobilize and other integrated factors. For business owner and social administrator class, the mobility to stable non-farming occupation class depends on education level, and the factors of education level of family has positive and significant effect, while downward mobility mainly depends on family's physical capital and social capital.

THRESHOLD EFFECT OF MOBILITY OF LOW CLASS

To a stable society, an olivary structure is the most optimal. As to a rural society, to foster a stable non-farming occupation class and make low class realize upward mobility is the key in this regard. The above-mentioned analyses describe the situation and determinants of social mobility in rural community. However, the logit estimation only gives the direction that how various factors including family's education level affect mobility, without mentioning the quantitative relationship. It is necessary to discuss the marginal effects of various factors on social mobility, and to find out which factors play critical threshold roles in social mobility in rural community. The marginal effect is obtained at the average value. Table 7 gives the marginal effects of various factors of low

Table 6 Logit estimation-mobility of high class¹⁾

Dependent variable	Fixed effect	Family's total year of education	Primary labor's educational status			Control variable	
			Work experience	Receiving high school education (yes/no)	Receiving occupational training	Physical capital	Social capital
Original class is stable non-farming occupation class							
Mobilize to 2nd class	-1.844 (-1.02)	-	-0.133* (1.88)	-	-0.244* (1.92)	-	-
Mobilize to 4th class	4.265 (2.36)	0.283** (2.33)	0.349** (3.21)	0.178* (1.89)	-	0.501** (3.66)	0.343** (3.01)
Likelihood ratio test				103.87			
Hausman test				chi2(2)=4.11 Prob> chi2=0.0000			
				chi2(5)=8.34 Prob> chi2=0.0000			
Logarithmic likelihood value				-556.19			
Original class is business owner and social administrator class							
Mobilize to 2nd class	-4.012 (-4.322)	-	-	-	-	-0.261* (2.44)	-0.123* (1.98)
Mobilize to 3rd class	-4.923 (3.76)	0.222** (2.15)	0.345** (2.77)	0.301* (1.97)	0.202* (2.07)	-	-
Likelihood ratio test				84.44			
Hausman test				chi2(2)=4.26 Prob> chi2=0.0000			
				chi2(4)=7.99 Prob> chi2=0.0000			
Logarithmic likelihood value				455.04			

¹⁾ Due to no suitable sample exists, so dependent variable of mobility to the lowest class is deleted here.

class.

For agricultural labor class and non-stable part-time farming class, the key factor of mobilizing to the 3rd class is whether they have received high school or higher education. The marginal effect of this factor reaches 0.334 and 0.342, respectively, for the two classes, higher than other factors. It becomes the largest obstacle of mobilizing to the 3rd class that the primary labor does not receive high school or higher education. Consistent with relevant results obtained by other scholars (Peng and Ruan 2008), under the reality of rural-urban segmentation, education plays an important role in changing “identity” of family itself and even the next generation. The reason why education can play such a role can be explained by signal screening theory. The capability of a person is inversely proportional to the cost spent to obtain signal, therefore, an employer can find out the capability of a job seeker through index and signal, particularly, the signal of education². Under conditions that the other factors are the same, a person with higher capability can obtain higher education level by spending lower cost. Therefore, education level is an effective signal to reflecting capability of a person and is a device for employer to judge capability of job seekers. Generally speaking, stable non-farming occupation class has higher capability requirements, and education degree often becomes threshold for selection, due to the existence of asymmetric information.

Different from other relevant research, which only takes degree education as main factor in social mobility, the findings in this research imply that whether receiving occupational training is a more

important factor to agricultural labor class mobilizing to non-stable part-time farming class (marginal effect 0.396). Whether receiving occupational training or not also plays a critical threshold role (marginal effect 0.351) in upward mobility of non-stable part-time farming class. Mobility from low class to stable non-farming occupation class is just a transformation process of China’s urban-rural dualistic economic structure. Along with development of industry, employment structure of agricultural labor is also changing. Labors engaged in farming decrease gradually while labors with non-farming employment increase gradually, and non-farming sectors have increased demand for human capital of labors. Theory of human capital emphasizes that education and training can enhance people’s cognitive ability, and then enhance labor’s productivity and marginal output. Labors with higher human capital can better obtain employment opportunities, thus realize mobility. Compared with degree education, occupational training has a more remarkable accumulative effect on human capital. Therefore, occupational training becomes the largest threshold to agricultural labor class mobilizing to non-stable part-time farming class. Along with the development of multi-leveled education system in China, the development of occupational education and on-the-job training that target rural residents is very essential to promote mobility.

In the past 20 yr, the average year of education in China’s rural area has been increased from 6.142 to 8.401 yr, and occupational education also has been developed from scratch. The tremendous development of Chinese economy and education provides oppor-

Table 7 Marginal effect of social mobility¹⁾

Factor	Agricultural labor class			Non-stable part-time farming class		
	Mobilize to 2nd class	Mobilize to 3rd class	Mobilize to 4th class	Mobilize to 1st class	Mobilize to 3rd class	Mobilize to 4th class
Family’s year of education	0.116	0.191	-	-	0.109	-
Primary labor’s human capital						
Work experience	0.207	0.102	0.278	-0.154	0.145	0.117
Education of high school and above level	0.256	0.334	-	-0.275	0.342	0.112
Occupational training	0.396	0.359	-	-0.241	0.351	-
Physical capital	-	-	0.233	-	-	0.365
Social capital	-	0.112	0.398	-	0.104	0.378

¹⁾ Since some variables’ coefficient of model estimation does not pass significant test, their marginal effects are not calculated, expressed as -. Source: Calculation by author.

²⁾ Screening theory believes that an employer does not comprehend the production capability of a job seeker, but he can comprehend the observable and touchable personal attributes and characteristics of a job seeker.

tunities for low class to upward mobility, making one fourth of non-stable part-time farming class realize transformation to stable non-farming occupation class. The threshold effect not only promotes upward mobility of class, but also prevents downward mobility of class, and empirical researches also have proven such conclusion. As shown in Table 7, the marginal effect of education of high school or above level and occupational training on non-stable part-time farming class sliding to the 1st class is -0.275 and -0.241, respectively, which means when facing the same external impact, higher level of education and occupational training increase the likelihood of the non-stable part time farming class to keep the original occupation or to get employment quicker, thus staying at the original social class. Development of education promotes upward mobility of non-stable part-time farming class. Meanwhile, its negative effect can also effectively prevent downward mobility.

It is worthy to note that the signaling role of degree is decreasing in sample community, as the dynamic comparison shown in Fig. Comparing the data of receiving education of high school and above level in 2010 with the data in 2000, the gap between families realizing upward mobility and families not realizing upward mobility becomes smaller, and this relates to supply and demand structure of labor market. Of new graduates from universities in China in 2010, 570 000 of them are at the status of unemployment (MyCOS Institute 2011). There is a big imbalance between supply of and demand for stable occupations especially

those employments in public-sectors. Labors with higher degree face great employment pressure, and it is more difficult for low class to realize mobility to the 3rd class through degree education. Meanwhile, the gap between the percentages of receiving occupational training enlarges more remarkably, and occupational skills do increase the gap. Especially, skills are more emphasized for agricultural labor class mobilizing to non-stable part-time farming class. Therefore, it is relatively easier to realize internal mobility within low class by getting occupational skills, and this is one of the main factors resulting in class solidification. Since higher class has certain requirements for degree and skills, the key to mobility of family is not only to increase the education years of family as a whole, but also the education status of the family's primary labor, whose marginal effect of mobility is the greatest. Therefore, for families at the low class, providing children or family members with the great potential to get better education or technical training is one of the major channels to realize mobility. On the contrary, just due to insufficient investment in education in the past and existence of threshold effect, it is possible to fall into a low development trap described by Azariads and Drazen (1990), making families with low human capital difficult to realize mobility.

The development of education can play functions of social mobility, make up social splits, and promote social equity. In any non-Utopia real society, the inequity among different social groups exists inevitably, and the most possible channel to break such

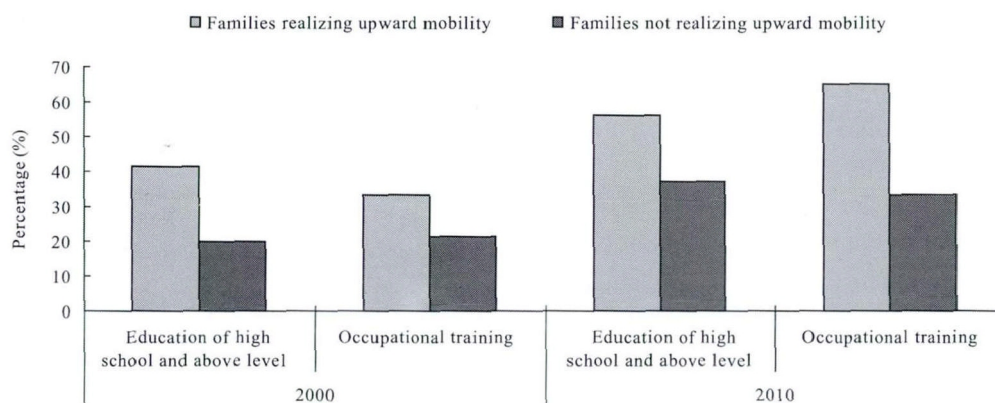


Fig. Dynamic comparison of threshold factors. Source: survey.

inequity is to provide opportunities for children from all classes equally in the society to receive education or training. Meanwhile, in economics, investment to human capital has spillover effect, which means that the increase of every unit of human capital can not only make output increase, but also enhance the society's average level of human capital. The society's average level of human capital decides the society's average operation efficiency, while enhancement of overall efficiency benefits every enterprise and all individuals and the accumulation method of human capital has certain externality (Lucas 2001). Enhancement of education level of family pushes upward social mobility (Gerhard and Ravikumar 1992). Meanwhile, it is also a process of enhancing social efficiency and social welfare. Therefore, to break the trap of class solidification through education and training has important realistic meanings in promoting rational social mobility.

CONCLUSION

China is a country with an extremely unbalanced socio-economic development, with substantial differences among rural communities in different areas. However, for the rural community in central Jiangsu Province in this study, which is in the process of industrialization, it has representative meaning. The following conclusions can be made based on the research described in this paper:

(1) In the surveyed sample area, social mobility in rural area is very active. Due to the signaling role of education and output effect of human capital, human capital of family has important effect on social mobility, and whether receiving high school education or occupational training has threshold effect on social mobility in rural communities.

(2) The percentage of pure agricultural labor class is not high in rural area, but it realizes mobility at certain degree through channels including providing education and skill training for children. The non-stable part-time farming class is the most active class, which has a very strong motivation for upward mobility and a very high possibility for downward mobility.

(3) The dynamic research indicates that, in the process of urbanization and industrialization, due to

the change in the supply and demand in labor markets, the signaling role of education starts to decrease, making it more difficult for low class to realize upward mobility through degree education, and the class solidification in rural area begins to appear. However, in the meantime, the role of occupational skill training is strengthened instead. The transformation from sole degree education to multi-leveled education including occupational education and training is of great importance in China in promoting the active social mobility in rural areas.

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