

**Challenges and Opportunities of Entrepreneurial Development of
TVET Graduates: The Case of Cooperative Entrepreneurs in Addis
Ababa**

**A Thesis Submitted to the School of Graduate Studies, Addis Ababa
University in partial fulfillment of the Requirements for the Degree of
Master of Arts in Management of Vocational Education**

By

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February 2008

Addis Ababa

ADDIS ABABA UNIVERSITY
SCHOOL OF GRADUATE STUDIES

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Addis Ababa

DEDICATION

THIS THESIS IS DEDICATED TO MY BELOVED
GRANDMOTHER THE LATE W/RO BIZUNESH
K/YIMER, WHO WAS ALWAYS BY MY SIDE
SUPPORTING ME IN ALL ASPECTS

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ACRONYMS AND ABBREVIATIONS

AAU	Addis Ababa University
AEMFI	Association of Ethiopian Microfinance institution
BDS	Business Development Service
CSA	Central Statistics Authority
EU	European Union
FDRE	Federal Democratic Republic of Ethiopia
GTZ	German Technical Cooperation Agency
ICA	International Cooperative Alliance
IIEP	International Institute of Educational Planning
ILO	International Labor Organization
LMIS	Labor Market Information System
MFI	Micro Finance Institution
MoE	Ministry of Education
MoLSA	Ministry of Labor and Social Affairs
MSE	Micro and Small Enterprise
NGO	Non-Governmental Organization
SPSS	Statistical Package for Social Science
TVET	Technical and Vocational Education and Training
UNESCO	United Nations Educational, Scientific and Cultural Organization

ABSTRACT

The main purpose of the study was to examine the challenges and opportunities of cooperative entrepreneurs of TVET graduates. To this end, an attempt was made to look into the major factors affecting entrepreneurial development in the TVET institutes and in cooperative business enterprises such as partnership between TVET institutions and enterprises, labor market information system, apprenticeship training, financial facilities, policy, business development services and management of the enterprises. A descriptive survey method was used to identify the major problems encountered in the success of cooperative owned enterprises in 20 cooperative societies found in 5 different sub-cities of Addis Ababa. The subjects of the study were 100 cooperative entrepreneurs of TVET graduates, 3 TVET vice principals, 3 vocational counselors, a deputy head of trade and industrial development bureau and 3 heads of trade and industrial development office of the sub cities. Accordingly, the respondents sampling was carried out through stratified and purposive sampling techniques. The data for the study was obtained through questionnaires, interviews, observations and documents, and analyzed using SPSS software, percentages and frequency count methods. The results of the study revealed that TVET institutions were unable to establish a network of cooperative relationship with enterprises, apprenticeship offering organizations were little prepared for cooperation in the apprenticeship training for efforts made to elicit their active participation, and TVET institutions do not have institutional set up required by labor market information systems. Moreover, the outcome of the study showed that lack of (financial facilities, technical, operational and management), government interference and absence of cooperative promotion policy were limitations recognized to address the development of cooperative enterprises. Therefore, it is recommended that creating awareness through information campaign for further deepening both the concept of partnership and the culture of apprenticeship training, TVET institutions need to establish labor market information system. Similarly, great emphasis should be placed on the potential contribution of cooperative entrepreneurs in creating wide employment opportunities and providing a bridge to the formal sector for people currently working in the informal sector, rehabilitating sick units and identify higher potential business opportunity.

CHAPTER ONE

1 INTRODUCTION

1.1 Background of the study

Education and training have been strongly recognized instrumental to the economic development of our country. Human capital investment and properly designed education and training systems are of paramount importance for improved economic performance (MoE, 2003:3). A country with poor human capital has the least chance to develop even if huge capital outlays are invested in all other productive sectors. The production of trained workforce is as important or even may be more important than the production of goods and services (Fantahun, 2003:1). Consequently, the quality of productive workforce determines the competitiveness of the country in the domestic and international markets.

The supply of skilled and productive manpower is thus, the prerequisite for social and economic developments. This obviously calls for a Technical and Vocational Education and Training (TVET) system that supplies the business sector and/or the whole economic system with a quality workforce that efficiently uses and produces resources (Fantahun, 2003:1-2). To this effect, vocational training is introduced in the education system with the purpose of preparing individuals for the world of work, to make a significant contribution to national development by facilitating the application of science and technology for transformation of material into goods and services (UNESCO, 1996:15).

Notwithstanding this, understanding the actual demand as well as forecasting the future market for skilled labour is essential to make the necessary adjustment to the education system. Apparently, implementation of the feasible strategies and programmes of TVET should be identified to enhance applicability and reduce the mismatch between demand and supply of skilled manpower. According to Yekunoamlak (2000:18), poor linkage

between TVET institutions and industries, marked disinclination to recruit graduates, few numbers of organizations and small-scale enterprises may diminish the role of TVET. Besides, Wanna (1996:302) revealed that stagnating employment, unplanned schemes, little or no linkage between training institutions and enterprises, absence of financing sources, rigid curriculum and lack of follow up studies could hinder implementation of vocational training.

Furthermore Subramani (in Nakkiran, 2005), pointed out the following causes for failure of cooperatives: large number of cooperatives were created without much preparation, by offering short-term incentives, e.g. access to loans in cash or in kind which otherwise would not be available, cooperatives were conceived primarily as instruments of government for carrying out plans made by government officials, financed with government funds and accordingly government controlled, and incomes that could be earned by cooperatives is either siphoned off by high price for inputs and low prices for produce. Similarly, the MoLSA (1997) contend that the major obstacles experienced by small-scale manufacturing industries were the irregular and erratic supply of raw materials, shortage of suitable working premises, lack of working capital and effective marketing practices. The above-mentioned problems, thus, have essentially affected the expansion of these enterprises.

Therefore, the theme of the study was to identify the factors that influence entrepreneurial development of TVET graduates and thereby to suggest possible recommendations.

1.2 Statement of the problem

Technical and vocational education and training institutions established in Ethiopia are expected to play a significant role for national growth and development as well as minimize unemployment and related social problems in the country. However, the number of job seekers who had technical and vocational education was 53, 045, which accounts for 4-7 percent of the total unemployed population. Of this only 10,123 were placed through employment offices (MoLSA, 1997). These trends in labor market conditions characterize mounting open unemployment among the skilled and educated

youth. Therefore, the high rate of unemployment necessitates the establishment of cooperative enterprises run by TVET graduates.

Hence, the principal objectives of this study were to examine the challenges and opportunities of cooperative entrepreneurs of TVET graduates. Accordingly, to meet the objectives of the study, the following basic questions were addressed as a guide for treating the problem:

- 1) Is there adequate and necessary work relationship between TVET institutions and enterprises?
- 2) Do TVET institutions employ labor market information system to make the trainings demand based and flexible?
- 3) What is the state of readiness of enterprises to provide apprenticeship training adequately?
- 4) What major problems required serious improvements for developing cooperative enterprises?
- 5) Is there cooperative promotion policy that provides sustained development and growth of cooperatives?
- 6) Is there any established system that provides business development services and support to the cooperative entrepreneurs of TVET graduates?

1.3 Significance of the study

Apart from assessing the challenges and opportunities of cooperative entrepreneurs of TVET graduates, the outcome of this research:

- 1) Could help curriculum designers and policy makers identify problems related to training that eventually could be rectified.
- 2) May highlight areas of focus for further research on entrepreneurship development.
- 3) Could enable stakeholders take corrective measures on factors that have been operating against effective cooperative entrepreneurs of TVET graduates.

1.4 Delimitation of the study

The research has been conducted in Addis Ababa city. The presence of diversified TVET graduates, accessibility of information and opportunities of entrepreneurship development made the city an ideal candidate to undertake the study.

The study included those TVET graduates of 1995 - 1998 E.C. from government institutions under the short (10+1 and 10+2) and long (10+3) term programs. The reasons for selecting government institutions were due to the fact that majority of the TVET graduates in the city have been trained from these institutions. The growth potential of business enterprises, current market demand and government priority have been the underlying reasons to pick the manufacturing related activities of cooperative entrepreneurs of TVET graduates, as the focus of the study.

1.5 Limitation of the study

While conducting this research, many respondents were reluctant to fill out and return the questionnaire within the expected period of time. Apart from the difference in their knowledge about cooperative business enterprises, insufficient reference materials were among the difficulties encountered. Nevertheless, through rigorous efforts and perseverance, important data were collected.

1.6 Research design and methodology

Descriptive survey has been employed to describe and analyze factors that were believed to have affected entrepreneurial development. Besides, information obtained by way of this method about the status of the phenomena of interests (the variables or conditions) was assessed accordingly.

1.6.1 Population and sampling techniques

In Addis Ababa, there are 10 sub cities, 5(50%) of them were chosen using purposive sampling technique as sources of pertinent, adequate and reliable information for the research. Consequently, Arada, Gullele, Kolfe-Keranyo, Kirkos and Lideta were selected as representative of the conditions and practices of cooperative enterprises run by TVET graduates in the city.

To ascertain that TVET graduates were well included in the study, stratified random sampling was employed within the cooperative enterprises found in the above sample areas/sub cities. Accordingly, out of 60 cooperative business enterprises in these sample areas, 20(33%) cooperative enterprises each containing 5 members (and hence 50% of the total) were included in the sample.

Moreover, in order to get additional information, three TVET vice principals, three vocational counselors, a deputy head of trade and industrial development bureau and three heads of trade and industrial development office of the sub-cities were selected through purposive sampling on the basis of getting the required information.

1.6.2 Data collection instruments and procedures

In order to get first hand information, primary data were collected from cooperative entrepreneurs of TVET graduates through questionnaire. In this regard, questionnaire with open and close-ended items were administered. In order to avoid confusion or for reasons of clarity, the questionnaires were translated in to Amharic. Conversely, consultation and review of pertinent secondary sources were made to generate corresponding data.

To acquire further information on the same issue from perspective of those in charge of the TVET institution and trade and industrial development offices interview was prepared. Besides, the researcher's personal observation was part of the data collection instruments.

The data-gathering instruments (questionnaires and interview) have been pilot tested in order to make essential corrections and maintain their validity. The questionnaires had been revised depending upon suggestions and recommendations collected during the pilot survey. Questionnaires distributed after the convenient time had been arranged with respondents to get as much information as possible, in addition while receiving the questionnaire, they were briefed about the objective of the research.

1.6.3 Data analysis

The data collected through different instruments have been analyzed using SPSS statistical software. Accordingly, the raw data were categorized and frequencies were tallied. Hence, Percentages and frequency counts were employed to analyze the gathered data, which determine the relative standing characteristics such as age, sex, academic qualification, field of specialization and so on.

1.7 Definition of terms

Apprenticeship: Job training undertaken by a trainee in an organization pursuant to an agreement concluded among a training institution, an organization and trainee to enable the trainee to put to practice the technical and vocational education and training he acquired in a training institution and to be acquainted with work (FDRE, TVET Proclamation No 391/2004: 2554).

Cooperative: Is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through jointly owned and democratically controlled enterprise (ILO, 2002).

Entrepreneurship development: Imparting the right motivation, guidance, training facilities and support and encouragement in the performance of specific activities like innovation, risk bearing, drafting a project report, funds raising, mobilization of resources and skill, generation of goods and services, marketing, etc to the entrepreneurs (Lawrence et.al, 2000:114).

Partnership: A means of developing apprenticeship-training program by participation of government and private sectors (MoE, 2003).

Technical and vocational education and training: Is education that is designed to train and educate students in specific traditional and modern fields of vocational skills for students who can have completed grade 10 and show sufficient desire and inclination to be trained in the field of their choice (MoE, 2002:94).

1.8 Organization of the Study

The study was organized in four chapters. Chapter one forms a general framework of the research work. It maps out the overall background, the basic questions that the study attempted to answer, methodology and procedure of the study. The second chapter is devoted to review of related literatures. The third chapter deals with the analysis and interpretation of data. The last chapter provides summary of the findings, conclusion and recommendations of the study. In addition to these, bibliography, sample questionnaires, interview guide and other relevant documents have been annexed.

CHAPTER TWO

2. REVIEW OF RELATED LITERATURE

In order to have a brief theoretical framework on TVET and concept of entrepreneurship, the following chapter will provide the major works done by different authorities in the areas of the problem under study.

2.1 Definition of TVET

Technical and vocational education and training program is part of the education system that is designed to equip students /trainees with the knowledge, skill, attitude and capacities required to make them ready for the world of work. Hence the program is decisive in developing human resources that needed to realize the national economic and social development goals. In line with this idea Atchoarena and Andre (2002:17) stated that technical and vocational education and training is mainly designed to lead participants to acquire the practical skills, know-how, and understanding necessary for employment in particular occupation, trade or group of trades or occupations.

Technical and vocational education and training is designed to train and educate students in specific traditional and modern fields of vocational and technical skills who have completed grade 10 and show sufficient desire and inclination to be trained in the fields of their choice (MoE, 2002:94).

2.2 Objectives of TVET

TVET represents a comprehensive and inclusive approach intended to help people achieve their full educational and vocational potentialities and as a result make meaningful participation in the development efforts of their community. In most countries of the world, thus, the introduction of systematic, well-planned and rigorous program of TVET has become a vital component of education and training programs. In connection to this, ILO (1996:59) explains that provisions of technical and vocational

education and training not only enable trainees to acquire skills in specific occupation that lead to employment in the economic sectors but also enable them to prepare themselves for self-employment.

Emphasizing on this point UNESCO (2000:75) strongly stated that the aim of TVET is to produce qualifications skills demanded in a given social and economic context and to contribute towards the implementation of national policy with regard to employment promotion, poverty reduction, private sector promotion, increased productivity and enhanced competition in both local and global market.

The purpose of TVET as it is indicated above is to satisfy the need for trained manpower that performing practical work in the economy. In light of this MoE (2002) indicated, the two fundamental objectives of providing TVET in Ethiopia are:

- To enhance the agricultural development led industrialization of the country through training and supply of new generation of quality middle level skill manpower to the industrial, service and construction sectors;
- To contribute the development of the industrial construction and service economic through quality and quantitative capacity development of TVET and thereby improving the supply of middle level skilled manpower.

Hence, the prime objective of TVET is to achieve goals of trained manpower requirements of the economy and eventually to meet the national development goals. In this regard, systems that permit proper organization and coordinated as well as deployment of qualified manpower need to be carefully designed and implement. In supporting this thought ILO (1999) expressed, that the development of any country is largely determined by its ability to train and utilize those trained citizens effectively and efficiently. One of the principal fears in TVET is to make sure whether that skills learned in a training setting will transfer to a real working setting as well as maintained after the trainee has graduated.

2.3 Importance of entrepreneurship education

Education in general and entrepreneurship education in particular plays a major role in any country. It is obvious that at different levels education is given in various fields. One of the fields of great concern is entrepreneurship. Entrepreneurship is a significant catalyst in the development of a country's economy. Some of the most important contributions of entrepreneurship to the economy include creation of jobs, development of better products and production methods and generation of foreign currency. As education and training is the act of increasing the knowledge and skills for doing particular jobs, many countries have come to realize the importance of conducting entrepreneurship education at various levels.

With the increasing problems of unemployment it is necessary that the students take up self-employment or career in entrepreneurship. In view of the above, employment possibilities shrink, the obvious option of self-employment becomes a necessary alternative and it is now possible to build and develop skills that will create the confidence necessary for entrepreneurship. To this effect, the characteristics, traits, and abilities of entrepreneurs are ones that must be nurtured through proper education and coaching that can be directed to responsible and enriching small business endeavors that will benefit the individuals and the communities in which they live (Saboe *et.al*, 2002:80).

Each one of us is born with an entrepreneurial seed deeply rooted within us. It is necessary to take proper care and nurture this seed so that our entrepreneurial talent becomes kinetic. This implies that with proper training and development programmes it is possible to assist an interested and motivated person to become successful entrepreneurs. The profile of the adult entrepreneur reflects in many ways the characteristics attributed to vocational education students. For example, most entrepreneurs are action-oriented people who believe that working hard and smart is the key to success (Oldham, 1998).

Many scholars have agreed that by pursuing the aims already mentioned, TVET institutions help to develop a more positive attitude to problem solving abilities and responsibilities, to foster the acquisition of practical and management skills and to awaken the spirit of entrepreneurship (Saboe *et.al*, 2002:80). A full employment policy guarantees a job for every individual, but in countries where this policy does not prevail, individual initiative is necessary to secure employment.

According to Madhu (1998:8), combining vocational learning with production is the development of general personality traits or non-cognitive dispositions and orientations through involvement in real work processes and market production. Hence promoting the capacity in students to produce goods and supply services becomes particularly significant.

2.4 Development of entrepreneurship

The word 'entrepreneur' comes from the French verb *entreprendre*, which means 'to undertake.' Through the ages, the concept of entrepreneurship has shown significant development and change in terms of scope. The concept also varies from period to period and economy to economy. Following is the summary of historical perspective of entrepreneurship as outlined by Dawit and Dawit (2005:2):

In the early period 'entrepreneur' was a merchant adventure who signs a contract with a money person (a form of venture capitalist) to sell his goods. During that time, a common contract provided a loan to the merchant-adventure at a 22.5 percent rate. The merchant-adventure traveled great distance to find a market for the goods and played the active role in selling the goods, bearing all the physical and emotional risks. Finally when the merchant-adventure sold the goods and completed the journey, the profits were divided with the capitalist in 1 to 3 ratios, the capitalist taking up to 75 percent. During the middle ages, the term entrepreneur was given to both an actor and a person who ran production projects. This individual did not take any risk but simply administered the project using the resources provided by the government of the country. The typical entrepreneur was the cleric who was responsible for the construction of great building

such as castles and cathedrals. Also in the early 1600s, the Frenchmen who organized and led military expeditions were called “entrepreneurs.”

It was during 17th century that the view of an entrepreneur as a risk taker was developed. The typical entrepreneur entered into a contract with the government to perform a service or to supply specific products at a fixed contract price bearing the risk of loss in the case of price escalations. In the 18th century, the industrialization-taking place all over the world led to the clear separation of the entrepreneur from the capital provider. The capital provider, the forerunner of the present day venture capitalist, was a professional money manager who made risk investments to get a high rate of return. He financed the projects of the entrepreneur and shared the profits that accrued from the entrepreneur’s project. In the late 19th and early 20th century, entrepreneurs were often viewed as managers and from an economic point of view. In the mid 1900s the connection of innovation with entrepreneur emerged.

The entrepreneur is the catalyst that plays a crucial role in developing a country’s economy. Consequently, the world is demanding more and more entrepreneurs. Entrepreneurship can be classified in many ways based on various grounds; one form of business ownership is the cooperative business enterprises. Cooperatives empower people by enabling even the poorest segments of the population to participate in economic progress, they create job opportunities for those who have skills but little or no capital, and they provide protection by organizing mutual help in communities (ILO, 2002). As to Ethiopia, cooperative endeavors have an age-old tradition. The traditional cooperatives such as debo, jigie, wonfel, idir, mahbers, senbete are testimony to this, which take several forms to carry out different tasks or to meet out various needs.

According to ILO (2002), cooperative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through jointly owned and democratically controlled enterprise. In this connection, it is also imperative to address the principles adopted by the ICA (1995) general assembly in Manchester identified the following core elements: democratic nature of cooperatives, including the principles of open membership, irrespective of gender, race, political views,

religion or social status. They also include the principle of one member-one vote, which provides women the opportunity to participate in cooperatives on equal terms.

2.5 Components of the enabling environment

To foster the growth and development of cooperative entrepreneurs of TVET graduates, many things are needed. First of all, TVET graduates have to be more aware of the entrepreneurship option and motivated to explore it, gain moral support and encouragement, have access to information and business development services (BDS) to develop their management and production capacity. The environment includes factors outside the firm, which can lead to opportunities for or threats to the firm. Although there are many factors, the most important of the sectors are socio-economic, technological, suppliers, competitors and government (Glueck and Lauch in Javadekar, 2001:9). As per the above definition, the main attributes of business environment is a complex phenomenon and consists of all external factors like economic policy and situations, political conditions, social and cultural factors of the society, science and technology, international scenario, etc. Hence, the significance of the enabling environment especially in terms of the macro-economic context in which cooperative entrepreneurs operate should not be underestimated because it is crucial for the expansion of productive business enterprises.

2.5.1 Policy and regulatory environment

A policy and regulatory framework that creates a conducive environment is crucial for the promotion and growth of cooperative business enterprises. After the change of government in Ethiopia in 1991, several policies were formulated and regulations promulgated relating to diverse social, economic and political issues. These frameworks relate to the adoption of free market economic policy, issuance of Proclamation No. 40/96 which regulates the business of micro finance in the country, issuance of Proclamation No 33/98 to provide for the establishment of the federal micro and small enterprise development agency.

There are wide regional imbalances in the development of the cooperatives in the country. This has necessitates the need for a clear cut national policy on cooperatives to enable sustained development and growth of healthy and self reliant cooperatives for meeting the sectoral aspirations of the people. However, Ethiopia had been managing the affairs of cooperatives without having any definite cooperative policy for the past decades and now.

2.5.2 Socio-economic environment

The existence of physical and institutional infrastructures (roads, telephones, skilled labor or human capital) is an important variable, which affects entrepreneurship in developing countries like Ethiopia. Some positive measures are generally being undertaken by the government of Ethiopia to stimulate economic growth. However, creating employment for Ethiopians is a major challenge; there are insufficient opportunities in the formal sector to absorb new entrants into the labor force. Consequently, many people have been forced into self-employment activities. This conglomeration of MSE in general and cooperative enterprises particularly is in need of significant upgrading if the government of Ethiopia is to be successful in its efforts to eradicate poverty and to strengthen the private sector as a creator of employment and economic growth. Part of this challenge will be changing attitudes about work habit in the cooperative businesses and a revitalization of the entrepreneurial spirit in the country.

2.5.3 Support environment

Potential entrepreneurs require various types of assistance from external sources in starting and running a business. Hence, to meet the socio-economic problem it is necessary to promote cooperative entrepreneurs of TVET graduates who can set up enterprises.

According to, (Lawrence et.al, 2000:17) the necessary support services are outlined as:

Stimulatory role: To stimulate or initiate entrepreneurship the following activities are necessary: entrepreneurial education, publicity of entrepreneurial opportunity,

identification of potential entrepreneurs, motivational training to new entrepreneurs, guidance to product selection and project report preparation, evolving suitable production process, setting up entrepreneurial forum and appreciation of entrepreneurial efforts.

Supportive role: The entrepreneur needs help and support in the following areas: registration of the unit and arrangement of funds, purchase of plant and machinery, acquiring land, power, water, purchase of raw materials, obtaining various permissions and licenses, tax relief, and other subsidies, management consultancy and marketing of the product.

Sustaining role: For sustaining in an ever changing and dynamic environment, the entrepreneur need help in the following areas: rationalization and modernization, diversification, expansion of substitute products, additional finance for growth and development, repayment of loan and interest, industrial extension/consultancy services, product reservation and creating new avenues of marketing, quality testing and appraising services and “need based” common facilities center.

Since cooperative entrepreneurs are a major contributing factor to the economic well being of a country both in terms of economic growth and job, they have to be offered a number of incentives to take up industrial venture. Incentives are a motivational force, which makes entrepreneur takes a right decision and act upon it. It includes concessions, subsidies, and bounties.

According to, (Lawrence *et.al.*, (2000:17) the need for incentive and subsidies arise due to the following reason:

To promote entrepreneurship by removing economic constraints/ restrictions: The new entrants in this field face many obstacles on account of inadequate infrastructure, lack supporting service such as market intelligence, entrepreneurial guidance and training, technical consultancy, merchant bank facilities, etc. The various incentives normally aim at lessening some of the problems by several means. Availability of power, concessional finance, capital investment subsidy and transport subsidy is a few examples to solve the problems.

To provide comparative strengthen, survival and growth: Some of the incentives are concerned with the establishment of business while others are concerned with its survival and growth. Some incentives are available for the first few while others available over a long period.

To correct regional imbalances in development: Regional balances can also lead to effective utilization of regional resources and removal of disparities in income etc.

2.6 Factors affecting the prospective entrepreneurs

TVET is the vital aspect of the education process, which contributes to the social, cultural and economic development of the society. However, the success of TVET strategy is dependent on the existence of employment opportunities particularly self-employment. To this happen, adequate and necessary partnership between TVET and enterprises, the ability of TVET institutions to discover and provide appropriate skills are a paramount requirement.

2.6.1 Components of the curriculum

Successful employment or self-employment of TVET programs usually gives a great deal of emphasis to a relevance of the curriculum to the labor market and sensitivity to the regularly changing nature of it (Wanna in Amare *et.al*, 1998:61). Periodic evaluation of TVET curriculum is necessary in order to ensure proper implementation, effectiveness, improve and update its context in line with the changing technology and science. In line with this idea it is emphasized in the report of UNESCO (1999:84) second TVET congress at Seoul, the challenges facing the learner of the twenty first century demand innovative approach in TVET. This is seen most clearly in the need for a re-oriented curriculum to take account of new subjects and issues of importance. Obvious example would include technology, entrepreneurial capacity and the requirement of the rapidly growing services industries.

In Ethiopia, the overall curriculums are composed of four main parts: main courses, supportive courses, common courses and business courses. The main courses contain the major part of training and the time allotted to them is 600 hours. The project work and

apprenticeship are part of the major courses for which 156, and 312 hours are allotted respectively. The supportive courses are the foundation and prerequisite courses for the main courses. The time allotted for these courses is varying from courses to courses; however it is 160 hours for most occupations. The third part of the curriculum is the business courses that are designed to provide necessary skills to the trainees to be successful entrepreneur. The intention of these courses is to enable trainees to plan, manage, and sell their products in the competitive market. The time given for this course is 200 hours. The fourth part of the curriculum is the common courses. These courses are mathematics, English, information technology and civic education. The purpose of teaching these courses is to prepare trainees for higher education if they want to continue further training in their respective fields. The time allotted for these courses is 230 hours. The training is mainly based on practical activities. The training contents are presented 70% in practice and 30% in theory. The evaluation of the trainees performance is also based on the practical and theoretical skill in terms of product, time and quality (MoE, 2002).

TVET program have to be designed to equip trainees with the knowledge, skills, attitudes and capacities required to make them ready for the world of work. To achieve such objectives it is necessary for the TVET institutes to adapt the right method. In regard to this, Chandan (1999) pointed out that different methods of training could be used during a training programme. However, which delivery method of training to be used for a particular program is determined by a variety of factors such as by the type of skills called for jobs to be filled, the availability of training resource facilities, the size of the training group, etc.

A common feature, in this regard, instruction strategies for delivering entrepreneurship education should engage students in experiential learning and lead them to observe, interpret, analyze, make decisions, and consider consequences (Daly, 2001:205). Teaching strategies should contextualize learning, provide students with opportunities to work and reflection over an extended period of time, emphasize self-reliance and flexibility, provide diverse ways of learning, deliver prompt feedback, and contain

ongoing assessment. By engaging students in entrepreneurship projects, teachers serve as facilitators, allowing students to construct their own knowledge through learning, application action, review and reflection (Dwerryhouse, 2001:153-154).

In line with this idea, Brown (2000b) identified three components required for entrepreneurship education: opportunity recognition, marshaling and commitment of resources and the creation of an operating business organization. Participation in these components requires students to develop skills in problem solving, decision-making, teamwork, written communication and public speaking.

2.6.2 Rationale for establishing partnership in TVET

Stakeholders participation is a relatively new phenomenon in Ethiopia. A TVET system should strengthen the role of the private sector and there must be a mutual learning process to change attitudes and introduce flexible conditions for improved participation of the private sector and minimizing the dominant role of the government. The question arise, thus, as to where the interaction between public and private sector will come to light it self in the case of TVET. In this regard international research based suggestions for the betterment of TVET system refer to the desire to maintain closer links between training and the labor market. To manage this issue successfully, TVET systems must establish deep-seated links with enterprises to make it easier for graduates to make smooth transition from school to work. These enterprises are of three kinds: small informal sector, small and medium sized modern sector and large modern sector enterprises. Each of them may have varied requirements in terms of labor force qualification (Atchoarena and Andre, 2002:59-59).

Getting together all the partners involved in the decision that affects TVET is increasingly an efficient approach towards improving the functioning of training systems. Participation of stakeholders means giving them the institutional capacity to influence policy making and management so as to control activities and resources (Atchoarena, 1996:23). Since the major aims of TVET program is to prepare trainees for the world of work, establishing close relationship with enterprise is very essential. The training

institutions and enterprises can be mutually benefited from each other in such a manner that the expertise in the training institutions might contribute in solving the problems of the enterprise through research. The enterprise in turn can help the training institutions in providing practical training and introducing new technologies to the trainees. Moreover, in the process of curriculum development it helps to update the content of the curriculum in order to maintain its relevance (UNESCO, 1996:28). Thus the issue of effective co-operation between educational institutions and the world of work is universally accepted as of primary importance to the effectiveness and efficiency of preparing people for the world of work.

2.6.3 Labor market information system

Responsive training policy requires more often accurate, regular and update labor market information and socio-economic trend analysis. Systems to develop information on labor markets and to monitor training are necessary to adjust instantly to changes in skills demand. Subsequently, Labor market information (LMI) provides timely data for vocational training centers on the type of occupation and number of the skilled labor-force required by the economy. It can serve as an "early warning system" on what is happening in the labor market including the current employment patterns and problems associated with it, as well as future trends and opportunities in the labor market (Yekunoamlak, 2000).

Similarly, Okaka (2007:17) pointed out that a sound labor market analysis and monitoring system is necessary for capturing early signals of disturbances in the labor market, assessing the changing employment and unemployment situation; formulation of well targeted policies and programmes; monitoring the impact of specific policies and programme incentives. Moreover, Labour market information should fulfill a number of requirements to serve the needs of users. Examples of these requirements are the accessibility, comprehensiveness, timeliness, regularity, scope and coverage, accuracy, institutional collaboration and co-operation and presentability of the information stored. However, TVET systems in many countries have not yet established sustainable institutional set-up required by LMIS. Systems for this kind of data collection and

analysis are weak and there is an extreme dependence on external agencies to carry out these functions.

2.6.4 Apprenticeship training

Apprenticeship training is in company training based on an agreement made between a training institution, the apprentices and enterprises/company. To realize the overall advantages, the organization of apprenticeship requires careful preparation and a common effort from all concerned. Each partner has to be aware of his share and his certain tasks. The FDRE has established duties and responsibilities of the employers under which apprenticeship training can function. These include the following (FDRE, Negarit Gazeta: TVET Proclamation No 391/2004): liaise with relevant training institutions, develop together with TVET institutions systematic apprenticeship plan, ensure that the appropriate training is provided, assign an in-company supervisor, supply necessary working and training materials, assign the apprentice in the agreed area of work, evaluate, mark and certify the achievements and performance of the trainee and take all necessary safety and precaution measures.

It is now accepted generally that TVET programs to be of good quality and relevant, they must reflect the state of art in the world of work. To do so, it is advisable that they cooperate with the existing enterprises that have the latest technologies and production process that most TVET graduates will aspire to work with. However, numerous constraints on implementation of apprenticeship have been identified over the past in sub Saharan countries (Atchoarena and Andare, 2002:86). They may be summarized as follows: insufficient number of training places, lack of appropriate workplace and qualified supervision, lack of coordination between the employer and TVET centers, reluctance of employers to take on large share of the training burden, lack of regulation and contracts that protect the interest of all parties (enterprises, apprentices, and TVET centers) lack of national apprenticeship scheme, problems of assessment and lack of mutual understanding.

Since apprenticeship training is in-company training based on an agreement made between training institutions, the apprentices and enterprises/organizations, the participation will be voluntarily and be promoting by program of mutual benefits, incentives and in mutual respect. In this context, apprenticeship contract is an agreement concluded among a training institution, apprentice and employer based on mutual interest. All concerned parties should sign a memorandum of agreement about apprenticeship training so that the tripartite partnership can become more mutually influential. Such an agreement determines the content of apprenticeship training as well as the duties and responsibilities of the parties.

2.7 Challenges of the cooperative entrepreneurs

Cooperatives play a crucial role in reducing unemployment, creating job opportunity, and providing a unique channel for poorer citizens seeking basic social services and providing a bridge to the formal sector for people currently working in the informal economy. However, the extent to which economic growth and poverty alleviation are achieved through cooperative businesses is limited by various constraints on entrepreneurship development. The World Bank (1994) identified the major reasons for failure of cooperatives in sub-Saharan are: high operative costs, fluctuating seasonal demand and trading patterns and weak infrastructure.

Entrepreneurial business or activity is not an easy venture. There are a lot of obstacles, constraints and continuous problems. The challenge of entrepreneurship lies in overcoming these obstacles or problems; as a matter of fact the success of entrepreneurship will depend largely on effectively facing, handling, coping and overcoming these problems. The problems faced by an industry are similar for a large as well as cooperative entrepreneur. However, the cooperative entrepreneurs cannot cope up with the problems due to small and weak financial resources and professional management; hence the problems of cooperatives are peculiar in nature (Lawrence *et. al.*, 2000:113).

A research made by (Bakaramuusta in Nakkiran 2005), indicated that the causes for failure of cooperatives in African countries are to their continuation under bureaucratic control, the incorporation and accrual exploitation of cooperatives by state and parietal enterprises. Further the famous cooperator, Subramani (in Nakkiran, 2005), pointed out the following causes for failure of cooperatives: cooperatives were created on a large scale without much preparation, by offering short-term incentives, e.g. access to loans in cash or in kind which otherwise would not be available, in some countries administrative and political pressure was used to impose a model of cooperation by creating monopolies for the supply of inputs and the marketing of produce or by making membership compulsory, cooperatives were conceived primarily as instruments of government for carrying out plans made by government officials, financed with government funds and accordingly government controlled and incomes that could be earned by cooperatives is either siphoned off by high prices for inputs and low prices for produce, by embezzlement and corrupt practice, which go undetected or unpunished or remain low because of losses due to lack of storage facilities, transport or capacity for processing. Under such conditions it is not surprising that people refuse to join cooperatives or if compelled to join, show little interest in actively participating in their affairs, such “cooperatives” deserve the bad reputation that they have earned themselves.

In order to assist the development of the cooperative business, it is essential that both the financial as well as the non-financial services. However, cooperative entrepreneurs face and deal with a diverse range of challenges on a day-to-day basis and these have hampered their growth and the potential contribution they could make towards creating sustainable employment. Some of the most critical factors are:

Access to institutional credit is limited in Ethiopia although there is a vast demand for MSE financing. Starting enterprises are often under capitalized, which is a serious constraint to their further development and growth. The major sources of financing in Ethiopia are informal lenders (money lenders, trade credit, friends, relatives, etc); semi formal finance; NGO; micro finance institutions (MFI) and commercial banks (AEMFI, 2005).

Realizing the growing demand and need for micro finance services among the MSE sector, the government of Ethiopia issued a micro finance law in 1996 to regulate the industry (FDRE, Negarit Gazeta: MFI Proclamation No. 40/96, licensing and supervision of the business of micro financing institution) to operate parallel with existing banks. Under the policies of Ethiopian government, one of the objectives is to shift the micro finance perspective towards economic development. In all micro financing programmes, lenders use the group lending approach – group guarantees, voluntary or required savings – and charge interest rates between 12-25 per cent, the maximum loan size is Birr 5000 (AEMFI, 2005).

Fantahun (2003:2) indicated that loan size and terms do not particularly suit the needs of micro enterprise operators. The establishments of more and more micro finance institutions are encouraging. However, as long as the legal framework and the financial resources of MFIs do not allow access for relatively bigger credit sizes and longer terms to maturity, operators will have the incentive to choose hand-to mouth business opportunities rather than better and sensible ventures.

The availability of plots of land and premises in strategic areas for MSE in general and particularly to cooperative entrepreneurs to produce and market their products is essential. Under Ethiopians land tenure system, the government owns all land and provides long term leases to the tenants, this system continues to hamper growth and survival of the enterprises, as entrepreneurs are unable to use land as collateral for loans. Besides, insufficient working space, poor infrastructure, unsuitable and sometimes unsanitary working condition hinder many MSE to growth (ILO, 2002).

Market information is a resource, which can be obtained through networks, as well as through membership in organizations. The study undertaken by Dawson (1990) revealed that lack of market information is a major problem for MSE, which leads to saturated markets and little room for growth. Without innovation through new product development and access to higher value markets, the potential for success for MSE in

general and particularly to cooperative entrepreneurs is low. Furthermore, red tape bureaucracy of government institutions is a key problem. Decisions are usually referred to head office, giving rise to delays and problems with information transfer, leaving firms unable to respond quickly to queries.

The manufacturing unit in any firm acts like the nerve system in the human body. The productivity of the entrepreneurs and their firm to a large extent depends on the effectiveness of the manufacturing unit. So for a cooperative entrepreneur managing their production or manufacturing unit is a major area of concern as manufacturing is near a smooth sailing process. These problems arise right from the stage of project planning to report presentation. An entrepreneur faces the following manufacturing or technical problems which are as under: materials required for the item(s) is/are not received or available on time, one or more machines required for manufacturing breakdown, power cuts or lack of adequate power supply, unable to maintain consistent good quality, lack of quality control or ineffective inspection, lack of technical know how and lack of advanced technology (Lawrence *et. al*, 2000:113).

Technology, as it relates to MSE, is defined here as the ability or capacity to translate and convert ideas into tangible goods and services. Micro and small-scale entrepreneurs often lack access to modern equipment, which could improve their productivity (Dawson, 1990). This may be due in part to other constraints: such as those on financing and information. The lack of appropriate technology inhibits the growth and development of enterprises operated by MSE in general and cooperative entrepreneurs particularly. The quality of their products is also poor in many cases, forcing them to be sold at very low prices despite the considerable time involved in production.

As (Lawrence *et.al*, 2000) have described, if India has as much industry as it has industrial policy; it would be a far well to do nation. Not only India requires a large number of industries, but also those that exist must run productively. The only way of achieving these dual objectives of (a) having a large number of industries and (b) ensuring that they operate productively by making necessary economical, social and

technological support to the entrepreneurs and thereby fostering success to the entrepreneurship in the country.

Non-financial services or BDS refer to a wide range of services used by entrepreneurs to help them manage and strengthen the capabilities of their business. BDS include market access, input technology and product development, training and technical assistance, and infrastructure. In order to bring about adequate impact, these services have to be tailored to the need of individual entrepreneurs and delivered by BDS providers in a business-like manner.

The objective of any training and skills development is to impart knowledge and skills in three main areas: (I) technical (II) business management and (III) entrepreneurship. There is a variety of organizations, NGOs and associations that offer enterprise-related training in Ethiopia, but according to the EU project support unit (2003) projects focused on helping MSEs grow their firms are small in number, limited in capacity, narrow in orientation, and lack overall coordination and integration. There is no coordinated strategy for offering or for addressing training gaps (as each supplier is focused on their individual mandate). Similarly, the ILO (2002) study indicated that MSE in general, lack business development services, there is a limited range of services specifically tailored to meet the needs of entrepreneurs and entrepreneurs are not accustomed to seeking out such support services. Responsibility for promoting entrepreneurship development lies mainly with the government and concerned stakeholders. However, there is lack of coordination among the various actors in the provision of business development services in the country. This has tended to result in the fragmentation and sub-optimality of various efforts as well as ad hoc interventions.

2.8 Opportunity for entrepreneurship development

In the nature of things, under any circumstances opportunities always exist with problems. The changes taking place in the entrepreneurial environment bring about various opportunities for entrepreneurs. An opportunity is the chance to do something in a way, which is both different from and better than the way it is done at the moment.

What is important for cooperative entrepreneurs is exploiting opportunities that arise from different forces. It is often assumed that entrepreneurs are graced with some special kind of insight that enables them to see opportunities and the way in which they might be exploited.

In this light, cooperative entrepreneurs must be able to identify and evaluate opportunities that arise from environmental changes for their success. Identifying and evaluating a good opportunity is a most difficult task (Hisrich 1998). Most good business opportunities do not suddenly appear but rather result from an entrepreneur being alert to possibilities and in some cases, by establishing mechanisms to identify potential opportunities. It is important for the cooperative entrepreneurs, therefore to understand the factors causing the opportunity; is it technological change, market shift, government regulation or competitive change? Each of these factors and the resulting opportunity has a different market size and time dimensions.

The important economic opportunities in entrepreneurial development includes, inter alia, industrial policy and procedure, agricultural resources based industries, adequate workforce, favorable physical environment, unexploited market, availability of natural resources, cheap labor and low degree of competition are some of the encouraging potential opportunities for cooperative entrepreneurs. It is absolutely essential for entrepreneurs to explore the available business opportunity, analyze and identify them. Following are some of the investment or entrepreneurial opportunities in agriculture, manufacturing, tourism and service sectors:

Poultry: It has a vast scope for developing poultry and poultry based industries. Large number of human resources in the country and the export potential of this product make it a lucrative opportunity for entrepreneurs.

Tourism and hospitality: Tourism if given top most priority can offer opportunities to entrepreneurs. Our rich heritage, diverse culture, language, vast geographical areas and religious have attracted tourists. The hills, mountains, desert lands and jungles have made it fascinating for people from all over the world.

Floriculture: Ethiopia flowers have good prospect abroad. They are becoming increasingly popular in the world market. Entrepreneurs have a potential in domestic as well as the foreign markets, if transport and infrastructure facilities are geared prospects.

Mineral water: The market for mineral water in Ethiopia is spreading very fast. It is said that a time is coming when mineral water will be sold in every general store. It will be an unavoidable expenditure, which people would incur. Small-scale industries could find business opportunities in both the manufacturing and trading of mineral water.

Corporate gifts and greeting cards: These are given on occasions like New Year, Christmas, birthdays, anniversary, valentines or friendship day, etc. This industry, therefore, opens tremendous opportunities for entrepreneurs.

Courier service: This industry is expected to grow. This is because courier companies will basically handle physical delivery of goods.

Agricultural products: Ours is an agrarian economy agricultural product and agro-based industries can help the country to become a major economic power. Rich harvest can be reaped with effective planning, provision of infrastructural facilities and introduction of information technology. Following are various types of agricultural products:

Agricultural inputs: Seeds, chemical fertilizers, pesticides, irrigation, implements and farm machinery.

Agricultural outputs: Food grains, cotton and oil seeds, vegetables, fruits, milk and milk products, eggs and other animal products.

Service related to agriculture: Service that has direct connection with various agribusinesses can be listed as transport services, irrigation services, repairs and maintenance services, hiring of machinery, pest control services, etc.

Study of recent trends: The process of liberalization and privatization initiated since 1991 has made the environment more conducive for growth of entrepreneurship. The process has, therefore opened the doors, to more entrepreneurial activities.

Service sector: In the globalize environment, service sector has unique opportunities. If efficient utilization of new technologies and resources is made, then services like education and training, catering, fast food, hotel, transportation, entertainment, health club, documentation centers, fax, e-mail, videos conferencing, sales and marketing, home shopping, repair and maintenance, testing laboratories, etc. offer ample opportunities for

entrepreneurial success, expansion and development. Thus, it may be concluded that recent trend in the liberalization and globalize economy has enormous opportunities for expanding the base of entrepreneurship.

2.9 The practice of TVET in two selected countries

It is universally acceptable that the main purpose of TVET is to train students as middle level manpower. This similarity of purpose among different countries makes it possible to share experiences from countries where TVET is deeply rooted in the culture of their people and has tremendous contribution to their economic development. Likewise, Germany and Ghana are chosen because of their rich experience in the field of TVET so as to draw lessons from actual experience obtained through implementation.

2.9.1 Technical and vocational education and training in Germany

The dual training system has developed in Germany during the post war period, is internationally acclaimed as an advanced version of apprenticeship training. Apprenticeship in a firm is combined with part time attendance at the vocational school. Together the two components are known as the 'dual system'. The dual system is a training and education path for approximately 70 percent of school leavers who have obtained an intermediate certificate covering nine to ten classes of the main school, intermediate school, or grammar school. This system is considered as part of the German general education system (Lauglo, 1993: 37).

The program is effective in enabling TVET graduates enter to employment. This would mean that successful completion of TVET programs would lead to wage employment in companies where the trainees have attended the program or in other companies. Besides, there is an arrangement, which enables graduates to pursue further education in colleges and universities (Ministry of Education and Research in Yekunoamlak, 2000: 32).

Germany's dual system is an effective and successful training system in the world. Its success heavily depends, among other things, on sound commitment of the major economic actors-employers and the government.

The major strength of the German dual system is the leading role of the employers in determining the qualifications for which training places will be provided. School based training is correspondingly adjusted to meet employer-determined requirements. Training therefore reflects actual market demands. Among the basic elements of the dual system noted by (Atchoarena and Andere, 2002: 287):

- The training takes place in a company providing the apprenticeship and in compulsory vocational part-time school;
- The German system is rooted in an "occupation oriented" or genuinely vocational training culture: vocationalism in the Germany meaning of the term stands for integrated qualification based uniform training schemes and highly standardized examination procedures. This implies the training is induced work place led and predominantly practiced by stressing the importance of work experience during the training period;
- The dual system is determined by the involvement of the federal and state administration, which makes occupational standards and conditions of skilled apprenticeship legally enforceable as well as marketable. At the same time the Germany 'training culture' is based on the notion that vocational training should not only be interpreted as a contractual duty but also as educational process and
- The fact that the states function is actually restricted to securing quality standards and predominantly formal manner makes the principle of consensus perceptively one of the longstanding parameter of dual training in Germany. This means that public and private as well as semiprivate institutions have established various forms of cooperation within the system and, even more importantly, the social partners normally take the initiative when it comes to defining a training ordinance.

Lessons to be learned

- Effectiveness and relevance of training – enhanced training – employment relationship; planned and need-based training; continuing education for graduates of TVET;
- Mainly of practical nature and job oriented system of training;
- Of central importance is the role of employers, which is furnished by law, in both defining the content of education and training and in providing trainees with the opportunity for the transition to work and
- Employers cover cost-sharing mechanisms-virtually all the cost of in-company training.

2.9.2 Technical and vocational education and training in Ghana

History of vocational education and training in Ghana refers back to pre-independence period, in the 1990s. It is a system of vocational and technical training has gone through a number of structural adjustments and reforms. Ghana has developed a long-term development policy aiming at bringing the country to the status and living standards of middle-income country. As a result, the human resource development endeavor forms a crucial part in this future perspective. In this regard, areas of emphasis include, among others, poverty reduction and improved technical competence and fitness of the labor force through TVET and apprenticeship schemes (UNESCO, 1996: 93).

In Ghana, the major direction of TVET policy agenda is highly related to small enterprises promotion, self-employment and informal sector skill development. The Ghanaian government has realized the substantial contribution of the informal sector to the growth of the country's economy and to the achievement of the poverty reduction targets; the government has made efforts to introduce entrepreneurship awareness to many vocational training institute students. The major objective is to direct graduates towards self-employment as viable alternatives to formal employment. Small Business Centers (SBC) have been set up in several vocational training institutes to promote small enterprise development. Further, the Ghana national association of garages organizes and

manages the apprenticeship program until the apprentices qualify to go further training at Kumasi Technical Institute (KTI). The apprenticeship lasts for four years. The KTI program for apprentices is twelve weeks and for master mechanics is six weeks. A program on management and entrepreneurial skills is managed by Management Development and Productivity Institute (Abban *et.al.* 1996).

The small business centers in Ghana have made possible the cooperation between vocational training institutes and traditional apprenticeships. The vocational training institutes can co-opt the low cost work environment of the informal sector to enhance their students training and preparation for self employment and, through thoughtful and flexible programming, the vocational training institutes offer useful courses to upgrade the training and productive skills of the apprentice masters. Both vocational training institutes and traditional apprenticeships have been made to converge in order to impart productive skills for the local economy. Furthermore, close ties with industries and business firms are the peculiar features of technical and vocational education and training in Ghana. This close relation is strengthening as a result of the following factors:

- Adequate representation of industries and business firms in the governing board and course advisory committee of TVET program;
- Encouragement of local firms to use the premises of training institutes for exhibition;
- The arrangement of educational visit to the industries and business firms for students and teachers and in turn for workers of industries and business firms to training institutions;
- In the area of continuing education, provision of training on part time or block release for the workers of industries and business firms by training institutions &
- The appointment of industrial liaison officers in the training institutions to assess the relevance, effectiveness and efficiency of the courses provided by the institutions through labor market information. As a result the Ghana education service reviews the syllabus every three to five years to bring them in line with

the development in the trade areas in industry, business and the employment market (UNESCO, 1996: 103).

Furthermore, career guidance and counseling forms an important aspect of TVET. It places emphasis on job counseling and placement as well as on regular micro level labor market surveys in order to develop training courses according to the needs of the labor market including the informal sector. In this regard, some institutions are successful in job placement of trainees, their service inclusive assistance for graduates to obtain suitable employment, a remarkable development of TVET subject syllabus and examination at trade levels.

Lessons to be learned

- TVET institutes established small business centers in vocational training institutes to introduce entrepreneurship awareness and to enhance their students training and preparation for self employment;
- Assigning industrial liaison officer to facilitate the relationship with industries and business firms in the institutions;
- Periodic assessment of syllabus to keep in line the trainings offered with changing labor market need; which is facilitated by LMI system;
- Emphasis on vocational guidance and counseling and job placement services and
- Localization of curricula and autonomy of training institutions to improve market responsiveness.

2.9.3 Historical background of TVET in Ethiopia

Traditional education in Ethiopia has a long history referring back to the introduction of Christianity and it was religious dominated, particularly Orthodox church. Accordingly, church education had served on the main source of manpower needed by the church as well as conservative feudal governments of the time until the introduction of modern education.

Minilik II was the first Ethiopian ruler who was succeeded by breaking through the existing church opposition and introduced secular western type of education; as a result the Minilik II School was established at Addis Ababa in 1908 for the purpose of instructing the Kith and Kin of nobility in language and diplomacy. It was elitist type of education (Wanna, 1998:57).

There was no significant sign of modern vocational education and technical training in the history of education in Ethiopia until the reign of Haile Sillasse. However, there is an indication in the history of Ethiopia that emperor Thewodros (1855-1868) was demanding and requesting for crafts men from the contemporary western government, particularly Great Britain. Like wise, in 1877 emperor Minilik II was instrumental in bringing few Swiss artisans to Ethiopia (Girma, 1990:9). The modernization that had started by Minilik II continued during the reign of Haile selasse. Consequently academic schools were expanded. Moreover, MoE established the first vocational school of Addis Ababa in 1941 for the purpose of fulfilling the need for skilled technician in industry (MoE, 1973:30). Since then, as stated by Wanna (1998:57-58) the development of vocational/technical education and training can be divided into three periods as follows:

During the first period (1940s-1960s) the country was rehabilitating the education system that was destroyed by the Italian invader. As part of rehabilitation some vocational/technical schools were built during this time. These vocational/technical schools were serving students who completed high school and could not join tertiary level of education from all over the country, in order to alleviate unemployment.

The second period (1960s-1980s) was started when most African countries including Ethiopia realized that human resource development was pertinent for economic growth. Thus, in order to produce middle level manpower that the economy required conversion of general secondary schools to comprehensive secondary schools were needed. Consequently, the first comprehensive high school (W/ro Siheen) came into existence in 1962 at Dessie town. Later on, more schools were converted into comprehensive secondary schools. However, as has been indicated by reports regarding this program, the

program was started with out adequate study. As a result there was lack of human and material resources, shortage of qualified teachers and limited budget. Consequently, the graduates could not find employment as expected and the program was not succeeded in solving the prevailing unemployment problem, among high school completers.

During the third period (1980s-1994), the government decided to strengthen a number of selected comprehensive as well as other technical vocational schools in order to give effective skill training by offering 10 + 3 programmes. Nevertheless, according to Yekunoamlak (2000:37) the 10+3 programme was not effective as expected. There was shortage of trainers, machines and spare parts and the enrollment has declined considerably. As a result, the training system did not effectively generate a workforce initiated for creativity and capable of supporting the economic development, for it was not based on the economic development trend of the country.

Aware of this fact, the government of Ethiopia formulated the educational training policy in 1994 to achieve the goals of the skilled manpower requirements of the economy.

CHAPTER THREE

3.1 PRESENTATION AND ANALYSIS OF DATA

This chapter deals with the analysis and interpretation of data collected from sample cooperative entrepreneurs of TVET graduates, TVET vice principals, vocational counselors, a deputy head of trade and industrial development bureau and heads of trade and industrial development office of the sub-cities. The relevant data collected through questionnaires, interviews, documents and researcher observations were analyzed and interpreted in view of the research questions raised in chapter one.

Of the total of 124 questionnaire copies distributed to cooperative entrepreneurs of TVET graduates, most of the same 100(80.65%) were filled and returned. On top of this, the opinions of three TVET vice principals, three vocational counselors, a deputy head of trade and industrial development office and three sub-city heads of trade and industrial development office interviewees were also gathered, processed and injected into the body of the analysis and interpretation as deemed necessary. Furthermore, documentary materials containing official facts and figures were investigated and embodied in the discussion so as to make the data more vivid and realistic.

Based on the responses obtained from the sample respondents, the analysis and interpretations of the data are presented in their respective tables.

Table 1 Description of cooperative entrepreneurs of TVET graduates by sex, age, academic status, field of study and parents occupation

<u>No</u>	<u>Items</u>	<u>No</u>	<u>%</u>
1	Sex		
	A. Male	82	82
	B. Female	18	18
	Total	100	100
2	Age		
	A.15-20 years	23	23
	B.21-30 years	66	66
	C.31-40 years	8	8
	D. Above 40 years	3	3
	Total	100	100
3	Academic Status		
	A.10+1	35	35
	B.10+2	52	52
	C.10+3	13	13
	Total	100	100
4	Field of Study		
	A. Auto Mechanics	10	10
	B. Building Construction	33	33
	C. Drafting	4	4
	D. Electricity	12	12
	E. Electronics	5	5
	F. General Mechanics	16	16
	G. Information Technology	4	4
	H. Surveying	3	3
	I. Wood Work	13	13
	Total	100	100
	5	Parents Occupation	
A. Government employee		28	28
B. Merchant		17	17
C. Farmer		7	7
D. NGO employee		13	13
E. Private company employee		21	21
F. Pensioners		14	14
Total	100	100	

As it is presented in Table 1, the majority of the respondents 82(82%) were males, which bear resemblance to other professions. Apart from the social/cultural influence, the prevailing low level of technology employed by manufacturing related sector, which

involves much physical work, might have contributed to the reduced number of female participants observed. Notwithstanding, efforts should be made to encourage females participation as well possible means need to be sought for better technology use. On the other hand, most of the respondents 89(89%) under the present study were below age 30, this may be due to the fact that the students may directly join after the completion of TVET programs. Besides, the expansion of TVET program in recent years appears to have given opportunity to younger ones.

65(65%) of the respondents had the training programs above 10+1. This indicates that majority of the respondents have wider exposure of educational programs, which could help them to acquire the right technical skills and thus implement effective businesses. Moreover, building construction 33(33%), following general mechanics 16(16%) and wood work 13(13%) was important field of study pursued by the respondents, the representation which was the focus of the study. Moreover, the examination of the occupation of cooperative entrepreneurs parent reveals that, most of them were from families who have been employees (at government 28(28%), private 21(21%), NGOs 13(13%)) and pensioners represent 14(14%) while few proportion of the total had self-employed parents 17(17%). It is notable that even the 17(17%) of the latter constituted production as well as sale of any merchandise including those not related to the manufacturing activities. As the majority of the respondents 83(83%) had no prior entrepreneurial related exposure, family background appears to have no big influence in the career choice as entrepreneurs in this study.

As Table 2 presents below, TVET vice principals, vocational counselors, a deputy head of trade and industrial development bureau and heads of trade and industrial development office of the sub cities, respectively had first degree and above. Regarding specialization, the vice-principals were trained in educational administration 66.7(66.7%) and in management of vocational education where as the vocational counselors were graduates of sociology 66.7(66.7%) and economics. Besides, the great majority of the respondents have served for considerable number of years. Evidently, the training institutions were well staffed with administrators at the right academic qualification. Apart from this,

vocational counselors, a deputy head of trade and industrial development bureau and heads of trade and industrial development office of the sub cities could be reckoned competent for their respective jobs. Consequently, the TVET trainees/graduates are expected to benefit at both the TVET centers and while they are engaged as cooperative entrepreneurs.

Table 2 Description of vice principals, vocational counselors, a deputy head of trade and industrial development bureau and heads of trade and industrial development office of the sub cities by academic status, field of study and service years

No	Items	Respondents							
		Vice principals		Counselors		A deputy head		Sub city heads	
		No	%	No	%	No	%	No	%
1	Academic status								
	A. Ph.D	-	-	-	-	-	-	-	-
	B. Masters degree	3	100	-	-	-	-	1	33.3
	C. Bachelor degree	-	-	3	100	1	100	2	66.7
	Total	3	100	3	100	1	100	3	100
2	Field of study								
	A. Educational administration	2	66.7	-	-	-	-	-	-
	B. Economics	-	-	1	33.3	-	-	1	33.3
	C. Sociology	-	-	2	66.7	1	100	1	33.3
	D. Vocational management	1	33.3	-	-	-	-	-	-
	E. Mathematics	-	-	-	-	-	-	1	33.4
	Total	3	100	3	100	1	100	3	100
3	Service years								
	A.1-5 Years	-	-	1	33.3	-	-	-	-
	B. 6-10 Years	-	-	-	-	-	-	-	-
	C.11-15 Years	-	-	-	-	-	-	-	-
	D.16-20 Years	-	-	1	33.3	-	-	1	33.3
	E. Above 20 Years	3	100	1	33.4	1	100	2	66.7
	Total	3	100	3	100	1	100	3	100

Table 3 Sources of idea and finance for launching cooperative enterprises

No	Items	No	%
1	Which of the following were sources of idea for cooperative entrepreneurs to launch enterprises?		
	A. Mass media	31	31
	B. Visit to trade fairs and exhibition	21	21
	C. Browsing from internet	9	9
	D. Study local resources	20	20
	E. Friends and family members	19	19
	Total	100	100
2	What were main financing sources for cooperative entrepreneurs to launch enterprises?		
	A. Micro finance institutions	58	58
	B. Personal Saving/family and Micro finance institutions	42	42
	Total	100	100

The sample respondents were asked to point out what were their sources of idea for launching cooperative enterprises. Accordingly, 31(31%) obtained an idea from mass media, 21(21%) from visiting to trade fairs and exhibition, 9(9%) from browsing internet, 20(20%) from studying local resources and the remaining 19(19%) obtained an idea from friends and family members for launching cooperative enterprises. Thus, the above finding suggests that there was various ways through which TVET graduates receive information about cooperative enterprises as potential employment alternative.

It was found that loan from micro finance institution alone 58(58%) while added to their personal saving and money borrowed from family/relative 42(42%), had been used to open the respective business. In support to above findings, the interview held with a deputy head of trade and industrial development bureau and heads of trade and industrial development office of the sub cities reflected similar opinion about the sources of finance for cooperative entrepreneurs of TVET graduates.

Table 4 Profitability of the business and allocation of profit

No	Items	No	%
1	Do cooperative entrepreneurs made profit?		
	A. Yes	81	81
	B. No	19	19
	Total	100	100
2	If yes, how is it allocated?		
	A. For reserves (6%)	29	35.8
	B. For expansion of work (8%)	52	64.2
	C. For social service	-	-
	Total	81	100

Profit is one of the important variables for sustained growth and development of business. To assess this aspect (under Table 4), the sample respondents were asked to indicate about the profitability of their business enterprises. Accordingly, majority 81(81%) of the respondents stated that their businesses are profitable. On top of this, in the interview conducted with a deputy head of trade and industrial development bureau and heads of trade and industrial development office of the sub cities, most of them pointed out that entrepreneurs are making profit from their running business enterprises. On the other hand, considerable fraction of the total respondents 29(35.8%) allocated 6% of their profit for reserve, 52(64.2%) allocated 8% of their profit for expansion of work. Comparable allocation of the profit was indicated by most of a deputy head of trade and industrial development bureau and heads of trade and industrial development office of the sub cities. Yet the FDRE, Negarit Gazeta: Cooperative Societies Proclamation No. 147/1998 suggests that the cooperative society shall deduct 30% of the net profit obtained and allocate for reserve, expansion of work and social services. Thus, from this it can be deduced that entrepreneurs did not have proper profit allocation mechanism.

Table 5 Opportunities given to trainees to participate in the entrepreneurial activity

Did trainees get the chance of attending or participating in the following listed activities?	Responses				Total
	Yes		No		
	No	%	No	%	
• Chamber of commerce	17	17	83	83	100
• Entrepreneurship research competition	15	15	85	85	100
• Internship fair	10	10	90	90	100
• Local market research	35	35	65	65	100

The major aim of TVET program is to prepare trainees for the world of work. Hence establishing close relationship with enterprises is very essential. Table 5 above presents opportunities given to the trainees through work experience programs that connect them with the business environment. Thus, among the given areas, majority of the respondents had not been given the opportunity to participate in chamber of commerce 83(83%), entrepreneurship research competition 85(85%), internship fairs 90(90%) and local market research 65(65%). More or less similar reflections were captured from the interview made with vice principals and vocational counselors. Thus, one could possibly conclude that TVET institutions provide the least opportunity to trainees in order to connect them with the business environment.

In TVET, curriculum should be tailored to the world of work. The crucial issue, which needs to be addressed in relation to this, is that the content of the curriculum should be revised periodically based on the information and data obtained from labor market. While reviewing the existing documents, however, little or no efforts were made to properly amend the curricula. Consequently, at implementation level, this has led to neglect of certain skills like general workplace responsibility, starting and operating a small business. In such a situation students miss out important prerequisites for later self-employment, i.e. a behavior pattern of independent and self-efficient action, and this fact cannot be changed merely by the injection of entrepreneurship education into TVET. Hence, efforts should be made in periodic assessment of syllabus to keep in line with the development in the trade areas.

Table 6 Integration theories and practice in TVET institutions

No	Items	Responses				Total
		Yes		No		
		No	%	No	%	
1	Did trainees participate with production of marketable projects?	57	57	43	43	100
2	Did they get recognition, awards or incentives out of the projects?	16	16	84	84	100

Educational justification combining learning with market production is learning through hands on experience. In light of this, group activities and teamwork through the project method not only promote the necessary technical skill and knowledge, but also the necessary work attitudes, behaviors and orientations. 57(57%) of respondents (Table 6) indicated that they have been participated in production of saleable items during their practical programmes. On the other hand, majority of the respondents 84(84%) agreed that no financial or material reward was obtained out of the projects. On top of this, the information acquired from the interview with vice principals and the vocational counselors made clear that the bulk majority of the trainees did not receive awards/incentives. Thus, the absence of appropriate incentives for trainees involved in the process may result in disinterest and hence negative implication on their training and future employment in the business.

Table 7 Availability of labor market information system in TVET institutions

Were trainees given necessary labor market information?	No	%
A. Yes	25	25
B. No	75	75
Total	100	100

The prevailing condition finds its expression in a dynamic and rapidly changing world with a complex industrial and occupational structure. Such a situation necessitates TVET trainees to seek labor market information services. In spite of this, 75(75%) of respondents indicated (Table 7) the lack or dearth of labor market information system.

Vice principals and vocational counselors disclosed institutions do not have units to carry out labor market information.

Table 8 State of the involvement of trainees in apprenticeship programme

No	Items	No	%
1	Did trainees Participate in apprenticeship training?		
	A. Yes	94	94
	B. No	6	6
	Total	100	100
2	Did all concerned parties sign a contractual agreement?		
	A. Yes	5	5
	B. No	95	95
	Total	100	100
3	Were apprentices paid wages for their labor during apprenticeship training?		
	A. Yes	59	59
	B. No	41	41
	Total	100	100
4	Who was financing the traveling and subsistence costs of trainees during apprenticeship training?		
	A. Apprenticeship providing organization	10	16.7
	B. Family/relatives	49	83.3
	C. TVET institution	-	-
	D. Government Budget	-	-
	E. Sponsorship Agencies	-	-
	Total	59	100

Apprenticeship training is a pivotal cooperation between organizations and TVET institutions with the aim of enhancing the quality of training through exposure of trainees to the real world of work. In this regard, the majority of the respondents 94(94%) had participated in apprenticeship program (Table 8). Likewise, most of vice principals and vocational counselors disclosed that organizations effort were encouraging to accept trainees in apprenticeship training.

With the intention to know the availability of the contractual agreement between the apprentice and apprenticeship offering organization, the respondents were requested to

indicate from the alternatives presented to them. Accordingly, the great majority of the respondents 95(95%) replied the non-existence of such an agreement for apprenticeship training. In relation to this all vice principals and vocational counselors disclosed during the interviewee that the absence of contractual agreement with the concerned partners. Therefore, the above finding indicated that the absence of law that determines the basic requirement under which apprenticeship training smoothly functions within clearly defined duties and responsibilities of all parties.

Apprenticeship is a type of on the job training. The apprentice is mentored by a competent journey worker on a daily basis and is paid a wage based on a progression schedule. In light of the above discussion, the great majority 49(83.3%) of the total respondents affirmed that the apprentice remunerations required to attend the apprenticeship training were fully covered by the apprentice families/relatives. Similar reflection about lack of provision of wage/allowance to the trainees by apprenticeship offering organizations was given by the vice principals and vocational counselors as well.

Table 9 Roles of organizations offering apprenticeship training

No	Items	Responses				Total
		Yes		No		
		No	%	No	%	
1	To provide apprentice with necessary inputs like regular employee	44	44	56	56	100
2	To acquaint the apprentices to work rules and methods of the organizations	45	45	55	55	100
3	To assign an experienced supervisor to follow up and support the apprentice	33	33	67	67	100
4	Working in collaboration with TVET institutions	27	27	73	73	100
5	Evaluating and submitting performance of apprentices to TVET institutions	73	73	27	27	100

The proper implementation of apprenticeship training requires careful preparation and a common effort from all concerned stakeholders. Each partner has to be aware of his share and his certain tasks. The critical issue in this regard, however, is to what extent organizations offering apprenticeship training are committed, and able to meet this challenge. Based on the above discussion, items in Table 9 were designed to examine the extent to which that the apprenticeship training offering organizations addressed the basic tasks necessary to realize the apprenticeship training programs. Accordingly, the majority 56(56%) respondents ascertained that providing apprentice with the necessary inputs like regular employees, 55(55%) acquiring the apprentices to work rules and methods of the organization, 67(67%) assignment of an experienced supervisor, 73 (73%) organizations effort to work closely with TVET institutions were inadequate (Table 9). On the other hand, majority of respondents 73(73%) pointed out that the status of organizations to evaluate and submit performance results of apprentices to TVET institution was encouraging. Nevertheless, as the responses of most vice principals and vocational counselors, during the interviewee conducted with them, expressed more or less the same opinion to the apprentices.

Entrepreneurship is found to be a virtue that is capable of removing all the vices associated with economic growth, social disparities and employment. Many countries in the world are actively seeking ways and means to promote entrepreneurship as they increasingly realized the potential it bestows. Development of entrepreneurship in cooperative enterprises run by TVET graduates has been cited as the primary start up in this regard. In relation to this, Table 10 below was designed to examine whether or not challenges encountered during commissioning and expansion of enterprises.

Table 10 Challenges encountered during commissioning and expansion of enterprises

¹Problems identified by the study participants	Responses				Total
	Yes		No		
	N_o	%	N_o	%	
Lack of credit facilities other than Addis saving and credit institution	95	95	5	5	100
² Collateral loan requirements by credit and saving institutions	97	97	3	3	100
High interest rate of credit and saving institutions	98	98	2	2	100
Low lending ceiling of credit and saving institutions	91	91	9	9	100
Insufficient working capital	94	94	6	6	100
Lack of access to modern technology	79	79	21	21	100
Lack of technical skills among the members	83	83	17	17	100
Lack of Product quality	78	78	22	22	100
Shortage of raw materials for production	86	86	14	14	100
Interference on production decision by government	96	96	4	4	100
Interference on product sales and price fixation by government	95	95	5	5	100
Lack of linkage between market and enterprises	88	88	12	12	100
Lack of business development service providers and coordination	92	92	8	8	100
Inefficient system for registration and issuing license	11	11	89	89	100
High cost for registration and issuing license	14	14	86	86	100
Lack of internal management among members	69	69	31	31	100

- ✓ ¹91(91%) of cooperative entrepreneurs encountered problems while starting up and expansion of enterprises.
- ✓ ²As the respondents did not have the capital and/or asset for collateral purpose, housing development project office is the sole guarantor to the respondents.

As Table 10 depicts, the challenges encountered during commissioning and expansion of enterprises were generally financial, technical, operational, managerial and government interference. Of the former problem, respondents identified:

- Lack of credit facilities other than Addis saving and credit institution 95(95%)
- Collateral loan requirements by credit and saving institutions 97(97%)
- High interest rate of credit and saving institutions 98(98%)
- Low lending ceiling of credit and saving institutions 91(91%)
- Insufficient working capital 94(94%)

In the survey, the main sources of start up and expansion capital for cooperative entrepreneurs of TVET graduates were found to be micro finance institutions. As has been pointed out in the review of literature, credit delivery modality of all the micro finance institutions, is group based (group guarantee), there by waiving the usual requirement for collateral in fixed asset form. However, the loan ceiling of the micro finance institutions has been set to Birr 5,000. Thus, from these findings it can be inferred that the loans provided to entrepreneurs were so petty that they partly satisfy (if at all) the total requirements of their businesses. Eventually, enterprises might be unable to sustainably undertake production activities. Apart from this, problems contributing to low working capital were delays of payments, low price of the produce, were found important. Not only did the aforementioned problems affect the launching and running of the enterprises but also could have determinately implication on the existence of the business in the future, if left or not addressed and not dealt with unabated.

Concerning technical and operational difficulties, lack of access to modern technology 79(79%), lack of technical skills 83(83%), lack of Product quality 78(78%) and shortage of raw materials for production 86(86%) were recognized consequential to the existence of the businesses. Thus, from this it can be rightly deduced that lack of product quality might arise from lack of standards or grading, use of inferior quality of raw materials, lack of dedication for work and were composed of members with different educational backgrounds (>70%), composition of members with pretty few TVET graduates. Saving technical skill, most problems could be related and hence aggravated to the financial

problems prevailing in the business. Notwithstanding this, as most members in each business were those with out even the rudimentary knowledge and skill required for design and production of various products in the business, the problem seemed to put the business from frying pan into the fire sort of condition.

On the other hand interference on production decision 96(96%), interference on product sales and price fixation 95(95%), lack of business development services 92(92%) and lack of linkage between market and enterprises 88(88%).

Seen from the viewpoint of government interferences, there is lack of implementation of the international cooperatives principles and FDRE, Cooperative Societies Proclamation No. 147/1998 issued to establish cooperatives. Besides, lack of feasibility study, sustainability on marketable production and persistent bureaucracy in various sectors of government organizations has limited enterprises to operate productively. As the information obtained through informal discussion with cooperative entrepreneurs, many cooperative enterprises had gone out of business since they were not allowed to sell the products to the market other than to housing development project office. Even worse, the enterprises were not permitted to produce without prior order from housing development project offices. Apparently, the government has been manipulating the cooperatives so as to control the production and marketing, which seemed against their wishes to run the business by their own. Consequently, cooperative enterprises in the study area had lost their internal autonomy. Further more, available documents indicated that cooperative promotion policy in the country were absent. Thus, internal and structural weakness of cooperative entrepreneurs compounded with lack of proper policy support had neutralized their positive impact. Conversely, the majority of the respondents 89(89%) were happy about the implementation of simplified and faster services offered by the government with money they could afford to pay to be recognized as legal body of enterprises.

The managerial problems cited by the respondents were lack of internal management among members of the enterprises 69(69%). It is observed that internal management in every cooperative enterprise was poor (low). Notably, most trade and industrial

Besides during informal discussion with entrepreneurs, the writer has realized that most enterprises were led by incompetent managers, had poor communication, lack accounting profession among members, and were composed of members with different educational backgrounds and expectations. The managerial problem suggested above could be due to incorporation of members (>70%) with no entrepreneurial and technical skills. Evidently, lack of proper technical and entrepreneurial skill in majority of members of every enterprise imparts how little consideration rendered by trade and industrial development offices to give chance for trained individually to actively involve in the business and for better production and economic growth.

Table 11 Land and premises issues

Do cooperative enterprises posses working premises?	No	%
A. Yes	94	94
B. No	6	6
Total	100	100

In Table 11, the great majority 94 (94%) of the respondents disclosed that they had obtained working premises. Besides most cooperative entrepreneurs in their responses to an open-ended question related to land and premises exposed enterprises had received 4m² per person on a lease basis. A deputy head of trade and industrial development bureau and heads of trade and industrial development office of the sub cities during the interviewee also expressed the same opinion. Nevertheless, the writer observed insufficient working place, the business premises had poor access to roads, unsuitable and sometimes unsanitary working conditions. Moreover, the entrepreneurs during informal discussion attributed failure of the contractors to clear their produce in due times for the prevailing problem of enough working space. As a result, insufficient working spaces were found to be a major constraint to enterprises growth. Aside from this, entrepreneurs indicated that lack of water, electric power and money to clear the arrears of water and electric bills were found to be stumbling blocks to smooth operation of the business.

Table 12 Involvement of cooperative entrepreneurs in formulation of legislation

Did cooperative entrepreneurs involve in the formulation and revision of legislation and regulations applicable to them?	No	%
A. Yes	7	7
B. No	93	93
Total	100	100

As to the information presented in Table 12, 93(93%) of the respondents denied their involvement in framing legislations and regulations of their affairs. Apparently, much effort and commitment remains to be made by the government in order to recognize cooperative enterprises as key stakeholders and eventually involve them in the process of formulation/revision of legislations and regulations about cooperatives.

Table 13 Support provided by the government

Did cooperative entrepreneurs receive support service to set up and operate enterprises from the government?	No	%
A. Yes	96	96
B. No	4	4
Total	100	100

Cooperative entrepreneurs require various types of assistance from government in starting and running enterprises. In order to assist the development of entrepreneurs, it is essential that both financial as well as the non-financial services. In relation to this, Table 13 above was constructed to assess support services that were provided to cooperative entrepreneurs of TVET graduates by the government. Subsequently, it was identified that the great majority of respondents 96(96%) had received support from the government to set up and operate their enterprises. In supporting this, most cooperative entrepreneurs pointed out while responding to an open ended question that the government had made arrangements of credit from micro finance institutions without collateral, provided training, manufacturing sites and had established shades for workshop. Furthermore, the

responses of most heads of trade and industrial development offices supported that above responses of the entrepreneurs. Despite the above arrangements, cooperative entrepreneurs were exempted from income tax.

CHAPTER FOUR

4. SUMMARY, CONCLUSION AND RECOMMENDATIONS

4.1 Summary of the findings

The purpose of this research was to assess the challenges and opportunities of cooperative entrepreneurs of TVET graduates. Accordingly, basic questions addressing the fundamental factors that determine the success of cooperative entrepreneurs of TVET graduates, namely partnership between TVET institutions and enterprises, implementation of apprenticeship training, labor market information system, financial, technical, operational managerial, policy issues, etc were raised. Hence, based on the results of data analysis, the following major findings were identified:

1. The majority 82(82%) of the TVET graduates under the present study that was engaged as cooperative entrepreneurs were males. Apart from the social/cultural influence, the prevailing low level of technology employed by manufacturing related sector, which involves much physical work, might have contributed to the reduced number of female participants.
2. Regarding the academic qualification of vice principals, vocational counselors, a deputy head of trade and industrial development bureau and heads of trade and industrial development office of the sub cities respectively had first degree and above. Apart from this, they could be reckoned competent for their respective jobs. Besides, the great majority of them have served for considerable number of years. Consequently, the TVET trainees/graduates are expected to benefit at both the TVET institutions and while they are engaged as cooperative entrepreneurs.

3. TVET institutions provide the least opportunity to trainees in order to connect them with the business environment resulting from weak working relationships with enterprises.
4. Regarding labor market information system, the finding depicted that, TVET institutions is lacking labor market information system, resulting from the unavailability of responsible unit to carry out labor market monitoring and need assessment.
5. As the study findings disclosed, majority of the trainees 57 (57%) had participated in production of saleable items during their practical programs. However, no financial or material reward was obtained out of the projects.
6. It was identified by the study that the preparedness of the enterprises to provide apprentice with the necessary inputs like regular employee, acquaint the apprentices to work rules and methods of the organization, assignment of the experienced supervisors and working in collaboration with TVET institutions were not taken as serious tasks. This was further manifested in the finding relating to the absence of memorandum of agreement signed among the parties involved in the apprenticeship training and sharing of apprentices allowances.
7. According to the majority of the respondents, the financial problems encountered while starting up and expansion of enterprises were lack of credit facilities other than Addis saving and credit institution 95(95%), collateral loan requirements by credit and saving institutions 97(97%), high interest rate of credit and saving institutions 98(98%), low lending ceiling of credit and saving institutions 91(91%) and insufficient working capital 94(94%).
8. Concerning technical and operational difficulties, lack of access to modern technology 79(79%), lack of technical skills 83(83%), lack of Product quality 78(78%) and shortage of raw materials for production 86(86%) were recognized

consequential to the existence of the businesses. Besides, it is observed that internal management in every cooperative enterprise was poor (low).

9. Based on the finding, interference on production decision 96(96%), interference on product sales and price fixation 95(95%), lack of business development services 92(92%), lack of linkage between market and enterprises 88(88%). Besides, lack of feasibility study and sustainability on marketable production, persistent bureaucracy in various sectors of government organization and absence of cooperative promotion policy in the country has limited entrepreneurs to operate productively. Conversely, the majority of the respondents were happy about the implementation of simplified and faster services offered by the government with money they could offer to pay to be recognized as legal body of enterprises.

4.2 Conclusion

The present study has identified free market economic policy; unexploited market; cheap labor and low degree of competition are some of the encouraging potential opportunities for commissioning and expansion of cooperative enterprises by TVET graduates in Addis Ababa city. On the other hand, weak working relationship between TVET institution and enterprises, lack of labor market information system in the TVET institution, reluctance of apprenticeship offering organizations, lack of (financial facilities, technical, operational and managerial), government interference and absence of cooperative promotion policy were limitations recognized to address the development of such enterprises.

With proper sectorial integration as well as commitments by all parties (stakeholders), the cooperative enterprises could be made important players in the economy with fundamental contribution to the socio-economic development of the city in particular, and to the country in general. Apart from this, with selection of model enterprises, their experience could provide practical lesson to initiation and implementation other enterprises in the city or elsewhere in the country.

4.3 Recommendations

Based on the findings drawn from the summary and conclusion of the study, the following recommendations could to improve the provision of TVET programmes and to promote cooperative entrepreneurs of TVET graduates.

- 1) TVET instructors should be enhanced by way of refresher courses (training) and visits to industries and business firms. Besides TVET institutions have to establish identified labor market information unit and establish network system with employers and other relevant stakeholders.
- 2) For apprenticeship-training scheme be implemented effectively, it is often necessary to inform and motivate organizations offering apprenticeship training more strongly. This stronger awareness needs to be created through the establishment of promotion systems among stakeholders focusing on the mutual benefits derived from on job training.
- 3) In order to provide an opportunity for work related and practical training to trainees, TVET institutions has to cooperate and develop joint programmes with the self employment promotion network in their local areas, such as micro finance schemes, chambers, micro and small enterprises offices. Moreover the TVET institutions should perhaps consider introducing incubator programmes; so as to awaken the spirit of entrepreneurship among trainees and entrepreneurship education should be offered as a separate field of study in the TVET institution.
- 4) To foster the growth and development of cooperative entrepreneurs of TVET graduates and to contribute their share to the overall development of the country, they need conducive business environment. Hence, to promote cooperative entrepreneurs the government should:

- Work with financial institutions in revising and relaxing their credit policies and credit programs need to be linked with entrepreneurship development training program that include provision for comprehensive training including pre investment and post investment counseling, close supervision during implementation and sustaining.
- Establish and facilitate cooperative banks and cooperative fund to let cooperatives obtain credit services.
- Provide information on markets and business opportunities through well-integrated infrastructure.
- Refrain from centrally controlled market system and allow the cooperative business enterprises to participate in a competitive marketing system.
- Provide sufficient manufacturing land free of costs to cooperative entrepreneurs in order to carry out production, distribution, and shade construction.
- Formulate cooperative promotion policy, in order to enable sustainable development and growth of healthy self-reliant cooperatives.
- Consult cooperative organizations and concerned parties in the formulation, revision of legislation, policies and regulations applicable to cooperatives.
- Look back in to its structural inefficiencies and come up with meaningful changes in minimizing the long lasting red-tape bureaucracy there by providing efficient services and timely responses to the cooperative entrepreneurs and the general public.
- Provide the necessary business development services, support their business networks and set up a number of training institutes for entrepreneurship development.
- Organize seminars, workshops and discussion forums to cooperative entrepreneurs, which help them in sharing and exchanging fruitful ideas and experiences. Further, provide legal protection to ensure cooperative properties are not exposed for mismanagement. On top of this in order to

come up internal management problems, cooperative enterprise leaders and members have to maintain high morale and good communications.

- Provide training and proper grading system to improve the level of productivity, competitiveness and the quality of goods and services they produce.
- Provide incentives in the form of tax relief, legal aid, recognition in the community, industrial infrastructural facilities, subsidy on capital investment, electricity charges, power-generating sets, water supply at reduced rates, seed capital assistance for setting up units, relaxation of controls and etc.

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APPENDIX-I
ADDISS ABABA UNIVERSITY
SCHOOL OF GRADUATE STUDIES
DEPARTMENT OF BUSINESS EDUCATION

A questionnaire to be filled by cooperative entrepreneurs of TVET graduates

Introduction

The purpose of this questionnaire is to collect information regarding the challenges and opportunities of entrepreneurial development of cooperative entrepreneurs of TVET graduates. Accordingly, the success of this study depends on the sincerity and frankness of your response. Be sure that the information you provide will be kept confidential and used only for the academic purpose.

Thank you in advance for your cooperation

Please note that:

- No need of writing your name.
- For multiple choose items, you can choose more than one if you believe that two or more alternatives are equally important.
- Put a tick mark in the box in front of your choice.

Part one: Personal data

1. Name of TVET institution _____
2. Sex: A. Male B. Female
3. Age: A. 15-20 B. 21-30 C. 31-40 D. Above 40
4. Academic status A. 10+1 B. 10+2 C. 10+3
5. Major field of study _____
6. Year of graduation _____
7. Name of cooperative organization _____

8. Year of establishment _____
9. Address of cooperative organization _____
10. Type of products _____
11. Parents occupation A. Government employee B. Merchant
 C. Farmer D. NGO employee E. Private company employee
 F. Pensioners G. If other, please specify _____

Part two: General questions

1. Which of the following were your sources of idea for launching cooperative enterprises?
 A. Mass media B. Visit to trade fairs and exhibition
 C. Browsing from Internet D. Study local resources
 E. If other, please specify _____
2. What were your main financing sources for starting cooperative enterprises?
 A. Personal savings B. Family /relatives C. Micro finance institutions
 D. Bank loans E. If other, please specify _____
3. Did you make profit from your enterprise?
 A. Yes B. No
- 3.1 If yes, how is it allocated?
 A. For reserves (6%) B. For the expansion of work (8%)
 C. For social service (4%) D. If other, please specify _____
4. Did you get the chance of attending or participating in the following listed activities in your previous TVET institution?

Items	Yes	No
• Chamber of commerce		
• Entrepreneurial research competition		
• Internship fair		
• Local market research		

5. Did you participate with production of marketable projects while you were in TVET institution?

A. Yes

B. No

5.1 If yes, did you get recognition, awards or incentives out of the projects?

A. Yes

B. No

6. Were you given necessary labor market information in your previous TVET institution?

A. Yes

B. No

7. Did you participate in apprenticeship programme while you were in TVET institution?

A. Yes

B. No

7.1. If yes, did apprenticeship offering organization let you sign a contractual agreement?

A. Yes

B. No

7.2. During your apprenticeship programme, have you been financed for traveling and subsistence costs?

A. Yes

B. No

7.3. If yes, who was financing the traveling and subsistence costs during apprenticeship training?

A. Apprenticeship offering organization

B. TVET institution

C. Family /relatives

D. Government budget

E. Sponsoring agencies

7.4. How do you rate performance of apprenticeship offering organization with respect to the following duties and responsibilities?

Items	Yes	No
To provide apprentice with necessary inputs like it does to regular employee		
To acquaint the apprentice to work rules and methods of the organization		
To assign an experienced supervisor to follow up and support the apprentice		
Working in collaboration with TVET institutions		
Evaluating and submitting performance of apprentices to TVET institutions		

8. Did you face any problems in starting and expansion of enterprises?

A. Yes

B. No

8.1 If yes, please mark those problems you have encountered from the following list?

Major problems	Yes	No
Lack of credit facilities other than Addis saving and credit institution		
Collateral loan requirements by credit and saving institutions		
High interest rate of credit and saving institutions		
Low lending ceiling of credit and saving institutions		
Insufficient working capital		
Lack of access to modern technology		
Lack of technical skills among the members		
Lack of Product quality		
Shortage of raw materials for production		
Interference on production decision by government		
Interference on product sales and price fixation by government		
Lack of linkage between market and enterprises		
Lack of business development service providers and coordination		
Lack of internal management among members		
Inefficient system for registration and issuing license		
High cost for registration and issuing license		

If you have any other idea, please specify here _____

9. Do cooperative enterprises possess working premises?

A. Yes

B. No

9.1 How much is the manufacturing land size in M²? _____

9.2 How much is the showroom land size in M²? _____

9.3 Please specify how the cooperative enterprises possessed the sites? _____

10. Have you ever been involved in the formulation and revision of legislation and regulations applicable to cooperatives?

A. Yes

B. No

11. Did you get or receive support to set up and expand enterprise from the government?

A. Yes

B. No

11.1 If yes, what were those support provided by the government? _____

12. Did you face any problems when you were in TVET institution as well as while running your enterprises, please specify if there is any?

13. What do you suggest to improve those problems? _____

APPENDIX- II
ADDISS ABABA UNIVERSITY
SCHOOL OF GRADUATE STUDIES
DEPARTMENT OF BUSINESS EDUCATION

Interview guide to vice principals and Vocational counselors

Introduction

The purpose of this interview is to collect information regarding the challenges and opportunities of entrepreneurial development of cooperative entrepreneurs of TVET graduates. Accordingly, the success of this study depends on the sincerity and frankness of your response. Be sure that the information you provide will be kept confidential and used only for the academic purpose.

Thank you in advance for your cooperation

1. Name of TVET institution _____
2. Academic qualification A. Diploma B. Bachelor degree
 C. Masters degree D. Ph.D
3. Major field of specialization _____
4. Years of service A. 1-5 B. 6-10 C.11-15 D. 16-20
 E. Above 20
5. Did you give opportunities to trainees so as to participate in entrepreneurial activities?
 A. Yes B. No
 5.1. If yes, on which entrepreneurial activities were trainees participated?

6. Did trainees produce marketable projects?

A. Yes

B. No

6.1. Did they get incentive out of the projects?

A. Yes

B. No

7. Is there labor market information system in your institution?

A. Yes

B. No

7.1 If yes, what techniques did you use for monitoring and analyzing labor market? _____

8. Did trainees participate in the apprenticeship programme?

A. Yes

B. No

8.1 Did all concerned partners (your institution, the organization and the apprentices) sign contractual agreement about apprenticeship?

A. Yes

B. No

8.2. Who covers trainees personal expenses during apprenticeship programme?

8.3. Did organizations demonstrate commitment to apprenticeship training program?

A. Yes

B. No

8.4. If yes, please specify the responsibilities practiced? _____

9. Did you face potential problems in the implementation of TVET programme, if yes, could you specify? _____

10. What do you suggest to improve those potential problems? _____

7. Do cooperative enterprises provided sufficient size of land to run their business?
A. Yes B. No
7.1. If yes, please specify size of land provided and mechanism of provision? _____
8. Did cooperative entrepreneurs involve in the formulation and revision of legislation and regulations applicable to them?
A. Yes B. No
8.1 If yes, could you specify on which legislation and regulations involved?

9. Do Addis Ababa city administration and/or central government have policies for promotion of cooperatives?
A. Yes B. No
10. Did cooperative entrepreneurs receive support service to set up and expand enterprises from the government?
A. Yes B. No
10.1. If yes, could you specify those support services provided? _____
10.2. Do you think the government support services for the development of cooperative satisfactory to run their business?
A. Yes B. No
11. Do you think cooperative entrepreneurs of TVET graduates face any potential problems in running their business, if yes could you specify those potential problems? _____
12. What do you suggest to improve those potential problems? _____

DECLARATION

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

Name: Mesfin Abayneh Mengistu

Signature: Mesfin Al

Date: Feb 2008

submitted for examination with my approval as a university advisor.

nnen (Ph.D)
