

Job Search and Labor Market Outcomes of New Graduates in China: Using the latest available survey data¹

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Abstract

We examined the determinants of labor market outcomes of new graduates in China based on an original survey. Data were collected in recent years following the new reform of the household registration system (*hukou* in the literature). We found that search effort, measured by the number of job applications sent by graduates, has a significant positive effect on employment. Furthermore, parents' income contributes significantly to starting wage, but has no significant effect on finding a job. This could be because parents' income is considered a major unemployment benefit for new graduates, theoretically contributing to wages but not affecting job-labor match. Moreover, contrary to previous studies using data before the new *hukou* reform, there was no significant wage gap between urban-born and rural-born graduates in our sample. Even though parents' income of rural-born graduates is much lower than that of urban-born graduates, the results suggest a significant advantage for the former compared to the latter in the labor market. We argue this could be the result of China's *hukou*-based university admissions system, which sets starkly different qualifying scores for different birthplaces, and, thus, the quality of students at the same university could differ by birthplace.

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