

## Chapter 8

# Working for the International Labor Office and Asian Development Bank 1991-1998

(7-19-2010)

### Part 4: Designing a survey for the Chinese Ministry of Labor and Social Security, December 1998

My work in China started inauspiciously as a result of a September 23, 1998 telephone call from Gerry Finnegan at the ILO and an email he sent me the next day, September 24, 1998. The email referred to some projects Gerry was trying to get started in Thailand as a follow-up to our March 1998 work as part of the ILO response to the Asian Financial Crisis. In the meantime, the ILO had received a TOR (terms of reference) for another UNDP-funded project in China that had been wending its way through the various bureaucracies and now appeared to be reaching fruition.

Hello again, Gary.

As I mentioned to you yesterday, the Thai thing is not coming forward as quickly as I had hoped - but all is not yet lost.

I want to know if you would be interested and available if I put your name forward to the MOL, China PR, for a definite 3-4 week assignment during Oct/Nov 1998. The TORs [Terms of Reference] (drafted earlier and in need of some updating) are attached. We will be submitting 3 names for the consideration of the Chinese authorities.

I would anticipate that the fourth week should be taken up in consultations (involving briefing and debriefing) here in Bangkok.

That might provide us with an opportunity to look at other Thai possibilities.

Your early response would be greatly appreciated. Gerry Finnegan  
(Sept. 24, 1998 email from Gerry Finnegan to GBH and attached TOR)

The background and terms of reference for my proposed ILO/UNDP project in China sent to me by Gerry Finnegan was quite interesting and made it an attractive assignment—at least in the beginning.

#### **Background**

Since the early 1980s, China has achieved remarkable economic growth following economic reforms involving transition to a market-based socialist system. Significant gains have been achieved in total employment and diversification of sources of employment especially towards secondary and tertiary sectors.

Given the large size of the labour force and the restructuring associated with the reform process, rural and urban employment remains a major concern of the Ninth Five Year

Pian(1996-2000). A key issue in addressing urban unemployment is the redeployment and re-employment of workers who become redundant due to economic restructuring and the deepening of enterprise reforms. Since the late 1980s, national efforts have focused on this aspect of urban unemployment. In support of these national efforts the Ministry of Labour proposed the Re-employment Project and has piloted the approach in 30 cities since 1993. The main elements of the Reemployment Project are:

- a) strengthening of the operations of the various employment service and job centres;
- b) organizing programmes for skills upgrading and refraining of redundant workers so they can be redeployed within the enterprise or re-employed in another enterprise;
- c) providing additional incentives to state-owned enterprises to establish labour employment services enterprises (LSEs) with emphasis in the re-employment of redundant workers;
- d) allowing redundant workers to undertake subsistence production activities within the enterprise or at home; and
- e) encouraging redundant workers to be self-employed and undertake small business ventures.

In April 1995, following the pilot implementation in the 30 cities, the State Council called on the Ministry of Labour to implement the Re-employment Project nationwide with the plan to have eight million workers served by the Project

The Project on Urban Employment Promotion (CPR/96/504) provides assistance to the government programme of redeployment and re-employment of workers made redundant because of enterprise reforms. It supports the nationwide implementation of the MOL Re-employment Project. It allows for testing on a pilot basis in four cities of new systems and approaches aimed at strengthening the various components of the Re-employment Project. These relate to labour market policy formulation and analysis; provision of employment services; promotion of the non-state sector, particularly the labour service enterprises and self-employment activities of redundant workers; and coordination of training and retraining programme activities with other elements of urban employment promotion strategies. A system for effective planning, monitoring and evaluation of the Re-employment Project will also be set up by this project

This part of the TOR turned out to be much more difficult and daunting than I had anticipated, especially when I learned that they wanted everything completed in less than two weeks time, and delivered to them before I left Beijing for home..

### **Duties and Responsibilities**

The expert will provide technical inputs and support to the MOL and the Reemployment Leading Groups to achieve Output 2.2 "A report on the operations problems, productivity constraints, management and supervisory development needs of LSEs and urban collectives in the two pilot cities and on the major constraints they face in pursuing the deepening of enterprise reform", particularly to Activity 2.2.2 "Design of the scheme for regular collection of the information on the development needs of LSEs and urban collectives including its institutional framework, sample survey methodology, data collection and analysis instruments." Such a scheme may not necessarily include regular sample surveys but could be through regular reporting from LSEs and collectives. The expert is expected to advise on an appropriate scheme in consultation with national and local counterparts and others. Nevertheless, a first round of field survey will be necessary

to generate basic data on the profile of LSEs and to develop and test key indicators among others.

Specifically, the expert will:

- a) consult with counterpart agencies in Beijing on any existing systems for monitoring LSEs and urban collectives and their plans for setting up or improving the monitoring system;
- b) undertake field visits to Shenyang and Qingdao and have consultations with local agencies on relevant issues;
- c) undertake visits to typical LSEs and urban collectives to assess their performances, problems, and management and supervisory development needs;
- d) assist national and local counterparts to design the regular monitoring system of the development needs of LSEs and urban collectives, including its institutional framework, sample survey methodology, data collection and analysis instruments; and,
- e) submit a technical report on the assignment with specific recommendations and implementation schedule for achieving Output 2.2.

Two weeks later, on October 14, 1998, I received another email from Gerry Finnegan indicating that my CV had been accepted by the Chinese MOL. He wanted to know if I would indeed take up the assignment and when I would be available.

Thank you for your reply on China. Given our earlier correspondence on your possible availability, as well as my own eagerness to "get you over here" when I did not hear from you earlier. I submitted your CV to China. And Presto! you have been accepted.

Now I need to check and see what dates you might be available for at end of Nov. - early Dec. (as indicated in your last message). Also, I will need to send a holding message to ILO Beijing indicating that you are not immediately available and asking them about the acceptability of a delay or taking a "second choice" of consultant. (Oct. 14, 1998 email from Gerry Finnegan to GBH.)

My recollection is that I had already sent him a reply accepting such an assignment, if offered, but that because of prior commitments to the USDOL for an assignment in Poland I would not be able to go to China until after Thanksgiving. Apparently that delay was acceptable to the Chinese MOL.

Monday, November 30, 1998, I received an email from ILO's regional office in Bangkok outlining the arrangements for my trip. As with many such assignments, the approvals were slow in coming, creating considerable difficulty in making arrangements. That was certainly true of my trip to China.

The following paragraphs are excerpts from the email Chomesri Vichitiekakarn at ILO's Bangkok Office sent me on November 3, 1998.

Mr. Finnegan has asked me to reply to your e-mail concerning the contractual arrangement and practicalities for the above.

We have informed the Ministry of Labour about your availability from 1 to 18 December,

and prepared the following schedule. Hopefully, it will be suitable to you:

Wednesday, 2 Dec, Lv. Utah for Bangkok  
3-4 Dec Briefing with Finnegan and  
Wickramasekara  
5 Dec Lv. Bangkok for Beijing  
6-16 Dec Beijing Office and Ministry of Labour  
17 Dec Lv. Beijing for Utah

To answer your questions:

- 1) a 2-day briefing in Bangkok is required
- 2) yes, you need a visa for China. We have asked for the visa authorization to be sent to Bangkok. Please e-mail your passport details to ILO Beijing at beijing@ilo.org (contact person: Mr. Hao Jian) and copy to Finnegan, Wickramasekara and myself
- 3) please use your national passport
- 4) please make your own travel arrangements. In view of the time constraint, it would be appreciated if you could buy your own tickets.

(Email from Chomesri Vichitiekakarn, ILO ROAP, to GBH, Nov. 3, 1998)

December 1, 1998, I received a fax from ROAP in Bangkok with a copy of the contract for my participation in the China Project. December 2, 1998, the day of my departure, I received a contract from ILO that spelled out my assignment:

to provide technical inputs and support to the Chinese MOL [Ministry of Labor] and the Reemployment Leading Groups to prepare a report on the operations problems, productivity constraints, management and supervisory development needs of Labor Service Enterprises and urban collectives in two pilot cities and on the major constraints they face in pursuing the deepening of enterprise reform," and the design of a scheme for regular collection of the information on the development needs of LSEs and urban collectives including its institutional framework, sample survey methodology, data collection and analysis instruments. The consultant is expected to advise on an appropriate scheme in consultation with national and local counterparts and others. The pilot sites were Shenyang and Qingdao. (Dec. 2, 1998 ILO Technical Collaboration Contract.)

The purpose of my mission was to help the Ministry of Labor and Social Security design a program to strengthen the management and operations of "Local Service Enterprises" -- business enterprises created to provide employment to workers laid off from state-owned enterprises.

As part of the ongoing economic reform and privatization in China, some 200,000 local service enterprises (LSEs) have been organized, employing 8,000,000 redundant workers laid off from State owned enterprises. In December 1998, the ILO and the Chinese Government asked Dr. Hansen to go to Beijing to help the Chinese Ministry of Labor and Social Security design a program to strengthen the management and operations of the LSEs to make them more competitive. After assessing the management and other problems of LSEs in two pilot cities, Shenyang and Quindao, he designed a survey instrument to monitor the training and development needs of the LSEs and prepared recommendations that will be used to test new systems and approaches nationwide.

When I arrived in Bangkok, there was an email from Jian Hao at the ILO Beijing Office stating that they had "finished all the urgent things except the visa!" It included the name of the hotel, Yuyang Hotel, in Beijing where they had booked me a room for December 6-9, 1998. (Dec. 3, 1998 email from ILO Beijing to ILO ROAP Bangkok.)

Fortunately, I was able to write emails home to my family while in China. They provide the best account of the events that transpired on that trip.

My Dec. 2 flight from Logan to LAX was uneventful, and my trip from LAX to Tokyo was very good. The section I was in had only 4 people with seats for 40. It was almost lonely, and the poor stewardesses did not have much to do. However, my Dec. 3 flight from Tokyo to Bangkok was crowded with lots of important visitors going to BKK for the start of the Asian games. There were lots of people waiting to great them as VIPs—but nobody to great me. I felt left out until I got to the place to go through immigration and saw a woman holding a card with my name on it standing there waiting for me. Made me feel better! She whisked me through immigration and helped me get a taxi to the hotel. The hotel was crowded with young people attending a young athletes sports camp prior to the games. Got to the hotel at 1AM and went to bed. Got up the next morning and took the 8AM shuttle to the ILO office.

My stay in BKK was pleasant (especially the warm weather (85 degrees) and the fresh fruit at the Hotel. I talked with Steve Soulier [a friend and neighbor from North Logan who also taught at USU] and learned that things are worse than ever on the ADB project. Yun Kim was nearly fired after a run in with J.K. Lee of the ADB, but the Thai's refused to permit it (according to Steve) because they did not want to allow the ADB to tell them what they could or could not do (national pride, etc.). Anyway, Steve is waiting for his wife Janet to come and plans to vacation and then come home and never return.

I spent Friday meeting with the ILO people and getting briefed about the project. That evening I went to bed early to catch up on my sleep. On Saturday I worked reading all the documents I was given the day before and then Gerry Finnegan picked me up and took me to his place to have dinner with his family.

Each morning while in Bangkok I rode the van provided by the hotel to the ROAP offices, and then walked back the mile or so to the hotel in the late afternoon when finished with my meetings. The trip went by the Thai military barracks, and a big arena for Thai kickboxing matches, and then through a residential neighborhood. It was a pleasant walk, and the temperature was in the mid-80s at that time of the day.

The most difficult task that I had in Bangkok was obtaining a visa at the Chinese Embassy. After a lengthy taxi ride, the driver dropped me off in front of the embassy. After finding the Consular Section, I had to stand in line for several hours waiting to see the appropriate person to apply for and obtain a visa, and then wait another lengthy period while they processed the forms before returning with my visa. Gerry's letter said to call him after I filed my application and received a registration number, so that the ROAP Administrative Officer could follow up on it. There were lots of people in the same situation, so it was a long and burdensome wait before they finally returned with my visa. Fortunately, I was traveling for the ILO and at the request of the Chinese Ministry of Labor, so they did not give me too much trouble—just made me endure a long wait. Then I took a taxi back to the ROAP office to let them know of my success in obtaining a visa. (Gerry Finnegan had sent me a letter at ROAP which spelled out the process for obtaining a Chinese Visa, and gave me a copy of my authorization to take with my passport to the Consular Section at the Chinese Embassy on Friday, December 4.)

## **My first trip to Beijing and China**

My Dec. 7, 1998 email to my family gave the next stage of my trip to China:

Arrived in Beijing to fog and snow and cold at 4PM. Caught a taxi to the YuYang Hotel (28 stories tall) and in the embassy section of town. Ate a sandwich, watched TV and went to bed.

This morning I walked in the -2C weather (sunshine today) over to the ILO office and met the project officer. He took me to meet the MOL Division Chief to be briefed by them. We spent 2 hours discussing the project and answering my questions. After we finished, we took a taxi back to the office. I started reading some more documents and Hao Jian and the rest of the office staff went to lunch for one of the staff members. They returned at 2:30PM.

The ILO Director in Beijing is from the Cameroon, and knows Mr. Camden (sp?)—the man in the COOP Branch who had invited us to dinner in Geneva in 1991. This man had held the same position in Geneva before coming to Beijing.

The plan was for me to go to Qingdao tomorrow morning and then return to Beijing on Thursday. Then we were supposed to go to Shenyang on Saturday for three days. However, some problems came up and we are now scheduled to stay in Beijing for one more day and go to Qingdao on Wednesday instead, and stay until Friday or Saturday. Then we return to Beijing and go to Shenyang on Sunday or Monday for a shorter visit. I should be back in Beijing by Monday or Tuesday of the next week and stay here for a couple of days before leaving on Thursday to come home. (Email from GBH to family Dec. 7, 1998)

The agenda prepared for my Dec. 6-17, 1998 consultancy mission in China, and the work to be done follows:

**CPR/96/504: Programme for the Enterprise Development  
Consultancy Mission**  
(6-17 December 1998)

Dec 6 Sun Arrival in Beijing

Dec 7 Mon *8:30 AM Be at ILO office*  
9:00 Discussion with the MOLSS

- Briefing on current situation of small enterprise, labour service enterprise and community employment services in China by Mr. Wang Wenlong, Division Chief of Small Enterprise Division, MOLSS

Dec 8 Tue

*Afternoon Leaving for Qingdao (MU 5116 18:10-19:10)*

Dec 9 Wed

Morning Meeting with officials of Qingdao Labour Service Agency

- Briefing on current situation of small enterprise, labour service enterprise and community employment services in the pilot city by officials from Qingdao Labour Service Agency

Afternoon Visits to small enterprises, labour service enterprises and community employment services

Dec 10 Thu

Morning Designing sampling survey questionnaire scheme

Dec 11 Fri

Designing sampling survey questionnaire scheme

Dec 12 Sat

*Morning Back to Beijing (MU5113 8:40 - 9:40)*

Afternoon Discussion with the MOLSS

Dec 13 Sun

*Morning Leaving for Shenyang (CJ 6114 10:45 -11:45)*

Dec 14 Mon

Morning Meeting with officials of Shenyang Labour Service Agency

- Briefing on current situation of small enterprise, labour service enterprise and community employment services in the pilot city by officials from Shenyang Labour Service Agency

Afternoon Visits to small enterprises, labour service enterprises and community employment services

Dec 15 Tue *Evening* *Return to Beijing*  
Designing sampling survey questionnaire scheme

Dec 16 Wed

*Morning* *Designing Sampling Survey*  
*Back to Beijing* (CJ 6102 10:05 - 11:25)

Afternoon Review and discussion with the MOLSS on the draft sampling survey questionnaire scheme

Dec 17 Thu Departure for Utah (10:15 am)

My file contains an exchange of emails between Gerry Finnegan and Arturo Tolentino during the first two or three days I was in Beijing trying to clarify what exactly my consultancy was supposed to accomplish under CPR/95/504. Apparently, another project (CPR/96/513) had also been launched and was supposed to have been completed in December 1997. After the exchange of emails between Beijing, Bangkok and Geneva, it appeared that my mission was to cover the Labor Service Enterprises (LSEs) and urban collectives. The survey (that I was to design) was to focus on the productivity improvement and management development needs of the LSEs and urban collectives. It would have been nice if I could have seen the results of the other project, but they were not available to me.

## Site visits to Qingdao and Shenyang

When I traveled to Qingdao, local photographers were there to document our site visits. They supplied me with copies of the photos before we left the area. The following pictures were taken at meetings while I was in Qingdao. I got a grand tour of a high fashion department store, a shipyard, and several other industries, plus meetings with local government employment and economic development officials. Qingdao is a coastal city, seeking to become like Hong Kong of the North.











The other city I visited, besides Beijing and Qingdao, was Shenyang, a dirty industrial city in the north. It was a very run down and depressing place—especially in December. It had a population of 6 million. Unfortunately, nobody took any pictures like the folks in Qingdao, to show the contrasting environments. The email I sent to my family on Dec. 15, 1998, provides a good summary of my trip to Shenyang:

We returned from Shenyang last night about 9:30PM. Had the same experience as in Qingdao, lots of Chinese meals with the locals and three visits to LSEs and Reemployment Service Centers. Arrived on Sunday just in time for welcoming lunch. Found out the city has 31 million people, surrounding area 6 million. Province has 50 million. After lunch at 3PM we had a two-hour briefing session with the Labor Bureau. Then off to dinner for two more hours.

On Monday we started at 8:45AM with a drive to an old industrial area in Shenyang to meet the CEO of the biggest LSE in the area, with 7,500 employees. They make the cabinets, map cabinets, auto marts, etc., and stationary and moving shelving for libraries. Janet would be impressed. Equipment looked quite good, but the equipment was quite old and production was very labor intensive.

After lunch we visited an LSE in the center of town. It was a privately run group with 20 LSEs. They had several stores and a big marketplace with hundreds of individual stalls for sellers. Had 2,000 employees. After this visit we went to a Reemployment Service

Center in a residential neighborhood. They provide help to laid off workers, including lots of women, by giving them some skill training and then sending them out as part of 13 "teams" to sell their services. Such things as selling newspapers, appliance repair, home care, child care, etc., etc. They have some 1700 people on the payroll doing these kinds of things in the neighborhood. (70,000 people in the neighborhood).

Then, instead of going to the airport [which I was very anxious to do], at 5:00PM we went to another restaurant for the final dinner. The District mayor (district has 700,000 people) was present along with the Director of the Shenyang Labor Bureau and their deputies and assistants. Labor Bureau's daughter is getting an MBA at a university in Los Angeles. He had been to America on a Study Tour. At 6:00, (cutting dinner short to one hour instead of the usual two) we gave our farewells and they drove us to the airport for the return flight to Beijing.

Today, I have been drafting the Survey instrument. Will meet with the other members of the team this afternoon or tomorrow morning, and then meet with Mr. Wong tomorrow afternoon to give him the product (or what is done at that time.) He wants to start immediately to train the interviewers and administer the survey. It will be interesting to see what happens.

The email I sent to Gerry Finnegan that same day, December 15, 1998, adds a few more details to the report I sent home to my family:

I returned from Shenyang last night. Trip to Qingdao was quite successful, and we collected considerable info. Jain Hao did the translation so things went quite well. Mr. Liu, out of the MOL, selected because he spoke a little English but knows nothing about LSEs, etc., went along representing the MOL.

The only problem we had in Qingdao was being overwhelmed with hospitality and not having any time to work. They took us to lunch and dinner every day--each lasting 2 hours. I ate 15 consecutive Chinese meals in Qingdao and Shenyang. I believe it is a record (for me anyway).

Trip to Shenyang much less productive. Mr. Hao remained in Beijing—assuring me that there would be a good local translator in Shenyang. Turned out to be bad info. Translator was a recent graduate who had worked for the Labor Bureau for only 2 months and had not practiced her English for two years since college. She was way out of her depth, and could not handle the basic translation needs beyond a little social chit chat. Mr. Liu, the MOL assigned person, was good to work with, but needs practice to get his English up to snuff, plus learning something about LSEs and surveying. He tried his best to help out, so we limped through the meetings. Basically, it was a disaster when it comes to getting any substantive info in Shenyang. Too bad. We did meet and talk to some interesting people who could have helped shape the survey.

Also, you might be interested to know that the ILO is not even known outside of the MOLSS in Beijing (and I am not even sure about here). As far as the locals are concerned, this is a UNDP project. When I tried to explain the ILO role to the Director of the Labor Bureau in Shenyang, he did not seem to understand at all who the ILO was and that I was working for them (of course the translator probably could not translate what I was trying to say anyway). Very disheartening to see ILO in the boot (not even the back seat) on this project. Somebody needs to do a better job of marketing who we are and what (important?) role we are playing. UNDP is just a bag of money. ILO should get top billing for providing technical assistance. They thought I worked for UNDP, and were toasting UNDP. Right now UNDP is getting all the credit.

Talked to Mr. Cummings [another consultant from Australia or New Zealand who was also working on another project for ILO] and he had the same problem with the translator when he was in Shenyang last week.

On to more important topics.

I have prepared a rough draft of the survey instrument and will give it to Mr. Liu this afternoon for translation. We will then meet with the other members of the national team (two other people selected by Mr. Wong, and neither of which made any of the field visits. Only one has any knowledge of SED or LSEs). Later this afternoon or tomorrow morning we will go over the draft and get their input. Then, I will meet Mr. Wong tomorrow afternoon to present it to him. Based on Mr. Wong's timetable, as communicated to Mr. Liu, the conduct of the survey will start immediately. Since I will be leaving on Dec. 17, he wants Mr. Liu to train the interviewers, and get started. This assignment really shook up Mr. Liu, a nice man and bright fellow, who has had no experience in this (LSE or survey) work at all. (He is the editor of a vocational guidance publication in the MOLSS. I will try to slow down the process a bit, since I will not even have time to complete the final layout and format of the questions for proper interviewing. But right now the train appears to be moving down the track and is unstoppable at this point.

Will update you on what happens after our meeting tomorrow.

During the evening of Dec. 15, 1998, I wrote a status report of the LSE survey design to take to the meeting on the morning of December 16, 1998. It painted a pretty grim picture of what had been done and what remained yet to be done. I was operating under the impression that I would prepare a draft survey and they would review it and tell me what changes they wanted and then I would prepare a final draft. Unfortunately, that was not the case. They made that very clear the next day when we met at the MOL to go over the survey draft. My outline of the next steps was rejected out of hand, and they informed me that they wanted the final product—ready to be administered by their staff.

In short, at our morning meeting the people at the MOL informed me that they wanted and expected a final version of the survey instrument before I left Beijing—the following day. What a shock. Consequently, I had to work half the night on December 16 to give them what they wanted. Fortunately, I had my notebook computer with me, and was able to get something—quite rough—completed before I left on Dec. 17. Clearly, the survey instrument and questions were too long and needed pruning and tightening up, but that was not going to be possible. So I did my best, working until about 10PM, and then called my Chinese counterpart to come and get it. He did, and I gave him a disk with the latest version to deliver to them in the morning.

December 16, 1998, while working on the Survey instrument at the ILO office, I met and talked with Ian Cummings, an Australian, who was in the same office working on his report. He gave me a draft copy of his report on the Urban Employment Promotion Project that I did not know about. His project was to study the vocational training piece of the larger project—and clearly included overlapping elements with what I was doing. When we talked, we decided it was too bad we had not known what each other was doing. It might have been possible to combine our efforts. He had gone to Shenyang and Chengdu to collect data and talk with business and government officials. I had gone to Shenyang and Qingdao to do the same thing as part of my work.

After giving the latest version of my survey instrument to Mr. Liu at my hotel, on the evening of December 16, I went to bed exhausted. The status report and schedule of remaining work that I gave to the MOLSS on Dec. 16 is presented below. As noted above, it was rejected. They wanted a final product the

GBHansen  
Notes on status of LSE survey design  
12/15/98

1

### **Status of LSE survey design as of 16 Dec. 1998**

#### **Work completed to date**

Completed field visits to Quindao and Shenyang

Completed a draft design of questions for survey instruments

Presented draft questions to survey team for their input this morning

#### **Next Steps**

1. Revise questions based on input from other members of survey design team
2. Use revised questions to prepare four questionnaires (survey instruments)  
LSEs  
Self-help Production Centers  
Reemployment and Community Service Centers  
LSCs and Labor Bureaus
3. Select final list of questions for inclusion in the four questionnaires
4. Prepare layout of questionnaire's for ease in computer coding of the results
5. Prepare questionnaire's (interview schedules) for use by interviewers to use
6. Field-test the questionnaires. Mr. Liu (or someone else) should take copies of four questionnaires and go to Quindao and Shenyang. He should conduct interviews with several (3 or 4) LSE managers, SHPC managers, Reemployment Service managers and LSC or Labor Bureau LSE specialists to determine if the questions are understandable to the survey participants and can be answered without too much difficulty.
7. Any changes in the questionnaires should be made based on the results of the pilot test of the survey instruments.

*Use training session to accomplish this objective*

8. **Select and train interviewers to administer questionnaires in two pilot municipalities Quindao and Shenyang.**
9. **Obtain lists of LSEs, SHPCs and RSCs from pilot municipalities and select stratified sample of LSEs, SHPCs and RSCs to be surveyed. Make sure that key size, industry, and other criteria are met in the subpopulations to be surveyed and then select the individual firms that will be interviewed on a random basis, to prevent the possibility of surveying only successful enterprises or centers. (This situation could occur if the decision about which LSEs to survey is left up to the local LSCs—based on their selection of enterprises for us to visit as part of our field visits.).**
10. **Begin conducting interviews**
11. **Collect completed interviews and begin entry of the data into the computer**
12. **Compile the results**
13. **Analyze the results**
14. **Write the final report**

The morning of December 17, 1998, I packed up, checked out of my hotel and took a taxi to the Beijing airport to fly to Tokyo and then to San Francisco. Because of my trip's proximity to Christmas, I was not required to return to Bangkok for a debriefing after departing Beijing. I think that the stress, bad air, and poor food (rice and who knows what else) in China were too much for my system. I was sick for two days after arriving in San Francisco and did not fully recover until returning home to Logan a week later.

My wife Helen flew from Salt Lake City to meet me at the airport in San Francisco. We rented a car and drove over to visit my sister Lois and her husband Bob Allen in Los Altos. Later that day we drove across the bay to Concord to visit our daughter Karen and her husband Bryan where we stayed for a few days. The following day Karen traveled with us to see the Muir Woods and out to the Point Reyes National Seashore. We went out to dinner with them that night at a Thai restaurant and the next day we drove up to the snow line on Mt. Diablo. December 21 we flew home.

Dec. 22, 1998, I received an email from Gerry Finnegan, who had been in Viet Nam while I was in China. He thanked me for my efforts on the project—undertaken on such short notice.

Firstly, I apologize for not getting in touch with you while in China. I only received your message in Hanoi on Thursday, and realized that you were departing on that morning.

It sounds as though you had an interesting, if mixed assignment. (A "game of two halves")

I look forward, to receiving your report, and would also appreciate your frank assessment of things on the project. as well as ideas about any genuine impact which ILO can have/deliver. Your comments on the profile of ILO were most insightful! You may wish to send these additional observations under "separate cover" if you think they are for limited viewing.

After returning home, I prepared the final report of my China mission for the ILO in a more leisurely manner and submitted it to the ILO. The cover page, table of contents and recommendations follow:

***Final Report of Enterprise Development  
Consultancy Mission to China  
"Urban Employment Promotion"***

***by***

***Gary B. Hansen***

***ILO Consultant***

**ILO/UNDP Project CPR/96/504**

***December 2-23, 1998***

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## **6. Recommendations**

The following recommendations to strengthen the LSE system (including SHPCs and CSEs) are based on the problems and needs identified during my field visits in Qingdao and Shenyang:

1. **Management training.** The most urgent need of the LSEs (and SHPCs and CSEs) is to strengthen the management skills of their managers and supervisors. It is recommended that this be done by:
  - (1) implementing general management training in the form of executive MBA programs;
  - (2) developing and providing specialized management training courses (through LSE associations, LPGs or other suitable intermediaries) in:
    - (a) managing in a socialist market economy,
    - (b) productivity and quality improvement,
    - (c) production,
    - (d) strategy and planning,
    - (e) marketing,
    - (f) business planning for new product development
    - (g) human resources management, and
    - (h) leadership;
  - (3) implementing a basic supervisory training program; and
  - (4) implementing a SYIB-type program to provide entrepreneurial background and understanding to all managers.

1. Providing entrepreneurship training in CSEs and SHPCs. As one of the objectives of the CSEs and SHPCs is to encourage and facilitate the transition of their employees to other employment, including starting their own businesses, it would be desirable for the CSEs and SHPCs to provide or make available a structured course such as the ILO's SYB program to all of their employees—especially those who are considering starting a business. (The SYIB program developed and implemented in Bulgaria might be a useful model for this purpose.)
2. Strengthening the profitability of LSEs. Government policies in support of LSEs are primarily financial, -- tax waivers and reduced taxes on profits. Consequently, it is important to provide LSEs with the types of support that will help them become more profitable. Two essential elements needed to accomplish this objective are: (1) improving and expanding the training of managers, supervisors and workers as outlined in 1 above, and (2) establishing formal productivity and quality improvement programs in all LSEs. These two elements should be the primary focus of efforts to strengthen the LSEs.
3. Providing LSE employees with training in market economy principles. A major issue raised by all LSE managers is workers (and managers and supervisors) with obsolete mindsets. Therefore, it is recommended that a training program emphasizing the essential elements of a (socialist) market economy and what is expected and required of workers and managers to succeed in it be developed and made available to all LSEs for use in their training programs.
4. Strengthening LSE Associations. First, the role and functions of LSE Associations should be reviewed and deficiencies identified. Second, a determination should be made about what services would be most helpful and could be most effectively provided by the Association in order to strengthen the LSEs. Third, a blueprint should be developed that outlines: (a) the types of services that would be most helpful to LSEs, (b) a suitable structure, (c) the proposed method of operations, and (d) the means of obtaining financial support. It is clear that LSE Associations need to be strengthened to provide a broader range of business support services to LSEs and that more management training and study tours are needed. Some LSEs have indicated that they would like the associations to provide them with more information about marketing and trade events and to become a forceful advocate for them. A third issue which needs to be addressed is how to involve the weaker LSEs in the LSE Association. They desperately need help, but they are currently not members and appear to not use even the existing services available from the associations.
5. Strengthening the LPGs. The Leading Project Group in each city is perceived as being a coordinating and policymaking group. The group only meets periodically (quarterly) and has no secretariat or staff other than that provided by the LSC or Labor Bureau. The LPGs are not perceived by LSEs as being operational groups that should be directly involved in providing business support services to LSEs. Therefore, there is some question about expanding the LPG capacity to include providing SOEs with management and technical support in establishing LSEs or in providing technical assistance to LSEs and urban collectives that are having business difficulty. A better alternative might be to strengthen the LSE Associations (as outlined in number 5 above) and by increasing the capacity of the LSCs and LBs to perform certain business support functions (as recommended in number 7 below).
6. Strengthening the LSCs and LBs to provide Business Support Services. It is recommended that each LSC and LB should establish a small unit that would function as an SOE and LSE business support unit. The individuals who would constitute the staff of this unit should be identified and undergo specialized training to broaden their knowledge

and skills in dealing with existing SOEs and LSEs, and to facilitate the incubation of new LSEs. The training course for the members of the unit should include modules such as: entrepreneurial approaches to local economic development, identifying and evaluating new business ideas, business planning for LSE creation, product development and innovation, development and delivery of business services, and management skills for successful LSE operations

7. Strengthening the linkages and coordination between LSEs, LSCs, LBs and LPGs. Everyone agrees that more information and data need to be shared between the LSEs, LSCs, LBs and the government. It is recommended that representatives of LSE Associations, LSCs, LBs and LPGs assess the effectiveness of their current data collection and information sharing and decide what, if any, additional linkages and procedures are needed so the government can quickly know the needs and concerns of the LSEs and how they can be addressed most expeditiously and effectively.
8. Strengthening the linkages between LSE system and existing national and local training institutions. Existing institutions such as business schools, technical institutes, training units of ministries, CEDA/China Enterprise Managers' Association (CEMA), etc., should be mobilized to help strengthen LSEs. It is recommended that the LPG in each municipality identify national and local institutions that can provide high quality training courses and other support services needed by LSEs. Linkages should be established between the LSE Associations and LSC business support units and these institutions so that their training resources and business expertise can be used to strengthen LSEs as part of the Urban Employment Promotion program. .
9. Strengthening the CSEs. Although CSEs have accomplished much with very few resources, they urgently need additional staff training, more resources and better facilities. Specifically, it is recommended that CSE managers be provided special courses or modules in basic management and leadership skills, establishing and operating business teams and LSEs, and developing new CSE operations. It is recommended that the organization and operation of CSE service programs be strengthened. Workers on the various service teams need additional skill training to be more successful in delivering quality services to the public or to special groups in the community. It is also recommended that entrepreneurship training courses should be provided as part of the training available within all CSEs, and as part of the training given to all laid off workers employed on service teams.

## **7. Status of draft LSE survey instrument**

In the course of my mission to China, a draft of an LSE survey instrument was prepared and submitted to the MOL on 16 December, the day before the departure of the consultant. At that time a brief statement outlining the next steps needed to implement the LSE survey was delivered orally to Mr. Wang, the MOL's Division Chief in charge of the project. This statement is included as Appendix B.

Unfortunately, because of the severe time constraints and the urgency expressed by Mr. Wang in conducting the survey, the final version of the survey instrument could not be completed. A translated version of the 2<sup>nd</sup> draft of the survey questions was provided to the MOL survey team at a meeting on the morning of 16 December 1998. This meeting convened at 9:00AM and lasted three hours. The national consultants' input was received during this meeting, held under the direction of the Division Chief at the MOL. After briefly reviewing the questions, the suggestions and recommendations of the three local consultants (Mr. Ming, Mr. Chen, and Mr. Liu) were received by the international consultant. Later in the day these suggestions were incorporated into the draft survey instrument. At 8PM that evening a 3<sup>rd</sup> draft copy and computer file containing the revised

survey questions incorporating the changes suggested by Mr. Ming, Mr. Chen and Mr. Liu was delivered to Mr. Liu. He translated it and subsequently delivered this version to Mr. Wang at the MOL on or after 17 December. Copies of the 3<sup>rd</sup> draft of the survey document and next steps outline document are included as an Appendix A and B to this report.

At the 16 December meeting, Mr. Wang stated that the MOL had already selected the field interviewers and that the questionnaire would be field tested on them the following week as part of their training. He further stated that the actual interviewing would start within two weeks.

I told Mr. Wang that if the Chinese MOL would like additional help from this consultant in conducting the survey, analyzing the data collected, or in writing the final report containing the survey findings, this could be provided by the ILO under the project auspices.

My recollection is that several months later I received an email from the ILO Beijing Office indicating that the survey had been carried out by the Chinese MOLSP. Unfortunately, I never received a report of what they did with the results. Thus ended another interesting experience—not knowing what the outcome may have been. But I had a fascinating first-hand look at life in late 20<sup>th</sup> century China.