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**To cite this article:** Ka Ho Mok & Alfred M. Wu (2016) Higher education, changing labour market and social mobility in the era of massification in China, *Journal of Education and Work*, 29:1, 77-97, DOI: [10.1080/13639080.2015.1049028](https://doi.org/10.1080/13639080.2015.1049028)

**To link to this article:** <http://dx.doi.org/10.1080/13639080.2015.1049028>



Published online: 02 Jul 2015.



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## Higher education, changing labour market and social mobility in the era of massification in China

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*(Received 1 December 2014; final version received 1 March 2015)*

This article attempts to investigate the relationship between the massification of higher education, labour market and social mobility in contemporary China. Though only a short period of time has elapsed from elite to mass education, China's higher education has been characterised as a wide, pervasive massification process. Similar to other East Asian countries/economies like South Korea, Taiwan and Hong Kong, the expansion of higher education in China has also generated a great impact on labour markets and social mobility. The massification of higher education has increased college access and in general enhanced the extent of equity and equality in society. Nonetheless, the situation has become far more complex as returns of education have flattened out recently and social mobility has slowed down in general. University students have started to doubt the ability of higher education to improve their competitiveness in the job market. This, in turn, has led to a wide dissatisfaction with higher education development in China, particularly when higher education has experienced highly intensified competition in the context of world-class university movement. Realising that students from different family backgrounds may encounter diverse experiences in graduate employment and opportunity for upward social mobility, this article critically reflects upon how variations in social capital and cultural capital have impacted on graduate employment and social mobility as higher education has massively expanded in China.

**Keywords:** expansion of higher education; massification; labour market; social mobility; social capital; cultural capital; China

### Introduction

Globalisation and the evolution of knowledge-based economies have led to dramatic changes in the characteristics and functions of education in most countries throughout the world (Currie and Newson 1998; Burbules and Torres 2000; Crossley 2000; Welch 2000, 2001; Mok and Chan 2002; Mok

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2003, 2007; Mok and Welch 2003). The growing impact of globalisation has indeed drawn many countries to believe that higher education matters if they want to achieve global competitiveness. With a strong conviction to enhance global competitiveness, many governments across different parts of the globe have made colossal attempts to expand higher education to nurture professionals with high levels of innovation and creativity. In addition to the response to the changing labour market needs generated by the increasingly globalising economy, a government's decision to expand higher education is far from random, but may be prompted by an increase in demand for skilled labourers domestically (Lui and Suen 2005). It is therefore not surprising to see the former Chinese Vice-Premier Lanqing Li explicitly state that one of the reasons accounting for the state's promotion of higher education expansion in 1999 was to meet the increasing demand for college-educated workers in order to sustain the country's further economic growth (Li 2005, 113–114).

Paradoxically, an expanded university system may create negative impacts such as crowding-out and deteriorating quality effects on the labour market, which in turn intensify educational inequality (Juhn, Kim, and Vella 2005; Bai 2006; Wu 2011). Against the context outlined above, this article set out to critically examine how the massification of higher education in China has affected graduate employment and social mobility opportunities. Based upon the questionnaire survey examining how university students in Guangzhou, China evaluate their job prospects and perception of social mobility, this article critically examines how the massification of higher education has affected graduate employment and social mobility in China, with particular reference to reflect upon how far the conventional human capital theory can account for the role of education in promoting social mobility and educational equality.

### **Higher education: promoting social mobility or intensifying inequality?**

Labour economists have a long-standing interest in the evolution of the supply and demand of human capital in shaping the distribution of earnings in the labour market (e.g. Katz and Murphy 1992). The wage advantage of college graduates over high school graduates can mostly be explained by the variations in the supply of and demand for college graduates (Goldin and Katz 2008). Since the 1950s, different kinds of research projects examining returns to investment in education based on human capital theory have proved that the level of education received is positively correlated with earnings (Schultz 1961; Becker 1962, 1993; Becker and Chiswick 1966; Psacharopoulos 1973, 1985, 1994; Mincer 1974; Psacharopoulos and Patrinos 2004). Youth completing four-year or three/two-year college courses can in principle enjoy more advantage in the labour market and thereafter a higher real income in their

later life (Schultz 1961; Becker 1962, 1993; Becker and Chiswick 1966; Psacharopoulos 1973, 1985, 1994; Mincer 1974; Psacharopoulos and Patrinos 2004). According to Psacharopoulos and Patrinos (2004), based on six new observations and updated estimates for 23 countries since Psacharopoulos' review (1994), the private returns to higher education are increasing. In particular, those who hold top-tier four-year university degrees can enjoy more chances of upward occupational and social mobility. In this case, the most important determinant of social mobility is an education-related factor.

Nonetheless, recent research has offered alternative views, with empirical evidence showing the common sense notions of social justice, which typically assume a distributive framework, that not only ignores but more importantly hides and disguises critical institutional analyses of domination and oppression (Coleman et al. 1966; Wen 2005). Disapproving the dominant distributive paradigm that social justice is the morally proper distribution of social benefits and burdens amongst society members as argued, other scholars believe that the most important determinant of income and social mobility is not only education-related factors. By contrast, it is family background that matters in educational opportunity, competitiveness in the labour market, occupational and social mobility and so forth (Brown, Lauder, and Ashton 2011; Dale 2015). In the 1960s, a large-scale questionnaire survey of 4000 public schools and more than 645,000 pupils in total found that family background has the highest impact on educational achievement, and parents' education has the highest relation for nearly all groups, while the characteristics of schools and teachers have a low relation. Family background has the highest relation to educational achievement, and parents' education has the highest relation for nearly all groups in their later life, while the characteristics of school and teachers have a low relation (Coleman et al. 1966). Similarly, in the early twenty-first century, on the basis of a large-scale questionnaire survey on graduate employment in China's expanding higher education setting conducted in 2003, a Research Team of Expansion of Higher Education and Graduate Employment in Peking University (Wen 2005) found that family background significantly affects graduates' employment in the labour market; 'the better the family background, the more opportunities to find a job, to pursue further study, and the higher the starting salary'. As such, conventional wisdom believing that education is generally viewed as amongst the most important determinants of labour market success is being challenged. It is particularly challenging when graduating from university may not lead to promising career prospects and eventually upward social mobility.

Reflecting on schooling and inequalities in the young (1990)s, Carnoy and Levin (1985) argued that "American education is marked by great inequalities, schools do more than other institutions in the way of providing equal opportunities for participation and rewards ... In short, schooling

tends to be distributed more equally than capital, income and employment status” (1–4). However, the growing inequality in education globally has indeed challenged Carnoy and Levin’s argument outlined above. As Dale (2015) suggested, “most approaches to social justice in and through higher education are based on common sense notions of social justice which typically assume a *distributive* framework, that not only ignores but more importantly hides and disguises critical institutional analysis of domination and oppression” (2).

This dominant distributive paradigm ‘defines social justice as the *morally proper* distribution of social benefits and burdens among society’s members’ but Dale argued that this approach is rendered inappropriate when education has failed to serve such a distributive function, especially when social justice is generated and maintained through particular forms of *social relations*, in particular as they are experienced in the *valorisation* of higher education knowledge (Dale 2015, 2).

More importantly, things have changed with the ever-intensifying globalisation and obtaining a higher education degree is not assured to lead to employment, higher earnings, and most importantly, upward social mobility. The promotion of social mobility through university credentials is becoming challengeable in both developed and emerging economies. Haveman and Smeeding’s (2006) research has shown an enlarging income-related gap both in regard to access to and success in higher education in America. In the top-tier colleges and universities, almost three-quarters of the entering class are from the highest socio-economic quartile. The pool of qualified youth is far greater than the number admitted and enrolled. It was found that though being a late developer in higher education, China shares a similar phenomenon. The Research Team of Peking University (Wen 2005) has found that students with a better family background account for a large proportion of enrolments in China’s top-tier universities. By and large, higher education might bring better job opportunities and higher earnings at least based on the human capital theory. But compared to family background, higher education plays a less important part in enhancing upward social mobility for youth in the ever-intensifying globalisation and expanding higher education settings. In short, the previous empirical studies have acknowledged the value of investment in education. Meanwhile, scholars have also confirmed that education, even higher education, is not the single most substantial factor in the labour market and upward social mobility for college students (Gao 2011; Crozier, Reay, and James 2011). As such, the role of higher education for youth in social mobility particularly deserves systematic and comparative research. In the following part, we will closely examine the expansion of higher education and its impact on the youth in China with particular reference to graduate employment and social mobility.

## Massification of higher education in China and its impacts on graduate employment

Similar to the experience of the higher education system moving from elite to massification, and even to post-massification in Western countries, the Asia–Pacific region has witnessed an unprecedented growth in higher education over the past decades, in particular from the 1980s onward (Hawkins, Mok, and Neubauer 2014). Figure 1 shows a steady expansion of higher education from 1999 to 2012 in the Asia–Pacific region. Believing that increasing higher education enrolment would improve the quality of the population and enhance the national competitiveness in the globalising world, South Korea, Japan, Taiwan, and even Hong Kong and Mainland China have recorded a dramatic expansion in higher education, with increasingly privatised and marketised strategies to create education opportunities to meet the pressing demand for higher education (see Figure 2).

Only 4% of the 18 to 22-year-old cohort or about 3 million (three- and four-year degree) students attended postsecondary institutions in 1996. With its rapid expansion of higher education launched in 1999 in China, the share rose to 24% of the age cohort, or about 27 million students by 2009 (Carnoy et al. 2013, 48). Here, there is a need to address that, besides four-year public and private higher education institutions, postsecondary institutions consist of two- or three-year vocational higher education institutions. With a strong conviction to transform from an elite system to a massified one, the Chinese government has expanded its higher education system by establishing a

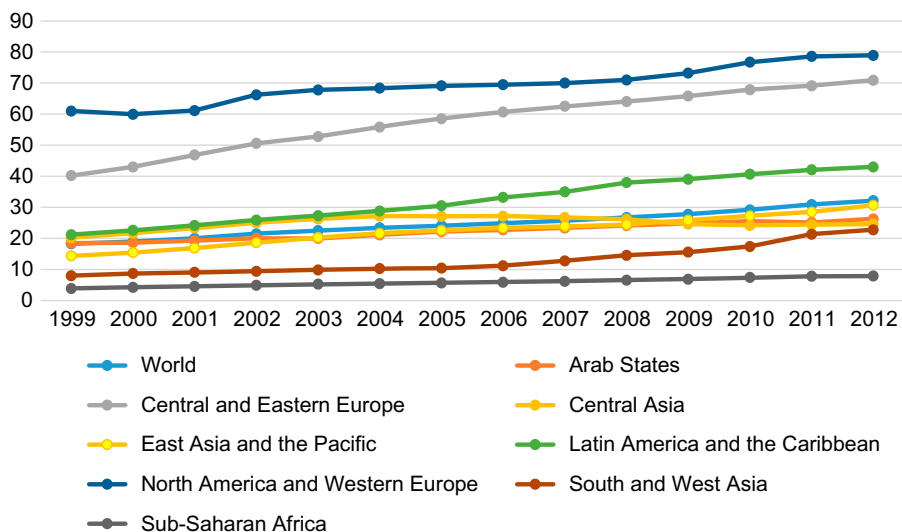


Figure 1. Expansion of higher education in regions, 1999–2012.  
Source: UNESCO database, <http://data.uis.unesco.org>.

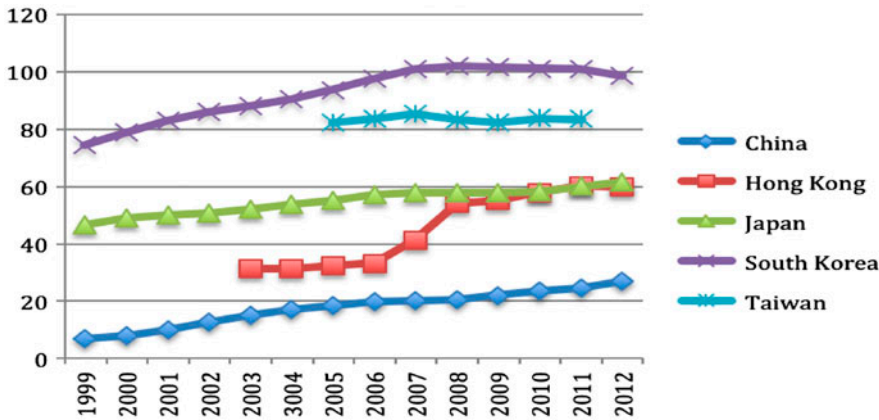


Figure 2. Expansion of higher education in selected Asian countries/areas, 1999–2012.

Source: UNESCO database, <http://data.uis.unesco.org>; [http://www.studyintaiwan.org/living\\_statics.html](http://www.studyintaiwan.org/living_statics.html).

number of private higher education institutions (or called *minban* colleges), most run on market-based principles (Hayhoe et al. 2011). As a result, *minban* colleges have burgeoned rapidly since 2007 though there has been a steady increase since the 1980s. The number of students in *minban* colleges has seen a rapid increase. Figure 3 compares the tertiary education enrolment rate of China and the world, clearly showing a significant increase in higher education enrolment.

All the statistics presented above clearly indicate that higher education has been massified not only in China but even universalised in some parts of Asia. International comparative research provides strong empirical evidence suggesting that the massification of higher education has resulted in graduate unemployment and underemployment in East Asia. In South Korea, there are 3 million economically inactive graduates, while some 38% of Japanese graduates were unemployed 8 months after graduation in 2009, and the graduate employment has not yet improved. Similarly, one in three young graduates is unemployed in India, while in China, although accurate data are hard to come by, it appears that in 2013 alone, only 38% of graduates were issued contracts with contracts being an indicator of quality jobs (Lauder 2014). Table 1 provides further details about unfavourable graduate employment figures in Mainland China, Taiwan and Korea, with Hong Kong and Singapore perhaps being the exception in graduate employment. But if we take a broader perspective in analysing youth unemployment in these Asian countries/economies, we find that youth unemployment has become a serious social concern.



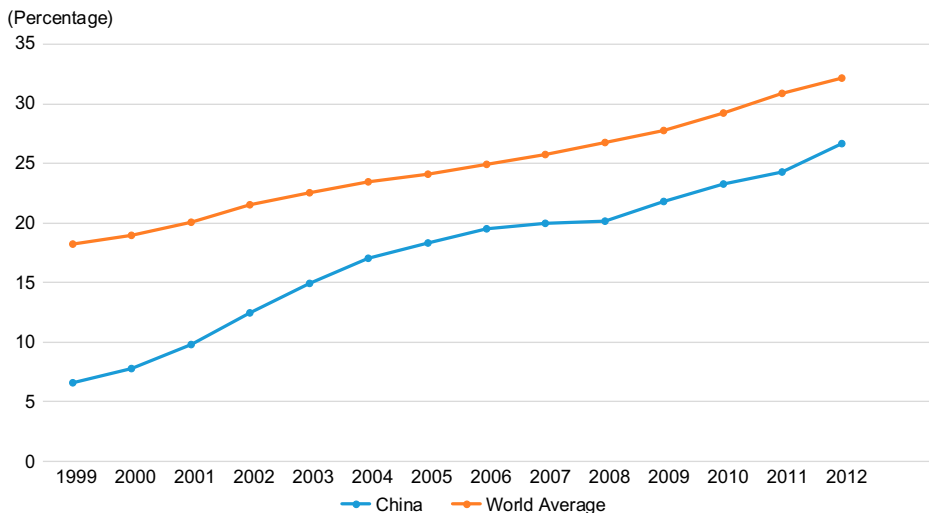


Figure 3. Comparison of higher education enrolment rates between China and the world.  
 Source: UNESCO database, <http://data.uis.unesco.org>.

Table 1. Youth unemployment in East Asia (selected countries).

Country/area	Unemployment rate
China (mainland) <sup>a</sup>	Undergraduate 17.6% (two months after graduation)
Hong Kong <sup>b</sup>	Undergraduates from rural areas 30.5%
	Youth unemployment rate (15–24) 9.1%
	Associate degree 5.8%
	Undergraduate 3.8%
Taiwan <sup>c</sup>	Master or above 4.2%
	Junior high school 3.53%
	Senior high school 4.11%
	Junior college 3.11%
	Undergraduate 5.81%
	Postgraduates 3.29%
Singapore <sup>d</sup>	Degree holders 2.8%
	Graduates with diploma and professional qualifications 2.7%
	Students below-secondary 2.4%
South Korea <sup>e</sup>	Youth unemployment rate (under 30s) 8.3%

<sup>a</sup>Mycos (2013).  
<sup>b</sup><http://news.takungpao.com.hk/hkol/education/2013-06/1687142.html>.  
<sup>c</sup><http://www.edu.tw/pages/detail.aspx?Node=4076&Page=20,047&Index=5&WID=31d75a44-efff-4c44-a075-15a9eb7aecdf>, accessed on January 29, 2015.  
<sup>d</sup><http://www.straitstimes.com/news/opinion/more-opinion-stories/story/growing-concerns-over-graduate-employment-20140905>.  
<sup>e</sup>Park (2013, 17).



## Massification of higher education: impacts on the labour market and social mobility

### *Youth survey on graduate employment and social mobility in Guangzhou*

In order to understand how massification has affected the labour market and social mobility in the greater China region, the authors conducted a study examining how university students in Guangzhou, China, assess their job opportunities and perceive upward social mobility after graduation. Purposive sampling was employed to determine the targeted participants, that is, the college students/young adults in this survey. To be more specific, in Mainland China, we adopted the combined methods of stratified sampling and cluster sampling, with the aim to gain more representative and unbiased responses from students. To gain a thorough understanding of these issues in China, having witnessed unprecedented growth in higher education, the findings generated from a questionnaire survey on college students regarding their expectation of social mobility after graduation are discussed in detail to illustrate the statement of this article.

In order to understand how college students in Guangzhou perceive social stratification and social mobility during the period when China embarked on a series of substantial educational and income distribution reforms, the authors conducted a study of how college students in six different colleges/universities in Guangzhou perceive social opportunities, in particular the factors affecting social mobility, the impact of their parents' social status, how they prepare for social mobility after their graduation, how they evaluate government policies, etc. One thousand two hundred college students in the selected institutions were asked to respond to a survey. We received 962 questionnaires. In order to have balanced representatives within Guangzhou, we used stratified sampling and cluster sampling at two different stages, respectively. First, stratified sampling was employed to select six universities/colleges in Guangzhou City. After this procedure, cluster sampling was administered in order to distribute the questionnaire to college students at the selected universities/colleges.

Family background was found to play a substantial role in college students' employment and further development. As revealed by the questionnaire survey, 79.4% of the respondents considered that family background and resources had a great impact on employment of college students. Similarly, 76.5% of the respondents agreed that family background and social resources impact their future development. Amongst the respondents, 25.1% thought that family background and social resources played a very important part, 51.4% regarded them a relatively important part, 17.4% deemed them an averagely important part, with 4.5% viewing them of little importance, and only 1.6% saw them as hardly important. When asked their views about whether there were fewer channels for them to achieve upward

mobility, 13.6% of the respondents strongly agreed, 40.5% agreed, 32% were neutral, 12.5% disagreed, and 1.7% strongly disagreed.

Interestingly, most respondents were eager to be upper class. As indicated by the questionnaire, a significant proportion of the respondents were more inclined to be administrators of the state or society, managers, professionals or technicians. Only a small proportion of the respondents chose to be workers, peasants and other kinds of occupation of low social status. As suggested by the questionnaire, 53% of the respondents felt that the current student intake mechanisms of primary and lower secondary education were unfair. They thought that children of rich parents and with social resources could have more access to education provided by high-ranking schools or even the highest ranking schools. 31% of the respondents thought that it was fair for children to access primary and lower secondary education according to their residing district and academic achievements, with 16% saying that they had no idea about this.

When asked about government support for students of poor parents, it was found that 71.5% of the respondents considered that the Chinese government did not provide sufficient support for students of poor parents, and only 12.5% of the respondents thought that the Chinese government had provided sufficient resources to support students from poor families in educational attainment and competitiveness. When asked about whether they were provided enough opportunities to develop their future, 49% of the respondents thought that it was average, 28.7% considered it to be relatively more and 3.1% much more, while 13.1% thought it relatively small and 5.1% considered it extremely small. When asked about how the government could provide equal access to education, employment and career development for each individual regardless of their social status, college students offered suggestions, such as subsidising business start-ups by college students, making the procedure for college intake public and transparent, equal educational fund-allocating, equal job seeking, creating more opportunities for employment and preventing the phenomenon of a 'back door' in the examination or employment processes and so on.

### ***Graduate employment and social mobility in Mainland China***

In addition to the survey results discussed above, there is strong empirical evidence suggesting that the massification of higher education has resulted in graduate unemployment and underemployment in China. With China's rapid expansion of higher education in 1999, graduates in China have been facing more and more challenges. College students will at least face more competition in getting a job. They may spend more time job seeking. They may have to experience a higher risk of being unemployed. Based on data retrieved and revised from the China Statistical Yearbook, the unemployment rate has been on the increase since the late 1990s (see Table 2).

Another longitudinal study was conducted by the Research Team of Peking University (Yue 2012) which made numerous efforts to investigate changes of graduate employment in China's expanding higher education and even massive higher education era. According to Yue (2012), the graduate employment rate has been 70% or so since the dramatic expansion except in 2003 (see Table 3). In addition, it has been found that starting salaries of educational levels has witnessed a general steady increase since 2003 (see Table 4).

Based upon the findings mentioned above, it seems that the expansion of higher education has not led to negative impacts on graduate employment. The graduate employment rate has not changed. Graduates seem to enjoy an increasing starting salary. However, it should be noted that the consumer price index has been rising. Yue (2012) introduced an index of starting salary<sup>1</sup> to probe the implication of this increasing starting salary. The index has significantly declined from 1.35 in 2003 to 0.68 in 2011. The index of all levels of higher schooling has seen a significant decrease (see Table 5). In this case, it is safe to say that the expansion of higher education has

Table 2. Number and employment conditions of college graduates in China (1996–2010).

	1996	1998	2000	2002	2004	2006	2008	2010
Number of graduates (10,000)	87.0	87.7	100.9	141.8	280.0	413.0	559.0	630.0
Employment rate (%)	93.7	76.8	82.0	64.7	73.0	70.0	70.0	72.2
Number of unemployed (10,000)	5.3	19.3	18.2	26.7	64.6	123.9	153.6	175.1

Source: China statistical year book.

Table 3. Graduate employment (%).

	2003	2005	2007	2009	2011
With employment contract	40.7	47.2	40.4	34.5	43.3
Continue to further study (domestic)	15.1	16.8	14.1	18.3	13.7
Leave Mainland China		2.3	2.7	3.2	2.6
Freelance	4.0	3.6	4.1	3.3	4.3
Self-employed			3.2	2.4	3.2
Other types of flexible employment			6.6	5.4	5.1
Job seeking	35.8	22.4	22.6	26.4	21.9
Preparing for further study without a job	1.7	4.8	2.9	3.1	2.4
Other types of being jobless			2.4	2.2	2.1
Others	2.7	3.0	1.1	1.2	1.5

Source: Yue (2012), a comparative study of graduate employment surveys: 2003–2011, 35.

Table 4. Starting salary per month of educational levels (RMB).

	2003	2005	2007	2009	2011	Increase rate per year (%)
Two/three-year college course	1356	1413	1410	1510	1856	4
Bachelor	1502	1618	1788	2276	2743	7.8
Master	3009	2790	3469	3637	4003	3.6
PhD	3021	3035	3252	3757	5118	6.8
Total	1569	1659	1798	2331	2394	5.4

Source: Yue (2012), a comparative study of graduate employment surveys: 2003–2011, 38.

indeed not resulted in higher earnings. On the contrary, graduates have not benefited much from the expansion policy.

What makes the graduate employment worse is when we look closely at how family background affects graduate employment. The 2009 Blue Book of Employment indicates that parents' occupational status correlates with students' employment rate and wage level. According to the latest statistics published by the Chinese Academy of Social Sciences, the unemployment rate of rural underprivileged students has reached 30.5%, compared to 22.3% of urban residents (Chinese Academy of Social Sciences 2013). Consistent with the 2009 report, students whose parents were unemployed have the lowest employment rate even though they may have achieved better grades in the college entrance examination, while students whose parents are farmers or unemployed obtain the lowest monthly salary, as observed during the first six months after graduation (MyCOS 2009).

It should be noted that the employment opportunity gap has been widened between elite university graduates and non-prestigious university graduates. This suggests that in terms of social mobility, non-prestigious university graduates will achieve less. Worse yet, according to Chan and Ngok (2011), many students from rural China enter non-prestigious universities. Therefore, upon graduation, they face more serious challenges than their urban counterparts.<sup>2</sup> This pattern, to some extent, reinforces the income gap between urban and rural residents – one of the largest sources of income gap in China. Measuring against 1995 and 2002 nationwide Chinese

Table 5. Index of monthly starting salary of educational levels.

	2003	2005	2007	2009	2011
Two/three-year college course	1.16	0.93	0.68	0.56	0.53
Bachelor	1.29	1.07	0.87	0.85	0.78
Master	2.58	1.84	1.68	1.35	1.13
PhD	2.60	2.00	1.58	1.40	1.45
Total	1.35	1.09	0.87	0.87	0.68

Source: Yue (2012), a comparative study of graduate employment surveys: 2003–2011, 39.

household survey data, Yan (2014) found that the massification of higher education in China since 1999 had reduced (instead of increased) rural students' high school enrolments by 15%. In short, it appears that the massification of higher education has not led to better upward social mobility in China.

## **Discussion: stratification of higher education, intensified inequality and positional competition**

### ***Variation in social/cultural capital and intensification of positional competition***

Based on all the findings generated from the questionnaire survey of college students in Guangzhou, we discovered that most college students in the city acknowledge that family background and social resources have a significant effect on personal development. Social mobility is imprinted as 'reproduction' (Bourdieu and Passeron 1990). The channels for college students to achieve upward social mobility are becoming narrower than before. They can obtain fewer social opportunities. Although China began to expand its higher education system in the late 1990s and early 2000s, higher education does not mean upward social mobility in the period of social transformation and severe social stratification. Even though higher education credentials might indeed benefit college students of poor families and those with small social networks and low social capital in terms of the possibility to achieve upward social mobility, the expansion of higher education in China, for example, seems to benefit college students less with regard to promoting upward mobility. On the contrary, as reported in newspapers or research reports by scholars, graduation means unemployment in current China.

Our Guangzhou survey further confirmed that social capital, represented as resources embedded in the ties of one's networks, is especially significant in relation to getting better jobs (Lin 2001). Similar to this study discovered that middle-class students with higher social status contacts are more likely to be informed of higher status jobs during job searches, thus resulting in better job prospects. During our focus group discussion with some of the college students in Guangzhou, they pointed out that cultural capital also constitutes to better job searches and prospects. Similar to the graduate survey conducted in June 2007, researchers in Beijing University reported that 22.6% of graduates adopted the information and advice offered by parents, relatives and friends as the major occupation source. Our present survey also shows a similar pattern that parental advice or relatives' information affects one's job searching and job prospects. As argued, there has been a dramatic increase in gift purchasing and other *renqing* costs (special gifts for enhancing social relations) reported by the respondents in their research.

In addition to the role of social capital in job searching and career prospects, parental involvement as a crucial moment of educational inclusion and exclusion has performed an increasingly important function, impacting on graduate employment. As De Graaf, De Graaf, and Kraaykamp suggested, cultural capital is no longer confined to early stages of cultivation (particularly families' 'concerted cultivation') which has substantial influences on graduate employment, so other aspects of cultural capital should be taken into consideration such as educational ambiance, parental behaviour and participation in elite cultural activities, which enhance children's future job searching and career prospects (Blanden 2006; Scherger and Savage 2010; see also the discussion of Dian Liu in this issue). In short, social and cultural capital would have affected one's future job search and job prospects. Such observations clearly demonstrate the important role that family background and parental involvement play in shaping employment and upward social mobility (Liu 2015, in this issue).

### ***Declining returns to education and intensification of educational inequality***

Before the economic reform in the late 1970s, wage earners in China did not experience a huge income gap as wages were centrally determined under the planned economy while seniority contributed most to wage determination. In this regard, wages were suppressed in general, as China adopted an egalitarian regime (Li 2003; Meng, Shen, and Xue 2013; Wu 2014). However, the situation changed after the economic reform, particularly when educational attainments and differentiation in skills started to have an impact on wages and occupational benefits. According to Li (2003), returns to education increased between 1980 and 1995, supporting the conventional wisdom of human capital theory that education leads to better job opportunities and upward social mobility. Such a trend of returns to education in China also confirmed the common belief that education performs a redistribution function by promoting social justice (Carnoy and Levin 1985).

However, the landscape changed when China massified its higher education by rapidly expanding the sector by producing more university graduates. In the past two years (2014 and 2015), the Chinese universities have produced over 7 million university graduates annually, hence creating severe pressure on the labour market to create sufficient jobs for these graduates. According to Walder (1995), individuals in China with superior education became professional elites, while individuals with both educational credentials and party membership became administrative elites in the reform era, thus suggesting a dual-path model to conceptualise the relationship between education and elites. However, with the rapid increase in higher education enrolment, together with the growing trend of students having overseas

learning experiences or other forms of learning experiences through enrolling in transnational higher education programmes, university graduates have experienced less returns to education but far more intensified ‘positional competition’ (Mok 2015). This is particularly true when a growing number of highly qualified graduates have been attracted by the Chinese government to come back to serve the country with handsome remuneration packages.

Unlike what Walder, Li, and Treiman (2000) argued that higher education had increasingly played a greater role in making a person become a professional elite in the reform period when higher education in the mainland had not developed a massive and diversified system, university graduates in China nowadays find difficulty in getting jobs that match their knowledge and skills and many of them have begun to complain about the insufficient upward social mobility. Meng, Shen, and Xue (2013) show the declining returns to education from 1988 to 2009. Starting in the late 1990s, returns to education flattened out. What make employment prospects even worse is higher education institutions continually producing more graduates in recent years (Figure 4).

### *Stratification of universities and opportunity trap*

The present research reinforces the argument that the expansion of higher education in China will result in stratification of both higher education institutions and students, particularly when employers in China have a wide range of choices because of the diversity of talents not only offered by local

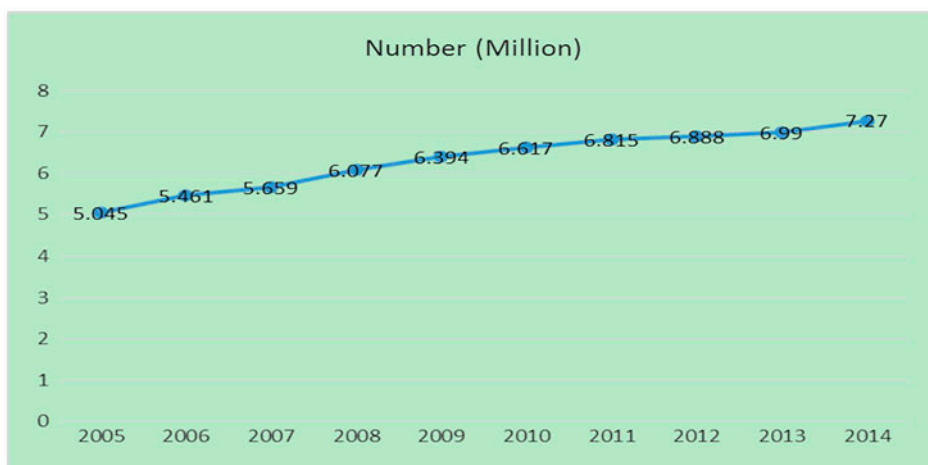


Figure 4. Increasing number of university graduates in China.

Source: Data from 2005 to 2013 (*China Statistical Yearbook*, 2006–2014); data of 2014 (Xinhua Net 2014).



but also overseas universities. Labour economists have a long-standing interest in the evolution of the supply and demand of human capital in shaping the distribution of earnings in the labour market (Katz and Murphy 1992). The wage advantage of university graduates over high school graduates can mostly be explained by the variations in supply of and demand for college graduates (Goldin and Katz 2008). However, the massive expansion of higher education has led to the oversupply of college graduates, hence troubling graduates in regard to job searching and career prospects (Bai 2006; Li, John Morgan, and Ding 2008; Wu 2011). Due to the massification of higher education, university students have to face a crowding-out effect, whereby they have to accept jobs intended for those with lower levels of education or even worse, remain unemployment (Dolado, Felgueroso, and Jimeno 2000; Tomlinson 2007). Meanwhile, the rapid expansion of higher education may also result in a deteriorating quality effect with declining standards and the average quality of graduates (Juhn, Kim, and Vella 2005).

As Bedi and Edwards (2002) pointed out, the expanded capacity of higher education means that larger admission quota will be captured by marginal students, who were not eligible for college admission before the expansion. But the massified system has recruited these 'sub-standard' students to colleges so it is not surprising to see the deteriorating quality of college graduates and lower productivity in the labour market. Obviously, the declining benefit of degrees in many countries is likely to make some prospective students wonder whether going to university is worthwhile, particularly where the associated costs are increasing at the same time that the benefits are decreasing. However, this is unlikely to reduce demand for higher education very much. Even if the benefits decline for graduates, young people still have many better prospects in the labour market with a degree than without. The effect, rather, is likely to be increasing positional competition amongst undergraduates. Under these circumstances, there may appear an opportunity trap. For instance, as Brown, Lauder, and Ashton (2011, 132) pointed out,

extending opportunities based on human capital investment will not deliver individual freedom or prosperity but rather contribute to an opportunity trap. The trap points to increasing social congestion for decent jobs as people scramble for highly rates schools, colleges and jobs. (Brown, Lauder, and Ashton 2011, 135)

In this case, not all youth completing higher education can get a good job. However, if youth want to have better jobs, they must first get a higher education degree. Put differently, if everyone stands on tiptoe, nobody gets a better view. But if you do not stand on tiptoe, there is no chance of seeing.

## Conclusion

In the article, an intriguing issue has been discussed: *Is higher education now contributing to growing inequality or social mobility?* Human capital theory predicts that, other things being equal, raising participation in higher education will initially increase inequality, as rates of return rise, then decrease it as expansion reaches mass levels and rates of return decline. Providing that the output of graduates outpaces the demand for graduates' skills, which appears to be the case in many countries now, supply and demand pressures reduce the pay premium for degrees and lower income inequalities (Knight and Sabot 1987). However, this study clearly demonstrates how the massification of higher education in China may actually intensify inequality.<sup>3</sup> As Lauder (2014) rightly pointed out,

education has been fundamentally re-positioned in the 21st century. The polarisation of wealth and the creation of global markets in secondary and higher education has meant that we are beginning to see a fundamental rupture in education which is challenging the aspirations we had for it in the 20<sup>th</sup> century both in terms of its relationship to the economy and to social mobility. (2)

He continued to argue,

the relationship of education to the economy, the cornerstone of educational policy, is fundamentally problematic: economies cannot provide the skills or jobs that are central to the education promise. The idea of upward mobility has relatedly been dealt a blow because there is developing a global institutional break between education for the wealthy and the rest. At the same time politicians seek to herd families into an intense positional competition for which there are increasingly fewer 'winners'. (3)

As Brown, Lauder, and Ashton (aptly 2011) argued, the global auction is more than a competition for knowledge and ideas; it is also competition based on price. What is revolutionary about the globalising of high skills is that it has been combined with low cost innovation, challenging many of the beliefs about the social foundations of economic success.

Living in a highly unequal world, particularly when the globalising economy has transformed the global labour markets by having a highly skilled and well-educated labour force with relatively cheap wages, contemporary society is facing a crisis in the education governance framework. While there is a large body of literature arguing that higher education is crucial for the disadvantaged to participate in a knowledge economy and achieve economic success (Muller and Shavit 1998; Day and Newburger 2002; Guri-Rosenblit, Sebkova, and Teichler 2007), there has been a growing body of literature asserting that higher education actually does very little to enhance upward social mobility (Haveman and Smeeding 2006). As Robertson and Dale (2013) pointed out,

education governance frameworks structurally and strategically select particular interests which in turn distribute (more or less unequal) social opportunities and outcomes (and therefore the basic structure). These place responsibilities on those who are particularly advantaged by them (*societal interests*). It also means that we scrutinise concentrations of power and create new modes of accountability and spaces for representation (politics) *within* and *beyond* the national state. (cited in Robertson 2015, 17)

Confronted by such structurally and strategically select interests, many students coming from relatively lower socio-economic backgrounds may find the conventional distributive framework problematic since such a dominant distributive paradigm ‘defines social justice as the morally proper distribution of social benefits and burdens among society’s members’. Having education in the highly competitive global cities, people from different social classes have to compete for urban resources, for example, competition for elite education (Lui 2015). Hence, when analysing education and social mobility, we cannot rest upon the conventional notion of distribution for promoting social justice because gentrification in most global cities surely touches on the issue of class and class inequalities.

### Acknowledgements

The author wishes to thank the APEC HK Study Centre at The Hong Kong Institute of Education for offering a research grant in support of this study in relation to the massification of higher education and its impact on graduate employment and social mobility. Parts of the findings reported in this article are based upon the project. The author also thanks Dr Deng Huiwen and Ms Jiang Jin for offering research support during the process of conducting the study and drafting of the article. Thanks are also extended to academic friends like Hugh Lauder from the University of Bath, Susan Robertson and Roger Dale from the University of Bristol and Andy Green from UCL Institute of Education, for having stimulating conversations and dialogues comparing the massification of higher education and its social and economic impacts on Europe and Asia in the last two years.

### Disclosure statement

No potential conflict of interest was reported by the authors.

### Notes

1. Starting salary index is defined as a measure of yearly starting salaries of graduates compared to the average monthly salary of urban employees.
2. Li (2011) further reported that only 18.1% of students in the top two universities (Peking University and Tsinghua University) came from rural areas.
3. It is interesting to note that as a transitional economy, the Czech Republic has experienced a massification of higher education which has not led to undesirable situations (Pabian, Šima, and Kynčilová 2011).

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