

Wazza, Melkamu Tadesse; Bedeke, Sisay Belay

Article

What lessons Ethiopia could draw from China's township and village enterprises led rural industrialization? A thematic synthesis

Research in Globalization

Provided in Cooperation with:

Elsevier

Suggested Citation: Wazza, Melkamu Tadesse; Bedeke, Sisay Belay (2022) : What lessons Ethiopia could draw from China's township and village enterprises led rural industrialization? A thematic synthesis, Research in Globalization, ISSN 2590-051X, Elsevier, Amsterdam, Vol. 5, pp. 1-18, <https://doi.org/10.1016/j.resglo.2022.100088>

This Version is available at:

<https://hdl.handle.net/10419/331017>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.



<https://creativecommons.org/licenses/by-nc-nd/4.0/>



What lessons Ethiopia could draw from China's township and village enterprises led rural industrialization? A thematic synthesis

Melkamu Tadesse Wazza^{a,b,*}, Sisay Belay Bedeke^b

^a Department of Project Management, PBTAfrica College, P.O.Box 62045, Addis Ababa, Ethiopia

^b Department of Rural Development, Wolaita Sodo University, P.O. Box 138, Sodo, Ethiopia

ARTICLE INFO

Keywords:

Driving Forces
Effective Institutions
Thematic Synthesis
Township and Village Enterprises (TVEs)
Rural Industrialization Framework

ABSTRACT

Despite managing rapid economic growth and demonstrating poverty reduction, Ethiopia did not achieve growth-enhancing rural transformation. A need to understand how to realize this can be obtained by synthesizing lessons from countries that have already attained it. In light of this, the purpose of the review was to carry out a thematic synthesis of China's rural industrialization through the Township and Village Enterprises (TVEs) and generate context-specific lessons that can inform Ethiopia's rural industrialization. Building on qualitative data management using the thematic synthesis approach, the review process involved extracting and coding data as well as developing, analyzing, and synthesizing themes from finally selected 46 peer-reviewed journal articles. The review and synthesis processes identified three major driving forces behind China's growth miracle. These were policy drivers, entrepreneurial drivers, and sociocultural drivers. The finding showed that the driving forces were successfully held together with effective institutions as a core driving force to form a rural industrialization framework (RIF). The major lesson that could be drawn is China's capability in building effective institutions. The RIF provides a holistic perspective in promoting the planning and implementation process of rural industrialization. Ethiopia can achieve successful rural industrialization and subsequent structural transformation by building and advancing effective formal and informal institutions with its own pragmatic, innovative, and sustainable means.

1. Introduction

Structural transformation is the reallocation of economic activities away from the primary agricultural sector into other modern sectors dominated by manufacturing and services. Such transformation requires changes not only between sectors but also within sectors and firms (Lin, 2012; Vrolijk, 2021). The overall Ethiopian economy, being more than 80 percent agriculture dominated and rural, and expected to remain predominantly rural for the future decades (OECD/PSI, 2020), can be driven largely through a rural transformation using rural industrialization (EEA, 2016; Huang, 2018).

Rural transformation is a broad term that represents both agricultural transformation and overall development. It is about improving the quality of life in rural areas through both agricultural and non-agricultural activities such as rural enterprises (Sampath et al., 2016). In line with this, rural industrialization is defined as the establishment and promotion of industries that largely utilize rural resources and skills. It implies a planned shift of small-scale industrial units to rural areas to

serve local needs and plays a great role in the economic development of a country by making effective use of local resources. It contributes a lot to raising per capita income, generating employment, improving the living condition, reducing migration to urban areas, and reducing rural poverty and income disparity between rural and urban areas (ICEC, 2012; Sharma, 2018; Sundaram, 2007).

In Ethiopia, amid the rapid economic growth since 2004, the structural transformation was so sluggish and limited (OECD/PSI, 2020; PDC (Planning and Development Commission), 2020). Such slow transformation was driven by a very low agricultural productivity, dominated by unprocessed primary export products or at best semi-processed, and with no reflection on increased competitiveness (Altenburg, 2010; Oqubay, 2018; PDC (Planning and Development Commission), 2020). According to OECD/PSI (2020), though the GDP contribution to the agricultural sector is decreasing, the sector still has more than two-thirds of the total employment whereas the rural non-farm sector is very negligible. The foreign exchange earnings, for which agriculture is the main source, are low down (EEA, 2016; OECD/PSI, 2020). Owing to the

* Corresponding author.

E-mail address: melkamu.tadesse@wsu.edu.et (M. Tadesse Wazza).

<https://doi.org/10.1016/j.resglo.2022.100088>

Received 13 March 2022; Received in revised form 27 July 2022; Accepted 28 July 2022

Available online 1 August 2022

2590-051X/© 2022 The Author(s). Published by Elsevier Ltd. This is an open access article under the CC BY-NC-ND license (<http://creativecommons.org/licenses/by-nc-nd/4.0/>).

current small per capita landholding size where 38 % of households access less than 0.5 ha, weak institutional support systems, and limited non-farming occupation, there occur high population pressure on farmland which ultimately resulted in low yield, poor production, and ultimately lead to massive migration to towns and cities, especially by young people (Diriba, 2020; OECD/PSI, 2020; PDC (Planning and Development Commission), 2020).

Such high dissatisfaction with the performance of the economy necessitates a new outlook on rural development. Ethiopia needs to find ways in which it can facilitate structural change. Realizing such an outcome needs a clear understanding of the desired path. One option on the table for the government in understanding such a path is to draw a lesson from successful countries like China. China is among the developing countries that experienced successful economic transformation through rural industrialization. Given that Ethiopia is advised to further enhance industrialization through economic transformation (Seid et al., 2016) and to attain that through rural transformation (EEA, 2016, p. 158), it is essential to ascertain the lesson on rural transformation. To this end, not only the rural economy, the mainstay of the country's economy, is required to be diversified towards commercial crops and sideline economic activities such as rural enterprises (EEA, 2018) but also the means to achieve the desired outcome need to be clearly understood.

Though Ethiopia is facing big structural challenges, there are chances Ethiopia could learn from China's remarkable experience of economic transformation through the Township and Village Enterprises (TVE) led rural industrialization. A TVE denotes a characteristically industrial business entity located in a rural community that belongs to all the inhabitants. A rural community can be either a township or a village. Township is when the household number is about 3,500 and village is when there are about 200 households. TVEs are neither State-Owned Enterprises (SOEs), cooperatives nor private enterprises. They are community enterprises governed and controlled by the community government (community-owned collectives) (Icec, 2012).

There are pieces of evidence of lesson drawing experiences from China for different parts of the world on different topics. For instance, Ravallion (2008) drew lessons for Africa on poverty reduction, Xu (2011) drew lessons for developing countries on the reform process and Chanie, Pei, Lei, and Zhong (2018) drew lessons for Ethiopia on poverty eradication. They all exhibited the possibility of lesson drawing from the diverse and complex China to another continent, region, or country.

In line with such pieces of evidence, it can be ascertained that, with careful contextualization, lesson drawing from China's success is possible. Since there are sufficient primary studies to review the subject area, and lessons to be drawn from single primary studies might fail to deliver a meticulous summary (Petticrew & Roberts, 2006), there is also a need to go for a sort of thematic synthesis which analytically helps to unveil inadequately understood issues in the subject area. By blending information from many primary pieces of research and generating high-order evidence, it is possible to clarify the Chinese rural industrialization. This could allow establishing a fertile ground for policy formulation and implementation in Ethiopia.

To the best of researchers' knowledge, there are very limited research works available that properly contextualized the TVE-led transformation to a specific country. Most of such analyses were carried out either at the continental level (e.g. Africa) or regional level (e.g. South East Asia) or for countries (e.g. India) (Icec, 2012; Ravallion, 2008). There are some narrative reviews conducted to dig lessons from the Chinese rural industrialization. For example, the India China Economic & Cultural Council (ICEC) conducted a narrative review to explore the Chinese experience in the context of Madhya Pradesh, a state in central India (ICEC, 2012). Such types of narrative reviews lack accuracy and are not usually considered indisputable pieces of evidence. They can be biased by the reviewer and the synopsis may lack quality (Tranfield et al., 2003). And there is no such proper and comprehensive work done specifically to Ethiopia in the area of concern. Studies carried

out with the rigor required of the thematic synthesis to draw lessons to Ethiopia from the Chinese TVEs-led rural transformation are lacking.

2. Objective of the review work

The objective of this paper is to carry out a thematic synthesis of China's rural industrialization through the Township and Village Enterprises (TVEs) and generate context-specific lessons that can inform Ethiopia's rural industrialization. In so doing, the review contributes to the understanding of the underlying forces of economic transformation both within and between sectors. The paper provides important lessons regarding the need to support Ethiopia's rural development policy. It has both scholarly and practical implications. It contributes to adding value to the existing rural institutional systems supporting Ethiopia's rural industrialization, economic growth, and structural transformation. The paper focuses on developing an alternative framework responding to "what" can be drawn and "how" it can be adopted to make the Ethiopian rural economy function properly.

The rest of the paper proceeds as follows. The next section presents background information on rural industrialization in China and Ethiopia. This is followed by methods and strategies employed in undertaking the review process. The subsequent section elaborates on the major findings developed from codes and themes of the reviewed articles as well as from the subsequent synthesis process. Then the context-specific lessons for Ethiopia are indicated with a clarification on "what" and "how". The assumption here is that given the complex reform process and China's unique cultural, social, political, and economic context as well as regional diversity, it is still possible to draw a lesson for Ethiopia. The last section offers concluding remarks and policy implications. The paper suggests a need for a move toward demystifying the "plan-implementation" mismatch in Ethiopia through the implementation of a proposed alternative rural industrialization framework.

3. Background

3.1. Chinese rural transformation through rural industrialization

China's experience in the past three decades demonstrates the most prized economic growth through rural transformation. This was especially after China's engagement in economic reforms since the late 1970s (Guo, 2017; Mok & Kan, 2013). After the reform in 1978, the economy (GDP) and Total Factor Productivity (TFP) grew from their before-1978 annual growth rate of 4.4 percent and 11.0 percent to an average of 9.5 percent and more than 40.0 percent, respectively (Perkins & Rawski, 2008). Based on data from the World Bank, Garnaut & Song (2012) showed that within two decades post-reform, China's real economy enlarged dramatically (see Fig. 3.1).

The subsequent economic boom in China has been made effective

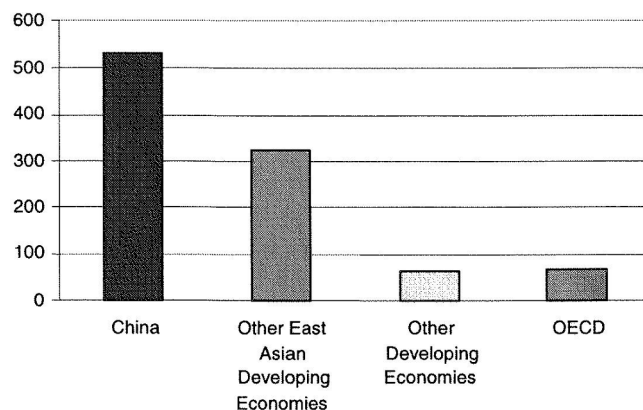


Fig. 3.1. China's proportionate increase in real output, 1978–98.

through a decrease in state-owned businesses and dramatic growth of private businesses. Specifically, remarkable China's growth and transformation are due to rural industrialization through the rural Township and Village Enterprises (TVEs) (DaCosta & Carroll, 2001; Guo, 2017; Li, 2005). The share of GDP contributed by TVEs rose from 4 to 28 percent. This was one-third of the overall economic growth. This allowed China to appear as a large player in the world economy and it has transformed China to be the world's second-largest economy (Garnaut & Song, 2012; Wang, 2012). Fig. 3.2 which was calculated based on data from China's State Statistical Bureau shows the TVEs-led structural change (Garnaut & Song, 2012).

3.2. Overview of the political economy of Ethiopia

Ethiopia, the never-colonized, ancient, and yet developing African country, has been in a centralized governmental form for long period. This is both in the long-lasting imperial period (1941–74) and in the military and communist *Derg* regime (1974–1991). Since the overthrow of the communist regime in 1991 and till today, Ethiopia followed a federal government structure. In 1992, Ethiopia introduced a new market-oriented economic policy where the economy is shifted to a mixed form but still characterized by a dominant public sector. Many state-owned enterprises which were built during the communist *Derg* period had been privatized or are in the process of privatization since the late 1990s. However, sectors that are considered to be strategic such as telecommunication, finance, insurance, air transport, etc. are not yet privatized. Recently, the giant government-owned telecommunication company, *Ethio Telecom*, is under its final stage of partial privatization and is the first major enterprise on the list (EEA, 2018).

Regarding land tenure policy, after more than four decades since the fundamental land reform was proclaimed in 1975 (Land to the Tiller), there has been no private land ownership in Ethiopia. The land is constitutionally bound to be owned by the state and the people. Though farmers have use rights, there is no formal land market. Amid such and related impediments, successive governments have put greater emphasis on the agriculture sector in the last three decades. It is noted that such an effort revealed noticeable growth change only after 2005 and remained high (EEA, 2016).

In the recent decade (2010–2019), the average growth in the real GDP and real GDP per capita of Ethiopia was 9.27 % and 6.54 %, respectively. It is indicated that the growth was driven basically by public investment (EEA, 2021). Despite the challenges such as drought, weak export performance, social unrest, and political instability, the country's GDP grew at a rate of 10.9 %, for instance, in 2016/17 (EEA, 2018). The top five sub-sectors which led the growth momentum in the year are construction (3.4 %), crop (2.0 %), wholesale and retail trade (1.1 %), manufacturing (1.0 %), and public administration and defense (1.0 %). The structure of the economy in 2017 is in such a way that the share of the agriculture and service sector in GDP declined compared

with the previous years. According to NPC (2018, cited in EEA, 2018), the share of GDP in the agriculture and service sectors declined from 51.0 % and 39.0 % in 2004/05 to 36.3 % and 39.4 % in 2016/17, respectively.

In those years, the share of GDP in industry increased from 10.0 % to 25.4 %. Here, the sector accounted for 40.4 % of the GDP growth and 18.7 % of the value-added. The growth in the industry is mainly due to the growth in total value-added by the construction sector which accounted for real growth in GDP of 3.4 % in 2016/17 and followed by the manufacturing subsector with a value-added growth of 17.4 % (EEA, 2018). However, the overall performance in the industry is far behind to lead the economy.

3.3. The rural industrialization potential of Ethiopia

Though industrial growth is championed as an engine for economic growth and rural industrialization is maintained as an important path in reducing poverty, Ethiopia is moving without a rural-industrialization motive. The communist *Derg* regime which ruled the country for nearly-two decades (1974–87), based on the then socialist ideology, deliberately disregarded the private sector and emphasized collectives and state-owned enterprises. For another nearly-three decades (1991–2019), the EPDRF (Ethiopian People's Democratic Revolutionary Front), brought the Agriculture Development Led Industrialization (ADLI) policy strategy which by design gave a subordinate place for industrialization vis-à-vis agricultural productivity. EPDRF's successor, the Prosperity Party, continued with the same overall policy framework. Those previous paths of development clearly showed the industrial policy failure in the country which limited technological progress, entrepreneurial improvement, and hence productivity and efficiency.

However, without careful and interlinked interventions between agriculture and industry, agricultural (rural) transformation cannot be realized. It rather requires improving the agricultural and non-agricultural sectors altogether and creating a strong linkage between them. Fostering income diversification activities and cultivating small and micro industries in rural areas and small-town will help achieve greater economic performance. The emphasis needs to be on both on-demand and supply-side improvement (EEA, 2016).

In recent decades, Ethiopia introduced an industrial policy. The first comprehensive industrial policy in Ethiopia was introduced in 2002/3 with the formulation of the Industrial Development Strategy (IDS). Later, in 2013, Ethiopia developed a strategic plan for thirteen years (2013–2025). This is serving as a major framework to support the country's vision to become a middle-income country by 2025. Its major focus is on the manufacturing sector and targeted labor-intensive industries (Gebreyesus et al., 2016; FDRE Ministry of Industry, 2013).

Industrialization can be promoted both with large-scale or Small and Medium-Scale Enterprises (SMEs). But, in rising output and advancing societal welfare on one hand and in stimulating structural change on other hand, in most developing countries, industrialization through large-scale industries has not been successful. It is due to this that most developing countries are working with SMEs. This attention to SMEs is claimed mainly for reasons attached to the limited size of domestic markets for developing countries which is characterized by small geographic size and low purchasing power; the small amount of capital required compared to large-scale industries and the associated low foreign exchange requirements; and, the experience and entrepreneurial skill to be gained by starting small (Wole, 2013).

Though Agriculture led industrial development and strong agriculture-industry linkages are among the major pillars of the Ethiopian industrial policy, the rural industrialization strategy is not yet introduced. Cognizant of the benefits, the SMEs sub-sector has given major focus in the recent two decades (EEA, 2018). The government of Ethiopia has established the Federal Small and Medium Manufacturing Industry Development Agency as a promoting organization to accelerate the expansion of small and medium; manufacturing industries. Those

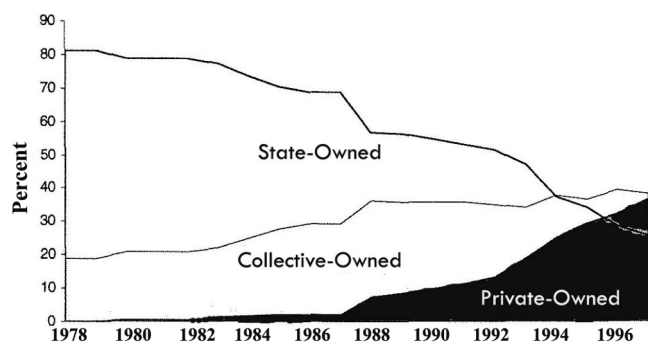


Fig. 3.2. Structural changes in China, 1978–97 (industrial output by ownership, percent of the total).

Source: Garnaut & Song (2012)

SMEs are expected to enhance the further development of large-scale industries, the transformation from agriculture-led to an industry-led economy on one hand, and sustainable and equitable distribution of wealth on the other hand (FSMMIDA, 2016). Particularly, SMEs are incorporated in the poverty alleviation effort of the country both in employment and income generation for the society. However, such an attempt had been without a sense of rural industrialization and didn't attract as much government attention as the large manufacturing industries (EEA, 2018).

Ethiopia is a country with a high rural and agricultural employment rate (nearly 80 % in both cases) (OECD/PSI, 2020). This large labor force availability is an opportunity to industrialize with the labor-intensive process. Based on the average working-age population and total population prediction computed by Tegenu (2014), Ethiopia has entered into abundant and cheap labor availability since 1995 (see Fig. 3.3). This long period of labor surplus (with a high working-age population over the total population) is a time for Ethiopia to benefit from labor-intensive (rural) industrialization. The rural labor force in 2014 is estimated to be more than 35 million with an annual addition of one million. Given that more than 80 % of the current rural population is dependent on the land-scarce, low-productive agricultural sector, coupled with high population density and high household dependency ratio, there is high rural-urban migration (Tegenu, 2014).

According to OECD/PSI (2020), the internal migration in Ethiopia is mainly due to the search for employment and the rural-urban migration is a growing event. It is also indicated that the Ethiopian manufacturing sub-sector is not significantly absorbing the labor force surplus released from the rural agricultural sector (EEA, 2018) and unemployment is becoming a predominantly urban phenomenon (OECD/PSI, 2020). Ethiopia is a country with a young population. While the population under 14 and 18 years of age is nearly 42 % and 50 %, respectively, the working-age population (age between 15 and 64) accounts for 55 %, which shows a greater dependency rate (OECD/PSI, 2020).

Such labor force surplus for a country with a severe capital shortage is a meaningful opportunity for capital accumulation and industrialization. The Country, though has no clear rural industrialization policy, the route to follow the labor-intensive industrialization was presented in the recent growth and transformation plans and industrial strategy plan (FDRE Ministry of Industry, 2013; MoFED, 2010; NPC, 2016). The labor surplus could create a challenge if it couldn't be productively absorbed. Overlooking such surplus can lead not only to neglecting the poverty alleviation objective but also it can result in socio-economic consequences related to rural-urban migration. Such development concerns

can be fixed with the proper design and implementation of the rural non-farm employment strategy (Lanjouw & Lanjouw, 2001).

Ethiopia has a high potential for processing agricultural products through agro-industrial enterprises. Most manufacturing industries in the country are linked with agriculture though they are concentrated in the capital city and other urban areas (Dorosh & Schmidt, 2010). The agro-industry sub-sector of Ethiopia has important benefits such as low labor costs and a large supply of raw materials at a low cost. Ethiopia has high potential in industries such as food processing, sugar, leather, handicrafts, farm implements, and those related to agro-processing industries (EEA, 2016; 2018; Gebreeyesus, Bedasso, Lachisa, Andargie, & Debele, 2016).

Though the SMEs in general and the agro-industrial sub-sector, in particular, have the potential to help achieve the desired outcomes such as job creation and poverty alleviation, and there had been a great effort by the government to create a conducive entrepreneurial environment, the sub-sector is still in its early stage of development and unable to progress well (Esubalew & Raghurama, 2017; Gebreeyesus et al., 2016; Nega & Hussein, 2016; World Bank Group. (2015), 2015). The country is still highly dependent on imports of large amounts of semi-processed or processed food (Gebreeyesus et al., 2016). However, particular development gain could be attained if the rural industrial potential of the country is properly planned and able to exploit the rural labor surplus and local raw materials' potential.

4. Methods

4.1. Literature database and search process

4.1.1. Database selection

The different databases included in this review were selected based on recommendations given to such review works in different scientific guidelines (Petticrew & Roberts, 2006), and the databases included in the past related works (Evans, Lasen, & Tsey, 2015; Pato, 2013), and the acknowledgment given to the databases' capacity in the scientific community (Bosman, van Mourik, Rasch, Sieverts, & Verhoeff, 2006; Mongeon & Paul-hus, 2015). Given those empirical and scientific suggestions, the electronic databases included in the current review process were the Scopus database, the Wiley online library, and the World Bank e-Library. In addition, Google Scholar inspection on selected key article journals was applied. The search period for the review is decided by pickings the time of the introduction of the Chinese reform as a milestone, i.e., December 1978. Thus, including the whole year, those

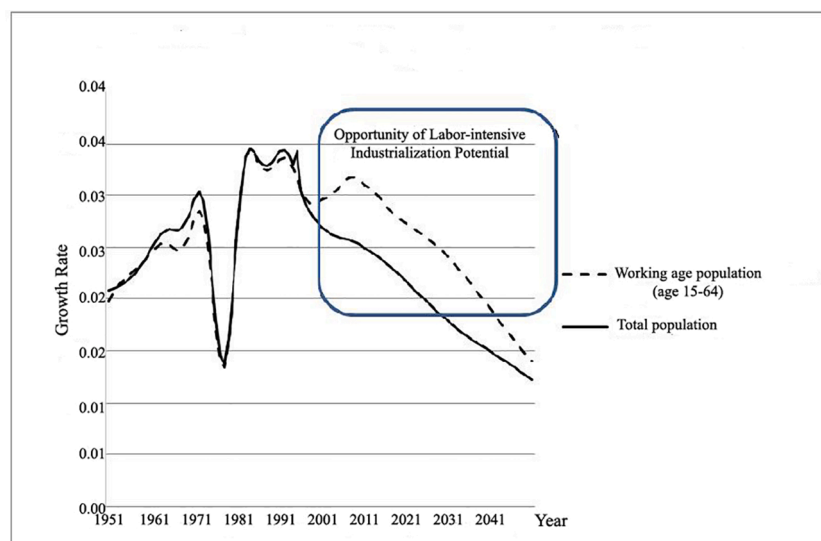


Fig. 3.3. The average working-age population growth rate of Ethiopia, 1951–2050.

eligible journal articles published after January 1978 to the present were included in the review process. The study period by which the researchers were engaged in data collection and subsequent review process was between June 30 and December 31, 2021.

4.1.2. Literature search strategy

A strategy to identify relevant articles was developed before a fully-fledged action to the search. This involved spotting the electronic database sources (see section 4.1.1 above) and key search terms used in the literature. Several search words that express either similar or more related concepts (synonyms/thesaurus) to the review topic were applied to reduce the number of documents collected. Examples of such words include 'rural industrialization' or 'rural entrepreneurship' and 'township and village enterprise' or 'small and medium scale enterprise' and 'China' or 'Chinese' with the help of truncation and wildcards. Additionally, search filters were used to explore the literature on dates, language (English), and study focus (rural industrialization). Combining different search words was implemented using the major Boolean Operators (AND, OR) with their logical order to inform the database on how to group the search terms and in what order to search for each term. In addition, after exhaustive application of the search strategy, citation searching was also applied guided by important literature on hand.

4.2. Screening and Inclusion/Exclusion criteria

All types of records obtained through the search strategy were subject to the screening and selection process. Studies with qualitative and quantitative research designs and published in peer-reviewed journal articles in the English language were taken to be eligible. The journal articles included in the review process fulfilled the following inclusion criteria: 1) studies on TVEs (or rural SMEs), 2) Studies primarily in rural industrialization/entrepreneurship or with some rural–urban linkage, 3) studies conducted in or included China, 4) studies published after January 1978 to present, and 5) studies conducted on Chinese institutional reforms associated with TVEs. Criteria (2) was broadened to rural–urban linkage in order not to overlook potential studies that could help the research synthesis. Similarly, studies including other countries together with China and other topics alongside rural industrialization/entrepreneurship were included. All non-peer-reviewed papers including work in progress, grey literature, and generic documents such as conference papers, reports, discussion papers, working papers, white papers, newspaper articles, magazine articles, media reports, and article journals without full text were excluded. All non-English studies were excluded. Studies not carried out in China and those exclusively done in an urban context were excluded. Any unpublished sources are excluded including thesis/dissertations. Books and reference works were also excluded.

4.3. Data management

4.3.1. Record selection process

The records from different databases and Google Scholar were imported into Mendeley Reference Manager v2.53.0 (Mendeley, 2021). Here, careful assessment for duplicates was made based on titles and abstracts. Further examination of the research titles and abstracts was performed cautiously after which literature not fulfilling the eligibility and inclusion criteria was screened and excluded. Any hesitation on the nature of the article led to inclusion in the selection list. Following this step is full-text retrieval. At this stage, more inspection was made to check the relevance based on the inclusion/exclusion criteria. A bibliographic list of screened studies was examined if there were other relevant studies to be included in the review process. At any stage, multiple reports of the same study were linked together.

4.3.2. Data extraction and data items

The extraction process was initiated after reading the entire set of the

finally selected full-text paper at least once. The extraction was done explicitly and consistently across the review process. Extraction included important data elements from the selected primary peer-reviewed journal articles. These were texts arranged in smaller and meaningful pieces extracted from the primary studies. The extraction elements are publication details, contextual descriptions, and subsequent thematic findings (see Table 4.1). Interpretations, clarifications, and descriptions made by the researchers were given due emphasis. The data extraction was guided by a data extraction sheet prepared in Microsoft Excel. The form was refined across the process and included elements as recommended for thematic synthesis by Cruzes and Dybå (2011). The publication details were easily captured with the help of the Mendeley Reference Manager (Mendeley, 2021). The context and findings were collected with the help of NVivo software (released in March 2020) for the process of coding and theme identification (QSR International Pty Ltd NVivo (Version 12) 2020, 2020).

4.4. Data analysis and thematic synthesis

Data analysis and thematic synthesis followed approaches based on Cruzes and Dybå (2011), Nicholson, Murphy, Larkin, Normand, and Guerin (2016), and Thomas and Harden (2008). Accordingly, the first free codes were created from the texts of the finally selected peer-reviewed journal articles. Coding is usually followed after extensive reading of the full text with due understanding. The 'original texts' were mainly on the 'result' or 'finding' section of those primary papers. Abstracts, conclusions, recommendations, and other sections were rechecked for further elaboration and understanding of the findings. Based on the free codes and the review questions, subsequent descriptive themes and analytical themes were identified with a final synthesis to a high-level interpretation. There were continual back and forth comparisons, refinements, and categorization. The final synthesis also assumed the present-day context of Ethiopia as the ultimate objective is lesson drawing.

4.5. Characteristics of study selection

Search based on the selected electronic databases resulted in 13,341 records. After duplication check and title and abstract examination for eligibility and inclusion, a total of 7,127 records were removed. This is followed by the exclusion of a total of 6,027 books and reference works, conference proceedings, discussion papers, working papers, reports, study areas out of China or studies with no Chinese linkage, studies conducted exclusively on urban settings, records without full text, and generic documents. The remaining 187 journal articles were retrieved for full texts and further examined for inclusion/exclusion which led to the exclusion of another 150 records. Through bibliographic cross-checking and manual searching, 9 journal articles were added. Finally, the whole review process included 46 peer-reviewed journal articles (see Fig. 4.1).

4.6. Statistics on codes and themes

Data extraction began with an extensive initial reading of the text in the 46 finally selected primary documents and followed by the identification of specific segments of the text. In the first step of the thematic synthesis, a total of 85 free text codes were identified. According to Thomas and Harden (2008), free codes imply the way codes are arranged without a hierarchical structure as opposed to the other option in tree form. Those free codes were extracts of original texts from the 'results' section of the primary studies considered for review. The codes were texts extracted verbatim into NVivo software (QSR International Pty Ltd, 2020). This step was carried out without any consideration for the review questions. Further codes created from the subsequent studies were either added to the already identified codes or allowed for the generation of new codes. The process requires translation of concepts in

Table 4.1

Publication extracts of some of the reviewed studies and their thematic association.

Publication details				Major themes developed
Author(s) and Year		Journal	Publisher	
Auty, R. M.	1992	Transactions of the Institute of British Geographers	Wiley-Blackwell	Challenges (formal and pragmatic Institutions): Reform is hampered by the rigidity of Chinese institutions (in a shift to light industries); institutional obstacles
Byrd, W. A.	1987	Journal of Comparative Economics	Academic Press Inc.	Policy driver: the two-tier system led to a decrease in the direct role of mandatory planning leading to a continual increase in the share of the market over time.
Cao, L.	2001	Law and Contemporary Problems	Duke University School of Law	Institutions (innovative, pragmatic, gradual): own (Chinese) path of reform; gradual but steadfast reform process; Challenges: institutional environment characterized by the absence of both property rights and truly functional markets
Chan, K. S., Xu, X., & Gao, Y.	2015	The World Economy	John Wiley & Sons, Ltd	Formal and Informal institutions' synergy: mutual interaction and balance between formal and informal institutions; High trust index; personal connections; Sociocultural and entrepreneurial drivers: communitarian ethics rather than individualism; use of <i>guanxi</i> business relations
Chang, C., McCall, B. P., & Wang, Y.	2003	Journal of Comparative Economics	Elsevier Inc.	Formal Institutions: incentive contracts in the TVEs were helpful; institutional imperfections (ownership structure) could affect their effectiveness
Che, J. & Qian, Y.	1998	Journal of Law, Economics, and Organization	Oxford University Press	Informal and innovative institutions: the community government's involvement in TVEs helped overcome the problems of state predation and underfinancing of private enterprises; Entrepreneurial drivers: manage and excel under hard budget constraints
Chen, C. J.	2005	Corporate Governance	Blackwell Publishers Ltd	Policy Drivers: Gradualism (ownership structure); Sociocultural drivers: family and personal connections and social networks
Cheng, H., Hsiao, C., Nugent, J. B., & Qiu, J.	2006	Pacific Economic Review	Blackwell Publishing	Entrepreneurial drivers: managerial autonomy has had a positive and significant effect on productivity only when aligned with incentives; Innovative management;
Chow & Fu	2000	International Journal of Human Resource Management	Taylor and Francis Ltd	Innovative and pragmatic institutions: HRM practices in TVEs gradually becoming more formal; manifested by a high desire to improve; meritocracy (both in employee selection and pay); formal training; adaptive to firm size
Cunningham, L. X., & Rowley, C.	2008	Asia Pacific Journal of Human Resources	SAGE Publications Inc.	Entrepreneurial and Sustainability challenge: SMEs need to develop competitive capabilities and sustain growth in a dynamic environment; Sociocultural drivers: a need to exploit traditional values, such as diligence, frugality, and respect for competitive advantage
(Ding, D. Z., Lan, G., & Warner, M.	2001	Industrial Relations Journal	Blackwell Publishers Ltd	Policy drivers and innovative institutions: Reforms (property rights, ownership reforms, marketized economy) made the TVEs change their HRM practices and organizational structure
Donaldson, J. A., & Zhang, F. Q.	2015	Contemporary Chinese Political Economy and Strategic Relations	Singapore Management University	Entrepreneurial and policy drivers' interaction: grabbing opportunities: collective ownership but individualized usage rights—enabling distinct forms and the diverging relations between agribusiness and producers/commercial TVEs farmers;
Du, Z., & Izumida, Y.	2006	China & World Economy	Wiley-Blackwell	Policy driver and formal institutions: property right transformation has had a positive impact on enterprises' performance at least in the short-run
Edin, M.	2003a	Journal of Peasant Studies	Routledge Taylor & Francis Group	Innovative institutions and sustainability: the effect of local corporatism in a changing environment (and on different regions) needs to be considered so that a better understanding of what parts of the model of local state corporatism could still be applicable or be modified;
Edin, M.	2003b	The China Quarterly	Cambridge University Press.	Strong Institution: state capacity (capacity to monitor and control lower levels by vertically higher levels of the party) has increased amidst decentralization; governs strong but less.
Ellman, M.	1986	International Affairs	Oxford University Press	Policy driver and formal institutions: agriculture decollectivized, direct foreign investment encouraged, and a beginning made on fundamental reform of the state industrial planning system; providing attractive export markets, and is speeding up the global process of economic restructuring
Gao, X., Ji, Z., Ahmad, F., & Draz, M. U.	2019	SAGE Open	SAGE Publishing	Policy driver: Institution; financial support has heterogeneous effects; significant positive effects on the output of TVEs in most regions, mainly central.
Ho, S.P.S.	1995	Pacific Affairs	Pacific Affairs, University of British Columbia	Challenges: the development of the rural non-agricultural sector brought problems & new issues associated with unequal income distribution, environmental cost, the welfare and status of peasant women, and property rights (the not entirely successful separation between party, government, and enterprise due to partially reformed economy which lack clarity in enterprise ownership)
Huang, Y., & Ge, T.	2019	Cato Journal	Cato Institute	Formal Institutions and policy drivers (financial reform: pragmatic, innovative, sustainable); financial reform strong in establishing financial institutions and growing financial assets, but weak in liberalizing financial markets and improving corporate governance; the unique pattern of financial liberalization; financial repression

(continued on next page)

Table 4.1 (continued)

Publication details				Major themes developed
Author(s) and Year	Journal	Publisher		
Islam, R.	1991	Development and Change	SAGE Publications Inc.	<p>helped for the dual-track reform approach and could have a positive effect during early stages of development but not in the long-run</p> <p>Sustainability Challenges: Consolidation and rationalization of the TVEs; worsening of regional inequality; income inequality</p> <p>Entrepreneurial drivers: cluster performance being facilitated by innovation and competition, strategic factors to catch up with global value chains including R&D, interfirm joint actions</p> <p>Sustainability challenge: TVEs developed under predominant public ownership but have declined with the development of markets and competition; private property rights are likely to be a more stable foundation for markets than collective or public property rights.</p> <p>Policy drivers' interaction: Not to design policies in isolation; e.g., considering agricultural or rural non-farm sector policies to their implicit and explicit consequences one on another.</p> <p>Strong and innovative institutions (formal): Strong centralized state for the establishment of successful market institutions, gradualism, and decentralization; a need to create a constituency of government and party officials in favor of reform</p> <p>Institutions and entrepreneurial interactions: Institutional environment shapes the entrepreneur's motivation to participate in politics which can be explained by the underdevelopment of markets, especially the credit market, and the imperfections of market-supporting institutions</p> <p>Innovative institutions: dual-track reform paradigm (formal and informal); ongoing institutional change and innovative leadership; Policy drivers and Sustainability challenges: sustaining long-term benefits; gradualism, local corporatism, and dual-track reform paradigm vis-à-vis corruption</p> <p>Policy driver: encouragement of foreign trade and its shift from state-owned enterprises to more market-oriented institutions (TVEs) and its positive effect</p> <p>Sustainability challenges: a need to continue to ease restrictions on rural–urban migration; adopt policies to close the widening rural–urban gap in education</p> <p>Challenges (environment and sustainability): rural industrialization (TVEs) has an environmental cost (pollution); a need for an adequate control system and a change in local governments' behavior with a more accountable responsibility system in place; develop a pro-environment society (socialization of green values).</p> <p>Policy and Entrepreneurial Drivers: the introduction of incentives through hard budget constraints, bonuses, and the increasing intensity of product market competition and to a lesser extent labor market competition appear to have been the main factors contributing to the increased efficiency in TVEs</p> <p>Sociocultural Drivers and innovative institutions: village as a firm-type organization; collective action as an alternative to privatization; the nature of the TVE and the characteristics of local governments both rooted in the organizational features of rural communities</p> <p>Integrated formal and informal bureaucratic hierarchy: for the needed institutional change, specific cultural and discursive context is imperative; the institutional reality of the state needs to be treated as a product of informal and formal bureaucratic practices and arrangements; anthropology of the Chinese state view state itself as a society</p> <p>Innovative institutions: TVEs had fewer agency problems, not due to more effective direct bureaucratic monitoring, but due to more effective indirect market monitoring; a revised version of local state corporatism that incorporates market competition and market disciplines best explains their relatively superior efficiency</p> <p>Challenges and interactions with policy drivers and sustainability: increase in interregional inequality in the post-reform period and its association with change in the structure of the rural economy; policies favoring agriculture led to a decrease in inequality; those stimulated the expansion of rural industry gave rise to greater inequality; explained by regional barriers to output, inputs, and information</p> <p>Sustainability challenge and interactions with policy drivers: TVEs did not decline in relative efficiency compared with other types of enterprises in the late 1990 s, but their productivity leveled off or declined due to the macroeconomic factors of the recession beginning in the mid-1990 s with subsequent inadequate working capital because of financial restraint applied by the authorities. Policy drivers: to tackle productivity issues, though necessary, privatization is not a sufficient process alone. It should be supported with property rights as well as financial reform</p>
Jia, L., & Tallman, S.	2017	Global Strategy Journal	Wiley Online Library	
Kung, J. K., & Lin, Y.	2007	World Development	Elsevier Ltd	
Lanjouw, O., & Lanjouw, P.	2001	Agricultural Economics	Elsevier Science Publishers B.V	
Liew, L. H.	1995	Journal of Economic Issues	Taylor & Francis, Ltd	
Li, H., Meng, L. & Zhang, J.	2006	Economic Inquiry	Western Economic Association International	
Li, P. P.	2005	Management and Organization Review	Blackwell Publishing Ltd	
DaCosta, N., & Carroll, W.	2001	Post-Communist Economies	Taylor and Francis Inc.	
Meng, X.	2012	Journal of Economic Perspectives	American Economic Association	
Ng, S.	2000	China Review	The Chinese University of Hong Kong Press	
Nugent, J., Perrigne, I. M., & Qiu, J.	1999	Pacific Economic Review	Blackwell Publishers Ltd	
Pei, X.	1996	Economics of Transition	Wiley-Blackwell	
Pieke, F. N.	2004	Journal of Royal Anthropological Institute	Royal Anthropological Institute	
Peng, Y.	2001	American Journal of Sociology	The University of Chicago Press Stable	
Rozelle, S.	1994	Journal of Comparative Economics	Academic Press Inc./Elsevier B.V.	
Shirasishi, M., & Yano, G.	2004	The Developing Economies	Wiley Online Library	

(continued on next page)

Table 4.1 (continued)

Publication details				Major themes developed
Author(s) and Year	Journal	Publisher		
Smyth, R., Wang, J., & Kiang, Q. L.	2001	Asian-Pacific Economic Literature	Crawford School of Public Policy and John Wiley & Sons Australia, Ltd	Challenges: a sharp increase in debt levels in the TVEs since 1990; Sustainability: local governments respond to the challenge by designing alternative ownership structures (such as shareholders co-operatives, and outright privatization) for the TVEs with high debt burden; Innovative Institution: corporate governance arrangements in TVEs
Webber, M.	2008	Economic Geography	Taylor and Francis Ltd	Institution and policy drivers: primitive accumulation in rural China is driven by local conditions; the process of change is open (non-deterministic) and explained by both economic and non-economic logic (political, environmental, and cultural logics)
Whyte, M. K.	1995	The China Quarterly	Cambridge University Press	Sociocultural drivers: strong family and kinship (traditions, structures, patterns, obligations) more favorable to economic dynamism; Entrepreneurial drivers: centuries of familiarity with marketing; work hard, motivated, study and learn hard and maximize qualification, work long hours for the sake of the family
Whyte, M. K.	2009	Annual Review of Sociology	Annual Reviews	Innovative Institutions: a need to design and tailor context-specific development policies and institutions instead of the traditional cookbook approach
Xu, C.	2011	Journal of Economic Literature	American Economic Association	Strong institution: Regionally Decentralized Authoritarianism; regional decentralization with substantially empowered and enabled local government as a responsible structure behind the spectacular performance as well as grave challenges; political centralization and economic regional decentralization; Entrepreneurial driver: regional competition; incentives and reward system to sub-national officials heading to market-oriented reforms
Xue, Y., Mao, K., Weeks, N., & Xiao, J.	2021	Journal of Contemporary China	Taylor & Francis Group	Sustainability and interactions: there were contradictory outcomes (socio-economic and environmental) of the different rural reform options post-reform; conflicting objectives between the top-down and campaign-oriented approach of the central government and short-term quota fulfillment vis-à-vis sustainable structural adjustments; there is a need to view within the global political-economic context
Yao, Shujie	1997	Economics of Transition	Wiley Online Library	Challenges (inequality): inter-regional income inequality is a result mainly of the uneven spread of TVEs; rich and poor areas (spatial pattern)
Yu, J., Zhou, J. X., Wang, Y., & Xi, Y.	2013	Journal of Small Business Management	International Council for Small Business	Sustainability of institutions as a challenge: whether informal institutions that served as a coping mechanism to the inadequate formal institutions or the <i>guanxi</i> can help more in the long run; Entrepreneur drivers: product innovation as a coping mechanism to blurry laws and inadequate enforcement; Sociocultural drivers: <i>Guanxi</i> as a social connection in boosting rural entrepreneurship
Zhang, J., Zhang, L., Rozella, S., & Boucher, S.	2006	Contemporary Economic Policy	Western Economic Association International	Sustainability challenge: in the reform period, self-employment in rural China grew fast alongside the collectives and SOEs and performed well. This is a component of a dynamic development process that should be properly managed.
Zhou, Z. Y., Dillon, J.L., & Wan, G.H.	1992	Agricultural Economics	Elsevier Science Publishers B.V.	Sustainability challenges: the development of TVEs in rural areas need to be encouraged further owing to their role in rural employment
Zou, W.	2003	China Perspectives	French Centre for Research on Contemporary China	Innovative institutions: an induced institutional innovation that began within the society (endogeneity of institutional innovation); Sustainability: burgeoning rural success with incidences of lag but a subsequent continuation of transformation through adaptations, rearrangements, and reconfigurations of the existing institutions

the different review documents which has a potential linkage with theme creation and synthesis. The free codes were, in turn, patterned inductively to arrange into potential themes. Theme development followed only after codes were obtained convincingly (see Table 4.1).

5. Results and discussion

The major findings of the review lie in the subsequent step which goes beyond the terms and concepts in the text codes. Based on their similarities and differences, the free codes were categorized into three major descriptive themes: policy drivers, entrepreneurial drivers, and sociocultural drivers. Each of them had 25, 42, and 18 codes, respectively. Translating the concepts and the subsequent synthesis is an overlapping and iterative process. Changes to the names or some sort of amendments to the codes were done whenever any of the codes were combined, eliminated, or modified.

The next step, i.e., developing analytical themes, generated a higher

and more meaningful explanation of the descriptive themes and thereby the research question. It involved the amalgamation of careful translation of the codes and descriptive themes already identified. The result is the identification of one overall analytical theme with its underlying forces. The analytical theme synthesized is “Effective Institutions”. A detailed account of descriptive and analytical themes is given in the next sections.

5.1. Triple drivers of China's rural industrialization

As explained in section 4.6, the free codes identified were re-organized and translated into three major descriptive themes. The themes were identified as driving forces of transformation in China. These existed in triple but intermingled arrangements to force, promote and shape the growth-enhancing change in rural industrialization and hence the subsequent materialization of China's economic transformation. These are triple drivers of China's rural industrialization and

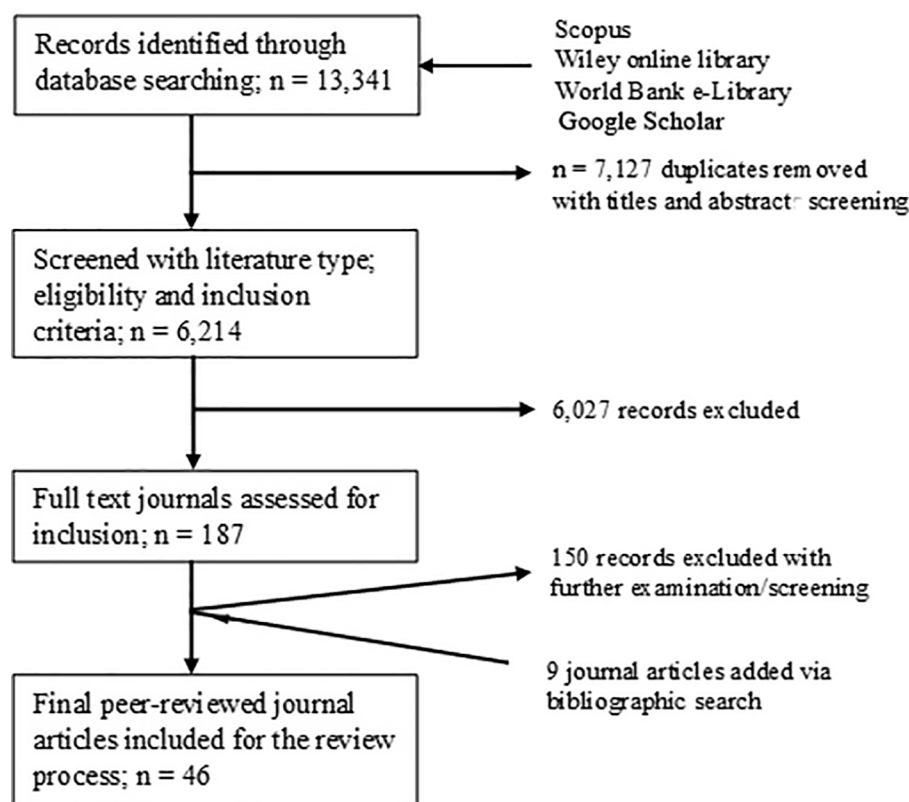


Fig. 4.1. Flow chart for selecting the review articles.

are categorized as policy, entrepreneurial, and sociocultural drivers and are elaborated hereunder.

5.1.1. Policy drivers

Policy development can be seen as a decision-making process that helps address identified goals, problems, or concerns. Specifically, public policy can be seen as courses of actions declared by a government body or its representatives that seek to achieve a given desired objective. With those actions, public policy is expected to deliver guidance for addressing selected public concerns. Policy drivers in this review are thus taken as those deliberate and careful government forces that, together with other forces, led to and influenced structural transformation in rural China through efficient allocation of resources and promotion of the achievement of desired economic, social, and political objectives. China's major policy drivers were the combined and simultaneous actions and inactions of growth-promoting reforms, a regionally decentralized authoritarian system, and gradual but steadfast reform engagements. Accordingly, the major policy drivers behind China's rural industrialization and transformation were the followings.

5.1.1.1. Growth-promoting reforms. Different studies indicated that the remarkable Chinese growth after the reform period was rural-based and TVEs-led (Fu, Balasubramanyam Township, & Enterprises, 2003; Ding & Knight, 2009; Islam, 1991; Li, 2005; Xu, 2011). They further expound that though reforms have begun on the efficiency improvement of the State-Owned Enterprises (SOEs) as well, the TVEs outperformed the SOEs both in growth rate and productivity (Peng, 2001), and the substantial gain was from the reforms on the TVEs which resulted in the annual growth rate of 30 percent post-reform (Nugent, Perrigne, & Qiu, 1999). Accordingly, there were several growth-promoting policy reforms undertaken in China. Some of the major reforms (including actions and inactions) introduced after 1978 included reforms in agriculture, labor market, industry, State-Owned Enterprises (SOEs),

and reforms in the financial system, economic deregulations, and trade and development.

5.1.1.1.1. Agricultural reform and the rise in agricultural productivity.

The economic reform in China began in the rural area in agriculture (Liew, 1995). Unlike the western development path, it was implemented before the urban-based industrial reforms (Meng, 2012). This China's reform greatly benefited its agricultural sector (Li, 2008; Yao, 1997). Later, those reforms in industry emerged more rapidly in the rural-based TVEs than in the SOEs (Nugent et al., 1999), and the TVEs were the major achievements of the reform (Liew, 1995). The two important aspects and effects of the agricultural reform on productivity were the abolishment of the commune system and the introduction of Household Responsibility System (HRS).

The commune system in China was ruled in the late 1950s and continued until the reform era. It was characterized by a collectively owned and managed farming system (Ellman, 1986; Yao, 1994). The major criticism of the system from 1978 onwards was related to unsatisfactory production, low rural income, and relation of production (Ellman, 1986). In 1977, after two decades of collectivization, grain output per laborer was less than it had been in the late 1950s (Che & Qian, 1998; Xue, Mao, Weeks, & Xiao, 2021). Such failure in the commune system led to an alteration to the whole agricultural production system (Ellman, 1986). China began to experiment with agricultural reform by applying special plans in different provinces such as Sichuan and later in Anhui (Grafbrockdorff, Fischer, Kulessa, Leuenberger, & Schneidewind, 1991; Xu, 2011). With time, the Chinese farmers began to reduce the size of their communes, production brigades, and production teams. Gradually, such experiments gave rise to the advent of the Household Responsibility System (HRS) which was eventually introduced throughout the country (S. Cheng, 2006; Islam, 1991).

The HRS allowed farmers to gain the right to use the land for 15 years with simultaneous management independence (DaCosta & Carroll, 2001). More experiments on the mode of production were allowed to farmers by the government after 1979. This experimental initiation and

liberalization were scaled up from one place to the other and later to the whole country to be adopted by the central government in 1982. This allowed the communes finally to be formally abolished in 1983 (Graf-brockdorff et al., 1991; Islam, 1991; Wang, 2012). This was the turning point for the agricultural and rural economic reform in China. It brought land use rights, more flexibility for farmers to select crops, and increased agricultural productivity, labor surplus, and market surplus for grain production (S. Cheng, 2006). It solved the basic questions related to principal-agent and free-rider problems of the communes (Fu & Balasubramanyam, 2003; Xu, 2011).

5.1.1.1.2. Labor market reform and labor mobility. The labor market in China had not been a usual type. Since 1949 when the communist party came into power and before the reform period, the rural population in China was more than 80 percent and under strict immobility restrictions (Whyte, 1995). There was clear segregation into rural and urban sectors in a way that there was no labor mobility between them. This was enforced by a household registration system into “rural born agricultural” citizens and “urban born non-agricultural” citizens (Meng, 2012). This means that there had not been labor allocation efficiency. It was rather portrayed through hidden unemployment and low labor productivity. It also created the associated disincentives in the income distribution system. However, starting from the 1980s, institutional barriers to labor mobility began to relax (Yao, 1994). The state realized that there was little capacity to absorb the massive labor supply by the rural sector. In 1983, the Chinese government began to allow farmers to do business outside their hometowns. From 1984 onwards, the government further lifted the restrictions and allowed farmers to work in the flourishing and labor-demanding TVEs nearby their hometowns. A major labor-market policy reform took place later in 1988. Here farmers were allowed to engage in enterprises and/or run their businesses in cities (Meng, 2012; Cheng, 2006; Yao, 1994).

5.1.1.1.3. Industrial reforms and the two-tier system. The reform which began in 1978 consists mainly of restructuring the industry and creating an enabling environment for the TVEs’ to flourish (Ellman, 1986). The industrial reform was both vital and successful. This had been vital to achieving the policy actions and inactions of the HRS and commune abolishment. According to Cheng (2006), the culmination of “the grain priority” and “lifting the ban on rural industry” were the important reasons for the rise of rural industry. The reforms were in such a way that the share of heavy (big) industry in the output of state industry has been reduced and the rise in the growth and output of the rural TVEs’ were seen simultaneously. The restructuring was backed by strong support from the state and party bureaucracies for the TVEs. This was due to the strategy adopted in rural industrialization. There was also strong support from the Chinese overseas entrepreneurs in terms of capital and expertise provision (Auty, 1992; Ellman, 1986; Liew, 1995).

Another reform that played a detrimental role in the industrial progress of China was the two-tier price system (also called the double-price, two-track price system). It is a price mechanism enforced in 1985 whereby two prices coexisted: a fixed price for a centrally planned product with a market price for an out-of-plan product (Byrd, 1987; DaCosta & Carroll, 2001). The system allowed selling beyond-quota output and/or purchasing any needed input beyond the plan quota at the free market price. This is one great measure to stimulate the non-state sector enterprises (TVEs and private) (Liew, 1995). Both conventional and institutional arguments support the positive gains from the implementation of such a price mechanism in China (Byrd, 1987; Liew, 1995). Liew (1995) indicated that the double-track price mechanism had high value in improving the allocative efficiency, increasing output, and also facilitating the building of a constituency in favor of reform. It is well elaborated that TVEs were beneficiaries of the system. According to Li (2005) and Jinglian and Guochuan (2016), the system helped TVEs to reap the benefit and develop more rapidly in the short run, i.e., at their early stage of development.

5.1.1.2. Administrative decentralization and local empowerment in managing rural enterprises. China has a long and profound history of decentralization (Xu, 2011). According to DaCosta and Carroll (2001), though TVEs flourished much after the reform, the long-existing pre-reform Maoist view of local self-sufficiency has its greatest role. The type of decentralization that is relevant to the discussion associated with the expansion of the TVEs in China is administrative decentralization. In the case of China, this is the devolution of authorities, responsibilities, and financial resources from the strong central Chinese state to the lower-level counties, townships, and villages. It is the transfer of state authority from one level to another (Liew, 1995). From the top central government down to rural China, the government is structured with six administrative divisions. These are central government, provincial, prefecture, county, township, and village. In China, before 1984, the township and the village administrative structures were called communes and brigades, respectively (Qian & Xu, 1993).

The 1978 reform in China decentralized power (Williams, 2001) and devolved control and ownership (Peng, 2001) to lower levels of government. The local governments were given more independence concerning operation (Edin, 2003) and allowed the right to derive residual income from their enterprises (Peng, 2001). The rural community governments were well-empowered (Che & Qian, 1998). Officials were acting literally as a board of directors of their TVEs’ (Edin, 2003). These permitted the local regions to secure property rights such as profit-making and keep part of the profit. There was high encouragement of the initiatives of local governments to develop their regions (Qian & Xu, 1993). According to H. Cheng, Hsiao, Nugent, and Qiu (2006), managers have increased independence in deciding issues related to major management duties such as planning, marketing, purchasing, hiring and firing workers, and executing reward systems. The local government had fiscal autonomy as well (Cunningham & Rowley, 2008). According to Williams (2001), those early incentive mechanisms allowed the local governments to lead change from the bottom up. The local (sub-national) governments have their control rights over the TVEs with the right to decide on strategic issues (Nugent et al., 1999) as well as decisions over key resources (Sun, 2007) and negotiations (Xu, 2011). The TVE managers also have enormous independence in operational issues concerning the TVEs (Nugent et al., 1999).

It can be realized thus that the performance of TVEs is associated with administrative decentralization. Though there exist explanations related to China’s unique cooperative culture, the major explanations were related to the local government’s decisive role in TVE governance (Naughton, 1994). According to Xu (2011), the system, which he named a *regionally decentralized authoritarian system* brought not only remarkable achievements but also essentially resolved detrimental challenges such as potential incentive and information difficulties. The local government had a great role in reducing transaction costs, overcoming the missing markets, and minimizing risk through the cross-subsidization of diversified TVEs (Nugent et al., 1999). The local government is very near to the information and needs of the local area and most TVE managers are with considerable autonomy over the daily operation. Such a situation gave the TVEs greater flexibility and adaptability to varying economic conditions (Nugent et al., 1999).

5.1.1.3. Gradual but steadfast economic reforms. The economic reforms in China began far before political reforms and followed gradual steps or evolutionary institutional arrangements (Yao, 1997). Those economic reforms were market-oriented policy actions and inactions believed to be gradual and evolutionary. The reforms were gradual in the sense that the industrial ownership in China moves away from the customary and centrally controlled socialistic type to a market-oriented institutional arrangement in a slow but progressive way. Though gradual, the reforms were to the level that they cannot be copied (Qian & Xu, 1993), implemented with steadfast commitment (Cao, 2001), brought rapid and remarkable economic change (Xu, 2011), and, though market-

oriented, remained substantially socialistic (Cao, 2001).

The effect of some of the major gradual and evolutionary reforms and institutional arrangements shows how such a move allowed the unexpected yet remarkable success of the TVEs. This can be seen in their commune abolishment and the subsequent replacement with HRS (Islam, 1991), TVEs' ownership transfer and property rights, and the introduction of a double-track price system (Liew, 1995). Many studies indicated that the Chinese adoption of the gradualist approach was beneficial at the early stage of the TVEs development (Du & Izumida, 2006; Jinglian & Guochuan, 2016; Li, 2005; Huang & Ge, 2019). Because the then Chinese economy is performing inside the production possibility frontier, the reform would bring gainful results which make the non-planned sector better off without making the planned sector worse off (Liew, 1995).

5.1.2. Entrepreneurial drivers

It is well-established by now that entrepreneurship is the major factor in economic development (GEM, 2011). Entrepreneurial drivers are those change-promoting forces that allowed the establishment and promotion of new businesses (TVEs) to the level that the whole economy would be transformed. In Marxist China, entrepreneurship had been the most suppressed economic process since the founding of Communist China in 1949. However, post-reform China is different. On top of their immense contribution to the rapid economic growth, the post-reform TVEs had played a significant role in progressing entrepreneurship and vice versa (Gao, Ji, Ahmad, & Draz, 2019). Unlike the SOEs, TVEs faced hard budget constraints. This financial limitation together with their profit-making and revenue utilizing incentives pushed the TVEs and their champions—local governments—to enter a market competition and hence into entrepreneurial activities (Williams, 2001). According to Nugent et al. (1999), TVEs' efficiency increased after entrepreneurial elements such as incentives through hard budget constraints, bonuses, and product market competition.

The post-reform China made progress in entrepreneurship with the following major drive elements: innovation management and leadership, perseverance and commitment, local corporatism, product scope and flexibility, product innovation, business clustering, and institutional isomorphism.

5.1.2.1. Innovative management and leadership. Innovation is likely to occur within an entrepreneurial ecosystem (David B. Audretsch, 2018, p.757). It is at the center of economic development where it creates a competitive advantage for enterprises like a TVE. Innovative management and leadership are about recognizing great ideas (perhaps those ideas devised by anyone including subordinates) and envisioning the path that leads to that idea's realization (Brown & Ulijn, 2004). China's success was not just a matter of letting markets do their work. That success would not have been possible without strong and innovative management in product innovation, product market, and leadership (Chan, Xu, & Gao, 2015; Cunningham & Rowley, 2008; Ding, Lan, & Warner, 2001). According to Yu, Zhou, Wang, and Xi (2013), given the inadequate property right and legal system, the TVE entrepreneurs practiced innovative business management. They went far in handling dishonesty in their business relationships and devised ingenious ways to protect both their businesses and their interests. The TVEs were also flexible in their scope of production. They were allowed to engage in broad ranges of products based on their local demand. Such engagement needs innovative leadership (Xu, 2011; Zhang, Zhang, Rozelle, & Boucher, 2006). In his study carried out on the Chinese growth paradox, Whyte (2009) explained why China did manage to defy its unexpected and contradictory growth path. He found that China successfully tailored the development policies and institutions to its distinctive history, potentials and limitations. He expounded that unlike most transition economies, China didn't apply standard development cookbook. It is evident thus that those entrepreneurial activities cannot be believed to

be achieved without innovative leadership and institution. It is this homemade management and leadership innovation that greatly helped the TVEs' development and expansion (Zou, 2003).

5.1.2.2. Local state corporatism. An important legacy of the Communist Party has been the bureaucratic state system it presented to China. Behind the success of the TVEs were Chinese local governments in the form of local state corporatism (Edin, 2003; Peng, 2001). In this concept, local governments are regarded as business corporations (Edin, 2003). Here, government officials acted as a board of directors and exercised full control of their collective enterprises. According to Peng (2001), the excellent performance of the TVEs and, hence the local government, is explained in terms of corporate governance through their commitment to hard budget constraints and enterprise monitoring. The corporate governance approach was in such a way that the devolving and paring of control rights and residual income rights over enterprises given to local governments turned them into economic corporations. This state system has been very broad and vertically integrated. However, careful analysis of how the structure works reveal a very interesting phenomenon of balance between localism and vertical integration (Pieke, 2004). Local corporatism has played a great role in the successful implementation of TVEs' clustering around townships through strong entrepreneurial commitment in assisting and strategically leading the different clusters (Xu, 2011).

5.1.2.3. Product scope, flexibility in the TVEs, and product innovation. The TVEs in China were engaged in almost all kinds of business sectors and activities such as construction, manufacturing, transportation, commerce, and other services. They vary in size ranging from light to heavy industries (Ding et al., 2001). Their products also vary from manufacturing construction materials to agricultural farm tools, electrical equipment, and chemical products and are presented for domestic consumption and export. The scope of the TVEs products was also shaped where the state gradually shifted them from agricultural products such as fertilizers, and agricultural mechanization (agricultural machine repair services) to manufacturing industries (Chen, 2005; Ding et al., 2001; Islam, 1991; Jia & Tallman, 2017; Zhang et al., 2006).

Product innovation is innovation related to an enterprise's goods and services. It denotes the development of a new product or improvement of an existing product. New products can be created through new methods or with changes in the existing technique (Kotsemir et al., 2013). In their work on rural entrepreneurship in China that examined institutional context from entrepreneurs' stories, Yu et al. (2013) explained how Chinese rural entrepreneurs have applied product innovation. According to them, though property rights were ill-defined, the Chinese rural entrepreneurs were developing new products and technologies without help from others but either with themselves or with family and kinship interaction and cooperation. Given that entrepreneurship is about taking an initiative in establishing, managing and organizing own distinct business by taking risk with innovativeness and flexibility (Brown & Ulijn, 2004), the above entrepreneurial activities by the TVE entrepreneurs allowed them to flourish.

5.1.2.4. Clustering (Agglomeration). It is clustering that made China "the world's factory" (Jia & Tallman, 2017; Xu, 2011). Here, small but specialized firms come together in massive numbers around their townships to form huge factories that serve domestic as well as the world market. These clusters have got infrastructural and regulatory assistance from the government on one hand, and on the other hand, they work together with each other as if they were in a single workshop yet are competitive in the market. The township government acts similar to the headquarters of a conglomerate (Xu, 2011). For example, the Townships of Datang, Shengzhou, Qiaotou, and Songxia each produced one-third of the world's socks; 40 percent of the world's neckties; more than 70 percent of the buttons for clothes made in China; 350 million umbrellas

every year; 60 percent of China's cashmere sweaters (of which China is the world's largest producer), respectively (Xu, 2011; Xu & Zhang, 2009). A study by Jia and Tallman (2017) on township clusters in Jiangsu province indicated that the cluster's innovativeness contributed to the cluster's performance which was facilitated by competition. They elaborated that the cluster's innovativeness in turn was affected positively by the number of R&D centers and interfirm joint actions. These were important strategic factors to catch up with the global value chain of China's manufacturing clusters and drive the overall economic performance.

5.1.2.5. Institutional isomorphism. Isomerism is a compelling force characterized by an exercise to follow one unit in a population or an organization to look like other units or organizations often more prominent or a model. Institutional isomorphism is commonly related to the pursuit of political power and legitimacy thereby organizations seek legitimacy in line with a socially constructed background including rules and beliefs (Audretsch, 2018). In explaining how the rural entrepreneurs attempted to develop legitimacy, Yu et al. (2013) indicated that they had been imitating by making a relationship with reputable large business organizations or by looking for some sort of support from people or organizations in decisive positions.

5.1.3. Sociocultural drivers

Sociocultural drivers are those Chinese social and cultural elements that promoted the change in their rural economic transformation. The most important sociocultural drivers were those social capital elements consisting of social trust, cultural networks called *guanxi*, village credit associations, and culture-based collective leadership and commitment.

5.1.3.1. Social trust. Social trust can enhance societal efficiency by easing through concerted action. For instance, sociologists see trust as an integrative force for societies, and economists see it as an important constituent of economic growth (Putnam, 1993, Knack and Keefer's, 1997, cited in Bjørnskov, 2012). Of course, social trust is a risky gamble. It is the confidence that others will not, at worst, knowingly or willingly do harm, and will, at best, act in one's interest. The underlying values are associated with reasonableness, honesty, and the benevolence of others. It is also indicated that doing business with trust costs less (Fukuyama 1995, Giddens, 1990, Phillips, 2006, Simmel, 1950, cited in Algan & Cahuc, 2007).

The traditional social fabric in China is known for high levels of trust in family and close associates, combined with low trust in people outside these networks (Fukuyama 1995, cited in Algan & Cahuc, 2007). Personal connections in carrying out business in China have been strong even to this day (Chan et al., 2015). In their quest for China's growth miracle, without undermining the role of a formal institution, Chan et al. (2015) indicated that there is significant and robust evidence showing the positive impact of informal institutions on economic growth. They also showed that the effectiveness of a formal institution was magnified by a strong informal institution—informal institutions didn't block formal institutions out, rather they interacted in tandem. The study by Yu et al. (2013) on rural entrepreneurship in China indicated that rural enterprises would not have been successful without the key assistance from family and friends mainly in terms of money, labor, and business advice or information.

5.1.3.2. Social and local networks and connections ('guanxi'). In those early reform periods with inadequate property rights, there was a substantial role played by the semi-formal and informal protective institutions (Xu, 2011). Village-based informal cultural networks and rotating credit associations had considerable contributions to the success of the TVEs. In China, cultural and local connections or particularistic ties outlined by mutual obligation and persuasive social relationships called '*guanxi*' /*guan'ji*/ played a great role in

entrepreneurship development in general and that of TVEs' expansion in particular (Cunningham & Rowley, 2008; Yu et al., 2013). Such connections were further held together by goodwill and personal affection (Yu et al., 2013). In *guanxi*, social ties are more important than genetic relations. According to Hu (2007), the TVEs benefited a lot in effectively managing their scarce resource through the *guanxi* rules. Yu et al. (2013) also indicated that in rural China, *guanxi* helped to assure effective relations with suppliers, manufacturers, distributors, or customers to the extent that positive outcomes in business would not have been possible without active involvement in *guanxi*.

5.1.3.3. Culture-based collective leadership. China has an old culture of values dominated by collectivism and family relationship. The family values are reflected in different enterprises and family networks, kinship, and other social ties characterized by an entrepreneurial spirit. Those collective and family values at the grassroots level have a strong influence on the Chinese's remarkable growth in the 1980s and 1990s (Weitzman & Xu, 1994; Whyte, 1995).

5.2. Challenges and constraints China faced during its successful rural industrialization

Though China has undertaken remarkable rural industrialization and structural transformation, it had not been without complexities. The followings were the major challenges and constraints faced by China during its transformation process since the reform in 1978.

5.2.1. The unresolved principal-agent problem

The principal-agent problem in the TVE sector, unlike that in the commune system, didn't reduce to the extent it had been resolved in the agriculture sector. Many TVEs were facing a problem similar to the SOEs. There had been a strong link between TVEs and the communes that many TVEs were established with investment by the communes. The townships, being commune replacements, had been administered in a way similar to that in the SOEs (Garnaut & Song, 2012).

5.2.2. Resistance to reforms

Most steps in the reform process were characterized by serious resistance and constraints. The reform during 1978–84 was not built on an explicit obligation to a free market economy. As most communist members and officials hold a strong socialist mentality, there was strong and massive resistance to market reforms (Garnaut & Song, 2012). For instance, though the reformist ultimately won, there had been resistance in every step towards the introduction of the HRS. Resistance to liberalism is, of course, highly contested and remained an unfinished battle (Chen, 1999; Garnaut & Song, 2012).

5.2.3. Corruption

Corruption is another post-reform challenge in China. Johnston (1996, cited in Li, 2005) indicated the susceptibility of local corporatism to corruption. This is by referring to the subsequent abuse made by public power for personal benefit. The corporate officials use their 'red hat' for political and resource access and their de facto private property rights for corruption purposes (Li, 2005). The highly valued corporatism and the dual-track approaches were characterized by the simultaneous existence of limited to rampant systemic corruption (Jinglian & Guochuan, 2016; Li, 2005). Shi (2012) also indicated the existence of substantial corruption inside the Communist Party and the government itself. The spread of corruption was also indicated as a result of economic reform which was associated with a greater degree of monetization of the economy (Ellman, 1986). Some analysts also argue that corruption practiced by local cadres was so pervasive that it extends to the level of eroding the legitimacy of government and their responsiveness to the interest of the local people and the policy objectives of the central government (Bernstein & Lü 2000, cited in Li, 2005; Pieke,

2004).

5.2.4. Income inequality

Though the reform policies brought high economic growth, its effect on income inequality between various sectors in the economy and regional income disparity has not yet been solved (Arayama & Miyoshi, 2004). Researches indicate that the post-reform periods of performance in China were accompanied together by a geographically lopsided reduction in poverty and it has wide rural income inequality (Islam, 1991; Rozelle, 1994). According to Garnaut, Song, and Fang (2018), the widening of the gap in income inequality in China was highly associated with corruption and improper use of public resources. This affected the long-term development of the country. Based on the decomposition of inequality from the 1980s dataset from Jiangsu province on the east coast of central China, Rozelle (1994) showed that the most unequal income distribution is among the different household income sources found in the income from rural industry. Wang (1990, cited in Islam, 1991) indicated that when only the TVEs data was used, the inter-regional gap would appear to be wide between 1979 and 1985. Islam (1991) showed that the rural industries in those post-reform periods were contributing to the worsening of regional inequality and resulted in mixed blessings.

5.2.5. Sustainability as challenge

Many of the factors that propelled the Chinese growth were questioned for their sustenance. Li (2005) and Jinglian and Guochuan (2016), for instance, indicated that the advantages the TVEs' gain from the gradualist and dual-track price system suffer from having a long-term effect. With changing national, regional, and global circumstances, the effectiveness of some of the driving forces was dwindling. The most cherished local corporatism is losing its fairy effect due to the corresponding surge of corruption (Li, 2005). The performance of TVEs had not been everlasting type accompanied by rising and fall (McDonnell, 2004). There had been a massive challenge from the privatization process (Li, 2005). A sudden increase in joint-stock ownership with the corresponding termination of local government ownership was also seen (Sun, 2007). Auty (1992) also indicated the existence of some sort of institutional rigidity particularly in terms of shifting from the post-war heavy industry policy to the post-reform labour-intensive light industries.

The different rural reform policies of China since 1978 were also observed to manifest contradictory outcomes. For instance, Xue et al. (2021) identified the contradictory outcomes within goals determining rural reforms. They also found conflicting objectives between the top-down and campaign-oriented approach of the central government and short-term quota fulfillment vis-à-vis sustainable structural adjustments. Inadequate private property rights are big challenges. There is some support associated with the benefits gained by China's ill-defined property right at its early stage of the post-reform period. The important explanation is the one associated with limited government capacity and the need for its gradual establishment (Zhou, 2020). However, TVEs were severely suffering from contract breaches, corruption, and fraud (Williams, 2001). It is now obvious that, especially after 2000, TVEs were privatized. Along with this, property right is better defined, though the free market is not yet adequately developed (Chen, 2005). In their rural entrepreneurship study in China in 2008, Yu et al. (2013) questioned *guanxis*' role in the long-run venture-building process or their relation with government agencies while supporting *guanxis*' role, particularly in business startups. They indicated that such relations, unlike their effectiveness with families and friends, usually have weak contact with government agencies. Their effect in the long run on business relationships and product innovation process without a properly regulated deal is not clear in developing better product concepts and business efficiency. This will have broad economic consequences as well.

All in all, what had been exhibited by the TVEs ownership structures

and governance mechanisms is just an adaptive efficiency (Sun, 2007). According to Sun (2007), TVEs showed sufficient flexibility to adapt to new market opportunities and new know-how with dynamic institutional change. However, the global economic dynamism, political changes, and the changing national and local variations, along with increased fading of the central control, might gradually lead to China's characteristics disappear (Cunningham & Rowley, 2008; Ellman, 1986; Cheng, 2006; Xue et al., 2021).

5.3. Thematic synthesis of the driving forces and challenges

5.3.1. The major features explaining successful China's rural industrialization

The growth miracle of post-reform China brought many debates. These were usually associated with its success in exhibiting gradualist reform lines having marketization without privatization and democratization (Li, 2005), and with ill-defined property rights (Che & Qian, 1998; Weitzman & Xu, 1994; Smyth, Wang, & Kiang, 2001), among others. It is also important to look at the context which prevailed in post-reform China so that whether such a setting in terms of social, cultural, political, and regional perspectives could have something to do with the miracle. Consequently, the following major features were extracted to explain China's successful rural industrialization path.

5.3.1.1. Strong vertically integrated societal state. The reviewed studies showed that, along with decentralization, there has been significant state capacity in the TVEs' activities. Against the predisposition that anthropologists have toward the state-society dichotomy, Pieke (2004) explained the Chinese state to go beyond even deeper than the "State in Society" concept. Based on his field research on local state developmental strategies in the remote North-Eastern Yunnan province, he argues that the Chinese state is beyond "State in Society" and is rather a society itself. This sort of balance between the lower and higher levels and the effective existence of the state in local development efforts was also supported by other research findings. Edin (2003), for instance, strongly argues that amidst decentralization and high empowerment, and greater independence given to the local governments, the state maintained a strong capacity to monitor and control lower-level agents. Liew (1995) also argues that a strong centralized government paralleled with government constituency at a lower level brought effective development output. Pieke (2004) relates the successful local corporatism of the 1980s and 1990s to an institutional context defined by the vertically integrated strong hands of the state.

5.3.1.2. Adaptive and responsive institutions. China is well known for its communist values, the communes, and the associated "Chinese Characteristics". According to Cheng (2006), China adopted the reform by abandoning those known values and attributes. In due process, China adopted new traits called "Socialism with Chinese Characteristics". With this new peculiarity, China had been working with marketization without full privatization and developed a not-waned strong state (Cao, 2001), and expanded the enterprises with adaptive efficiency (Sun, 2007). Not only the state was strong, but it is also very near to the village, township, and county level with a practical presence and high interaction with the society (Pieke, 2004). According to Pieke (2004), the state authorized the local authorities to play a greater developmental role in their responsibilities. Here, the state is also responsive to local needs. The state was designing or executing or responding to reforms based on the specific local (rural) Chinese context. For instance, the emergence of the innovative HRS system, the ban lifting on migration and rural industries, the two-tier system were all adopted through experiments, actions, inactions and local consents (Ellman, 1986; Cheng, 2006; Yao, 1994). However, through those decentralized and pragmatic processes, the state's legitimacy and strength are evolving to a higher level—the state emerged as a unified integral unit.

5.3.1.3. Innovative institution. Rural industrialization in China needed innovation in the market, products, processes, and management (Che & Qian, 1998). The Township and Village Enterprises, though rural, were involved in many types of industrial sectors. The state, through its innovative machine, made the TVEs efficient both with domestic and export orientation. In China, TVEs emerged to outshine when both the state and privately-owned enterprises could not do the job. They did this as a “community corporation” which was a puzzle for many. The way they organized resources, offered their physical resources, and managed their budget constraints, is all innovative (Che & Qian, 1998). The weak protection of intellectual rights made the TVEs innovative through social networks or alliances (Yu et al., 2013). According to Che and Qian (1998), TVE-based governance is an organizational innovation in response to the prevailed imperfect institutions. They further indicated that, in such conditions where the property right is ill-defined, TVEs even performed better than those operating in a fully developed market condition.

5.3.1.4. Sustainable institution. The role played by the TVEs, especially after 2000, began to decrease and they either lose money or sold, bankrupted, or were privatized (S. Cheng, 2006). Chang, McCall, and Wang (2003) also suggested that, though incentive contracts seen in the TVEs were helpful, institutional imperfections could affect their effectiveness and hence they will not be sufficient without adequate ownership arrangements. Regardless of the TVEs’ performance, it is, therefore, necessary to sustain the economy. However, this was not an easy job. The enterprises as well as the Chinese economy faced many challenges (see the section on sustainability challenges). Such grave challenges necessitate a need for sustainability to be at the centre of the development endeavours.

5.3.2. Rural industrialization framework: An alternative model for rural development

The overall process of the current review thus boils down to this question: given China’s economic, social, cultural, political, and geographic context, together with the complex reform path all along and the changing dynamics, could Ethiopia draw lessons? If so, what lesson and how?

The thematic synthesis in this review is the result of deeper exploration, comprehension, and translation of the descriptive and analytical themes. Replicating China’s success directly cannot be possible for various reasons. The difficulty is associated with the difference in the context of each of the two countries in terms of social, cultural, economic, political, and geographic dissimilarities that could exist in time, space, and place phenomena. It is not recommended either. China evolved from unique history through peerless approaches (Xu, 2011). The unique and complex Chinese characteristics would make imitation unfeasible. Also, present Ethiopia is more infrastructure and capital scarce than then China (Zheng, Tang, Zhao, Jiang, Liu, Morgan, & Cheng Development, 2017) and is a land-locked country with different cultural and political settings.

According to Xu (2011), China’s growth miracle could not be something one can transplant as a package. Whyte (2009) also agrees with a kind of generalized lesson drawing than copying. He further recommended that conducting a realistic analysis of the current capabilities of the poor nations is better than copying the “best practice” used elsewhere like in China. However, given any available common characteristics and common objectives, lesson drawing is still possible (Ravallion, 2008; Xu, 2011). It is thus still possible to learn.

Based on the major features explaining China’s successful rural industrialization path (see the previous section), the major lesson to be drawn from China’s rural industrialization through the TVEs is to build effective institutions as a core driving force. This core driving force serves as a central and most important part of the overall economic transformation. Given the Ethiopian rural transformation process

characterized by its weak institutions (EEA, 2016) and a dominant government hand on a scale that crowds out the participation of other players (Beyene, 2018), the lesson from successful China could suggest a lot to the Ethiopian transformation process. The Ethiopian development context indicates that the complex challenges faced in the Ethiopian economic transformation will depend on institutional capacity and the necessary policies to adapt to changes (OECD/PSI, 2020). According to North (1991), institutions are formal or informal constraints formulated by humans to shape the surrounding socio-economic and political environment. They guide the attainment of mutual goals or tackle common challenges through organized and integrated ways (Henry & Miller, 2008).

The current finding agrees with the results of both Xu (2011) and Ravallion (2008). Xu (2011) in his study of institutions of China’s reform found that behind the remarkable economic performance and the severe challenges is the regionally decentralized authoritarian system. He further recommended that developing countries need to draw a lesson from the Chinese approach on the relationship between institutions and development. However, the type of institution he discussed is only a formal institution. The role played by China’s informal institutions was not examined. Ravallion (2008), in his work to draw lessons from China for Africa on how to alleviate poverty, found that strong leadership and capable public administration is the major lesson for Africa.

The finding in this review indicated that China transformed its long-aged centrally planned socialist economy into a market-oriented economy (though the adequacy is contested) with outstanding growth performance through a coordinated and integrated disposition of both formal and informal institutions. From the Chinese experience, we see that as the market get more developed, the TVEs were transferred gradually from a vague ownership structure to privatization and later to a level where property right is better defined. The way Chinese institutions responded to the farmers’ pressure on the change in the production system (commune to the HRS) and rural–urban mobility ban is all a response to applied problems, resolutions to partisan resistances, and creativity with own-made solutions. The transition was not only gradual and aimed at internal capability and risks alone but is also pragmatic and innovative. According to Zou (2003), the gradual adjustment to the different institutional settings was effective in creating well-organized development. China’s institutions brought pragmatic policies to the ground, geared sociocultural endowments, implemented innovatively, and progressed to sustain them.

Using secondary datasets from China and Ethiopia, Chanie et al. (2018) studied China’s rural development interventions on poverty eradication and tried to indicate what Ethiopia could ascertain to follow suit. They confirmed that China’s achievement in poverty reduction was due to the post-reform actions of the communist party. They qualified those commitments to be targeted, research-based, and pro-poor. This would mean that the post-reform measures that led China to success were responsive to farmers’ needs and thus imply a need for pragmatic institutions. Their finding of the research-based approach is a call for innovative institutions. The interaction and the proper integration among pragmatic and innovative institutions lead to a sustainable institution. Though the study by Chanie et al. (2018) focused on a poverty-eradication objective, their findings agree with the finding of the current review on the TVEs-led rural industrialization.

The core finding in this review, i.e., effective institutions, being at the center has a link with three institutional interplays: internal institutional interplay, linking interplay, and external institutional interplay. The internal and external institutional interplays are linked together with active back-and-forth interplays with elements of each other as well as with the linking interplay.

Social and institutional systems, for instance, highly influenced entrepreneurship in developing countries (Kodithuwakku & Rosa, 2002). This is confirmed by Yu et al. (2013) in China who studied rural entrepreneurship from an institutional perspective. He clearly showed how the ill-defined property rights arrangements pushed the Chinese

rural entrepreneurs to be innovative and to adopt a socially active network for their financial constraints and product innovations. The policy held on collective ownership with individual use-right enabled TVE commercial farmers to grab opportunities brought to them with agribusiness companies. For instance, coffee growing farmers made active network of production and supply of coffee with Nestle company (Donaldson & Zhang, 2015).

Policies have interactions also with one another. For instance, there was a positive synergy between the adoption of HRS and the ban lifting on migration on one hand and rural industry in the early 1980 s on the other hand. While HRS made the peasants free from being tied to the collectives and able to work beyond their land, the lifting of the ban on both mobility and rural industry allowed them to move and find employment in townships or establish their businesses (Ho, 1995; Cheng, 2006; Yao, 1994). The HRS had also a positive interaction with the dual-price system introduced at the time. The farmers were expected to meet the product quota and sell to the state at a fixed price. Then they could sell any surplus in the free market (DaCosta & Carroll, 2001). The interplays are interlinked to solve challenges and constraints as well. Each interplay or element of an interplay has its own or a shared challenge with the other interplay or element of an interplay. For instance, the problem created by gradualism and the double-track price system (elements of policy drivers) interacted together to lead to corruption (Jinglian & Guochuan, 2016; Li, 2005) and thus need to be addressed together.

The causal effect of and the dominant role played by institutions on economic development is well established (Acemoglu & Robinson, 2012; Henry & Miller, 2008; North, 1991). While this is true, it is also important to consider policy in a separate setting from the broader institutional framework. A policy can be seen within an institutional framework in which those important policy decisions can take place (Henry & Miller, 2008). In their study to identify the effect of policy and institution in two colonial Caribbean islands (Jamaica and Barbados), Henry and Miller (2008) showed the possible cause for their growth trajectory differences. According to them, though the two nations inherited the same institutional settings from colonial England, they adopted different policies (macro-economic) post-independence. Later, there was significant GDP per capita difference observed between the two nations. Barbados' GDP per capita grew three times higher between the years 1960 to 2002. Henry and Miller (2008) strongly argued that the reason for the divergence in the national income lies in the differences in the two nations' macroeconomic policy, not in their institutions.

Policies are those government-executed declarations and positions on what needs to be done or not to be done (Henry & Miller, 2008). In China as well, the policy effect of the abolishment of the commune system, the introduction of the HRS, and the enforcement of the dual-price system, apart from the overall institutional settings, were the detrimental causes for the celebrated Chinese growth performance, among others. Xue et al. (2021) and DaCosta and Carroll (2001) indicated that commune system abolishment and HRS adoption were the most responsible policies for the success of post-reform China. According to Ravallion (2008), the introduction of the HRS was the most fundamental reform element behind the Chinese growth miracle.

In their inquiry to find the reason behind China's fast growth success, S. Ding and Knight (2009) showed the gain obtained from structural change. They found that the relative expansion of the non-agriculture, trade, and private sectors all contributed to the rise in the growth rate through productive efficiency. This is another exhibit for the Chinese institutions to properly able to manage the transformation process. This shows the level of effectiveness required to hit the desired target and usually materializes when institutions are effective. This in turn explains the proper functioning of the three interplays so that the effect on one another is identified, analyzed, and implemented iteratively, incrementally, and continually. The whole set includes the central effective institutions holding together all the other components (interplays) to be

planned and implemented as a single operating machine system called Rural Industrialization Framework (RIF) (see Fig. 5.1).

6. Conclusions

China managed to achieve economic transformation by starting from agriculture in rural areas. The transformation is exhibited by changes and shifts both within and between economic sectors. It ultimately resulted in a rise in GDP and improvement in the well-being of the people. It made the country, from once being a small economy, to among the leading economies in the world. Many questioned this path for it achieved success with an inadequately functioned market and property rights system. That remained a puzzle the world is debating. However, China managed it in its Chinese way. They introduced pragmatic policy reforms and worked with the reality on the ground. The local governments were both appropriately empowered and constrained to be forced to be innovative. They worked together with the state that has increased capacity amid decentralization. The social trust and networks with all the available social capital elements were well-gearred. With entrepreneurial spirit and leadership, they were able to be flexible in product management, succeeded in product innovation, get into clustering, and have been able to surpass the national and world markets. Though there encountered grave challenges both from within the party and from the transition process itself, China goes through them properly so that the transformation process wouldn't be cracked. Some challenges needed short-run accounts, while others needed a long-run response and remained sustainability concerns. Those left unsolved might be fixed with another sort of Chinese way—with further innovation.

Through in-depth analysis and synthesis, the review work identified the three major driving forces behind China's growth miracle. These were policy drivers, entrepreneurial drivers, and sociocultural drivers. The finding showed that the driving forces were successfully held together with formal and informal institutions to form a rural industrialization framework (RIF). The constructed RIF provides a holistic perspective on the rural industrialization process and can be used in promoting the planning and implementation process of rural industrialization in Ethiopia.

The major lesson that could be drawn from China's TVE-led rural industrialization is China's capability in building effective institutions. The institutions were able to bring growth-enhancing changes both within agriculture, through the rise in agricultural productivity, and between the industrial and service sectors, through increasing sectoral composition and effective allocation of resources. This remarkable achievement was by putting a blend of formal and informal institutions into practice with synergy at a scale. Those institutions were effective when they are functioning properly through pragmatic, innovative, and sustainable means and held together with a framework. The proper functioning required the interplay of those formal and informal institutions linked appropriately with the transformation-driving forces and with each other, all held together as a system. Hence Ethiopia can achieve successful rural industrialization and subsequent structural transformation by building and advancing effective formal and informal institutions.

7. Scholarly and practical implications

The present work has both scholarly and practical implications. The review and synthesis processes generated a rural industrialization framework as a planning and implementation tool. The framework is a contribution to the existing body of knowledge in the realm of effective rural industrialization. Rural industrialization is a process that needs the exploitation of rural resources for the rural people's benefit. It needs a proper placement and integration of different sectors and sub-sectors in rural areas for the same end. This requires the design and implementation of appropriate sectoral and sub-sectoral policy elements in a coordinated arrangement. A disconnected approach could not be effective or

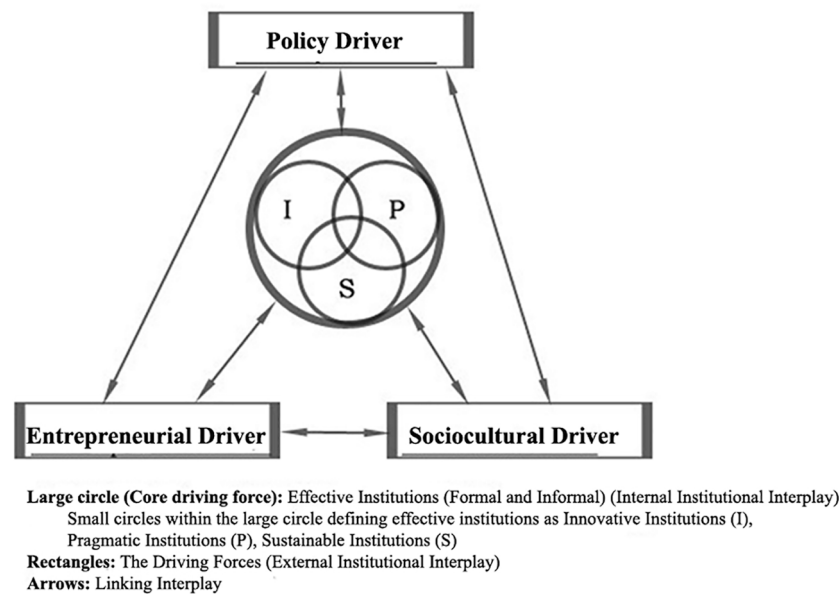


Fig. 5.1. Rural Industrialization Framework (RIF) for promoting the planning and implementation process of rural industrialization.

sustainable. The framework and the overall synthesis connect researchers and policymakers to the existing empirical world of rural industrialization. With this, the finding offers a comprehensive and valuable insight to develop significant knowledge in the field through the understanding of the underlying forces of economic transformation both within and between sectors.

The work has practical implications as well. Ethiopia is a country with high dissatisfaction with its not yet transformed economic performance. On the other hand, it is a country that gave the highest priority to structural transformation. However, rural industrialization efforts in Ethiopia are premature, not targeted, and not organized. Components that could have worked together for better results were independently running. The current framework, being a synthesis of empirical evidence from Chinese success, will help to improve the focus as well as planning and implementation of effective rural industrialization in Ethiopia. The finding will allow the main users, the Ministry of Agriculture, Rural Development, Industry, and their line offices from regional states to local administrations, to be motivated and to follow an integrated approach to translate the knowledge on rural industrialization.

The usually dubbed “implementation gap” in the country should no more be a mystery. The focus of attention thus necessitates going beyond beautifying a plan—a move far into demystifying the buzzword: “plan-implementation mismatch”. This entails, as the Chinese did, the required commitment and quality leadership by all development partners (decision-makers, policymakers, development practitioners, and citizens) to plan and implement a workable context and to properly integrate agricultural and non-agricultural rural development efforts. The benefit of such suitably managed sectoral interactions in a country where there is grave resource scarcity is substantial. Rural/economic transformation requires not only a reduction in the output and labor share in agriculture but also requires a simultaneous increment in agricultural productivity. Alongside, it requires even a higher productivity rate in the industrial sector. Such necessary changes within and across sectors need a holistic plan as well as a strong commitment across development partners.

It should be noted also that as the Chinese model differs from the western development model, so will be an alternative development model that Ethiopia needs to pursue. Though Ethiopia shares some similarities with the before-miracle China (such as having a dominant public sector, largely rural population, and high poverty rate), there are important differences as well. After nearly-four decades of the radical

Land to the Tiller reform in Ethiopia, access to the land remained tough, and the formal land market is absent or poorly developed. The per capita landholding gets more and more fragmented. The country didn’t allow private land ownership and didn’t bring an innovative land tenure system, too. In most rural Ethiopia, there are a lack of some sort of social respect for non-agricultural activities such as cottage industries (e.g., handicrafts, pottery, tanning) and artisan activities (e.g., blacksmithing), and there is gender bias (e.g., spinning, weaving). The notable dissimilarities also lie in infrastructure and capital base (e.g., rail lines, per capita electricity consumption). Present Ethiopia is more infrastructure and capital scarce than then China and is a land-locked country. In search of the Ethiopian alternative model, it is thus imperative to remain context-specific and innovative all along.

8. Limitations of the paper

The major limitation of this review work is the reliance of the review process only on peer-reviewed journal articles. This was done to achieve a trustworthy and quality outcome. However, the exclusion for the practical purpose of non-peer-reviewed grey literature including books, book chapters, working papers, discussion papers, and conference papers could lead to the exclusion of some important documents. Despite this limitation, the review included quality journal articles from dependable electronic databases having wider coverage. With that, it provided a clear understanding of the puzzle behind the Chinese rural industrialization process and helped draw a lesson for Ethiopia.

CRediT authorship contribution statement

Melkamu Tadesse Wazza: Conceptualization, Formal analysis, Software, Writing – original draft, Writing – review & editing. **Sisay Belay Bedeke:** Investigation, Supervision, Validation, Writing – review & editing.

Declaration of Competing Interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

Acknowledgements

We thank the Editor in Chief and anonymous Research in Globalization reviewers for helpful feedback.

Reference

- Acemoglu, D., & Robinson, J. A. (2012). *Why nations fail: The origins of power, prosperity and poverty*. Crown Publishers.
- Algan, Y., & Cahuc, P. (2007). Social Attitudes and Economic Development: An Epidemiological Approach. In *IZA Discussion Paper* (Issue 2935). Forschungsinstitut zur Zukunft der Arbeit Institute for the Study of Labor. http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1004495&Cnpapers://e09fda77-1450-4449-8ecf-5a9bb72f5b0a/Paper/p3984.
- Altenburg, T. (2010). Industrial policy in Ethiopia. *Deutsches Institut für Entwicklungspolitik*.
- Arayama, Y., & Miyoshi, K. (2004). Regional diversity and sources of economic growth in China. *World Economy*, 27(10), 1583–1607. <https://doi.org/10.1111/j.1467-9701.2004.00668.x>
- Auty, R. M. (1992). Industrial policy reform in China: Structural and regional imbalances. *Transactions of the Institute of British Geographers*, 17(4), 481–494.
- Beyene, A. (Ed.). (2018). *Agricultural Transformation in Ethiopia: State Policy and Smallholder Farming*. Zed Books.
- Bjørnskov, C. (2012). How does social trust affect economic growth? *Southern Economic Journal*, 78(4), 1346–1368. <https://doi.org/10.4284/0038-4038-78.4.1346>
- Bosman, J., van Mourik, I., Rasch, M., Sieverts, E., & Verhoeff, H. (2006). *Scopus reviewed and compared: The coverage and functionality of the citation database Scopus, including comparisons with Web of Science and Google Scholar*.
- Brown, T. E., & Ulijn, J. (Eds.). (2004). *Innovation, Entrepreneurship and Culture: The interaction between Technology, Progress and Economic Growth*. Edward Elgar Publishing Limited.
- Byrd, W. A. (1987). The impact of the two-tier plan/market system in Chinese industry. *Journal of Comparative Economics*, 11, 295–308.
- Cao, L. (2001). Chinese privatization: Between plan and market. *Law and Contemporary Problems*, 63(4).
- Chan, K. S., Xu, X., & Gao, Y. (2015). The china growth miracle: The role of the formal and the informal institutions. *The World Economy*, X. <https://doi.org/10.1111/twec.12193>
- Chang, C., McCall, B. P., & Wang, Y. (2003). Incentive contracting versus ownership reforms: Evidence from China's township and village enterprises. *Journal of Comparative Economics*, 31(3), 414–428. [https://doi.org/10.1016/S0147-5967\(03\)00053-2](https://doi.org/10.1016/S0147-5967(03)00053-2)
- Chanie, A. M., Pei, K. Y., Lei, Z., & Zhong, C. B. (2018). Rural development policy: What does Ethiopia need to ascertain from china rural development policy to eradicate rural poverty? *American Journal of Rural Development*, 6(3), 79–93. <https://doi.org/10.12691/ajrd-6-3-3>.
- Che, J., & Qian, Y. (1998). Institutional environment, community government, and corporate governance: Understanding China's township-village enterprises. *Journal of Law, Economics, and Organization*, 14(1), 1–23. <https://doi.org/10.1093/oxfordjournals.jleo.a023392>
- Chen, C. J. (2005). The Path of Chinese Privatization: A case study of village enterprises in southern Jiangsu. *Corporate Governance*, 13(1), 72–80.
- Chen, F. (1999). An unfinished battle in China: The leftist criticism of the reform and the third thought emancipation. *The China Quarterly*, 158, 447–467.
- Cheng, H., Hsiao, C., Nugent, J. B., & Qiu, J. (2006). Managerial autonomy, contractual incentives and productivity in a transition economy: Some evidence from China's town and village enterprises. *Pacific Economic Review*, 11(3), 341–361. <https://doi.org/10.1111/j.1468-0106.2006.00319.x>
- Cheng, S. (2006). *China's rural industrialization policy: Growing under orders since 1949*. Palgrave Macmillan.
- Cruzes, D. S., & Dybbå, T. (2011). Recommended steps for thematic synthesis in software engineering. *International Symposium on Empirical Software Engineering and Measurement*, 275–284. <https://doi.org/10.1109/ESEM.2011.36>
- Cunningham, L. X., & Rowley, C. (2008). The development of Chinese small and medium enterprises and human resource management: A review. *Asia Pacific Journal of Human Resources*, 46(3), 353–379. <https://doi.org/10.1177/1038411108095763.354>
- DaCosta, M. M. N., & Carroll, W. (2001). Township and village enterprises, openness and regional economic growth in China. *Post-Communist Economics*, 13(2), 229–241. <https://doi.org/10.1080/14631370123736>
- Audretsch, D. B. (2018). Innovation-Driven Capitalism. In M. Augier, & D. J. Teece (Eds.), *The Palgrave Encyclopedia of Strategic Management*. Palgrave Macmillan and Springer Nature. <https://doi.org/10.1108/r-05-2014-0134>.
- Ding, Daniel Z., Lan, Ge, & Warner, Malcolm (2001). A new form of Chinese human resource management? Personnel and labor-management relations in Chinese township and village enterprises: a case-study approach. *Industrial Relations Journal*, 32(4), 328–343. <https://doi.org/10.1111/1468-2338.00202>
- Ding, S., & Knight, J. (2009). Why has China Grown So Fast? The Role of Structural Change. *Proceedings of the German Development Economics Conference*.
- Diriba, G. (2020). *Agricultural and Rural Transformation in Ethiopia: Obstacles, Triggers, and Reform Considerations* (Policy Working Paper 01/2020).
- Donaldson, J. A., & Zhang, F. Q. (2015). Rural China in transition: Changes and transformations in China's agriculture and rural sector. In *Contemporary Chinese Political Economy and Strategic Relations: An International Journal* (Vol. 1, Issue 1). Singapore Management University.
- Dorosh, P., & Schmidt, E. (2010). *The Rural-Urban Transformation in Ethiopia* (No. 13; ESSP2).
- Du, Z., & Izumida, Y. (2006). Does property right transformation improve township and village enterprises performance? *China & World Economy*, 14(1), 85–101.
- Edin, M. (2003). Local state corporatism and private business. *Journal of Peasant Studies*, 30(3–4), 278–295. <https://doi.org/10.1080/0306615041233113309>
- Edin, M. (2003). State capacity and local agent control in China: CCP Cadre management from a township perspective. *The China Quarterly*, 173, 35–52. <https://doi.org/10.1017/S0009443903000044>
- EEA (Ethiopian Economics Association). (2016). *Agricultural Transformation in Ethiopia: Prospects and Challenges*. AAU Business Enterprise Printing House.
- EEA (Ethiopian Economics Association). (2018). *Foreign Direct Investment in Ethiopia: Structure, Performance, and Determinants*.
- EEA (Ethiopian Economics Association). (2021). *State of the Ethiopian Economy 2020/21: Economic Development, Population Dynamics, and Welfare* (M. Ketema & G. Diriba (Eds.)). Ethiopian Economics Association (EEA). <https://doi.org/10.12691/ajrd-6-3-3>.
- Ellman, M. (1986). Economic reform in China. *International Affairs*, 62(3), 423–442.
- Esubalew, A., & Raghurama, A. (2017). Micro, small and medium enterprises (MSMEs) development strategies in Ethiopia: Retrospective and prospective analysis. *International Journal of Commerce, Business and Management*, 6(1), 11–20.
- Evans, N., Lasen, M., & Tsey, K. (2015). *A Systematic Review of Rural Development Research: Characteristics, Design Quality and Engagement with Sustainability*. Springer.
- FDRE Ministry of Industry. (2013). *Ethiopian Industrial Development Strategic Plan (2013–2025)*. FDRE Ministry of Industry.
- FSMMIDA. (2016). *Federal Small and Medium Manufacturing Industry Development Agency Establishment Council of Ministers Regulation* (Regulation No. 373/2016; Issue 40). Berhanena Selam Printing Enterprise.
- Fu, X., & Balasubramanyam, V. N. (2003). *Township and Village Enterprises in China* (2002/001; The LUMS Working Papers Series). <https://doi.org/10.1080/713869424>.
- Gao, X., Ji, Z., Ahmad, F., & Draz, M. U. (2019). Financial support and growth of township and village enterprises in China: Fresh evidence from regional analyses. *SAGE Open*, 9(2). <https://doi.org/10.1177/2158244019858444>
- Garnaut, R., & Song, L. (Eds.). (2012). *China: twenty years of economic reform*. ANU E Press, The Australian National University.
- Garnaut, R., Song, L., & Fang, C. (2018). *China's 40 Years of Reform and Development: 1978–2018* (R. Garnaut, L. Song, & C. Fang (Eds.)). China Update Book Series and ANU Press. <https://doi.org/10.22459/cyrd.07.2018>.
- Gebreyesus, M., Bedasso, B. E., Lachisa, G., Andargie, E., & Debele, F. (2016). *Handbook of Industrial Development in Ethiopia: Policies, Performance, and Literature*. Ethiopian Development Research Institute. https://webcache.googleusercontent.com/search?q=cache:8_YjABIG9bwJ:https://psi.gov.et/index.php/other-publications-49%3Fdo wnload%3D109:handbook-of-industrial-development+&cd=5&hl=en&ct=cln k&gl=nl.
- GEM. (2011). *Entrepreneurship* (VERSION 1 (1999–2011)). <https://www.gemconsortium.org/>.
- Grafbrockdorff, T., Fischer, P., Kulesa, M., Leuenberger, T., & Schneidewind, D. (1991). *Economic reforms and political attempts in China 1979–1989*. Springer-Verlag Berlin.
- Guo, R. (2017). *How the Chinese economy works* (4th ed.). Palgrave Macmillan.
- Henry, P. B., & Miller, C. (2008). *Institutions Vs. Policies: A Tale of Two Islands* (No. 14604). <http://www.nber.org/papers/w14604>.
- Ho, S. P. S. (1995). Rural non-agricultural development in post-reform China: Growth, development patterns, and issues. In *Pacific Affairs* (Vol. 68, Issue 3). Pacific Affairs, University of British Columbia. <https://doi.org/10.2307/2761130>.
- Hu, B. (2007). *Informal institutions and rural development in China*. Routledge.
- Huang, Q. (2018). *China's Industrialization Process*. Springer Singapore.
- Huang, Y., & Ge, T. (2019). Assessing China's Financial Reform: Changing Roles of the Repressive Financial Policies. *Cato Journal*, 39(June 2018), 65–85.
- ICEC. (2012). *Promoting Rural Industrialization in Madhya Pradesh: Exploring the Chinese experience of rural industrialization*. India China Economic and Cultural Council (ICEC).
- Islam, R. (1991). Growth of rural industries in post-reform china: patterns, determinants, and consequences. *Development and Change*, 22, 687–724.
- Jia, L., & Tallman, S. (2017). Catch-up via agglomeration: A study of township clusters. *Global Strategy Journal*, 7, 193–211. <https://doi.org/10.1002/gsj.1154>
- Jinglian, W., & Guochuan, M. (2016). The Role of the “Dual-Track” System and Its Consequences. *Whither China? Restarting the Reform Agenda*. Oxford University Press.
- Kodithuwakku, S. S., & Rosa, P. (2002). The entrepreneurial process and economic success in a constrained environment. *Journal of Business Venturing*, 17, 431–465.
- Kotsemir, M. N., Abroskin, A. S., & Dirk, M. (2013). *Innovation Concepts and Typology – An Evolutionary Discussion* (WP BRP 05/STI/2013; Science, Technology and Innovation). <https://doi.org/10.2139/ssrn.2221299>.
- Li, H. (2008). History and Development of Entrepreneurship in China. In T. University (Ed.), *Entrepreneurship and Economic Growth in China* (pp. 13–34).
- Lanjouw, Jean, O., & Lanjouw, Peter (2001). The rural non-farm sector: issues and evidence from developing countries. *Agricultural Economics*, 26, 1–23. [https://doi.org/10.1016/S0169-5150\(00\)00104-3](https://doi.org/10.1016/S0169-5150(00)00104-3). <https://www.sciencedirect.com/science/article/abs/pii/S0169515000001043>
- Li, P. P. (2005). The puzzle of China's township-village enterprises: The paradox of local corporatism in a dual-track economic transition. *Management and Organization Review*, 1(2), 197–224.

- Liew, L. H. (1995). Gradualism in China's Economic Reform and the Role for a Strong Central State. In *Journal of Economic Issues* (Vol. 29, Issue 3). Taylor and Francis Ltd. <https://doi.org/10.1080/00213624.1995.11505714>.
- Lin, J. Y. (2012). *New structural economics development and policy: A framework for rethinking development and policy*. The World Bank.
- McDonnell, B. (2004). Lessons from the Rise and (Possible) Fall of Chinese Township-Village Enterprises. *Wm. & Mary L. Rev.*, 45(3).
- Mendeley, L. (2021). *Mendeley Reference Manager V2.53.0*. Elsevier.
- Meng, X. (2012). Labor market outcomes and reforms in China. *Journal of Economic Perspectives*, 26(4), 75–101. <https://doi.org/10.1257/jep.26.4.75>
- MoFED. (2010). *Growth and Transformation Plan (GTP I) 2010/11-2014/15 Main Text*. Ministry of Finance and Economic Development (MOFED).
- Mok, K. H., & Kan, Y. (2013). Promoting entrepreneurship and innovation in China: Enhancing research and transforming university curriculum. *Front. Educ. China*, 8(2), 173–197. <https://doi.org/10.3868/s110-002-013-0014-3>
- Mongeon, P., & Paul-hus, A. (2015). The journal coverage of web of science and scopus: A comparative analysis. *Scientometrics*. <https://doi.org/10.1007/s11192-015-1765-5>
- National Planning Commission. (2016). *Growth and Transformation Plan II (GTP II) (2015/16 - 2019/20): Vol. I (Issue Gtp II)*.
- Naughton, B. B. (1994). Chinese institutional innovation and privatization from below. *The American Economic Review*, 84(2), 266–270.
- Nega, F., & Hussein, E. (2016). *Small and Medium Enterprise Access to Finance in Ethiopia: Synthesis of Demand and Supply* (01/16).
- Nicholson, E., Murphy, T., Larkin, P., Normand, C., & Guerin, S. (2016). Protocol for a thematic synthesis to identify key themes and messages from a palliative care research network. *BMC Research Notes*, 9, 478. <https://doi.org/10.1186/s13104-016-2282-1>
- North, D. C. (1991). Institutions. *Journal of Economic Perspectives*, 5(1), 97–112.
- Nugent, J. B., Perrigne, I. M., & Qiu, J. (1999). Competition, incentives, and productivity in Chinese township and village enterprises. *Pacific Economic Review*, 4(2), 91–114.
- OECD/PSI. (2020). *Rural Development Strategy Review of Ethiopia: Reaping the Benefits of Urbanization, OECD Development Pathways*. OECD Publishing. <https://doi.org/10.1787/a325a658-en>.
- Oqubay, A. (2018). *Industrial policy and late industrialisation in Ethiopia, No. 303*. Industrialize Africa.
- M.L. Pato A.A.C. Teixeira Twenty Years of Rural Entrepreneurship: A Bibliometric Survey (No. 516 2013 Issue December).
- PDC (Planning and Development Commission). (2020). *Ten Years Development Plan: A Pathway to Prosperity 2021-2030*. FDRE Planning and Development Commission.
- Peng, Y. (2001). Chinese villages and townships as industrial corporations: ownership, governance, and market discipline. *American Journal of Sociology*, 106(5), 1338–1370.
- Perkins, Dwight H., & Rawski, Thomas G. (2008). Forecasting China's Economic Growth to 2025. *China's Great Economic Transformation* (pp. 829–886). Cambridge: Cambridge University Press. <https://doi.org/10.1017/CBO9780511754234.021>
- Petticrew, M., & Roberts, H. (2006). *Systematic reviews in the social sciences: A practical guide*. Blackwell Publishing.
- Pieke, F. N. (2004). Contours of an anthropology of the Chinese State: Political Structure, Agency and Economic Development in Rural China. *Journal of Royal Anthropological Institute*, 10, 517–538.
- Qian, Y., & Xu, C. (1993). *Why China's Economic Reforms Differ: The M-Form Hierarchy and Entry/Expansion of the Non-State Sector*.
- QSR International Pty Ltd. (2020). NVivo (Version 12). <https://www.qsrinternational.com/nvivo-qualitative-data-analysis-software/home>.
- Ravallion, M. (2008). *Are there Lessons for Africa from China's Success against Poverty?* (No. 4463; Policy Research Working Paper).
- Rozelle, S. (1994). Rural Industrialization and Increasing Inequality: Emerging Patterns in China's Reforming Economy. *Journal of Comparative Economics*, 19, 362–391. [https://doi.org/10.1016/0140-6148\(94\)90034-4](https://doi.org/10.1016/0140-6148(94)90034-4)
- Sampath, P., & Oyelaran-Oyeyinka, B. (Eds.). (2016). *Sustainable Industrialization in Africa Toward a New Development Agenda*. Palgrave Macmillan UK.
- Seid, Y., Taffesse, A. S., & Ali, S. N. (2016). *Ethiopia— an agrarian economy in transition*. Sharma, P. (2018). Rural industrialization: Role of government agencies. *International Research Journal of Engineering and Technology*, 05(06), 1635–1638.
- Shi, L. (2012). Changing income distribution in China. In R. Garnaut & L. Song (Eds.), *China: Twenty years of economic reform*. ANU E Press, The Australian National University.
- Smyth, R., Wang, J., & Kiang, Q. L. (2001). Efficiency, Performance and Changing Corporate Governance in China's Township – Village Enterprises since the 1990s. *ASIAN-PACIFIC ECONOMIC LITERATURE*.
- Sun, L. (2007). Ownership reform in China's township and village enterprises. In S. Green, & G. S. Liu (Eds.), *Exit the Dragon? (Issue December)*. Chatham House/Blackwell Publishing.
- Sundaram, I. S. (2007). *Rural development* ((3rd ed.)). Himalaya Publishing House.
- Tegenu, T. (2014). *Is Ethiopia Missing the Opportunity of Labor-intensive Industrialization?* 1–7.
- Thomas, J., & Harden, A. (2008). Methods for the thematic synthesis of qualitative research in systematic reviews. *BMC Medical Research Methodology*, 10, 1–10. <https://doi.org/10.1186/1471-2288-8-45>
- Tranfield, D., Denyer, D., & Smart, P. (2003). Towards a methodology for developing evidence-informed management knowledge by means of systematic review. *British Journal of Management*, 14, 207–222.
- Vrolijk, K. (2021). Industrial policy and structural transformation: Insights from Ethiopian manufacturing. *Development Policy Review*, 39(2), 250–265. <https://doi.org/10.1111/dpr.12496>
- Wang, X. (2012). Economic growth over the past twenty years. In R. Garnaut, & L. Song (Eds.), *CHINA: Twenty Years of Economic Reform*. Australian National University Press: ANU E Press.
- Weitzman, M. L., & Xu, C. (1994). Chinese Township-Village Enterprises as Vaguely Defined Cooperatives. In *Journal of Comparative Economics* (Vol. 18, pp. 121–145). Academic Press Inc. <https://doi.org/10.1006/jcec.1994.1020>.
- Whyte, M. K. (1995). The social roots of China's economic development. *The China Quarterly*. <https://doi.org/10.1017/S030574100004707>
- Whyte, M. K. (2009). Paradoxes of China's economic boom. *Annual Review of Sociology*, 35, 371–392. <https://doi.org/10.1146/annurev-soc-070308-115905>
- Williams, H. (2001). Property rights and legal reforms in township and village enterprises in China. *Asia-Pacific Law & Policy Journal*, 2(1). <http://www.hawaii.edu/aplpj>.
- Wole, S. (2013). The State of Small-Scale Industries in Ethiopia: Problems and Policy Issues. *The Ethiopian Economy: Structure, Problems, and Policy Issues*, 171–182.
- World Bank Group. (2015). *4th Ethiopian Economic Update: Overcoming Constraints in the Manufacturing Sector*.
- Xu, C. (2011). The fundamental institutions of China's reforms and development. *Journal of Economic Literature*, 49(4), 1076–1151.
- Xu, C., & Zhang, X. (2009). *The Evolution of Chinese Entrepreneurial Firms: Township-Village Enterprises Revisited (Issue April)*. IFPRI (International Food Policy Research Institute).
- Xue, Y., Mao, K., Weeks, N., & Xiao, J. (2021). Rural reform in contemporary china: development, efficiency, and fairness. *Journal of Contemporary China*, 30(128), 266–282. <https://doi.org/10.1080/10670564.2020.1790902>
- Yao, S. (1994). *Agricultural Reforms and Grain Production in China* (P. Nolan & D. Fureng (Eds.)). St. Martin's Press.
- Yao, S. (1997). Industrialization and spatial income inequality in rural China, 1986–92. In *Economics of Transition* (Vol. 5, Issue 1).
- Yu, J., Zhou, J. X., Wang, Y., & Xi, Y. (2013). Rural entrepreneurship in an emerging economy: Reading institutional perspectives from entrepreneur stories. *Journal of Small Business Management*, 51(2), 183–195. <https://doi.org/10.1111/jsbm.12012>
- Zhang, J., Zhang, L., Rozelle, S., & Boucher, S. (2006). Self-employment with Chinese characteristics: The forgotten engine of rural China's growth. *Contemporary Economic Policy*, 24(3), 446–458. <https://doi.org/10.1093/cep/byj034>
- Zheng, Y., Tang, S., Zhao, J., Jiang, L., Liu, C., Morgan, P., & Cheng, W. (2017). Development and Industrialization in Ethiopia: Reflections from China's Experience. *Fudan SIRPA Think Tank Report Series*, November, 1–31.
- Zhou, Q. (2020). *Property Rights and Changes in China*. Peking University Press and Springer Nature Singapore Pte Ltd. <https://doi.org/10.1007/978-981-15-9885-2>.
- Zou, W. (2003). The changing face of rural enterprises. *China Perspectives*, 50.