

Entrepreneurial training project in China: Retraining laid-off workers

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Despite the tremendous economic progress made by the Chinese economy, averaging a nine percent growth per year, one section of the community remains outside the economic boom. As state-owned enterprises (SOEs) restructure into more efficient organisations able to compete in the global economy, the plight of workers within these enterprises has become a pressing issue. No longer able to depend on a job for life, these workers present challenges for local governments. One initiative proposed by the International Labour Organisation called the Start Your Own Business (SYB) Program has been identified as a way to retrain laid-off workers, xiagang. By focussing on one city in China, this paper analyses some of the key issues associated with this program. Using anecdotal evidence from workers who have undergone the retraining, the paper has identified at least three areas of concern for workers participating in the SYB retraining program. Access to seed funding, the implementation of knowledge and skills into practice, and furthering support and guidance in market analysis remain issues for the continued success of this program.

[Keywords: laid-off workers, state-owned enterprises, International Labour Organisation, retraining project, retaining program]

The Chinese economy has achieved remarkable progress in the thirty years since economic reform started in 1978. The major indicator of this progress has been an enormous surge of growth in GDP (Overholt, 1994; Chakrabarti, 2007). There are official statistics that estimate this growth to have been an extraordinary 9.5 percent per year, on average (Fang and Wang, 2002). While the overall success of China's economic reform has been widely recognized, what is also true is that the economic reform process of the past few decades, particularly the restructuring of state-owned enterprises (SOEs), has inevitably marginalized state workers, also known as the 'masters of socialist China' (Mok, Wong and Lee, 2002) by introducing new work practices that effectively restructure the notion of a job for life or by breaking their 'iron rice-bowl'. The result of these changing work and employment patterns has

forced many workers to be laid off. It is estimated that more than 50 million Chinese jobs were lost in the restructuring of SOEs (Hurst, 2005). Despite extraordinary economic growth, the marginalisation of workers in SOEs has become one of a number of very serious problems facing China at the beginning of the 21st century. This paper discusses some of the issues facing laid off workers and analyses some of the policies and practices instituted to help workers face new working conditions.

In China, the *xiagang* problem is so serious that it has become a national crisis. Lei (1998) goes so far as to assert that this is an issue which affects almost everyone in the country, because 34.37 million workers have been laid off from SOEs between 1997 and 2003 (Hu, Chen and Yang, 2002:210; MOLSS, 2003). The *xiagang* issue not only brings personal and family problems to the laid-off workers themselves, but also considerable social instability to Chinese society at large. It presents a great challenge for the Chinese government to find ways to reemploy such a large number of workers.

This paper explores a retraining program for laid-off workers implemented by the ILO in partnership with local authorities. The retraining program focussed on providing new skills and knowledge aimed at increasing the entrepreneurial capacity of laid-off workers. A number of these workers were interviewed in order to gain insight into their experiences of the program. The paper will discuss the program contents and then analyse some of the key experiences of the workers in order to examine the overall success of the program. The discussion will focus on some of the critical obstacles identified by laid-off workers that were prohibitive in terms of helping them explore new work possibilities and influencing their full endorsement of the ILO program.

In order to ensure equity and rights for these laid-off workers, the International Labour Organisation (ILO) implemented a retraining intervention program intended to prepare laid-off workers for a more uncertain future. Forming partnership between ILO, workers' organisations, governments and employers ensured the retraining had full support of government and community. In order to advance opportunity for workers, the organisation pursued its mandate for job creation to help create and maintain employment responding to global workplace changes. A key feature of the ILO policy states that:

The ILO carries out employment analysis and research, and takes part in international discussion of employment strategies. It promotes employment-intensive investment and helps formulate and implement employment policy. The Organisation provides technical support and advice in areas ranging from training and skills to microfinance, job creation, cooperatives, enterprise and small business development. (ILO, 2006: index)

As a global organisation able to create policy and practice targeting the restructuring of work and employment in the global age, the organisation was well positioned to propose new ways of dealing with the *xiagang* issue to ensure social equity and fairness.

ZHANGJIAKOU'S IDEOLOGICAL RETRAINING

Prior to the ILO intervention, retraining programs were available to laid-off workers. For example, *Zhangjiakou* is an industrial city in the *Hebei* Province of northern China. The city has one of the largest thermal power industries in China, as well as a range of other industries inclusive of metallurgy, chemicals, textile industries, and coal. The range of state run industries and the subsequent restructuring of a number of industries create in *Zhangjiakou* a site for government re-education programs to help workers adjust to a new way of working. The *Zhangjiakou* Bureau of Labour initiated an Ideological Retraining Program and started to train laid-off workers in 1996. The ideological retaining aims at getting rid of the laid-off workers' old notion of the 'iron rice bowl' that they received in planned economy. The program became an example of a government run retraining program aiming to address the conventional wisdom that it is the old dependency mindsets of the laid-off workers that prevents them from being re-employed.

The primary aim of the retraining is to change the attitude of the workers towards dependency on government work. Since the retraining only aimed at changing the old ideology of the laid-off workers, there was no engagement in any substantial retraining in new skills that may be useful for new types of work. The retraining aimed at instilling new ways of thinking about work so that workers were given information about their need to change and accept that the past ways of working were no longer available to them. As the research will show and discuss in greater detail, the laid-off workers who attended the retraining class became very tired of this mode of delivery. They could not put up with it any longer and drove the teacher out of the classroom before the end of the year was out. Overall, it could be said that the ideological retraining turned out to be a great failure.

Learning from the rather spectacular failure of this pioneer program in indoctrination, those who run the *Zhangjiakou* Ideological Retraining Program and those who supported the Program, including city and government officials, realised that the laid-off workers needed something more substantial than ideological exhortation. This led to the intervention of International Labour Organisation and provided a pathway for the launching of its retaining project.

Launching of ILO Project

The ILO "Start Your Business" (SYB) is a program that had been implemented by the ILO in over 80 countries and had three key factors for success. It was cost effective, was aimed to build institutional capacity and was implemented in strategic partnership with existing community groups (ILO, 2006). The International Labour Organisation (ILO)'s pilot re-employment promotion project was launched in *Zhangjiakou* city, China on 27 December 2001. It is a cooperative project between ILO and Ministry of Labour and Social Security (MOLSS) (ILO: China Chapter Office, 2002 ; Liang, 2002). The project launching areas were in three Chinese cities: *Zhangjiakou* in *Hebei* province, *Baotou* in the inner Mongolian Autonomous Region and *Jilin* in *Jilin*

province. These three cities have been regarded as having acute problems of layoff and difficulty in finding re-employment opportunities for laid-off workers. These three areas became the pilot cities of the ILO Project.

The aim of the ILO Project was to help the urban laid-off workers and the unemployed to become re-employed by setting up their own small businesses, so the project was called SYB (Start Your Business). SYB training became a key component of the ILO project and was designed to help potential micro-entrepreneurs develop business ideas and get new businesses off the ground. It provided support to the laid-off workers in two ways: technical support and financial support. Technical support mainly referred to the business start-up retraining that the project delivers to the laid-off workers and financial support mainly referred to the loans co-sponsored by ILO and *Zhangjiakou* local government bureau. In keeping with ILO policy to involve government and employers, these two methods of support highlighted ILO policy to create linkage among stakeholders:

The ILO is collaborating directly with employment bureaux at the city level to encourage laid-off workers and unemployed workers to found and build up micro-enterprises. However, in the process of developing micro-enterprises, they need both technical and financial support, and such support cannot come from a single source. ILO staff are working to adapt the LED (local economic development) approach so as to encourage linkages among stakeholders. (ILO, 2002:1-2)

The ILO approach promised to deliver considerable efficiencies in increasing retraining re-employment and transforming the Chinese economy from an iron rice bowl to an entrepreneurial model. The initiatives began as a very promising program to help Chinese laid-off workers to regain some sort of employment. By developing the initiative to deal with laid-off workers, this entrepreneurial retraining program made it possible to tackle the real or alleged 'old ideology' of dependence, not as a result of indoctrination and re-education but as a result of practical adjustment to and success in the new market economy.

Retraining contents of the ILO Project

The retraining contents of the ILO SYB project included ten elements (ILO, 2002). These ten elements would provide the basis for independent employment for workers and, in addition, would provide workers with lifelong skills to ensure that they can fulfil not only their immediate needs, but also their needs in the future. The ten key elements in the program are as follows: entrepreneur assessment; business plan creation; market assessment; enterprise organisation; enterprise legal status selection; enterprise responsibility; fund prediction for starting to run enterprise; enterprise profit planning; enterprise survival possibility judgement; and daily enterprise running.

Each of these needs some explanation. The initial Entrepreneur assessment gives the worker a set of assessment tools that the trainee can use to assess their own capacity for being entrepreneurial. The trainee undertakes the use a self-examination/reflection skills in making judgements about their own character, skill and finances.

Other factors stressed in the initial assessment include, such things as responsibility, motivation, honesty, health, insurance, decision-making, family support, technical skill, management skill and related knowledge. From this initial needs analysis, the second element teaches workers about business plans and creating a business plan based on analysis of the basic necessities in setting up and maintaining a successful enterprise. To guarantee the success of the small enterprise, all the factors concerning the enterprise needed to be carefully considered. The ILO project identified factors such as business area (trade, manufacture, service, farming and fishery), business opportunity, needs of the customer and skill or the resources to meet the needs of the business opportunity and customer. Finally, the business plan encouraged the entrepreneur to conduct a SWOT analysis, analysing the business plan for all its strong points, weak points, opportunities and threats.

The third area of focus in the retraining of laid-off workers is conducting basic market assessment. Market assessment aims to teach each trainee to understand what is meant by consumer needs, study the consumers' needs, purchasing ability and their purchasing channels. Having information about their potential customers and their purchasing power in relation to their business initiative, the would-be entrepreneur would then apply the information to have a more comprehensive plan for assessing the enterprise's potential customers, before setting out to satisfy them by providing quality products and good service. In addition to analysing their own market potential, information concerning potential competitors in the provision of such goods and services was also part of the training program.

Once the focus on the market conditions proved favourable, the focus turned to the organisation. Information about Enterprise organisation sought to teach the trainee to select co-operators carefully and arrange and manage staff in keeping with fair and equitable work practices as defined by ILO statutes. Usually the organisation consisted of co-operators, staff, consultants and the owner of the enterprise (or the trainee). A key factor in enterprise organisation was the notion of transparency and making it the task of the owner of the enterprise (or the trainee) to let everybody in the organization know their roles and responsibilities. The Enterprise legal status selection aimed to provide information to each prospective entrepreneur concerning their legal obligations to their employees and also to ensure the proper legal status for the enterprise. In China, there are different categories for small businesses and each category has slightly different obligations and legalities. For example, small enterprises categories include: limited enterprise; co-operative enterprise; self-owned enterprise; and, individual trader. The owner of the enterprise incurs legal liability according to which of these categories his enterprise belongs (Fang, 1995).

Enterprise responsibility aimed to teach each trainee their responsibilities as an enterprise owner. The responsibilities include: paying taxes; abiding by regulation of employing staff; getting a license for running the enterprise; respecting the rights of the customers; and, protecting the environment. When all the learning ground work had been consolidated, the Funding prediction information for enterprise start-up aimed

to help trainees predict how much start up funding and money was needed to begin the new enterprise and what was needed to ensure sustainability of the initiative. The assessment of monetary needs included information about costs needed for investment in such items as fixed assets and circulating assets.

In keeping with the optimistic nature of the program, one of the key elements also included enterprise profit planning. Ensuring that enterprises took a long term view of setting up a private enterprise business, the trainee was trained to work out the prices for the product and the service that the enterprise was going to provide; predict the sales income out over the first twelve months; make a plan for both sales and costs, to see whether it is making or losing money; and, make a plan for cash flow to see whether there is enough cash to satisfy the demand for circulating fund. That enterprises should be long-term investments was a key underlying tenet of the program. Program training also involved enterprise survival possibility judgement so that the new entrepreneur could make judgements on all the information the business plan provided, and could make a final decision regarding whether to take action or not. As long as the decision has been made to take action, then an action plan is needed. The action plan provided assistance about business tasks to be completed properly. Finally, information and training about daily enterprise running taught the trainee to supervise the staff of the enterprise, to purchase raw materials, to control production, to provide service, to control cost, to make prices, to take down business notes and to organize office work.

From this brief overview of the ILO project, it can be seen that the scope of the program and the nature of the entrepreneurial training are extensive and comprehensive. Considering the lack of previous knowledge in entrepreneurial business possessed by laid-off workers, the scope and detail of the program appears demanding and requires a shift in workers' perceptions about the future of their employment. For example, going from the dependency on the state provision of work, to the vagrancies of the market presents immense difficulties that need skill, knowledge and aptitude shifts if employment is to be secured. On the whole, the program is considered quite ambitious in the light of research that shows that the concept of entrepreneurialism is quite new even in business in China (Li, Zhang and Matlay, 2003).

The promotion of entrepreneurial retraining assumes that the skills of entrepreneurial business management can be taught, but, as Johannesson (1991) indicates there may be limits to entrepreneurial retraining. There may be special qualities displayed by some unusually successful entrepreneurs that cannot be transmitted to others. Rather, the program is based on the uncontested assumption that "entrepreneurialism creates wealth and reduces unemployment" (Dana, 2001: 405). As Dana (2001) argues, the definitions of entrepreneurialism refer to both skills and knowledge that can be taught; however, in order to produce a reduction in unemployment, this type of entrepreneurialism is more difficult to teach. Rather, it is a business talent. Yet, in this respect they are no different from the highly talented in any creative occupation or profession. Brophy (1992) remarked that the innate skills of great painters cannot be replicated, but most people can be taught to paint competently, so, it was argued

that laid-off workers be taught entrepreneurial skills. As long as laid-off workers have embraced the entrepreneurial spirit, unemployment and the dependency on others to provide work, may also be changed.

In addition to the changes required of the worker, the program does not really tackle the issue of whether the social and economic context is able to support 100 or so new entrepreneurs and whether a livelihood is possible. The program offers a skill set for entrepreneurs but does not really tackle the deeply ingrained cultural norms of what it means to do business in China; for example, the preference for trust, *guanxi* and loyalty, cannot be overcome with a Western set of skills (Poutziouris, Wang and Chan, 2002). Dana (2001) states that: “to be truly successful, training programs must be relevant to the host environment. It would be a fallacy to assume that a program that has been functional in one environment will necessarily have the same effect elsewhere. A great danger lies in attempting to trans-locate training programs” (Dana, 2001: 405).

Of course, the ultimate aim of retraining laid-off workers was to provide a better life for them. Laid-off workers have the right to live a decent, meaningful and significant life. In this lies the true meaning of the retraining program. An attractive retraining program should meet both the basic needs and the aspirations of laid-off workers (Wang, Lewis and Greenwood, 2012). Accordingly, designing such a program should, first of all, need to take all the factors affecting laid-off workers’ participation into careful consideration.

METHODOLOGY

The research undertaken to assess and analyse the merits of ILO retraining program in solving the *xiangang* problems employed both qualitative and quantitative data to gauge one community response to the retraining program. In order to focus this research on a manageable case study, the city of *Zhangjiakou*, in the north-east of *Hebei* Province, in northern China, was chosen for the case study. It is a military and heavy industrial city and, therefore, has been markedly influenced by China’s SOEs reform. The problem of laid-off workers in *Zhangjiakou* city is acute. Consequently, it provided rich case study material for exploring this research topic. Both quantitative (survey) and qualitative (interview) methodologies were employed in the research: 287 laid-off workers were surveyed, of whom 26 (13 female and 13 male) were interviewed. Four trainers and four government officials were also interviewed. The survey sample was carefully selected to reflect the gender balance (58 percent male and 42 percent female) within the laid-off workers’ population, as well as the generally accepted retraining participation rate (10 percent) of that population.

ANALYSIS OF ILO RETRAINING PROJECT

When analysing the key reasons for workers’ participation in the retraining program, the majority of the laid-off workers attending the retraining course were motivated by

the possibility of improving their ‘business creation abilities’ (30.8 percent) and getting a ‘small loan’ (26.9 percent) from the government. Therefore, the laid-off workers had high expectations from the retraining program as laying the foundations in terms of knowledge, skills and providing seed funding for the next stage of their working life.

A good example of this is *Zhou Zhou*, a 38 year old laid-off worker, who graduated from senior high school. She worked as an assembly-line worker in the *Zhangjiakou* Textile Factory. She was laid off five years ago. She was looking for proper job from the moment she was laid off. However, she did not find one until the time she participated in the ILO retraining program. She stated that:

My attitude towards ILO’s retraining program is positive. To be exact, I have high expectations for it. I have participated in the program to learn the knowledge and skills which might help me to set up my own small business. I personally believe that I have learned a lot from the program. In particular, I notice that my thinking is more flexible than before. I am starting to look at the market with fresh eyes. I hope that I can get a small loan and find the right opportunity to set up a business. (Wang, 2005:90)

Another reason for me to participate in ILO’s retraining is that it inspires me to pursue my dream of becoming rich and being my own boss. As everyone else, I have my own dream in life. I want to be rich and leave poverty behind. At the same time I want to be my own boss and I don’t want to take orders from others. (Wang, 2005:90)

The program created a great deal of interest from laid-off workers and heightened their expectations that they could re-create their own working futures with new knowledge and skills. For *Zhou Zhou*, the program gave her ‘fresh eyes’ in order to see new possibilities in her environment.

The retraining method of the ILO project is quite different from the one described in the ideological retraining of *Zhangjiakou’s* retraining program. ‘Discussion, brainstorming and role playing’ had been widely adopted by the trainers. The trainees (the laid-off workers) had been deeply involved in what the trainers have been teaching, and, in some way, they have always been kept in the state of excitement about what has been going on in the classroom. They testify that the ‘role playing’ particularly excited them. This is surely because role playing engages the trainees in the real life presentation of both what they are taught in the classroom and what they learned in the world. One of the trainees (laid-off workers) stated that:

I love the teaching (or training) method of the teacher (or the trainer) adopted. The trainer always gave us sufficient time to discuss what he taught us in the classroom. He never assumed that he was the centre of the class. His teaching method clearly demonstrated that we (the trainees) were the centre. He was revolving around us. Therefore, I could always get an opportunity to speak out what was in my mind. (Wang, 2005:96)

The enthusiasm for ILOs’ training captures workers’ satisfaction with the training methods integral to entrepreneurial retraining. In many ways, the program’s teaching and learning mirrored some of the new enterprising behaviours that would be expected

of the workers. They were asked to participate and discuss and, thereby, construct their own learning through the program. For many workers, after years of having little input into their work, the opportunity to participate in their learning and future making created excitement and enthusiasm. Generally, it could be said that workers were both interested in the content and the training methods. In particular, they were inspired by the idea that they could set up their own business, be their own boss and leave poverty behind.

Emerging issues from the ILO retraining program

Overall, the ILO retraining program has attempted to meet the needs and aspirations of the laid-off workers. The program confronted the challenge of the lack of employment opportunity in the labour market and aimed to create within workers new skills, knowledge and attitudes that would prepare them for approaching the world of work in a more independent and entrepreneurial way. For this reason, the program was well attended and provided the promising re-training beginning that many laid-off workers had expected. However, there emerged a host of issues as a result of the program that demonstrated the program's limitations. These limitations will be discussed in the following section. The result of the program's limitations proved to be very critical in the overall evaluation of the re-training. The most critical program issues include: loan shortage for the laid-off workers after their retraining; no integration of appropriate trade skills with entrepreneurial skills; and, lack of clear guidance from the government of *Zhangjiakou* to steer laid-off workers in promising directions.

Loan shortage for the laid-off workers after their retraining. According to the ILO project plan, the laid-off workers were supposed to be eligible for financial support from a co-sponsored loan by ILO and *Zhangjiakou* local government bureau after their retraining. This proved to be a critical oversight as it became clear that the financial support was not as forthcoming as the workers had expected. As stated previously, *Zhou Zhou's* enthusiasm is tempered by her hesitation about whether she will be able to get financial support to put her learning into practice. Access to financial support emerged as a key motivating factor in retraining participation. However, when assessing access to funding after the program, as many as 90 percent of the participating workers could not get financial support after their entrepreneurial retraining.

This raises the question about the lack of funding support, in terms of a start-up loan, for the workers. The difficulty of obtaining loans has not yet been addressed in the official evaluations of the retraining strategy. However, laid-off workers regularly referred to the fact that only a very small number of them are granted loans after graduating from the retraining program. A worker stated that:

I did not go to the government to apply for the loan after completion of my retraining. The reason is that: one, the interest rate of the loan is too high, which is 7.9percent; two guarantors are required, who must be public servants, for guaranteeing the loan being returned in due time, which is difficult for me to get hold of. I hope that the interest of the loan for laid-off workers is lower than

7.9percent; and that the two guarantors are not limited to public servants. It should be anyone as long as he or she is a Chinese citizen. (Wang, 2005:97)

As can be seen from the passage above, it was not only access that was the issue but the conditions of the loans were also obstacles for worker access to finances to start their businesses.

While the retraining became a key prerequisite for eligibility for the loans, other factors were prohibitive. Workers were not satisfied with the interest rate of the loan and they wanted it to be lowered. They held that the conditions on securing a loan were too strict and they would like to see them relaxed. It appeared that the access to funding at a high interest rate served to further exacerbate the risks associated with entrepreneurial work. By trying to minimize the risks through stricter guarantor conditions, the onus of the newly trained entrepreneur was deemed to high. While not fully explored in the study, it appears the low rate of funding uptake, that is, only 10 percent of retrained workers, reflected the risks associated with high interest loans and strict community control measures. Another factor that needs further analysis concerns issues of gender and whether this variable also impacted on access to funding. For example, research by Scott Rozelle, and Linxiu Zhang (2004) identifies gender as a key variable in rural employment prospects.

No integration of appropriate trade skills with entrepreneurial skills. Another issue emerging from the retraining program concerns the transfer of entrepreneurial knowledge and skills into practice. One of the shortcomings of the ILO project's retraining was that it only taught entrepreneurial skills without looking at what trade skills individual laid-off workers had already, or might need in order to create a new enterprise. Therefore, it ended up with the situation that most of the laid-off workers still did not know what kinds of businesses they were going to set up. They could not find viable businesses to set about creating. A common response of laid-off workers interviewed for this study is captured in the statement of one of the interviewees, who said that:

I participated in the SYB retraining. Generally speaking I think that the retraining is good. It provides me with some skills of how to set up a small business. However, the big problem with me is that I still do not know what kind of business I should set up. I have not any hands-on trade skills for me to start with. (Wang, 2005:98)

While the ILO program did have training in market assessment, it is clear that more guidance and analysis needed to be given to workers. When analysing workers' state dependence and the movement towards entrepreneurialism, perhaps an intermediary stage was needed whereby the community or state provided some guidance regarding the types of enterprises that may have a greater chance of success. Clearly, expecting that workers move from a dependent mentality to having astute market literacy in the space of a short program, was highly ambitious.

The above statement of the laid-off worker reveals that the SYB retraining did provide the participants with entrepreneurial skills on how to set up their own small business.

However, it did not teach its participants the trade skills that viable businesses need. Obviously, there is a need for SYB retraining to combine its entrepreneurial retraining with skill retraining. Finally, there is another important reason why retraining participants fail to see what kind of business they should set up; there has been no clear guidance from the government of *Zhangjiakou* in regard to general economic trends and possibilities.

Lack of clear guidance from the government of Zhangjiakou to steer laid-off workers in promising directions. The laid-off workers who participated in the retraining might further benefit from some guidance from the government of *Zhangjiakou* to help steer them into setting up their small businesses in those sectors of the economy where there are the most abundant opportunities. These include new technology provision, such as IT and appliance supplies and maintenance, as well as the service sector more generally, now that a market economy has replaced ponderous and non-innovative government monopolies in the service sector. However, the government of *Zhangjiakou* does not provide clear guidance or adequate information for the laid-off workers to set up their own small business. One of my interviewees stated that:

I have been seeking the viable business that I can start with after completing my SYB retraining. However, till now I still have not found one. I have been trying to contact the government agency to get information and seek advice on what is the viable business that I can work on. Disappointedly, I have not got much useful information and good advice from the government agency on this. So I have been greatly frustrated by this. (Wang, 2005:99)

It is clear that the workers participating in the program require a more sustained form of intervention in order to get their projects off the ground. It is not self-evident, of course, that a government agency can offer such guidance, even in principle, but it would surely be a useful thing to at least attempt to do, especially since there was an absence of other forms of guidance other than 'market signals', which the newly retrained laid-off workers are still novices at reading. The above statement of the laid-off worker demonstrates that the government agency failed to meet the needs and expectations of the laid-off workers about seeking information and advice on setting up their small businesses in the viable business areas.

CONCLUSION

The SYB project, launched by the International Labour Organization (ILO), in 2001, could be regarded as the initial forays into entrepreneurial retraining in *Zhangjiakou*. This retraining provided training towards the creation of new employment prospects for laid-off workers. Departing from workers traditional dependence on government employment, the program sought to draw out and build upon the initiatives and needs of the laid-off workers who could no longer depend on government for their livelihood. The program tapped into workers' motivation to work and necessity for each laid-off worker to become self-reliant and participate in new education and training. The program was very promising in providing access to knowledge and skills previously

not accessible to state dependent workers. The program offered reemployment help for the laid-off workers and sought to meet their needs and aspirations for a better future. The program confronted the challenge of the lack of employment opportunity in the labour market.

The retraining contents included training for starting a small business systematically, according to ten steps, making the training both accessible and useful for the participants. The retraining method is very flexible; such methods as discussion, brainstorming and role-playing have been adopted, which keeps the participants deeply involved in their retraining

However, this study found the limitations or shortcomings of the SYB retraining was mainly due to a kind of failure to appraise the social and economic context in which the entrepreneurial skills and practices were to be applied. There were financial constraints and participants expressed a great disappointment with the difficulty in obtaining loans after their retraining. Firstly, without a start up loan, many found the training could not be put into practice, as there was no guarantee that the new business venture would succeed. Great financial investment was needed in order for participants to overcome initial financial barriers of entrepreneurialism. Secondly, while the program showed much promise, much better integration of appropriate trade skills with entrepreneurial skills was needed. Clearly, as other research shows, not all workers have the capacity to be retrained as entrepreneurs. Finally, rectification of the absence of clear guidance from the government of *Zhangjiakou* to guide laid-off workers in setting up their small business in the booming business areas was needed. In this case, the government needs to take some responsibility for market planning and organising markets, especially in transition economies where some guidelines about which types of business and/or products and services would be useful. Then entrepreneurs can be steered towards particular types of development in order to ensure equity of opportunity. These factors lessened the effectiveness of the SYB retraining.

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