

**Proceedings of the 9th National Conference
on Private Higher Education Institutions
(PHEIs) in Ethiopia**

**Major Theme: The Role of Private Higher Education
Institutions in Human Capital Development to achieve
the Ethiopian Growth and Transformation Plan**

**Organized & Sponsored by
St. Mary's University College**

**August 20, 2011
UNECA Conference Center
Addis Ababa, Ethiopia**

Factors Affecting Self-Employment of Technical and Vocational Education and Training Graduates: The case of St. Mary's University College

By

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Abstract

This research aimed at identifying the factors affecting self-employment of TVET graduates of the St. Mary's University College, through survey method involving both quantitative and qualitative tools. Thus, questionnaire and interview instruments of data collection were utilized. Systematic random sampling technique was used to select respondents (i.e. 182 graduates' students were drawn for the survey using the questionnaire). The results revealed that 77.7 % of the TVET graduates of the SMUC were wage employed and only 7.4% were self-employed. The rest, 14.9% were unemployed. Thus, SMUC is successful in producing demand-driven skilled manpower to the labor market though self-employment rate is very low. As to the factors affecting self-employment choice, it was found that 88.3% of the graduates and most of the instructors had addressed it to the 'lack of start-up capital' which pushed the graduates to wage employment alternative. In fact, the graduates could not access the credit service opportunities which had been provided by the support service system, and in addition, lack of market familiarity, lack of viable concept of business operation, and lack of experience in managing and running a business are the other factors mentioned by the graduates. Instructors also believed that graduates' attitude towards self-employment, lack of self-determination, lack of risk taking behavior were the major factors for wage employment. Graduates also mentioned that hard work (100%), the need to achieve life goal (97.3%) and self-determination (96.6%) had been considered as the first three important factors of personality traits for self-employment. All the informants in the interviews agreed that the trainers had lacked entrepreneurial training skills. Vocational guidance and counseling service was also rated as medium and low by 58.7% of the graduates, which implies a perceived weak service. Based on the findings, possible solutions were drafted and recommended to concerned stakeholders.

Background of the Study

The crucial role of education and training in a nation's building is described and analyzed in different ways by different scholars. For example, Kocsev et al. (2010, p.6) state that:

“Education plays a very important and central role in the country's transformation strategy.” Their views confirm that education is a basic tool for change and development of a country or a nation, and whenever a development strategy is designed at national level, the role of education should be considered as a key factor to achieve the intended change.

In the same framework, Aronowitz (2004, p.1) argues that the role of education for the nation is the key to technological transformation, which represents the main engine of economic growth. Therefore, the role played by education sector is crucial as an instrument to technological progress, and the educational settings are junctions of the technological transformation process as well as sources of skilled human labor contributing to the nation's economic development.

Among the educational settings, Technical and Vocational Education and Training (TVET) institutes are one of the component of the education and training programs that has widely expanding at global level. A UNESCO report (2010, p.1) has described the role of TVET as follows:

TVET is concerned with the acquisition of knowledge and skills useful in the world of work, to increase opportunities for productive work, sustainable livelihoods, personal empowerment and socio-economic development for both women and men, in both urban and rural communities. A quality TVET national program plays an essential role in promoting a country's economic growth and contributing to poverty reduction, as well as ensuring the social and economical inclusion of marginalized communities. UNESCO views TVET as the master key to poverty alleviation and social cohesion and as central to the promotion of sustainable development.

With regard to the Ethiopian TVET Program, as part of the Education and Training Policy of Ethiopia (TGE, 1994), it is intended to play crucial roles in producing human capital and contributing to the economic development. The Ethiopian TVET Qualification Framework (MoE, 2006, p.11) also explained that the reformed TVET

system is intended as both wage and self employment-oriented, demand-driven and outcome-based, and, thus, appropriate to the specific development needs of the Ethiopian economy.

Specifically to the aim of this research, once acquired the necessary skills at institutions, wage employment or self-employment ventures are options both to feed the labor market with the required skilled manpower and to create employment opportunities through micro- and small-business enterprises. The significance of the roles of micro- and small-businesses is to ensure the economic growth and development through innovation and creativity, increase productivity level and, as a result, to decrease unemployment rate by creating job opportunities. In many countries, such new venture creations were a chief source of economic vigor (Lambing and Kuehl, 2000, p.2). This idea was further defended by Saini and Rathore (2001), as development of self-employment is considered as a means of rapid economic development leading to a gainful employment for the masses. So, big firms and industries may emerge from such small business enterprises, whereas entrepreneurial participation of the TVET graduates and creation of a conducive environment for their involvement in independent economic activities are of paramount importance in the expansion of small enterprises.

Despite the fact that there are many factors affecting self-employment involvement of individuals, there are various approaches and theories about it. Although the approaches and theories vary in the emphasis they have given to specific factors, they are rather complementary to each other.

In general, according to individual approaches of various scholars, the factors affecting self-employment or entrepreneurship can be summarized as:

- Psychological factors (personality traits) such as attitude, self-determination, self-confidence, achievement motivation, innovative behavior (entrepreneurial competencies), etc.;

- Socio-cultural factors such as the values given to self-employment (societal attitude and family influences), religious and cultural influences, etc.;
- Government policies such as incentives, opportunities, facilities and support services etc.;
- Political factors such as the political system and stability, security, promotion of free market, individual freedom and provision and motivation of private enterprises, etc.
- Socioeconomic and demographic factors of the graduates; and
- Institutional strength and quality of training offered, and services provided in the area of career and vocational counseling, etc.

Statement of the Problem

TVET programs are envisaged to produce middle-level skilled manpower necessary to the labor market and the economy. The general objective of the TVET system is “To create a competent, motivated, adaptable and innovative workforce in Ethiopia contributing to poverty reduction, and social and economic development through facilitating demand-driven, high quality technical and vocational education and training, relevant to all sectors of the economy, at all levels and to all people in need of skills development” (MoE, 2008, p.10). Thus, the strategy aims to compensate to a tremendous human resource deficit in Ethiopia seen as responsible for the low state of industrial development. The TVET curriculum is geared towards enhancing productivity in the Micro- and Small-Enterprises (MSE) level, improving the quality of products and services and supporting start-up businesses.

Therefore, with respect to the National TVET Strategy, TVET graduates are expected to play active innovative roles in self-employment ventures, but we observed, during nine years of work experience in TVET colleges, graduates seeking for employment in paid jobs rather than exerting efforts to create their own jobs.

A tracer study conducted on graduates of St. Mary's University College (SMUC) showed that only 4% of them had been self-employed, where as the rest were counted for wage-employment (51%), unemployed (30%), still pursuing education (6%), currently quitted job (8%) and working as apprentice (1%) (Hailemeleket, 2009, p. 15). In the same study, it was also found that level of skills attribute quality as perceived by employers showed that graduates' capacity of entrepreneurship had been rated as very low (17%) which was found to be among the last three very low ranks (Hailemeleket, 2009, p.19).

Therefore, all these facts about the TVET graduates' low self-employment level motivated the researcher to assess and to identify the factors that have attributed to such a behavior of the graduates. To this end, the study attempts to answer the following basic research questions that revolve around the support service system, government policy-related actions, socio-cultural environment and psychological (personality) traits factors. Specifically, the research questions include:

1. How adequate were the support services contribution to the TVET graduates' self-employment decisions?
2. Did government policies and action related factors contribute to the graduates' self-employment?
3. Did the socio-cultural environment factors such as values, attitudes, traditions, etc., influence the graduates in starting their own ventures? and
4. To what extent, did the personality traits (psychological factors) affect the graduates' self-employment efforts?

Objectives of the Study

The general objective of this study is to assess factors affecting TVET graduates' self-employment ventures, while the specific objectives include:

1. Assess the adequacy of the support services contribution to the TVET graduates' self-employment decisions;

2. Identify the government policies and action related factors that contribute to the graduates' self-employment;
3. Assess the influence of the socio-cultural environment factors such as values, attitudes, traditions, etc., on the graduates in starting their own new ventures; and
4. Examine the extent of the personality traits that contribute to TVET graduates' self-employment participation.

Methods of the Study

The methodology involves both quantitative and qualitative descriptive methods. Quantitative method was used to examine frequency and percentage of respondents' opinions, through use of SPSS software. Then, qualitative method was employed to describe and analyze the information obtained through interviews from instructors.

Although the research was conducted on a single institution as a case study, since the target population was large and dispersed all over the capital city, the research may even be considered as a survey type of tracer study. Survey research, in fact, allows the collection of a large amount of data from a sizeable population in a highly economical way often through not exclusive use of questionnaire (Saunders, Lewis and Thornhill, 1997, p. 76). Therefore, mixed research methods were employed.

Target Population and Sample Size

The target population of the study was the group of graduates of the last four years (1999 E.C. -2002 E.C.) from five TVET departments of the three faculties: Business, Law and Information Technology of the University College. The sample size was determined in 10% (182) of the total target population and out of which, 81.3% (148) of those questionnaires distributed to the respondents were completed and used for the actual data analysis.

Table 1 - Distribution of Respondents' Years of Graduation by their Department (Occupation) (1999 E.C. – 2002 E.C.)

S/N	Department	Graduation Years				
		1999	2000	2001	2002	Total
1	Accounting	7	8	9	10	34
2	Marketing Management	4	3	10	4	21
3	Law	2	7	10	0	19
4	Information Technology	8	13	6	12	39
5	Secretarial Science & Office Mgt	10	8	4	13	35
	Total	31	39	39	39	148

Source: Own survey results, 2011.

In addition, four instructors who had been offering entrepreneurial courses, out of the previously planned five subjects were selected and interviewed.

Sampling Techniques

In the study, probability (stratified and systematic) and non-probability (purposive) sampling techniques were employed. Stratified sampling method was applied for heterogeneous groups (the TVET graduates) in order to obtain representative sample from each group (i.e. stratum) of the population, considering department (occupations) and graduation years as benchmarking strata. With respect to department, five occupational fields were considered, while four graduation batches were selected. Thus, it was a multi-stage sampling method.

In addition, systematic sampling method as the first ten numbers (1 to 10) were written on ten pieces of papers, rolled and then one randomly picked up one number to identify the first on the list so that every tenth was included in the sample.

Among the trainers, two groups were considered: permanently employed senior trainers and part-time trainers. Respectively, the first group was composed of three subjects, selected with judgment-sampling method, while the second group of two, randomly considered. Thus, five instructors who had been offering entrepreneurial course were considered as key informants for semi-structured interviews, though one part-time instructor failed to participate in the interview session. Trainers of other courses were purposely excluded, as to better focus on the entrepreneurial aspect of the TVET training.

Research Instruments

Questionnaire

This study used both structured questionnaire and interview guide/protocol as research instruments. The questionnaire was structured as to rate sets of given variables using a five point Likert-type in which at the end of each set of variables space was left for eventual comments and remarks by respondents on missing points.

As far as the content of the questionnaire is concerned, two sets of questionnaires were prepared: one for wage employed respondents and the other for self-employed respondents. The two sets of questionnaires consist of two parts: items on background information of respondents and items on factors affecting self-employment of TVET graduates. They were translated from English into Amharic in order to avoid inconveniency due to language barrier. The responses were encoded using SPSS software. In what follows, descriptive statistical techniques of the data analysis generated frequency and percentage outputs and these were used for analysis and interpretation purposes.

Interview Guide/Protocol

An interview guide/protocol which consists of a semi-structured predetermined list of question was prepared and used to conduct the interviews with trainers in order to obtain pertinent and in-depth pieces of information about the quality of training in the entrepreneurial courses they have been offering at the University College. There have been three sequential courses: Entrepreneurship, Small Business Management, and Business Growth Strategy. Thus, those four key respondents with different years of experience participated in actual session of the interview.

According to Kothari (2004, p. 98-99), some of the benefits of the interview method are:

- It allows to get more information and deeper view; and
- Since the interview is conducted face-to-face situation, it has greater flexibility so that it can give an opportunity to avoid misinterpretation and it is also suitable to small group of respondents.

The data collected from those key informants (instructors) through interviews were further described qualitatively and the description of the responses were quantified and then incorporated into the analysis of the data generated through questionnaires. During the interviews, a tape recorder was employed based on the informants' consent to avoid omission of relevant qualitative data and distortion of ideas of the key informants.

Major Findings

The findings of the study revealed that the TVET graduates of the SMUC were highly involved in the labor market as potential employees rather than creating their own ventures as entrepreneurs. The profile of the graduates showed that 77.7 % of them were found to be wage employed, whereas only 7.4% fully started their own business. The rest, 14.9% were found to be unemployed. These findings confirm with the initial assumption of the study in that most of the graduates seek paid jobs rather than self-employment ventures.

Regarding factors affecting self-employment of the TVET graduates, the analysis and interpretation were carried out in terms of the following four broad factors: the support system, government policies and actions, socio-cultural factors and personality traits. Based on these factors, the following are the major findings of the study:

Support system related factors

- Both the respondents and the key informants anonymously agreed that lack of start-up capital had been the major factor that affected the graduates' self-employment. Among the TVET graduates, 88.3% of them and most of the instructors expressed that lack of initial capital had led the graduates to resort to wage employment. Thus, the graduates could not access the credit services which had been provided by micro-finance enterprises and other entities.
- In addition to that factors, lack of market familiarity, lack of viable concept of business operation, and lack of experience in managing and running a business were also the other factors pointed out by the respondents;
- Most of the key informants were found to attribute the choice of wage employment to the graduates' attitude, lack of self-determination and inability to develop entrepreneurial behavior (lack of risk taking behavior). This, in turn, should be attributed to the weaknesses of the support system services, mainly the TVET institute's practical training;
- Most of the informants blamed the graduates' low participation in entrepreneurship to the burden of social expectation on graduates. They prefer wage employment to self-employment because getting a job immediately after they have completed their education career is considered to be a success for both the graduate and the family.

- The key informants considered quality of the training as one of the factors responsible for the weak participation of the graduates in entrepreneurial activities. All of the respondents stated that the trainers had lacked the expected skills. Among the trainers, 75% of them were found not to take the entrepreneurial trainings that would have qualified them as trainers, and according to them, this affected graduates' skills and knowledge of entrepreneurial concepts. In contrast, 68.2% and 62.2% of the graduate respondents witnessed that their trainers had been competent enough and the quality of the training was satisfactory respectively.
- Among the graduate respondents, 82.4% and 81.7% of them believed that wage employment had helped them to have or expand their social contacts and to gain management experience of how business is being run respectively. This indirectly proved that the graduates had had the interest and the vision of self-employment, but they lacked the necessary skills and confidence to get involved in such a risky bearing undertaking.
- Among the TVET graduates, 68.9% of the respondents showed that the skills acquired from the practical attachment for internship had been important experience for self-employment.
- About sixty percent of the respondents (58.7%) rated the vocational and career guidance and counseling service as medium and below. This implied that the service provided had not been satisfactory and, thus, should be strengthened.

Government policies and actions related factors

In this regard, the importance of government incentives and support was recognized by 57.4%, and that of credit services by 53.4% of the respondents. This shows that the respondents have believed in the government incentives (whatsoever form it is) as well as the availability of credit services as important factors for self-employment. However, government business advisors and the licensing process were given less importance.

Thus, the high number of wage employment rate (77.7%) indicated that the available government-related services had not been accessible and the graduates could not benefit from them. Even the self-employed graduates' success history showed that the contribution of government-related services to their business ventures had been insignificant, as mentioned by only 3 (27.3%) of the respondents.

Socio-cultural influence related factors

The graduates considered almost all of those given social factors as important sources of self-employment. The respondents rated such factors as important in the following sequence of priority:

- Entrepreneurial environment on the part of the family accounted for 83.1% of the responses of the graduates, which implies that the respondents had attributed favorable environment in terms of their respective family's entrepreneurial tradition.
- Influence from other people such as from role models, friends, and relatives to engage in self-employment accounted for 74.3% of the respondents. This finding showed that the exemplariness of successful entrepreneurs had been an important source of entrepreneurship initiative behavior.

- Among the respondents, 67.5% of them considered the trainers' preparation as an important factor for self-employment.
- The influence of social attitude towards TVET Program was also identified as important factor to be self-employed. About sixty-four percent (63.6%) of the respondents considered the influence of social attitude towards the Program as factor for determining to resort to self-employment. This attitude was also a cumulative effect of the family, the community, the trainers and the trainees themselves and the informants in the study. The family's and community's expectations on the graduates for immediate engagement in wage employment were also another vector of the influence of tradition or culture.

Personality traits related factors

Those instructors in the study repeatedly expressed traits such as self-determination, self-confidence, risk-bearing behavior, and capacity of behavioral change as important factors for entrepreneurial achievement, while the survey respondents considered almost the entire given list of traits as determining factors for entrepreneurial achievement. The range of the responses counted was found to be between 100% (which is the highest response) and 80.4% (the lowest response).

The first six highly rated personality (psychological) traits, considering value 'very high' and 'high' together, were found to be hard work (100%), need to achieve life goal (97.3%), self-determination (96.6%), self-confidence (94.6%), having creative and innovative behavior (91.1%), and one's commitment (90.6%). The rest traits ranged from 88.5% (communications skill) to 80.4% (imaginative). Specifically, foresight and perceptiveness (83.1%) and imaginative (80.4%) were identified as the least important factors for self-employment success. These lists

are comprehensive and the rest traits such as attitude and behavioral change, as mentioned by the trainers, could be included under the heading as self-determination, self-confidence, or risk taking behavior. As these factors lend their causes to both nature and nurture, they can be cultivated and enhanced through different trainings.

Conclusions

Although TVET institutes are considered as potential incubators of entrepreneurs, the reality is different due to a number of factors. The graduate respondents' profile shows, in fact, that only 7.4% were self-employed. The factors creating this situation were categorized in four broad groups. These include: services in the support system, factors related to government's policies and actions, socio-cultural related factors which emanate from different contexts and personality (psychological) traits.

As regards to the services in the support system, the graduates could not access the credit services and 88.3% of the graduates and most of the instructors agreed on lack of initial capital as a major factor which had led them to wage employment.

In addition, most of the graduates attribute low self-employment status to lack of skills such as market familiarity, development of viable business plan, and experience in managing and running a business. On the other hand, the trainers attribute it to graduates' attitude (lack of readiness), lack of self-determination and lack of risk taking behavior.

Concerning the government related entrepreneurial support services, they are not accessible and the graduates did not benefit from them. Among the socio-cultural factors, according to the graduates, entrepreneurial tradition of the family, other peoples around the graduates (social network), and the quality of trainers, in sequence of priority, are influential factors to creation of jobs. Most of the trainers also mentioned that the family

as well as the community expectation for immediate engagement of the graduates on wage employment is considered as influential factor.

As to the fourth category, i.e., personality (psychological) traits, it is found that traits such as hard work, need to achieve life goal, self-determination, self-confidence, creative and innovative behavior and commitment are considered important qualities for entrepreneurship. Therefore, it can be concluded that the interdependence of the support system, government-related policies and actions, socio-cultural and personality trait factors on the part of the TVET graduates that may determine their engagement in self-employment (entrepreneurship) and their success in such endeavors.

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