

Box 5.1

The recent self-employment situation : An update

This box article aims to provide an update of the self-employment situation since 2006, as a sequel to the one published in the Half-yearly Economic Report 2007.

Developments since 2006

After falling by 5.5% in 2007, the number of self-employed workers rebounded by 5.0% in 2008 and then held largely steady in 2009. While over this period such workers still decreased by 1.2% (or 2 900 persons), their share in total employment was relatively steady, hovering within the range of 7-8%, which was broadly in line with that observed earlier in the decade.

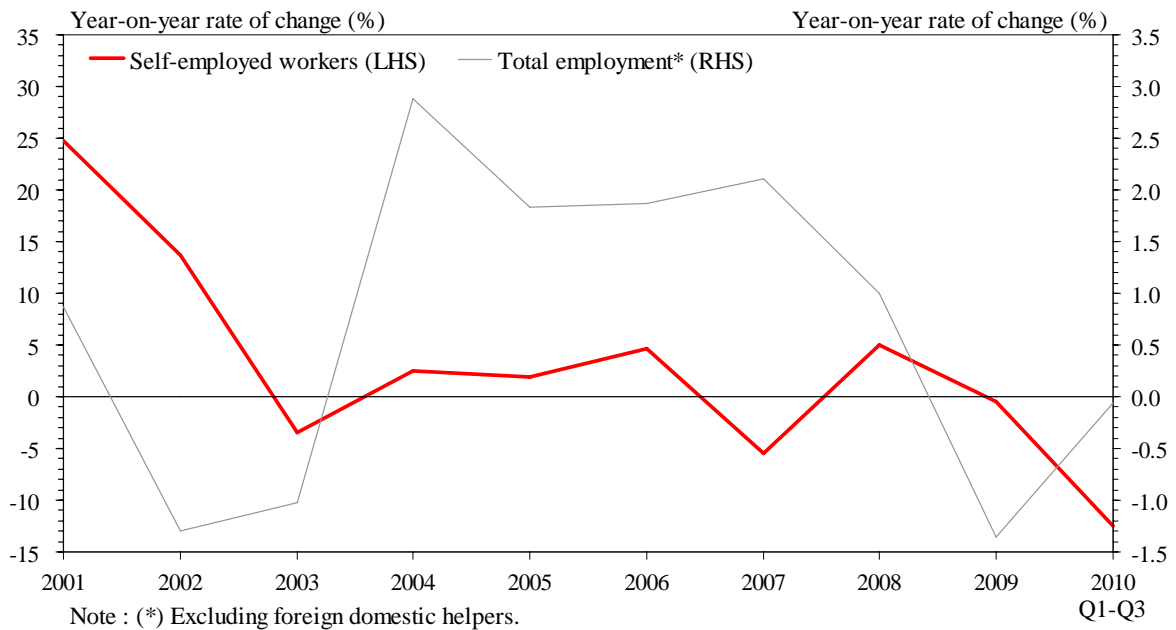
An analysis of main components indicated that the number of self-employed persons aged 35-44 fell visibly by 19.5% (12 900) between 2006 and 2009, attributable mainly to the reduced proportion of people in this age group engaging in such type of employment. This was however offset by the increase of 19.5% (14 500) in the number of persons aged 50-64, due to the general increase in total employment in this age segment. In terms of educational attainment, there was a reduction of 6.0% (6 000) in self-employed persons with lower secondary education or below, which was in stark contrast to a 10.2% (5 500) increase in those with post-secondary education. The latter increase was mostly consistent with the progressive upgrading of educational level of the overall workforce, hence the increase in labourers with higher educational attainment, over the period.

Analysed by economic sector, self-employment was found to be increasingly prevalent in the community, social and personal services sector in recent years, with the respective workers rising by 7.7% (3 400) over 2006 – 2009. Whereas transportation and related services grew at a somewhat slower pace (6.0% or 3 900), this sector remained the largest source of self-employment over the same period.

Yet the development profile was completely different over the course of 2010. Self-employment witnessed a distinct fall-back during the first half of the year to 186 800, the lowest level since 2001. The broad-based decline across various sectors, occupations and other socio-economic attributes, together with a concurrent increase in the number of workers with employee status, suggested that some of the self-employed persons might have managed to move away from self-employment and join the corporate sector which offered jobs with greater security and better employment terms and conditions. Such a shift seems to have gathered momentum lately when the economic and labour market conditions have become increasingly favourable.

Box 5.1 (Cont'd)

Chart 1 : The number of self-employed workers exhibited a higher degree of volatility in recent years



Conclusion

Self-employed workers constitute a rather significant proportion of the local workforce. By virtue of their work nature, these workers tend to be more flexible in response to the changing economic conditions. This helps to sustain and improve the resilience of the labour market and also the economy as a whole. Yet in view of the relatively high volatility of such labour segment, there is a need to monitor the developments on this front.