

Employment of China's Industry with Heterogeneity by Firm Size

Topic: Firm Heterogeneity and Input-Output Analysis

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With the rapid growth of China's economy, China has become one of the country with the largest population in the world, and China's employment problem has been widely concerned by scholars from all over the world. In recent years, the Chinese government has actively pursued various policies to promote the improvement of employment level. However, the firm is the carrier of employment personnel, and the implementation of various employment policies needs to rely on the specific implementation of micro-firms. Therefore, it is necessary to carry out employment policies from the firms level to solve the employment problem. Specifically, the rapid development of China's economy has bred a large number of small and medium sized firms these years, which have played a significant role in promoting the steady progress of China's economy. The data shows that China's small and medium sized enterprises have contributed 60% of China's GDP, 50% tax and 80% of urban employment in 2017. However, because of the advantages of large firms in capital, scale and other aspects, there are obvious differences among large, small and medium sized firm. Accordingly, there are significant differences in the production structure, technical level, import and export trade, employment, as well as the economic impact among firms of different size types. Under this background, it is of great significance to study the employment patterns of different size of firms, which contributes to study the strategy of China's employment. In this paper, we construct an input-output table considering the heterogeneity of firm size for the year 2012 in order to explore the value-added as well as employment by different sized firms in China. This study may provide some differentiated policy implications at firm level which can help to promote employment.