Raising Successful Offspring by Chinese Middle-Class Parents: 
A Sociocultural Approach to the Study of Class Reproduction in Urban China

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Abstract
This article analyses the intergenerational mobility of the Chinese “new middle class” in Shanghai, China. Building on the Bourdieusian concept of social capital, it puts forward a sociocultural approach to explaining the reproduction of the middle class in contemporary urban China. It explores why cultural capital and marketable professional qualification are not enough for younger members of this class to secure their class status and upward mobility. It also discusses how and why the pre-reform socialist social institutions of danwei (work unit) and hukou (household registration) continue to play decisive roles in consolidating the middle class’ life status in post-reform China. This study finds that middle-class parents capitalise on their accrued and privileged guanxi (interpersonal relationship), built on the socialist social institutions, to help their children find good jobs to maintain their own upward intergenerational mobility.

Keywords: Chinese new middle class, Bourdieusian social capital, sociocultural approach, Chinese danwei and hukou, guanxi

The Securities and Exchange Commission (SEC) of the United States in August 2013 began an investigation into JPMorgan’s hiring practices in China, commonly known as the “Sons and Daughters” programme, to assess if the bank recruited children of Chinese senior officials with
the aim of winning lucrative business contracts in China in return. This inquiry was later joined
in December 2013 by other federal authorities and spread to other international investment banks.
In the uncovering of this saga, Xiang Junbo, a senior Chinese banker, reportedly directly asked
Jamine Dimon, JPMorgan Chase’s CEO, in June 2012 for a favour to hire the daughter of one of
his friends. Well-educated and holding a graduate degree from New York University, she was
subsequently awarded an internship and then a full-time job at the bank. In the wake of the
investigation, Fang Fang, the chief executive of JPMorgan’s investment banking for China, left
the bank and was reportedly arrested in Hong Kong in May 2014. Was the “Sons and Daughters”
programme just the tip of the iceberg? This article points out that network-based recruitment
practice is not only restricted to Chinese elites; middle-class youth in the metropolitan city of
Shanghai have also depended on family and personal connections to obtain professionally related
jobs, despite the fact that they often hold professional qualifications, such as Chartered Financial
Analyst (CFA), a highly sought-after professional qualification in China, especially in the higher-
paid financial sector. With the CFA qualification notwithstanding, middle-class youth rely on non-
family-based interpersonal networks (guanxi; 關係) to refer them to their potential employers. They
rely on their social capital, understood as “the sum of resources … that accrue to an individual or

1 Silver-Greenberg & Protess, 2013.
3 Silver-Greenberg & Protess, 2014.
5 The lead author has been a chief invigilator of the Chartered Financial Analyst (CFA) examinations. CFA
is a very prestigious and professional credential offered by the US-based CFA Institute. A candidate who
successfully completes the programme and meets other professional requirements is awarded a “CFA charter” and
becomes a “CFA charter holder”. The CFA Institute is the global association for investment professionals.
Candidates who want to earn the CFA qualification must sequentially pass three six-hour examinations that are
widely considered to be among the most rigorous in the field. In addition, they should work at least four years in the
banking or financial field, or relevant education and work experience accredited by the CFA Institute in the USA.
For more details, see the website of the CFA Institute at http://www.cfainstitute.org/programs/cfaprogram/Pages/index.aspx. CFA examinations are rigorous, as in the period
2002-2012, the 10-year weighted average pass rates for Level 1, Level 2 and Level 3 examinations were merely
39.7%, 44%, and 51% respectively. While China now fields the second largest number of candidates for this
examination, only 657 (6.02%) of the 10,903 charters awarded globally in 2012 were from China (CFA Institute,
a group by virtue of possessing a durable network of more or less institutionalised relationships of mutual acquaintance and recognition,” as their cultural capital apparently not enough for them to obtain skilled white-collar employment in a supposedly market-oriented economy.

From this perspective, this article first engages with an ongoing debate about whether guanxi ties in China are on the wane in the process of economic reforms. Guthrie argued that a hardening of budget constraint and market competition combine to cause guanxi to be in decline in significance. Focusing on the practices of job-assigning authorities in the first decade of the economic reforms, Bian in contrast held that guanxi or strong ties of trust and obligation were essential for job-seekers to gain favours from the authorities. More recently, Xianbi Huang maintained that the influence of guanxi networks does not spread evenly across sectors. The networks are more pertinent in job search and acquisition in the state sector than in the private sector. Guanxi is, in particular, less effective in large private corporations where hiring practices are more transparent, standardised and merit-based. However, the empirical data shown in the aforementioned JPMorgan episode and our Shanghai cases that follow refute this demarcation. Based on a survey research in Hunan province, southern China, Juan Huang also echoed that university graduates’ family background, studied by the proxies of economic, cultural and social capitals, is often positively associated with job-seeking.

This paper also seeks to answer the following research questions: How are guanxi networks developed? How can young people gain access to these networks? How do they invest in and reap benefits from such networks? Do members of the networks have reciprocal arrangements to each other? How do they prevent free-riding from taking place? Finally and more importantly, why are these networks so socially crucial for their career development? Arguing that the reliance on these networks is more than the cultural practice of friendship and outreach, this paper builds on and goes beyond the Bourdieusian social capital theory to use class analysis as the framework for investigating these research questions. Bourdieu’s emphasis on multi-dimensionality and multiple forms of capital provides a useful perspective for the study of class. While partially echoing

7 For divergent views, see Bian, 1997, 2002; Guthrie, 1998 and Huang, 2008.
8 Huang, 2010.
Bourdieu’s focus on the multiple forms of capital and the multi-dimensional nature of class, this paper contends that in post-reform urban China the social capital derived from the age-old exclusionary Chinese socialist institutions of *danwei* (work unit; 工作单位) and *hukou* (household registration; 户口), in particular the former, play pivotal roles in shaping class formation and reproduction. Accordingly, this article proposes a new sociocultural approach to explaining the reproduction of class in contemporary urban China. Theoretically, it posits that class formation and reproduction is indeed socioculturally oriented and constructed, to which Bourdieu did not pay due attention.

This paper proceeds in five sections. It commences with a brief discussion of the nature of the Chinese new middle class in the social context of the *danwei* and *hukou* systems, focusing on how they combine to provide a social environment for the already more advantaged urban residents to develop into a rising middle class under post-Mao reforms. Section 2 centres on a brief introduction to the research design. Section 3 focuses on the debates about the Bourdieusian concepts of capitals, taste and lifestyles in class formation and social stratification. An elaboration of our sociocultural approach to the study of class formation and social mobility will be given in Section 4. In applying the sociocultural perspective to reform China, in Section 5, this paper dwells on how and why middle-class parents try to take advantage of their social networks in both state-owned enterprises and multi-national corporations to help their children get upwardly mobile careers. It concludes by demonstrating that cultural and social capital, taken together, is of significant importance in deciding one’s life chance in reform-era China, as a new norm governing social division and exclusion is taking shape.

**The Chinese new middle class and its social context**

There is no widely held definition of the middle class among Chinese sociologists; they are inclined to use income, occupation, education and consumption as the key criteria for classification. Similarly, Li and Zhang identified China’s middle class by measures of middle-level urban household income, white-collar occupations and higher-education qualifications. Up to 26% of the country’s total population meet at least one of these criteria, while only 3.2% fulfill

9 Chunling Li, 2010.
all three conditions and are designated as the “core middle class”.\(^\text{10}\) Another study focuses narrowly on “educated salaried professionals” whose “superior market situation … is mostly derived from their higher education credentials, professional expertise and authoritative position rather than from their ownership of private property.”\(^\text{11}\) In Western sociology, the middle class is a slippery concept too, although it may be broadly defined as a group of people who have non-manual occupations. Possessing property, organisational and cultural assets (or three “class assets”) respectively, the petite bourgeoisie, managers and professional workers can be considered members of the middle class.\(^\text{12}\)

Drawing on Bourdieu’s cultural studies of class, which argue that classes can be distinguished in accordance by the types and amount of capital people possess,\(^\text{13}\) we conceptualise the Chinese middle class as the one composed of those who possess varying amount of economic capital, cultural capital or social capital. Prominent examples are private entrepreneurs, party-state cadres, state-owned enterprise managers and professionals, such as lawyers, media personalities and intellectuals working in universities.\(^\text{14}\)

A brief introduction to both danwei and hukou and their combined roles in class formation and social stratification may be in order.\(^\text{15}\) A danwei is a work unit in the public sector that has the defining features of possessing the personnel power to recruit, dismiss and transfer workers, providing communal welfare to its members (often self-contained and segregated from the outside by brick walls), and having independent account and budget and an urban purview. In Maoist China, danwei performed a host of political, judicial, civil (in particular with regard to marriage and divorce) and social functions, in addition to labour management, and provided its members with social status (or face), social identity and feelings of community and social belonging. Those

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\(^\text{10}\) Li and Zhang, 2008.
\(^\text{11}\) So, 2013: 153.
\(^\text{12}\) Savage et al., 1992.
\(^\text{13}\) Bourdieu, 1984.
\(^\text{14}\) Li and McElveen, 2013.
\(^\text{15}\) For detailed discussions of the two institutions, see Bray, 2005; Chan, 2009; Lü and Perry, 1997a; Wang, 2005 and Young, 2013.
without any danwei were often considered socially “suspicious” or even “dangerous”. Accordingly, the establishment of danwei, as separate “small societies”, nationally has given rise to a cellularisation of Chinese urban society.\textsuperscript{16} Despite the fact that urban dwellers are now under reduced domination of their danwei, it is still a main agent of social stratification in present-day China. In Wuhan, Shanghai and Xi’an, for example, worker earnings depend heavily on their danwei’s profitability. Workers employed in a highly profitable danwei can earn as much as 2.5 times of those in a relatively unprofitable danwei.\textsuperscript{17} Often translated in Western literature as the “household registration system” notwithstanding, hukou takes on many more functions than population census. By dividing China’s population broadly into rural/agricultural and urban/non-agricultural residents, it has involved a macro-management of internal migration and settlement. In its heyday, it prevented in practice social and geographical mobility of rural people. Hukou registrants were given differential access to community-based essential goods, especially foodgrain, services and welfare relief, thereby giving rise to a dualistic urban/rural society. Likewise, it further differentiated non-locals from locals. Non-locals received fewer benefits than locals did. Akin to the danwei system, social identity and status were at stake. Obviously urban residents in more developed cities, such as Beijing and Shanghai, have been the key beneficiaries of this unequal system. Even under post-Mao reform when hukou restrictions were relaxed, resulting in a rapid growth of “non-hukou residents” in urban China, one could not readily change his or her hukou classification (which the government called “status”),\textsuperscript{18} and the system has remained largely intact.\textsuperscript{19} Party-state cadres have played a central role in managing the statist institutions and in allocating scarce resources at their disposal.

In short, the twin exclusionary systems of danwei and hukou have disproportionately benefited the urban working class and the party-state cadres, creating substantial differences in work situations across the country, and provided fertile ground for guanxi networks to germinate

\textsuperscript{16} Lü and Perry, 1997b; Bray, 2005: 3-5.
\textsuperscript{17} Xie and Wu, 2008.
\textsuperscript{18} Lee and Yang, 2007.
\textsuperscript{19} Chan, 2009; Young, 2009: 2-3.
among members of the urban middle class.\textsuperscript{20} Those who enjoy the privileges of \textit{hukou} and \textit{danwei} form networks of acolytes, friends and social contacts, obtain material gains from the networks and develop similar cultural tastes and lifestyles with each other. Most of the Chinese new middle class have and inherit urban \textit{hukou} and are closely connected with each other via their previous \textit{danwei}. They befriend and trust each other because they share similar cultural practices, dispositions and lifestyles. As shown below, most members of the middle class under the scrutiny of this study have grown out of and benefited from the socialist institutions of \textit{danwei}, (urban) \textit{hukou} and \textit{guanxi} under a more market-friendly environment. The interpersonal, particularistic ties developed in such a social context can be regarded as the resources (or social capital, as discussed in more detail below) that one uses to gain advantages.\textsuperscript{21} Their social significance is not in decline under economic reforms because Chinese entrepreneurs, professionals and cadres are unlikely able to espouse common class-consciousness to uphold common actions to safeguard their common interests, as shown in public discourse that downplays the legitimacy and role of class.\textsuperscript{22} They instead tend to have and exhibit a common habitus featuring cultural and economic display of extravagant living.\textsuperscript{23} Partly because of these, it is unlikely that they can maintain a common identity and a class-wide network.\textsuperscript{24} Rather, they are inclined to sustain personal, particularistic ties with each other to procure particularistic privileges.\textsuperscript{25} In short, entrepreneurs, professionals and cadres pursue interests competitively through personal networks, rather than acting collectively to acquire and share collective benefits.

This new social structure underscores the usefulness of adopting a sociocultural perspective on studying China’s middle class and its reliance on networks for success. Low trust in the impartiality of rules and meritocracy has been prevalent in Chinese society; reform-era China is

\textsuperscript{20} Wang (2005) emphasises that \textit{hukou} is a system of institutional division and exclusion, based on where one is.

\textsuperscript{21} Bian, 2001.

\textsuperscript{22} Guo, 2012.

\textsuperscript{23} Gerth, 2011; Goodman, 2014.

\textsuperscript{24} Ma and Cheng, 2010.

\textsuperscript{25} Guo and Miller, 2010.
no exception. So, cultural capital alone is not sufficient for career success; it has to be moderated by the trust-enhancing guanxi networks.26 A noteworthy finding of this study is that, unlike Western societies, party-state cadres emerge to become a key component of the Chinese middle class. The continuing dominance of state-owned entities in Chinese post-reform society enables the cadres to well secure their hard-earned social status and pass on the benefits to their next generation. The continuing decisive role of cadres in resource allocation provides powerful incentives for professionals and private entrepreneurs to seek collaboration with them. There are signs that market, class and social capital are of enduring importance in deciding one’s life chances.27

**Research design**

Shanghai is chosen as the research site of this study because it has long been China’s economic powerhouse. In recent decades, Shanghai has achieved rapid economic growth and transformation with the influx of foreign and domestic investments, providing the grounds for a considerable expansion of the middle class. In 2012, with a population of 23.8 million (1.76% of the national total), it accounted for 3.89% of the country’s gross domestic product.28

This study applies an ethnographical approach to collecting qualitative data through personal, in-depth interviews with both parents (N=30) and their children (N=30). We interviewed parents and children together and asked them different questions based on the research questions mentioned above. Among the 30 parent-child samples, we selected and invited 15 focal families to participate in interviews and home-based observations. We conducted informal interviews with the children and their parents to learn more about the extent and nature of parental involvement in job hunting in Shanghai. All the 30 interviewed children have higher cultural capital. Among them, 21 had earned the CFA qualification. The remainder (9) were preparing for the summer 2012 CFA examination, and five of them were enrolled in intensive CFA training courses in Shanghai in 2012. They wanted to obtain their qualification within a year. Born in the 1970s or thereafter, the

27 Anagnost, 2008.
younger generation have grown up in a less politicised environment promoting materialistic culture and expect that they will have a bright career future and a secure job. Members of the young generation are therefore encouraged to proceed with their first and higher degree studies, and are generally proficient in English, or have highly marketable job skills comparable to native English speakers. Some may even speak a third language, such as Japanese, French or Spanish. They consider themselves to be more independent, individualistic, strong-willed, friendly, and easy-going in everyday life. Most of the parents interviewed for this research were cadres, professionals or entrepreneurs.

The use of both formal and informal methods helped interviewees feel more at ease and encouraged them to reveal more openly and deeply about job hunting, how to make use of their social capital to help their offspring to find jobs, and the complexities to use guanxi in Chinese context.

[Appendix 1 about here]

From cultural to sociocultural approaches

The major framework in this paper originates in the work of Pierre Bourdieu. According to Bourdieu, classes can be distinguished from one another in terms of their differing educational levels, family inheritance and internally coherent sets of preferred tastes. Social distinction is shaped by, among other things, cultural capital, which can manifest in a variety of forms including: educational qualifications, artistic appreciation, lifestyles and consumption patterns, and even physical make-up and personal presentation. People with different lifestyles develop their own habitus, and people of the same class tend to fit in more easily with each other to form networks of social connections (i.e., “social capital” in Bourdieu’s terminology). Bourdieu and Wacquant emphasised the lead function of education in predisposing an individual or group to engage in certain cultural practices. The inference is that education is foremost in triggering differential


30 Bourdieu and Wacquant, 1992.
cultural patterns. Class struggles occur over what constitutes high/elite culture, as well as the
defence of high cultural capital by maintaining privileged access to higher education and higher
cultural objects or practices. A dominant economic class able to gain access to superior culture
(e.g., good taste) legitimises its position of super-ordination over other subordinate classes.
According to his class habitus theory, a pivotal determinant of lifestyle, values or instincts is
cultural capital.\(^{31}\) The more culturally similar people are, the more likely they will become close
friends. Thus, class habitus theory could predict a lower likelihood of friendships between
professionals and “lay” people, since the two groups differ sharply in terms of cultural capital.

Apart from cultural capital, the social capital an individual possesses is another important
indicator of class. Social capital is composed of three major elements, namely networks in the form
of community, social norms shared by the members of the community to reduce negative
externalities or to elicit positive externalities, and sanctions (punishment and rewards) on good
and bad behaviour to maintain the social norms.\(^{32}\) Both cultural capital and social capital are,
according to Bourdieu, the product of accumulated labour, creating and reproducing social
inequality. However, those relying primarily on educational qualifications are the most vulnerable
in the event of “credential deflation”.\(^{33}\) Networks of social ties are often woven through one’s
families by intergenerational transmission of parents’ socioeconomic status and acquaintances.
Social capital is invested, employed and rewarded for the reproduction of social stratification in
favour of better-off families. The Bourdieusian framework indeed draws our attention to the
interrelations between capital and power.

However, the Bourdieusian cultural turn ignores the role of social institutions in
determining class culture.\(^{34}\) In their studies of social capital, James Coleman, Robert Putnam and
Francis Fukuyama accorded great importance to trust.\(^{35}\) Trust here is defined as “the willingness

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\(^{31}\) Habitus is a set of subjective dispositions that reflects a class-based social grammar of taste,
knowledge and behaviour permanently inscribed in the members of the class (Bourdieu, 1977, 1984).


\(^{33}\) Bourdieu, 1984: 142.

\(^{34}\) Jenkins, 2002: 89-90.

of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party. It is also considered as “a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behaviour of another.” This conception of trust emphasises the existence of vulnerability of one party in a relationship who is willing to accept such vulnerability, to support positive expectations of the trustee’s behaviours. Building trust among acquaintances is indispensable as “trust reduces perceived uncertainty, facilitates risk-taking behaviour, and fosters a cooperative, and/or constructive orientation.” Weber also considered the lack of trust in institutions in Chinese society as a crucial factor in explaining why the development of credit and commercial activities were considerably hindered throughout much of Chinese history. The transaction cost of finding a reliable counterpart and negotiating a mutually agreeable contract was extremely high.

But trust does not occur spontaneously and ubiquitously. In discussing the Chinese new middle class, social trust and guanxi, derived from shared experiences with or common membership of social institutions, are the key foci of our sociocultural perspective, which brings the focus back to the role of social institutions in determining one’s social class formation. This perspective argues that social structure or social world is produced by human action (human agency), but at the same time social world also shapes human agency; in short, they are mutually constitutive. An implication of this is that cultural dispositions and practices are the products of the social world—or in this case, social institutions. This is echoed by social constructionism’s contention that facts or reality do not naturally occur, but are instead socially produced. As explicated in detail below, most Chinese, especially the new middle class, have more trust in their personal acquaintances than written rules that are supposed to govern people’s behaviour formally. Members of the Chinese new middle class tend to hire people like themselves in order to better

36 Mayer et al., 1995: 712.
40 Weber, 1951.
ensure higher productivity and efficiency. The Chinese new middle class prefers to liaise or coordinate with those with similar socioeconomic and sociocultural background so that they may have high chance to exchange favours with each other.

**An application of the sociocultural perspective to reform-era China**

In the pages that follow, we use the sociocultural perspective to investigate the sociology of the reproduction of the Chinese middle class. Although there are sociological studies about the Chinese middle class, sparse discussion is devoted to the cultural and social-institutional factors of the formation and reproduction of the new middle class. Growing out of urban danwei, members of the new middle class often coalesce into forming “in-groups” and organising collective activities, such as visiting lychee orchards, holding parties and buffet dinners, going on yacht tours, visiting upscale massage parlours, and drinking similar wine. Among different forms of consumption patterns and living styles, most of the Chinese new middle class own their lychee orchards. Even those party cadres who have few business dealings are regarded as “the same people” (zijiren; 自已人) and invited to lychee orchards to join the guanxi network. The leisure activities, such as visiting orchards and drinking red wine, create a social space for them to share “know-how” in business dealings and update information about the business market. During gatherings in public places, like karaoke lounges, bars and nightclubs, members of the middle class will, for example, smoke and share cigarettes of the same brand with their business partners or peers. While it may appear trivial, this creates a feeling of sentiment and attachment (ganqing; 感情) and belonging, facilitating mutual cordial communications, generating personal closeness and marking membership of the same class. By sharing these discourses, drinking the same brand of xiaohutuxian and smoking the same brand of cigarettes of hongtashan members of the Chinese middle class feel relaxed and comfortable with each other. These types of get-togethers

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Xiaohutuxian (小葫芦仙) is the most popular liquor served during the gatherings of the new class in China.

Hongtashan (红塔山), also called “Red Pagoda Mountain”, is a leading domestic brand of cigarettes from Yunnan province.
reinforce friendship and provide a social environment for them to discuss various topics of common interests. Most importantly, these gatherings provide a sense of shared class background and enhance in-group sentiment among the members. Out of a belief that they are of the same cohort, they develop and deepen trust in each other, leading to additional exchanges of offers regarding jobs and business opportunities. The guanxi circles that ex-state workers have developed during their time with their danwei remain to be of service and importance even after their switch to the business world.

**Why cultural capital is not enough**

For Bourdieu, both habitus and social reproduction of class are principally shaped by education, especially university education, which gives rise to a civilised/educated class vis-à-vis the rest of society. However, this article argues that China’s case is different. It is the historic socialist social institutions that create habitus and reproduce class. In other words, social capital in China is not derived from sharing similar education, but from having a common social space in urban China. Job hunting in today’s Shanghai is to some extent determined by parents’ social capital earned out of the socialist social institutions.

Today’s Shanghai is a microcosm of a highly competitive labour market for university graduates to get jobs, even though they already have higher levels of cultural capital. In light of this fierce competition, the younger generations must make use of their parents’ social capital, apart from their own efforts, in order to secure desired positions in commercial hubs in Shanghai, which are filled with young elites representing different ethnicities, cultural backgrounds and languages.

In this study, the participants, aged between 25 and 30, were resolved to maintain their middle-class status. While many others in this age group spend their after-work time singing karaoke, dating, shopping or playing video games, these interviewees stressed that they were working hard and receiving training as if they were in a military academy. When they were on CFA training courses, they woke up at 6am, studied at 7am, and did not go to bed until midnight. They uniformly conveyed the same message: “I want to finish the training course and get the CFA/language qualification as soon as possible.” They refused to become mediocre or complacent, settling for a more junior position of clerk or secretary. They aspired to attain their professional qualification, more rewarding job, distinctive lifestyles and to preserve their middle class status.
Selected case studies

To become outstanding in one of the “Tier 1” cities in post-reform China, the younger generation conceded to us that only having cultural capital and professional credentials are not enough. To get professional jobs or uphold intergenerational mobility, they expressed that family background and closeness to cadres or cadre-entrepreneurs were important. Even with a sound professional qualification (e.g., CFA), they still needed good guanxi networks. Most of participating parents in this study were cadres, professionals or entrepreneurs, and most of the middle-class parents had detailed plans for raising their offspring.

Zhang, a 26-year-old female, initially came from Guangdong province and graduated from the London School of Economics and Political Science. Her mother was a cadre in Guangdong and her father was a businessman, running a trading firm in Shanghai. While there seemed to be plenty of opportunities, there was also much work-related pressure working in Shanghai. While professionalism and cultural capital were seemingly important, they were no more than passage rights to gain entry to government-owned enterprises or multi-national corporations. To land a position in Shanghai, she spent two years earning in the first place an Association of Chartered Certified Accountants (ACCA) qualification, which for many would normally take ten years to complete. Also, she was one of the five people from her province who got the CFA in one year. Several people from her village expressed how proud of her they were. She initially thought she could fairly readily get a well-paid job in Shanghai, but once she reached the metropolis she found that she could only manage to acquire an “entry ticket” to be there because many people in Shanghai have Certified Public Accountant (CPA), ACCA and CFA certifications. She had to spend much time and effort to develop her career there. However, she was extremely surprised to find that despite her good academic and professional profiles, she still had to rely on an old Chinese tradition—guanxi—to get employed. With help from her parents, she successfully got a financial

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ACCA is the highest qualification for accountants. Holders of this internationally recognised qualification can work for professional accountancy companies.

Certified Public Accountant (CPA) is a statutory title of a qualified accountant who has passed the examination of the Uniform Certified Public Accountant. Only CPA holders are qualified to provide attestation, usually including auditing opinions on financial planning or statements.
analyst post in Shanghai. Zhang was an exemplar among all the sample interviewees. Her parents managed a careful plan for her to obtain a financial analyst post in Shanghai. While working as a cadre in Guangdong, Zhang’s mother kept close contact with her own ex-classmates, close friends and relatives who were cadres in Shanghai. Meanwhile, Zhang’s father had close connections with various business firms and banks in Shanghai. Actually, this involved a reciprocity and guanxi development among the Chinese new middle class. Zhang’s mother said that she needed to return the favour to the bank that hired her daughter. If the director of the bank asked for help, she would have to return the favour to him. Every month, Zhang’s family deposited money in some local banks, and used their credit cards. The monthly transaction from Zhang’s father involved several million yuan. As soon as Zhang successfully secured the CFA qualification, her father and mother wasted no time in utilising their social networks in the business sector or Chamber of Commerce to help her get a job.

Chen, a 27-year-old male, was from Hunan and is fluent in English and French. He originally thought he was already a member of elite but after a job interview in Shanghai he realised he was just “a small potato”. He found that many other applicants had good command of several languages in addition to various professional qualifications. He acknowledged that he probably was not competitive enough, even though he held the CFA qualification. To address this, he decided to learn Japanese and re-locate into a 24-hour Japanese learning centre for a month, rather than attending 2-3 hour tutorial classes, three times a week. He lived in the training centre and shared a room of less than 20m² with eight other students. The monthly tuition fee, covering accommodation, was RMB13,000 (about US$1,860). The motto of the training centre is “requiring zero foundation, but guaranteeing each student will obtain the highest Japanese certificate within a month”. Cultural capital and qualification are apparently very important to gain entry into the competitive job marketplace, but the guanxi network is the most crucial tool for Chen to well secure a job in a bank. Chen admitted that without any social connections, it would have been very difficult for him to obtain his present job as a financial analyst. His parents knew one of the directors at his bank and had business collaborations with the director. When Chen’s mothers helped him to open the door to access the bank director, the bank put out a recruitment notice according to Chen’s personal particulars. The recruitment target, male or female, the required qualifications or work experience were all confirmed beforehand. There was no such thing as “transparency” and “open recruitment” based on one’s cultural capital, credentials or relevant work
experience. Applicants were kept in the dark about selection criteria. The CFA holders interviewed in this research sample conceded that it was essential for them to maintain good relationships with their supervisors or even cadres in various sectors in order to be promoted and for good performance appraisal. Chen admitted even after he successfully secured a good job at the bank that he would still need to participate in the guanxi network with his supervisors for better job allocation with attractive bonuses and commissions.

Mary, a 26-year-old CFA holder, was working in an internationally renowned company in Shanghai. She admitted that her mother, a senior cadre in the education bureau in Shanghai, helped her get the position in her company. She revealed that even highly educated people (those with Ph.D.’s from China or even the USA) had a hard time getting decent jobs without guanxi. Overall, to be embedded in a new network safety net, middle-class youngsters have to rely on family or parental personal networks or guanxi to gain social trust. It turned out that her mother possessed much social capital with many people living in the city wanting to seek help from her about enrolling in well-regarded primary schools, high schools or brand-name schools. Her mother returned the favour to those people who helped Mary to get a place in the bank.

A good job placement is often “bought” in cash or in kind. The pulling of connections can be complicated as well—favours are done not through a “friend”, but a “friend’s friend”, a “colleague’s acquaintance” or a “neighbour’s relative”. The complexities of these connections are important for the old generation to help their children find jobs. Lu, a businessman in Shanghai, has close business dealings with one of the local banks in downtown Shanghai, in particular, with the bank director, Paul. However, Paul could not help Lu find a job for Joel, Lu’s son, since only the headquarters in Beijing could make a job offer. Influenced by Lu’s strong guanxi ties with him, Paul took the initiative to invite the President in Beijing to have an inexpensive meal to persuade him to offer Joel a job in the bank. Within circles of close guanxi, people are more likely to be amenable to renqing (human feelings) and ganqing (affection and attachment). The strong ties of guanxi network between Lu and Paul went beyond gift giving and tangible monetary rewards. Paul valued more obligation than material benefits from gifts and banqueting. Lu and the president of the bank did not know each other but they had a common friend, Paul, to bring them together. If Lu and Paul did not get acquainted via working in the same danwei during Mao’s China, Joel would not have successfully secured his job in Shanghai.
In post-reform China, intermediates or introducers are important stakeholders for job hunting principally due to the coupling of a rapid expansion of higher education since the late 1990s and the ending of job allocations by the state in 1993, one of the major institutional changes in reform China. In 1998, only about 4% of high school leavers could enter universities or colleges; the share rose to 17% in 2003 and 25% in 2006-2010. Official data show that, in 2002, only about 1.34 million students completed their undergraduate studies from regular tertiary institutions; ten years later there were nearly 6.25 million Bachelor’s graduates. Those changes have prompted most of the state-owned enterprises and foreign-owned enterprises, which were not used to merit-based hiring to vet applicants, to rely on these introducers to find reliable and capable candidates. Enterprise managers and the introducers often share the same socioeconomic background and social capital to form informal allies to provide guanxi support. Most of the international firms in Shanghai relied on strong ties to identify their potential candidates. Zhang was probably not the strongest candidate for her position, but her supervisor knew her parents well. This could have saved a lot of the transaction costs of finding a reliable candidate, as suggested by Weber. The Chinese new middle class also seek help from their introducers if they want to find jobs for their children, friends or relatives.

These selected case studies illustrate that Chinese middle-class parents have gone to great lengths to rear their offspring. Most of these middle-class parents have close relatives or acquaintances or strong ties in Shanghai. These ties were developed out of their shared urban hukou and danwei relations. People generally have a low level of trust in written regulations or open recruitment. Most of the Chinese new middle class instead trust their personal acquaintances, rather than formal interviews or written aptitude tests. Guanxi fills the void by producing mutual trust among its members. The closer is the guanxi, the more likely people trust each other and behave with loyalty insider the class boundary. This, however, leads to a vicious circle. The closer is the guanxi, the more likely people avoid following rules in making decisions. With ineffective rules and a lack of transparency and supervision, people have to rely on their guanxi to get things

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46 Li et al., 2009: 47.
done. In job searching in today’s China, cultural capital is a necessary, but not sufficient, condition for being competitive enough in Shanghai’s thriving job market. *Guanxi*, as a sociocultural practice, plays a crucial role in job hunting there.

Another factor that underlines the continuing use of personal *guanxi* is that a high proportion of young people are the only offspring of their families. Many parents, in fact, look on their progeny as the legacy torch-bearer of the family. They, therefore, seek to maintain or improve family and social status through their children’s lives. Under the dual influence of economic reform and globalisation, upward intergenerational mobility for the middle class is never guaranteed and instead holds by many uncertainties. Parents believe that family success has to be maintained over generations mainly through the combined use of cultural capital (education and appropriate tastes) and social capital (social distinction and networks), linking them to the still influential and powerful cadres. Parents are often heavily involved in planning the career paths for their children, preparing them for studies abroad, and using and building their *guanxi* networks to find jobs for their children.

*The central role of cadres in guanxi networks*

This paper demonstrates the example of how middle-class parents make use of the advantages provided by the long-standing social institutions of *danwei* and *hukou* and the resultant *guanxi* to help their children find jobs in government or multinational corporations. The *guanxi* network is an informal institution in society for people to seek and get help. Although our interviewees were not chosen randomly, one of the parents of most of the middle-class families under study was a cadre. Cultural capital or credentials alone are not enough for the middle class to maintain their intergenerational mobility partly because economic reforms have not undermined the power and influence of cadres in allocating sought-after resources. Cadres and ex-cadres who still have close affiliations with the state reap the greatest benefits from reforms, as advanced by Nee.49 The long common experience with the self-contained *danwei* system has supplied cadres or ex-cadres, entrepreneurs and professionals, who were once colleagues in the *danwei*, with a feeling of community and belonging in the sense that they share the same class features and dispositions with

each other, thus facilitating business collaborations and mutual exchanges of benefits. The aforementioned continuing utilisation and sustenance of guanxi network by the middle class also strengthens the pivotal role of Party cadres in resource allocation, as well as their power.

Conclusion
This article investigated the relative importance of cultural capital and professional credentials in job hunting in the metropolitan city of Shanghai and concluded that these may not be sufficient in themselves for the middle class to maintain intergenerational mobility and social status. Even though middle-class youth may have earned a CFA or other prestigious professional qualifications, they still have to rely on cadres, parental social capital and trust-generating guanxi networks in order to have a chance at a successful career. These elements together play an influential role in affecting intergenerational mobility of the modern Chinese middle class. A sociocultural perspective, after incorporating the “cultural turn” of Bourdieuan theory on class, argues for the importance of studying the role of social institutions in shaping habitus and human agency. It both sheds light on the possibility of social mobility in post-reform China and reveals the enduring importance of cadres, guanxi and trust, bound by the historic socialist social institutions of hukou and danwei, in class (re) production.

Despite the fact that parents in middle-class families may not have advanced education or qualifications (mainly due to the breakdown of the higher education system in the years of political turmoil), they usually have a greater currency of social capital, maintained by the networks and ties with their danwei, than their children. They have such networks due to the nature of their own occupations and professions. This paper provided a sociocultural perspective on how the Chinese new middle class make use of social capital to preserve or enhance intergenerational mobility. These processes help explain how and why socialist social institutions continue to impact on the life chances and intergenerational mobility of the new middle class. On the one hand, Chinese “Tier 1” cities, such as Shanghai and Beijing, in post-reform China are economically advanced and mirror the activities and processes of other equally cosmopolitan global cities; on the other, finding jobs and getting promoted are, however, highly dependent on guanxi and state patronage. The Chinese middle class who are employed in state enterprises or private corporations are closely linked with the ruling Communist Party via cadre-centred guanxi networks. They are the primary beneficiaries of statism in the wake of current economic reform and globalisation. The
development of the middle class is heavily dependent upon state power because it is through this mechanism that they make advantage of existing “old boy” networks to maintain intergenerational mobility. The guanxi-based system helps ensure this class can perpetuate itself, hold its middle-class status, enjoy its distinctive materialist lifestyles and more importantly will not stand up to the communist regime. A direct implication of this study is that debate should go beyond whether social connections with resourced and powerful contacts continue to play a significant role in the labour market. Attention should rather be given to whether social capital has become a crucial means of perpetuating social inequality and social stratification through the generations in reform China. Our study amply demonstrates that urban middle-class families go to great lengths to mobilise and use their social capital to advance their well-educated children’s career. As social division and exclusion in present-day China can no longer be legitimately based on where one is, the vested interested urban groups—the urban middle class in our case of study—try to preserve their institutionally constructed advantages by transforming the norms about social division and exclusion into one based on what one has, hence the growing importance of cultural and social capitals.\

References

50 We borrow this from Wang (2005).


Savage, Mike; Barlow, James; Dickens, Peter; Fielding, Tony. (1992) *Property, Bureaucracy and Culture: Middle-Class Formation in Contemporary Britain*. London: Routledge.


Appendix 1: Interviewees Profile

**Family income (RMB)**

![Bar chart showing family income distribution in RMB.]

**Children's Education**

![Pie chart showing percentages of children's education. 77% No CFA, 23% CFA.]

- 77% No CFA
- 23% CFA