

The Status and Prospects of Informal Employment Development in China in the Post-Pandemic Era

—Based on the Perspective of Bourdieu's Theory of Practice

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Abstract: With the rapid development of China's market economy and urbanization, China's informal economy has also developed rapidly, and the number of people in informal employment has been increasing. Academics often hold a dualistic perspective on the emergence of informal employment, and in the late 20th and early 21st centuries, neo-Marxist and neo-liberal perspectives emerged. These theories are of some significance in understanding the rise of informal employment in China, but they are not sufficiently comprehensive and detailed, and are difficult to provide a more accurate theoretical basis for decision-making. This paper explores Bourdieu's theory of practice and recognizes that the informal employment population includes both rural-to-urban and urban-to-urban categories, the latter being more complex. In the post-pandemic era, faced with the background of boosting employment, promoting consumption and restoring the economy, how to guide the informal economy to high-quality development has become an issue that policymakers must consider.

Keywords: informal employment, Bourdieu's theory of practice, governance techniques, vendor economy

1. Introduction

Since China's reform and opening up in 1978, the economy has developed rapidly, with GDP increasing from 367.87 billion yuan in 1978 to 1,133,239.8 billion yuan in 2021 with an average growth rate of 9.1%. The area of towns and cities has continued to expand, and their populations have increased rapidly, with the urbanization rate increasing from 17.92% in 1978 to 64.72% in 2021 with an average growth rate of 4.0% [1]. What lies behind the series of great changes is a major restructuring of the urban-rural economic pattern and a sharp rise in urban employment. Along with the expansion of urbanization and the prosperity of the urban economy, more and more people are pouring into cities to become the new urban population, but overall, almost every year, the number of new urban jobs is less than the new urban population, and according to the data of the China Statistical Yearbook, this average statistical gap from 1991 to 2018 is about 9.25 million. In fact, they are not "unemployed" when they come to cities, but more in informal employment

outside of government control. It means that what China is faced with is not entirely a problem of false urbanization, but more of informal urbanization.

The phenomenon of informal employment has existed since the founding of China, and has had different characteristics in different historical periods, showing different ways of governance. Since the reform and opening up, especially after the 1990s, cities in China at all levels have basically adopted the policy of banning in order to improve the urban environment and cope with the development crisis, and the informal economy has been growing in the cracks with social contradictions more and more prominent. Since the COVID-19 pandemic from 2020, due to the changes of the national and social conditions, the informal economy in the new situation has been given a new mission and task, and governance techniques of informal economy have also been transformed. In the post-pandemic era, under the influence of the platform economy, the informal economy faces new opportunities of absorbing employment and boosting domestic demand on the one hand, and new challenges of strong vulnerability and weak resilience on the other hand, which have far-reaching impacts on informal employment [2].

This paper adopts the research perspective of Bourdieu's theory of practice on informal employment. Bourdieu's theory of practice was originally an important theory of human geography, and became one of the most influential social theories in the second half of the 20th century along with the social turn of human geography. Bourdieu seeks to explain the emergence of a new practice of social relations by analyzing the four elements that maintain the socio-cultural order: field, doxa, habitus and capital. From the perspective of Bourdieu's theory of practice, this paper will integrate the research ideas of historical politics and spatial politics to explore the reasons for the emergence of informal employment and analyze how the governance policy should be transformed in the new situation, with a view to providing certain reference for the re-conceptualization of informal employment, the social integration of informally employed groups, and the high-quality development of the informal economy.

2. The Rise of Informal Employment Practices

2.1. Definition of Informal Employment

The first step in studying informal employment is to examine what it is in order to provide a basis for measuring its size and studying its flows. Literally, informal employment is employment in the informal sector of the economy. With the development of time, the meaning of informal employment has been expanding. From the 1970s and 1980s to recent years, the International Labor Organization (ILO) has continuously improved the definition of informal employment [3]. 2003, the ILO proposed for the first time that the measurement of informal employment should take into account both the production units and the employment relationship [4]. In 2017, the report released by ILO is more improved, basically from the field, habit and capital to make qualitative definition of informal employment [5].

This paper argues that since the reform and opening up in China, according to the field of employment, the urban employment system can be divided into the formal employment sector (including traditional employment in state-owned and collective units, as well as new employment in limited liability companies, etc.), the explicit informal employment sector (including some private enterprises, individual enterprises, etc., which are included in the observation system), and the implicit informal employment sector (including street vendors, etc., which are not included in the observation system). Since the habitus and capital of the explicitly and implicitly informal employment groups are quite different, which means that their social integration, social income, social status and so on are quite different, the definition of informal employment in this paper only

refers to the implicitly informal employment sector, which is more in line with the national conditions of China and is more convenient to analyze accurately.

Under this definition, the informal economy dominated by vendors has the following characteristics: (1) rural households predominantly, with some urban households; (2) self-employment predominantly, with some small-scale private employment; (3) low thresholds, easy to enter, and low skill requirements; (4) small scale, flexible and regular hours, and low income levels generally; (5) unregistered (and illegitimate to some certain extent), unrecognized by the government, and does not enjoy income security.

According to the variable-parameter state space model, China's informal economy accounted for about 3%-20% of GDP from 1999 to 2019 [6]. According to the MIMIC (Multiple Indicators Multiple Causes) model, the development of China's informal economy is related to the development of urbanization, and it shows generally an inverted U-shape of first growth and then decrease. The informal economy of China is generally in the stage of upward growth in the post-pandemic era, and the critical value of urbanization level for this change is 72.48% [7]. This series of measurements of the scale and development of China's informal economy fully proves that China is at a historical stage where informal employment is and should be booming, and the informal economy has great potential.

2.2. Causes of Informal Employment

According to the traditional perspective of dualism, in the process of promoting urbanization and industrialization, the rural surplus labor force migrates from the rural employment sector to the urban employment sector. Due to the lack of insufficient development of modernization, the urban formal employment sector is unable to fully absorb the employment of the rural surplus labor force. So as a participation in the process of transformation of the traditional economy, the informal sector develops in this way, which is referred to as the "springboard" effect by Todaro [8]. They suppose that the growth of the informal economy is only a temporary phenomenon in the process of modernization and transformation of insufficient economic development, so with the development of the economy and urbanization, urban employment will become more and more sufficient, and the phenomenon of informal employment will eventually withdraw from the stage of history [9]. The theory of dualism, based on the two theoretical foundations of population growth and migration, as well as the economic development and unemployment, believes that traditional rural sectors will undergo a transition from urban informal sectors to urban formal sectors. In many developing countries, the lack of economic development and even the impact of the financial crisis have been cited as important reasons for the development of the informal economy, which has led to calls for economic and political reforms by many Western governments and scholars. In China, many scholars hold similar views. On the one hand, the rapid urbanization and reform of state-owned enterprises have resulted in a large number of laid-off workers at a certain stage in China's history. On the other hand, the development of China's market economy and the industrial structural transformation have led to a decline in the elasticity of employment. Therefore, under the dual influence of demography and economy, the unemployed are forced to choose non-economic employment in order to make a living. It should be said that this dualistic theoretical perspective is helpful for us to observe the current phenomenon of informal employment in China, but it is not comprehensive enough. It fails to answer a more fundamental question: why has the number of informally employed people risen at a time when China's economy has been growing rapidly and the number of unemployed people has been decreasing?

Since the 21st century, many emerging theories have begun to try to explain the informal economy from other perspectives. For instance, neo-Marxism argues that the instability of employment and the over-exploitation of work have led workers to turn to self-employed informal

employment because they are deeply oppressed; neo-liberalism argues that informal employment is not a forced but an active choice, and is a product of the response to over-regulation by the government under the conditions of the free market; and so on [10]. These theories are useful in supplementing our understanding of the causes of the development of informal employment.

This paper argues that under China's local field, Bourdieu's theory of practice can help us understand more comprehensively the socio-economic roots of the existence and development of the informal economy. Under this theoretical framework, people's immersive cultural practices are influenced by a variety of factors, such as field, capital, and habitus [11]. The "field" refers to a social space with a certain logic and rules of operation, which is constituted by an agent and its social relations [12]. In such a field, a series of socialized underlying cognitions spontaneously formed by people through learning or inheritance is called "doxa", which has the characteristics of widely accepted by social subjects, limited by a specific field and soft mandatory [13]. Under the drive and guidance of the supply, the specific judgment and tendency of the subjects in the field to specific things and behaviors are called "habitus" [14]. And "capital" includes cultural capital based on educational qualifications and possession of cultural resources, social capital based on social networks and social influence, economic capital based on income, and symbolic capital based on social honor [15]. Bourdieu believes the emergence of people's daily immersive cultural practices can be summarized by the following formula: $\text{practice} = \text{capital} \times \text{habitus} + \text{field}$ [16].

This paper argues that to ask the question of why informal employment arises is to ask the question of why workers shift from other employment sectors to the urban informal employment sector. Through a combination of interviews with vendors and desktop research, the field sources of urban informal employment in China are categorized into two types: from rural to urban and from urban to urban.

For workers who were originally from the rural field, rural China is more stable because it is "from the soil", and the habitus of the acquaintance society firmly anchors them in the countryside. Since the reform and opening up of China, the reform of the rural household contract responsibility system has kicked off the change of habitus with the rapid advance of urbanization. At a stage, the quantity and quality of farmland has declined due to the continuous expansion of cities, and the increase in productivity has been limited, so in the face of the risk of natural disasters and the rising cost of farming, the economic capital of farmers has increased slowly. While cities and towns have been built at a faster pace, with rapid development in education, health care, and livelihoods, the restrictions of the household registration have prevented these highly attractive cultural and social capitals from better benefiting the rural areas. Additionally, with the aging of the countryside, the hollowing out of agriculture and other phenomena becoming more and more prominent, the traditional rural habitus no longer have a full soft mandatory. Under the double influence of capital and habitus, many farmers choose to go to cities and towns to work as migrant laborers or vendors, either part-time or full-time. The development of the informal economy has been promoted, completing the change of field and the consequent transformation of practice. This type of informal employment is directly related to the "fractured society" discussed by sociologist Sun Liping in 2003 [17].

For workers who used to work in the urban field, there are four main situations in which their identities have changed. The first group of workers are laid-off workers, including those laid off from state-owned enterprises and private enterprises, and those with insufficient labor capacity and employment difficulties. Faced with a drastic change in their field and habitus, and with their own economic capital cut off from its source, they are forced to choose to engage in informal employment in order to make a living. The second group of workers are the middle- and low-income labors in the working class. In the absence of significant changes in the field and habitus, they can basically make a living, nonetheless, they have accumulated lesser social and

economic capital which makes them lack a sense of security. So they actively choose the “double income” method for the sake of the future. The third group of workers are workers (including migrant workers) who choose to change their status mainly because they can’t tolerate the habitus of over-exploitative work, which will hinder the further accumulation of their capital: low or unpaid wages will hinder the accumulation of economic capital, the harsh factory system and overwork will hinder that of social capital, and the social atmosphere’s slight discrimination and disapproval of the worker’s status will hinder that of symbolic capital. Besides, at the same time, they also aspire to a higher level of cultural capital. So they actively choose to move into the informal sector. The fourth group tends to be those who are in business or want to participate in business. They hope to accumulate economic capital either for increasing the volume and speed of shipment sales, or for experiencing difficulties in the development of their businesses. Or they may hope to accumulate social and symbolic capital as a result of their entrepreneurial experience, and to take advantage of the habitus of informal employment in order to seek some kind of transitional stage to accumulate capital. This type of informal employment is the result of individuals’ desires to further their entrepreneurial endeavors or to overcome obstacles to entrepreneurship, as well as structural reasons for the lack of a favorable business environment.

3. Prospects for the Development of the Informal Economy

3.1. Transformation of Governance Techniques in New Circumstances

The existence of the informal economy has a long history. In fact, it has been a problem for public administration since the Republic of China. Since the founding of the People’s Republic of China, policies for the governance of the informal economy have depended on the class attributes of the informally employed. Mao Zedong pointed out in his *Analysis of the Various Classes in Chinese Society* that “Street vendors, whether they are shoulder-carried or street-side stalls, make small profits and do not have enough to eat. Their status is on a par with that of the poor peasants.....” [18] Most of the informally employed have both the proletarian attributes of self-employed workers and the petty-bourgeois attributes of self-employed economic operators, so Chinese government basically adopted the policy of rectifying, organizing and reforming them. During the Cultural Revolution, the informal economy was regarded as the “tail end of capitalism” and was therefore “swept away” and completely eradicated.

At the beginning of the reform and opening-up period, due to the need to enliven the commodity market and alleviate poverty, the policies were loose and flexible to the informal economy. China encouraged its development in terms of the scope of its business, and the way in which it operated on the whole. During this period, the rapid development of China’s informal economy has promoted the development of individual economy and urbanization, but its uncontrolled expansion has also brought about a series of problems, including hygiene problems, service problems, affecting the city’s image, disrupting the market order, etc. Therefore, more and more local governments are inclined to the governance model of urban exclusionism, and have adopted the policy of retaining a small number of informal economy and strictly regulating it, while expel most of them and resolutely prohibit it. The spatial conflicts and contradictions between the struggle for survival of informal employment and the law enforcement force of the government have become more and more intense. The struggles are mainly small-scale and individualized actions, basically divided into three levels: circumventing law enforcement, buying power, and violent confrontation. As a result, these forms of struggling have become an important habitus practice of the informally employed. The conflicts between them and the governments makes the government’s management of the informal economy ineffective, and on the contrary affects the construction of a harmonious society.

Frequent violent incidents have also made the public opinion show a sympathetic and tolerant attitude towards the informally employed.

Under such circumstances, how to better promote the formalization and high-quality development of the informal economy has become an issue that local governments need to further consider. Taking Guangzhou as an example [19]. As of March 2015, Guangzhou has established nearly 150 permitted vending places providing secure and hygienic infrastructures for them for better locating, coding, registering, and monitoring the informal economy to ease social conflicts. However, due to the remoteness of business locations and the high cost of rents, the governance approach of establishing the zones to eliminate the mobility of traders is clearly incompatible with the ever-active and mobile market economy, and many informally employed workers are dissatisfied with this approach to governance, and the conflict still persists. By 2020, the number of zones in Guangzhou had declined significantly, many of which were either dead or in decline. By the time the pandemic arrived, many cities had already returned to the one-size-fits-all model of governance, banning the development of the city's informal economy altogether [20].

Frankly speaking, the impact of the governance techniques on the informal economy is significant. Different attitudes of inclusion or exclusion can be reflected in whether space for informal workers to operate will be squeezed or not, which can have a direct impact on the field. Policies of complete bans can often result in a major blow to the economic capital of informal workers. Perhaps more importantly, the laws and regulations and the way law enforcement officials enforce the law are even stronger against the symbolic capital of the informally employed. The majority of informal workers are marginalized and disadvantaged groups of the city, so their symbolic capital has already been in a state of insufficiency. Their status is made more and more humble by the government's crackdowns, which is contrary to the modernized mode of governance.

Since 2023, China has entered a post-pandemic era, with economic construction firmly at the center in all missions. In order to recover the economy which has been hit by the pandemic as well as other factors, expanding employment, boosting domestic demand, and promoting consumption have become very urgent tasks. Premier Li Qiang once said, "The vast majority of the people will not stare at how much the GDP has grown every day; they care more about specific things around them, such as housing, employment, income, education, access to medical care, and the ecological environment." [21] In the new era, orderly liberalization of the informal economy control has become the trend. In March and April, Zibo barbecue fired throughout the country, meaning the hustle and bustle of a city can also become the city's business card. In May, Shenzhen revised "Shenzhen Special Economic Zone Cityscape and Environmental Sanitation Management Regulations". The rule "prohibit the sides of the city roads and squares around the shopping malls, stores beyond the door, the window outside the wall of the sale, the operation of" is changed to "Shopping malls and stores that sell or operate beyond the outer walls of doors and windows shall conform to the regulations", and the provision on "unauthorized occupation of urban roads, footbridges, pedestrian tunnels and other public places for piling up articles, setting up stalls and selling commodities" is amended to "Street offices can be based on the convenience of the public, reasonable layout, the principle of orderly supervision of the delineation of hawker business premises" [22]. It marks Shenzhen begins to take the policy of encouraging support and strengthening the supervision of informal economic development instead of comprehensively prohibiting roadside stalls. Thus, with the shift in governance techniques under the new situation, the development of China's informal economy may usher in new opportunities; and conversely, if we plan to promote high-quality development of the informal economy and the prosperity of the market economy, local governments must come up with more practicable and warmer policy measures.

3.2. The Impact of the Platform Economy: Opportunity or Crisis?

Another important characteristic of the post-pandemic era is the rapid development of the platform economy generated by the digital economy, which has a dual impact on the development of the informal economy.

On the one hand, the platform economy has an important significance of broadening the field and empowering the capital of the informal economy. During the pandemic, JD, Alibaba, Tencent, TikTok and other Internet head enterprises gave full play to their own advantages and tried to explore the new development path of the informal economy by creating “Internet +”. Scenes of some informally employed people carrying out live broadcasting of goods at their stalls can be seen everywhere. This form of “online + offline” selling has enhanced the interactive experience of online consumers and also facilitated the supervision of city managers, which creates a better win-win situation and lend fresh impetus to the economic capital of the informally employed. In addition, with the help of platform-based operations, many informally employed people have found new fields to operate, thus increasing the potential consumer base and greatly reducing the limitations imposed by government regulation. In 2020 alone, the number of WeChat Pay small merchants in China grew 2.36 times in May compared to January and February, and the value of transactions nearly tripled.

On the other hand, the platform economy has a certain negative impact and influence on the informal economy. Due to the characteristics of flexibility, mobility, small scale and individualization, the goods sold by many vendors are often criticized by consumers for their lack of quality, unqualified hygiene, poor service attitude and high difficulty in defending their rights. In contrast, with the continuous improvement of the internal rules and regulations of the platform economy, many platforms are getting rid of the problems of poor quality and difficult after-sales, with lower prices and pre-sale customer service consulting, after-sales “refund products purchased online within seven days” and many other aspects of the improvement of. So they maybe have more advantages and competitiveness than the informal economy. Under the impact of the platform economy, the traditional purchasing habitus of consumers have changed, thus having a great impact on the traditional informal economy.

4. Conclusions

The post-pandemic era is an era of rising youth unemployment and an increasingly ageing population, as well as an era of uncertainty. In this era, the informal economy is promising, and its role in supporting employment, promoting the economy, stimulating domestic demand and boosting consumption cannot be underestimated [23]. With the gradual transformation of governance in the new situation, coupled with the opportunities and challenges of the platform economy, the field, capital and habitus of informal employment practices are undergoing significant changes. So it not only requires informal employers to gain timely insight into market trends, enhance their own competence, and make good use of the Internet for publicity; but also requires the government to give relevant policy support, both to strengthen the supervision and encourage the development of the informal economy, so as to sustain the steady growth of China’s economy in the long run.

First, from the perspective of the symbolic capital, the government should emphasize the important role of the informal economy in boosting the economy. Weak symbolic capital has always been a severe obstacle to the further development of the informal economy. Therefore, the government should pay attention to informal workers, and make use of more commendable policy instruments rather than discriminatory policies such as forced evictions and outright banning. Before introducing policies, extensive researches and face-to-face discussions should be conducted to realize a win-win situation for both the informal economy and the urban environment.

Second, from the perspective of the field and habitus, planning and management can be carried out, but there is no need to emphasize site fixing. In order to facilitate the regulation, the designation of some specific places for vendors has become the main measure introduced by many cities to the informal economy. However, these zones are often not well located, and some informal workers just derive their regular income from mobility. Therefore, the overly strict control of zones can be appropriately liberalized, and informal workers can be allowed to move within the scope of the zones and the permitted timeframe, and to change their locations according to conditions such as changes in the flow of people.

Third, from the perspective of the economic and social capital, supportive policies should be adopted for informal workers. Informal workers are often the disadvantaged groups in the city, so it is difficult for them to achieve faster and larger-scale development under the mechanism of complete market competition. Therefore, the relevant government departments should actively introduce supportive policies with welfare public policies to ensure the life and production of the informally employed, treating them the same as ordinary citizens, making efforts to promote the social integration of informally employed workers [24], and responding positively to their needs for education, culture, medical care and so on. Governments should promote the combination of the platform economy and the informal economy, and at the same time reduce the restrictions on rent of the district, try to alleviate the operating costs of the informally employed, and create a suitable environment for the high-quality development of the informal economy.

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