

## Best Practice: Entrepreneurship-driven Job Stimulus

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**CITY: SHANGHAI**

**POLICY AREA: WORKFORCE DEVELOPMENT**

### BEST PRACTICE

Shanghai's **"One Plus Three"** plan trains college graduates and laid off employees, provides support to distressed businesses and provides subsidies to businesses that hire and retain people with barriers to unemployment. These programs are part of Shanghai's efforts to create jobs by promoting entrepreneurship in the wake of rising unemployment amid the economic crisis.

### ISSUE

Increasing unemployment and the economic downturn has made it a challenging environment for economic growth in Shanghai, which had experienced years of double-digit growth over the past decade. Indeed, the city's growth of 9.7% for all of 2008 represented the first single-digit growth in 17 years. It continued to fall through the first quarter of 2009, exacerbated by a steep decline in exports. With the outlook forecasting a bleak trade picture for some time and no easy fixes to plug the gap, Shanghai needed to look elsewhere for solutions to create jobs.

### GOALS AND OBJECTIVES

Over a three-year action plan, Shanghai aims to train 60,000 people in entrepreneurship, establish 50 venture and incubation bases and help 30,000 individuals start businesses.

### IMPLEMENTATION

Known as the **"One Plus Three" plan**, Shanghai's strategy for tackling unemployment revolves around three core components of promoting employment that support the overarching three-year action plan of encouraging entrepreneurship:

- A **job training program** targeting college graduates and laid-off employees from financially distressed businesses. This includes the provision of government subsidies on training expenses and targeted skill training for migrant workers.
- A **stabilization plan** designed to help distressed businesses stabilize employment and reduce planned layoffs. Elements of this program include subsidies, training programs, direct payroll funding, and delayed insurance payment policies.
- A **program to support underprivileged groups** of jobseekers. This includes subsidies for companies who hire/retain people with identified barriers to employment.

Additional aspects of Shanghai's focus on entrepreneurship feature government guarantees of start-up business loans, subsidies for newly formed business that apply to office rent and insurance premiums, and partnerships with universities and vocational schools to develop internship programs geared toward independent ventures.

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### Shanghai Highland of Talent Initiative

- These new programs build off the existing Shanghai Highland of Talent Initiative, which was implemented in 2004 as a bottom-up citywide skills strategy focused on the priorities of
  - 1) Attracting the return of highly-skilled Chinese émigrés;
  - 2) Developing specialized training programs;
  - 3) Implementing vocational training system reform; and
  - 4) Training migrant workers and surplus rural workforce to meet labor demands of growth sectors.
- One output of this initiative has been the Talent Development Catalogue, which is an annually reviewed publication that lists skills in demand and serves as the basis for changes in and delivery of training programs.

### RESULTS AND EVALUATION

**New Business = New Jobs:** Though still in its early stages, the “One Plus Three” initiative has produced some positive effects. From January to April of 2009, more than 3,000 new businesses were started, creating nearly 15,000 new job posts.

**Help for Distressed Businesses:** Over 220 businesses that were hard-hit by the financial crisis have been officially designated as “financially-distressed businesses,” which entitles them to new subsidies for employment and insurance premiums, helping them stave off future layoffs.

**Training New Workers:** In the first half of 2009, 11,600 migrant workers received job training, and another 2,500 individuals identified as having barriers to employment found work because of government programs. Additionally, thirty businesses representing more than 400 professions have applied for training assistance.

### TIMELINE

The One Plus Three Programs were launched in the wake of the economic downturn in 2008. It is a three year plan expected to be complete in 2011.

### CONTACTS

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