

THE INCOMPETENT TVETs CAPACITATING THE INCAPABLE MSEs

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Ethiopia is running away from its dreadful modern history which haunted people's life in every aspect. Active promotion of the *Micro and Small Enterprises (MSE)* sector is both a means and an end to the transition to the market economy and the creation of an entrepreneurial class which will enhance the likelihood of a durable commitment to democratic societies and the rule of law (EBRD, 2006). The first major attempt by the current government to develop the private sector through active promotion of MSE was taken in late 1990s following the issuance of *National Micro and Small Enterprises Strategy (1997)*. The strategy was aimed to overcome the prevailing constraints which were policy related, structural, and institutional in nature. The government revised the Strategy in 2010/11 claiming significant improvements in creating an enabling legal framework and streamlining regulatory conditions, thus the focus is now on providing development support to MSEs. The revised *MSE strategy (2010/11)* is developed as part of the GTP (2010/11-2014/15) which prioritizes the sector so that it contributes, to the development of the industrial sector as a whole serve as the basis, and contributes to the development of the agricultural sector and create employment opportunities. .

Support services should be proactive which requires long-term view of current problems (Temtime and Pansiri, 2005) and efficient in identifying the key problems (Gebreeyesus, 2007). Series of surveys by the *Central Statistical Agency (CSA, 1996; 1999; 2003; 2010)* make a spotlight primarily on *the lack of market, shortage of supply of raw materials, and shortage of working capital* as the first and most pressing problems that obstruct the growth of the MSEs. It has been three years since the government properly addresses the two critical problems which hinder the emergence of a thriving private sector: *lack of technological base and rampant managerial problems*. Ei-Namaki (1987) regards the lack technological base and managerial problems as the structural problems of MSE sector which demonstrated themselves in a tangible enterprise mortality rate invariably in all developing countries. Thus, on the contrary, these two problems of the sector should be prioritized as they contribute more in deterring growth and/or worsening the aforementioned constrictions.

Herrera (2007) frankly puts it, '*the cause is the same so the solution.*' To have a thriving private sector in Ethiopia we need to develop the management capability i.e., management capacity, expertise and processes (Graves and Thomas, 2006) and building an appropriate technological development capacity/ability based on market and value chain. For the reason that, Abouzeedan and Busler (2002; 2006) affirm, in a globalized world the only factor restricting phenomenal and rapid internationalization and strategic expansion is the mindset of the managers. Shapira and Rosenfeld (1998) add, effective deployment of technology and improved operational techniques invariably involves changes in human capital requirements.

Of all the various kinds of productive services, managerial services are the only type which every firm, because of its very nature as an administrative organization, must make use of (Barbero, Casillas and Feldman, 2011). As Barbero et al. (2011) demonstrate it, in order to grow fast and intensively, MSE should possess high capabilities in the four functional areas comprising the business: human resources, organizational, marketing and financial capabilities. Martinez-Costa and Jimenez-Jimenez (2009) add, the management knowledge is an important antecedent of

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performance. Given that, growth is a vital indicator of any thriving business (*Gilbert et al., 2006*), often it is taken as a reliable performance indicator.

Series of studies by *Sonobe, Suzuki, Otsuka, and Nam (2011)* on East Asian and African countries identify that a gross under-investment in managerial human capital is the major constraint on efficient enterprise management. *Abegaz (2013)* also cited a survey of 22 developing countries in which Ethiopia was ranked 20 in labor productivity, total factors productivity, and technical efficiency, and ranked 16 in relative unit labor costs, and identifies the use of old technologies as one of the reasons.

The *Technical and Vocational Education and Training (TVET)* institutions are responsible to provide human resource and technology development support (*MSE support framework, 2011*) by expanding modern management systems and technology accumulation and transfer (*GTP, 2010*). It also suggests the use of ‘*research*’ to identify problems obstructing MSE’s growth. This is the most miraculous assignment since it is beyond the realm of TVET institutions. *Barrett and Meyer (2010)* assert that these structural problems divulge the constrictions of MSE’s internal capabilities and the MSE operator’s managerial capacity signifying a market failure. Thus, such problems are too complex for grass root institutions to cope with (*Sonobe et al., 2011*) as they necessitate a structural change (*Altenburg, 2011*).

How do we assign such a pervasive responsibility to an institution which has neither expertise nor the experts? Do the TVETs have the capability to make a thorough research and suggest mechanisms to overcome the structural problems of the sector? Do they employ MBAs or BAs acquainted with the required skills and experience to provide necessary trainings? Do TVETs themselves have the minimum level of competence to unravel the sector firms from the ‘paternalistic’ way doing business? NO to all!

I urge the policy-makers at Federal and/or Regional MSEs development agencies to amend the support framework, particularly the human resource development and technology growth support.

They’re still baffled by the term ‘KAIZEN’!

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