

Addis Ababa University  
Faculty of Business and Economics  
Department of Public Administration and Development Management  
Graduate Program

**Assessing Public Institutions Capacity For the  
Implementation of Their Mandates: The Case Of Ethiopian  
Ministry Of Trade.**

**A Thesis Submitted to the Department of Public Administration and  
development management in Partial Fulfilment of the Requirement for the  
Degree of Masters of Art in Public Management and policy (MPA)**

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Addis Ababa University

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## **Declaration**

I, hereby declare that the study is my original work, that, I have carried out independently with the guidance and support of the research advisors Dr. Jemal Abagissa. The study has not previously been submitted entirely or partly to any other university or institution for a degree, masters or PhD fulfillment. All references in the thesis have been duly acknowledged and cited in the reference list. I have understood that non-adherence to the principles of academic honesty and integrity, misrepresentation will constitute sufficient ground for disciplinary action by the university and can also evoke penal action from the sources which have not been properly cited or acknowledged.

Name: Kumneger Mohammed

Signature

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Date:-March, 2015

### **Statement of Certification**

This is to certify that Ato Kumneger Mohammed Seid has carried out his research work on the topic entitled **“Assessing Public Institutions Capacity For The Implementation of Their Mandates : The case of Ethiopian Ministry of Trade.**

” The work is original in nature and is suitable for submission for the award of Master’s Degree in Public Management and Policy (MPA)

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Advisor - Jemal Abagissa (PHD)

Date:-\_\_\_\_\_

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## Abbreviations and Acronyms

<b>AFROSAI</b>	<b>African Organization of English Speaking Supreme Audit Institution</b>
<b>CSRP</b>	<b>Civil Service Reform Program</b>
<b>GTP</b>	<b>Growth and Development plan</b>
<b>GTZ</b>	<b>German Technical Cooperation</b>
<b>IDRC</b>	<b>International Development Research Center</b>
<b>MOHADM</b>	<b>Ministry of Humanitarian Affairs and Disaster Management</b>
<b>MoT</b>	<b>Ministry of Trade</b>
<b>MCB</b>	<b>Ministry of Capacity Building</b>
<b>NCBP</b>	<b>National Capacity Building Program</b>
<b>NGOs</b>	<b>Non-Governmental Organizations</b>
<b>OECD</b>	<b>Organization for Economic Co-operation and Development</b>
<b>PSCAP</b>	<b>Public Sector Capacity Building Program</b>
<b>RRC</b>	<b>Relief and Rehabilitation Commission</b>
<b>SWAP</b>	<b>Sector wide approach program</b>
<b>UNCED</b>	<b>United Nations Conference on Environment and Development</b>
<b>UNDP</b>	<b>United Nation Development Program</b>
<b>UNEP</b>	<b>United Nation Environment Program</b>
<b>USAID</b>	<b>United States Agency for International Development</b>

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## Abstract

*The aim of this study is to assess institutional capacity of public institution for the implementation of their mandates with due focus on Ethiopian ministry of trade. The capacity of the organization was assessed from human resource, financial resource, strategy and mission and physical infrastructure and facilities dimensions. In order to achieve this objective, data were collected through questionnaires, interview and document review.*

*The population of the study was grouped in to customers, employee and management. Purposive, accidental and simple random sampling methods were employed to gather data. To analyze the data, semi- structured questionnaires were prepared and distributed to the all levels of employees under Ministry of Trade on the simple random sampling techniques, In addition to the questionnaires, semi structured interview was carried out with purposely sampled senior managements team. To triangulate the data obtained from employees and managements, semi structured questionnaire were also distributed and gathered from customers of the organization. Data were analyzed in tables, chart and graphs by using percent and mean.*

*The finding of the study revealed that the organization has faced several challenge in human resource dimension. High employee turnover critically challenged the organization to not effectively execute its mandates. In terms of financial resource, though the organization is capable enough to obtain sufficient fund to run its operations, however capacity challenges are observed in utilizing the allocated budgets effectively. Adequate Physical infrastructures are in place to support the organization functions. However, frequent office utilities service interruption coupled with insufficient manpower and skill gaps of employee created customer's dissatisfaction.*

*Hence, it is recommended that the organization should give due attention to human resource development. In addition to that, to retain skilled man power and to attract the best man to the organization, the organization should work on non-financial incentive schemes. Furthermore, to improve the budget utilization practice, the senior's management should develop a controlling mechanism to examine budget status.*

# Chapter one

## Introduction

### 1.1. Background of The Study

With the attainment of independence by most African countries in the late 1950s and 1960s, the public sector is generally regarded as the pivot that will promote socioeconomic development (Ayee, 2005). The main function of the public sector, which comprises a number of institutions for the making and implementation of government decisions with regard to interests of various kinds, was to provide goods and services to citizens based on realization and representation of public interests and its possession of unique public qualities compared to business management. However, the public sector was not able to perform its function effectively because of its accumulation of excessive power, lack of accountability and representation, indifference towards public needs and demands, official secrecy and inaccessibility, and role in depoliticizing the public sphere. This ineffectiveness coupled with the economic crises of the late 1970s and 1980s and the apparent lessons from international experience of the success of market-friendly economies have combined to produce what some scholars have referred to as the redefinition of the role of the state or public sector.

By the end of the 1980s, a new breed of civil servant began to emerge within a changing political context that included greater demands for public sector efficiency, institutional capacity and wider democratization. Therefore, with a view to realize comprehensive `state transformation` and `total system overhaul` and in line with recommendations forwarded by the World Bank, as in the case of African countries in general, the Ethiopian government has embarked on multiple public administration reforms from the early 1990s(PSCAP, 2003:MCB).

Since the downfall of the socialist regime in 1991 considerable gains has been recorded in macro-economic performance due to the economic liberalization policy was put in place by the transition government of Ethiopia. However, systematic constraints in human and institutional capacity, poor economic management and governance, inadequate accountability and transparency remain amongst core problems that act as impediments to sustainable growth and poverty reduction. Although there undoubtedly are pockets of relatively effective performance in government, public sector capacity at present are unable to meet the challenges presented by sustainable growth and poverty reduction much less those of globalization. Weaknesses in public sector capacity are matched by weaknesses in the private sector which has failed to bring about any meaningful impact on the economy (PSCAP action plan, 2003).

To alleviate deficiencies in human and institutional capacity, working systems and procedures which severely constrain its development objectives, the Government issued a national capacity building strategy in 1998. Consequently, in 2001 a comprehensive National Capacity Building Program (NCBP) launched which is an extremely wide ranging and ambitious program with the highest-level government commitment and a strong buy in through all levels of the administration (ibid).

Despite Ethiopian government's tremendous efforts to enhance institutional capacity, still capacity is a critical challenge for most public institutions. Inadequate man power, competence gap and insufficient financial resource, poor infrastructure development are the most notable factors for the existence of this challenge. Therefore this study aims at examining the capacity of Ministry of Trade (MoT) in meeting its mandate.

## **1.2. Statement of the problem**

The achievement of the Millennium Development Goals and other international and national development targets hinges on capacities of individuals, organizations and societies to transform, in order to reach their development objectives. While financial resources, including official development assistance, are vital, they are not enough to promote sustainable human development. Without supportive laws, policies, strategies and procedures, well-functioning organizations, and educated and skilled people, countries lack the foundation to plan, implement and review their national and local development strategies (UNDP, 2008).

Government of Ethiopia has launched the first phase of a five year development program in 2010 which is known as Growth and Transformation plan. The plan intended to maintain the rapid economic growth with stable macro economy framework to expand and ensure quality of education and health service and create favorable condition for state building (GTP, 2011). According to the World Bank's (1991) study, development depends on the capacity of society to analyze, adapt, initiate, and manage change. One of the root causes of the economic crisis facing Africa has been the lack of capacity in governments and institutions to respond quickly and decisively to a rapidly changing global economic environment. Therefore, at this decisive moment the capacity level of public institution will be a key factor for the successful implementation of national plan.

Furthermore, the government of Ethiopia has declared to pursue a developmental state path and seeks to build developmentalist state. According to Mkandwire (2001), one of the key features of developmental state is the capacity of the bureaucracy to implement the policy. Such capacity is determined by institutional, technical, administrative and political. The first step to construct strong and competent bureaucracy that is capable to implements policies is get understand the existing capacity of the public institutions. Hence, this study aimed to show existing capacity level of Ministry of Trade in terms of

human resource, financial resource, physical infrastructure and strategy and mission dimensions to fulfil its mandates.

Numerous efforts have been made by different actors to develop and strength public institution capacity in Ethiopia. However, still institutional capacity is a critical challenge for most public institution. Though, some research has been conducted on institutional capacity, however, most of them have conducted aiming to serve as an input for the implementation of capacity development program. Thus little analysis has been made on the overall capacity challenges that public institution faced. Therefore this research study paper aims to review the key dimensions to measure institution. In addition to that the study intends to assess the major capacity constraints that hamper the Ministry of trade to meet its mandates and to forward the remedies that help the ministry office to solve its challenges.

### **1.3. Objectives of the study**

#### **1.3.1. General objective**

The general objective of this study is to assess institution capacity of Ethiopian Ministry of Trade in fulfilling its mandates.

#### **1.3.2. Specific objectives**

The specific objectives of the study are the following;

- To identify the major capacity gaps from human, financial, infrastructures and strategic leadership aspects that hamper the organization to attain its strategic objectives
- To assess the accomplishment of its mandates versus its plan
- To suggest the possible remedies that help the organization improve its capacity

### **1.4. Research questions**

Based on the statement of the problem the study seeks to answer the following major questions?

- What are the major capacity gap existing in the organization?
- Is the ministry accomplishing its tasks as stipulated on its mandates?
- What are the major features of the organizational challenge?
- Is there adequate financial resource available to the organization?
- Does the organization have sufficient manpower?
- Is there adequate physical infrastructure in place to support the activities of the organization?
- Does the capacity development program enhance the institutional capacity?

## **1.5. Significance of the study**

The findings of this study can help the organization in creating awareness of the major capacity constraints. So that it creates the ground to evaluate its capacity level to address those capacity gaps and to optimize the existing capacity. The researcher also believes it serve the organization as an input for formulating a capacity building strategy in the future

Moreover, the output of this study will serve students, policy makers and academicians as a reference.

## **1.6. Scope of the study**

No common capacity language or set of terms exists to help communication and shared learning (Morgan, 2006). However, for this study, UNDP's definition is used: capacity is viewed as the abilities of organizations to achieve the objective effectively and efficiently.

Capacity assessment can be carried out from different levels system, organization or entity and individual level. However this study will be confined to examine the institutional level capacity assessment. Institutional capacity of the organization will be assessed from human resource, strategic leadership, financial resource and infrastructures (facilities and technology) dimensions. External environment that has impact on the day to day activities of the organization is out of the scope of this study.

The ministry of trade is organized under one minister, implementing department, five support service, civil service reform office and trade branch office. The ministry office has also the power to supervise and coordinate five government institutions that are involved in the promotion and development of trade industry and investment. However, for this study the researcher is only confined to assesses the ministry office, those agencies supervised under the ministry office are out of the scope of this study.

## **Organization of the Study**

This study paper consists five chapters. The first chapter deals with background of the study, statement of the problem, objective of the study, research question, significance of the study and scope of the study. The second chapter comprises of theoretical and empirical review of different literature which the researcher believe it helps in dealing with data analysis. The third chapter deals with the methodology of the study. The fourth chapter focuses on data presentation and analysis. Last chapter will provide conclusion and recommendation

# Chapter Two

## 2. Review of Related Literature

### 2.1. Theoretical literature

#### 2.1.1 What is capacity?

There is no broadly-accepted definition of capacity. Different disciplines and bodies of knowledge see capacity issues quite differently. People in the same cases came to their work with a wide range of implicit mental frameworks about capacity that shaped their views on the content of a definition, the utility of planning, the dynamics of cause and effect, the nature of human behavior and many others. No common capacity language or set of terms exists to help communication and shared learning (Morgan, 2006).

The term capacity means different things to different people. The meaning of capacity can be defined from different perspective and angles. Capacity literally means the ability to do something. A classical definition given by Wikipedia encyclopedia stated that “capacity is the total amount that can be contained or produced”

In most case, capacity refers to ability of individual, organization and state. In this regard United Nation Development Program (UNDP, 1998) defined capacity as “*The ability of individuals and organizations or organizational units to perform functions effectively, efficiently and sustainably.*” Similarly, OECD (2013) defines capacity as “..is understood as the ability of people, organizations and society as a whole to manage their affairs successfully.” The definition implies that capacity exists in three levels, usually labeled, individual, organizational and institutional.

Capacity is not only the abilities of individuals or organization to achieve their objective, but for some scholars it is also meeting objectives efficiently and effectively.

Thus in order to meet the objectives effectively and efficiently a continuing review of framework conditions as well as a dynamic adjustment of functions and objectives are stated as the major factors.

Some scholars, though agreed with the basic conceptual framework of capacity as abilities of individuals or organizations to achieve objectives, they would like also to state that capacity means more than technical competence or the availability of sufficient financial or material resources.

Generally, capacity is the abilities of individuals, organizations or societies to achieve objectives effectively and efficiently. It is also not only technical competence and the availability of financial and material resources, but it is a dynamic and multi-dimensional process that can be affected by the actual context of the environment in which the practice is undertaken.

### **2.1.2. What is organizational capacity?**

The word institution means different thing to different people. It may mean the rules, regulation, laws or statues that shape the work ethics or behavior of an organization, or it may mean the entire organization, in which case includes both people and the rules that governs their behavior. Attempting to define as problematic as agreeing on its application; it depends on the discipline and the thematic area. (Fumpa, 2002).

An organization's capacity in simple terms is its potential to perform. According to Ker (as Wachira quoted, 2009) organization's capacity is ability to successfully apply its skills and resources to accomplish its goals and satisfy its stakeholders' expectations'. The skills and resources include staffing, infrastructure, technology, financial resources, strategic leadership, process management, networks and linkages with other organizations and groups.

International Development research center (IDRC) (2005) identifies three ways of looking at organizational capacity in its development work these are

- ❖ It groups the elements that constitute organizational capacity under the categories of resources and management. Resources constitute the staff, the infrastructure, technology and financial ability whereas management includes strategic leadership, program and process management, networks and linkages. The resources and the management capacities make up the overall organizational capacity.
- ❖ Another way of looking at organizational capacity is to distinguish between the capacities that an organization needs to carry out its day-to-day activities and the capacities needed for an organization to learn and change in response to changing circumstances. These have been referred to as adaptive capacities.
- ❖ Organizational capacities have also been distinguished between individuals, groups and team capacities. Individuals possess capacities in the form of knowledge, skills and attitudes. These are usually made available to the organization but always lost when such individuals leave the organization. When knowledge, skills, and attitudes are shared with others, such capacities become embedded in processes and when these are widely shared in the entire organization then, they become incorporated in the organization's culture.

Overall, the capacity of an organization cannot be taken in isolation as it is deeply embedded in the social, economic and political environment in which it operates. In assessing the capacity of an organization, it is important to understand this external environment. This environment includes the administrative and legal systems, policies and laws, the cultural context and the general political stability of a country.

The capacity of an organization has been seen to exist at three different levels: Micro, Meso, and Macro levels.

At the micro level the efforts would address personnel skills as exhibited by the staff. It would equally focus on team work, information building and sharing. At the meso level

the focus would be on the organization. Factors to be considered in this include the organizational structure, definition of roles and responsibilities, leadership, attitudes and incentives, appraisal procedures, budgetary allocations for various tasks, facilities, access to information, infrastructure and technology, and communication within the organization (IDRC, 2005).

The macro level focuses on the external factors and the environment within which the organization is situated. This includes the political will, stakeholders dealing directly or indirectly with the said organization, policies, networks and partnerships, and budgets from the parent institutions or ministries (ibid).

Capacity at the organization level will determine how individual capacities are utilized and strengthened. It refers to anything that will influence an organization's performance and includes: human resources (capacities of individuals in the organization); physical resources (facilities, equalities, materials, etc); intellectual resources (organization strategy, strategic planning, management, business know-how, production technology, program management, process management (e.g., problem solving skills, decision-making process, communications, etc.); inter-institutional linkage (network, partnership, etc.); incentive and reward systems; organizational culture and leadership of managers (PSCAP action plan,2003)

According to Bhagavan and Virgin (2004), institutional capacity encompasses, on the one hand, the functions (tasks) that institutions should have the competence (ability) to perform, and, on the other, the resources (human, technical and financial) and structures (rules, values, behavior, etc).

Therefore, institutional capacity assessment provides a comprehensive perspective on the capacities critical to achieving institutional mandate. It is an analysis of desired capacities against existing capacities and offers a systematic way of gathering data & information on capacity assets and needs. Conducted during the initial stages of development planning, a capacity assessment serves to provide an input for

formulating a capacity building response that addresses those capacities which could strengthen and optimize existing capacities that are already strong and well founded. It can also set the baseline for continuous monitoring and evaluation of progress against relevant indicators and help create a solid foundation for long-term planning, implementation and sustainable results.

Charles et al (2002) characterized organizational capacity using eight conceptual guidelines. For him Organizational Capacity is understood with the following eight interrelated areas detailed below.

- Assess the strengths and weaknesses of strategic leadership in the organization-.
  - Leadership (managing culture, setting direction, supporting resource development, ensuring tasks are done)
  - Strategic planning (scanning environment, developing tactics to attain objectives, goals, mission)
  - Niche management (area of expertise, uniqueness, recognition of uniqueness)
- Assess the strengths and weaknesses of financial management:
  - Financial planning (operating expenses, forecast future monetary needs)
  - Financial accountability (rules for member use of financial resources, transparent/verified system)
- Assess the strengths and weaknesses of the organizational structure within the organization:
  - Governance (legal framework, decision-making process, methods for setting direction, external links)
  - Operational (roles and responsibilities, coordination of labor, coordination of systems)
- Assess the strengths and weaknesses of the organizational infrastructure-.
  - Facilities management (adequate lighting, clean water, electricity)
  - Technology management (equipment, information systems, hardware/software, library)

### 2.1.3. Components of organization capacity

Capacity can be seen from various level; individual, entity or organizational level and system level. Capacity at individual level focuses on individual's capacity to function efficiently and effectively within the entity and within the broader system. On the other hand, capacity at system level defines capacity in a systems context where a set of entities operate toward a common purpose and according to certain rules and processes. System may cover the entire country or society and all the sub-components such as the legal, policy and resources elements (UNDP, 1989).

Organization whether formal or informal has several capacity dimensions to be assessed or develop. According to UNDP, traditional capacity development and organizational strengthening focus their development resources almost entirely on human resources, processes and organizational structuring matters. The more successful methodologies examine all dimensions of capacity at the organizational level. UNDP identifies seven dimension of capacity at organization level.

- *Mission and strategy*: include role; mandate; definition of services; clients/customers served; interactions within the broader system and "stakeholders"; the measures of performance and success; and the presence of core strategic management capacities.
- *Culture/Structure and Competencies*: include organizational and management values, management style, and standards, organizational structures and designs, core competencies.
- *Process*: (internal and external to the entity) supporting such functions as planning, client management, relationships with other entities, research/policy development, monitoring and evaluation, performance/quality management, financial and human resources management, etc. Processes are central to improved capacities.

- *Human resources*: the most valuable of the entity's resources and upon which change, capacity and development primarily depend.
- *Financial resources*: both operating and capital.
- *Information resources*: of increasing importance, and how these resources (all media, electronic and paper) are managed to support the mission and strategies of the entity.
- *Infrastructure*: physical assets (property, buildings and movable assets), computer systems and telecommunications infrastructures, productive work environments.

Similarly, Global e-Schools and Communities Initiative (2009) developed components of organization capacity. These are the following:

- ❖ *Human resources*: include personnel, roles and responsibilities of the staffs.
- ❖ *Strategic leadership*: these include mandate, organizational structure, organizational goals and objectives, strategic plans, leadership etc.
- ❖ *Financial resources*: Budgetary allocation within the organizations and from the parent Ministries, disbursement procedures etc.
- ❖ *Infrastructure and technology*: Electricity, telecommunications, transport, connectivity, human resource to support existing technology, skills to use the technology, space allocation etc
- ❖ *Process and program management*: Organizational processes relevant to the project at hand, documentation, knowledge management and sharing processes, criteria for selecting schools for deployment of computers etc.
- ❖ *External environment*: Legal and administrative environments, political will and stability, policies, networks and partnerships.

Like the above two ways of looking organization capacity assessment, Management science for Health (MSH) also developed five components of organization capacity assessments. These are:

- ❖ Mission, Vision and Strategy.
- ❖ Systems and Structures.
- ❖ Management Systems (Human Resources & Administration, Financial Management, and Monitoring and Evaluation).
- ❖ Partnerships, External Relations and Networking.
- ❖ Leadership and Governance.

USAID (2000) defines Organization as “a system of related components that work together to achieve an agreed-upon mission”. And stated different components to be assessed which are not all-inclusive, nor does apply universally to all organization. However, they are representative of most organization, especially those involved in development work.

The following are lists of components:

- ❖ ***Administrative and Support Functions.*** It involves
  - ✓ Administrative procedures and management systems,
  - ✓ Financial management (budgeting, accounting, fundraising, sustainability),
  - ✓ Human resource management (staff recruitment, placement, support).
- ❖ ***Technical/Program Functions***
  - ✓ Service delivery system
  - ✓ Program planning
  - ✓ Program monitoring and evaluation
  - ✓ Use and management of technical knowledge and skills Management of other resources (information, equipment, infrastructure)
- ❖ ***Structure and Culture***
  - ✓ Organizational identity and culture
  - ✓ Vision and purpose
  - ✓ Leadership capacity and style
  - ✓ Organizational values

- ✓ Governance approach
- ✓ External relations
- ❖ **Resources**
  - ✓ Human
  - ✓ Financial
  - ✓ Other

In the field, practitioners can measure at several different levels. One approach is to measure the actual services or products the organization provides. A second method is to look at how well the entire organization functions by examining all of the components listed above. Yet another technique involves examining only selected components of the organization.

On the other hand, Bhagavan and Virgin (2004), viewed institution as a combination of the designations, hierarchies, relations, responsibilities and modes of interaction that make up a structured grouping of individuals and the rules, values and behavior that obtain within the given structure. Thus, institutional capacity comprises competence (ability), resources and structures.

Consequently, they identify the following components/areas of organizational capacity.

❖ *Information and knowledge*

- State of the institution's mandated fields (e.g. "state of rural health care", "state of urban sanitation", etc.)
- Response strategies in mandated fields and efficacy of previous responses
- Objects of surveys, studies and research, and priorities thereof
- Stocks: databases, libraries, archives and documentation centres
- Own output and modes of dissemination thereof
- Outreach activities

❖ *Competence and ability (so-called "human resources development")*

- Quantitative and qualitative levels of in-house expertise and skills (academic, research, administrative, financial, managerial and diverse technical, non-technical and infrastructural) that are essential for performing the institution's mandated tasks
  - Institutional memory (in-house as well as externalized)
  - Magnitudes and rates of turnover in personnel of critical importance
  - Conducting training and education courses (both in-house and external) in the institution's mandated fields
  - "Backstopping" competence in centrally placed "upstream" instances to provide information and advice to "downstream" implementing actors and agencies
  - Role of technical assistance: In the context of the least developed countries, donor-financed and -mediated technical assistance (TA) for developing institutional capacity is likely to continue into the foreseeable future. The usual forms that TA takes are training courses for selected personnel conducted within and outside the country, study tours, infrastructural support (e.g. Equipment) and access to national and international expertise.
- ❖ *Governance, institutional economy and institutional finance*
    - Efficiency
    - Solvency and vulnerability
    - Transparency and accountability
    - Sustainability
  - ❖ Technical and infrastructural resources
    - Essential equipment and expendable supplies, servicing, repair and maintenance
  - ❖ *Policy arena*
    - Types and fields of policy responsibilities

- Structures, procedures and modalities involved in policy formulation and implementation
- Intra- and inter-institutional communication, coordination and cooperation that may facilitate policy formulation and implementation

❖ *Policy instruments*

- Legislative and regulatory instruments: laws and directives, standards and litigation procedures.
- Economic instruments: pricing, taxation, subsidies and incentives
- Planning tools: profiles of mandated areas and impact assessment procedures
- Communicative instruments: public hearings, use of media, public panels and fora, websites.

As we can see the above different views of components of organizational capacity, most of them are similar in there fashion, they focus in the physical and non-physical property of the organization. Even we can categories the components as internal and external. Internal components encompass the physical assets, such as building, equipment and like, and human and finical assets and non-physical assets such as the structure, process, and leadership and like.

However, the researcher finds the UNDP model more suitable to answer the research questions raised. Moreover, this model is widely used and encompasses all aspects of organizational capacity. Hence, the UNDP model will be employed to examine the capacity of the organization.

#### 2.1.4. An overview of Capacity building

Capacity building had been at the forefront since the 1980s as a practice to support a developing country. Capacity building was originally very closely linked to education, training and human resource development. It has changed over the years towards a broader and more holistic definition (AFROSAI, 2010).

Capacity building is a multidimensional processes that enabling individuals or organizations to be more effective and efficient in implementing development. In this regard several scholars suggested that enhanced capacity should be treated as a goal in its own right, not merely a means for achieving other development objectives. They are stressed on the importance of capacity building initiative as a significant part for the multidimensional wider process

There are many definitions given to capacity building. Different authors define the term from different perspectives. According to Nebyou (2010), for Most of early definitions are influenced with the practices of Non-Governmental Organizations (NGOs) concerning participation, empowerment, civil society and social movements. Other associated the term capacity building with the endeavor of relief of poverty, distress and suffering.

UNDP (2008) define capacity building as the process through which individuals, organizations and societies obtain, strengthen and maintain the capabilities to set and achieve their own development objectives over time. Similarly, Brown et al (as Nebyou quote) define Capacity building as a process that increases the ability of persons, organizations or systems to meet its stated purposes and objectives. AFROSAI (2010) defined capacity building as *“the skills, knowledge, structures and ways of working that make an organisation effective. Building Capacity means developing further each of these, building on existing strengths, addressing gaps and weaknesses.”*

From the above definitions we can conclude that capacity building is a process through which individual, organization and system enhance their capabilities to meet their own objectives.

According to United Nations Conference on Environment and Development (UNCED), capacity building encompasses the following.

- ❖ Human capacity building- refers to the education and training of individuals to be aware of, access, use and develop Earth observation data and products.
- ❖ Institutional/organizational capacity building is focused on developing and fostering an environment for the use of Earth observations to enhance decision making. This includes building policies, programs and organizational structures in governments and organizations aimed at enhancing the understanding of the value of Earth observation data and products.
- ❖ Infrastructure capacity building is related to the hardware, software and other technology required accessing, using and developing Earth observation data and products for decision making.

Capacity building to be effective and sustainable, it must include three different levels. These are the following

- I. The system level, like e.g. the regulatory framework, policies and frame conditions that support or hamper the achievements of certain policy objectives.
- II. The organizational (or entity) level i.e. the structure of organizations, the decision making processes within organizations, procedures and working mechanisms, management instruments, the relationships and networks between organizations.
- III. The individual level, i.e. individual skills and qualifications, knowledge, attitude, work ethics and motivations of the people working in organizations. (GTZ-SfDM, 2005).

### **2.1.5. Organizational capacity building**

Capacity building seeks to improve the performance of work units, departments, and the whole organization. Organizational capacity building is a system-wide, planned effort to increase organizational performance through purposeful reflection, planning, and action. In particular, capacity building looks in depth at where an organization stands in comparison to where it hopes to be in the future, and develops the skills and resources to get there. Thus organizational capacity building is synonymous with organizational learning. The ultimate goal of capacity building is to enable the organization to grow stronger in achieving its purpose and mission. It asks the question, "What kinds of things do we need to do to keep ourselves healthy and vital as an organization?" and provides a variety of techniques to help find the answers (Daniel,2000).

Building organizational capacity typically involves four steps: diagnosing what is missing or needed in the organization, planning strategies to change the situation, educating personnel to carry out change, and evaluating results. As an organization engages in these activities it acquires new knowledge about organizational actions and outcomes. Organizational capacity expands when learning goes beyond solving a specific problem to gaining the skills and knowledge to solve future problems (ibid).

## **2.2. Capacity building in Ethiopia**

Capacity Building is a recent phenomenon in Ethiopia. Civil Service Reform Program (CSRP) in 1996 indicative of Ethiopia's "first generation" capacity building efforts, the CSRP sought to build a fair, transparent, efficient, effective, and ethical civil service primarily by creating enabling legislation, developing operating systems, and training of staff (PSCAP Program Implementation Plan; 2004).

Civil service program that put in place in 1996, intended to bring a new system that capable of promoting democracy, federalism and good governance as well as providing

a citizens friendly service and supporting the government in social and economic development polices and private sector development. Inline of these, the program focused on five sub-programs. These are, top management system reform , human resource management reform ,expenditure management and control reform , civil service ethics reform and public service delivery reform

In 2003 the government commenced five year reform program: named Public sector capacity Building program/PSCAP/. The program was intended to strengthen working system, improve organizational effectiveness and rapidly develop human resource in public, private, civil society, and higher education sectors. Taking its lesson from the previous reform attempts, the Ministry of Capacity Building has reformulated the objective of CSRP (Tilaye, 2007).

PSCAP is six's of the fourteen program or building blocks which directly involved in the public sector program and one mandatory program support activities. The program is a sector wide approach (SWAP) program. The objective of the SWAP is to improve the scale efficiency and responsiveness of public service delivery at the federal and regional level services to empower citizens to participate more effectively in shaping their own development; and to promote good governance and accountability. These objectives are expected to be achieved by scaling up Ethiopia ongoing capacity building and institutional transformation effort in the above mentioned six priority areas. (PSCAP Program Implementation Plan , 2004).

According to Nebyou (2010), Some of the changes introduced by way of the implementation of the CSRP like setting up information desk, wearing name budget, Posting direction pointers, arranging compliant handling mechanisms, stipulating service standards, as well as the change introduced by reengineering processes and undertaking quick wins have resulted in reported cases of service delivery improvements having significant impact on customers. CSRP indicated that some of the reform successes registered in some selected organizations was attributed to the

competence and dedication of their leadership. However, many of the organization leaders in the civil service were believed to have blurred view about the mission and goal of CSRP.

## **2.3. Empirical literature**

### **2.3.1. Iraqi Institutional Capacity Assessment**

United Nation Environment Program (UNEP) has conducted institutional capacity assessment of the Iraqi Ministry of Environment in 2005. The project intended to strength environment governance in Iraq by assisting the ministry office to carry out its mandates. According to the assessment report, the work covered all areas of environmental management, including law-making and law enforcement. Concurrently, the rapid changes occurred in Iraq – in terms of democratization, decentralization, privatization and globalization – also taken into account when considering the future of the organization. The report sets out to explain how each of these trends have an impact upon the Ministry’s mandate and how it can respond to these challenges.

The assessment Report by UNEP (2005) revealed that the Iraqi Ministry of Environment to be fully operational, with competent staff and functioning legislation. While its work covers all areas of environmental management, including law-making and law enforcement, the Ministry’s core strength is in environmental monitoring, due to its historical background as the monitoring arm of the Ministry of Health. These three roles should in future be segregated, and the law-making and inspection capabilities reinforced. The Ministry is currently working on both these issues. In addition, a new framework law on the environment is being developed, which should be followed by a new set of standards and regulations. The Ministry is also being reorganized to better carry out its current mandate. Once these activities are completed, the law-making and enforcement components can be strengthened.

The assessment report revealed that the Ministry of Environment faces two main challenges in carrying out its mandate. First, it must prevail in Iraq's changing political context. The MoEn is a relatively new ministry whose mandate can be aligned or shared with the Ministries of Municipalities, Public Works, Water Resources and Health, which are all firmly established organizations with significantly higher staff numbers and operational budgets. The MoEn's second challenge is to increase public awareness of its role as a normative agency, distinct from implementing ministries such as the Ministry of Municipalities. The MoEn has to find ways and means to use its mandate to guide larger ministries with implementation responsibilities to undertake actions that lead to environmental improvements.

According to the report, as in all other areas, the environmental needs in Iraq are massive. Attention and precious resources should therefore be focused on a few key issues in the coming years. Setting up a process to agree on the main priorities, preparing a national environmental action plan and addressing the priority issues through specific projects would help the Ministry to target its resources to ensure that tangible changes are observed in the short to medium term.

While the Iraqi Ministry of Environment has substantial experience in managing environmental issues in normal conditions, there is little expertise and virtually no experience in handling the environmental consequences of emergencies. Hence recommended the following,

- The Ministry's three core functions (law/policymaking, law enforcement and environmental monitoring) should be clearly segregated and staff deployed in these three areas.
- The new framework environmental law should be adopted as soon as possible, so as to provide an administrative tool for MoEn staff to enforce environmental norms. Additional rules, regulations and standards need to be developed once the framework law is put into place.

- Environmental concerns should be prioritized and resources deployed to address the most serious challenges.
- The constitutional emphasis on decentralization should be taken into account in the final organogram.
- Some of the Ministry's expertise (e.g. in environmental impact assessment , environmental monitoring etc.) should be made available as a "service function", with a view to developing these services into independent profit centres at a later date.
- The Ministry should consider partnerships with civil society to strengthen environmental governance, but retain its independence.
- The Ministry must identify the potential emergency situations in which environmental concerns are involved (e.g. oil spills), and develop the expertise and systems to react appropriately.

### **2.3.2. Institutional Capacity Gaps analysis in Republic Of South Sudan.**

The Institutional Gaps Analysis was undertaken on South Sudan's Relief and Rehabilitation Commission (RRC) and the Ministry of Humanitarian Affairs and Disaster Management (MOHADM) (Jesus, 2012). It was carried out to provide a picture to the humanitarian stakeholders working in South Sudan of the main challenges and needs of the government humanitarian institutions, RRC and MoHADM. It offers options mapping the way forward on how to improve their capacity to coordinate humanitarian interventions and disaster management. The report is also expected to be a simple tool that can ease efforts to plan capacity building activities and prioritize fund raising attempts. It also aims at facilitating the Humanitarian Country Team (HCT) members and donors' decision-making process.

According to the report, the main findings of this Institutional Capacity Gaps Analysis draw attention to three major areas that need to be dealt with: i) an urgent need to

clarify the policy framework and organizational set up, roles, and responsibilities between these two government entities responsible for humanitarian assistance; ii) the inadequacy of human resources base, in terms of numbers, as well as the level of knowledge, experience and skills on disaster management and iii) the limited resources available to carry out their tasks.

The reports finally forward a capacity development strategy for the stated owned institutions. The strategy focuses on three priorities work areas. These are 1) Defining institutional mandates and functions, 2) Communication and information management, and 3) Strengthening RRC performance at the state level<sup>6</sup>. The main objectives include: a) RRC State Director offices are equipped with basic office supplies, IT capacity and transportation sufficient to perform their core tasks - to communicate with Headquarters, record humanitarian developments and attend coordination meetings and assessments; b) State Directors and senior Juba-based officials (Director General upwards) receive a basic training package encompassing humanitarian principles, humanitarian coordination and humanitarian reporting.

The capacity building activities should be done by giving priorities for IT capacity within State Director offices and delivery of a basic training package. And the type of support needed contains: i) Survey of minimum office equipment needed in State Director offices; ii) Purchase of laptops and IT training, office space and supplies, and, where proven to be a significant gap that cannot be fulfilled through partner support, transportation; and iii) Development and delivery of the full cost of a basic training package, comprising first stage training and second stage follow up when officials report on their progress.

**Here I have to make my conclusion  
regarding the lesson I have learned by the two  
empirical studies.**

# Chapter three

## 3. Research Methodology

This chapter presents the methodology employed to collect and analyze the data required to describe the participants and answer the research questions. The discussion includes the research design, population/sample, source and method of data collection and data analysis according to the objectives.

### 3.1. Research design

The researcher was used both approaches to research, qualitative and quantitative. Descriptive method used to discuss and interpret data gathered through interview, questionnaire and surveying of different documents.

### 3.2. Study population and sampling Method

According to the very recent data obtained from Public relation department of Ministry of Trade, the Ministry office has 18 directorates/ departments with about 400 permanent staffs. Therefore, the population of the study was grouped in to Directorate heads, customers and employees of the ministry trade.

The possible respondents of the research were Ministry of trade head offices, Branches offices and agencies supervisor under ministry of trade. But due to the rationale of the study the researcher considered only the ministry of trade head office as sampling frame.

#### 3.2.1. Sampling method

The quality of a piece of research not only stands or falls by the appropriateness of methodology and instrument used but also by the suitability of the sampling Method that has been adopted (Cohen,2000). Hence, the researcher is so caution in developing the sampling method to get accurate representative of the target population.

The sampling methods employed in this study are purposive, accidental and simple random sampling. To minimize biasness and to get fair representation, the population of the study was grouped in to three target groups.

Purposive sampling technique was used to gather data from department heads through semi-structured interview whereas random sampling method was employed for data collected from staffs and accidental sampling techniques was used to collect data from customers through questionnaires.

### **3.2.2. Sample size**

It is not possible to collect data on the whole population, considering the large size of the population. Thus, to avert such constraint the researcher draw sample from the whole population. From the total study population of 400 employees of the organization 60 employees or 15% of the total study population were randomly selected for sample. Among these 60 questionnaires are duly filled and returned, while the rest 10 failed to give response. This result shown us the response rate for employee respondents is 86%.

Regarding data collected from Department heads the researcher used purposive sampling technique. Thus, four department heads were interviewed. These are system improvement and human resources, Planning and information, Export promotion and Information technology departments heads. Furthermore, to make the research finding sound and balanced the researcher prepared semi-structured questioners to customers of the organization. Customer respondents are selected from all corners of business. To analyze the data, 100 semi structured questionnaires were distributed to customers of the organization. Among these questionnaires, 74 questionnaires are duly filled and returned, 12 questionnaires are invalid and 22 customers are not able to provide their response. As a result the response rate for customer respondents is 78%.

### **3.3. Source and Method of Data collection**

The researcher used both qualitative and quantitative data collection techniques. In order to present a wide range of information, both primary and secondary data sources explored.

Primary data were collected using both qualitative and quantitative data collection methods such as, questionnaires, in-depth semi-structured interviews and document review. Both techniques enable the researcher to present numerical as well as qualitative information in depth.

Secondary data were gathered from different reports and MoT's periodical magazine.

#### **3.3.1. Interview**

Semi -structured interview was conducted with department heads (Directorate Director). This enables the researcher to gather more information about the status of the organization, challenges faced by the organization, to identify expected and existed capacity, challenges that hinder accomplishment of the company's mandate effectively and efficiently.

#### **3.3.2. Questionnaire**

The questioner that the researcher was used in this study is semi- structured questioner with both open ended and closed ended questions. This helped the researcher in collecting qualitative data. The questioners were distributed to the staffs and to MOT's customers.

#### **3.3.3. Document review**

Annual and semi-annual reports, periodical departments' report, establishment laws, Balanced Score Card (BSC) and Business Process Re-engineering BPR documents, different surveys conducted by the organization and other related documents of the organization were deeply examined.

### **3.4. Pilot Reliability Test**

To confirm whether the adapted instrument is understood or not by the respondent a pilot reliability test was conducted. A total of 15 questionnaires were distributed to the respondents the participant for this pilot test were selected from each business process based on their easily accessibility to the researcher. Thus, based on the feedback provided the researcher concludes that the pilot test of the instrument is reliable to apply in the current study

### **3.5. Data analysis**

Since the researcher used both approaches to research, qualitative and quantitative .The methods of data analysis is also based on the nature of the approaches that was adopted. Data collected through questioners and document analysis were properly coded, sorted and tabulated and then presented by using charts and tables. This analysis was followed a descriptive interpretation of findings. On the other hand those subjective types of enquiries which are based on personal opinions, attitudes, and beliefs, qualitative data analysis were used. Data acquired in such manner were interpreted and the researcher was reached on approximate judgment which could be inferred from the attitude, perception and opinion of the subjects which expressed in words.

## CHAPTER FOUR

### DATA PRESENTATION, ANALYSIS AND INTERPRETATION

#### **4.1. Introduction**

This chapter deals with brief description of the profile of the Ethiopian Ministry of Trade, data presentation and analysis of the study area. To achieve the stated objective as described in chapter one, customer and employee respondents are identified and pertinent data were gathered with due focus. The data were gathered using different data collection instruments such as questionnaires and in-depth interview. Moreover, periodic reports, surveys documents, plan and different documents also reviewed.

#### **4.2. Background of the organization**

After the fall of the socialist regime in 1991, the Ministry of Trade was re-established in August 1995 under the proclamation No 4/1995 issued to provide for the definition of powers and duties of the executive organs of the Federal Democratic Republic of Ethiopia.

The Ministry was again reorganized with a proclamation No 411/2004 issued to amend the reorganization of the executive organs of the Federal Democratic Republic of Ethiopia Proclamation No 256/2001. With this proclamation and by other laws, the Ministry has been given the power to supervise and coordinate five government institutions that are involved in the promotion and development of trade, industry and investment activities.

Until 2010 the ministry has been named as Ministry of Trade and Industry. However, by the proclamation number 691/2010 the Ministry was split in to two; Trade Ministry and Industry Ministry. Ministry of trade again organized under one minister,

implementing departments, five support services, one Civil Service Reform office and trade branch offices that enable the ministry to effectively perform its duties and responsibilities vested with it.

Currently, the ministry is operating with the vision of *“Secure globally competitive trade sector that would be well founded on the basis of consistent development”*. And with the mission of *“Ensuring social benefit through establishing transparent, fair and competitive trade system and generating foreign exchange earnings”*

As per the proclamation issued to provide for the definition of power and duties of the executing organ of the Ethiopian government, number 629/2010, the ministry is commissioned to perform the following major tasks:-

- Promote the expansion of domestic trade and take appropriate measures to maintain lawful trade practices;
- Create conducive conditions for the promotion and development of the country’s export trade and extend support to exporters;
- Establish a system that enable to ascertain that export or import goods are sold or bought at the appropriate price; make follow ups in collaboration with the concerned executive bodies, and take measures in accordance with the law against those who export or import by under invoicing;
- Establish foreign trade relations, coordinate trade negotiations, sign and implement trade agreements;
- Establish and follow up the implementation of comprehensive system for the prevention of anticompetitive trade practices; provide protection to consumers in accordance with the law;
- Provide commercial registration and business licensing services, and control the use of business licenses for unauthorized purposes;
- Undertake and submit to the Council of Ministers price studies relating to basic commodities and services that have to be under price control and, upon approval, follow up the implementation of same;

- Establish the legal metrological system of the country, regulate its enforcement and coordinate the concerned regulatory bodies;
- Control the qualities of export and import goods; prohibit the importation and exportation of goods that do not comply with the requirements of the standards, and work in collaboration with the concerned organs;
- Control the compliance of goods and services with the requirements of mandatory Ethiopian standards, and take measure against those found to be below the standards set for them;
- Control the coordinated enforcement of standards applied by other enforcement bodies, organize and direct implementation review conferences;
- Organize the trade data of the country, and disseminate same to the concerned bodies.

In addition to the above aforementioned powers and duties, the ministry is also commissioned to supervise and regulate four government organizations. These are Ethiopia Commodity Authority, Ethiopia Commodity Exchange, Ethiopia Grain Trade Enterprise and Trade practice and consumers Protection Authority. Since trade is one of the priority sectors in the first phase of Growth and Transformation Plan (GTP), the ministry is expected to play a crucial role in promoting domestic and foreign trade. The ministry office, altogether with its 17 directorate and 2 directorates general, is working to accomplish the above commissioned tasks. Hence, this study aims to assess the institutional capacity of the ministry office to execute the task provided by laws/proclamation.

### **4.3. Data Presentation and Analysis**

The primary objective of the study, as it stated in chapter one, is to assess the institutional capacity of Ministry of Trade for fulfilling its mandates. To attain this objective the researcher collected key data from customers, employees, senior management team of the organization and from documents. Therefore, at this part the researcher tried to present and discuss the data collected through semi-structured questionnaires, interview, physical observation and document review.

#### **4.3.1. Population characteristics**

##### **4.3.1.1. *Characteristics of Employee respondents***

As shown in table 4.1, 72% respondents were male and the rest 28% were female. Based on the data obtained from the Human resource directorate of the organization, employee sex ratio is 5:1. It implies the organization is highly dominated by male employees. Similarly, the majority of respondents were male employees.

With regard to age structure of the respondents, as it can be seen from the table 4.1 , 54 % the respondents fall within the age of 26-36, respondents age within 18-25 accounts 28% and respondents with in the age of 36-45 constitute 15% and the rest 3% of respondents fall in the age above 45.

When we look at the educational background of the respondents, 91 % of the respondents were first degree holders and 7% were masters and above degree holders while 1% were diploma. Based on the data obtained, almost all respondents were first and above degree holders.

As the table indicated, 50%, 23%, 22% and 5% of the respondents responded as they served the organization one to five years, above 10 years, six to ten years and less than a

year respectively. Hence, based on the data obtained, most of the respondents served the organization from one to five years.

**Table 4.1, Demographic characteristics of employees' respondents**

Demographic factors		Frequency	Percentage
<b>Sex</b>			
	Male	43	72
	Female	17	28
	Total	60	100
<b>Age</b>			
	18-25	17	28
	26-36	32	54
	36-45	9	15
	>46	2	3
<b>Educational status</b>			
	High school completed	0	0
	TVT certificate holder	0	0
	Diploma	1	2
	First degree	55	91
	Masters and above	4	7
<b>Service year</b>			
	<1	3	5
	1-5	30	50
	6-10	13	22
	>10	14	23

Source: - Questionnaire

#### **4.3.1.2. *Characteristics of Customer respondents***

As it clearly depicted in Table 4.2, 82% of the customer respondents were male and 18% were female. Like employee respondents, which are significantly dominated by male respondents, the customer's respondent is also highly dominated by male.

With regard to the age structure of customer respondents, the percentage of respondents in the age between 18-25,26-36,36-45 and above 45 are 18%,38%,30% and 14% respectively. This indicated that the majority of customers' respondents fall in the age range of 26-36.

Table 4.2 shows interval of time in which customers visit the organization, 52% of the respondents respond as they are visit the office once in a year and 43% twice in a year and 37% most frequently and 20% monthly. Hence, the majority of the respondents visits the organization once in a year and followed by customers visit the organization twice in a year.

**Table 4.2, Demographic characteristics of customers' respondents**

Demographic factors		Frequency	Percentage
Sex	Male	54	82
	Female	12	18
	Total	66	100
	Age		
18-25	12	18	
26-36	25	38	
36-45	9	14	
>46	20	30	
Total	66	100	
Frequency of Visit	Once in a Year	22	33
	Twice in a year	20	30
	Monthly	9	14
	Most frequently	15	23
	Total	66	100

Source: - Questionnaire

## 4.4. Dimensions of organizational capacity

### 4.4.1. Human resource

Human resource is the most valuable resource of any organization and upon which, capacity and capacity building primarily depends (UNDP, 2007). Hence, to assess the human resource aspect of capacity of the Ministry of trade sequences of framed questions were forwarded to staffs, customers of the organization and to department heads.

The overall human resource capacity of the organization highly depends on the capacity of each employee to execute their duties efficiently and effectively. Hence, as one of the tool of assessing the individual capacity of employees is the availability of clearly written duties and responsibilities for each employee. Concerning this, staffs were asked whether they have job description that appropriately describes their role and responsibilities. As table 4.3 shown, 72% of the respondents replied “Yes”, while the other 28% answer “No”. This indicated that the majority of employees have job description.

*Table 4.3, Availability of employees’ Job description*

Item	Yes	NO
Availability JD that appropriately describes the roles and duties	72%	28%
Appropriate linkage Between job description and Individual Action plan	74%	26%

Source: Questionnaire

Those respondents, who confirmed of having a job description, were asked their views about the roles and responsibilities written in their job description are aligned with their

action plan. As the Table 4.3 depicted, 74% of the respondents answered “Yes” and the rest 26 % replied “NO”. This implies that considerable number of employees have job description which is appropriately linked to their action plan, which is an asset by itself for the organization in general and for employee in particular.

**4.4.1.1. Training**

Building human resource skill, attitude and knowledge is an important part of the organization function. Developing human resources in an organization is a means of enhancing employee performance by increasing their skills, knowledge and attitudes. This allows the organization to remove or prevent performance deficiencies, makes employees more flexible and adaptable, and increases staff commitment to the organization. This takes several forms, such as education and training. Staff training is an important aspect of human resource development. Concerning this, staffs were asked about human resource development practices in the organization.

As it is depicted in table 4.4, 63% of the respondents confirmed as they have not received any training which is related to their job with in the last two years. While the rest 37% of the respondents confirmed as they obtained. This indicated that the organization does not provide sufficient training for its employees.

**Table 4.4, Availability of training to the staff**

Item	Yes	No
training received by employee with in last two years	37%	63%

Source: Questionnaire

In line with this, questions were also forwarded to senior managers in interview secession. In response all have confirmed the availability of sufficient fund for training and development. Particularly, Information communication technology (ICT) department’s heads explained that employees under her domain received adequate and

relevant training in the past years; the other key informants share the employee views as well. They confirmed, though there are sufficient fund to provide training for the staff, however staffs are not received adequate trainings. This indicated that organization lacked in providing training or facilitating staffs to take training.

On the other hand, a question regarding education opportunity to the staff has been forwarded to system improvement and human resource directorate director. According to the informant, with the fund received from different international organizations by the ministry, long term educational opportunities have been given each year to the employees to improve their commitment to the organization as well as to alleviate their deficiencies. Accordingly, staffs are utilizing this opportunity in different post graduate Programs. However, those opportunities given to the employee in first degree programs are not used as expected due to the employee failure to pass an entrance exam given by universities and colleges. This implies that the organization is attempting to motivate its employees by availing long term education opportunities.

#### **4.4.1.2. Incentives**

Most human resource management proponents agree that organizational success depends on the ability of the organization to create a system that retains its best man power and to attract new staff to join the organization. A good incentives system encourages employees to be productive and innovative. Therefore, to examine the incentive scheme of Ministry of Trade, series of framed questions were forwarded to the staff as well as to the senior management team of the organization.

*Table 4.5, Assessment of incentive scheme*

<b>Item</b>	<b>Yes</b>	<b>No</b>
Effectiveness of the organization's incentive scheme	8%	92%

Effectiveness of the organization's compensation system	10%	90%
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Source: - Questionnaire

The above table (4.5) summarized the respondents view on the incentive system of the organization. Respondents were asked the effectiveness of the organizations incentive system, in response to this, 92% of the respondents replied "No" and only 8% of the respondents answered "Yes". This indicated that significant number of the employees is dissatisfied with the incentive system.

In the same way, comparable questions were also forwarded to the employees to examine their views on rewards and compensation. The result shows that majority of the respondents replied the organization compensation system is ineffective.

As table 4.5 shows, respondents were asked to what extent they saw the effectiveness of the organization compensate its employee. While 90% responded it did not adequately compensate, the rest 10 % answered the organization effectively compensated its employees. This implies that the majority of the employees are dissatisfied with the compensation scheme.

#### 4.4.1.3. Motivation

Incentive scheme in an organization aimed at motivating employees to perform well. This involves financial (monetary) and non-financial (non-monetary) incentives. To examine the employees' motivation level, questions were posed for the employee respondents.

*Table 4.6, Motivation and job satisfaction*

Item	Yes	No
Does the organization motivate its employee (financial and non-financial)	10%	90%

Are you satisfied with your job?	29%	71%
----------------------------------	-----	-----

Source: - Questionnaire

As we can observe from Table 4.6, 90% of the respondents answered that the organization doesn't motivate its employees with financial or non-financial means and 10% said the reverse. With this result we can conclude that the organization failed to motivate its employees, this may create dissatisfaction, inefficiency and poor performance of employee. So that it can deteriorates the overall capacity of the organization to fulfil its mandates.

In the same way, to see the overall job satisfactions of the employees, questions were forwarded to staff respondents. As the table (4.6) above depicted, 71% of the respondents replied as they are not satisfied with their jobs and 29% of the respondent answered as they are happy with their job. With this result, we can say most of the staffs of the organization are dissatisfied with their job. Though it needs further study to assess the source of employee dissatisfaction, however, it is possible to conclude that lack of effective incentive system and poor compensation scheme could be one causes of employee turnover.

#### **4.4.1.4. Employee Turnover**

Employee turnover becomes a big issue in most Ethiopian public institutions. Due to several reasons employees voluntarily leave their organization. Despite, employee turnover is not always bad to the organization; however when skilled employee resigned the costs is enormous to the organization. Moreover, High employee's turnover is destructive to the achievement of organizational goals. The cost can be expressed in terms of performance, money and time .To examine the organization employees' turnover trend and to assess the effort made by the organization to retain

skilled man power, framed questions were forwarded to the staffs and to department heads.

**Table 4.7, Employee turnover**

Item	Yes	NO
Do you think employee turnover is a threat the organization?	86%	14%

Source:-Questionnaire

As the table 4.7 shown, employees were asked to give their views on employees' turnover impacts on the organization. While 86% of the respondents said "Yes" employee turnover is a threat to the organization, the rest 14% of the respondents answered "No". Similarly, as documents showed the organization has 568 job posts however, only 380 are staffed. This implies that 188 or 33% post are vacant. Even though the data doesn't give any clue about source of gaps, however this data coupled with other data obtained, indicated that employee turnover could be source of the gaps. Thus, it has a negative impact on the organization performance. Concurrently, it also hampers the organization effort to successfully execute its mandates.

To see the views of the management on employee turnover, questions were forward in interview secession to department heads. In response all the mangers are aware of skilled man power turnover. And they agreed with the existence of high employee turnover and it is a threat to the organization. Moreover, most of the departments are working under insufficient man power due to frequent employee turnover. The table below shows the four department man power gap.

*Table 4.8, department man power gap*

Department	Manpower needed (posts)	Actual man power in place (Filled Posts)	Man power gap (Vacant Post)	Man power gap in percent
<b>System Improvement and Human resource</b>	17	11	6	35%
<b>Planning and information</b>	15	11	5	33%
<b>Information technology</b>	22	12	10	45%
<b>Export promotion</b>	25	11	14	56%

Source: organized from interview questions

As we can see from the table 4.8, 56%, 45%, 33% and 35% of man power gap existed in export promotion, information technology, planning and information and Human resource directorates respectively. This indicated that all departments are significantly faced manpower deficiency. This is one causes of low performance level of departments in particular and to the organization in general.

According to their view, the root cause of skilled man power turnover is low compensation and poor incentives scheme. This also weakens the effort to attract qualified manpower to the organization. And create difficulties to fill the vacant posts with in short period of time. According to the informant, high employee turnover is a crucial challenge of the organization and one of the threats that hamper the organization to effectively implement the duties commissioned by the laws.

Table 4.9, *Trend of employee turn over*

<b>Year of termination</b>	<b>Number of employee voluntarily resigned</b>
<b>2005</b>	82
<b>2006</b>	109
<b>2007-December, 2014</b>	25

Source: - surveyed documents

Respondents were also asked the extent to which the organization efforts to retain skilled man power. Table 4.9 summarized respondent’s views on the organization effort to hold trained skilled man power.

**Table 4.10, organization effort to retain skilled man power**

<b>How do you evaluate the organization efforts to retain skilled man power</b>	<b>Frequency</b>	<b>Percentage%</b>
<b>Excellent</b>	1	2%
<b>Good</b>	10	17%
<b>Fair</b>	12	20%
<b>Poor</b>	25	42%
<b>Very Poor</b>	12	20%

Source:-Questionnaire

As table 4.10 depicted the views of the employees on the organization effort to retain skilled man power, 42 % the respondents rated “Poor”, 20 % of the respondents rated “Very poor”, 20% said “Fair” and 17% replied “good” and the rest 2% responded as “excellent”. This indicated that majority of the employees are conceived the efforts of

the organization to keep skilled man power below the average and most of them are dissatisfied with the retention mechanism. From the data obtained, we can conclude that the organization retention mechanism is poor.

#### 4.4.1.5. Customers' views on Human resource capacity of the organization

The quality and quantity of workforce have a substantial impact on the services that the organization provides. And up on which customer satisfaction depends on, especially in service giving organization. Therefore to examine the views of customers on the human resource aspect of the organization capacity seriousness questions were forwarded to customers.

*Table 4.11 customers view on the organization man power*

Item	Yes	No
organization has sufficient man power	43%	57%

**Source:-Questionnaire**

As table 4.11 clearly shown the customer's views on the man power of the organization, 57% of the respondents answered as the organization has no sufficient man power whereas 43% of the respondents replied as the organization has sufficient man power. This indicated that more than half of the respondents observed man power shortage in the organization. Compare to the data obtained from directorates about the existence of manpower gaps, this data confirmed the validity of information received from directorates.

In line with this, questions were forwarded to the department heads of the organization to see their views on skills and knowledge of their subordinates. In response, most of the heads answered as they are not satisfied with the skills and knowledge of their

subordinates. Since the organization is not able to retain most qualified and experienced employees, skill gaps are observed in each department. Moreover, the organization compensation scheme is not competitive in the labor market it is not able to attract skilled manpower. Hence, based on the data obtained from customers and department heads we can conclude that employees knowledge and skill gaps is one of the challenges of the organization.

Besides, the organization conducted customer satisfaction survey in 2006 E.C, as per the survey result the overall customer satisfaction level is 62%, which is above average satisfaction level. Nevertheless, the survey report showed customers' complaints in relation to quantity and quality of man power. And here under listed the major deficiencies that the customers forwarded.

- Lack of sufficient man power to entertain customers
- Skill and knowledge gaps of employee
- Poor delegation system (employee lacks decision making power)

The above data supplements the data obtained from customers and managers regarding the skills and knowledge of the employees. All of the above three sources of data corresponded on the existence of skill and knowledge gaps of employees in the organization. This becomes one of the problems for the organization and sources of dissatisfaction for customers. So, we can conclude that employee of the organization lacks skills and knowledge to effectively execute their duties and responsibilities effectively.

#### **4.4.2. Physical Infrastructures**

Infrastructure refers to the basic conditions (facilities and technology) that allow an organization's work to proceed. Such as, physical assets (property, buildings and movable assets) computer systems and telecommunications infrastructures, connectivity, human resource to support existing technology productive work environments, as well as viable transportation to and from work for employees. The

deficiency of one of the element of infrastructure may affect the day to day activities of the organization.

#### 4.4.2.1. Facilities

Infrastructure and facilities as one element of organization capacity, the presence and absence of it has an impact on the overall capacity of the organization to execute its mandates. Therefore, to assesses the infrastructure dimension of the organization questions were forwarded to employees, customers and department heads.

Regarding the availability of adequate infrastructure to support the work of the organization, customer’s respondents were asked. As the table (4.12) shown, 60% of the respondents answered “Yes” the organization has adequate physical infrastructure that enable to perform its tasks. While the rest 40% said “NO” it is not adequately in place to support the work of the organization. This indicated that the majority of the respondents confirmed the physical infrastructures are adequately in place to support the works of the organization.

*Table 4.12, customers view on availability of adequate physical infrastructure*

Item	Yes	No
Organization has availed adequate physical infrastructure to support the organization work	60%	40%

**Source:-Questionnaire**

Regarding the challenges faced by the organization in relation to office utilities, customers were asked to give their observation. In response most of the customers replied there is frequent internet network interruption, electric power block out, lack of productive working environment and lack of adequate office facilities. Lack of sufficient office utilities could be one of the sources customer’s dissatisfaction. Hence, the organization should reconsider its office utilities backup’s sources.

In the same way, similar questions were forwarded to sampled department heads, as per their view the organization has sufficient physical infrastructure, such as electric power, computer system, and building and transportation facility to the employees. Concurrently, System Improvement and Human Resource Directorate director confirmed the existence of capable manpower to cope up with new technology, if the organization deploys new working system. This implies that the organization is in a good status in relation to the physical infrastructure.

As part of organization’s capacities it is necessary to assess the extent to which the organization provide the necessary working materials and equipment to the staffs that enabled to implement their assigned duties. Moreover, it also needed to examine the availability of adequate facilities, such as transportation, that support the work of organization. Hence, Employee respondents also asked to give their opinion on the organizations efforts to provide adequate equipment, materials facilities to the staffs. Accordingly, the respondents feed their views. Table 4.13, depicted their views.

To assess the availability of necessary working materials and equipment that support the effective execution of the organization functions, employee’s respondents were asked to express their opinion. Accordingly, as we can see from table 4.13, when 55% of respondents answered “No” there is no sufficient working material and equipment, the rest 45% of the respondents stated “Yes”. This indicated that most of staffs of the organization lack the necessary equipment and materials to execute their duties.

*Table 4.13, employees view on the availability of working materials and facilities*

Items	Yes	No
<b>Availability of necessary material and equipment to implement assigned deities</b>	45%	55%
Availability of adequate facilities to the employees	82%	18%

Source:-Questionnaire

As shown in table 4.16 item 2, when the employee respondents asked to give their views on the provision of adequate facilities to the staffs, 82% of the respondents responded as the organization provide adequate facility to the staffs. And the rest 18% of the respondents replied as it is no sufficient facilities in place. This indicated that the significant majority of the employees are satisfied with the facility service of the organization.

Comparable question were also asked to the managers of the organization. In responses most of the informant replied as there is no as such significant deficiency of equipment and materials that obscure the day to day activates of the staffs. With regard to facilities, they confirmed that the staffs are receiving adequate facilities such as transportation and canteen service. With the above sources of data we can conclude that the organization is in average position in availing the necessary working materials and equipment.

#### 4.4.2.2. Technology

According to Charles et al (2002), the technological resources of an organization encompass all of the equipment, machinery and systems (information systems hardware and software) that are essential for the organization to function properly. With respect to this, sampled employees and customers were asked to what extent they evaluate the technology resources of the organization.

*Table 4.14, customer's assessment on the organization technology resource*

Item	Very Good	Good	Fair	Poor	Very Poor
Technology employed by the organization to carry out its work	6%	26%	55%	38%	8%

Source:-Questionnaire

As indicated in the above table (4.15), 55% of the respondents rated the extent to which the organization employed technological resources as “Average” and 38% of the respondents stated “Poor” and 26% of the respondents rated “Good” and the rest 8% and 6% of the respondents stated the technology resource deployed by the organization as, “Very poor” and “Excellent” respectively. This implies that the majority of the respondents are rated the technology employed by the organization as fair. However, the sums of respondents who dissatisfied (rated below average) with the technology resources are greater than satisfied (rated above the average) one.

#### **4.4.3. Financial Resources**

Availability of sufficient financial resources and proper disbursement procedure play a crucial role in executing organizational mandates. To assess the organization financial resources and disbursement procedure, financial documents were reviewed and framed questions were forwarded to the senior’s management team of the organization in interview session.

According to planning and information directorate director, the organization uses program budgeting approach. This allows the organization to weight program’s output against its goal and it also enables the managers to examine the effectiveness of the programs. Concurrently, he explained that the budgeting process is participatory; departments involve in preparing their own budget plan.

In light of this, the second discussion point was focused on the availability of adequate financial resources to the departments in particular and to the organization in general. Accordingly, it was stated that, in most cases, the organization is granted sufficient budget from higher authority to implement its mission. Thus, financial resources deficiency is not a constraint to the organization. Simultaneously the informant explained, lack of adequate financial resource is not a challenge to the departments either. However, problems existed in execution of allocated budgets and most of the

time considerable amount of allocated budget returned without being used by the departments. This implies that it has problem in planning or in utilizing the allocated budgets. Hence, the organization should give due attention on budget planning process and also attention should be given in execution of the budget.

The same question also forwarded to the other senior managers (informant). Accordingly most replied as they have no budget problem. Almost all confirmed that they granted what they requested. However, they faced a challenge in disbursing the budget. As per their information, the finance and supply directorate has significant manpower shortage. Due to that this department is not working under full human resource capacity and departments are not entertained well. Based on this data we can conclude that the organization has obtained sufficient budget from the higher authority. However, the budgeting problems of the organization are driven from execution phases of budgeting process. Therefore, due attention should be given in financial resource allocation and execution.

Budget performance reports of the organization also supplement the above data, as seen on tables 4.15 and 4.16 we can observe the organization failed to use its budget effectively

*.Table 4.15, recurrent budget performance report of 2005 E.C*

<b>S.N</b>	<b>Programs</b>	<b>Planned</b>	<b>Appropriated</b>	<b>Utilized budget</b>	<b>Utilized budget in percent</b>
<b>1</b>	Administrative and Support	20,274,700	20,274,700	16,710,520	82.4%
<b>2</b>	Fair trade management	11,709,500	11,709,500	9,402,580	80.0%
<b>3</b>	Foreign Trade	9,269,800	9,269,800	8,683,150	93.6%

	promotion				
<b>Total</b>		<b>41,254,000</b>	<b>41,254,300</b>	<b>34,796,250</b>	<b>84.3%</b>

Source:-Ethiopian Ministry of Trade (2014)

As table 4.15 shown the recurrent budget performance of the organization for the year 2005 E.C, the total budget granted was birr 41,254.00.00 and the total amount of birr used in the budget year was 34,796,250.00. This implies that 15.7% of the allotted budget was not used.

Similarly, the budget report shown the capital budget performance for the same year was 62.51%. As the document stated that poor procurement practice of the organization was the reason for the failure of effective execution of the budget. Hence, based on the data obtained we can conclude that the organization is not in the position to utilized allocated budget effectively.

As the table 4.16 shown the recurrent budget performance of the organization for the year 2006 E.C, the total budget granted was birr 63,237,383 and the total amount of birr used in the budget year was 44,183,342. This implies that 69.8% of the allotted budget was used. In the same year,the capital budget performance report shown that only 33.28% of allocated budget were utilized. This implies the more than half of the allocated budget was not used.

*Table 4.16, recurrent budget performance report of the year 2006 E.C*

<b>S.N</b>	<b>Programs</b>	<b>Planned</b>	<b>Granted</b>	<b>Utilized budget</b>	<b>Utilized budget in percent</b>
<b>1</b>	Administrative and support	32,807,500	32,807,500	24,542,645	78.8
<b>2</b>	Fair trade management	16,262,394.3	16,262,394.3	10,337,486	63.57

<b>3</b>	Foreign Trade promotion	15,225,031	15,225,031	9,303,211	61.1
<b>Total</b>		63,237,383	63,237,383	44,183,342	<b>69.87</b>

Source:-Ethiopian Ministry of Trade (2014)

Regarding budget allocation system, as the informant said it is participatory and transparent. In addition to that sufficient budget is allocated to the department to implement their jobs. Budget cutting is rare. As they explained the process of budget planning, all the staffs are participated in the budgeting process starting from preparation of budgeting documents. Overall financial resources allocation is not a challenge for the organization. This implies the organization is in good position to get sufficient financial resource to execute its mandates. Though it need further study on the budget allocation and utilization practice, based on the data obtained we can conclude that financial resource is not a problem for the organization.

#### **4.4.4. Mission and strategy**

Regarding the capability of the organization to provide effective service to the customers and to examine the extent to which the organization inspiring its members and stakeholders (customers) to perform in a way to attain organizational mission, questions were designed for customers and employees. And respondents were asked to give their opinions.

As clearly shown in table 4.17, employees respondents were asked whether they know the strategic objectives of the organization. Accordingly, when 88% of the respondents replied “Yes” the rest 12% answered “No”. This indicated that the quite majority of the employees know the strategic objective.

*Table 4.17, employee's awareness on the strategic objectives of the organization*

Item	Yes	No
<b>Do you know the strategic objectives of the organization?</b>	88%	12%

Sources:-Questionnaire

Customers respondents were also asked to reveal their views, if the organization effectively fulfilling its mission. Accordingly, as it can be seen in table 4.21, 61% of the respondents answered “No” as the organization doesn’t effectively fulfilling its mission and the rest 39% of respondents respond “Yes” as the organization effectively carrying out its mission. Based on the data obtained the majority of the respondents don’t believe the organization is accomplishing its mission effectively.

*Table 4.18, customers' views on the organization effort to carrying out mission*

Item	Yes	No
<b>Customers' Views on the organization fulfilling its mission effectively?</b>	39%	61%

Source: - Questionnaire

In the same way customers were asked about the extent to which they are satisfied with the service the organization provides.

Table 4.19, customers' assessment of quality of service delivery

Item	Very Good	Good	Fair	Poor	Very Poor
<b>Customers' assessment on the quality of service delivery</b>	1%	15%	38%	42%	4%

Source:-Questionnaire

As the table 4.19 indicated, 1% of them replied, “Very Good”, and 15 % replied, “Good”, while 38 % of the respondents stated that the quality of the service they received was “Average”, the rest 42% and 4 % of the respondents stated that the quality of the service they received was poor and very poor respectively. Though the organization customer satisfaction survey report’s revealed that customer’s satisfaction level was 62% in the year 2006 E.C, however, the data obtained from questionnaire indicated that the service quality of the organization in regard of providing tangible and reliable is below average.

#### 4.5. The Accomplishment of Mandates Versus its Plan

To examine the organization capacity to accomplish its mandates, different documents were reviewed. Among these, annual performance reports of the organization are one. The accomplishments of annual plans were examined in comparing with its capacity to implementing its commissioned duties given by the laws. The following table summarized the organization annual plan performance versus its mandates

*Table 4.20, Accomplishment of Mandates Versus annual Performance (2005 E.C)*

Mandates	Annual Plan	Objectives/Goals	Performance	Accomplishment In Percent
<b>Create conducive conditions for the promotion and development of the country’s export trade</b>	Promote the country’s export trade	Exporting 2.65 million tons of agriculture products and earn 2.82 billion dollar	1.41 million tons of agriculture products were exported. Accordingly 2.06 billion dollar earned	53%
	Making follow up and providing support to agriculture products exporters	Preparing seminar , discussion forum ,awareness creation programs with concerned bodies to promote agriculture products export	seminar and awareness creation program has been given in different regions	100%
<b>Establish foreign trade relations, coordinate trade negotiations, sign</b>	Enhancing the market for exported goods/products and enhancing export earnings	Signing new bilateral and multilateral trade agreements and inducing the existing	Different paper works has been produced	-----

<b>and implement trade agreements</b>				
<b>Promote the expansion of domestic trade</b>	Prevent anticompetitive trade practice and facilitate the supplies of basic consumption goods	Distribution of basic consumption goods	Wheat powder, food oil, and sugar were distributed for consumers	
<b>Provide commercial registration and business licensing services, and control the use of business licenses for unauthorized purposes</b>	Providing customer centered and quality commercial registration business licensing and related service	Provide 100 thousand Business registration and licenses and related service	Provide 78,472 business license and registration services	78%
<b>Establish the legal metrological system of the country</b>	Providing a calibration service to protect the consumers from mischief	Conducting conformity assessments and calibration of 328,362 measuring scales	Based on customers request, 457,039 scales machines were calibrated	72%
<b>Control the qualities of export and import goods; prohibit the importation and exportation of goods that do not comply with the requirements of the standards,</b>	Ensuring the quality of export products meet the standards	Conducting quality inspection on 477,222 metric tons of export products	Conducted quality assessment survey 526.996 metric tons of products	110%
	Ensuring the quality of imported goods meet the standards	Conducting quality inspection on 626,559 metric tons on imported goods	587,399 metric tons of imported goods were inspected	94%
<b>Control the compliance of goods and services with the requirements of mandatory Ethiopian standards, and take measure against those found to be below the standards set for them;</b>	Control the compliance of goods and service with the requirements of Ethiopian standard	Conducting conformity assessment on 1300 products and services before enter in to the market. Conducting inspection on 15,000 firms/business firms	Not mentioned	-

**Source: surveyed document (Ethiopian Ministry of Trade 2005 E.C Performance Report)**

As we can see from the above table (4.20), comparing the accomplishment of annual plan (performance) versus the mandates in 2005 E.C budget year, the performance of the organization in the stated time was above average. Besides, the mandates are clearly

cascaded in to annual plan and most of the planned objectives are accomplished effectively. Hence, the organization is in good position in executing its annual plan.

Moreover, the annual (2005 E.C) performance report documents revealed that, beside the above aforementioned quantified annual plan, the organization was successful in the executing of other not mentioned objectives. And Comparing the budget year from previous one, 2005 E.C budget year exported products increased in quantity by 110,000 (12%) million metric tons. In contrary it was decreased in amount of money earned by 30 thousand dollar or 1.17%. The data obtained indicated that the organization is effectively transforming its mandates in to annual plan and it was successful in to fulfilling its mandate in the budget year.

Similarly the below table (4.27) summarized and shows the organization accomplishments its annual plan against mandates in the year 2006 E.C.

**Table 4.21, Accomplishment of Mandates Versus annual Plan (2006 E.C)**

Mandates	Annual Plan	Objectives/Goals	Performance	Accomplishment In Percent
<b>Promote the expansion of domestic trade and take appropriate measures to maintain lawful trade practices;</b>	Establishing transparent , fair competitive modern market	Distribution and supplying of consumption goods(wheat, food oil and sugar)	Able to distribute 81%,87% and 101% wheat ,food oil and sugar respectively	89%
<b>Create conducive conditions for the promotion and development of the country's export trade</b>	Promoting the country's export trade and enhancing export earning	Exporting 1.37 million metric tons of cereals products and 1.08 million cattle	958,210 (70%) million tons of cereals products were exported. And 647,713 (60%) cattle exported Accordingly 2.06 billion dollar earned	65%

	Making follow up and providing support to agriculture products exporters	Preparing seminar , discussion forum ,awareness creation programs with concerned bodies to promote agriculture products export	seminar and awareness creation program has been given in different regions	100%
<b>Establish foreign trade relations, coordinate trade negotiations, sign and implement trade agreements</b>	Enhancing the market for exported goods/products and enhancing export earnings	Signing new bilateral and multilateral trade agreements and inducing the existing one	Different paper works to has been produced	-----
<b>Establish and follow up the implementation of comprehensive system for the prevention of anticompetitive trade practices;</b>	Make follow up and prevent anticompetitive trade	Conducting post licensing follow up on 2160 business enterprises	Able to conduct follow on 254	11%
<b>Provide commercial registration and business licensing services, and control the use of business licenses for unauthorized purposes</b>	Providing customer centered and quality commercial registration, business licensing and related service	Provide 111,990 Business registration and licenses and related service	Provide 129,995 business license and registration services	116%
<b>Establish the legal metrological system of the country</b>	Providing a calibration service to protect the consumers from mischief	Conducting conformity assessments and calibration of 475,540 measuring scales	Based on customers request, 406,194 scales machines are calibrated	85%
<b>Control the qualities of export and import goods; prohibit the importation and exportation of goods that do not comply with the requirements of the standards,</b>	Ensuring the quality of export products meet the standards	Conducting quality inspection on 992,268 metric tons of export products	Conducted quality assessment survey 555,386.62 metric tons of products	56%
	Ensuring the quality of imported goods meet the standards	Conducting quality inspection on 769,198 metric tons on imported goods	1.56 million metric tons of imported goods were inspected	203%

<b>Control the compliance of goods and services with the requirements of mandatory Ethiopian standards, and take measure against those found to be below the standards set for them;</b>	Control the compliance of goods and service with the requirements of Ethiopian standard	Conducting conformity assessment on 147 manufacturing firms	Standard testing has been done on 252 firms	171%
	Ensuring the quality products meet the standards and take measure against those found to be below the standard	Conducting market quality inspection on 14 types of products	14 types of products examined	100%

*Source: - Surveyed Document (Ethiopian Ministry of Trade 2006 E.C Annual Performance Report)*

As the above table (4.21) shows, similar to previous budget year performance, the organization was successful in accomplishes its annual plan in the budget year. This indicated that the organization is accomplishing the annual plan effectively. Comparing the 2005 E.C budget year accomplishment against 2006 budget year performance, we can easily recognize performance improvement over the year. This implies that the organization enhancing its capacity to execute its mandates.

#### **4.6. Overall capacity of the organization to execute its mandates**

Finally, all groups of respondents were asked to give their opinion on the organization over all capacity to execute its mandate.

As we can see from the table below the customers’ respondents were asked to what extent they evaluate the overall capacity of the organization to execute its mandates. Accordingly, as indicated in table 4.24 below, when 4% of the respondents rated the organization capacity as “Very Good”, 26% rated “Good”, and 45% of the respondents stated as “Average”, 23% and 2% of the respondents rated “Poor” and “Very poor” respectively. This implies the majority of the respondents was rated average on the overall capacity of the organization and followed by those who rated good and poor. Hence this indicated that, based on the customers’ view, the overall capacity of the organization to execute its mandates is nearly on average.

*Table 4.22, Customer's and employees' views on the overall capacity of the organization*

Items	Very Good	Good	fair	Poor	Very Poor
<b>Customers' view on Overall capacity of the organization</b>	4%	26%	45%	23%	2%
<b>Employees' view on overall capacity of the organization</b>	2%	15%	31%	48%	4%

Source:-Questionnaire

Similar question were also forwarded to the sampled employee. As the above table 4.22 item 2 shown, when 3% of the respondents responded as “Very good”, 17% of the respondents rated “Good”, and 33% of the respondent rated “average” and 43% and 3% of the respondents rated “Poor” and “Very Poor”. This indicated that the majority of the employee respondents rated the overall capacity of the organization below the average.

In the same way the same question were also forwarded to the senior managers in interview sessions to examine the extent to which they rated the overall capacity of the organization. In response to that the entire informant putted the organization overall capacity on average. This implies that even the management are not fully confident to rate the organization capacity above the average. Hence due attention should be given to enhance the overall capacity of the organization.

Based on the data obtained we can conclude that the overall capacity of the organization is not sufficient enough to effectively execute its mandates. Therefore, capacity development program that involve all stakeholders should be in place with due focus on human resource development.

#### **4.7. Capacity Building Programs**

Daniel (2000) stated that, organizational capacity building is a system-wide, planned effort to increase organizational performance through purposeful reflection, planning,

and action. To assess whether the organization implemented capacity program and if so, to evaluate the extent to which it attain the goal, framed question were forwarded to employees and senior management team. In most situate the respondents reflects their views accordingly, data were collected.

According to informants, currently the Ministry of Trade is carrying out a reform program named Balanced score card (BSC). And they have completed the initial phase of the reform and they are about to implement the program. The informant also explained that the previous reform program, business process reengineering, were not achieved the desired goals because of different reasons, including the following

- High skilled man power turnover
- Lack of common understanding of the concept
- Lack of understanding of the goal of the reform
- Lack of commitment to implement the program
- Poor incentives scheme

In the same way question were forwarded to the managers whether they are aware of that capacity development program is underway in the organization or not. In response to that all of informants are aware of the capacity development program is carried out in the organization. Simultaneously, some questions were forwarded about the effectiveness of the previous reform program. Most of the informant agreed with the program was designed very well. However, they have reservation in the implementation process and they don't believe that the program has attained the desired goals.

Likewise, questions were forwarded to employee respondents to express their views on the capacity development that the organization implemented, and asked whether the capacity development program which is aimed to enhance the organization' s implementing capacity achieved the intended objectives.

As Table 4.23 shows, 66% of the respondents answered as they don't believe that the reform program enhanced the organization capacity and the rest 34% of the respondents explained as the program improved the organization capacity. Hence, we can conclude that the majority of the employees conceived that the program doesn't bring a change in the organization.

*Table 4.23, employees view on the capacity development program*

Item	Yes	No
Capacity development programs enhanced the organization's capacity	34%	66%

Sources: - Questionnaire

Based on this data obtained, the capacity development program which is aimed to improve the capacity of the organization performance was not successful. According to the informant, the organization is planning to implement Balanced Scored Card, reform program, in the next mid budget year (2007). Hence, the organization should take in to consideration the previous failure factors to avoid the same mistake when implements the new capacity development program. Moreover, Human resource is at the heart of enhancing organization capacity, therefore due attention should be given for human resource development.

In line with this, documents of the organization revealed that capacity building program aimed to enhance the implementation capacity of the organization is among the top priority task to be performed. As the document explained capacity building, it is process of improving the organization ability to execute its mandates effectively and efficiently by enhancing processes, organizational structure and human resource (skill and knowledge) of the organization.

Concurrently, it explained that the organization perform basic capacity building program activities. These include providing training for regional and Federal trade

bureau's heads on consumer's protection proclamation and Information technology application on trade licensing process and amended commercial registration license proclamation. In addition, discussion forums and awareness creation programs has been delivered to federal and regional trade office experts, traders and to higher officials on directives and proclamations.

The documents also explained that in order to improve the system and to create transparent and fair service delivery, different working memos, directive and procedure manual has been issued. Moreover, to promote export trade department in directorate general level has been added on the structure. Similarly, to enhance coffee export earnings and to strengthen the support and follow up process coffee export follow up and support directorate has been established in the budget year.

#### **4.8. Major challenges of the organization**

In order to examine the major challenges that the organization has faced in relation to implementing its mandates, different types of question were forwarded to customers, employees and senior management team. In addition data were also collected from surveyed documents. Accordingly each group of respondents provides their observation from their own perspectives. Here under listed based on the group of respondents

##### ***4.8.1. Customers' views***

In most cases the customers look the organization capacity to implements its mandates from service delivery point of view, hence for the question asked the majority of customers respondents listed challenges that they observed during their visit to the organization. The following points summarized the major challenges viewed by the customers;

- Frequent internet connection interruption

- Eclectic power blackout
- Lack of sufficient man power
- Lack of skilled manpower
- Old working procedures
- Lack of decision making power (poor delegation)
- Lack of sufficient space to entertain customers

Based on the data, we can categorize the above customer's reflections in to human resources challenges and infrastructures and facilities challenges. Among the above listed challenges office utilities problems are frequently listed, especially internet connectivity problems. From the data obtained from interview and questioners these reflection supplement the finding. Therefore serious measure should be taken to alleviate the challenges.

#### **4.8.2. Employees' and senior managements views**

To examine the major challenges of the organization open ended questions were forwarded to employee respondents. And the same kinds of question were forwarded to senior's management during interview sessions. Contrary to the customer's views on challenges of the organization, both employees and the department heads focused on the internal business of the organization. Here under summarized the major challenges forwarded by employees and departments heads;

High employee turnover listed as major challenge to the organization by both employees and managements. As it was discussed in detail in the previous sub topics, this reflection also shows that the extent of employee's turnover challenge to the organization. Similarly, insufficient man power is also named as a challenge to the organization. Though it needs further studies to find out the causes of man power shortage, but it is possible to infer high employee turnover could be the possible source of man power gaps. In the same way, skills and knowledge gaps of employee and poor employee's motivation are named in the questioners as major threat to the organization.

Moreover, the managers explained that the organization lacks the ability to attract competent and skilled man power from the labor market due to poor compensation scheme. This creates long periods of time to fill vacant post and even, sometimes, unable to find applicant who meet the requirements. The cost of it is immense to the organization in terms of money and time. Hence, lacks of capability to attract skilled man power to the organization coupled with high skilled employee turnover is becomes critical challenge for the organization to executes its mandates.

Employee respondents listed poor working environment is also challenge for the organization. This involves lacks of sufficient working materials and equipment, poor coordination between employee and managements, lacks of good governance, poor communication. Suitable working environment plays crucial role on employee's motivation and lacks of it has divers effect on employee's motivation. Hence, poor working environment could be one of the sources of poor staffs' motivation.

Based on the above points we can conclude that the majority of the points listed by employees are revolving on employee's benefits and compensation. Employee turnover is frequently listed by the employee as one of the critical challenges for the organization, followed by, lack of good working environment, insufficient man power and poor employee motivation.

## **5. Conclusion and Recommendation**

Based on the findings of the study obtained through the questionnaire, interview document review and physical observation, the following conclusions and recommendations were made:

### **5.1. Conclusion**

The primary objective of the study was to assess organizational capacity of the Ministry of Trade to fulfill its mandate. The capacity of the organization was assessed from different angles such as Human source, strategy and mission, facilities and infrastructure and financial resource. From the findings of this study, it is possible to conclude that the organization has faced several capacity challenges. This hampers the organization to implement its mandates effectively. As the data indicated, even though there are a good practices observed in the organization, however, in almost all dimensions capacity gaps are noticed. The major conclusions derived from the summary of the findings are stated as follows

Human resource is the heart of organizational capacity. As the data indicated the organization is seriously faced with human resources related challenges. These are Shortage of manpower, low staff motivation, inadequate trainings, lack of competency and poor employee job satisfaction and etc. Moreover, the organization is not able to motive its staffs via financial and non-financial means. High Employee turnover becomes a crucial challenge for the organization- most departments are working under insufficient man power. Beside that since the organization is not able to attract or retain skilled man power competency deficiencies of employees are also challenges to the organization.

The organization has obtained adequate budgets to run its operations from higher authorities. Accordingly, sufficient budget is allocated to each department. However, during the disbursing stage of the allocated budgets departments has faced with challenges. Beside, most of the time considerable amount of budgets is returned

without being used by the organization. As data indicated, even though the organization obtained sufficient budget to implement its mandates, however it is not able to effectively execute the budgets granted.

Generally, the finding of the study revealed, employees are cognizant of the organization strategic objectives which is necessary condition for the organization to perform well. Nonetheless, the organization is not able to satisfy its customer in its service delivery. The capability of the organization to provide effective service to the customers is poor. As the findings revealed the organization also lack to inspire its members and customers to perform in a way to attain organizational mission,

Adequate physical infrastructure is in place to support the work of the organization. In addition the organization is in a good position in providing the necessary facilities to its employee. However, as the findings revealed, working materials and equipment are not available to the staff in required level. Moreover, the organization faces office utilities challenges, such as frequent internet connection interruption, electric power blackout, and insufficient space to entertain customers. These challenges altogether with shortage man power could be sources of customers' dissatisfaction.

Organization implemented reform programs, as the data indicate it was not successful in attaining the desired goals. Even though the program was designed very well, the implementation process was not successful. As the findings shown, Poor coordination, lack of awareness of the staff on the reform program, high skilled man power turnover were the major factors for the failures to achieve the desired goals.

## 5.2. Recommendations

Based on the findings and conclusion, the study suggests the following recommendation to enhance the organizational capacity of ministry of trade so that to execute its mission effectively:-

- As the findings indicated the organization doesn't provide adequate trainings for the staffs. Thus, the organization should regularly conduct training need assessments and develop organization leaning plan that enables to fill employees' skill and knowledge gaps.
- According to the findings of the study, High employee turnover is a critical challenge to the organization. Hence, the organization should conduct study to address this issue and make a fast remedial action to minimize these challenges.
- An important element of retaining staff will be to improve the incentives offered to them. Compensation adjustment for the civil service organization is not a feasible recommendation and thus the focus should be on non-financial incentives schemes such as regularly provide recognition for best performer employee or department, creating conducive working environments, providing long and short term trainings etc.
- Management should motivate employees to stay in the organization and convince employees to get in the future better benefits than the current.
- Since human resource development is an effective way of enhancing the performance of the organization and a means of filling human resource capacity gaps, the organization should give due attention for human resource development.
- The managements should work to improve the budget utilization practices. And the organization should develop a periodic, monthly or quarterly, budget/financial status reporting system thus each departments heads obtain

their respective units budget reports; so that they may make the necessary budget adjustments.

- To enhance the quality of service delivery, the organization should introduce modern technologies that enable customers to get prompt and errorless services.
- To alleviate customers' dissatisfactions driven out of frequent internet and electric power interruption, the organization should employ backup electric power and connectivity sources.
- Since lack of working materials and equipment disturb the day to day activities of employee, the organization should avail the necessary working materials and equipment to the staffs.
- Before implementing any capacity development program, awareness creation about the program should be given. And as much as possible conscious on the goals and the implementation process must be reached between employees and managements. Moreover, Capacity building programs must be strengthened through training and education.

## **6. Suggestion for further studies**

- This study paper is confined to evaluate the organization capacity in human, financial, physical infrastructure and strategy and mission dimensions. Hence, the researcher suggests future researchers to focus in examining the organization's capacity in all dimensions.
- As the findings indicated, employee turnover is a critical challenge for the organization. Hence, the researcher recommended future researches to examine the causes and effects of employee turnover.
- External environment is one of the factors that have an impact on the capacity of the organization. I suggest future research to assess its impact on the organization capacity to fulfil its mandates.

- Capacity can be assessed from three levels, system, entity and individual levels. Hence, I suggest future researcher to assess the organization capacity from individual and system levels.

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## Annex 1

### Addis Ababa University Faculty of Business and Economics Department of Public Administration and Development Management

#### Questionnaire to be filled by Employees of Ministry of Trade

This questionnaire is prepared to collect data for the fulfillment of Masters of Public management and policy thesis. The main aim of this questionnaire is to study and analyze public institution Capacity in fulfilling their mandates with due focus on Ministry of Trade. Based on the finding of results, appropriate solutions will be recommended. The purpose of the study is purely academic. Hence, I will assure you that it will have no any negative effect on you as an individual or on your organization. The effectiveness of the study depends on your genuine and frank response which will be kept confidential. I, therefore, request you to fill the questionnaire honestly and frankly.

I would like to thank you for your kind cooperation in advance.

Please Note that

- ✓ You are not required to write your name
- ✓ Please put a tick mark in the box if you feel that it explain Your opinion

#### **1. Personal Information**

##### 1.1. *Gender*

a) Male                       b) Female

##### 1.2. *Age category*

A) 18 - 25     B) 26 - 35     C) 36 - 45     D) Above 45

##### 1.3. *Educational level*

A) High school completed                       D) First Degree   
B) Certificate holder                                       E) Masters & above   
C) Diploma

1.4. *Your Division/department* \_\_\_\_\_

1.5. *Your Position* \_\_\_\_\_

1.6. *Work experience*

- A) Less than one year       B) 1 - 5 years       C) 6 - 10 years   
D) above 10 years

## 2. Organizational Capacity to execute its mandates

I would like to know your opinion on your organization capacity to execute its mandates.

2.1. Do you have a job description (JD) that appropriately describe you role and responsibilities?

- A) Yes       B) No

2.2. If your answer is "Yes" for the question number 2.1, do you believe that the role and responsibilities stipulated on the JD are appropriately linked with the action plan?

- A) Yes       B) No

2.3. Do you know the organization strategic objectives?

- A) Yes       B) No

2.4. Did you receive any training which is directly related to your job with in last two years?

- A) Yes       B) No

2.5. If your answer is "Yes" for question number 2.5, are the trainings helping you to perform your job better?

- A) Yes       B) No

2.6. Does the organization motivate staff with both monetary and non-monetary rewards?

- A) Yes       B) No

2.7. Do you think the organization incentive scheme is effective for the employees?

- A) Yes       B) No

2.8. Do you think the organization compensate its employee adequately?

- A) Yes       B) No

2.9. Do you think that you equipped with the necessary materials and equipment to implement your job?

A) Yes  B) No

2.10. Do you think the organization provides adequate facilities (like transportation) for the staff?

A) Yes  B) No

2.11. Are you satisfied with your job?

A) Yes  B) No

B)

2.12. What are the major challenges you have faced in your job?

A) \_\_\_\_\_

B) \_\_\_\_\_

C) \_\_\_\_\_

D) \_\_\_\_\_

2.13. Please what possible courses of actions do you recommend to address the challenges?

A) \_\_\_\_\_

B) \_\_\_\_\_

C) \_\_\_\_\_

D) \_\_\_\_\_

2.14. What do you understand about organizational capacity?

A. \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

2.15. Is there capacity building practice in your organization?

A) Yes  B)

If your answer is Yes Please specify

A. \_\_\_\_\_

\_\_\_\_\_

2.16. Do you think that the capacity development program enhance the implementation capacity of your organization

A) Yes  B) No

2.17. What are the major challenges that your organization has faced (in relation to executing its mandates)

A) \_\_\_\_\_

- B) \_\_\_\_\_  
C) \_\_\_\_\_  
D) \_\_\_\_\_
- 2.18. What do you recommend to alleviate these challenges
- A) \_\_\_\_\_  
B) \_\_\_\_\_  
C) \_\_\_\_\_  
D) \_\_\_\_\_
- 2.19. What is your opinion on the employee performance management practice of the organization?
- 
- 

- 2.20. Do you think that employee turnover is a threat to the organization?
- A) Yes  B) No

- 2.21. How do you evaluate the organization effort to retain skilled manpower/staffs?
- A) Excellent   
B) Good   
C) Fair   
D) Poor   
E) Very poor

- 2.22. Overall how do you evaluate you organization capacity to fulfill its mandates?
- A) Excellent   
B) Good   
C) Fair   
D) Poor   
E) Very Poor

**Thank you so much for taking time and answer the questions.**

## Annex 2

### Addis Ababa University Faculty of Business and Economics Department of Public Administration and Development Management

#### Questionnaire to be filled by customers of Ministry of Trade

This questionnaire is prepared to collect data for the fulfillment of Masters of Public management and policy thesis. The main aim of this questionnaire is to study and analyze public institution Capacity in fulfilling their mandates with due focus on Ministry of Trade. Based on the finding of results, appropriate solutions will be recommended. The purpose of the study is purely academic. Hence, I will assure you that it will have no any negative effect on you as an individual or on your organization. The effectiveness of the study depends on your genuine and frank response which will be kept confidential. I, therefore, request you to fill the questionnaire honestly and frankly.

I would like to thank you for your kind cooperation in advance.

Please Note that

- ✓ You are not required to write your name
- ✓ Please put a tick mark in the box if you feel that it explain Your opinion

### **3. Personal Information**

#### 1.1. Gender

a) Male                       b) Female

#### 1.2. Age category

A) 18 - 25        B) 26 - 35        C) 36 - 45        D) Above 45   

### **4. Relation with the organization**

I would like to know your Relation with the organization

4.1. How frequent you visit the organization

- A) Once in a year
- B) Twice in a year
- C) Monthly
- D) Most Frequently

4.2. What kind of service you request

- A) Commercial Registration and cancellation
- B) Trade name and cancellation
- C) Business license renewal
- D) Suspension of Business License
- E) Others service

If your answer is other, please specify \_\_\_\_\_

## 5. Organizational capacity to execute its mandates

I would like to know your views on organizational capacity of MOT to fulfil its mandates.

5.1. Do you think that the organization has adequate physical infrastructure (power, telecommunication) to support the organization's work

- A) Yes
- B) No

5.2. What kind of challenge you observe in relation to office utilities (internet network interruption/ power interruption)

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5.3. Do you think that the organization has sufficient manpower?

- A) Yes
- B) No
- 5.4. Do you think that the employee of the organization possess sufficient skill and knowledge to provide the service you required.
- A) Yes
- B) NO
- 5.5. How do you evaluate the technology employed by the organization to carry out its work is sufficient
- A) Very Good
- B) Good
- C) Fair
- D) Poor
- E) Very poor
- 5.6. How do you evaluate the quality of the service (reliability and tangibility) you received from the organization
- A) Very Good
- B) Good
- C) Fair
- D) Poor
- E) Very Poor
- 5.7. In your opinion what are the main challenges of the organization?
- A. \_\_\_\_\_
- B. \_\_\_\_\_
- C. \_\_\_\_\_
- D. \_\_\_\_\_
- 5.8. Do you think that the organization is fulfilling its mission effectively?
- A) Yes
- B) NO

5.9. Overall how do you evaluate the organization capacity to fulfill its mandates?

A. Excellent

B. Good

C. Fair

D. Poor

E. Very Poor

**Thank you so much for taking time and answer the questions.**

## Annex 3

### **Addis Ababa University Faculty of Business and Economics Department of Public Administration and Development Management**

#### **Interview Questions for Human resource Department Head**

The intention of this interview questions are to collect useful information for the fulfillment of Master of public management and policy thesis. It aims to gather adequate information through discussions with the department heads of Ministry of trade.

1. What do you understand about Institutional capacity?
2. What is your view on the execution capacity of the organization?
3. What are the major challenges that the organization faced?
4. Do you think that the organization is effectively and efficiently executing its mandates?
5. How do you evaluate the budget allocation system? What is your opinion on budget allocation? Do you think that your department has sufficient budget to implement its assigned job?
6. Does the organization implement capacity development program? Do you think that the capacity development program attained desired goal?
7. Do you think that the communications systems functioning at the level required?
8. Is your department equipped with the necessary facilities and equipment? Do you think this is also a challenge for the organization?
9. Do you think that the infrastructure availed in the organization is sufficient? The space. Computer, telephone and like?
10. Is your department is filled with adequate man power? Do you think the skill that your subordinates possess is sufficient?
11. Do you have Human resource policy and procedure manual?

12. Does the organization have a training and development policy? Is the budget for training and development is adequate?
13. Does the organization motivate staff with both monetary and non-monetary rewards?
14. Do you think that the human resource development is adequate to support the adoption of new technology?
15. What do you recommend to enhance your organization capacity?

## Annex 4

### **Addis Ababa University Faculty of Business and Economics Department of Public Administration and Development Management**

#### **Interview Questions for Department heads**

The intention of this interview questions are to collect useful information for the fulfillment of Master of public management and policy thesis. It aims to gather adequate information through discussions with the department heads of Ministry of trade.

1. What do you understand about Institutional capacity ?
2. What is your view on the execution capacity of the organization?
3. What are the major challenges that the organization faced?
4. Do you think that the organization is effectively and efficiently executing its mandates?
5. Is your department is filled with adequate man power? Do you think the skill that your subordinates possess is sufficient?
6. How do you evaluate the budget allocation system? What is your opinion on budget allocation? Do you think that your department has sufficient budget to implement its assigned job?
7. Does the organization implement capacity development program? Do you think that the capacity development program attained desired goal?
8. Is you department equipped with the necessary facilities and equipment? Do you think this is also a challenge for the organization?
9. Do you think that the infrastructure availed in the organization is sufficient? The space. Computer, telephone...and like
10. What do you recommend to enhance your organization capacity?