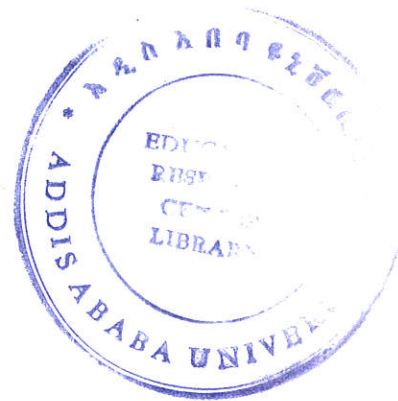


**AN ASSESSEMENT OF INCOME GENERATING
ACTIVITIES AND UTILIZATION IN SELECTED
GOVERNMENT TVET COLLEGES IN ADDIS ABABA**

**THESIS PRESENTED TO
THE SCHOOL OF GRADUATE STUDIES
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**IN PARTIAL FULFILLMENT OF THE REQUIREMENTS
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Acronyms and Abbreviations

ESDP=	Educational Sector Development Program
FNG=	Federal Negarit Gazeta
GTZ=	Gesellschaft fuer Technische Zusammenarbeit (German Agency fo Technical Cooperation)
IGAs=	Income Generating Activities
ILO=	International Labor of Organization
IT=	Information Technology
JICA=	Japan Intentional Cooperation Agency
MOE=	Ministry of Education
NGO=	Non-Government Organization
SDCs=	Skill Development Centers
TGE=	Transitional Government of Ethiopia
TVET=	Technical and Vocational Education and Training
UNESCO=	United Nations Education, Scientific and Cultural Organization

Abstract

The main purpose of the study was to assess the income generating activities of selected TVET colleges in Addis Ababa. On the basis of the purposes of the study 4 research questions were formulated and to conduct the current conditions of the income generating activities in these selected TVET colleges, descriptive survey method was employed. The study was conducted in 3 randomly selected TVET colleges. The sample populations of the study were 37 section or department heads of the TVET colleges, 3 finance heads, 3 deans and 3 vice deans were also selected using purposive sampling method. Close and open ended questionnaire and interview questions were also used to gather the required data from the aforementioned subjects of the study. Out of the sample population analysis was made based on 34 section heads and 8 interviewees. Accordingly, the results of study depict that majority of the respondents responded as the TVET colleges were not effective in implementing the income generating and utilizing activities and there was lack of full participation of staff members in developing income generating activities guidelines, lack of clear financial guidelines, lack of full autonomy of the TVET colleges were the major problems of the TVET colleges. In light of these findings the study concluded as even though there were some income generating activities in the TVET colleges they are not well organized and the TVET colleges did not use all potential sources of income and these problems can affect the training of the TVET colleges and lack of clear guidelines also affect the TVET colleges income generating and utilizing activities transparently.

CHAPTER ONE

1. Introduction

1.1. Background of the Study

Education is an important factor for human development. Economic and social prosperity rely on the ability of nations to educate their societies. Education and training are also helpful for the growth of developing countries that promote economic growth, social development and the enhancement of industrious perspectives (TGE, 1994).

The contribution of education and training for development and the recognitions of nations, all over the world have made it possible to get more and greater attention. In line with this, the role of technical and vocational education and training (TVET) has a tremendous significance to promote economic growth, to improve access to labor market, to enhance agricultural quality products, and to build up technologically advanced societies (MoE, 2002a).

The major objective of TVET is providing individuals or learners with basic skills, knowledge and attitudes to enable them to generate their own income, to have social recognition and to alleviate problems related to poverty and obstacles of social growth (MoE, 2002a; UNESCO, 2001). The delivery of training in vocational skills provided young people to get basic skills, which are relevant for work and social integration (Abebe, 2000).

Technical and Vocational Education and Training (TVET) could be delivered to individuals through government, non-government and private institutions. TVET came as part of Ethiopian educational program for more

than six decades in different modalities depending on the socio-economic and political condition of the country. The current Education and Training Policy of Ethiopia has also implemented diversified technical and vocational programs (TGE, 1994).

Nowadays, the expansion of technical and vocational education and training program has delivered a lion's share of contribution for social and economic development in the country.

The current Education and Training Policy of Ethiopia has given emphasis on the expansion of TVET programs in the country. The TVET programs are given in different fields of studies such as agriculture, crafts, construction and basic bookkeeping at a primary level and there is also the expansion of agriculture, industrial arts, construction, commerce and home science are provided after a primary level of education.

In Ethiopia, the growth and expansion of TVET schools provided an opportunity for 10+3 level training program together with academic education. By 1998 twenty-five skill development centers (SDCs) were established for twelve grade completers for one year (MoE, 2006a). After 2000/01 there was relatively faster development in the expansion of TVET schools all over the country. In the year 2003/04, the number of TVET schools reached about 158 which comprised of 102,649 students. The massive expansion of TVET program was based upon the requirements of the country, which demanded middle level manpower to be engaged in agricultural, industrial and service sectors. As a result of this, by the year 2004/05 the TVET institutions increased and reached 206 and the number of students who enrolled to these colleges were estimated up to 106,300 (Gebru, 2008).

Government technical and vocational education and training colleges are playing significant role to supply middle level manpower for the existing market. These TVET colleges are also extensively scattered throughout the country. In line with this, governments' TVETs have a dominant role in the provision of different fields of studies such as business, health, industrial arts, home science, and agriculture (MoE, 2006a).

Most government technical and vocational education and training (TVET) colleges are highly financed by the general tax revenues. As it has been indicated on the Federal 'Negarit Gazeta' proclamation No. 391/2004, technical and vocational education and trainings have been autonomous to have their own income generating activities by themselves. As a result of this, the governments TVETs organize income generating activities.

These days, there are diversified mechanisms of income generating activities in TVET institutions. The Ministry of Education (2006b), proclaimed some of the income generation activities in the TVET colleges that include the delivery of special or tailor made training programs, evening courses offered to the general public, sale of products produced by students, training with production, letting renting of buildings, equipment and machinery, commercial use of equipment, special events festivals, open days with fund raising activities, dancing evenings and others.

In the Ethiopian context, government TVETs are playing great role in the provision of middle level manpower for the existing market. Government TVETs have also been spread throughout the country and they are contributing a lion share in the development of the country (MoE, 2002a). Educational Sector Development Program (ESDP) II also indicated that there is inadequacy supply of financing of the TVET in Ethiopian technical and vocational education and training institutions. Due to this, other

alternatives are required in order to maximize the efficiency of the financial status of TVET colleges (MoE, 2003).

To some extent, income generating activities (IGAs) were practiced in the Ethiopian TVET institutions, however, public financial management rules were not encouraging until recently. For instance, TVET institutions were not also allowed to open their own accounts, and all the generated income had to be transferred to the state finance bureaus. In this regard, nowadays the TVET proclamation (No. 391/2004) constitutes a substantial improvement in the regulatory environment. There were also grants and financial autonomy to the TVET institutions and stipulate that every public TVET institution shall have the right to utilize the income it generates and to utilize any residue of any such income beyond any budget year (Arts 51/2).

Actual IGAs are manifold and depend substantially on the social and economic environment of the institutions. In general, they are more diversified in urban than rural areas. In Addis Ababa TVET colleges are engaged in income generating activities such as evening courses, skills testing for employers, furniture production, income of college's music band, sale of firewood, renting of TVET institutions' facilities (rooms, machinery, meeting halls, etc (Franz, 2006). However, the actual practice in making use of the income generated is not as it is developed. Thus, it seems important to conduct a research on how TVETs generate their income and utilize it.

1.2. Statement of the Problem

Promoting income generating activities in government TVET has a great role to empower the TVET institutions in terms of financial capacity and the development of competent skilled manpower. Financing the technical and vocational education and training is very expensive when compared with the general education. Because TVET institutions require high cost in order to run the program when compared to the general academic education.

The major source of finance for the government technical and vocational education and training institutions is funding from the government which is collected from general tax revenues, public borrowing and from external donor agencies, employers, communities and other stakeholders. Even though the government is the major source of finance for TVET institutions, income generating activities should also support TVET institutions in order to share the financial burden (UNESCO, 1998).

There are financial related problems in government TVET institutions because TVET institutions demand expensive equipment in order to run the program properly and to deliver quality education.

Technical and vocational education and training institutions demanded a great deal of financial resources to implement the program properly. Now days, there is a good potential to increase the income generating activities in Ethiopia through the previously established traditions in many of the TVET Colleges. The potential for income generating activities in public training institutions appear to be under-utilized, due to obstructive financial regulations of the past for many of the institutions as it is reported by the Ministry of Education (MoE, 2003).

In general, TVET institutions required sufficient financial capacity in order to meet the objectives of TVET program. The failure to meet adequate financial resource could result in poor quality of education training in government TVET colleges. Therefore, in order to enhance the financial capacity of TVET colleges, encouraging income generating activities (IGAs) could be a remarkable solution.

In Addis Ababa TVET colleges have also confronted with financial scarcity (Neway, 2008). In line with this, the effective implementation and utilization of income generating activities have a tremendous value.

In Addis Ababa TVET colleges, there seems lack of marketing and business management skills to creatively identify market opportunities and in particular to engage in profit making activities by the school management. Generally, cost sharing and profitability analysis skills are under developed in terms of income generating activities (IGAs). There is also lack of guideline about how to use the income and how to distribute income from production between the colleges and the respective trainees (Franz, 2006).

As it has been indicated in (Zusammenarbeit) German Sectoral Development (GTZ, 2007) Addis Ababa TVET colleges are confronted with problems such as lack of institutional autonomy in terms of the use of the generated income, inappropriate and rigid financial regulation and procedures, the low capacity of institutions to deliver special training program, poor marketing strategy of training institutions. But the seriousness of the problems are not well identified.

Thus, the purpose of this study is to assess the income generating activities and the degree of utilization of the generated income of selected government TVET colleges in Addis Ababa city administration.

1.3 Objectives of the Study are:

1. To identify the major income generating activities in the government TVET colleges in Addis Ababa.
2. To examine how the generated income is utilized in the government TVET colleges in Addis Ababa.
3. To identify the attitude of managerial groups towards the income generating activities in the government TVET colleges of Addis Ababa.
4. To explore the major constraints that affect the income generating and utilization activities in the government TVET colleges in Addis Ababa.

In order to attain its purpose, the study will try to get answers to the following research questions:

1. What are the major income generating activities in the technical and vocational education and training government colleges in Addis Ababa?
2. Do the government TVET colleges properly utilize the generated income?
3. What is the attitude of managerial members towards the promotion of income generating activities of government colleges in Addis Ababa?
4. What are the major challenges faced to the income generating and utilization activities of government TVET colleges?

1.4. Significance of the Study

1. Regional educational bureau, TVET agency in Addis Ababa, Addis Ababa sub-city educational departments and TVET colleges in Addis Ababa will get important information about major income generating activities of government TVET colleges in Addis Ababa.

2. Regional educational bureau, TVET agency, Addis Ababa sub-city educational bureaus and government TVET colleges will get relevant information about the degree of utilization of the generated income in the government TVET colleges of Addis Ababa.
3. The result of the study will also provide important information for regional education bureau, TVET agency, Addis Ababa sub-city education departments and the government TVET colleges about the major constraints that hinder the income generating activities and problems faced in the utilization of the generated income.
4. Other researchers may use this work as a spring board to make researches in this area.

1.5. Delimitation of the Study

Technical and vocational education and training programs are delivered to the trainees through government, public and private colleges. However, the study is confined to government TVET colleges in Addis Ababa for the government TVET colleges are needed to work on income generating activities. It also focuses on the utilization practice of the generated income.

1.6 Limitation of the Study

The major problem encountered the researcher during the study was lack of locally produced reference materials on income generating and utilization of their generated income of the TVET institutions.

1.7 Definition of Operational and Key Terms

Government Technical and Vocational Education and Training: are programs provided by government agencies which are accessible to everybody who meets the defined entry requirements (MOE, 2006a).

Income generating activities (IGAs): are activities that generate finance in TVET College and those activities including the sale of products which could be produced by trainees' commercial unit of the institution (MoE, 2006b).

Trainee: is a person who participates in TVET program provided by training institutions with a view of acquiring or upgrading his/her technical and vocational skills.

Regional education bureau: is the responsible to administrator and to provide required resources to the TVET institutions.

1.8 Organization of the Study

This study was organized in five chapters. The first chapter contained the introductory part; the second chapter deals with the review of related literature; the third chapter focused on research design and methodology; the fourth chapter includes the analysis and discussion part. Finally, the fifth chapter presents the summary, conclusions and recommendations.

Chapter Two: Review of Literature

This chapter deals with the concept of TVET in the international perspective and Ethiopian context, TVET finance, sources of TVET finance, their utilizations and experience of other countries in income generating activities.

2.1. Concept of TVET

Technical and vocational education and training is an integral part of an educational system of any country. According to UNESCO (1998:2), technical and vocational education refers to all forms and levels of educational process in addition to the general academic education to study the technologies and related science, to acquire practical skills, and to develop attitudes and understandings of the occupations in various sections of economic and social lives. Moreover, TVET also creates opportunities for lifelong learning for employed, and unemployed to update their knowledge and skill continuously in order to cope with the rapid technological, economical and labor market force changes to be competitor in the labor market (MoE, 2006a).

TVET has emerged to respond to the skill needs of the labor market, to create competent, motivated, capable, adaptable workforce for economic growth and development and to contribute an appropriate technology transfer (MoE, 2006a:1).

As a result, TVET is described as a comprehensive term referring to the aspects of the educational system as which is designed to the acquisition of practical skills, knowledge; development of good attitudes, understanding to the economic, social and technological environment in order to be a

flexible and competent labor workforce within the environmental context of any country.

2.2. Objectives of TVET

The overall objective of the Ethiopian National TVET Strategy is to create a competent, motivated, adaptable and innovative work force in Ethiopia contributing to poverty reduction and social and economic development through facilitating demand-driven, high quality technical and vocational education and training; relevant to all sectors of the economy, at all levels and to all people in need of skills development (MoE, 1999).

Specifically, the national TVET strategy aims to:

- ◆ create and further develop a comprehensive, integrated, outcome based and decentralized TVET system for Ethiopia;
- ◆ create a coherent framework for all actors;
- ◆ improve the quality of TVET at all levels and make it responsive to the needs of labor market;
- ◆ strength the private training market and encourage enterprises to participate in the TVET system;
- ◆ develop a sustainable financing system for TVET with efficient and cost-effective; delivery systems and management structures; and
- ◆ building the necessary human capacities to effectively manage and implement TVET (MoE, 2006a).

To realize the above mentioned objectives, the Ethiopian national TVET strategy also incorporate some guiding principles as: all TVET in Ethiopia should be demand-oriented, should provide quality and relevant training, provide equal access through formal, non-formal and informal mode of

training, promote vertical and horizontal mobility, flexible training system and permit lifelong-learning system.

2.3. TVET in Ethiopian Context

TVET in Ethiopia has traditional and modern background. Education in its traditional form has a long history in Ethiopia. However, prior to the 20th century the educational system was predominantly religious oriented to serve the manpower need of the church and the state. Available sources indicate that, there was no significant sign of formal vocational training at the time mentioned. However, it was made that at the time of Emperor Theodros (1855-1868) there had been a demand for foreign craftsmen. In 1877, Emperor Menilik II was an instrumental in bringing few swiss artisans to Ethiopia (MoE, 2001:9).

In addition to that, before the introduction of the western type of education to Ethiopia, some parts of the society had their own craftsmen and artisans who were traditionally trained by their parents on the job training. This type of training system was the basic source of skilled people such as blacksmiths, tanners, and weavers, potters, but most of the time they were being labeled as having evil spirits (Wanna, 1998).

Before the introduction of the current Ethiopian TVET system, which is designed in 1994, the historical development of the modern formal TVET system in Ethiopia had the following three phases. There are:

- ◆ In the years between 1940s and 1960s technical and vocational schools were unintegrated;
- ◆ In the years between 1960s and 1970s schools were converted into comprehensive schools. As a result, the first secondary school which was converted into comprehensive school was Dessie Weizero Shin secondary school;

- ♦ In the year between 1970s and 1994 Polytechnics schools were opened (TGE, 1994; MoE, 2002a; Wanna, 1998).

Although they had tried to satisfy the growing need for skilled human power of the country through separate technical and vocational schools, the graduates of the comprehensive secondary schools, and general polytechnics could not get employment opportunities in the labor market due to the mismatch between the skills they had and which was required in the labor market (MoE, 2002b).

To this end, the Ethiopian Transitional Government had taken the initiative to introduce the new Education and Training Policy in general and TVET system in particular parallel with the academic general education in 1994.

Currently the Ethiopian TVET system is expanded to a large extent. Unlike the previous fragmented transmission of skills to the new generation nowadays the Ethiopian TVET system is organized in formal, non-formal and informal structures to provide access to all groups of the society at all levels. As a result the expansion of TVET institutions and their enrollments increase from time to time.

According to the MoE (2006a), the number of non-agricultures TVET institutions and their enrollments in 2004/5 were 199 and 106,300 respectively. 42,000 trainees were also enrolled in agriculture TVET programs. The current number of TVET institutions and their enrollment also indicates very fast increment. According to the MoE (2009) annual educational abstract, the number of TVET institutions and their enrollments in all governmental, private and non-governmental training programs in 2007/08 were 458 and 229,252 respectively. Hence, this large expansion of TVET institutions need great attention on the quality of

education and to provide quality education financial resource is one of the basic resources and it should be financed through different financial mechanisms, one of which is income generating activities within the TVET institutions.

2.4. The Concept of TVET Finance

Appropriate educational finance in general, TVET finance in particular has a great importance to run the educational system operations smoothly. Naturally, TVET requires more finance for machines and other cost of operation in comparison with the general academic education. Hence, the appropriate amount of finance and efficient utilization of finance is required in any TVET institutions.

Moreover, the ever expansion of TVET institutions requires high investment to hire qualified trainers and to deliver the practical training. Accordingly, it requires partnership with other stakeholders and diversified financial mechanisms.

The sources of finance and methods of funding of vocational education programs vary considerably. Nevertheless, two such sources predominate. The first represents the taxpayers through central and/or local budgets, while the second source represents employers in industry and business, who are the main beneficiaries of the output of vocational education systems. Other sources with less impact include learners or trainees themselves and their families, in the case of fee-paying programs; income generating activities; grants or donations, especially for such TVET programmes as those directed to special groups, including the handicapped and the underprivileged. In most developing countries, public sources of finance for vocational education are usually predominant (UNESCO,

1999:10). Accordingly, the following sub-topics reflect the major sources of TVET finance.

2.4.1. Government TVET Finance

As mentioned above, TVET institutions require high finance resources in order to meet skilled manpower for the national development of any country. Failure to supply sufficient capital for TVET educational operation affects quality of training and graduates can not get jobs as they require.

Franz (2006) states that, one major challenge of the current TVET reform in Ethiopia is to develop sustainable TVET financing mechanisms to guarantee a stable funding of the system and its gradual expansion in line with Ethiopia's development needs. To this end, the national TVET strategy has suggested that financing challenge would be addressed by a combination of cost saving mechanisms, generation of external resources into the TVET system and diversified funding system for public TVET programs.

Even though the current TVET reform suggests that diversified financing mechanism is required to run the TVET institutions smoothly, government covers the highest share of cost of TVET institutions in comparison with the private, NGO and institutional financing because government intervention has a great importance for areas which are not tried or partially tried by private TVET providers such as agriculture, health in order to implement the government policies.

Johannson (1996:7) asserts that government finance is aimed to achieve the following things:

External benefits, which means when shortage of key skills act as a break on economic development at the macro level; market imperfections, which means when the market does not provide sufficient incentives for employers or individual to invest in training; to ensure equity by providing training services for underprivileged segments or groups of the population when they cannot afford to buy the services and needs the skills to improve their income; and to safeguard the capacity of private training from weakness by providing incentives.

Similarly, Gasskov (2000:193) states that, “vocational education and training financing mechanisms should reflect the principle that training is a service and that its beneficiaries should bear the cost. Skill development is expected to generate positive private and social benefits (externalities). Educated and trained workers produce and earn more than those who are less educated and trained (private benefits).” But considering, the social benefits, the national productivities, the attraction of foreign investment by skilled manpower, the disadvantaged candidates and other benefits the government is financing the TVET institutions. Moreover, MoE (2002), states that, financing policy has to take two basic issues into account. These are: to make an efficient and quality education system and to ensure equity and fair distribution of educational opportunities by using a financial strategy as an instrument.

2.4.2. Private Financing

To provide quality of education and create equal access in education finance is required and in order to finance education in general, TVET in particular partnership of private investors has a great importance. So far, private investors are encouraged to invest their resources in TVET. When

trainees improved their skills, they are expected to get high earning and they are the direct beneficiaries of the training. So trainees should cover their cost in private TVET institutions fully and share their cost of training in government TVET institutions partially to get their service of training.

International experience shows that private investment in TVET can be instrumental in easing the financial burden of government for provision of TVET, both in terms of capital investment and recurrent expenditure. Some countries, in particular those which suffer from budgetary constraints have been very successful in stimulating the emergence of TVET offers provided by private commercial providers. The key to successful encouraging private investment in TVET is the creation of conducive investment environment (Franz, 2006:47).

As mentioned above, as principle beneficiaries of the TVET training program are required to cover their costs in return to the service they received. As a result, World Bank (1987), and ILO (1996) state that, workers or trainees should pay for their training as beneficiaries.

Accordingly, the Ethiopian TVET reform also suggests that there should be a strong partnership with private investor to provide TVET training and private TVET institutions should play a vital role in providing skilled manpower to the society (MoE, 2006b).

2.4.3. Enterprise Financing

Enterprises or employers are usually considered as direct beneficiaries of the TVET system and are often expected to contribute to the training system in addition to their normal tax contributions to the public budget. Contributions of enterprises or employers may include actual TVET

delivery, for example company-run TVET institutions training or in terms of providing apprenticeship practices financial contributions such as sponsoring staff training or contributions to TVET institutions or into training funds.

Enterprise training plays a dual purpose. It reduces burden of Government finance by providing TVET training for trainees and for their employees to update their skills and knowledge in order to cope with the technological changes. Such type of training is relevant to the world of work because trainees train with the actual operational activities. However, Ziderman (2002:24) stated that, enterprises may be reluctant to discharge their training role if business environment within which they survive becomes not suitable for profit maximization.

In Korea the basic law for vocational training enforced in 1976 makes it mandatory for enterprises with over 300 employees to conduct in plant training. If they do not do so they pay a training levy based on a certain percentage of payroll costs ranging from 1% to 3.9%. Large companies have training budgets and consider training as an important investment (Pedder, 1989).

Accordingly, MoE.(2007) noted that, the need for enterprises to retain their competitive edge gives to a dilemma, that is, the short term objectives of keeping costs down tends to limit investment in training, which pressure to keep pace with rapid change competition and innovation makes investment in skills imperative in the long-term.

Enterprises contribute to any countries of national financial development by providing payroll and other withhold taxes. This is financing TVET indirectly. According to Gasskov (2000:217) financing the dual system combines employer contributions covering the entire cost of practical

instruction with the public funds that Governments provide to the training schools.

However, high expenditures are required in order to pay instructors' salaries, for apprentices, and maintain facilities in accordance with the legislated guidelines (Gasskov, 2000:217).

2.5 Finance of TVET Institutions in Ethiopian Context

To sustainably increase the quality and gradually the quantity of TVET, new funding mechanisms for TVET in Ethiopia will be addressed by a contribution of cost sharing and generation of external sources (MoE, 2003:33).

However, one of that challenges of the system reform is to develop a financing mechanism for TVET in Ethiopia that will facilitate the generation of additional resources needed to implement the strengthening of the TVET system and its capacities increase. Against this background, all relevant policy statements and strategy papers, including the national education and training policy, the capacity building strategy and the National TVET strategy call for a new concept of cost-sharing in TVET with the intention that all beneficiaries (including trainees, employers in all sectors and the communities) contribute to the cost of training according to their capabilities (MoE, 2003:3).

Hence, the new Ethiopian TVET reform is introduced with diversified financing system in order to improve access and quality of training and to do so the burden of government fund is distributed to government itself, private providers, TVET institutions themselves through income generating

activities and international donors. Accordingly, the above sub-topics will be described as follows.

2.5.1 Government fund

Like other developing countries, TVET finance in Ethiopia has been funded dominantly with government considering the social benefits and in order to provide quality training, access to all disadvantaged groups and to assure equity finance. According to Franz (2006:24) students from families who are not able to cover the requested fees qualify for exemption. Exemptions are granted by the institutions' management boards, if students present proof of inability to pay, for instance, in a form of statement from local authorities. Often, children of teachers employed in the institution are also automatically exempted.

Even though the government encourages private investments on TVET training, it is not to refrain from financing but it focuses on quality, expansion of facilities, increasing conducive environment and development of standards. In addition, the government has also the power to collect taxes through different mechanisms due to the above mentioned cases and others, so the government takes the largest share and the government is responsible to address the issue of the strategic development and to maintain market failure (MoE, 2006c:6).

However, the implementation of TVET in Ethiopia has faced a number of problems, among which under funding is a structural problem, particularly in the public system. As with most other countries, public TVET programs in Ethiopia are usually more expensive than general education, resulting in a lower average teacher /students ratio and substantial capital and recurrent costs incurred through practical training. As a consequent of

budgetary constraints, most urban public TVET programs suffered from poor facilities and shortages of training materials (MoE, 2006b).

Cost sharing is considered as “an instrument to increase the sense of the value of training and to make sure that training is provided to committed students only and an appropriate price for the private return of training through increased job and income opportunities (Franz, 2006:58).

Hence, cost sharing with employers is also one direction of Ethiopian TVET system. Employers may contribute to the TVET system in cash or in kind. “Although systematic data on employers engagement in TVET in Ethiopia are not available, existing evidence suggest that mainly the larger public, parastatal and private, but also a number of smaller companies, do invest significantly in systematic staff training” (MoE, 2003:12).

The new Ethiopian Education and Training Policy indicates that, government financial support shall focus on education up to the completion of general secondary education and training (up to grade 10). Beyond this level, the students cost sharing in educational expenditure will increase with each step in the education level; for regions that were relatively disadvantaged in the provisional services in the past, the government will allocate special support fund to bring them on par with the others; the government shall especially encourage the education of women through financial support; the government shall create conducive conditions and provide various types of support for private investors to build and run schools at all levels, for educational institutions to strengthen their income generating capacity and use such income to further strengthen themselves, and for students to pay for education through service or through post employment payment schedule (MoE, 2002b pp. 63-66).

Furthermore, cost effectiveness and efficiency of TVET programs delivery has also been taken as mechanism of TVET finance. Effectiveness describes the impact or effect of the training, i.e. the contribution of the output of the training system towards the achievement of the defined goal. Efficiency is also expressed as internal and external efficiency. Internal efficiency refers to the relationship between the input into training in terms of investment cost, teachers' salaries, training materials and other overhead costs of running TVET system. External efficiency also refers to economic and social returns of TVET graduates. TVET institutions should equip trainees with right skills for employment or self-employment, i.e. skills that are in demand and help improving economic productivity.

Accordingly, Ethiopian TVET system stipulated the things to be taken to assure cost effectiveness and efficiency as follows: improving TVET managements' autonomy in their administration and utilization of their income; increasing the efficiency of training delivery; and equipping training institutions in a cost effective way (MoE, 2003:24).

2.5.2 Private Funding of TVET Institutions

Strengthening the private sectors is also one way of reducing financial burden of Government. That is, private investors should be encouraged to invest their resources in TVET and this is considered as one mechanism of TVET financing system. Franz (2006:29) stated that, private TVET institutions mainly focusing on formal program provision have mushroomed in urban areas in Ethiopia. In 1998, private provision accounted for 30% of the recorded formal TVET supply, but a figure is presumably under estimated with the actual role of the private sector in the overall TVET supply.

As they are profit makers, the cost of private TVET institutions is covered all in all with trainees and this indicates the high preparedness of families to significantly invest in technical education and training. The fees vary substantially between institutions and occupational fields. In addition, the private TVET supply is concentrated in business occupations such as secretarial science, accounting, purchasing and others.

2.5.3 Institutional Funds through Income Generating Activities

In the new Ethiopian TVET reform public TVET institutions are encouraged to generate their own income to facilitate their activities and to reduce burden of government funds and accordingly the guideline of income generating activities is developed by the Ministry of Education. Public TVET institutions are encouraged through the reform to generate their own income and to utilize it for their performance. Accordingly, MOE (2008), the benefits of the income generating activities, guidelines are listed as follows:

- 1) TVET institution management will have additional budget available which can be used for investments, infrastructure or to cover recurrent costs¹. This is a benefit for federal and regional government as well, since the training infrastructure is improved even if public budget is not increased.
- 2) Income-generation activities (IGA) constitute in themselves an interaction with the local (business) community. Thus, they contribute to TVET institutions being perceived as relevant service-providers, and strengthen the links with the local (business) community. This may also be an advantage in finding internship or employment opportunities for trainees and graduates. In addition, income-generating activities can be

an important means of transferring technology and knowledge to local businesses.

- 3) Participating in the conduct of income-generating activities is an excellent opportunity for TVET institution staff (management, administrative and teachers/instructors) to develop and improve their practical as well as entrepreneurial/business skills and knowledge. In addition, staff may benefit from additional income if they receive a share of it². All of this contributes to increased motivation of staff, which in turn also helps to reduce staff turnover, which is usually fairly high in TVET institutions.
4. Trainees contributing to income-generating activities are better prepared for the world of work after their training – through their improved practical and entrepreneurial/business skills and knowledge, they are more employable and better prepared to start their own businesses.

2.5.4. International Donor Assistances

Donor support plays a very important role in financing TVET institutions especially in developing country of TVET systems because TVET system requires huge amount of investment due to its nature in comparison with general academic education.

In many developing countries the large amount of international aid has contributed to the setting up of a base of training capacity. Infrastructure and facilities have been created, staff trained and instructional systems implemented through donor assistance. Most donors provide financial resources for capital costs and it is limited for short periods (Herschback, 1993).

According to World Bank (1991:132), in the 1980's, total cost incurred to vocational and technical education and training average about \$600 million annually of which the World Bank provides 45%, bilateral agencies 30% and other multilateral assistance for education was used to support TVET program. Moreover, in Africa about 7% of direct international aid goes to finance primary education, 40% to secondary education and 17% to TVET (Bolina, 1996:21).

Accordingly, donor assistance is important for TVET institutions in Ethiopia. Franz (2006) remarked its importance and mentioned five major recorded donors in Ethiopia. These are: German cooperation, Italian cooperation, JICA, UNESCO and World Bank. These donors aimed at assisting Ethiopian TVET system or schools in their capital investment, in capacity building of institutions and their academic and administrative staffs, in curriculum development, reforming the TVET systems and others.

2.6. Major Sources of Income Generating Activities

The financing of TVET is often more complex than for general education. More diversified target groups, greater involvement of employers, greater scope for introducing market-oriented mechanisms, richer prospects for developing income-generating activities at the institution level are some of the features of financing settings for TVET (Atchoarena and Delluc, 2002:319).

Income generated from the sale of production and service activities of trainees can constitute a useful form of additional institutional income. In some way it can be derived as a by-product of the training process itself. But it is possible, more purposefully, to utilize available skills and facilities

to produce output for sale in the local market; indeed, exposure to local markets may lead to more relevant, market oriented training.

Following the experience in other countries, income generating activities (IGAs) have been increasingly strengthened and accepted as a complementary revenue source for public TVET institutions in Ethiopia. The liberalization of use of income by TVET institutions introduced in most of the larger states has created incentives and contributed to the stabilization of the resource base of the institutions (Franz, 2006:51). Accordingly, different source of income generating activities should be carried by public TVET institutions in order to run their operations smoothly. Hence, the following sources of finance can serve as sources of income generating activities.

2.6.1. Providing non-Training Service

One possible source of TVET institutions income generation is providing special service for beneficiaries. These services can be consultation service, and renting institutional halls services. According to ILO (1996), some training institutions sell technical assistance services to enterprises on such things as productivity enhancement, or conduct tests of quality control using the equipment of the institutions. This promotes closer links between the training institutions and enterprises.

In some countries, a systematic training with production approach in public training center has produced good results. A well-known example of combining training with income generating activities is the Botswana brigades. Brigades are community-based, independent development organizations involved in providing training employment opportunities and services to the local community (MoE, 2003:18).

2.6.2. Selling Products

To supplement the training institutions with some amount of financial resource selling products produced by trainees with the institutional facilities is one of the possible mechanisms. Such type of income generating activity enables to provide the TVET institutions with some amount of finance and equip trainees with practical skills as they are producing commercial products.

Similarly, GTZ (2007) noted that, some countries established commercial centers in training institutions to supplement the cost of training. The aim of establishing the commercial centers is to assist training institutions to generate extra funds from the sales of products and services. It is also a means to provide industrial attachment to the trainees /students who fail to get attachment in industries and to promote self-reliance and entrepreneurial skills by providing them an opportunity to develop the attitudes towards industry, and producer-consumer relationships.

2.6.3. Providing Evening Courses

Providing evening courses using the institutional facilities is also one way of getting financial resource. Such type of activity serves as a source of finance and enables to use the TVET institutions resources efficiently because efficient utilization of institutional resources is one mechanism of cost saving. In addition to the evening courses institutions also make contracts with outside enterprises to provide short term training for their employees with some amount of payments to the TVET institutions.

2.7. Major Determinant Factors in Generating and Utilization of TVET Institutions their Own Income

Strengthening the income generating capacities of TVET institutions is that way to supplement resources available to the TVET system existing income generating activities (eg. The sale of products produced by students, commercial activities or renting out of facilities) can still be increased by improving management and marketing skills of TVET institution managers and by easing regulations regarding the use of generating funds. Furthermore, the TVET authorities may devise budgetary procedures and/or incentive schemes to encourage institutions to increase their income generating efforts (MoE, 2006b:39).

Accordingly, policy guidelines to generate and to use their income, the TVET institutions to have autonomy on the part of management and to use their local potential are important factors. Federal Negarit Gazeta (2004:2574) Proclamation No. 391, 2004 states about the financial autonomy to collect and utilize their income, TVET institutions, “every public training institution shall have internal financial autonomy, every public middle level technical and vocational education and training institution shall have powers to collect and to utilize training tuition fee.”

However, though the proclamation asserts that, the TVET institutions to have management autonomy, and to have powers to collect and use their income financial regulations and local potentials of the TVET institutions affect their effective applications of these activities.

2.7.1. Financial Autonomy

Granting autonomy to training institutions in terms of the utilization of the income earned through different income-generating schemes within the overall legal and regulatory framework it is usually the first step to encourage income generating activities. Very often, public training institutions had been forced by civil service laws and financial regulations to transfer funds earned through income generating activities to the public finance authorities (Inwent in Neway, 2008).

Institutional autonomy helps to enable the TVET institutions to collect and to use their financial resource effectively and efficiently because the responsibility does such activities is already given to them. They freely manipulate their resources and giving responsibility is also one sort of motivation to perform well.

Accordingly, the Ethiopian Federal Negarit Gazeta (2004) proclamation No. 391/2004 confirms the autonomy of the TVET institutions in their operation of collecting their income in making decision any decision to increase or alter the manner of collection of any training tuition fee.

2.7.2. Availability of Financial Regulations

To collect and to use the financial resource of any TVET institutions there should be stated financial rules and regulations. The availability of stated rules and regulations enables the TVET institutions to have planned activities on collecting and utilizing their financial resource and to audit their performance.

In addition to the availability of financial rules and regulation personnel competencies in managing and applying the rules also has great importance. Because financial competence can increase cost consciousness, and helps to generate and utilize the financial resources of the TVET institutions effectively and efficiently.

According to MoE (2006b), TVET institutions have given the autonomy to generate their income and to utilize it. To implement these activities the board management of the TVET institutions has the responsibility to develop rules and to supervise their activities. TVET management boards have given the powers to monitor the implementation of the income generating activities of the TVET institutions and to assist them in developing income generating strategies in order to expand their services and intake capacities.

2.7.3. Local Potentials of TVET Institutions

Even though the TVET institutions have the autonomy to generate and to use their own income and to develop their financial rules and regulations, local potential of the TVET institutions also has a great effect. It creates differences between TVET institutions in their income. According to Franz (2006), local market creates “unfair competition” among the TVET institutions. Even, with the private TVET institutions.

When TVET institutions try to generate income, maintaining a healthy balance between the following two activities is important. As more weight is given to instruction, the income potential from production declines; alternatively, quality of training will suffer as emphasis is placed on production rather than instruction. The proportion of current expense that can be covered by production sales will vary considerably from case to case

and the scope of income generating from production will depend on numerous local factors, including the nature of the product, local demand conditions and potential market competition.

Therefore, external resources are needed in public TVET institutions to help raising quality of training. It is suggested to expect institutions to continue using external income for investment purposes and to create additional incentives from government (Franz, 2006). Consideration should be given to location of TVET institutions and capacity of management to generate and use their own income. In addition to that, the labor market of TVET graduates, local market for the TVET students' production to sell in fair price, the local capacity to rent their facilities and to provide other institutional services are also major determinant factors of income generating activities of the TVET institutions.

2.8. Experiences of Selected Countries in Income Generating Activities

Public funding is in general utilized to finance school systems, and suffers usually from being inadequate, especially in countries with limited resources, where vocational education is not considered a priority in national budgets. A dynamic multi-faceted approach to the funding issue, with the objective of diversifying sources of finance, should be adopted in developing countries to ensure adequacy and sustainability of funding (UNESCO, 1990).

As public and NGO resources for vocational training become scarce, systematic strategies to increase income generating capacities of training institutions are gaining popularity worldwide. Increasingly, public TVET schools in African countries are encouraged and incentivized to earn own

income, through sale of non-formal training programs, sale of items produced during the training and other commercial activities (MoE, 2003:17).

Accordingly, the following countries have introduced the income generating mechanisms to finance their TVET institutions. These countries are more or less having similar situations with our country, Ethiopia.

2.8.1. Malawi

A well-known Technical College in Malawi, Lilongwe is responsible for providing the vocational and technical training as demanded by industries in particular and the nation at large. It was established in 1963 with the overall goal of training and supplying craftsmen and women to meet the never-ending industrial demands (Kafere in MoE, 2006b).

To generate income, production unit was introduced in Lilongwe Technical College. The need for the establishment of the production unit was based on the facts that the college faces problems of acquiring adequate materials and supplies especially hardware and raw materials for practical exercises, modern production techniques, and for the development of trainees' manipulative skills (MoE, 2006b).

The aims of the production unit are as follows:

- ♦ To enrich or revitalize vocational and technical training programs conducted by the college;
- ♦ To assist the college to generate extra funds through the production and sale of goods and services to the public;
- ♦ To provide industrial attachments to the students who fail to get attached to industry; and

- ◆ To promote self-reliance and entrepreneurial skills among trainees and their trainers by providing opportunities to develop their attitudes towards industry, business, and producer-consumer relationships (MoE, 2006b).

2.8.2. Botswana

A well known example of combining training with income generating activities is Botswana brigades. Brigades are community based, independent development organizations involved in providing training, employment opportunities and services to the local community. The brigades offer formal and non-formal training in various occupations that are in demand in the community (MoE, 2006b:63).

According to Franz (1997) production activities of the brigades covers at least 20% of the recurrent training cost of the community based training organization, the rest 80% or training cost is subsidized by the government of Botswana.

Therefore, successful activities of the Botswana brigades are expected to generate reasonable income to supplement the government fund and the wide activities of these brigades enable the community to get required services from the Botswana brigades.

2.8.3. Tanzania

The vocational education and training authority (VETA) was established in an effort to improve the delivery, financing and flexibility of vocational education. The introduction of a training levy of 2 percent of gross payroll for all enterprises was meant to ensure the sustainability of training

provision and greater involvement of industry (Atchoarena and Delluc, 2002:331).

Hence, similar to the other above mentioned countries, Tanzania has also introduced the mechanism of income generating. According to Franz (2006:52), "The assumed share of the overall budget to be covered by IGA may be deducted up-front from the budget allocation" in Tanzania. In order to take market differences across institutions into consideration, such a lump sum deduction may be separately negotiated with each institution. Institutions, which do not manage to generate the expected income, would be forced to find alternative strategies to cope with the budget shortfall (Franz, 2006).

2.9 Experiences of Income Generating Activities in Some TVET Institutions in Ethiopia

The annex in the guideline for income generating activities of public TVET providers indicate the summary of some experiences of income-generating activities of different TVET institutions and polytechnics within Ethiopia. Accordingly, the following ones are taken to see their experiences.

2.9.1 Experience from Maichew TVET College

Income is generated at Maichew TVET College through:

- the production of furniture (chairs, tables, beds etc.);
- the provision of maintenance services and other services; But, only little profit is made from these services (about 5 %). However, through these, a link to the community has been built, which is also perceived as a positive development;

- the biggest revenue is generated through training programs: extension programs; short-term training; evening school; and “summer in service”. For each of these extracurricular programs, a tuition fee is asked. Most of these courses offer the same kinds of classes as the regular teaching program does. The programs of the “summer in service” classes, however, are determined by NGOs who give the college certain assignments that they carry out.

2.9.2 Experience from Debre Berhan TVET College

Debre Berhan TVET College offers its services to the community: having its own features.

- Entrance exam for civil servants: The different civil service sectors send their applicants to the college, and then the college makes the selection of people for these sectors by means of an exam. This happens especially for people applying for jobs in the secretarial science and IT area. The sectors pay 40 birr per participant that they send for the exam.
- Production:
 - The college engages in the production of spare parts in the machine department.
 - It produces materials for the construction of low cost housing, although this does not generate a lot of revenue, but many development agencies in the area sponsor these projects.
- Renting of equipment: The college rents out machines to other industries (e.g. the press machine).
- Training:
 - Short term training is offered for disadvantaged people or cooperative groups.
 - Furthermore there are long term evening programs (10+1/2/3) for people who have other jobs and wish to receive further training

mainly in business, accounting, IT, secretarial science, electricity, automotive.

- Cost sharing: In the context of this guideline, this is not considered an activity to generate income. Nonetheless, it is mentioned here: 30% of the expenses for training materials are covered by the trainees.

2.9.3 Experience of Harari Region

- In Harari region, there is a big production unit, which produces furniture and blackboards for 5 regions.
- Short term training is offered for various institutes including the military headquarters. The institutes pay the college to give training.
- Additionally, they offer a night school with approximately 900 students. 20% of the payment goes to the college, the rest is payment to teachers, but the contribution to the college should become higher gradually.
- Cost sharing: Although this is not considered an activity to generate income in the context of this guideline, it will be included here: Costs are shared by students across all departments. Students share 30% of the training costs; the government takes over 70%. The percentage of the training cost covered by the government is going to decrease gradually, until the students and IGA can cover the whole cost of the training fees. The costs of all departments are added together and then divided by the number of departments in order to calculate the cost-sharing contribution necessary.

2.9.4 Experience of Gambella region

In Gambella, TVET institutions offer evening classes and long-term training besides the regular program. This shows that even in an emerging region, TVET providers can generate additional income. However, it is of course

hoped that emerging regions will add other services or production to their income-generating activities as well in the future.

2.10. Financial Schemes of TVET Institutions

The financial scheme tells us the way how TVET finance should be allocated for each TVET institutions. It also follows some formulas of TVET finance allocations. Irrespective of source or volume of funds, a better method for allocating them is needed. A training fund could be an important vehicle for doing any activity of TVET institutions. A fund unifies and augments public funding and allocates resources in line with national policies and properties. Its main purpose is to move systems from supply driven to demand driven models – for that reason it should include even government contribution.

A variety of schemes, various combinations of sources, an array of sophisticated allocation formulas and authorities functioning at different levels can all be seen in the funding of vocational advocating. The normative, centrally generated and administered model of funding is still applied in many countries, especially developing countries experiencing resource shortages and attempting to plan operations and distribute money directly (Gasskov, 2000:205).

Even if a training fund is not established, some of the principles behind its operation should still apply to the allocation of funds. Instead of transferring resources to institutions on an ad hoc basis, public resources could be transferred on the basis of input or output criteria.

In some countries market forces-based funding schemes have developed, linking government resources to providers' performance targets and

outputs. Instead of allocating budgets directly to institutions, funds can also be offered to eligible consumers in the form of vouchers empowering them to purchase vocational guidance, education and training services from any provider in the market (Gasskov, 2000: 205-206).

Voucher should issue directly to beneficiaries. Voucher allows trainees to purchase their own training, which can help to develop the demand side of the market. They can stimulate competition among providers, leading to better quality and low cost. Institutions could become responsible to students' demand.

Hence, based on the above concept of educational finance, TVET institutions should follow the following basic financing schemes.

2.10.1. Traditional Based or Institutional Based Training Scheme

This type of funding scheme or finance allocation is the provision of TVET with financial resources based on their enrollments without the evaluation of their outcome at the individual and societal levels. According to Gasskov (2000:198), the first views funding as traditional funds disbursement. Simple budgeting and disbursement procedures assume that certain standard costs for existing VET institutions (wages, and other operational and maintenance costs) are established and resources are allocated to them from year to year, irrespective of the types of program they deliver, enrollment and outputs (budgeting and funding per institute rather than per output).

This type of funding is simple to disburse because it requires less effort on the planning and evaluation of fund without cross checking of the outputs of the TVET institutions. This also leads to wastage of finance due to over

budgeting and affects quality of education due to the under budgeting for some institutions.

To this end, the following performance based funding approach is introduced in some countries.

2.10.2. Performance Based Funding Scheme

This type of funding scheme is planned or output indicator funding scheme or allocation of resources. Under a performance-related mechanism, no public funding is guaranteed to providers unless they demonstrate certain levels of performance and output. Those that are funded may have full or almost full freedom in the use of funds. Providers will find themselves close to the free market when the need to compete for enrollments and generate higher student achievements in order to earn their funds. They can even be encouraged to make a profit obviously, in performance-related funding schemes, audits of enrollment and assessment of graduates should be external. The introduction of such funding schemes seems to make providers' operations market driven and ensure that better performers are rewarded (Gasskoy, 2000, p. 201).

This type of funding allocation tells us TVET providers can get resources based on their retention of trainees by providing demand driven training, based on percentage of graduates who found jobs and remain employed for a certain period of time and funding per students rather than per institutions.

In general, performance-based funding rewards performance and pays on results. Institutions that meet targets are rewarded; those that do not are penalized. Output targets can be defined in absolute terms (e.g. number of

course completions, pass rates on examinations) or in relative terms (e.g. years to completion). Outcome targets measure the success of training providers in meeting labor market needs (e.g. job placement within a reasonable time). The key for both types of targets is to define transparent and easily measurable criteria that are easily collected but not easily manipulated. However, this can be difficult. Outcomes, for example, are not easily measured. Training providers also resort to creaming – screening out less promising candidates – so as to maximize results.

Moreover, performance based funding can also lead to instability, particularly in times of weak economic activity. Output based funding may not be successful by itself. In some countries, a composite funding formula is used, combining both inputs and output/outcomes.

In addition to the above mentioned basic funding schemes, financing as management technique is also used in some countries. This type of financial allocation is performed in consideration of some societal benefits. As Gasskov (2000:198) states, financing schemes can aim at directing providers towards certain priorities and outputs; encouraging a reduction in training unit costs; and improving providers' flexibility. This approach would distinguish between types of programs and planned enrollments and assumed that, since more sophisticated programs are more costly than entry-level training, the institutions involved in technological courses should be better financed and social return should also given great attention.

Similarly, the Ethiopian TVET finance schemes also reflect the above mentioned concepts at several steps of development. Before the Ethiopian TVET reform, Ethiopian public TVET finance was based on the number of institutions that was the traditional funding scheme because the TVET

system was input based system but now the TVET reform suggests being performance based or outcome based provision of resources.

According to MoE (2006b:34), cost-saving through increased efficiency in the delivery of training, modernizing management structures and procedures, granting more financial management responsibilities to the institutions, and increasing capacity utilization in TVET institutions leads to good performance of TVET institutions.

However, in reality evaluation of performance of TVET institution in terms of their graduates' employment is difficult because the overall economic growth of the nation to absorb all TVET graduates affects getting and retention of their job in the labor market due to local potentials of the TVET institutions.

In the Ethiopian new financing framework of TVET institutions there are three basic things to finance TVET institutions. This framework puts them as the three p's for financing. These are:

- ◆ **Poverty**- that is assuring attention to the poor. This includes equity financing policy, access of the poor; community based targeting and geographical targeting to protect the poor.
- ◆ **Performance**- that is creating the right incentives with financing for getting results as the TVET institutions shift from inputs to outcomes or standard based training systems, performance based budgeting with accountability and competitive procurement of training.
- ◆ **Partnership**-that is creating involvement of the private sectors as a partner in financing (MoE, 2006b).

Chapter three: Research Design and Methodology

3.1. Research Methodology

The major purpose of this study is to assess the income generating activities and examining the degree of proper utilization of the generated income in the government TVET colleges in Addis Ababa. In order to attain its purpose descriptive survey research methodology was employed which is helpful to gather data from a large sample size.

3.2. Sources of Data

Primary and secondary sources were employed in the study. Primary sources of the study were group of respondents: deans, vice deans, department/section heads. Secondary sources of the study were documents which were guidelines, proclamations, and strategic documents and abstracts, which were relevant to the research.

3.3. Sample Size and Sampling Techniques

In Addis Ababa, there are eight government technical and vocational education and training colleges. Thus, the study tried to include a randomly selected three TVET colleges. The rationale behind using random sampling technique was to give equal chance for government TVET colleges under the study. Therefore, the researcher decided to include three government TVET colleges which were adequately represent other government TVET colleges since the three selected government colleges are 38% of the total number of government TVET colleges in Addis Ababa.

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Major concerned bodies whose job is directly related to financial activities and those people who have better knowledge about income generating activities were involved in the study. To this end, 3 deans, 3 vice deans, 3 finance heads, 14 (50%) from General Winget, 13(50%) from Misrak and 10 (50%) from Nifas Silk department heads were selected using purposive sampling technique since they were assumed who have better knowledge and experience towards income generating activities.

3.4. Instruments of Data Collection

This study employed different data collection instruments such as questionnaire, interview and document inspection.

Questionnaire

The questionnaire was prepared depending on basic research questions and using review of related literatures. The questionnaire was also included both open-ended and close-ended question items which were helpful to gather relevant data from the selected sample groups. Those sample groups who filled the questionnaire were department heads.

Interview

Interview was also used in addition to the questionnaire to collect important data from targeted sample groups. Like questionnaires, interview was also prepared based on research questions and review of related literatures as source of content.

Sample groups who interviewed were deans, vice deans and finance heads of Addis Ababa TVET colleges.

Document Inspection

Some important documents were used for the purpose of this study which would give relevant data about the income generating and utilization activities of the government TVET colleges in Addis Ababa.

3.5. Pilot Study

Pilot study was conducted in one government TVET College which was not part of the selected government TVET colleges under the study. This was done in order to make the necessary corrections and to add clarity to the items on the basis of feedback.

3.6. Methods of Data Analysis

The data which were collected using questionnaire were tallied, systematically organized and tabulated. Appropriate statistical methods such as frequency distributions, percentages, chi-square and mean with rank were employed in the analysis and interpreted quantitatively. The data which were obtained using interview questions were analyzed and interpreted qualitatively.

CHAPTER FOUR

Presentation, Analysis and Interpretation of Data

This chapter deals with presentation, analysis and the interpretation of the data gathered from respondents through questionnaire, interview questions and documents of each selected colleges to assess or investigate the major sources of their internal income and to what extent they implemented the income generating activities. Out of the total 37 copies of distributed questionnaires 34 of them were returned with complete information and out of the 9 informants 8 of them were interviewed. As a result analysis was made based on 34 respondents for the questionnaire and 8 informants. Accordingly, the data of the study are presented in categories as follows:

4.1. General Respondents' Background

Data about background of the respondents are tabulated and analyzed in the following table.

Table -1 Characteristics of (Section or Department Heads of the Colleges) Respondents

S. No	characteristics	Misrak TVET college		General Winget TVET college		Nifas Silk TVET college		Total	
		FC*	%	FC*	%	FC*	%	FC*	%
1	Sex								
	Male	7	63.64	11	84.62	7	70	25	73.53
	Female	4	36.36	2	15.38	3	30	9	26.47
	Total	11	100	13	100	10	100	34	100
2	Work experience								
	1 year	2	18.18	1	7.7	1	10	4	11.8
	2-3 years	1	9.09	6	46.15	2	20	9	26.5
	4-5 years	1	9.09	-		1	10	2	5.82
	Above 5 years	7	63.64	6	46.15	6	60	19	55.88
	Total	11	100	13	100	10	100	34	100
3	Years of service in current position								
	1-3 years	3	27.28	6	46.15	3	30	12	35.29
	4-6 years	1	9.09	1	7.7	1	10	3	8.82
	7-9 years	4	36.36	1	7.7	6	60	11	32.36
	Above 10 years	3	27.28	5	38.45	-	-	8	23.53
	Total	11	100	13	100	10	100	34	100

FC* =frequency count

Table 1 shows that the frequencies and percentages of the respondents concerning their gender, general work experience and their services in their current positions. Accordingly, out of the total respondents of the three TVET colleges 25(73.53%) were male and 9(26.47%) of them were females.

Concerning the work experience of the respondents, 6(46.15%) of General Winget TVET college respondents experiences were in 2-3 years and above 5 years interval each, 7(63.64%) of Misrak and 6(60%) of Sifas Silk TVET colleges respondents work experience were also above 5 years. This implies that they can provide adequate information to the study.

Furthermore, Table 1, depicted that, years of services of the respondents on their current position have been taken and consequently from the respondents of Misrak TVET college, 4(36.36%) of them had 7-9 years services and 3(27.28%) of them had above 10 years service in their current position. Similarly, the respondents of General Winget TVET College had also the same percentage in 1-3 years and above 10 years service 5(38.45% each). Finally, 6(60%) of the respondents of Nifas Silk TVET College had also 7-9 years service in their current positions. Hence, the information which is obtained from the respondents of each respective TVET Colleges help to generalize that they can give adequate and relevant information for the study about the implementation of income generating activities in each TVET colleges.

4.2 Data Related to Sources of Income Generation

Under this subtitle, data about implementation of income generating activities, major sources of internal income, the extent of the TVET colleges' preparation, the effectiveness of the TVET colleges to implement it, and

conditions of international and national assistance are presented and analyzed.

Table -2: Items Related to Sources of Income

S. No	Items	Misrak TVET college		Genral Winget TVET college		Nifas Silk TVET college	
		FC*	%	FC*	%	FC*	%
1	Does your college implement the income generating activities in line with the Ethiopian TVET financial framework?						
	Yes	10	90.91	12	92.31	6	60
	No	-		-			
	I don't know	1	9.09	1	7.69	4	40
	Total	11	100	13	100	10	100
2*	The major sources of internal income for each college						
	Evening class	8	80	9	75	5	83.33
	Selling products	1	10	4	33.33	4	66.67
	Consultation service for outsiders (outside the college)			1	8.33		
	Renting institutional facilities	3	30%	4	33.33	2	33.33
	Grants by preparing proposals						
	Tuition fees of regular students	1	10	4	33.33	4	66.67

FC* =frequency count

2*=more than one answer is possible

Percentages for item 2 are above 100% because some respondents were allowed to give more than one answer.

Table 2 depicted that 10(90.91%), 12(92.31%) and 6(60%) of the respondents of Misrak, General Winget and Nifas Silk TVET Colleges respectively had assured the existences of income generating activities in the above mentioned TVET Colleges. However, of the total respondents of each TVET Colleges 1(9.09%), 1(7.69%) and 4(40%) of Misrak, General Winget and Nifas Silk TVET Colleges respondents respectively said "I do not know". This may imply that, the respondents might not participate in the implementation of income generating activities of each TVET Colleges.

Concerning the major sources of internal income of the selected TVET colleges, in Misrak TVET College Evening class scored the highest percentage 8 (80%) and secondly renting institutional facilities had also scored high next to the evening class 3(30%). Selling products, which were produced by trainees and Tuition fees from regular students also scored 1(10%) of each. In addition to this, data from documents of Misrak TVET College, which were observed by the researcher and analyzed. In 2002 E.C till Feb. 2002 E.C the college collected some amount of money from different source-such as: selling of products birr 4,309, students ID cards birr 6058, evening class birr 109, 839.27/100 and Hall rent birr 122,906.87/100. Similarly, General Wingent TVET College's respondents indicated that the highest percentage of source of income was from evening class, they scored 9 (75%). Next to that, as the scores of the respondents show selling of products, renting of institutional facilities and tuition fees of regular students were 4(33.33%) of each. Finally, 1(8.33%) of the respondents were reported the consultation service for outsiders of the college as source of income.

Along with the data obtained from the section or department heads of the college through questionnaire and data obtained from documents of the college are also analyzed. As a result, data from documents are analyzed as follows. The college collected its internal income from selling of furniture

birr 5,873.50, from selling of oxen, birr 4,500, from students' ID cards birr 2,731, from renting of cafeteria birr 9,365, from selling of food stuff prepared by trainees for training purposes, birr 1,958.70, from selling of auction document birr 2,800, from evening class, birr 1,440,605 and from selling of milk, birr 12,977. Finally, the respondents of Nifas Silk TVET Colleges had also indicated the major sources of internal income of their TVET College. Consequently, 50% of the respondents said that evening class, 40% of them cited selling of products, 40% of them pointed the regular students Tuition fees and 20% of them identified renting of institutional facilities. Concerning the documents obtained from Nifas Silk TVET College, the following data are analyzed. Income was generated from student ID cards, birr 670, renting pepsi shops birr 7,480, selling of auction documents birr 2,450 and from evening class, birr 645,927. When we compare the major sources of the three TVET College, General Winget TVET College has more and diversified sources of income for it was established earlier and well developed TVET College.

Table -3 The Extent to Which the TVET Colleges Prepared to Implement the Income Generating Activities

Preparation	Responses from respective colleges			Total
	Misrak	General Winget	Nifas Silk	
Very well	1(1.62)	3(1.91)	1(1.47)	5
Well	2(1.94)	2(2.29)	2(1.76)	6
To Some extent	2(3.88)	5(4.59)	5(3.53)	12
Not prepared	6(3.56)	3(4.21)	2(3.24)	11
Total	11	13	10	34

$$X^2 = 5.13586, df = 6$$

no significance difference

Table 3 shows the preparations of each TVET college in implementing the income generating activities and the extent of each TVET colleges to implement it had tested using chi-square (X^2). The calculated value of chi-square based on the above table is 5.1359 ($X^2 = 5.1359$) but the critical table value of chi-square with 95% level of confidence degree of freedom 6 is (X^2 , $df = 6$, $2=0.05$) = 12.5916. Hence, the calculated value of chi-square is less than the table value and no significance difference was observed. In addition, 8(72.73%) respondents of Misrak TVET College responded as “to some extent and not prepared”. Regarding General Winget TVET College’s respondents 8(61.54%) of them said that the college was to some extent and not prepared to implement the income generating activities. Finally, 7(70%) of Nifas Silk TVET College respondents were also responded as the college was “to some extent and not prepared” for the implementation of income generating activities. This implies that the TVET colleges are not well prepared to implement the income generating activities in their college.

Table -4 The Effectiveness of the TVET Colleges in Implementing the Specified Income Generating Activities

(5=very effective, 4=effective, 3=not sure, 2=ineffective, 1=very ineffective)

Income generating activities	Misrak								G. Winget								Nifas Silk							
	5	4	3	2	1	M	R		5	4	3	2	1	M	R		5	4	3	2	1	M	R	
Introducing production unit activities	1	1	2	3	4	2.27	4		1	3	3	4	1	2.92	4		2	3	2	2	-	3.56	3	
Exhibition of trainees’ products to sell them		5	1	1	4	2.64	3			2	5	2	3	2.5	5		1	1	4	1	2	2.78	4	
Renting institutional halls	7	1	1	1		4.4	1		3	1	5	1	2	3.17	2		5	1	1	2	1	3.70	2	
Renting institutional materials/ machines			5		4	1.73	6					5	1	1.83	6		4	2		1	6	2.77	5	
Preparing grant proposal																								
Practices professional consultancy activities			5	1	3	2.22	5			4	4	2	1	3	3		1	3		1	5	2.4	6	
Short term training	3	1	2	3	1	3.2	2		1	8	2	1		3.75	1		3	4	1	1		4	1	
Grand mean						2.74								2.86								3.20		

The above table compares the mean values of the three TVET colleges in some income generating activities. In this case, one can see the effectiveness of the TVET colleges in implementing the above tabulated income generating activities. Accordingly, the highest mean values were 4.4 for Misrak TVET College for renting institutional halls, 3.75 and 4 General Winget and Nifas Silk for short term training respectively.

This implies that, the two TVET colleges (General Winget and Nifas Silk) rank short term training as first though their mean values are not the same. Misrak TVET college respondents ranked short term training as a second rank with mean value of 3.2 and the second ranked of General Winget and Nifas Silk TVET colleges was renting institutional halls, which is the first rank of Misrak TVET college. The comparison of the grand mean values of the three TVET colleges was also made and it shows that, the calculated mean values of these TVET colleges are 2.69, 2.76 and 3.184 for Misrak, General Winget and Nifas Silk TVET Colleges respectively. Hence, except Nifas Silk TVET College, the Grand mean values of the two TVET colleges were less than the expected mean value which is 3 in the rating scale.

In addition, the least mean values of each TVET colleges for their implementation of the above mentioned income generating activities were also calculated and analyzed as follows. The least rank for Misrak TVET College and General Winget TVET College were renting institutional materials with mean values of 1.73 and 1.83 respectively but for Nifas Silk TVET College the least rank was professional consultancies with a mean value of 2.4. In General, these TVET colleges make efforts to implement these and other income generating activities in line with the national TVET income generating activities.

Moreover, the responses from the interview question on the effectiveness of income generating activities were analyzed and the responses of one of the TVET vice deans and finance head responded that their college was not effective for it has no production unit. However, the response from the dean was different, as he said, we tried our best to use all sources of income in our college. Responses from General Winget college also indicate that, they were not effective for they did not use all resources of the college to generate their internal income. Finally, the data from Nifas Silk College also indicate that, they did not generate their income effectively because they did not use all resources for various reasons.

Table -5 Data On International Donation

Items	Misrak TVET college		G. Winget TVET college		Nifas Silk TVET college	
	FC*	%	FC*	%	FC*	%
Did international donors assist your TVET college financially?						
Yes	1	9.09	9	69.23	1	10
No	10	90.91	4	30.77	9	90
Total	11	100	13	100	10	100
Did international donors assist your college materially?						
Yes	4	36.36	7	53.85	3	30
No	7	63.64	6	46.15	7	70
Total	11	100	13	100	10	100
Was it due to the initiation of your TVET college?						
Yes	3	27.27	6	46.15	6	60
No	8	72.73	7	53.85	4	40
Total	11	100	13	100	10	100

FC* =frequency count

Table 5 shows the responses of the respondents on the international financial and material assistances and the initiation of the three TVET colleges to get international assistances using different mechanisms, if any. Accordingly, when one compares the responses of the three TVET colleges for the existence of international financial assistance, 10(90.91%) of Misrak TVET college respondents and 9(90%) of Nifas Silk TVET college respondents said no. But 9(69.23%) of General Winget TVET college respondents responded as yes.

Regarding this, some of them said yes while others said no. This may be due to lack of communication within the TVET colleges in the income generating activities and institutional plans to generate it. Similarly, the highest percentages, 7(63.64%) and 7(70%) of the respondents of Misrak and Nifas Silk TVET colleges respectively said no for the existence of international assistance inform of materials for their TVET college. But 7(53.85%) of General Winget TVET college respondents said yes and they know that there was material assistance from international donors. Finally, the respondents were asked about the initiation of their TVET colleges in getting international assistance using different mechanisms. The results indicated that, 6(60%) of Nifas Silk respondents said yes. However 8(72.73%) and 7(53.85%) of the respondents of Misrak and general Winget TVET colleges said no. however, their responses for the open-ended question along with the above question showed that there were international assistance. Misrak TVET college respondents who said "yes" indicated or mentioned that the international donor, was the British Embassy. The assistance was made in books. General Winget's respondents also mentioned the international donors such as Italian cooperation, GTZ and Japan cooperation. This supported the responses above, and the highest percentages of the general Winget respondents said "yes" for item 1

and 2 in the above table. Nifas Silk TVET college respondents also mentioned one international donor, the GTZ.

4.3 Income Utilization

On the following sections, the responses of the respondents on the utilization of internally generated income of the three TVET colleges are presented. The question items on the utilization, proportion of their utilization, the preparation of the TVET colleges' utilization plan, and the effectiveness in utilization of the internally generated income of each respective TVET colleges are presented and analyzed.

Table -6 Utilization Generated Income Items

NO	Items	Misrak TVET College		General Winget TVET College		Nifas Silk TVET College	
		FC*	%	FC*	%	FC*	%
1	Does your TVET college use its internal income						
	Yes	3	27.27	9	69.23	6	60
	No	8	72.73	4	30.77	4	40
	Total	11	100	13	100	10	100
2	If your answer for the above question item is 'yes' to what extent does it use?						
	All	1	33.33	3	33.33	1	16.67
	More than half			3	33.33		
	Half of it			1	11.11		
	Less than half	2	66.67	2	22.23	5	83.33
	Total	3	100	9	100	6	100
3	Does your TVET college prepare annual plan to use the internally generated income?						
	Yes	1	9.09	6	46.16	3	30
	No	2	18.18	3	23.07	2	20
	I do not know the way	8	72.73	4	30.77	5	50
	Total	11	100	13	100	10	100

Table -6 shows, that 8(72.73%) of Misrak TVET college respondents responded as their TVET college did not use its internally generated income and the remained 3(27.27%) were said yes, it uses. However, the response of the interview question for this item from Misrak TVET college dean was, "yes" we use it. In addition, the finance head of this college had also stated as, the college uses its internal income with freedom but we communicate to the regional finance office the amount which the college generated and how it used it. Concerning the two TVET colleges, General Winget and Nifas Silk, the highest percentage of the respondents said, 'yes' the college uses its internal income. 9(69.23%) of General Winget respondents responded "yes" for item 1. In support this, the finance head of General Winget TVET College reported that they utilize the internal income of the college. The college uses its income freely by communicating it with regional finance and the TVET agency, preparing a plan to use it. However, the response of the dean of this college was opposite to this. He said that the college did not use its income freely, because we can't purchase materials, or employ contract employees using this income. Hence, according to the responses of the dean of the college, there is no complete freedom in using the internal income of the colleges because there are no financial regulations on utilization of their income freely. Nifas Silk TVET college respondents' response shows that 6(60%) of them said 'yes', the college uses its income and the responses to the interview questions by the dean of the college, vice dean and finance head were similar and support this. They reported that they use it by informing the concerned bodies.

The responses of Misrak and Nifas Silk TVET colleges for the proportion of their internally generated income utilization were that "they use less than half", 2(66.67%) and 5(83.33%) respectively. However, data from General Winget TVET college respondents were scattered. 3(33.33%) of them said all, and similarly 3(33.33%) of them also said more than half of it. This

implies that General Winget TVET College uses the internally generated income freely.

Moreover, table -6 shows the responses of the participants on the preparation of annual plan of the selected TVET colleges to use their internal income. Except General Winget College, the two colleges respondents indicated that, "either no plan or I do not know it". 8(72.73%) of Misrak TVET college respondents said "I do not know" and similarly 5(50%) of Nifas Silk respondents also said "I do not know". This implies, they do not have any information about the institutions' annual plan for utilization of their internal income. However, 6(46.16%) of General Winget respondents responded that their college prepares annual financial plan to use its internal income in addition to the budget it receives from regional government. Though the percentage is below half, relatively it seems that these respondents have knowledge of their college's financial annual plan. Generally, these TVET colleges do not involve the participation of their staff members in the preparation of annual plans, and there seems no transparency in utilizing their internal income.

The following table presents data about the effective utilizations of the internally generated income of the selected TVET colleges and for what purpose they use it.

Table -7 Effectiveness of Income Utilization and Purpose to Use it

	Items	Misrak TVET college		General college Winget		Nifas Silk TVET college	
		FC*	%	FC*	%	FC*	%
1	How do you evaluate the effectiveness of your college in utilizing its internal income						
	Very effective			2	15.38	2	20
	Effective	1	9.09	4	30.77	2	20
	I am not sure	6	54.55	4	30.77	5	50
	Ineffective	3	27.27	3	23.08	-	
	Very ineffective	1	9.09	-		1	10
	Total	11	100	13	100	10	100
2*	For what purpose does your TVET college uses its internal income?						
	For purchasing of training materials	5	45.45	9	69.23	6	60
	For staff capacity building	1	9.09	7	53.85	1	10
	For promotion service	1	9.09	5	38.46	5	50
	To invest on capital assets	3	27.28	2	15.38	1	10
	To give incentives for practical training cooperations			1	7.69	3	30
	To reward well performers of staff members			4	30.77	3	30
	To invest on infrastructures of the college	1	9.09	4	30.77	3	30
	For others						
	Total	11	100	13	*	10	*

FC* =frequency count

Note: * total percentages of the two TVET colleges are more than 100 because respondent gave more than one alternatives

As one can see from table 7 above the responses of the respondents for item one were analyzed. Accordingly, 6(54.55%) of Misrak TVET college respondents are not sure on the effectiveness of the utilization of the internally generated income of their college and 4(36.36%) of them also stated as ineffective and very ineffective use of the income. Similarly, 5(50%) of Nifas Silk TVET college respondents also said, "I am not sure." On the other hand 40% of Nifas Silk TVET College and 46.1% of General Winget TVET College respondents responded that, their colleges were very effective and effective in utilization of their internal income.

Moreover, table 7 shows for what purpose the TVET institutions use their internal income. Hence, a high percentage of the respondents of the three TVET colleges responded that they use it for purchase of training materials. The data indicated that, 5(45.45%) of Misrak, 9(69.23%) of General Winget and 6(60%) of Nifas Silk TVET college respondents said that they use the money for the above mentioned purposes while least is used for capacity building,) for promotion service and for infrastructures of college(9.09 for each). Similarly, the General Winget TVET College makes use of the money for incentives for practical training cooperators. Finally, quite a few income at the Nifas Silk TVET colleges was used for staff capacity building and capital assets, 10% of each.

4.4 Attitude on promotion of income generating Activities

Respondents were asked about the income generating and utilizing conditions of their TVET colleges and data were presented and analyzed hereunder.

Table 8 Attitude Responses of Department Heads of the TVET Colleges on Promotion of Income Generating Activities

	Question items	Responses of respondents of the TVET centers			Total
		Mirsak	G. Winget	Nifas Silk	
1	Do you think that income generating activities in your college are strengthened?				$X^2 = 2.1749$ $df=4$
	Yes	1(2.26)	4(2.68)	2(2.06)	7
	No	6(5.18)	6(6.12)	4(4.71)	16
	Somewhat	4(3.56)	3(4.20)	4(3.23)	11
	Total	11	13	10	34
2	How do you evaluate the contribution of income generating activities in your college?				$X^2=10.0023$ $Df=8$
	Very high	0(0.97)	1(1.15)	2(0.88)	3
	High	1(0.65)	1(0.76)	0(0.59)	2
	Somewhat high	1(3.56)	7(4.21)	3(3.20)	11
	Low	5(3.24)	2(3.82)	3(2.94)	10
	Very low	4(2.58)	2(3.06)	2(2.35)	8
	Total	11	13	10	34

Table 8 above shows the data on the attitudes of respondents with regard to the strength of income generating activities in the three TVET colleges. Accordingly, of the total 34 respondents, 16(47.06%) and 11(32.35%) of the respondents responded as “no and “somewhat” was strengthened respectively. This implies that the income generating activities of these

TVET colleges need to be strengthened. However, the obtained value of chi-square analysis was less than the table value. Hence, there is no significant difference among the responses of the respondents for the above item as “yes”, “No”, and some what based on the three TVET centers/colleges. Regarding the contribution of the internally generated income of these TVET colleges, 11(32.35%) of them said as “somewhat highly” contribute, 10(29.41%) of them said low and 8(23.53%) of them also said “very low”. Hence, the existing internal income does not contribute to the TVET centers as required. However, the calculated X^2 value was 10.0023 is less than the table value (15.5073). This implies there was no significant difference on the responses of the respondents of the three TVET centers for the contribution of the internally generated income.

Table -9 Responses on the Developing of Income Generating Activities Guidelines and Quality of Training

	Question items	Responses of the TVET centers responses						Total	
		Misrak		G.Winget		Nifas Silk			
1	Did your college develop guidelines for IGAs in line with the national TVET IGAs guideline?	FC *	%	FC *	%	FC *	%	FC *	%
	Yes	-	-	8	61.54	4	40	12	35.29
	No	4	36.36	3	23.08	2	20	9	26.47
	I do not know	7	63.64	2	15.38	4	40	13	38.24
	Total	11	100	13	100	10	100	34	100
2	Do you think that income generating activities improve quality of the provision of training?								
	Yes	10	90.9	12	92.31	10	100	32	94.12
	No	1	9.1	1	7.69	0	0	2	5.88
	Total	11	100	13	100	10	100	34	100
3	Do you think income generating activities of your college lead the college to be more commercialized?								
	Yes	4	36.36	9	69.23	2	20	15	44.12
	No	6	54.55	3	23.08	6	60	15	44.12
	I do not know	1	9.09	1	7.69	2	20	4	11.76
	Total	11	100	13	100	10	100	34	100

FC* =frequency count

As indicated above, 4(36.36%) of Misrak TVET college respondents responded as there was no income generating activities guideline in the college and 7(63.64%) of them also responded as "I do not know." However, 8(61.54%) and 4(40%) of the General Winget and Nifas Silk TVET colleges respondents responded as there was a guideline in their TVET colleges. Of the total respondents of the three TVET colleges, on average 12(35.29%), 9(26.47%) and 13(38.24%) of them responded as "yes, No, and I do not know" respectively. This implies that the respondents have no ideas on the existence of the income generating activities guidelines in their respective TVET colleges. Data from the respondents of the TVET colleges who responded as "No" for item one in the table above were analyzed as "there are problems and due to these problems there is no guideline. The problems are lack of discussion with staff members, lack of autonomy and procedure problems" as they are mentioned by Misrak TVET college respondents for the open ended question following item one and planning problem is also mentioned by General Winget TVET respondents. Finally, lack of institutional autonomy is also mentioned as a problem from Nifas Silk TVET college respondents.

Concerning the attitudes of the respondents in the improvement of quality provision of training using internally collected income, 10(90.9%), 12(92.31%) and 10(100%) of Misrak, General Winget and Nifas Silk respondents responded as it improves quality of training respectively.

The qualitative data for this item which was obtained from the respondents' responded who said "yes" for item two, "in what way it improves" and analyzed. The responses include that, it improve the provision of quality training through the increment of facilities, adequate materials, advanced technology, developing innovation, constructing teaching rooms, improving motivation of trainers, equipping workshops and improving infrastructures.

Finally, table 9 above shows the data about attitudes of the respondents whether the income generating activities lead the TVET colleges to be commercialized or not. In this regard, 6(54.55%) and 6(60%) of Misrak and Nifas Silk TVET college respondents said “No” but 9(69.23%) of the General Winget respondents were said “yes”. This implies that high percentages of all TVET colleges indicate that they are becoming to be commercialized if the TVET colleges become commercialized, quality of training may decrease, they may focus only on the income they can receive. The combined percentages of the three respondent groups were 15(44.12%), 15(44.12%) and 4(11.76%) as “yes”, “No” and “I do not know” respectively. This implies respondents who said “yes” and “No” are of high percentages. One can say that the respondents have ideal agreement on the idea of, whether income generating activities lead the TVET colleges into commercialized activities or not.

4.5 Challenges of Generating and Utilizing of Internal Income

Table -10 Problems of Income Generating Activities

Very serious =4, serious =3, less serious=2 and not problem=1

Generating and utilization problems in the TVET colleges	TVET colleges																	
	Misrak						G.Winget						Nifas Silk					
	4	3	2	1	M	R	4	3	2	1	M	R	4	3	2	1	M	R
Lack of well prepared income generating guideline	4	3	2	1	3	2	2	6	2	3	2.52	6	2	3	2	2	2.56	5
Lack of full participation of staff members in developing generating and utilization rules regulations	1	6	3	1	2.64	3	3	4	3	1	2.82	4	4	3	-	1	3.25	2
Lack of clear financial guideline for income generating and utilization activities	4	5	1	1	3.09	1	7	3	3	-	3.31	1	6	2	1	-	3.56	1
Low local market potentials to generate income			6	4	1.6	6	1	1	6	4	1.92	8	1	4	2	2	2.44	6
Lack of market promotion of institutional service and products	1	4	4	1	2.27	4	5	3	3	2	2.85	3	3	2	4	-	2.89	3
Lack of incentives for staff members	4	3	2	1	3	2	4	3	5	-	2.92	2	1	4	2	1	2.63	4
Lack of institutional autonomy	4	2	2	3	2.64	3	4	2	5	2	2.62	5	3	2	2	1	2.89	3
Low capacity of managerial skills of the college in generating and utilizing the generated income	1	1	3	6	1.73	5	1	3	5	4	2.08	7	2	3	4	3	2.11	7
Grand mean					2.496 3						2.63						2.79	

Table 10 above shows the data obtained about the problems of the TVET colleges in generating and utilizing their income. Accordingly, data were analyzed as follows. The highest mean value of Misrak TVET college was

3.09 for “lack of clear financial guideline to generate and utilize” the internal income of the college next to that of lack of full participation of staff members in developing rules and regulation of income generating and utilizing activities and lack of institutional autonomy are serious problems as their calculated mean values were 2.64 each. Similarly the highest mean values for General Winget and Nifas Silk TVET colleges were 3.31 and 3.56 for “lack of clear financial guideline to generate and utilize” their internal income. This implies that there were serious problems in the TVET college due to lack of clear financial guideline for the income generating activities. The second ranks of General Winget and Nifas Silk TVET colleges are “lack of incentives for staff members “and” lack of full participation of staff members in developing income generating and utilizing roles and regulations with mean values of 2.92 and 3.25 respectively. The less serious problems of the three TVET colleges were “local market potential” for Misrak with mean value of 1.6, similarly “local market potential” for general Winget with mean value of 1.92 and “capacity of manager in generating and utilizing their income “for Nifas Silk TVET college with mean value of 2.11. All in all, the grand mean values of the Misrak, General Winget and Nifas Silk TVET colleges were 2.4963, 2.63 and 2.7913 respectively. This implies that there were serious problems in the TVET colleges in generating and utilizing their internal income.

In addition, qualitative data from open ended questions also supported the above problems as “there was no clear financial guideline for income generating and utilizing activities, lack of autonomy, high government financial regulation, lack of workshops for production units, lack of coordination among staff members” were mentioned as major problems of these TVET institutions in their income generation and utilization activities. Moreover, data from interview indicated that, there was problem of financial procedure for those who perform well and incentives from the management body.

Chapter five: Summary, Conclusions and Recommendations of the Study

5.1 Summary

To run the functions TVET institutions financial resource plays a great role and to equip the TVET institutions with adequate finance, internal income generating activities are important and the TVET institutions are encouraged to generate their own internal income in the Ethiopian TVET strategy. Accordingly, the researcher decided to assess the income generating activities and utilization of the three TVET colleges in Addis Ababa, which are Misrak, General Winget and Nifas Silk TVET colleges.

The study aimed at assessing the current conditions of the three TVET colleges in generating and utilizing their internal income. The following basic questions were raised on the basis of the objectives of the study:

1. What are the major income generating activities in the government technical and vocational education and training government colleges in Addis Ababa?
2. Do the government TVET colleges properly utilize the generated income?
3. What is the attitude of managerial members towards the promotion of income generating activities of government colleges in Addis Ababa?
4. What are the major challenges faced to the income generating and utilization activities of government TVET colleges?

To conduct the study a descriptive survey method was employed and data were gathered through questionnaire, interview and documents from 34 trainers and 8 management members of these three TVET colleges. Data were analyzed quantitatively and qualitatively. Based on the analysis, the following were results of the study.

- Majority of the respondents assured that the TVET colleges generate their internal income and the major sources of their internal income were evening classes, selling products, tuition fees of regular trainees and renting their institutional facilities.
- 72.73% of Misrak, 61.54% of General Winget and 70% of Nifas Silk TVET colleges of the respondents responded that their respective TVET colleges were **not** prepared to implement the income generating activities with no significant difference among the responses of the respondents.
- Concerning the effectiveness of the implementation of the income generating activities, Misrak TVET college respondents ranked renting institutional hall and short term training as first and second with mean values of 4.4 and 3.2 respectively in their effectiveness. However, the college was not effective in implementing the remained income generating activities as indicated in the analysis part. Similarly, General Winget respondents ranked short term training, renting institutional halls as first and second with mean values of 3.75 and 3.17 respectively and the college was slightly effective on the above mentioned income generating activities. Finally, Nifas Silk respondents ranked as first, second, third and fourth for short term training, renting institutional hall, introduction of production unit and preparing grant proposal with mean values of 4, 3.7, 3.56 and 3.08 respectively.
- Concerning of donations most of the respondents responded as there were no financial and material assistance and there were no initiations of the TVET colleges in preparing grant proposals in order to get assistances from international or national donors.
- Except Misrak respondents (72.73%), 69.23% of General Winget and 60% of Nifas Silk respondents responded as their TVET colleges utilize their internal income. However, 63.69% of Misrak and 80% of Nifas Silk TVET college respondents responded as utilization of their internal income is less than half but 71.54% of General Winget respondents responded as their college uses their internal income “all and more than half” of it.
- Regarding the effectiveness of utilizing their income, 9.09% of Misrak respondents responded as effective, 15.38% and 30.77% of General Winget college respondents as very effective and effective respectively and 20% each of Nifas Silk respondents responded as very effective and effective.

- Regarding the attitudes of the respondents in strengthening of the income generating activities of their respective TVET colleges, majority of them responded as no and somewhat a little of it strengthen with no significant difference on their responses. In addition, most of Misrak TVET college respondents assured that the existing contribution of their internal income was low and very low with no significant difference among their responses.
- Regarding the preparation of income generating guidelines of these TVET colleges 36.36% and 63.64% of Misrak respondents responded as “No and I do not know” respectively , 61.54% of General Winget said “yes” and 26.47% and 38.24% of Nifas Silk as “No and I do not know” respectively. In addition, 36.36% of Misrak, 69.23% of General Winget and 20% of Nifas Silk respondents responded as income generating activities of their respective TVET colleges enable the colleges to be commercialized.
- Of the major problems of the income generating and Utilizing activities Misrak respondents ranked lack of clear financial guideline, (lack of income generating activities guideline and lack of incentives to staff members) and lack of institutional autonomy as first, second and third with mean values of 3.09, 3, and 2.64 respectively. Similarly, General Winget respondents ranked some of the major problems as lack of financial guideline, lack of incentives to staff members, lack of market promotion and lack of full participation of staff members in developing income generating activities guidelines as first, second, third and fourth with mean values of 3.31, 2.92, 2.85 and 2.82 respectively. And Nifas Silk respondents also ranked the major problems as: lack of financial guideline, lack of full participation of staff members in developing income generating activities guidelines, lack of market promotion and lack of incentives of their staff members as first, second, third and fourth with mean values of 3.56, 3.25, 2.89 and 2.63 respectively.

5.2 Conclusions

From the findings of the respondents, the major sources of the internal income of these TVET colleges were evening class and tuition fees of regular trainees. Most of the respondents responded as their TVET Colleges are not prepared enough to implement

income generating activities. Hence, it is possible to conclude that these Colleges did not work well on the part of income generating activities in order to strengthen their Colleges' financial sources and this can also affected their provision of good service to their trainees. However, few of the findings indicated that the TVET Colleges are using effective in some limited sources of internal income generating activities though the TVET Colleges did not utilize all potential sources of internal income and they are under financed for the government fund is not enough to run all the functions of the TVET Colleges.

In addition to this, the TVET Colleges are not effective in the utilization of their income. Therefore, the collected income has less contribution to the financing of the TVET Colleges for there were no clear financial guidelines in using their internal income. This is due to lack of skill of market promotions, lack of incentives and full participations of their staff members in developing income generating and utilization activities.

All in all, the above mentioned problems and others have affected the implementation of income generating activities and financial capacity of the TVET Colleges and the quality of training of the TVET Colleges.

5.3 Recommendations

In light of the findings and conclusions made the researcher forwards the following recommendations:

- It is known that financial resource plays an important role in providing quality training when adequate training materials are provided, well experienced and qualified trainers are employed, and institutional facilities are improved. Hence, to do these the TVET Colleges should use all potential sources of income to generate their internal income and develop clear income generation and utilization guidelines.
- The Addis Ababa TVET Agency should also work in collaboration with the TVET Colleges in order to develop uniform income generating and utilizing guidelines and give full autonomy for the TVET Colleges to exercise their best effort in the income generating activities.

- Provision of incentives for those well performing staff members and full participation of staff members in developing income generation activities guidelines and utilization of the generated income. Thus, the governed bodies need to create such working climate to develop sense of belongingness of staff members in all income generating activities.
- To promote effective way of generating income and to utilize their income properly the TVET colleges should share experience from other similar colleges.
- Income generation should not be on the expense of quality training. Hence, it is recommended to consider provision of quality services when they introduce any income generating and utilization regulations in their respective colleges.
- Since the study was delimited to few areas and settings, it does not cover all critical problems in relation to income generation and utilization activities of all TVET Colleges, further in depth study can be carried out to consider questions/problems that were not included in this study.

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APPENDICES

Appendix – A

Addis Ababa University
Graduate Studies Program
College of Education
Department of Business Education

A questionnaire to be filled by **department heads**.

This questionnaire is set to collect data for a research project of assessing income generating activities of TVET colleges in Addis Ababa. Hence, your genuine and accurate responses for each item helps in achieving the objectives of the study.

General directions:

- No need of writing your name
- Please put “✓” mark in the boxes provided corresponding to each alternative.
- Write your response in the space provided, wherever important
- Your information will be kept confidential.

Part One: Background Information

1. Name of your institution _____
2. Sex: Male ☐ Female ☐
3. Department _____
4. Work experience in your current position: _____ (in years)
1 ☐ 2-3 ☐ 4-5 ☐ above 5 ☐
5. Years of services in your current institution:
<1 ☐ 1-3 ☐ 4-6 ☐ 7-9 ☐ 10 and above ☐

Appendix – A

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4. Work experience in your current position: _____ (in years)
1 ☐ 2-3 ☐ 4-5 ☐ above 5 ☐
5. Years of services in your current institution:
<1 ☐ 1-3 ☐ 4-6 ☐ 7-9 ☐ 10 and above ☐

Part two: Section I Questions related to source of income generation

1. Does your TVET College implement the income generating activities in line with the Ethiopian TVET financing framework?

Yes ☐ No ☐ I do not know ☐

2. If your answer for question No 1 is 'yes', what are the major sources of income for your college? (it is possible to choose more than one alternative)

- Evening training courses ☐
- Selling products which are produced by trainees ☐
- Through consultation service for outside groups ☐
- Renting institutional facilities ☐
- Preparing proposals for grants ☐
- Tuition fees of regular students ☐

3. To what extent your TVET institution is prepared to implement the above income generating activities?

Very well ☐ well ☐ somewhat ☐ not prepared ☐

4. Please rate to what extent your TVET institution's effectiveness in implementing the following income generating activities

Very effectively = 5, effectively = 4, not sure = 3, ineffectively =2, very ineffectively=1

	Income generating activities	5	4	3	2	1
A	Introducing production unit activities /system					
B	Preparing exhibition of trainees' products to sell them					
C	Renting institutional halls					
D	Renting institutional machines					
E	Preparing grant proposals					
F	Practices of professional consultancy activities of trainers for outside groups					
G	Short term training for outsiders					

5. Did international donors assist your institution through providing financial resources?

Yes ☐ No ☐

6. Did international donors assist your institution through material resources?
Yes ☐ No ☐

7. If your answer for question No 5 and 6 are "yes", which organization(s) was/were assisting your college?

A. _____

B. _____

C. _____

D. _____

E. If many, please list them using commas _____

8. If there any, is it due to your TVET institution's initiation to get that assistance? Yes ☐ No ☐

Part two: Section II questions related to utilization of income which is generated from the institutions activities and institutional resources.

1. Does your TVET institution use the income generated through different means?

Yes ☐ No ☐

2. If your answer for question No 1 is "yes", to what extent does it use?

All ☐ More than half ☐ half of it ☐ less than half ☐

3. If it is possible to use the income generated, does your institution prepare a plan to use it side by side with financial annual plan which can be received from the regional and/or federal government?

Yes ☐ No ☐ I do not know the way ☐

4. How do you rate the effectiveness of your college utilization of its internally generated income?

Very effectively ☐ effectively ☐ I am not sure ☐

Ineffective ☐ very ineffective ☐

5. For what purposes does your TVET College utilize the generated internal income? (you can choose more than one alternative)

☐ To equip the college with adequate training materials

☐ To build capacity of academic and administrative staffs through training

☐ To promote products and service of the college

☐ To invest on capital assets of the college

☐ To give incentives for outside organization in order to cooperate for practical training of trainees

☐ To reward well performing staff members of the college

☐ To invest on infrastructure development of the college

If others, please list them _____

Part two: Section III attitudinal questions toward promotion of income generating activities

1. In your opinion, do you think that the income generating activities are strengthened?

Yes ☐ No ☐ Somewhat ☐

2. How do you evaluate the contribution of income generating activities in your college?

Very high ☐ high ☐ somewhat ☐

Low ☐ very low ☐

3. Does your college develop guidelines for income generating activities inline with the national TVET income generating activities guidelines?

Yes ☐ No ☐ I do not know ☐

4. If your response for question 3 is "No", what is the problem?

5. Do you think income generating activities improve quality of the provision of training?

Yes ☐ No ☐

6. If your response for question 5 is "yes", through what ways that improve the quality of training?

7. Do you think income generating activities of TVET colleges lead them to more commercializing?

Yes ☐ No ☐ I do not sure ☐

Part two: Section IV questions to identify the challenges of TVET colleges in generating and utilizing their own income

1. If you believe your TVET college faces the following problems, rate them as: very serious = 4, serious = 3, less serious = 2, not a problem = 1 (male a tick "✓" in the boxes below)

Possible problems of income generating activities	Rates			
	4	3	2	1
Lack of well prepared income generating guideline in the institution				
Lack of full participation of staff members in developing their income generating and utilizing rules /regulations				
Lack of clear financial guideline for income generating and utilization activities				
Low local market potentials to generate income				
Lack of market promotion of institutional service and products				
Lack of incentives for staff members				
Lack of institutional autonomy				
Low capacity of TVET college managerial skills in utilizing the generated income				

2. If you have any more, would you please propose some other problems in relation to income generation and utilization activities

3. Would you suggest the possible solutions for the above mentioned problems to reduce the challenges of your TVET college in income generation and utilization?

Appendix - B

Addis Ababa University
Graduate Studies Program
College of Education
Department of Business Education

Interview guide questions for deans, vice deans and finance heads

1. Do you think the income generated from different sources by the initiative of your college improve quality of training?
2. How do you evaluate the effectiveness of your college's income generating activities?
3. Does your college currently use the income generated through intuitional service /activities autonomously?
4. To what extent your college uses the internally generated income?
5. Is there any encouraging condition/environment to your college in relation to generating and to utilizing its internally generated income?
6. From your experience, what are the outstanding problems of your TVET College in generating and utilization of its internal income?
7. Would you propose any possible solutions to the above problems?

DECLARATION

I, the undersigned, declare that this thesis is my work and that all sources of material used for this thesis have been duly acknowledged.

Name_____

Signature_____

Place: Department of Business Education

Addis Ababa University

Addis Ababa

Date of Submission_____

Advisor's Approval

This thesis has been submitted for examination with my approval as a university advisor.

Name: Lemma Setegn

Signature_____

Date_____07/06/2010