

Heterogeneity in the Chinese Self-employment Boom

Abstract: Since China's government enacted the economic reform to establish a market economy, self-employment is seen as an important source of economic growth and labour market improvement. And, indeed, self-employment rates have risen importantly in China in the last decade. Self-employment, and with it the impact on economic development, is heterogeneous and to assess the potential influence of the self-employment boom in the Chinese economy, understanding the heterogeneity of self-employment is crucial. This study assesses the heterogeneity in self-employment and its characteristics, drawing from the Chinese community household survey household survey from 2012. We distinguish three groups of self-employed workers: Manual, Non-Manual and Employers and we benchmark the groups against employees. We find distinct differences in terms of demographics, family background, income, location and individual attitudes among the self-employment groups. These differences help in further understanding the characteristics of the self-employment boom in China – who is involved and its geography – and consequently its impact on economic development.

Keywords: Self-employment; Entrepreneurship; Heterogeneity; China