

RESEARCH ARTICLE

Does Performance Competition Impact China's Leadership Behaviour? Re-examining the Promotion Tournament Hypothesis

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Abstract

How can China develop so quickly and yet maintain stability? Most scholars pinpoint the efforts of China's local government leaders as a primary factor. Regarding what motivates these leaders, however, scholars display wide disagreement. The widely accepted "promotion tournament" hypothesis stresses competition among local leaders as the driving force, but empirical test results vary considerably and create controversy. We argue that tests of promotion competition should target leadership behaviour rather than institutional inducements; the latter are, at best, a necessary condition of the former. Informed by extensive fieldwork, this study proposes an alternative and more direct approach to verifying the promotion tournament hypothesis by examining the impacts of promotion competition on leaders' performance efforts. Our test results show, however, that competition for promotion has no significant impact on local leaders' behaviour, thereby indicating that the promotion tournament hypothesis cannot be the primary explanation for China's economic achievements and regime resilience. In so doing, our study illuminates the oversimplified assumptions behind a prevailing proposition in Chinese politics and offers empirically informed insights into the tensions between political institutions and leadership behaviour.

摘要

中国官员为何如此拼搏政绩，是否为职务晋升所调动？受李宏斌与周黎安先行研究的影响，相关研究多聚焦“官员绩效能否影响职务晋升”？这涉及中国政府的人事制度，但制度未必决定行为。由于学界关注焦点在如何激励地方官员，因此作者主张直接考察官员行为，即“晋升竞争形势能否影响官员投入？”本文乃通过中国地级市政府在 2000–2015 年的政府预算支出与融资平台借贷数据，检测中国官员的晋升竞争形势—包括“整体晋升名额”与“个人竞争优势”—对其政绩投入努力的影响。结果发现无论哪个层面均不存在晋升锦标解释预期的显著影响。换言之，晋升激励至多只是中国官员努力的必要条件之一，并不具有决定性影响。本文除考察流行的晋升锦标解释外，还能对政治“制度”与“行为”的关系有所启发。

Keywords: Chinese politics; local governments; government personnel system; promotion competition; promotion tournament hypothesis

关键词: 中国政治; 地方政府; 政府人事制度; 晋升竞争; 晋升锦标假说

In China, society and the economy are both dominated by the government.¹ Achievements in growth and governance thus must be attributed to the government, in particular the local governments that implement all policies.² Pertinently, Chinese politics, at the national as well as at the local level, is overwhelmingly characterized by the “leadership factor,” meaning all government policies

1 Schurmann 1973; Wright 2010; Teets 2014.

2 Oi 1992; Walder 1995; Montinola, Qian and Weingast 1995.

are heavily influenced by the personal concerns and styles of decision makers.³ Therefore, students of Chinese politics often interrogate the incentives of local leaders when pursuing explanations for China's transformations and achievements.⁴

As to what motivates these local leaders, the prevailing "promotion tournament" hypothesis (hereafter the PT hypothesis), argues that competition for promotion among local leaders incentivizes outstanding performance.⁵ As the advocates of the PT hypothesis reason, if those who perform better are promoted, all local leaders will strive to perform well. If this hypothesis is correct, then China's governmental, social and economic achievements are no longer a problem to be explained. The PT hypothesis receives enormous attention and frequent citation. Efforts to verify it, however, have resulted in conflicting conclusions, with some studies supporting the hypothesis but more rejecting it. The question of the validity of the PT hypothesis has thus yet to be settled.

We argue, however, that all previous efforts to test the PT hypothesis have been misguided and, more pertinently, few of them really help in clarifying the original research question. In seeking to explain what motivates Chinese leaders, we believe that research should focus on leadership behaviours rather than institutional inducements, for the latter are at best a necessary condition of the former.⁶ Given this belief, we propose a new design for testing and verifying the PT hypothesis: examining the varied impacts of competition for promotion on leaders' performance efforts. To better measure and encapsulate competition, we consider two aspects: overall competitiveness and individual advantages. We also reformulate the categories in a nonlinear way. As a metric for performance efforts, we utilize local government budgeting and financing data from 2000 to 2015. Our empirical test results using this approach demonstrate that, irrespective of which factor is being considered, promotion competition has no significant impact on local leaders' performance. In other words, regardless of whether better-performing leaders are being promoted or not, the competition among Chinese leaders is *not* the primary factor driving better performance.

The paper is divided into four sections. The next section reviews previous efforts aimed at verifying the PT hypothesis and explains why previous research focused on institutional inducements has adopted a misguided indirect testing design. We then propose a direct approach focused on leadership behaviour to clarify what motivates Chinese leaders. The subsequent section discusses the variables and metrics used in our testing design, which are mainly informed by our fieldwork experiences. The penultimate section reports definitive negative results from our testing of the PT hypothesis on the basis of leadership behaviour. Our concluding section summarizes our findings disproving the PT hypothesis and discusses the difficulties of applying economic frameworks to the study of Chinese politics in particular and comparative politics in general.

Testing the PT Hypothesis: Institutional Inducements versus Leadership Behaviour

In recent years, interest in China's local government leaders has been revitalized by concerns over China's authoritarian resilience.⁷ Despite the successive collapses of communist regimes in the 1990s, the Chinese Communist Party (CCP) has maintained control of Chinese society and, arguably, gained heightened support from the people.⁸ The strength of the regime puzzles scholars of both comparative authoritarianism and Chinese politics. They propose various explanations but generally agree that the CCP's success must be connected to both China's rapid economic growth and the Party's own effective governance. Currently, both outcomes are achieved through China's

3 O'Brien and Li 1999; Xiao and Zhu 2021.

4 For example, Whiting 2000; Li and Zhou 2005; Ang 2016.

5 Li and Zhou 2005; Landry, Lü and Duan 2018; Li et al. 2019; Wiebe 2020.

6 North 1990; Goertz 2017, Ch. 4.

7 Nathan 1996; Li 2012; Tsai and Kou 2015; Fewsmith and Nathan 2019.

8 Nathan 1996; Rudolph and Szonyi 2018.

local governments. This explains why so many China scholars are intrigued by the question of how the CCP motivates its local leaders.⁹

Driven by this conundrum, Hongbin Li and Li-An Zhou proposed the widely accepted PT hypothesis.¹⁰ In brief, the hypothesis proceeds from the assumption that if those who perform better are promoted, all leaders will then strive to perform well. Li and Zhou tested and confirmed the assumed association and correlation between local economic performance and local government leaders' likelihood of promotion. Since the PT hypothesis provided a straightforward answer to a recurrent question, it soon prevailed in discussions and garnered thousands of citations in both English and Chinese.¹¹ It is now probably *the* single most prevalent proposition in academic study of Chinese politics. Studies inspired by Li and Zhou's hypothesis created a new mainstream in China studies: not only have local governments emerged as a major focus but studying elite biographies became a new trend,¹² inaugurating a "paradigm shift" in the study of Chinese elite politics.¹³

Although Li and Zhou empirically tested their hypothesis, later efforts to verify it reached conflicting conclusions, with inconclusive findings being more common than conclusive confirmation (for a summary of selected works, see [Table 1](#)). These studies have drawn from different sources of data in terms of administrative levels, time periods and highlighted aspects, and involved dissimilar standards of data coding. The findings are thus understandably dissimilar; nonetheless, neither should they be altogether different. The absence of consensus – as [Table 1](#) shows – has thus triggered continuing debate, prompting scholars to attempt to replicate the original tests of the PT hypothesis. For example, after repeating some of the tests conducted in published research related to the PT hypothesis, in many cases Michael Wiebe gained results that diverged from the original results.¹⁴

Re-examining the Logic of the Promotion Tournament

Although there have already been many attempts to verify the PT hypothesis, in our view, few of them really help in clarifying the original research question. When considering the question of what motivates local leaders, if the answer is "promotion competition" then, ideally, we should ask and verify the question "does promotion competition effectively motivate Chinese leaders?" Yet Li and Zhou and subsequent adopters of the PT hypothesis shifted to a more indirect question: "can leaders' performance improve their chances of promotion?" Since there is a discrepancy between institutional inducements and human behaviours, regardless of whether the latter thesis is valid or not, we still do not know what motivates Chinese leaders. The existing tests conducted on the basis of Li and Zhou's hypothesis can thus at best offer an indirect and partial interpretation of the behaviour of local government leaders.

Of course, strictly speaking, Li and Zhou are not wrong, for they have never claimed to find *the* reason (or even a key factor) motivating Chinese local leaders.¹⁵ After all, controlling for all relevant variables, institutionalized competition for promotions could be established as just *one* contributing factor. Therefore, conceptually, Li and Zhou and their critics, like those stressing factional ties in

9 Montinola, Qian and Weingast 1995; Oi 1992; Walder 1995; Whiting 2000; Li and Zhou 2005; Xu 2011; Landry, Lü and Duan 2018.

10 Li and Zhou 2005, see also [Table 1](#) for related research.

11 There are 2,964 citations in English (including working papers, Google Scholar) and 5,887 in Chinese (published journal articles, CNKI), date of search: January 2022.

12 Shih, Adolph and Liu 2012; Zuo 2015; Stromseth, Malesky and Gueorguiev 2017; Pang, Keng and Zhong 2018; Jiang 2018.

13 See, for example, the contrast between, say, the following: Pye 1981; Teiwes 1984; Shih 2007; Landry 2008.

14 Wiebe 2020. Unfortunately, since he had no access to the original data, Wiebe's study is not a "replication" of earlier research in the strictest definition.

15 Li and Zhou 2005.

Table 1. Summary of Selected Attempts to Test the PT Hypothesis

Key works	Independent variable	Dependent variable	Administrative level	Timeframe	Main findings
Bo (2002)	Growth rate of revenue contribution	Promotion (promotion/otherwise)	Provincial	1949–1998	Significant impact
Landry (2003)	Growth rate of GDP per capita	Five types of turnover (exit/status quo/transfer/within-city transfer/external transfer)	Prefectural	1990–2000	Insignificant impact
Li and Zhou (2005)	Relative growth rate of GDP (compared with successors)	Three types of turnover (termination/same-level transfer/promotion)	Provincial	1979–1995	Significant impact
Tao et al. (2010)	Relative growth rate of GDP	Three types of turnover (termination/same-level transfer/promotion)	Provincial	1980–1995; 1979–2002	Insignificant impact
Shih, Adolph and Liu (2012)	Relative growth rate of GDP and fiscal revenue	Promotions along the Party line (ranking in CCP Central Committee)	CCP Central Committee	1982–2002	Insignificant impact
Yao and Zhang (2015)	Growth rate of GDP	Promotion (promotion/otherwise)	Prefectural	1994–2008	Insignificant impact
Jia, Kudamatsu and Seim (2015)	Growth rate of GDP	Three types of turnover (termination/same-level transfer/promotion)	Provincial	1993–2009	Insignificant impact
Landry, Lü and Duan (2018)	Growth rate of GDP and fiscal revenue	Promotion (promotion/otherwise)	Provincial; prefectural; county	1999–2007; 1999–2007; 1999–2007	Significant impact at county level but not at province and prefecture level
Li et al. (2019)	Growth rate of GDP	Three types of turnover (termination/same-level transfer/promotion)	Prefectural	2003–2014	Significant impact
Wiebe (2020)	Annual growth rate of GDP	Promotion (promotion/otherwise)	Provincial; prefectural; county	1979–1995; 1999–2012; 1999–2007	Significant impact at county but not at province and prefecture level

Source: Compiled by the authors.

Notes: GDP = gross domestic product.

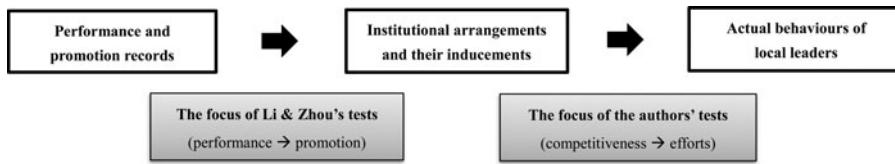


Figure 1. The Different Foci of the Empirical Tests between Li and Zhou's Study and This Study

Chinese politics, could all be right simultaneously.¹⁶ If that is the case, Li and Zhou's contributions would be less significant in clarifying the original research puzzle, and thus shed little light on either China's achievements or the CCP's resilience. After all, better-performing leaders are more likely to be promoted almost everywhere, so why is it that this pattern is particularly effective in China and is thus forwarded as *the* material factor in bringing about China's unique achievements?

Considering the above discussion, we posit that an understanding of institutional inducements is not enough to predict leadership behaviours. The former is at best a *necessary*, but not *sufficient*, condition for the latter, and, besides, we do not know whether it is a trivial one or not.¹⁷ To better grasp Chinese leadership behaviours, we must examine the behaviours themselves rather than only their institutional context. Existing efforts to verify the PT hypothesis have been derailed by Li and Zhou's institutionally oriented question. As such the prevailing approach has been to adopt "indirect" tests of the PT hypothesis; it is quite possible this that has contributed to the diversity of results and subsequent controversy and confusion. Instead, we should test the direct impacts of *promotion competition* on actual *leadership behaviours*. The differences between the empirical foci of Li and Zhou and those of this paper are illustrated in Figure 1.

Fieldwork Experiences and Theoretical Inspirations

According to Douglass North's treatment regarding the complex relationship between institutions and behaviours, institutions "make up an interconnected web that in various combinations shapes choice sets in various contexts. It is easy, given this understanding, to see why institutions are stable and why they typically produce many different margins at which choices are made."¹⁸ Importantly, these constraints should not be understood as absolute imperatives for two reasons. First, irrespective of the social system, there will be more than a single institution exerting influence, and under these diverse, and sometimes conflicting, influences, people acquire room for free action; they make the choices deemed most favourable for themselves. Second, when people confront unfavourable institutions, they will normally make every effort to circumvent, avoid entirely or resist such institutional obstacles.¹⁹ As for how "constraining" any given institution is, this is essentially an empirical question and thus must be evaluated with case evidence. Clearly, we should not and cannot assume that even with the institutional inducements advantaging performance, Chinese leaders will direct their efforts in that direction automatically, unanimously and in similar proportions. An assumption like that of Li and Zhou's has the potential to underestimate human agency and oversimplify social realities.

These theoretical considerations are also echoed in our fieldwork experiences. In Chinese local politics, there are many cases illustrating discrepancies between promulgated rules and actual behaviours.²⁰ In regard to promotion competitions, performance-based evaluations do not

¹⁶ Shih 2007; Shih, Adolph and Liu 2012; Oppen, Nee and Brehm 2015; Jiang 2018.

¹⁷ Goertz 2006; Gerring 2010.

¹⁸ North 1990, 67–68; see also North 1981, 47.

¹⁹ North 1990, 79.

²⁰ Since 2012, the authors' research team has conducted investigations on China's grassroots governments and has published more than a dozen articles in both English and Chinese.

guarantee the full effort of local leaders for several reasons. First, for Chinese leaders, better performance is not the only approach to improving one's chances of promotion. There are many other options, like building personal ties, pledging political allegiance or even paying lavish bribes.²¹ In such circumstances, local leaders will choose the most efficient strategies on a cost-benefit basis.²² Although such strategies are not mutually exclusive, due to limited time, energy and resources, Chinese leaders will still have to make choices. For these reasons, a "performance-only" or "performance-mainly" strategy is not a foregone conclusion.

Although almost everybody cares about being promoted, each leader's strategy can still vary, given his or her opportunity structure and personal endowments.²³ Before investing effort and resources, China's leaders will assess their opportunity structure and evaluate their expected chances and returns. These depend on their *overall competitiveness* and their *personal advantages* within promotion competitions. Specifically, Chinese leaders will first check on how many government positions are being offered and how many candidates are competing for those positions. Subsequently, they will also evaluate their performance rankings and calculate their odds of winning, under the current yardstick(s) for performance evaluation.²⁴

In addition to the external opportunity structure, these local leaders also assess the exact *input-output efficacy* of each approach to gaining promotion based on their personal endowments and opportunities. If we adopt the gross domestic product (GDP) growth rate in their jurisdiction as the indicator for local leaders' performance, the possibility of improving one's growth rate is dissimilar for different leaders: for example, the possibility decreases for those in charge of regions with relative fewer resources and opportunities. Such leaders thus tend not to choose a performance-led approach to gaining promotion.²⁵ Moreover, the relative significance of performance in one's final profile for promotion also varies for different leaders. Generally speaking, performance factors are weighted more heavily for lower-ranked leaders, whose personal competence has not yet been proved, than for higher-ranked leaders.²⁶ Taking into account this variability of resources and opportunities, different local leaders will prefer dissimilar strategies for promotion and thus devote dissimilar efforts towards delivering performance.

To complicate the situation further, there are many ad hoc and unobservable factors that may also affect leaders' choice of promotion strategy. For example, some leaders may easily build personal ties with their superiors since they come from the same hometown, studied at the same school or previously worked in the same organisation.²⁷ Individual leaders enjoy dissimilar advantages in connection to particular strategies for gaining promotion. Moreover, local leaders are sometimes under unequal pressure in seeking promotions which might also affect their choice of strategy.²⁸ Leaders getting close to the age limit for promotion need a "quick and sure" means – like paying bribes – by which to secure promotion, otherwise their careers may soon end.²⁹ In contrast, those who are relatively younger normally prefer the performance-led approach, which is less costly, low risk and, more importantly, cumulative. Finally, local leaders with diverse personal preferences and experiences may also pick contrasting approaches.³⁰ As we have observed in the field, some local leaders pursue promotions wholeheartedly: anything and everything they do is aimed towards promotion. We cannot exclude, however, the possibility that some leaders curate their reputation

21 Shih 2007; Oppen, Nee and Brehm 2015; Pei 2016; Li and Gore 2018.

22 Tang and Liu 2012; Pu and Fu 2018.

23 Schultz 1995; Qian, Cao and Li 2011; Lü and Landry 2014.

24 Cai and Treisman 2005; Qian, Cao and Li 2011; Lü and Landry 2014.

25 Cai and Treisman 2005; Tang and Liu 2012; Genakos and Pagliero 2012.

26 Landry, Lü and Duan 2018.

27 Shih, Adolph and Liu 2012; Oppen, Nee and Brehm 2015; Jia, Kudamatsu and Seim 2015.

28 Eaton and Kostka 2014; Kou and Tsai 2014; Pang, Keng and Zhong 2018.

29 On the age limit of local leaders' promotion, see Kou and Tsai 2014.

30 Lu, Xia and Xiao 2019; Wan and Xie 2021.

carefully and thus may intentionally balance between short-term performance and the long-term legacy of their decisions.

To summarize, based on what we have learned in the field, although Chinese leaders do pursue promotion, their strategies to achieve that goal may still vary, depending on their evaluation of opportunity structure, personal endowments and political opportunities. Therefore, regardless of whether better-performing leaders are more likely to be promoted, Chinese local leaders still may not choose to devote all their efforts towards performance. Acknowledging the discrepancies between institutional inducements and actual behaviours, we must, therefore, empirically examine the influences of the former on the latter. Hence our call for a different approach to verify the PT hypothesis. We explain our testing approach focused on performance effort in the next section.

Measuring Leadership Behaviour: A Direct Test of the PT Hypothesis

If we plan to verify the PT hypothesis directly, we must focus on the impact of competition for promotion on leadership behaviour. However, neither of the two key variables is easy to measure, which is probably why other scholars have favoured indirect verification. Here we explain how we measure these variables, obtain our empirical data and select our test models.

The dependent variable, leadership behaviour, refers to the efforts of local leaders directed towards set performance goals, especially the economic performance goals stressed in most extant studies.³¹ As a common and simple metric for such efforts, most researchers use GDP growth rates as their indicator.³² Unfortunately, growth rates are the *results* of leaders' efforts rather than efforts in and of themselves; there are significant discrepancies between this metric and the variable it aims to measure.³³

Some scholars shift to the input side and focus on the resources used to generate GDP growth. Here the most relevant resource is local government budgets. Scholars examine the share of budgets local leaders allocate to the infrastructure sector, which can be most quickly translated into GDP growth.³⁴ Budgetary data is, however, restricted by its upper limit, total fiscal revenue. Scholars therefore must also take into account another financial resource, local government financing (*difangzhai* 地方债) for infrastructural investments. These are the debts or securities guaranteed by the local government for developmental use.³⁵ In our view, the two sources of financial data index distinct aspects of the efforts of local leaders. First, in general, local government budgets must be approved by top local leaders and thus their allocation is subject to the discretion of these leaders. Such budgets are, therefore, normally the first policy tool to be considered for delivering performance.³⁶ Nevertheless, local leaders must also balance between disparate expenditures, which constrains their freedom to allocate budget funds. In contrast, government *financing* is a resource leaders must expend extra effort to obtain.³⁷ Unlike budget allocation, however, expanding local financing requires risk taking from local leaders, because the central government has repeatedly warned against local governments' excessive indebtedness.³⁸ Consequently, government

31 Economic performance is chosen mainly because of its political significance, numerical comparability and data availability. For a practitioner's account, see Li 2015.

32 For example, Li and Zhou 2005; Choi 2012; Shih, Adolph and Liu 2012; Jia, Kudamatsu and Seim 2015.

33 These discrepancies are manifested in the literature on the "political economic cycle" versus the "political budget cycle." For examples, see Tufte 1978; Rogoff 1990.

34 Keng, Pang and Zhong 2016; Que, Zhang and Schulze 2019.

35 Cao, Mao and Xue 2019; Liu, Oi and Zhang 2022.

36 Keng, Pang and Zhong 2016.

37 Cao, Mao and Xue 2019.

38 Since the mid-2000s, local debt has become a serious problem, attracting the attention of the central government. For example, the State Council conducted two large-scale audits focused on local debt issues in 2011 and 2013, and in 2014 issued the "Opinions of the State Council on Strengthening the Regulations of Local Government Debts" (Document No. 43 [2014]).

financing is usually the policy of last resort for local leaders.³⁹ Due to the contrasting nature of the two economic policy options, when examining the efforts towards gaining promotion of local leaders, taking both into account is preferable.⁴⁰

Finally, our choice of measurement is also constrained by data availability. The Chinese government stopped releasing itemized expenditures of local budgets in 2006 (as in the *China Yearbook of Prefectural and County-level Fiscal Statistical Data* [*Quanguo dishixian caizheng tongji ziliao* 全国地市县财政统计资料]). Simultaneously, the Ministry of Finance also introduced the “Adjustments in the Categories of Fiscal Revenues and Expenditures” (*Caizheng shouzhikemu hua-fen gaige* 财政收支科目划分改革), and hence the fiscal statistics released before and after the introduction of these reforms are inconsistent.⁴¹ After considering data availability and its relative significance, we employ budgetary data for 2000–2006 and financing data for 2006–2015.

For our empirical tests, we focus on the Party secretaries of prefecture-level cities. We examine the competition among these Party secretaries for promotion to membership in the standing committee of the provincial Party committee (*shengwei changwei* 省委常委), who are undoubtedly the deputy province-level leaders with “executive power.” We highlight prefecture-level leaders rather than provincial or county-level leaders for three reasons. First, provincial leaders play too crucial a role in the party-state to be appointed primarily on the basis of their performance record. Other factors such as factional loyalty, resource access and social control further inform and complicate the selection of provincial leaders. Second, the origins of future appointees to provincial leadership positions are too diverse (ranging from vice premiers and ministers to many other ministerial-level positions) to be categorized with simple criteria.⁴² Third, although the appointment of county leaders is more performance based, detailed county-level data are not fully available.⁴³ Therefore, considering these factors, empirical verification using prefecture-level leadership profiles and socio-economic statistics presents the preferred choice.

We choose Party secretaries and not mayors for two further reasons. First, key decisions of local governments – including budget allocation and scale of financing – must be discussed and made in the standing committee of the prefectural Party committee (*shiwei changweihui* 市委常委会). Here, the Party secretary plays a key role in the decision-making process and is usually held responsible for every decision of the committee.⁴⁴ Second, due to their being perceived as having more executive power, appointees to the standing committee of the provincial Party committee are generally Party secretaries and not mayors.

The next focus is our independent variable reflecting the key features of local leaders’ promotion competition, in particular the level of competitiveness. Participants in any competition evaluate their odds beforehand and then choose whether to expend effort towards winning.⁴⁵ As we learned in the field, Chinese leaders do not just carefully evaluate the situation of the competition they are concerned with, but also keep themselves updated on new situations, referred to as “staying alert with sharp eyes and keen ears” (*yanguan liulu erting bafang* 眼观六路耳听八方). To our surprise, both participants and informed observers often come up with similar estimates of the likely outcomes of promotion competitions, and, pertinently, most of these estimates turn out to be accurate. After delving into the ways in which these subjects make their evaluations, we discovered two parameters to assess the level of competitiveness in promotion competitions: first, the overall

39 Li and Liang 2016; Liu, Oi and Zhang 2022.

40 In accordance with one reviewer’s suggestion, we have rechecked and confirmed that the two indicators are not highly correlated. We are grateful for the reminder.

41 Lü and Landry 2014; Keng, Pang and Zhong 2016; Que, Zhang and Schulze 2019.

42 Jia, Kudamatsu and Seim 2015.

43 Landry, Lü and Duan 2018.

44 Yao and Zhang 2015.

45 Downs 1957.

ratio of vacancies to candidates; and second, the personal advantages of a candidate relative to his or her competitors.

The overall level of competitiveness can be determined from the number of open positions and the number of competitors for those positions. Guided by the same rationale, Lü and Landry previously measured competitiveness in promotion competitions using the total membership of the standing committee of the prefectural Party committee relative to the number of counties under those prefecture-level cities.⁴⁶ This design has limitations for two reasons. First, not every member of the prefectural standing committee was promoted from among the cohort of county-level Party secretaries. To account for the possibility of unexpected competitors, we adjust the crude ratio using the percentage of the total number of individuals newly promoted to the standing committee who were promoted from among the subordinate Party secretaries in the previous round of promotion. Second, not every Party secretary has similar promotion prospects. Given existing rules, those who are over age or newly appointed have little chance to participate in the next round of competition.⁴⁷ Accordingly, we dismiss from consideration Party secretaries over the age of 57 and those who have been serving for fewer than two years. Based on the above considerations, we propose the following hypothesis:

Hypothesis 1: *The level of competitiveness – assessed in terms of the adjusted ratio of vacancies to competitors – will significantly incentivize local leaders’ performance efforts.*

Since a high level of competitiveness is often a given, the personal advantages of a respective candidate relative to his or her competitors can be more decisive in determining their effort and that of their competitors. Personal advantage should be measured in distinct ways for dissimilar political systems. For example, scholars often rely on approval rates of candidates as a metric in electoral politics.⁴⁸ In the Chinese political system, leaders’ performance should be assessed with a yardstick-like measurement of their position in overall rankings of achieved performance. This measurement can be found in Qian, Cao and Li’s research; they examine the relation between performance record (proxied by the position of their jurisdiction in overall rankings of regional GDP growth) and performance effort (proxied by company loans approved by the local government) of local leaders.⁴⁹ Still, there are two complicating factors to this metric. The first involves leaders’ responses to their performance rankings. Existing research often introduces such rankings into testing models directly. Yet, as Cai and Treisman argue, leaders are likely to give up if they are falling far behind in such rankings.⁵⁰ Conversely, leaders may also expend less effort if they are surging far ahead. Therefore, conceptualizing performance rankings in a simple linear fashion is obviously oversimplified.

Regarding performance rankings, we draw from our fieldwork to separate “personal advantage” in promotion competition into three zones: (1) the “comfort zone,” occupied by leaders with significantly higher performance rankings and who face weaker competition from other participants; (2) the “despair zone,” for leaders with much lower performance rankings – like those in the “comfort zone” this group usually, but not always, occupies a lower level of competitiveness, albeit because they may choose not to compete; and (3) the “competitive zone,” occupied by leaders

46 Lü and Landry 2014.

47 Kou and Tsai 2014. For recent developments, refer to the “Regulations Regarding the Selection and Appointment of Leading Party and Government Cadres,” promulgated in 2002 and revised in 2019. For an English-language translation, see: <http://www.china.org.cn/english/congress/226530.htm>.

48 Studies of democratic regimes can use the candidates’ approval ratings to assess their likelihood of being re-elected, as in Schultz 1995; Besley, Persson and Sturm 2010. This approach, however, does not fit authoritarian regimes.

49 Qian, Cao and Li 2011.

50 Cai and Treisman 2005.

	Comfort zone	Competitive zone	Despair zone
Performance rankings	Far ahead	Closely aligned	Far behind
Level of competitiveness	Weakly competitive	Highly competitive	Weakly competitive
Measurements	Rankings higher than those in the competitive zone	Rankings within the range of up and down 15 per cent of the number of targeted vacancies	Rankings lower than those in the competitive zone

Figure 2. Personal Advantages and Competitiveness Levels in Leaders' Promotion Competition

with standard performance rankings who thus face the strongest competition from other participants. The differences among the three categories are illustrated in Figure 2.

With this new conceptualization, we thus propose the following hypothesis:

Hypothesis 2: *The level of competitiveness in a promotion competition – assessed in terms of past performance record – will significantly promote local leaders' performance efforts.*

More specifically, based on leaders' performance rankings among all the competitors, the competitive zone includes leaders whose rankings float up and down within a range of 15 per cent of the number of targeted vacancies, while the comfort zone includes leaders with better records, and the despair zone, those with worse records.⁵¹ For example, if there are seven vacancies to be filled, those leaders falling into the competitive zone would range among those whose performance ranked sixth, seventh and eighth. We shall rely on the contrast between these categories to examine the impact of competitiveness in promotion competitions.

Our data sources are as follows. First, we include the performance of leaders and their governments for all of China's prefecture-level cities from 2000 to 2015. The data for prefectural governments are mainly drawn from the *Statistical Yearbook of Chinese Cities (Zhongguo chengshi tongji nianjian 中国城市统计年鉴)* and the *China Yearbook of Prefectural and County-level Fiscal Statistical Data*, with supplements from the State Council Development Research Center website Guoyanwang 国研网 and from Cao, Mao and Xue's research on local financing platforms.⁵² As for leaders' profiles, we rely on our compiled archive of elite leaders, which draws from the yearbooks (*nianjian 年鉴*) of Chinese provinces (for example, *Jiangsu nianjian 江苏年鉴*) and the *Statistical Yearbook of Chinese Cities (Zhongguo chengshi tongji nianjian 中国城市统计年鉴)*, all supplemented through search results from People.cn 人民网 or Baidu Baike 百度百科, and entails the cross-examination of these diverse sources.

We curate our data in two ways. We adopt a "two-way fixed effects model" for the analysis of panel data with controls for the fixed effects of prefectures and years while examining the impacts of promotion competitions on leaders' efforts for performance. We also hold two sets of related variables under control. The first set involves the personal features of respective local leaders, including: (1) their age; (2) their patronage from the party-state, i.e. whether they have been recruited into a Party school training programme;⁵³ (3) their patronage from their superiors, i.e. whether they have been transferred from provincial government positions; and (4) the significance of their positions, i.e. whether their immediate predecessor was promoted to the position of a provincial deputy leader with executive power. The second set of variables concerns the economic performance of respective governments, including: (1) level of economic development, i.e. GDP per

51 Since the 15 per cent cut-off point is arbitrary, thanks to one reviewer's reminder, we have also tried cases of 10 per cent and 20 per cent in the empirical tests, and the outcomes of all the tests remain the same.

52 Cao, Mao and Xue 2019.

53 For the prefectural leaders, the relevant programme is the Training Programme for Young and Middle-aged Cadres (*Zhongqingnian ganbu peixunban 中青年干部培训班*).

capita; (2) economic structure, i.e. the ratio of the industrial output to total economic output; (3) budget leverage, i.e. per capita government expenditure and the ratio of fiscal income in the government expenditures; (4) average level of investments, i.e. the ratio of societal investments to total GDP.

The Impact of Overall Competitiveness and Individual Advantages and Leadership Efforts

Again, if the PT hypothesis is correct, promotion competition among local leaders will exert significant influence on their performance efforts. Our newly designed, direct test for the PT hypothesis necessitates separating our reported findings into the effects of overall competitiveness and individual advantages.

First, we examine the effects of overall competitiveness in promotion competitions. Models 1 and 3 of Table 2 are tests based on the ratio used in previous research, i.e. the ratio of the numbers of all the provincial deputy leadership positions to all the prefectural Party secretaries, that is, the *de jure* competitors. Models 2 and 4 are tests based on our “revised ratio,” i.e. the ratio of the number of deputy provincial leaders previously promoted from Party secretaries to the number of prefectural Party secretaries who are neither over age nor newly appointed, in other words, the *de facto* competitors. Neither the *de jure* term nor the *de facto* term of overall competitiveness has any significant impact on either government budgeting or government financing. Therefore, Hypothesis 1 relating competitiveness and performance is rejected.

Significantly, however, for Li and Zhou, personal advantage in promotion competition is the real key: local leaders strive hard because they want to improve their performance ranking, i.e. their personal advantage in promotion competition. We now divide leaders’ performance rankings into three categories and examine: (1) GDP growth rate; (2) rates relative to their predecessors; and, in order to double-check, (3) the same categories with one- and two-year time lags. The results are summarized in Table 3.

Models 1–4 in Table 3 are tests for the impact of performance rankings on government budgets. As we can see, regardless of the level of competitiveness (the comfort zone or despair zone vis-à-vis the competitive zone), assessment criteria (absolute or relative performance), or time lag (one or two years), there is no significant impact on leaders’ performance efforts. Likewise, Models 5–8 are tests for the impact on government financing, and the results are the same.⁵⁴ In other words, Hypothesis 2 is also rejected. To sum up, with the results in Tables 2 and 3, we can conclude that Li and Zhou’s PT hypothesis fails to pass any of our direct tests. Promotion competition among Chinese local leaders is *not* a primary motivation for better performance.

Leadership Behaviour within Institutions: Towards an Empirically Informed Approach to Chinese Politics

Although this research project is essentially a case study of Chinese politics, it touches upon a classic issue in political science, i.e. the tensions between institutional inducements and human behaviour.⁵⁵ In this case, Li and Zhou’s hypothesis mistakenly places too much emphasis on the institutional side of this dynamic.⁵⁶ When their proposition was presented to Chinese local leaders we met in the field, most subjects’ answers lacked certainty. Many responded with ambivalent answers, such as “performance can help [one’s promotion chances], but it has never been the only approach.” After comments like this, some respondents even gave us a cunning smile, suggesting that performance had rarely been their primary concern.

54 Similarly, if testing against GDP growth rates, the results are the same: no significant impact.

55 Hay 2002, 89–134. For various perspectives, see Giddens 1979, 49–95; Callinicos 2004; Elder-Vass 2010.

56 Pang, Keng and Zhong 2018, 88–93.

Table 2. Impact of Overall Competitiveness on Local Leaders' Performance Efforts

	Model 1	Model 2	Model 3	Model 4
Overall competitiveness	0.967		1.283	
(De jure competitors)	(0.922)		(1.104)	
Overall competitiveness		-0.508		0.075
(De facto competitors)		(0.322)		(0.059)
Age of Party secretary	-0.023	-0.007	0.061*	0.010
(Years)	(0.035)	(0.047)	(0.034)	(0.008)
Party school training	0.104	0.514	0.548*	0.150**
(Y = 1, N = 0)	(0.307)	(0.537)	(0.311)	(0.072)
Transferred from provincial position	-0.208	0.218	0.651*	0.129
(Y = 1, N = 0)	(0.195)	(0.502)	(0.355)	(0.083)
Predecessor also being promoted	0.661*	0.777	-0.472	-0.099
(Y = 1, N = 0)	(0.324)	(0.578)	(0.320)	(0.065)
Level of development	1.826	-2.974*	0.494	-0.012
(GDP per capita)	(2.972)	(1.795)	(1.564)	(0.295)
Financial independence	-6.516*	-6.631**	4.414*	0.336
(Income/expenditure)	(3.194)	(2.628)	(2.269)	(0.403)
Fiscal expenditure	1.926	7.991***	-0.247	0.284
(Per capita)	(3.698)	(2.287)	(0.884)	(0.197)
Economic structure	0.015	0.041	-0.088**	-0.010
(Ratio of secondary industry)	(0.057)	(0.049)	(0.042)	(0.008)
Level of investments	-0.254	0.098	-1.586*	-0.278
(Total social investments)	(1.805)	(1.694)	(0.873)	(0.193)
Constant	-22.619	-9.790	-12.512	-2.081
	(15.583)	(13.911)	(22.342)	(2.630)
N	1,759	848	2,442	1,221
R ^{2-a}	0.809	0.187	0.615	0.338
Time effects (Years)	Controlled	Controlled	Controlled	Controlled
District effects (Prefecture level)	Controlled	Controlled	Controlled	Controlled

Notes: 1. The dependent variable of Models 1 and 2 is the share of local government budgets allocated to infrastructure investments while the dependent variable of Models 3 and 4 is the scale of financing vehicles of local government relative to the GDP of the locality; 2. Clustered standard errors at the prefecture level are reported in the parentheses; 3. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$; 4. Due to differences in the independent variable, that is, the two types of overall competitiveness (de jure and de facto), case numbers of the four models vary considerably; 5. In Models 1 and 3, due to the limited variations of independent variables, the "least squares dummy variable regression" is used for estimation; 6. The case of nonlinear relationship, with the square term of the independent variable has also been examined. With this nonlinear test, we still do not find consistent evidence indicating significant impacts from the independent variable.

As we later learned, given the myriad strategies for promotion, some leaders count on performance but others may not. Their choices are never as simple as Li and Zhou's reasoning that if outstanding performers are promoted, then all Chinese leaders will strive hard to perform well. In other words, even with institutional inducements, Chinese leaders still have choices and how they choose to act is still an open question. Li and Zhou have made an oversimplified assumption and thus ignore potential discrepancies between institutional inducements and human behaviours. This is

Table 3. Impact of Individual Advantages on Local Leaders' Performance Efforts

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
Assessing criteria	Absolute performance	Absolute performance	Relative performance	Relative performance	Absolute performance	Absolute performance	Relative performance	Relative performance
Time lag	1 year	2 years	1 year	2 years	1 year	2 years	1 year	2 years
Comfort zone	-0.695	-0.718	-0.756	0.197	-0.023	0.076	-0.003	0.001
(Cf. competitive zone)	(0.462)	(0.450)	(0.464)	(0.421)	(0.064)	(0.079)	(0.068)	(0.075)
Despair zone	-0.109	-0.151	-0.295	-0.107	-0.097	0.095	-0.055	-0.076
(Cf. competitive zone)	(0.516)	(0.432)	(0.415)	(0.475)	(0.066)	(0.083)	(0.063)	(0.070)
Age of Party secretary	-0.013	-0.039	-0.001	-0.040	0.014	0.005	0.015	0.006
(Years)	(0.060)	(0.081)	(0.061)	(0.087)	(0.010)	(0.012)	(0.010)	(0.012)
Party school training	0.840	1.112	0.794	1.101	0.060	0.018	0.062	0.028
(Y = 1, N = 0)	(0.642)	(0.714)	(0.644)	(0.760)	(0.072)	(0.089)	(0.072)	(0.090)
Transferred from provincial position	0.524	0.280	0.411	0.114	0.077	0.030	0.064	0.050
(Y = 1, N = 0)	(0.596)	(0.674)	(0.594)	(0.666)	(0.085)	(0.099)	(0.083)	(0.096)
Predecessor also being promoted	1.071	0.855	1.001	0.845	-0.112	-0.120	-0.109	-0.128
(Y = 1, N = 0)	(0.714)	(0.762)	(0.718)	(0.781)	(0.071)	(0.083)	(0.071)	(0.083)
Level of development	-3.741*	-1.889	-3.807*	-1.278	-0.007	-0.174	-0.022	-0.144
(GDP per capita)	(2.076)	(2.217)	(2.095)	(2.252)	(0.297)	(0.387)	(0.298)	(0.380)
Financial independence	-4.659	-4.570	-5.049	-4.242	0.124	-0.030	0.107	-0.049

(Income/ expenditure)	(3.601)	(3.477)	(3.667)	(3.728)	(0.446)	(0.517)	(0.446)	(0.507)
Fiscal expenditure	7.689**	9.753***	7.787***	9.843***	0.204	0.211	0.164	0.208
(Per capita)	(2.965)	(3.125)	(2.912)	(3.221)	(0.204)	(0.239)	(0.203)	(0.240)
Local economic structure	0.009	−0.019	0.021	−0.007	−0.007	−0.006	−0.007	−0.005
(Ratio of secondary industry)	(0.059)	(0.076)	(0.058)	(0.074)	(0.009)	(0.011)	(0.009)	(0.011)
Level of investments	−0.253	−2.091	−0.378	−2.001	−0.199	−0.231	−0.206	−0.208
(Total social investments)	(1.894)	(2.324)	(1.943)	(2.393)	(0.207)	(0.290)	(0.204)	(0.286)
Constant	−0.561	−29.345	−1.338	−36.471**	−1.687	0.315	−1.276	0.043
	(17.612)	(17.914)	(17.792)	(17.838)	(2.612)	(3.322)	(2.612)	(3.261)
N	696	558	696	558	1,088	902	1,088	902
R ² _a	0.141	0.189	0.144	0.180	0.333	0.322	0.331	0.325
Time effects (Years)	Controlled	Controlled	Controlled	Controlled	Controlled	Controlled	Controlled	Controlled
District effects (Prefecture level)	Controlled	Controlled	Controlled	Controlled	Controlled	Controlled	Controlled	Controlled

Notes: 1. The dependent variable of Models 1–4 is the share of local government budgets allocated to infrastructure investments while the dependent variable of Models 5–8 is the scale of financing vehicles of the local government relative to the GDP of the locality; 2. Clustered standard errors at the prefecture level are reported in the parentheses; 3. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

the reason why our fieldwork experiences encouraged us to become sceptical. This is also why we believe existing research on this topic is misguided and thus unable to address the original research question of what motivates Chinese local leaders. Finally, this is why we have chosen to shift research focus from institutions and their listed inducements to leadership behaviour within particular institutional contexts.

Driven by this belief, we adopt a new design for empirically testing the PT hypothesis, by examining the direct impacts of competition for promotion on leadership behaviour in terms of their performance efforts. Our test results do *not* support Li and Zhou's proposition that institutional inducements significantly determine human behaviours. Furthermore, this finding fits better with our fieldwork experiences.

In our view, the limitation of Li and Zhou's approach comes from their overemphasis on institutionalized explanations of human behaviours, which results in an oversimplified interpretation of Chinese politics.⁵⁷ Li and Zhou assign their meritocratic paradigm a dominant status over all other paradigms, to such an extent that institutional inducements have become "the only game in town." In this way, their approach resembles neoclassical economics as critiqued by Douglass North for arbitrarily assuming an institution-free or mono-institutional world.⁵⁸ Li and Zhou's approach is problematic not for its focus on institutional inducements per se but, rather, for its oversimplification of social realities. We should recognize and acknowledge that, in every social system, there is more than one institution exerting influence, and, confronted with these diverse and sometimes conflicting influences, human actors will create and take advantage of any possible room for making their own choices. This is exactly what occurs in this case study of Chinese local politics: local leaders face conflicting rules and they make the most advantageous choices available to advance their own interests. Unsurprisingly, their choices are neither as unanimous nor as predictable as Li and Zhou assume. To understand leaders' real-world choices, we must examine leadership behaviour *empirically* and directly. This is the whole purpose of this study.

Our empirical findings encourage us to understand that Li and Zhou's limitation might result from their over-engagement with the "institutional goal of motivation," which results in their relative neglect of the "institutional goal of control." This is probably because Li and Zhou borrow their framework from organizational economics, which originates from the study of business enterprises.⁵⁹ Unlike governments, most enterprises are exposed to harsh competition, and must maximize output for survival. In such a context, it is reasonable to stress the goal of motivation as the foremost, if not the only, goal. An assumption like this might be usefully applied to electoral politics with intense inter-party competition, but it definitely does not fit a political system like China's, where ensuring effective control is at least as important as motivating performance.⁶⁰

In the Chinese political system, the party-state must take both functions into consideration. The Chinese party-state will never tolerate a political system that would induce a loss of effective control over high-performing leaders.⁶¹ Our knowledge of authoritarianism should remind us of the importance of control in China's political system. Performance will never be the only factor determining promotion, although the CCP may want people to believe so. Borrowed economic frameworks that are not derived from in-depth fieldwork experience, like that of Li and Zhou, thus constrain our understanding of Chinese politics.

During our study of local leaders working under China's "pressurized system" (*yalixing tizhi* 压力型体制), our research subjects' complex responses prompted interrogation of the PT hypothesis. Our fieldwork suggests that not many Chinese local leaders strive primarily to improve their

57 Pang, Keng and Zhong, *op. cit.*

58 North 1990, 17–20.

59 Lazear and Rosen 1981.

60 As shown in studies including Edin 2003; Landry 2008; Tsai and Kou 2015; Xiao and Zhu 2021; Jia 2022.

61 Tao et al. 2010.

promotion opportunities. Significantly more officials seek to accomplish the work goals with which they have been tasked to avoid negative consequences. Of course, continual task accomplishment remains tied to leaders' fear of having their careers ruined under China's high-stakes "promotion or exit" (*feisheng jitui* 非升即退) system in the longer term. These fieldwork insights provided a new research direction for us and prompted our "pressure"-centred hypothesis: the pressures of failure to gain promotion, rather than the incentives of success in gaining promotion, motivate local leaders' performance efforts. We then designed empirical tests disaggregating leaders' chances of promotion to preliminarily confirm that leaders who have less chance of promotion (and thus fewer incentives and greater pressures) will work harder while those with better chances are generally less assiduous in improving their performance record. Since task/performance goals are set either by the party-state or superiors, our pressure-based hypothesis considers both "motivation" and "control" and thus better fits the nature of the CCP politics.

Insights from extensive fieldwork in China point us toward a new, more nuanced, hypothesis and an intriguing, more China-centric potential research direction. For this reason, we suggest that, particularly when adapting approaches borrowed from other disciplines, a complex and empirically informed understanding of human behaviour should underscore future research and explanations for China's prosperity and resilience. After all, conceptualizing complexity and agency always have their place in studying political institutions, especially authoritarian ones.

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