

DEVELOPING ETHIOPIAN SMALL BUSINESS MANAGERS
THROUGH MANAGEMENT TRAINING

A Thesis

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Chapter 1

THE PROBLEM AND DEFINITIONS OF TERMS USED

. . .The improvement and extension of small-scale industries will not only be a source of income to many people, but it will also be the basis for the further expansion of industry in general. The experience and the know-how gained in operating small-scale industries are prerequisites for owning and operating large-scale enterprises. Therefore, our people should not minimize nor look down upon the importance of small-scale industries. Economic experts have time and again stressed the need not only for funds but also for managerial skills and entrepreneurial ability to effectively exploit natural resources and to raise the standard of living of the people. We, therefore, recommend the Center for Entrepreneurship and Management which has recently been set up to produce more Ethiopians versed in managerial skills. Every Ethiopian who has the capability and interest in this field should be given encouragement so that he may prove himself an asset to the nation.

His Imperial Majesty Haile Selassie I
Throne Speech, November 2, 1969

Ethiopia is a developing country. Like the overwhelming majority of the developing countries, she has economic development as one of her major concerns. With the view of achieving accelerated economic development, the Ethiopian Government is launching numerous national economic development plans. Ethiopia offers unique opportunities for profitable investment, not only because of her abundant and still unexploited natural resources, but also because of an economic and legal climate that favors investment and ensures success. It is quite obvious that to make full use

of capital investments, a qualified entrepreneurial ability, for example, to select, operate and maintain such investments, is very essential. Some indications have shown that private enterprise will play an increasing role in the years to come in the industrial life of Ethiopia. Although it is small at present, the industrial base of Ethiopia is undergoing rapid relative expansion. However, the size of the country's indigenous managerial and entrepreneurial force is very limited and shy of the country's reasonable expectations of need. So much so that, as the pace of the country's industrial activity quickens, Ethiopia will increasingly have a pressing need for indigenous managerial and entrepreneurial forces. This calls for creation of more Ethiopian entrepreneurs and considerable improvement of the existing ones.

Studies in the developing countries, which include Ethiopia, have revealed that, numerically, small businesses account for more than 90 percent of all forms of entrepreneurial activity, outside of agriculture. It is also revealed that these small businesses provide the means of livelihood for between 65 percent and 75 percent of the non-agricultural force. At the same time they account for over 50 percent of the Gross Domestic Product.¹

¹Alan Major, "Training for Management in Small Businesses," Report, Addis Ababa, April 24, 1968, p. 1.

Experiences of international experts in the field have shown that the most important single factor in determining whether a small firm is to develop and grow or to remain static certainly seems to be the character and personality of the owner and his ability as an entrepreneur and manager. It is essential that in this category of business the manager should have a much wider understanding of the various segments of the business and a much broader capability of management.

THE PROBLEM

Statement of the Problem

It was the purpose of this study to:

1. Analyze the factors which have slowed the development of entrepreneurship in Ethiopia.
2. Identify the major problems encountered in operating small businesses.
3. Determine the problems in developing small business managers.
4. Identify management training needs and determine appropriate methods.
5. Design a guide for management training program development.
6. Outline the activities of the few training centers.
7. Offer constructive suggestions for promoting entrepreneurship development.

Importance of the Study

Basically it is agreed that management training is essential especially for the small business owner/manager who is known as the most important single factor in determining the growth of the enterprise. It is also agreed that the development of this manager, through management training, will contribute substantially to the economic development of the country. For any training to be useful it must bring about a desired change in the trainee. For this to be possible, the training needs of the trainee must be determined. This involves a thorough study of the social, cultural and economic aspects surrounding the trainee.

The results of this should be helpful to:

1. The Center for Entrepreneurship and Management and other management training centers as a source of background information and as a guide for planning and conducting manager development program.
2. The concerned Ethiopian government agencies as a yardstick in assessing the worth of a management training program sponsored by the Ethiopian government and other concerned bodies.
3. The interested groups (both national and foreign) as a guide in planning their management training programs.
4. Those who are making similar studies as a source of information.
5. The professional management consultant/trainer as a handbook of manager development principles and activities.

Limitations of the Problem

The study has the following limitations:

1. The survey of the small business owner/managers' needs, desires, and time convenience of the management training program has been dealt with through questionnaire technique whose measurement may be introspective to a certain extent. The actual interviewing was done by employed personnel in almost all cases. This was done to make proper understanding of the questionnaire possible, and to get feed-back of relevant assessment after talking with the managers and also to get observations of the enterprises visited.

2. Since most of the survey work was conducted in Addis Ababa, the results may not be exclusively representative of the Empire as a whole.

3. As the title indicates, this study is limited to the entrepreneurship development of the small business managers and that largely through management training sometimes followed by consultancy service.

Some Assumptions

Certain assumptions underlie this study. These assumptions can be summarized as follows:

1. The environment in which the small Ethiopian entrepreneur operates is such that he does not readily appreciate the value of management training and thus lacks interest in it.

2. The small manager feels that he knows all about business management, and as such he does not believe he can learn anything new, especially from people who are not businessmen themselves.

3. The small business owner/manager is suspicious of being robbed of his business secrets, and also of being assessed for tax purposes, and thus avoids management trainers, and being trained with other businessmen.

DEFINITIONS OF TERMS USED

Addis Ababa

The capital city of Ethiopia, where the largest concentration of business firms of all types is found.

Amharic

This is the National/Official language of Ethiopia.

Asmara

Provincial capital city of Eritrea in northern Ethiopia, where the industry concentration is second largest.

BIM

Abbreviation for British Institute of Management, established in 1947 on the recommendation of the Baillieu Committee--a committee of businessmen and educationists--and set up under the auspices of the Board of Trade. It is the national clearing house for information on management

policies, practices and techniques; and on management development including education and training.²

CBA

College of Business Administration, one of the colleges under the administration of Haile Selassie I University, housed in the main campus of the university.³

CEM

The abbreviation stands for the Center for Entrepreneurship and Management. It is a project jointly sponsored by the United Nations Development Program/International Labor Organization and the Imperial Ethiopian Government intended to promote modern business management and to foster and facilitate, through the direct assistance and extension services, increasingly effective participation by indigenous Ethiopians in the industrial and economic development of their country.⁴

²British Institute of Management, Management Services for the Smaller Company (Southampton: The Millbrook Press Ltd., June, 1967), p. 1.

³Ministry of Education and Fine Arts, School Census for Ethiopia, Part I, 1967-68, p. 54.

⁴Center for Entrepreneurship and Management, "Introduction," The Manager and Entrepreneur, I, 1 (Autumn, 1969), 7.

EASE

It is the abbreviated name of the Ethiopian Association of Small Enterprises, an association initiated by the Center for Entrepreneurship and Management and organized by a group of small businessmen who are graduates of the Center for Entrepreneurship and Management's courses. This is the only association of its kind in Ethiopia.⁵

ECA

Abbreviation for Economic Commission for Africa, whose headquarters are housed in Addis Ababa.⁶

HSIU

Haile Selassie I University located in Addis Ababa, and responsible for the coordination of all the colleges in the whole Empire.⁷

ILO

International Labor Organization, the Executing Agency of the Center for Entrepreneurship and Management for the United Nations Development Program (Special Fund).⁸

⁵ SED-CEM, Activity Report, February, 1969.

⁶ Economic Commission for Africa, "Small-Scale Industries in Africa: Their Evolution, Concept and Definition," 1968, p. 5.

⁷ Ministry of Education and Fine Arts, loc. cit.

⁸ Imperial Ethiopian Government Ministry of Community Development, "Labor, Cooperatives, Social Welfare and Community Development in Ethiopia," November, 1964, p. 3.

IPA

Abbreviation for Institute of Public Administration, a chartered government institution providing administrative training strictly for governmental organizations.⁹

Management Development

Herein sometimes referred to as management training and manager development, it is the activity directed towards the further development of the knowledge and skills of practicing managerial personnel and modifications of their concepts, attitudes and practices.

NUMAS

The National Union of Manufacturers Advisory Service is a non-profit organization founded in 1953 with the support of the Board of Trade. Specialized among medium and small companies, it exists to assist British Business to become more efficient, more productive and more competitive.¹⁰

⁹Imperial Ethiopian Government, Third Five Year Development Plan 1968 - 1973 (Addis Ababa, Ethiopia: Berhanena Selam HSI Printing Press, 1968), p. 32.

¹⁰Confederation of British Industry, NUMAS: Your Way Ahead (Belfast: Nicholson and Bass Limited), p. 1.

RIMS

Research Institute for Management Science is in the Netherlands and engaged in research of management science and management training activities for all sizes of industries.¹¹

SBA

Small Business Administration is a special administration of the Federal Government of the United States of America, encouraged by Government and industry to provide, through a network of field offices, an increasingly wide range of services (including a series of administrative management courses) to improve the efficiency of small businesses in the United States of America.¹²

SBC

The Small Business Center at the University of Aston in Birmingham, is a center established in 1967 to provide management education, consultancy and advisory services for small businesses in the West Midlands.¹³

¹¹Ir. J. van Veen, Management Education for Small-Scale Industries in Developing Countries (Delft, Netherlands), p. 10.

¹²Small Business Administration, Planning and Coordinating Administrative Management Courses for Small Business Owners (Washington, D. C.: US Government Printing Office, September, 1961), p. 33.

¹³The University of Aston, The Small Business Center (Birmingham: Sutton Printers Ltd., October, 1967), p. 1.

SED

The name given to the Small Enterprise Development department, one of the functional divisions of the Center for Entrepreneurship and Management. This is the department charged with the responsibility for the over-all development activities of small enterprises.¹⁴

Small Business

"Small business is an activity conducted on a whole time basis with the intention of making profit but which is unable to fulfill by its own sources and in an efficient manner one or two of the following functions:

1. Organization and management;
2. General business administration;
3. Productivity improvement;
4. Marketing."¹⁵

The Center (Center for Entrepreneurship and Management) adds to this that the employment force be not less than fifteen and not exceed seventy. The Ethiopian Government Ministry of Commerce and Industry's yard stick is capital investment of up to 40,000 United States dollars.

¹⁴Center for Entrepreneurship and Management, op. cit., p. 19.

¹⁵ECA, "Report: ILO Technical Meeting," Addis Ababa, Ethiopia, December, 1966.

TFYP

The official abbreviation for Third Five Year Plan. This is the national plan in which both the short and the long-term objectives for the social and economic development of the country (Ethiopia) are set forth.¹⁶

METHODS OF PROCEDURE

All the published materials listed below were extensively reviewed. The review included library research over both periodicals and some relevant studies. The writing of this report is thus based on the information provided by the following documents:

1. International Labor Organization publications and international survey reports on the subject;
2. Periodicals, books, pamphlets, micro-films and microfiche from the William Allen White Library of the Kansas State Teachers College of Emporia;
3. Xeroxed materials and books that were secured through the Inter-Library Loans.
4. The writer's own paper contributed to the Inter-Regional Technical Meeting-cum-Study Tour on Management of Small Enterprises held in 1968 in Turin, Italy;
5. Report collected by the Center for Entrepreneurship and Management partly prepared by the writer and his colleagues;
6. Reports on management development studies in developing countries prepared by experts and interested individuals and groups.

¹⁶Imperial Ethiopian Government, loc. cit.

In order to determine management training needs of the small business managers, the questionnaire-interview method was used. In total, 285 owners and/or managers of small businesses of approximately 3331 in the empire were interviewed with the aid of properly designed questionnaires to find out their training needs, and also to determine the methods, media and time they appreciated. In almost all cases; part-time surveyors were employed to talk to the entrepreneurs and complete the questionnaires. Although the survey was geared to the small business managers, the selection of these managers or enterprises was made at random. Over 150 small enterprises, other than the 285 mentioned above, have been surveyed by the professional staff members of the Center, mostly of the Small Enterprise Development Department. Out of these 150 about 50 percent were in the provinces.

The data collected were compiled, tabulated, analyzed, summarized, and interpreted.

Finally, conclusions were reached on which recommendations could be made.

PLAN OF THE STUDY

In the preceding section, the purpose of this study, its importance, the limitations, assumptions, definitions of terms and methods of procedure have been outlined. Related literature, largely studies and recommendations with regard to management development in

developing countries is presented in Chapter 2. In Chapter 3 attempts have been made to give the reader adequate background by acquainting him with pertinent facts that exist in Ethiopia. Here care has been taken to discuss only those factors that have some bearing in the efforts of management development through management training. Chapter 4 deals with a management development program in Ethiopia; for example, the systematic approach to proper planning and designing a program. This chapter also reports certain basic facts that were revealed by numerous surveys. The latter part of the chapter is devoted to a useful guide recommended as an important tool for those who are charged with the responsibility of planning and designing, and even conducting management training programs for small entrepreneurs. In Chapter 5 the main points of the study are briefly summarized, and some conclusions have been drawn on which specific recommendations are made.

The latter part of the study contains the Bibliography, and also the Appendixes consisting of various materials that help to illustrate the study.

Chapter 2

REVIEW OF RELATED LITERATURE

Slowly comes a hungry people, as a lion creeping nigher,
Glares at one that nods and winks behind a slowly dying fire.

Alfred Tennyson: Locksley Hall

Massive injections of capital materials was the accepted means by which developing countries were provided aid in the early post war. This was the way Ethiopia, a developing country, received aid also. Of course her successes were few and far between. The donor nations and organizations luckily, for the recipient, began to realize that money and goods without the technical know-how to apply them hardly provided any solutions. The know-how obviously was then totally provided through expatriate experts.

As more and more technological assistance was supplied, there came increasing awareness that this know-how must be generated in the indigeneous populations; it was not enough to supply it entirely through expatriate experts.

It was only in the fifties that it became more and more obvious that a third component was essential if worthwhile returns (to the recipient) were to result from the investments in financial, physical, and technological aid. The third key requirement - the "third leg of the development

stool" as it is called--is management know-how. The first two components, as mentioned above, are the financial and technological resources.¹

What is this third leg? Of what significance is it really to the economic development of a developing country?

Each developing country has its own physical and manpower resources, some more than others. Each receives, through various aid schemes, most of the other physical, financial and technological resources needed most in range if not in quantity. But before a real take-off can be achieved, each country must have a 'cadre of modern (management) men; that is, men who, for one reason or another, are willing to initiate modern economic activity and are trained to do so. . .' (Rostow, International Economic Association). Irrespective of the resources available, natural or injected, there must be indigenous modern managers to coordinate and manage these resources to make them effective in the economic development of the country.²

Ethiopia, until recently had made little or no effort toward development of indigenous modern management men in the field of business. True, a few Ethiopians were trained abroad, but hardly any went into business upon return, possibly due to training not being appropriate in most cases. Every developing country, Ethiopia included, first and foremost needs indigenous modern management men of the above mentioned type. They must be equipped with

¹Asheber Aberra, "Small Enterprises and Their Development," The Manager and Entrepreneur, I, 1 (Autumn, 1969), 19.

²Owen Dibbs, ILO Chief of Project, Preface in the Writer's Paper for the Technical Meeting-Cum-Study Tour for the Management of Small Enterprises, Turin, Italy, September, 1968.

tailor-made management know-how, to solve the economic problems of the country.

These men are not produced automatically. They have to be trained and developed with the needs and the environmental factors used as a basis for the training program. A foreign observer and also an authority in the field of management has the following to say in this respect,

The numerous emerging nations, each trying to develop the business leadership necessary for the management of its new economic units, are discovering that a competent manager cadre is not an automatic by-product of independence. They are also faced with the gigantic task of filling the leadership ranks of their own industries, government departments, and other institutions which help deplete the small reservoir of potential managers. . . .³

Development of indigeneous, able managers, it is now agreed, is imperative for Ethiopia to sustain its economic growth. What are the basic factors affecting this management development? It is very important to identify them and thereafter to implement them into a training program. Lee, who undertook research in Ethiopia and Pakistan regarding the problem in question, has identified five fundamental differences between management selection and development conditions in developing countries and in the United States. The key problem areas which he covered are:

³James A. Lee, "Developing Managers in Developing Countries," Harvard Business Review, XLVI (November-December, 1968), 55-65.

1. Limited sources of managerial leadership potential.
2. Educational and technological deprivation.
3. Economic attitudes hostile to private enterprise objectives.
4. Divergent concepts of what an 'ideal' manager should be.
5. Resistance to traditional American development approaches, such as face-to-face criticisms.

An analysis of each of these will indicate, the author believes, some techniques that are superior to "canned American programs" in producing effective results when selecting and developing managers in the emerging countries of Africa and Asia.

LIMITED RESOURCES

Primarily because of low educational and economic levels, the sources of potential managerial talent remains extremely limited in developing countries. Ethiopia, for example, has only an estimated 7 percent adult literacy rate.

The limited educational opportunity and cultural exposure produces few possible candidates for management development. What then are the pools at the concerned authorities disposal from which candidates for the development program can be recruited? The following is a brief look at the only pools of potential managers available in most undeveloped countries.

Educated Elites

This tiny pool yields a few candidates since purely professional. (non-ownership) management members of the group are generally well-educated, quite intelligent, and free enterprise oriented. Many members of this pool are partially educated in the United States or Europe, and home environment has been modern and characterized by much hired personal service.

Ex-Military Officers

This group, almost as small as the "educated elites," contains potential managers who hold many cultural values consonant with American management values. They are generally politically conservative, hardworking, reasonably logical thinkers, loyal and quite reliable. They tend to be the most qualified source of technical management due to (a) the military selection and training system, and (b) experience in supervision, and maintenance.

University Graduates

This pool, although generally too small and inadequately oriented in business management, is larger by far than the first two. Some of the members of this group, however, are often hostile to profit and capital, and not well equipped with the reasoning powers so necessary for business problem solving and planning. Many view their degree as an end in itself rather than as a tooling up for solving challenging problems in their careers.

University students in Ethiopia, for example, were asked to rank 11 occupations according to their status in the society.⁴ Manager was ranked seventh, and shop owner, ninth; while government official was ranked third and farmer fourth. The majority of these students see the government as the only agent to produce economic growth for their country.

High School Graduates

This group, although still small by American standards, is by far the most numerous. Only some, however, have the intellectual development potential for business management. Moreover, they have been exposed to few of the principles of the physical world. They, like the university students, habitually learn by memorizing and drill. Thus the transition to learning for problem solving can often be slow and tedious.

CULTURAL DEPRIVATION

The educationally and technologically deprived "raw materials" for management development in developing countries produce an intellectual profile very deficient in certain aptitudes vital to management performances. Most of the university graduates are seriously lacking (by American

⁴Asnake Hailu, "Opinion Survey of University Students with Regard to Business Professions in Ethiopia," Ethiopian Business Journal, IV, 1 (June, 1967), 59.

standards) in reading speed and comprehension, quantitative reasoning, and basic general science understanding. Their symbolic reasoning, numerical reasoning, and mechanical aptitude scores are usually comparably low.

HOSTILE ATTITUDES

In most developing countries, the prevailing ideas of appropriate objectives of a business enterprise--whether governmental or privately owned--are that it be a provider of jobs and welfare. For non-owner managers and supervisors, the principle of efficiency as an economic unit is often considered a "foreign idea," and one contrary to many of the values of the cultures of the developing countries. There is also a general lack of economic understanding where economic growth or new jobs come from. The role of profits, surplus, or savings is not usually understood by a large percentage of managerial employees or by the country's opinion makers. The results of an economic attitude survey conducted by the author of the article being reviewed suggest that such opinions represent the cultural values of most peoples of developing agricultural economies.⁵

MANAGERIAL CONCEPTS

Differences between concepts of the ideal manager held by American managers and those held by managers and

⁵Lee, op. cit., p. 2.

students in emerging countries point up some further problems involved in developing managers abroad. In 1966-67, the author asked managers from America and Ethiopia to rank 15 qualities or characteristics--selected from American business literature--of the so-called ideal manager. The result of this comparative ranking is shown in Table 1. Table 1 shows the list chosen for the questionnaire and the abbreviated forms used in Table 2.

Table 2 compares rankings of the Ethiopian managers group surveyed with American managers' rankings on each of the 15 ideal manager characteristics. Using median ranks, these characteristics are shown in order of ranking importance and connected to point up differences between American managers' rankings and those of business managers from Ethiopia.

It is clear from these comparative studies that there is quite a difference. The Ethiopian managers indicate they expect a manager to be very sensitive to many requests from their own subordinates. This, in turn, can lead to dire economic consequences because the Ethiopian managers are too sensitive to say no.

The foreign managers do not expect the same incorporation of ethics in management behavior as does an American manager. Also, they see an ideal manager as having less respect for his subordinates than does an American manager. This will no doubt affect their ability to develop their own subordinates.

Table 1

Ranking Characteristics for Survey of What
the "Ideal" Manager Should Be

As It Appeared in Questionnaire	Abbreviation
The concern for future planning and for future problem prevention.	Future planning
The recognition of one's superior both as the source of authority and as responsible for what his subordinates do.	Respect for authority
The patient and creative searching for quantifiable variables as both a basis for and measure of decision making.	Quantifiable variables
The capacity to respond to human needs and problems, and to be sensitive to the feelings of others.	Sensitivity to others feelings
The recognition of the importance of personal friendships in achieving overall managerial effectiveness.	Personal friendships
The ability to make accurate and timely decisions based on unlike variable, incomplete information, and incompletely understood consequences.	Decision making
The willingness to apply religious and ethical values in the conduct of business activities.	Religious--ethical values
The steady desire to develop new methods and to take new actions which improve results.	Develop new methods
The recognition of the need for active cooperation with and support of government and its programs.	Support of government
The willingness to work hard and long hours to ensure the attainment of company objectives.	Hard work
The recognition of the importance of family obligations to one's overall management career success.	Family obligations

Table 1 (continued)

As It Appeared in Questionnaire	Abbreviation
The respect for the need to maintain appropriate stature differences between manager and subordinate level of employees.	Maintain status differences
The willingness to take economic or career risks through bold decisions.	Risk taking
The capacity to be personally loyal to a company, organization, or work group.	Capacity to be loyal
A firm belief in subordinates' capabilities to initiate action and to maintain self-control in the performance of their jobs.	Belief in subordinates

Table 2

Comparative Ranking of Ethiopian and American Managers

Ethiopians (N = 51)	Americans (N = 184)
Develop new methods	Develop new methods
Sensitivity to others' feelings	Future planning
Future planning	Decision making
Quantifiable variables	Belief in subordinates
Hard work	Capacity to be loyal
Capacity to be loyal	Sensitivity to others' feelings
Belief in subordinates	Quantifiable variables
Decision making	Hard work
Support of government	Respect for authority
Respect for authority	Religious--ethical values
Risk taking	Family obligations
Personal friendships	Risk taking
Maintain status differences	Maintain status differences
Family obligations	Personal friendships
Religious--ethical values	Support of government

Note: Red line denotes pair of ranking distribution found to be significantly different.

RESISTANCE TO CRITICISM

The most common approach to developing managers for American-owned operations in developing countries is a mixture of coaching and performance appraisal. Both of these usually involve face-to-face criticism which is often sufficiently depersonalized for an American subordinate to tolerate, but rarely impersonal enough for a foreign national. Because most of the developing is characterized by highly personalized sensitivities, face-to-face criticism of any kind seldom accomplishes more than firing up various psychological defense mechanisms. Often the criticized foreign national reacts by narrowing his job responsibilities in order to prevent future error and thus to avoid more humiliation and ridicule.

The underdeveloped countries need high level man-power just as urgently as they need capital. Indeed, unless these countries are able to develop the required strategic human resources required for economic development, high-talent man-power requires the longest 'lead-time' for its creation. Dams, power-stations, textile factories, and steel mills can be constructed in a few years, but it takes 10 to 15 years to develop managers, engineers, and the administration to operate them.

This certainly must be the big concern of all donor nations, as well as the recipient nations, when they design and launch technical assistance programs for developing

⁶Paul G. Hoffman, "Management Training Overseas: Developing Countries," (Personnel) American Management Association, XLV, 5, New York (September-October, 1968),

countries. These programs cannot be worthwhile unless they have long range effectiveness and sustained impact. The programs will always fall short of their objectives if the lack of management capability to plan, direct and maintain the complex process of change is not primarily remedied.

Development is not purely economic; it demands a corollary development of skilled leaders who will effectively utilize the assistance offered by the advanced countries of the world in making the most of the indigenous resources and continuing the surge of growth. The neglect of management training is a primary cause of much that more sophisticated societies find distressing in the emerging countries.

In the past twelve years there has been increased emphasis on creating a better balance in economic assistance programs, in order to supply the skilled leaders needed. The United Nations, the Ford Foundation, and the Agency for International Development have underwritten and themselves have directly undertaken sizable projects assisting universities and training institutes within developing countries. United States Universities and consulting firms provide staff support of graduate level programs for local nationals and advisory services on curriculum development.

The important question is: How effective are these management development programs? The writer who is involved in one such program, feels there is still a lot more to be done before these programs achieve their objectives. With

respect to this point, two authors, namely, J. R. Hopper and R. I. Levin, who were involved in similar programs in developing countries, have the following to say in their article titled, "Management Training Overseas: In Developing Countries."⁷

Most management-improvement programs carried out so far in the developing countries are only marginally effective. The measure of their effectiveness is how well the manager reflects innovative attitudinal and behavioral changes that have presumably been accepted within his organization.⁸

The authors believe that critics are frequently overlooking obstacles to acceptance of this kind of change; and their observation with regard to dictates of environment is valuable:

An understanding of management development in the emerging countries requires insight into the cultural environment in which the manager and the organization have developed their present profile and in which all change will have to take place. Overseas, however, we are often limited in our peripheral vision; we believe that the American way is the right way for everyone, and that all programs of change should fit our parochial frame of reference.⁹

There are some aspects of developing economics that have a direct bearing on management and organizational development. A brief review of such aspects is given below:

⁷J. R. Hopper and R. I. Levin, "Management Training Overseas: In Developing Countries," (Personnel) American Management Association, XLV, 5, New York (September-October, 1968), 30.

⁸Ibid.

⁹Ibid.

Tied to the Land

One characteristic that most of the emerging nations have in common is the fact that they are and will be for sometime to come agricultural economies. Built into such economies are the problems of limited vertical mobility of tradition-bound societies everywhere. What these add up to is suspicion and slow acceptance of change, and consequently a seemingly low degree of the necessary motivational drive.

Managerial Monopoly

Closely related to the economic structure of a society is socio-economic stratification, the set--and linked--patterns of occupational groups and classes. The established hierarchy of occupational values and the limitation of opportunity for managers severely inhibit independent personal development.

Pricing

What the state says goes! The operation of the profit motive in business and industry, in developing societies as in others, must be considered within the framework of existing moral and ethical values. Typically a high percentage of the industrial economy is owned and controlled by the state, and policies set by the government in regulating these enterprises necessarily affect the formulation of policy by private industry in its pursuit for a profit margin that will ensure a viable organization. In many cases private enterprises do fall into line, but at the

expenses of efficiency of operations that could be achieved by an improved management motivated by competition and the drive to maximize profits. Government regulations of industrial development also means that the government plans for growth, investment of capital, and utilization of human resources is confined by a rigid body of rules and regulations. Local managers may have little to say about how, what, and when decisions are made, and this tight control discourages not only the development of professional managers, but also the kind of person most needed in the ranks of government management.

The Fair-Haired Technologists

The stepped shifts from an almost exclusively agricultural society to one with growing participation in industry gives new value to technological development and their supporting personnel, such as scientists and engineers. These are the people who are needed to bring about higher standards of living, so universities refocus their emphasis, investing heavily in their schools of engineering and sciences while administrative and social sciences faculties struggle, often to get their share of educational resources.

Worners That Cannot Be Cut

A sense of urgency pervades all the new programs adopted in emerging countries. Their leaders have to make choice between development at a faster pace with external

influences as the catalyst, or at a slower pace set primarily by reliance on internal resources. There is popular pressure for instant progress, but planned growth with stability may be the wiser choice. The special cultural characteristics with which foreign management consultant/trainers will have to work must be identified for them to deliver anything worthwhile. Still more important is this recognizing, even before they start planning a program, the time constraints involved in changing attitudes.

A Flexible Mold

Although different cultures do produce differences among individuals and environments, there are some similarities shared by developing countries. Addressing a CIOS meeting in 1963, Likert made the point that "as nations industrialize, their experience in striving to achieve high level of productivity is leading them to general principles of organization and management that are strikingly similar."

. . . Similarities among developing nations cannot be taken for granted, however. 'Within the past decade management training has come to play a key role in the attainment of the countries' national goals, but too often American know-how and economic support have been channeled into programs of foreign assistance with only lip service or superficial investigation given the climate of the recipient country in terms of its tradition, politics, government, religion, economy, family life, legal and educational systems, and inherited patterns of management activities.¹⁰

¹⁰Hoffman, op. cit., p. 11.

It should not be taken for granted that American techniques of management and of manager development can be simply superimposed, although there certainly are some basic management principles and philosophy of universal nature that can be adopted and adapted to best suit the condition of the country in which they are being implemented. These foreign techniques can never be transplanted and expected to flourish in unfamiliar national climates unless those climates are first thoroughly understood.

An International Labor Organization expert on small enterprise development who has worked as the Regional advisor for Africa in his reports always advocated for the improvement of management of small business in view of the fact of their likely greatest effect in the developing nations' economic growth. The expert strongly recommends management training as the beneficial key particularly to small business overall improvement. He writes:

However, training programs are not automatically beneficial. Training efforts which are undertaken without an understanding of the needs and circumstances and receptivities of the trainees can be detrimental by creating confusion in the trainees' minds, or by inducing the trainees to undertake activities which they only think they understand, just as well planned and properly implemented training activities can be of inestimable value. Training officers and experts and others responsible for small business management training must understand this and must realize that if they do their work well and carefully and with absolute integrity they will be making the greatest contribution to the economic and social welfare of the developing nations, but that if their work is badly done they may well be sabotaging the efforts of the developing countries to bring themselves to economic parity with the remainder of the

world, and may be performing injustices to millions of people.¹¹

For any management development program to be worthwhile it has to be tailor-made!

Managers, it is observed, have great influence on the development of economic and social life of a nation, and most particularly the raising of its standard of living. It goes without saying that their responsibilities are quite immense accordingly.

It is therefore important that all those carrying managerial functions, whatever their formal titles, should be well trained in their profession and be made conscious of their wider responsibilities. It is relatively easy to create enterprises; much more difficult to develop the men to manage them effectively. It is incumbent on governments to ensure that adequate facilities for the development and training of managers at all levels and of specialists in management techniques should be set up in their respective countries and should receive ample and continuing support.¹²

Developing countries in particular need competent managers if they want accelerated economic development. These are responsible people trained in the advanced techniques of management to meet the heavier demands that will be placed on them. This need is very well felt even by the developed nations that operate business in the developing countries. Major General George Olmsted,

¹¹Alan Major, "Training for Management in Small Businesses," Report, Addis Ababa, April 24, 1968, p. 1.

¹²International Labor Organization, "Survey of Management Training Needs In Some African Countries," Management Development Series, 4 (1965), Foreword.

Chairman and President of the International Bank, commenting on this need writes,

With the very large overseas operations of American companies, the growing markets, and increasing competition, the need for improving the management techniques becomes more urgent than ever. Consequently, management development becomes 'Management's Number One Problem' abroad as well as at home.¹³

Much has already been said with regard to the importance of the manager in a developing economy and also about the need for this manager's development through training. More and more of these developing countries are becoming aware of this fact. Few have tried to train their would be and existing managers and have found out that there are many attendant evils. The source of these evils in most cases is the society itself. In almost all the survey reports the social attitudes of the concerned countries are to be largely responsible for hampering growth of entrepreneurship and development of the indigeneous managers. In West African countries, for example, the educated young man may be subjected to strong family, social, and official pressures to convince him that employment in industry or commerce is something inferior. In discussing management in developing countries, Dale observes as follows regarding social attitudes:

Social attitudes toward the manager's work may also help to discourage private industrialization. There is

¹³George Olmsted, "The World Community and the Need for Improving Management Techniques," Advanced Management Journal, XXXIII (October, 1968), 10.

a wide spread belief that the kind of man attracted by managerial work and the way he conducts himself as a manager are considerably affected by what sociologists have called 'role expectations.' Managers, like others, play a part on the stage of human action, and the attraction of a managerial career is determined partly prevailing opinion. Such opinion may be broadly classified as pro or contra management.¹⁴

In this respect, it is necessary to know the important factor is the attitude of the opinion leaders. In some countries the religious leaders are opposed to any action leading to the accumulation of wealth. For example, India's Gandhi's image of a peasant wearing only a loincloth that he spun and wove himself was a powerful influence against modern technology. It should be noted, however, that social attitude is not the only factor in attracting people in developing countries to a business career or repelling them from it. There are obviously other factors too. Dale continuing his observation along the same line, says:

1. Quite frequently a business career that results in accumulation may provide a way of buying one's way into the most socially esteemed group.
2. A career in management may be the only one open to able underprivileged people.
3. Money and what it can buy are possible attractions even to those who set the prevailing standards.¹⁵

Thus social attitude toward the manager may prevent foster management development, but it is not the only

¹⁴Ernest Dale, Management: Theory and Practice (New York: McGraw-Hill Book Company, 1965), p. 604.

¹⁵Ibid., p. 605.

influence. Government action is another very important factor, because in developing countries the state can subsidize new enterprises, protect existing enterprises, and adopt a tax policy that will stimulate savings; or it can act to hamper the development of industry.

The reader can, therefore, see how very important it is to give serious consideration to the socio-political environment of a developing country when planning and designing its management development programs because the sociological and political aspects of a country have big influence on economic growth, for example, industrialization. Every socio-political environment provides its own context within which managers must function, and managers everywhere must fulfill a role within their socio-political environment. Professor Dr. Howard Smith in his discussion on management development in "New" countries, comments the following with regard to the above thesis:

The socio-political environment management operates within is the most fundamental key to management development in any society--because this is what determines the kind of men who will be attracted into this role and the kind of elbow room they will have to develop themselves.¹⁶

Commenting along the same line of thought, for example, the effect of the environment on management development, Rock writes,

¹⁶Howard Smith, "Management Development in 'New' Countries: Perspectives from Russia and America," Management International Review, 5 (1966), 53.

. . .The entire management development concept is based on the assumption that a person's behavior can change. . . .While the impact of the human resource input should not be ignored, the environment in which work takes place is the most significant determinant of the quality and effectiveness of performance.¹⁷

In Africa, for example, the traditional values and features of the society considerably constitute obstacles to successful entrepreneurship. The African environment has not prepared the Africans in a positive way for the motivations, attitudes, and restraints which they require for successful performance as modern entrepreneurs. Geiger and Armstrong have nicely summarized this aspect in their report. A small extract reads as follows:

African entrepreneurs today live 'between two worlds;' but unlike Mathew Arnold's, the one is far from dead and the other is rapidly being born. On the one hand, African entrepreneurs are to a greater or lesser extent still participants in the relationships and values of the traditional society. The bonds of the family, of the lineage group, and of the tribe are still strong, and denial and evasion of their claims often results in personal shame and rejection by the local community. The traditional regard for status still affects African self estimation and the traditional nonproductive uses of the economic resources and of time still influence the ways in which Africans dispose of their money and spend their waking hours. On the other hand, the African entrepreneur is engaged in a modern form of economic activity, which is in turn a unit in a growing national economy increasingly involved in a highly complex international economic system. His ability to maintain and expand his enterprise depends in large part on his willingness to accept the unaccustomed discipline of management responsibilities and to respond appropriately to the unfamiliar signals of the market. His activities increasingly involve him in impersonal, rationalized relationships with colleagues, customers,

¹⁷Milton L. Rock, "Organizational Environment and Management Development," (Banking), Journal of the American Bankers Association, LXI, 6 (December, 1968), 43.

and competitors in contrast to the personalized, affective relationships of the traditional community. . . .In Africa, as in other traditional societies, the primary obligations are to the family as the basic social unit--and the family often extends to include third uncles, fifth cousins, and sometimes literally hundreds of people. Regardless of the specific type of traditional African extended family to which he belongs, the African expects and is expected to share his output or income in certain customary ways with the other members.¹⁸

Discussing the other face of the family influence, and also other pressures that impair the effectiveness of management development in Africa, Rose of the Harvard Business School, makes the following interesting remarks:

The system of family obligations in most African countries is such that families with a well-placed connection in the civil service may reasonably expect to benefit, and naturally will press their sons into such a career. The additional factor of resentment and suspicion against foreign capital, most pronounced in early independence days, adds to the unattractiveness of a career in a private sector. Moreover, there may simply be uncertainty in an African's mind that the foreign firm will continue to operate: the public sector offers much more security.¹⁹

Due to the afore mentioned factors and pressures, entrepreneurship is at infancy in most of the developing countries. In some it is non-existent. One can, therefore, see how very important and at the same time difficult it is to develop entrepreneurship/management. In the developing countries, as is already articulated, there is a crucial

¹⁸Geiger and Armstrong, "The Development of African Private Enterprise," National Planning Association, Planning Pamphlet 120 (March, 1964), 39-40.

¹⁹Tore Rose, "Managerial Africanization: The Recent Problem of Doing Business in Africa," International Business Research Report (May, 1966), 27-28.

shortage of managers. Both small and large enterprises in these countries are managed by expatriates, of course overwhelmingly if not exclusively in the case of the latter. An International Labor Office survey of management training needs in some African countries reports on this.

In all these African countries, however, there is still one common factor. Practically all the bigger undertakings are still effectively managed by expatriate staff trained in European or American management methods at a sophisticated level. This is largely so whether the undertaking is state owned, or private or semi-public sectors.²⁰

In view of these facts, management development is an absolute must for the developing countries of Africa. Africans want to develop; and can develop under proper conditions. The cliches regarding Africans' deficiencies are erroneous. One obvious problem is the application of theory to practice. Other than tailor-making training programs, this is one main area where adjustments must be made in the management techniques. With regard to the erroneous cliches, an American who has experience in training Africans in sophisticated techniques points out three areas where many expatriates make a fundamental error in their approach:

1. Selection of candidates. There is an absence of advanced selection techniques, with too much reliance on simply advertising and then interviewing.
2. Learning requirements. Africans are generally anxious to further educate themselves, but in

²⁰ILO, op. cit., p. 18.

the process may not perform as well as they could because teaching techniques are not related to the African environments and its requirements.

3. Estimates of ability. The abilities of the African are often grossly underestimated, in respect to both mental capabilities and staying-power.²¹

This has further been asserted by Geiger and

Armstrong: "The intelligent intellectually equipped and with sufficient education to assume management responsibility, as an immense desire and respect for knowledge which will aid his advancement. He is usually an assiduous student."²²

What is lacking is the effort. The most accentuated "Africanization" better termed as "localization" or "promotion" is of the civil service. It is high time that African countries seriously consider the Africanization of management as well. A sound principle of managerial Africanization could be established soon if accelerated economic development is to be realized. This is effectively done through indigenous management development. And this calls for a massive deployment of management training effort across the continent employing the most advanced techniques of accelerated instruction and development.

²¹Ibid.

²²Ibid.

MANAGEMENT TRAINING AND THE SMALL BUSINESS
MANAGERS IN DEVELOPING COUNTRIES

Management training is sometimes misunderstood by some people. It is often confused with the business courses offered at colleges and/or universities. Management training, sometimes referred to as management development or management education, is the planned and programmed effort exerted towards finding, studying, and developing a cadre of modern management men. Management development, as the International Labor Organization sees it, is "the activity directed toward the further development of the knowledge and skills of practicing managerial personnel and modification of their concepts, attitudes and practices."²³ Management training is essentially designed to help the managers with their jobs.

Commenting along the same thought, Zoll writes thus in his book: "In management education, we would add three concerns: changes in attitudes (feelings or beliefs), changes in awareness of self (present ways of seeing one's behavior), and changes in motivation to perform (desire to act differently)."²⁴

²³Nancy G. McNulty, Training Managers: The International Guide (New York: Harper and Row, Publishers, 1969), p. 2.

²⁴Allen A. Zoll, Dynamic Management Education (Reading, Massachusetts: Addison-Wesley Publishing Company, Inc., 1969), p. 1.

The Managers and Management Training

Managers are very important for the economic growth of developing countries. "In the underdeveloped countries," it is remarked, "management is the center resource of development, and managers the central engine of development."²⁵ The kind of managers that will effectively benefit a country are those who are properly trained and are competent to manage. Comment on the absolute importance of managers and the need for management training, based on a survey made in some African countries, runs thus:

No one class of people has more influence on the development of economic and social life of a nation and the raising of its standard of living than its managers, whether in industry or commerce, in the public sector or the private, in public administration or managing their own small enterprises. They have control over the utilization of the major part of the nation's wealth including most of its assets in foreign exchange. On their knowledge of their jobs and the efficiency with which they perform them depends the productivity of the material and human resources of the country. They are directly responsible for a large part of the happiness and well-being of those, numbering from hundreds of thousands in some countries to many millions in others, who work under their direct control, and for that of millions more who are affected by the results of their activities.

It is therefore important that all those carrying managerial functions, whatever their formal titles, should be well trained in their professions and be made conscious of their wider responsibilities.²⁶

²⁵Farmer and Richman, Comparative Management and Economic Progress (Homewood, Illinois: Richard D. Irwin, Inc., 1965), p. 117.

²⁶ILO, op. cit., Foreword.

How Does Management Training Benefit the Small Business Manager?

It is observed above that managers are very useful and are responsible for a country's economic development. It is obvious that they can be so only when they are trained and able. Even when we look at the situation from the individual manager's benefit point of view, it is quite evident that only the manager who is skilled and competent can operate a profitable business. Therefore, it is understood that the small business manager will very much benefit from being skilled and competent through management training, this is particularly true with the small business manager.

It has already been shown that in the small business the manager is everything in the enterprise. He is the person who wears many different hats at different times. In other words, all the functions of management are in the hands of this one man, the manager. It is therefore, essential that in this category of business the manager should have a much wider understanding of the various elements of the business and much broader capabilities of management. Stressing this point in his report regarding management training for small enterprises, an International Labor Organization expert writes:

One basic area is the development of human resources. Since the cause, the goal and the principal means of economic and social development is MAN, no marked progress can be expected in any country and in any sector if the educational level of people is not

increased, their skills developed, and working and living conditions improved. That is why, when analyzing development possibilities and needs of small-scale enterprises, we should pay great attention to the development of those who run these enterprises and whose managerial abilities are essential to their future success.²⁷

The important element contributing to the success of an enterprise is "good management." True that labor, capital, and inventiveness are requirements for any business, but for a successful business there is a further requirement. There cannot be such a thing as a successful business without this additional requirement. This important requirement is good management that is scientific and efficient; a well managed business is certain to be successful.

Lack of managerial know-how is one of the serious handicaps of the small business managers, and management development is the number one need for them to be successful in their enterprising efforts. The writer would like to stress that the most important element contributing to the success of an enterprise is efficient and scientific management. Management development is, and should be, aimed at achieving efficient business management which actually means the attainment of the best possible returns from the least possible usage of available resources and effort with, in consequence, the minimum amount of waste.

²⁷X. Gir, "Training of Managers of Small Enterprises," Management Development Series, 7 (1969), 64.

When discussing managers and manager development, it is very important not to fail to mention something about qualities of character that are essential to leadership. The manager who is entrusted with all the above mentioned responsibilities must demonstrate the ability and willingness to undertake such responsibilities. He must have adequate potential and desire for growth, and finally he must possess certain basic qualities of character. It is when these qualities of character are present that management development efforts are justified. The following are some of the qualities of prime importance in the work of managing:

1. Integrity.
2. Courage, stamina, and self-confidence.
3. Wisdom, judgement, and intelligence.
4. Flexibility of mind, resourcefulness.
5. Vision, imagination.
6. Human understanding and humility.

Although management development is partly charged with the responsibility of developing some of these qualities, it is advisable to consider this point to try to find out how much of these qualities are possessed by the managers to be developed. This will help to make the required provision for the ones missing while designing the program. Professor Daniel Cantor has this to say in this connection: "The development of a manager is essentially the development of a person. The quality of management performance cannot

be separated from the quality of the people who are managers."²⁸

HOW IS THE SMALL BUSINESS MANAGERS'
ATTITUDE TOWARD MANAGEMENT
TRAINING?

On the whole, there is a general lack of interest on the part of the small business managers in attending management training programs. This lack of interest, according to an observer, may be attributed to the following factors:

* as a majority of the small industrialists have been successful operators in trade and commerce, they feel that they are equally competent and are bound to be successful in the industrial field; and

* the educational level of the small industrialists being generally low, they are unable to appreciate the value of training programs.²⁹

This is quite true. The small business manager, by the very fact of having become a businessman and his own master, feels that he has already attained the peak of his ambition. As such, there the absence of personal aspiration for something greater. This obviously has almost killed his interest for management training.

Time and time again, management experts are confronted with this lack of interest on the part of the small

²⁸Nathaniel Cantor, The Learning Process for Managers (1st ed.; New York: Harper and Brothers, 1958), p. 10.

²⁹H. M. Sithawalla, "Integrated Services for Development of Small Industries," Management Development Series, 7 (1969), 227.

business managers. An International Labor Organization expert who has made observations of this problem lists the causes:

- adherence to routine and resistance to change, fear of innovation;
- generally insufficient basic training and of a purely technical nature;
- lack of imagination, and laziness;
- vanity;
- a false conception of economy;
- lack of time, et cetera.³⁰

The expert states that the above mentioned causes have often resulted in negative attitude towards training.

Hardly any training can be accomplished without the interest of the trainee. Thus the stimulation of interest in the trainee is of paramount importance in training. It is understood that the lack of motivation to achieve is largely the cause of this lack of interest in training. It is not sufficient to arouse only interest, equally important is the retention of this aroused interest. This is, of course, possible only when the motivations and interests of the trainees are properly known.

As indicated earlier, motivation to achieve as an entrepreneur can to some extent be developed directly by increasing the man's management know-how. Commenting on

³⁰Gir, op. cit., p. 72.

this particular point, an expert in the field of management training makes the following observations:

. . .when a man knows the right way, the profitable way, to do something, he is often simultaneously motivated to do it. It is implicit in this thought that 'chalk-and-talk' instruction is not likely to achieve increase in either practical know-how or motivation unless amplified and extended by practical in-plant training related to the man's own recognized needs and problems.³¹

It is evident that all the management training that can be given will fall short of its objectives, unless motivation to achieve as an entrepreneur is generated. Where it is essential that the trainees/entrepreneurs be motivated. The same expert writes:

If we can find a way to create real motivation to achieve as an entrepreneur, we will not have to worry about anything more than providing the assistance. The 'motivated subjects' will demand assistance just because they are motivated to achieve.³²

Many management trainers usually fail to see the importance of interest stimulation and retention. This is, in fact, the key to effective management training program, a program that is expected to have real effect on the trainee, or through him, on the economic development of the country.

³¹Dibbs, op. cit., p. 12.

³²Ibid.

What are the Specific Aims of Management Training?

Management training could have many different aims as these aims differ from country to country and even from place to place within one country. Part of these aims is somewhat mentioned in the above paragraphs. In general, the aim of management training is to effectively fill the need for knowledge and understanding of the nature and requirements of business leadership and of the basic philosophy, theory, and principles underlying both subject and skills. Management has, of course, certain specific aims and purposes. In this respect, extracts from the article written by Professor Svenson have indicated the following points: Management development must stress effectiveness and efficiency.³³ Its aim is to increase the use of human and process resources, to increase the coefficient of the productivity of the resources employed. Its purposes is to develop better ways which to allocate company resources.

With the accent on effectiveness, management development seeks to have the participant question all things: methods, programs, measurement, evaluation, performance, and experience. Management development also:

1. Challenges the manager to question success.
2. Forces the manager to question the future of old formulas.

³³A. L. Svenson, "Management Training: Needed for Survival," Administrative Management, XXIX (July, 1968), 47.

3. Inspires the manager to innovate in the decisions he must make.

With regard to courses for managers, McNulty writes, "Their purpose is to help a manager with his job. It is as plain as that. They are intended to help him stay abreast of the new learning and new disciplines whether it be in a technology or in the broad skills of management."³⁴

EMERGING BELIEFS AND PRINCIPLES REGARDING
MANAGER DEVELOPMENT IN PRIVATE
ENTERPRISE

Certain emerging beliefs and principles pertaining to manager development underly the development of small business managers. It is very important that the management trainer, or whoever the person charged with the responsibility of management development, be thoroughly familiarized with these beliefs and principles because they form the basic foundation of the development in question. Needless to say, they are useful to the trainer or person in charge in their service as guide rules. It is highly recommended that the philosophy of manager development be based on these beliefs and principles because they serve as a good frame of reference. As such they have achieved a surprising acceptance among the leading exponents of systematic manager education and development.

³⁴ McNulty, loc. cit.

Houston, after having examined various studies that provide a 'cross section of the United States' manager development plans and programs, has discussed these emerging beliefs and principles in his book from where the following are extracted.³⁵

1. The success and growth of the enterprise depends on the quality and ability of its managers: A manager's education and development can no longer be left to chance. This calls for planned, systematic, and comprehensive effort in selection, training, appraisal, and promotion.
2. Managing is a distinct and professional kind of work which can be learned and taught.
3. All managers are responsible for contributing to the development of those reporting to them: Although specialists can help in research, program planning and administration, manager development is basically a responsibility of all managers aiding in planning, encouraging, and fostering the development of those reporting to them, whether they be specialists, managers, or potential managers.
4. Manager education and development opportunities should be available to all managers and potential managers: The principle of equal opportunity does not permit the "crown prince" approach.

³⁵George C. Houston, Manager Development: Principles and Perspectives (Homewood, Illinois: Richard D. Irwin, Inc., 1961), pp. 32-35.

5. All development is self-development: Growth, development, and change can come only from within the individual and is determined by his ability, his willingness to apply himself, and the quality of his personal efforts. Self-development is the responsibility of the individual.

6. Development is a unique and personal process or experience for each individual: The focus of development should be on the individual, his abilities, his accomplishments, his ambitions, his potential, and his needs.

7. Manager development should be work-centered and the focus of development should be on the present job: Even though new knowledge, understanding, and insight may be required through reading, study, and off-the-job programs, the application of such knowledge and understanding and the practice of managerial skills can take place only by doing.

8. Delegation of responsibility and authority with commensurate accountability is an essential requirement for the development of managers: If we believe in learning by doing, if we expect men to accept managerial responsibility, they must be given responsibility. They must be given the right and encouraged to make their own decisions. They must be permitted to make mistakes and to profit from their experience under competent guidance and coaching. Failure to delegate and too close supervision implies lack of confidence and frustrates the development of self-confidence, judgement, and initiative. Failure to delegate defeats the purpose of the learning experience.

9. The organization as a whole (through its managers at all levels) is responsible for developing and maintaining a climate conducive to learning and growth:
Such a climate is determined by the attitudes and actions of the managers themselves and by the example they set for others to follow. It must be a climate which permits and encourages growth, delegation of responsibility and authority, high standards of performance, and fair and equitable treatment.

10. Manager education and development should be a comprehensive and continuing process throughout each manager's career: Education and training in sound managerial philosophy, principles, theory, and practice should start at the earliest practical point in the development of men selected to fill positions of such responsibility and should continue in the breadth and depth essential to prepare them for higher responsibility as they proceed in their careers.

Although the above mentioned beliefs and principles drawn with the manager development of the enterprise in mind, it is quite possible to transfer them to the development of the small business owner/manager.

They are, of course, of utmost importance to the larger enterprises, especially those owned by expatriates, and their expected programs of indigenous managers development.

SUMMARY

Developing countries are primarily and essentially concerned with accelerated economic development. For any country to attain economic growth, provision must be made for all the three legs of the "development stool." These are finance, technical know-how, and above all managerial know-how. Each developing country has its own physical and man-power resources. Each country, in many cases, receives, through various aid schemes, most of the other physical, financial and technological resources needed. However, it is of vital importance that each country must have a "cadre of indigenous modern managers" to coordinate and manage the resources that are either natural or injected. It is strongly felt that there is a crucial need for these managers. This obviously calls for a massive deployment of management development efforts. Such development is effectively realized largely through management training.

What is management training? The type of management training or manager development that is discussed in this study, is "a planned, systematic, and continuing growth designed to induce behavioral change in individuals through bringing out or cultivating their abilities and inherent qualities through the acquisition, understanding and use of knowledge, insights and skills as they are needed for

and apply to more effective performance of the work of managing."³⁶

All such management training programs, to effectively meet the objectives they are designed for, must carefully consider all the socio-economic and other political aspects of the environment in which the trainees operate. It will very well pay to make these programs tailor-made.

³⁶Houston, op. cit., p. 5.

Chapter 3

UNDERSTANDING ETHIOPIA

Arab dominance of the Red Sea and North Africa cut off trade and cultural relations, and in the well known words of Edward Gibbon, "Encompassed on all sides by the enemies of religion, the Ethiopians slept nearly a thousand years, forgetful of the world by whom they were forgotten."¹

To have a good understanding of this study on management development in Ethiopia, it is essential to have a general knowledge of the country and the other aspects connected with the subject. This chapter is, therefore, attempting to brief the reader with the relevant information that is hoped to serve as the background to the study.

THE COUNTRY OF ETHIOPIA

Ethiopia is one of the most ancient empires still existence. The country is at present in a transitional state as it emerges from an isolated conservative community to a modern progressive empire.

¹Ethiopian Tourist Organization, "A Tour of Northern Ethiopia," (Addis Ababa, Ethiopia: Berhanena Selam Printing Press, 1969), p. 15.

History

The ancient empire of Ethiopia has its legendary origin in the meeting of King Solomon and the Queen of Sheba. Historically, the empire developed in the centuries before and after the birth of Christ, at Aksum in the north, as a result of Semitic immigration from South Arabia. The immigrants imposed their language and culture on a basis of genetic stock. Ethiopia's subsequent history is one of sporadic expansion southwards and eastwards, checked from the sixteenth to early nineteenth centuries by devastating wars with Moslems. Modern Ethiopia dates from the reign of Emperor Theodore (1855-1868). Menelik (1889-1913) defeated the Italians in 1896 and thereby safeguarded the empire's independence in the scramble for Africa.

The present emperor, Emperor Haile Selassie I, born July 23, 1892; crowned King (negus), on October 7, 1928, proclaimed Emperor, after the death of the Empress Zauditu, April 2, 1930, and crowned on November 2, 1930. His eldest son, Asfa Wossen, was proclaimed Crown Prince and heir to the throne on January 25, 1931. Emperor Haile Selassie I is the 255th monarch of the Solomonic Dynasty established by King Solomon and Queen of Sheba.

Government

Ethiopia's government is a constitutional monarchy. The Empire is governed by a Council of Ministers, responsible to the Emperor, and a parliament consisting of a Senate

and a Chamber of Deputies. The Chamber of Deputies consists of 250 members; the number of Senators must not exceed half the number of Deputies.

Geography

The country. Located in the highlands of the "Horn of Africa," Ethiopia adjoins the Sudan, Kenya, Somalia, French Somaliland and the Red Sea. The key word which emerges from the geographical study of Ethiopia is variety. Ethiopia lies in tropical latitudes (extending 3-18 N) and covers an area of 450,000 square miles.² Most of Ethiopia is a highly desiccated plateau, split almost up the middle by the Great Rift Valley with its chain of fascinating lakes. There is also a corresponding range of climates, vegetation zones, crops and rural activities. The country is divided into fourteen provinces, each under a Governor-General, under the administrative control of the Minister of Interior. Each province is divided into about seven sub-provinces under a Governor.

Addis Ababa, the capital, with 644,190 inhabitants, is the headquarters of the United Nations Economic Commission for Africa, and also the Organization for African Unity.³

²The Americana Annual, Americana Corporation, 1970.

³S. H. Steinber, The Statesman's Yearbook (Macmillan: St. Martin's Press, 1969-1970), p. 885.

The people. There has never been a complete census of the population although estimates have been made by most possible means. The 1968 estimate is 24,212,000.⁴ These are identified according to their religious faiths are: Ethiopian (Monophysite) Christian, estimated to be one-third of the population; Muslim, one-third; and pagan, roughly to one-third.

Economy

The Ethiopian government embarked on a Third Five-Year Economic Development Plan. The total investment under the new plan will amount to \$1.25 billion in United States dollars. Most of this amount will come from domestic savings, and the balance will be financed abroad. According to this Plan, which is in its second year of implementation, particular emphasis will be placed on the development of manufacturing and mining, with transportation and housing, and agriculture following in that order.

The foreign sector of Ethiopia's economy fared poorly in the first half of 1969. Falling coffee prices and rising demand for imports reduced the country's foreign exchange reserves by 10 percent compared with the corresponding period in 1968.⁵ A small increase in the gold holdings of the national bank only partly offset the

⁴Ibid.

⁵Ibid.

pression. Domestic credit continued to expand; consumer prices held steady.

Agriculture. Although Ethiopia is potentially rich in a variety of resources, it is still in the early stages of the development of a modern economy. The major economic activities are subsistence agriculture and nomadic pastoralism. Coffee, of course, is by far the most important agricultural source of the country's income, and because of this some economists refer to Ethiopia's economy as a "one crop economy." Ethiopia is very rich in livestock like sheep, cattle, goats; and a smaller number of donkeys, horses, mules and camels. Crops like teff (*eragrostis abyssinica*), the principal food grain, followed by barley, wheat, maize and durra are grown in abundance. Some agricultural experts who visited Ethiopia say that she is essentially the "bread basket" of the middle east. Sugar-cane is now an important crop.

Industry. The prevailing industrial activities of Ethiopia are essentially based on agriculture. The small growing industries are concerned largely with the processing of raw materials from agriculture. The most important products are cotton yarn and fabrics, sugar, cigarettes, canned foodstuffs, footwear, beer, lumber, wheat flour, edible oil and tannery. Cement and paints, too, are manufactured. Most industry is centered around Addis Ababa, Harara and Dire-Dawa.

Commerce. Coffee is by far the most important export, followed by pulses, oil seeds, hides, goat skins, and sheep skins. Imports are textiles (mainly from Japan), vehicles, machinery, iron and steel goods, and petroleum products.

The total value of Imports and Exports in millions of Ethiopian dollars, (one United States dollar is equivalent to two and a half Ethiopian dollars), for twelve years is shown in Table 3.⁶ The total imports for 1968 were valued at \$432,522,163 in Ethiopian currency, and the exports were valued at \$258,046,503 in Ethiopian currency.⁷

Education

Education is free for all. "In 1967 there were throughout Ethiopia 1,116 Government, 271 Mission, 315 private and 106 Church schools. They catered for 480,189 students."⁸ There are very few comprehensive, commercial and technical schools in existence. The Haile Selassie I University was instituted in 1964 to coordinate the organs of higher education, for example the Building, Engineering, Public Health, Theological, Agricultural and Business Colleges; and including all of the other schools such as:

⁶Eshetu Indeshaw, "Investment Opportunities in Ethiopia," The Manager and Entrepreneur, I, 2 (Winter, 1970), 26.

⁷The International Year Book (18th ed.; London: William Clowes and Sons Ltd., 1970).

⁸Ibid.

Table 3

Total Value of Imports and Exports
in Millions of Ethiopian Dollars
From 1957-1968

	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968
Imports	166.4	186.9	197.3	207.6	224.1	222.9	276.1	307.6	375.6	404.2	357.7	432.5
Exports	191.9	143.5	157.5	182.2	188.6	199.5	223.4	262.5	289.8	277.5	252.7	266.0
Balance	+25.5	-23.4	-39.8	-25.4	-35.5	-23.4	-52.7	-45.1	-85.8	-126.7	-105.0	-166.5

Please refer to Appendix B for graphic picture of this Imports and Exports situation of the Ethiopian commerce.

The School of Law, Education, Public Administration, Medicine, Social Work, General Arts, et cetera.

Miscellaneous

There are motor roads connecting the provinces with the capital. There are two railways: The Franco-Ethiopian Railway Company owned by the two governments, operates the line between Djibouti and Addis Ababa. The second railway operates in Eritrea between Massawa and Asmara. A state shipping line established in 1964 now owns four cargo vessels and one tanker. Ethiopian Airlines, formed in 1946, operates through a management contract with Trans World Airlines; it provides services to many countries in Africa, and to a few countries in Europe and Asia. The postal system serves about sixty points in the Empire, mainly by air-mail. All the main centers are connected with Addis Ababa by telephone or radio telegraph. International telephone services are available at certain hours to most countries in Europe, North America and India. The banking system is complete and efficient. There are the National Bank of Ethiopia, the Addis Ababa Bank S. C. and Banco di Italia; and one other Italian bank operating in Eritrea.

ENTREPRENEURSHIP IN ETHIOPIA

Ethiopia is a developing country. As such accelerated economic development is one of her crucial concerns. It is quite obvious that Ethiopia must necessarily have a

izable number of entrepreneurs for her to achieve her noble objectives. Like the overwhelming majority of developing countries, Ethiopia lacks adequate entrepreneurs who are motivated and capable of taking risks. Ethiopia is only beginning to be aware of the fact that entrepreneurship is the most important element of production that contributes a lot toward the achievement of accelerated economic development.

General Background

Ethiopia is one of the three oldest nations in Africa. She is the oldest nation in the sense that, unlike her sister African nations, she has enjoyed three thousand years of independence: but she is not yet a developed nation. With the long time political independence, a rare blessing in Africa, bestowed upon her, Ethiopia was supposed to be a developed country. The main struggle in Africa nowadays is the struggle for political independence, and with this struggle the hope to achieve the celebrated human unity and economic advancement. Ethiopia is rich in agricultural land, minerals and human resources. As a long independent nation, she had, and of course still has, complete control over her resources. This leaves many to wonder why Ethiopia is still a developing nation.

Probably two factors are responsible for this. The first factor is attributed to her geography--her physical structure. Ethiopia being a mountainous country that was

almost land locked, had for quite some time no contact with the rest of the world. Thus, she was cut off and did not have active trade relations with other developed countries so as to learn some constructive ideas from them that could have contributed a lot to her economic advancement. The second factor has a history. Ethiopia was certainly a trading nation once upon a time. In the days of the Axumite empire, which dates back to 354 A. D., Ethiopia was known as one of the important trading centers of the middle east. Gradually foreign penetration cut off the historic trade routes and Ethiopian trade diminished. As a result, the wealth of trade lost its primary importance. It became secondary to the wealth of land, and no more the socially acceptable means of earning one's living. Instead, farming, government, the military, and the priesthood came to provide the acceptable means of making a living. Eventually, activities of commercial nature came to be associated with persons who were foreigners in Ethiopia or who were outside of the important land-owning element of the society. Trades and crafts were considered as occupations which were undertaken because one had no land or other position. It was also developed that craftsmen were possessed of magical powers, and thus were not the respected and socially acceptable members of the society.

Thus trade lost its importance for a long time in Ethiopia. Commercial activity did not return to importance until only very recently.

The first major modern economic enterprise was the French-Ethiopian railway completed in 1918. A few European trading companies were active in Ethiopia before the brief Italian occupation, and the Italians themselves established a few small industrial enterprises. However, it was not until 1946, that Ethiopia really began to enter the first phase of its move toward modern industrialization with the establishment of Ethiopian Airlines. Since 1946, the rate of growth has been rapid though absolute levels of development are still low.⁹

Ethiopia is a developing country. For any developing country, the key to its development is the entrepreneur. Without the entrepreneur, it is quite obvious, there will be hardly any economic development. So, like most developing countries wanting to accelerate their development, Ethiopia must encourage more and more entrepreneurs to appear within the economy. Therefore, for Ethiopia's economic growth to be accelerated, more and more pioneers must engage themselves in business. Of course, equally important if not more so, the existing ones also must necessarily develop their management know-how to best contribute to the nation's economic growth. Some will be large, but the initial development will be mostly in small business enterprises, owing to the present subsistence economy. The most important thing, in any case, is the attitude of the people (the Ethiopians) in the society. The society must realize that the entrepreneur is vital for the economic development, and

⁹David C. Korten, "Management Staffing Problems of Small Business Firms in Ethiopia: A Field Investigation," College of Business Administration--Haile Selassie I University, Addis Ababa, June, 1966, p. 1.

st support economic activities. Many must participate and
 ways aspire for modern management of their enterprises
 which eventually contribute to a better standard of living,
 that is economic development. In this regard Samuelson, has
 said:

To hasten evolution towards development, there must
 develop spontaneous innovation on the part of the people
 directly involved. They must be developed for them-
 selves, within their own mixed cultural pattern, a
 creative group of producers alert to try out new ways of
 doing things.¹⁰

The businessman, in the developed countries, is
 accepted as the great contributor to the economic and
 material progress of the nation. It is well known that
 industrialization (economic growth) is possible only if
 people become conscious of the role businessmen play in an
 economy. The role of the businessman, which is very
 important, is not yet sufficiently and widely recognized in
 Ethiopia. Potential Ethiopian entrepreneurs are not aware
 of their opportunities. Not enough Ethiopians are enthusi-
 astic about going into business, particularly the educated
 group! Neither has there been any drive for development of
 management, and thus growth, on the part of those few
 already in business.

¹⁰ Asheber Aberra, "Barriers, Motivations and Train-
 ing for the Ethiopian Small Businessman," July, 1968, p. 2.

Barriers to Entrepreneurship

Entrepreneurship being of such vital importance to the economic growth of the country, why is the situation what it is in Ethiopia? If this continues, Ethiopia's aspiration of accelerated economic growth is very far from being realized. The existing hostile attitudes towards entrepreneurship mentioned above must change. With the aim of finding the causes behind these hostile attitudes, a study into the problem has revealed the following. Factors that are said to hinder the development of new entrepreneurs, and also limiting the growth of the existing ones.

Cultural and sociological barriers. Among the limiting factors, the deep-rooted ones are the cultural and sociological impediments. In Ethiopia, business is believed, by the great majority, to have profit as its sole motive. The conservative and/or fanatic Ethiopians have the attitude of looking at profit-making as socially undesirable practice.

This attitude, which has originated in the history and culture of the country is perpetuated even among the educated circle by misconception of the socialistic philosophy of exploitation of man by man.

Culturally, the people developed the notion that business largely involves deceitful acts, unethical practices and exploitation of the peasantry. The church condemned all lending as usury and forbade its members to

participate in the act... Thus, Ethiopians have developed hostile economic attitudes. As researched by authorities in the field; it is noted that the prevailing ideas of appropriate objectives of a business enterprise in Ethiopia in most developing countries, (whether government or private owned), are that it be a provider of jobs and welfare. For non-owner managers and supervisors, the principle of efficiency as an economic unit is often considered a foreign idea, and one contrary to many of the values of the culture of the developing countries.

For this reason, trade just a few years back was generally left to foreigners, a group widely and traditionally despised by the average Ethiopian. The attitude toward trade was further accentuated by the common view that people engaged in trade were people without land, people who lived from the honest labour of others through cheating and trickery.

There is also a general lack of economic understanding of where economic growth and new jobs come from. The role of profits, surplus, or savings is not usually understood by a large percentage of the population including many of the managerial employees and the country's opinion leaders.

According to an economic survey made by an authority in the field, the results suggest that such opinions are natural values of most developing agricultural economies.

The evaluation of occupations also is a limiting factor. Images for various occupations persist in every society. For instance in traditional Ethiopia, governmental workers and the military are regarded as esteemed occupations and thus enjoy a reasonably high status. People engaged in commercial activities have been, and to some degree still are, classified in a low status. Therefore, people who are enjoying greater levels of status tend to maintain their positions. For these persons, engaging in business results in a lowering of their status. This is how they feel. As such, the Ethiopian Entrepreneur, however rich and prosperous he may be, how much preoccupied he is with rendering worthwhile service and making money as such, in maintaining a fairly decent living to develop a sense of the social importance of the enterprise, has not enjoyed a high status in the society. There is a recent improvement in this respect but this is still too limited.

There are still local prejudices. However good the products, Ethiopians have tendencies of ill-evaluating locally produced goods. Thus, there is no impetus for progress of the indigeneous entrepreneur.

These are the major cultural and sociological impediments in the development of potential Ethiopian entrepreneurs and the growth of existing entrepreneurs.

Fear in risk-taking. True business is risk-taking! It is always true that the factors determining the final

outcome of business efforts are numerous and quite beyond one's ability to assess accurately in advance or to control. Therefore, one obvious barrier is the fact that entrepreneurship is characterized by risk-taking. The Ethiopian small entrepreneur is usually someone who was loaned money by his relatives or friends to start his business with. Whatever his capital, the environment he is brought up in is such that he lacks the enterprising characteristics. An Ethiopian, even the educated, would rather buy land or build a house with his savings than start a business. This, of course, is due to lack of experience and a traditional lack of exposure to modern business operation. This lack, coupled with the obvious risk that disrupts man's security, is in fact one of the few major barriers for the potential Ethiopian entrepreneur.

Lack of initiative and leadership. Leadership of high order is involved in entrepreneurship. As a result of the previously mentioned factors, Ethiopians do not possess the necessary drive for achievement and self-confidence. Not many know how to face and overcome challenges and obstacles and thus achieve satisfaction. Most of them want to get rich overnight. Not many believe that it is possible to succeed after one fails.

Entrepreneurship calls for high achievement desires, activity, willingness to assume responsibility, and tact in dealing with people. The business leader (entrepreneur)

must possess these leadership qualities. Sometimes the leader has to operate in an ambiguous, ill-defined, constantly changing area. He faces lots of obstacles and should like these as normal challenges and act with tact. This is what Ethiopians have yet to learn.

Lack of economic factor--capital. When speaking of the economic factor, the writer is referring to the capital equipment and the important tool, money. These are the essentials for any kind of business undertaking. Therefore, inadequacy or complete shortage of capital equipment and the ability to finance such an endeavor is sure to be a major obstacle. Both the potential and the existing Ethiopian entrepreneurs either have insufficient money, or no money in the case of the former. Most of them do not know that they can get business loans from the money lending institutions, such as the commercial, development, and investment banks, upon presentation of sound business operation plans.

It is bitterly felt that there is a big shortage of capital. Both the public and the banks do not have a sufficient supply of capital. The entrepreneur cannot afford to take out a loan because of the high rates of interest; therefore making private money unavailable to him. The absence of small business loan boards have made the situation worse. And as already mentioned, the small

entrepreneur rarely knows how to present his case for a loan.

Some who have somehow got the money (usually referred to as working capital), lack the technical knowledge of how to select the equipment appropriate to their respective businesses. They do not make effective market research to find out what kind of equipment or machines are available in the market and at what prices. They do not care to ask for expert advice to learn what kind of machines will be best suited for their respective types of business, and their financial situations. This is particularly true with the small-scale industries.

Thus lack of finances is an acute problem to the existing Ethiopian entrepreneur as well as to the potential entrepreneur.

Lack of skill or business knowledge. Many authorities in the field usually think that the achievement desire and enthusiasm is of prime importance. In accordance with McClelland's Theory of Achievement Motivation, this quality of Drive to ACHIEVE can be brought out, strengthened, channeled. . . of course into productive action, through special training.¹¹ Therefore, lack of business knowledge

¹¹Owen Dibbs, Motivation for Achievement: A Paper presented for the Meeting of Chief of ILO-SF Management and Entrepreneurship Centers in East Africa, Addis Ababa, July, , p. 12.

to both the would-be and existing Ethiopian entrepreneur is a major problem that requires and deserves priority.

These are in brief the most prevailing sociological, cultural and environmental factors that exist in Ethiopia. Some of the above mentioned factors add up to suspicion and slow acceptance of change, and consequently a seemingly low degree of the necessary motivational drive.

SMALL BUSINESS IN ETHIOPIA

What is a Small Business?

For a clear understanding of what a small business is, the reader is hereby referred to the definition on page

Before starting to treat in detail the subject of Small Business Managers' Development through Management Training, it is quite imperative to know what is meant by small business, and also to know the characteristics of a small business manager in Ethiopia. This knowledge, coupled with an acquaintance with the small businesses' role in the economic development of Ethiopia, and their major problems, will give the reader a fairly good background to understand the study more. In view of this fact, an attempt is made in the following pages to illustrate the points mentioned

is.

What are the Chief Characteristics of the Small Business Manager?

The small business manager is usually a person, who, by profession was an artisan; who left his employer as soon as he thought he had learned enough to compete with his old employer. In most cases, the manager is the proprietor also. This manager undertakes, himself, a combination of management duties and thus at the same time is the manager, chief accountant, and general factotum. In the large industry, salaried specialists are employed for each of the management aspects. In the case of the small industry, all responsibility, decision making and know-how are concentrated on one individual, the owner/manager. He is the person whose character and personality is the image of the enterprise he owns and manages. It is therefore obvious that the small business manager is the most important single factor who determines the fate of the enterprise.

This manager is usually someone who is not conscious of his personal and/or his organizational shortcomings. He is a suspicious person quite resistant to change. In some cases he is someone who poses as the all-knowing authority.

Role of Small Enterprise in the Economic Development of Ethiopia

Small enterprises in Ethiopia, as in other developing countries, play an important role in their contribution to the economic development of the country. In

accordance with the reviews of the Center for Entrepreneurship and Management, the small enterprise numerically comprises of some 90 percent of all forms of entrepreneurial activities, and also provides employment for about 80 percent of the total employment in the business sector. Thus, small enterprises are the major employers of labor.

Small enterprises play an important role by creating opportunities for development of potential managerial abilities. These enterprises which are found all over the empire are engaged in diversified lines of business, which have brought about healthy signs of economic development everywhere. In Ethiopia there exists an unbalanced concentration of industrial activities in very few regions. Due to this, there is such a big drift of people from the provinces that the unemployment rate in these towns is already high. The setting up of small enterprises in the provinces has certainly had a restraining effect on such problems. Of course, such enterprises are the starting point for larger enterprises. A number of small businessmen who prospered and grew to really big enterprises are living testimonials to this.

Major, a small enterprise development expert, wrote as follows with regard to the role of small enterprises in the economic development of a country:

. . .it is probable that numerically, small businesses account for more than 90% of all forms of entrepreneurial activity, outside of agriculture, in

the developing countries, and that these small businesses provide the means of livelihood for between 65% and 75% of the non-agricultural labour force in such countries, and, at the same time, account for between 50% and 60% of the Gross Domestic Product of National Product. (In this context 'small business' are thought of as all forms of manufacturing and non-manufacturing enterprises, other than those concerned with the production of primary commodities, with less than 50 persons engaged.)

It becomes evident, therefore, that the improvement of management of small businesses is, in fact, tantamount to the improvement of standard of living and working conditions of the majority of the non-agricultural work force, and is likely to be of greatest effect in the economic growth.¹²

One fallacy is that many people think that small enterprises are peculiar to developing countries. This is not true. Small enterprises play important roles in developed countries too. For example, since the Second World War Japan has developed remarkably in the industrial field, and in that process the development of many large-scale enterprises has been observed, especially with respect to technical innovation.

But even in such an industrialized economy, smaller enterprises are playing an important role by supporting the broad base of the present Japanese industrial structure. They represent more than 99% of the total number of enterprises and occupy 75% of the aggregate number of employees in the secondary and tertiary industries. . .As far as industrial production in 1966 was concerned, product of smaller enterprises accounted for 50% of all industrial manufactures placed on the

¹² Alan Major, "Training for Management in Small Businesses," Report, Addis Ababa, April 24, 1968, p. 1.

market, and 45% of the total of industrial products exported.¹³

In Britain almost 90 percent of all industrial establishments are small enterprises. In the United States the figure is more than 80 percent.

The following extracts are taken from International Labor Organization Publication. The reader believes that the important roles that small enterprises play in a developing economy listed below are very much applicable to Ethiopia.¹⁴

1. The small-scale may make possible economies in the use of capital, which is very scarce in developing countries.

2. Besides making possible economies in the use of the existing stock of capital, small-scale industry may call for being capital that would not otherwise have come into existence: (the enterprising small manufacturer has to scrape together capital wherever he can find it).

3. A given amount of capital invested in small-scale industrial undertakings is likely to provide more employment, at least in the short run, than the same amount of capital invested in large-scale undertakings. This is

¹³Y. Uchida, "Policies for Developing and Modernizing Smaller Enterprises," Management Development Series, International Labour Office, Geneva, 1969, p. 295.

¹⁴International Labour Office, Services for Small-Scale Industry, La Tribune de Geneve, Geneva, Switzerland, pp. 20-21.

very important matter for countries with surplus labour for which the shortage of capital makes it difficult to find jobs.

4. Large-scale industry calls for a great deal of managerial and supervisory skill-foremen, engineers, accountants and so on. Like capital, these skills are in very short supply in underdeveloped (developing) economies and it is important to economize as much as possible in their use. Small-scale industry provides a way of doing this, and at the same time provides industrial experience and serves as a training ground for large numbers of small-scale managers, some at least of whom may develop the capacity for managing large-scale undertakings.

5. It is not only managerial and supervisory skills that are in short supply in underdeveloped countries, but many types of skilled labour as well. Small industry may be better able than large industry to take advantage of existing traditional skills.

6. Finally, many people hope that encouragement of small-scale industry may help to preserve a healthy balance between the rate of economic growth in urban and rural areas.

Basic Problems and Needs

As stated earlier, for any management development program to be worthwhile, a thorough study of the social, cultural and economic aspects must be made, the problems

must be identified and the needs determined. You will recall that the writer's findings with respect to the social, cultural and economic aspects of Ethiopia have been reported earlier in this study and it will not be necessary to repeat them here. The writer and his Center for Entrepreneurship and Management colleagues had conducted repeated surveys of small enterprises in Addis Ababa and seven provincial capitals and towns to identify particular problems and attempt to determine the needs: (Copy of the questionnaire used for the surveys is shown in Appendix

Small businesses have many problems. The major businesses that are identified are summarized below under: 1. General Management, 2. Finance, 3. Marketing, 4. Production, and 5. Personnel.

General Management

- a. Wrong choice and/or poor start of business.
- b. Little or inadequate planning and budgeting.
- c. Inability or refusal to delegate real responsibility.
- d. Lack of appropriate and adequate management experience.
- e. Very little or no interest in, or knowledge of, formal management procedures.
- f. Poor communication.
- g. Lack of knowledge pertaining to sources of technical and other forms of advice and assistance.

- h. General attitude too parochial throughout the enterprise particularly in regard to NEW products, methods and techniques.

2. Finance

- a. Perpetual shortage of cash.
- b. Wrong or misdirected control over expenditure.
- c. Poor appreciation of the need to control and full recovery of overheads.
- d. Weak credit management, thus high outstanding money.
- e. Lack of knowledge of workable costing.
- f. Very inadequate or no books of accounts.

Marketing

- a. Absence of the modern business concept: "The Consumer is the 'King'."
- b. Poor first hand knowledge of consumer requirements.
- c. Ignorance of the market potential, nature of market trends, and the proportion of the market held by the firm.
- d. Poor or unrealistic price determination, for example what the customer will pay rather than cost plus recovery of overheads plus profits.
- e. Unawareness of the essential approach to product strategy, for example too great on one product or service.
- f. Inadequate sales effort, and lack of sales literature and advertising.

Production

- a. Lack of effective production planning and control resulting in excessive stock and work in progress.
- b. Poor product design, thus low quality goods.
- c. Inefficient workshop layout and excessive work movement often accentuated by the use of unsuited buildings.
- d. Lack of thrift with regard to manhours and materials.
- e. Poor appreciation of the extent to which better materials handling can increase productivity and improve working conditions.
- f. Inability to modernize plant or introduce more economic processes.
- g. Lack of specialized tools and machinery.
- h. Underemployment of expensive machinery, when available.

Personnel

- a. Inability to compete with the larger firms to attract and retain qualified and experienced personnel of sufficiently senior calibre to support new development and expansion.
- b. Lack of personnel development effort through training or otherwise.
- c. Negligence and/or inability to provide working amenities.

- d. Worker/management relations tend to be either very good or bad. The "middle of the road" condition seems to be found sometime only.

Needs

The needs are evident. Certainly small businesses must overcome their above mentioned weaknesses so that they will be smooth-running and profitable enterprises, rendering worthwhile services thus justifying their existence in the society. What they need is 'the management know-how that is able and achievement motivated.'

Is There a Remedy to These Weaknesses?

In other words, how can the above mentioned needs be satisfied? As it can be deduced from the summary of weaknesses, most of them are largely attributable to personal and/or environmental factors. In short, the principal factors behind these weaknesses are the owner/manager (that is his character and abilities as an entrepreneur and manager), and the environment (that is mainly general attitudes of both government and major related institutions toward small business). It is quite obvious that the most important of the two is the former, because the owner/manager through his influence, can manage to overcome some of the environmental problems. The character and personal-ities of the owner/manager and his abilities as an entrepreneur and manager are indeed the critical

eterminants whether a small business is to grow or remain
atic. Therefore, all small business management develop-
at programs must be designed with the manager as the
ater of the efforts. The program authorities should of
necessity locate this small business manager, study his
eds and then prepare programs that are in harmony with his
eds and the social aspects.

The major problems of the small businesses, and the
use of the problems are known. At this stage, the reader
likely to pose three questions: (1) Is there a remedy to
problems? (2) If so, what is it? (3) How is this
remedy to be administered? There surely is a remedy. This
remedy is a properly planned management training program.
answer to the third question will be discussed in the
following chapter.

Is There Promising for Small Enterprise Development in Ethiopia?

Management development is the key to the development
small businesses. This development will be faster and
fruitful when the government concerned makes the
business environment favorable. The government can help by
giving encouraging policies that promote business opera-
s, by improving the industrial infrastructure, by giving
the businesses just the required protection, by allowing
tax holidays at the initial stage, et cetera. The
availability of the required resources such as raw materials,

bour and land will, of course, encourage investment. Good market potential is another important factor to make enterprising effort encouraging and profitable. How is the situation in Ethiopia?

Ethiopia cannot as yet claim optimum industrial infrastructures. She is making big efforts to develop these, and is surely developing quickly as any casual visitor can see. It is quite obvious that there can hardly be any economic development in the absence of infrastructure. The Ethiopian government that is aware of this has provided most of the required infrastructure. The writer does not think it necessary to discuss here all of the infrastructures commonly known. It is, however, thought appropriate to discuss briefly investment opportunity and government policies that go with it.

Investment opportunity. The writer confidently states that there is good opportunity for investment in Ethiopia. Enterprising effort exerted particularly in the field of small-scale industry and more particularly in agro-industry have big opportunities. The market potential is very large as even most of the consumer goods in the market are imported goods. These are goods that can easily be produced by home small enterprises, and for which the resources required are available. The technical skill such as in these industries require, although scarce, does exist. It can be developed when the demand for it is created and

employment is guaranteed. Some feasibility studies of viable investment opportunities have been made, and some more are being made. Indications, in most cases are very favorable.

Government policies. Ethiopia launches one master national economic development plan every five years and it is called the Five Year Plan. The Government's economic and social development policies and programs are outlined in this Plan. Ethiopia is now in its second year of its Third Five Year Plan, the first of which was introduced twelve years ago. The following pertinent outlines are extracted from this Third Five Year Plan: Due to the present economic circumstances in Ethiopia agriculture plays a dominant role in the economic development of the country. The Ethiopian Government, however, has had rapid industrialization as its major concern and the following objectives are laid down accordingly.

1. Encourage the processing of locally available raw materials, particularly agricultural and mineral products.
2. Continue the present encouragement to import substitution industries, with the objective of saving substantial foreign exchange.
3. Recognize the need for manufacturing industry to contribute to peasant agricultural production, through the provision of low cost equipment, supplies and consumer goods, not yet available to this part of the population.
4. Assist the development of new urban growth centers where employment can be provided to local people in manufacturing and processing industry.

5. Give special attention to those industries which, through forward or backward linkages, stimulate the growth of other industries, or other sectors, such as integrated agro-industrial ventures.
6. To the extent consistent with the development of enterprises, encourage the use of indigenous resources, particularly the abundant supply of unskilled workers, and decrease the use of imported resources.
7. Diagnose the cause of excess capacity in many of the country's plants, and take appropriate measures (both direct and indirect) to improve the utilization of capacity.
8. Implement the plan effectively, by doubling the total value added, to Ethiopian \$280 million a year by 1965 (1973 G. C.), and the gross production to Ethiopian \$700 million, through the investment of Ethiopian \$515 million as gross fixed capital.¹⁵¹⁶

Materializing the Policies

The Ethiopian Government, in the Plan, has outlined a number of instruments through which the objectives of industrialization are hoped to be attained.¹⁷ Some of the most important and relevant ones are described below:

Financial inducement for investment. The investment Code, which previously was directed towards the encouragement of medium and large industries, is to be revised to benefit all classes of enterprises. The previous Investment

¹⁵One US dollar is equivalent to 2½ Ethiopian dollars.

¹⁶Imperial Ethiopian Government, Third Five Year Development Plan 1968 - 1973 (Addis Ababa, Ethiopia: Hanena Selam HSI Printing Press, 1968), pp. 219-220.

¹⁷Ibid., pp. 220-226.

Code provides income tax relief for five years for new investments of not less than Ethiopia \$200,000 and the same facility for three years for expansions and import duty relief for industrial machines and equipment, for the above purpose.

Government investment. Another encouragement given by the government is in the form of participation in the investment. In consultation with the Technical Agency office, all enterprises for which Government investment has been justified and whose activities meet the general economic policy of the Government will be assisted. In this respect attention is focused mainly on the following industries:

1. Basic Manufacturing Enterprises
2. Commercial Manufacturing Enterprises
3. Small-scale Enterprises

Tariff protection. Tariff Protection is also foreseen. Attention has been given to the level of protection, will be such that the enterprises will not be completely free from fair competition with international market but at the same time it does give the necessary help. . Tax structures also are intended to be reviewed. In addition encouragement for investment in export industries are foreseen. Government procurement is also among the encouragements for industrial development.

Techno-economic services. For handicraft and small-scale industries the different services foreseen under Techno-Economic Services must be of great interest. Under these are included Promotion and Industrial Development Training Centers in rural areas, a Design Development Center, Production-Cum-Demonstration Centers and Marketing Assistance, each with approximately Ethiopian \$1 million operating budget during the Five Year Plan.

Management training centers. The Center for Entrepreneurship and Management, which was established two and half years back, is engaged in the development and promotion of enterprises and indigenous Ethiopian entrepreneurs. The proposed industrial services by the Ministry of Commerce and Industry will be combined with the Management Center to complete the objective of the Center.

In addition to the above mentioned, the appropriate departments in the Ministry of Commerce and Industry will be strengthened to undertake the promotion of a larger range of industrial growth. An Investment Promotion Center will be established in the same Ministry to assist private industrial growth; and an Institute for Standards and Quality Control has already been established, all according to the Third Five Year Plan.

From the above paragraphs, it is evident Ethiopia's environment fairly well lends itself to investment. In other words there is ample investment opportunity. It is

also observed that the government policies do encourage investments of all types. This, the writer feels, has a big influence on management development because the more favorable the environment and government policies the greater the motivation for managers.

Chapter 4

DEVELOPMENT OF A MANAGEMENT TRAINING PROGRAM FOR THE ETHIOPIAN SMALL BUSINESS MANAGERS

Of all the resources required by a developing country seeking to increase its economic and industrial strength rapidly, the first and most important key resource is a cadre of modern management men. These are men who, by personal inclination, experience, or training have the initiative to make things happen, the leadership to motivate others to help them achieve their objectives, and the skills necessary to obtain the maximum output from the limited human, physical, and financial resources they command.¹

H. E. Ato Getahun Tessema, Minister
Imperial Ethiopian Government
Ministry of National Community
Development and Social Affairs

Development of a Management Training Program that
develop the type of managers described above is a great
task which requires care and certain frames of principles
and rules to guide and govern the activities. The philoso-
phy and the vital aspects that need be taken into consid-
eration when developing such a program in developing
countries have been discussed in the preceding chapters.
In this respect, all hold true in Ethiopia as well.

¹Center for Entrepreneurship and Management, "The
Resource for Economic Industrial Development," CEM and
Professional Staff, I, 1 (November, 1967), 5.

PLANNING AND DESIGNING A MANAGEMENT TRAINING PROGRAM

A management training program, if it is not planned and designed appropriately, can be both useless and detrimental. An appropriate and worthwhile program is one that best meets the needs of the trainees. This calls for study of the socio-economic condition of the environment and also a survey of the training needs.

Studying the Socio-Economic Condition

In planning and designing a management training program, a thorough study of the socio-economic condition beforehand is priority number one. One very important factor at this stage is that the people who are responsible for the development program must recognize the time constraint involved in changing, as this is the main objective of the whole effort.

For the program to deliver its objectively set benefits, the special cultural characteristics of the society and the people to be developed must be identified and understood. In Ethiopia it should be remembered that a proper understanding of management development requires a sensitive insight into the cultural and economic environment in which the manager and the organization exist. Deep and comprehensive investigation into the program environment in terms of its tradition, politics, government, religion, economy, family life, legal and educational systems, and

Inherited patterns of management attitudes is essential for any management development to be worthwhile.

As stated earlier in Chapter 3, there are some socio-economic barriers in Ethiopia that affect entrepreneurship adversely, and which are bound to affect management development. It is, therefore, obvious that knowledge and understanding of these factors will be very useful.

Medial provisions must be made in the program so that the whole effort can be successful and beneficial. In view of this belief, experienced trainers have generally expressed the opinion that at the initial stage of any management development effort, a sociological survey carried out by a social psychologist familiar with the problems of developing countries, (preferably a national, that is born and brought up there), would help to avoid many errors, and establish a foundation for a firm and fruit-bearing program.

Determining Training Needs

The first and most important step in the management training program development process is determining training needs. All training programs must essentially be designed to meet the needs of the trainees. Any program that is attempted without the full appreciation of the trainees' needs is bound to end up being useless and possibly detrimental. It is in fact mandatory that the programs be tailor-made, or they are more than likely to fail in

achieving their purpose. Commenting on this thesis, an International Labor Organization publication states; . . . It behooves every training officer to study the terrain of his field of training before embarking upon any program. One of the most frequent errors is to translate a training program which has proved successful elsewhere lock, stock and barrel into an area which has different circumstances."²

The Ethiopian small business managers need programs that seek to achieve specific training objectives which are within their capabilities and needs, and which they can effectively apply in their businesses. This calls for a systematic approach. In other words, management training centers or practitioners and teachers of modern management, if they want the managers to benefit from the programs, should be guided by the procedures of "scientific method." They should:

1. Collect the available data and from this develop the best possible hypothesis;
2. Design a program which will test this hypothesis in action;
3. Observe the results of this test until they know its strengths and weaknesses;

²International Labor Organization, "Training Techniques for Small Enterprises in Developing Countries," Management and Productivity, 24 (1968), 32.

4. From their observations improve their hypothesis;
5. . . .And repeat the above steps until subject to the "law of diminishing returns," they have the best practical hypothesis and program for applying it.

The Center for Entrepreneurship and Management was established in 1968. Until that time no such systematic approach had been used to study management development in Ethiopia. The Small Enterprise Development Department of the Center, since then has experimented with the "scientific method" mentioned above. When the Department Team (one International Labor Organization expert and two counterparts including the writer) was charged with the responsibility of the Department activities, it was found necessary to ask the following questions.

1. What is the main objective of the department? Since the main objective of the department was defined in the Plan of Operation as, providing, "Practical training, consulting and advisory services for existing and prospective Ethiopian entrepreneurs in small scale undertakings," it had an answer and there was no problem. The other questions, however, did not have ready answers.

2. Who are these small entrepreneurs?
3. Where do we find them?
4. What are their needs?

5. How can these needs be satisfied? In consultation with the Chief of Project, the Team was able to design certain guidelines to be used in solving the above problems. The guidelines that were provided for the Team are:

1. The Team will spend up to two months making a preliminary survey of enterprises selected at random but considered to be in the small scale category. Ministry of Commerce and Industry, Chamber of Commerce, and Municipality lists and registries should be combed therefore for small industrial and physical service enterprises. During this survey, the team should seek answers to these questions in respect of each enterprise visited:
 - a. Name, age, type and address of the enterprise;
 - b. Name, age and general outlook of owner and/or manager;
 - c. Numbers and types of employees;
 - d. Physical facilities;
 - e. Organization structure (actual) if any;
 - f. Product or service: nature, quality and how marketed;
 - g. What appear to be the key problems and opportunities?

- h. Does the owner/product/facilities combination indicate a good opportunity to give help and have it accepted?

In general, the data will be recorded very briefly unless the answer to the last question is favorable.

2. In consultation with other experts of the Center as required, from six to ten of the enterprises surveyed should be selected for more intensive study and initiation of a pilot project. Tentatively, each would be in a different type of business, though consideration might be given to selecting two groups of five businesses each working in a similar field.
3. The team, aided where necessary by other consultants, will carry out a pilot project in each selected enterprise. The basic aim in each case would be to rapidly produce a demonstrable improvement: for example, increased sales, better quality, reduced inventory, better delivery, new or modified products, better working conditions, improved records, more opportunity to borrow, and achievement oriented better business outlook, et cetera.

4. From each successful pilot project (possibly six successful out of ten attempted), the team would look for four outputs:
 - a. a success story to publicize;
 - b. a case study for teaching later groups;
 - c. a contribution toward a "do-it-yourself" manual;
 - d. a satisfied client who would spread the word about what the Center can do, and who would allow his operation to be used as a demonstration point.

5. The Center would then promote a management training conference for twelve to fifteen small entrepreneurs using the material gained during the pilot operations as the basis for practical training. This would, typically, be attended by:
 - a. selected owner/managers from the pilot enterprises;
 - b. other owner/managers located during the survey, but not in the pilot group;
 - c. possibly a small number by direct application.

Alternatively: based on the data uncovered during the survey, it may be possible to organize three or four conference groups, each more or less homogeneous as to products or services given.

The syllabus would be designed directly on the observed needs found during the survey and pilot studies. Training must be very practical, and wherever possible would involve: taking each selected subject individually; explaining its significance with samples from the pilot study; then explaining the basic subject matter (again on basis of cases from pilot studies wherever possible); then having the group work out their own answers to a set problem in the subject area (as though they were jointly the owners of a small business or given characteristics).

6. Each participant would return to his own enterprise; and with visiting help from the consulting team, commence to apply the subject matter from the conference.
7. The practical applications in these enterprises, especially those added to the pilot group, would again lead to outputs as at 3 above, which would again be the basis for future success stories and cases to use in subsequent conferences.
8. It would be expected that the more successful "graduates" from earlier "courses" and pilot assignments would subsequently become clients for further consulting assistance, and for

more advanced management conferences designed to create the entrepreneurial spirit and approach.

9. There is a considerable value in initiating the formation of small businessmen's association of "graduates" from the various courses conducted by the Center. The Center can extend the activities of training courses via this association.

The above mentioned approach can effectively serve as a guideline for planning and designing a management development program at the initial stage.

MANAGEMENT TRAINING NEEDS SURVEY

A systematic approach to planning and designing of a management development program is the one guided by the procedures of "scientific method." This method starts with the collection of pertinent data from which the best possible hypothesis is to be developed. A popular approach to the task of collecting data is making a survey with the help of a properly designed questionnaire. Great care should, however, be exercised in the use of the questionnaire. Questionnaires in developing countries are invariably regarded with suspicion by small entrepreneurs; and sending questionnaires to be answered by them may fall short of their objective. It is, therefore, advisable to send trained interviewers with the questionnaires to talk to the owner/

managers, explain the purpose of the survey, clarify certain vague questions and duly complete the questionnaire. It is, of course, very rewarding if the training officer or expert in charge can visit the individual businessman. Commenting on this, Major writes:

There is, of course, no real substitute for the individual visits by the officer or expert to the small business for conversations with the owner or manager and for the expert or training officer to assess from his conversations and observations what are the training needs and which are the most appropriate methods for imparting training. It is a lengthy process but the results are well worth the time and effort.³

The Small Enterprise Development Department of the Center for Entrepreneurship and Management has assessed entrepreneurship development need in the above manner, that is, by the department team visit to the small businesses, and has found the approach considerably rewarding.

In view of the absence of an organized survey of the management training needs in Ethiopia a similar survey was conducted on a larger scale with a better designed questionnaire. The primary aim of this survey was to secure and provide pertinent data on:

1. who the prospective management trainees are;
2. what course subjects they need and are interested in;
3. the methods they show preference for;

³Alan Major, "Training for Management in Small Businesses," Report, Addis Ababa, April 24, 1968, p. 18.

4. their convenient time to attend courses;
5. what other media, other than the classroom, they consider appropriate for themselves;

The survey, therefore, was conducted so that the true situation of all the above mentioned would be determined and become evident. It is of course obvious that the compiled findings, when developed into a constructive hypothesis, will be a good guide to go by in preparing a tailor-made program, that is, a program that best suits the Ethiopian environment. The questionnaire did not seek highly qualitative judgements, but only offers data so that the concerned reader will be able to make his own evaluation in terms of his own needs.

The questionnaire, (see Appendix D), has been designed to reveal information that will be relevant and useful in the planning and designing of a suitable management development program. The questionnaire has two slightly different but relevant questions, (that is, questions numbers 14 and 16), which are included to reveal auxiliary information. Question Number 14, that which asks whether or not the manager has attended the Small Enterprise Development courses and if he has to list the drawbacks he felt, is inserted to assess the opinion of those who have already taken the courses. Then based on the findings of this question, it is intended to make adjustments as duly and justly required so that the future courses will be more interesting and useful to the participants. Question Number

16 is included to discover the major problems of the small entrepreneurs and from these problems make an attempt to determine their management training needs. This is an indirect means of getting at what was wanted, since some of the small entrepreneurs cannot identify and describe their needs. Of course, this question has an additional purpose, in that it should assist in drawing up a comprehensive list of small business problems with a view of presenting them to the right authorities for possible solutions. The list of problems was to be used for panel discussions of concerned government and banking authorities and even among the entrepreneurs themselves.

The Survey Findings

The data collected were tabulated, computed and analyzed. The findings are reported below:

The number. The number of the small business/ managers interviewed was 285 out of 3331.⁴ (Please refer to appendixes E, F and G.)

Trade classification. As shown in Table 4, when classified generally by trade the distribution is as follows:

⁴Data compiled by the College of Business Administration of the Haile Selassie I University, July, 1964.

1. Manufacturing: (98 or 34.4 percent)

It should be noted that the surveyors were instructed to visit manufacturing enterprises as much as possible, as these, according to the thesis of the Center for Entrepreneurship and Management, are the firms that can benefit more from the services of the Center. The firms in this group, it is revealed, are mainly wood-works, metal-works, leather-works, glass-works, shoe and knitwear factories, et cetera. For convenience of classification, even the gold and silver-smiths and bakeries are included in this group.

2. Service: (81 or 28.4 percent)

The service industries surveyed mainly include laundry, gas filling-stations, hotels, garages, printing presses, et cetera.

3. Retailers: (54 or 18.9 percent)

This group is formed of retail shops for liquors, sports goods, shoes, stationeries, haberdasheries, et cetera. (It should be noted here again that the instruction given to the surveyors to concentrate more on manufacturing enterprises has affected this group number. Or else this is the overwhelming group.)

4. Wholesalers: (8 or 2.8 percent)

Among the few surveyed, liquors and pharmaceutical goods distributors are the main ones.

5. Miscellaneous: (44 or 15.5 percent)

This word is used for lack of one comprehensive word that embraces all the other business trades that did not have distinct classification. These include tailoring shops, groceries, barber-shops, pharmacies, et cetera.

Table 4

The Classification of the Ethiopian
Small Businesses by Trade
1970

Trade	Number	Percent
Manufacturing	98	34.4
Service	81	28.4
Retailers	54	18.9
Wholesalers	8	2.8
Miscellaneous	44	15.5
Total	285	100.0

Owner/managership. As shown in Table 5, out of the 285 managers who were approached 58 did not want to tell whether or not they were owners of the business too. Of the remaining 227, 176 or 77.6 percent were owners also and 51 or 22.5 percent were not. The overwhelming number, it should be noted, are owners also.

Table 5

The Number and Percent of the Ethiopian Small
Business Managers Who Are Also Owners
1970

Owner Also		Not Owner	
Number	Percent	Number	Percent
176	77.6	51	22.5

Type of business ownership. As shown in Table 6, of the total number of 285, 32 managers did not answer whether their businesses were operated on sole proprietorship or partnership. Therefore, out of the remaining 253, 208 or 82.2 percent were of sole proprietorship and 45 or 17.8 percent were partnership.

Table 6

The Number and Percent of the Ethiopian Small Businesses That Are of Sole Proprietorship and Partnership
1970

Sole Proprietorship		Partnership	
Number	Percent	Number	Percent
208	82.2	45	17.8

Age of the businesses. There was a wide variation in the number of years the surveyed businesses have been in operation. Of the 285 managers, 16 did not answer this question. As shown in Table 7, of the rest (that is, 269), 236 or 87.7 percent were in the age group from 1 to 10 years, 24 or 8.9 percent were in the group from 11 to 20 years, and 9 or 3.3 percent were in the group from 21 and above. The average age was six years.

Table 7

The Number of Years and Percent the Ethiopian
Small Businesses Have Been in Operation
1970

1 to 10		11 to 20		21 and Above	
Number	Percent	Number	Percent	Number	Percent
236	87.7	24	8.9	9	3.3

Employment force. The employment force, also had a wide variation. Ten managers did not answer the question. As shown in Table 8, of the 275, 250 or 90.9 percent were in the group employing 1 to 20, 20 or 7.3 percent were in the group of 21 to 40, and 5 or 1.8 percent were in the group of 41 and above. The average number of employees employed by the enterprises surveyed was eleven.

Table 8

The Number and Percent of Employees Employed
by the Ethiopian Small Businesses
1970

1 to 20		21 to 40		41 and Above	
Number	Percent	Number	Percent	Number	Percent
250	90.9	20	7.3	5	1.8

Managers' qualifications. Item eight was inserted to indirectly attempt to find out whether or not the manager possessed the appropriate qualifications for the type of trade he is in. The question asked the manager to tell his work experience to date. Analysis of the answers has attempted to determine who had the favorable background and who had not. It should, however, be noted that this is an attempt to find out the technological qualifications of the manager, and to a certain extent, to see if this manager had been exposed to related management. If a certain entrepreneur is now a garage owner/manager, he has the appropriate qualifications if he has previously worked as, for example, an auto spare-parts store-keeper, a driver, a mechanic and possibly a garage foreman. It is quite obvious that if he has been through some or all of these, he is very likely to manage his garage business reasonably well. This does not, of course, guarantee that the manager has all the managerial skills. Neither does this suggest that he does not need management training. It is just to make some deductions that will assist in the tailor-making of the management training program.

The study showed that 43 managers did not answer the question. As shown in Table 9, out of 242, 237 or 97.9 percent had, although to a varying degree, the appropriate primary qualifications, and five or 2.1 percent did not.

In this context, "Appropriate Qualifications" means relevant experience and background that can contribute to the effective management of the business, which the owner/manager had prior to starting the business.

Table 9

The Number and Percent of the Ethiopian Small Business Managers With and Without the Appropriate Qualifications, 1970

With		Without	
Number	Percent	Number	Percent
237	97.9	5	2.1

Language ability. The purpose of this particular item was to determine how many were literate, and secondly to get some indication if there would be some who can follow courses with the English language as the medium of instruction (that is, if the International experts conduct courses). As shown in Table 10, on the average 257 managers or 90 percent could read, write and understand Amharic; and 148 or 52 percent could read, write and understand English.

Table 10

The Number and Percent of the Ethiopian Small Business Managers Who Read, Write and Understand Amharic and English, 1970

Phase	Number	Percent
Amharic		
Reading	262	91.9
Writing	255	89.5
Understanding	255	89.5
English		
Reading	144	50.5
Writing	148	51.9
Understanding	152	53.4

Course preference. Nine courses were listed in the questionnaire for choices. These were: A. General Management, B. Marketing, C. Accounting, D. Sales Management, E. Production Management, F. Work Study, G. Maintenance, H. Purchasing and Inventory Control, and I. Personnel Administration.

Three approaches have been made to determine the courses preferred by the managers. First, the number of choices for each course was totalled and the percentage was computed. Secondly, of the ones that were more preferred, only first, second and third degree choices for each course were tallied. Thirdly, to determine the most wanted courses, only the first degree choices for each course were tallied. As shown in Table 11, the result indicated high preference for Accounting which, out of 285 possible choices had 167 or 58.6 percent, General Management 163 or 57.2 percent, Marketing 151 or 52.9 percent, and Sales Management 146 or 51.2 percent. The lowest in the preference list are Production Management and Work Study both 80 and 28.1 percent.

Table 11

The Number and Percent of Courses as Chosen by
the Ethiopian Small Business Managers
1970

Courses	Code Letter	Total Choice	Percent	Total of 1, 2, 3 Choices	Total of 1st Choices
General Management	A	163	57.2	149	104
Marketing	B	151	52.9	144	46
Accounting	C	167	58.6	147	35
Sales Management	D	146	51.2	106	45
Production Management	E	80	28.1	37	6
Work Study	F	116	40.7	65	5
Maintenance	G	80	28.1	38	13
Purchasing and Inventory Control	H	102	35.8	38	7
Personnel Administration	I	117	41.1	41	9

Methods preference. Six methods of management training, namely, A. Lecture, B. Discussion, C. Case Study, D. Programmed Instruction, E. Seminars, and F. In-plant Training were given as choices. To determine the ones highly preferred, the same approach used in determining courses was used in this case too. As shown in Table 12, the top in the preference list is Discussion which, out of a total possible of 285 choices, had 168 or 58.9 percent, Programmed Instruction 157 or 55.1 percent and Seminars 137 or 48.1 percent. The lowest on the list is In-plant Training which received 86 choices or 30.2 percent.

Table 12

The Number and Percent of Methods of Training
As Chosen by the Ethiopian Small
Business Managers, 1970

Methods	Code Letter	Total Choice	Percent	Total of 1, 2, 3 Choices	Total of 1st Choices
Lecture	A	120	42.1	110	35
Discussion	B	168	58.9	145	57
Case Study	C	87	30.5	66	12
Programmed Instruction	D	157	55.1	143	93
Seminars	E	137	48.1	112	11
In-plant Training	F	86	30.2	44	12

Media preference. A choice of four media was given.

These media were A. Radio, B. Newspapers, C. Television, and D. Mobile Unit. As shown in Table 13, Newspaper which, out of a total possible of 285 had 181 choices or 63.5 percent and Radio 163 or 57.2 percent were the top ones.

Table 13

The Number and Percent of Media for Training
as Chosen by the Ethiopian Small
Business Managers, 1970

Media	Code Letter	Total Choice	Percent	Total of 1, 2, 3 Choices	Total of 1st Choice
Radio	A	163	57.2	146	51
Newspapers	B	181	63.5	170	92
Television	C	137	48.1	129	54
Mobile Unit	D	137	48.1	101	56

Time preference. The choices given were A. Morning, B. Afternoon, C. Evening, and D. Other. As shown in Table 14, the overwhelming preference was the evening which, out of a total possible choice of 285, won 178 or 62.5 percent. The least preference was for Afternoon which received 32 or 11.2 percent.

Table 14

The Number and Percent of Time to Attend Courses
as Chosen by the Ethiopian Small
Business Managers, 1970

Time	Code Letter	Total Choice	Percent
Morning	A	40	14.1
Afternoon	B	32	11.2
Evening	C	178	62.5
Other	D	4	1.4

How many have attended the Center for Entrepreneurship and Management courses before? This question was inserted to find out how many of these managers have attended the Center's courses before. It was, in other words, hoped that this might give us an indication of the coverage of the training service already given. Twenty-eight did not answer this question. As shown in Table 15, out of 257, only 17 or 6.6 percent have received training from the Center for Entrepreneurship and Management.

Table 15

The Number and Percent of Previous Course Attendance by the Ethiopian Small Business Managers, 1970

Yes		No	
Number	Percent	Number	Percent
17	6.6	240	93.3

How many of the interviewed managers want consultancy service? Out of the 285 managers interviewed, nineteen did not answer the question. As shown in Table 16, of the rest, 269, only 3 or 1.1 percent did not want consultancy service.

Table 16

The Number and Percent of Consultancy Service Wanted by the Ethiopian Small Business Managers, 1970

Yes		No	
Number	Percent	Number	Percent
266	98.9	3	1.1

PROBLEMS OF THE ETHIOPIAN SMALL ENTERPRISES
AS TOLD BY THE OWNER/MANAGERS

Question Number 16 of the questionnaire asked the small business owner/managers what they consider to be their major problems in the operation of their businesses. The intention of this question is to draw a kind of comprehensive list of major problems for the purposes explained earlier in the same chapter. The following are the problems gathered through the questionnaire as told by the owner/managers. These problems are classified under four categories of trade for the reader to be able to associate certain problems that are peculiar to certain types of trades. Please note that the problems in all cases are listed according to their degree of frequency in the questionnaires. In other words, the higher the degree of frequency the higher the position in the list.

Manufacturing Enterprises

1. Lack of cash;
2. Lack of skilled workers;
3. Lack of appropriate workshops for rent, and too expensive when few are found;
4. Excessive income tax imposed by the income tax office--(tax based on unfair assessment);
5. Lack of managerial know-how in general;
6. Lack of raw materials;

7. Malicious foreign importers: These importers of raw materials, like glass sometimes refuse to sell to the indigenous entrepreneurs, and sell the whole lot to the foreign glass industries. The indigenous entrepreneurs are then compelled to buy the glass from their expatriate competitors often double the normal price;
8. Unavailability of spare parts for factory machines;
9. Lack of the appropriate machines and tools for their size of business;
10. Lack of marketing competence;
11. Lack of bookkeeping knowledge;
12. Keen and unfair competition (underselling) from unregistered artisans who do not pay taxes, and who thus can afford to sell at low prices;
13. Larger firms that make and sell on credit: Customers ask for the same kind of facility from these small firms that cannot actually afford it. Thus they lose customers;
14. Banks favor foreign businessmen by easing business loans and thus making them very strong financially, and hard to compete with;
15. Lack of patronage from Ethiopians and, of course, from foreigners too.

Service Industries

1. Lack of cash;
2. Lack of capable and honest workers;
3. Lack of managerial know-how;
4. Lack of bookkeeping knowledge;
5. Shortage of material supply;
6. Lack of technical know-how;
7. High employee turnover;
8. Credit customers do not pay on time; some do not pay at all;
9. Keen competition from the same kind of firms but larger: for example, petroleum companies that run their own filling stations;
10. Lack of uniformity and stability of price on things they buy.

Retailers

1. Lack of cash;
2. Lack of skill for business growth;
3. Excessive municipal and income taxes;
4. Inability to get business loans from the banks;
5. Lack of salesmanship and marketing know-how;
6. Lack of general business management know-how;
7. Lack of market/uniform price for retail goods in the market;
8. Limited number of importers resulting in high prices and also lack of variety of brands;

9. Shortage of responsible and able workers;
10. Cannot get the goods wanted due to the negligence of the importers;
11. Imported goods enjoy better customer patronage and these are mostly in the hands of the aliens;
12. Lack of cash control ability;
13. Absence of specific regulations that govern retail business operation;
14. Some importers running their own retailing shops; they sell at low prices and also on credit, and thus taking the great share of the market;
15. Lack of stock control and management to operate in harmony with the market/consumer demand;
16. Growth is very difficult due to the existence of numerous of retailers in the market and their unfair competition;
17. Importers sometimes bluntly refuse to sell by saying that they do not have any goods in stock when they actually have a quantity.

Wholesalers

1. Lack of marketing know-how, especially in creating and administering distribution channels;

2. Government policies are restricting with regard to their desire to import some goods highly demanded by customers;
3. Excessive income tax;
4. Lack of cash.

CONTENTS OF THE MANAGEMENT TRAINING PROGRAM

It is known that the general educational standard and the level of understanding of the Ethiopian small business managers is quite low. Therefore, the contents of the training program should be simple, practical, and able to meet the immediate needs of the small entrepreneur.

Courses designed with the above thesis as the underlying theme would and should have certain basic purposes.

The purposes of such courses are:

1. To properly and broadly acquaint the owner/managers of the small enterprises with the diverse aspects of management;
2. To provide these managers with specialized management tools that will help to achieve short-term results in the form of lower costs of a larger volume of sales;
3. To impart to the managers the knowledge required for effecting basic changes in the firm's structure or policy, resulting in long-term benefits; and,

4. To help to deal with the problems of management succession by providing training for the sons or successors of owner/managers.

In short, the over-all purpose of the courses is to help the managers with their works. Thus, course subjects need to be selected carefully in regard to the nature of the works of these managers and of the problems typically confronting the managers in the enterprise or area concerned and the methods appropriate for their solution.

General classification of courses for small business managers may be as follows:

1. Management Appreciation Courses: These include Principles and Practices of Management, Production Management, Marketing Management, Advertising and Publicity, Financial and Cost Accounting, Purchasing, Store-keeping and Inventory Control, Personnel Management and Legal Aspects that pertain to the commercial and industrial operations. Only the highlights are discussed briefly.
2. Work and Method Studies Application Courses: These include such studies in the areas of production planning and control, cost accounting and quality control.
3. Specialized Courses: These are nothing different from the courses listed under Management Appreciation Courses except that they are

treated in detail over a longer period of time. Of course, the Specialized include other courses like Export Promotion and all the Ad hoc courses.

In accordance with the International Labor Organization's Survey of Management Training Needs in some African countries which includes Ethiopia, basically, the small entrepreneur urgently needs instruction in the following subjects appropriate to his type of business:

1. Use of the written or spoken word in the official language and an extension of vocabulary
2. Simple arithmetic
3. Simple bookkeeping and accounting methods
4. Credit control
5. Stock selection and control
6. Simple costing
7. Price fixing
8. Sources of finance and investment opportunities
9. Bank services (there is often a faulty conception of what a bank is for)
10. Depreciation and interest
11. Insurance
12. Elementary commercial law
13. Employment legislation and wage regulations
14. Fiscal regulations
15. Import/export practice
16. Basic national economics and the role of small business therein
17. Work study
18. Sales promotion and display
19. Simple organizations and methods for the office
20. Human relations for small employers.⁵

It should be noted that not every group of small businessmen will need all these subjects, and the syllabus

⁵International Labor Organization, "Survey of Management Training Needs in Some African Countries," Management Development Series, 4 (1965), p. 5.

and methods of instruction will have to be adjusted to the needs and level of education and experience of each group. Above all, the approach must be quite basic, assuming little or no knowledge in the class.

METHODS OF TEACHING MANAGEMENT COURSES

The teaching methods used in management education today are multiple. Some are simple, others complex. Some take various forms. Some are more effective for presenting information than theories; some train in analysis, some in decision-making; some are favored more by certain professors or by certain schools. But all have their place and their usefulness.

Commenting on training methods:

Mr. 'Bohdan Hawarylyshyn, Director of the Centre d'Etudes Industrielles, has written that teaching methods are all multi-purpose but he believes that most are effective over a narrow range of application and suggests that for observing a problem, field studies are best; for selecting pertinent data, the incident method; for diagnosing the problem and formulating solution, the case method; for making decisions, simulation; for communication, role-playing and business games; and for motivating, group projects.⁶

It is generally agreed that the usefulness of training methods cannot be assessed in isolation from the effectiveness of the course as a whole. Teaching methods depend to a large extent on the objectives of the course

⁶Nancy G. McNulty, Training Managers: The International Guide (New York: Harper and Row, Publishers, 1969), p. 14.

and the type of knowledge or information to be offered.

Cultural and general educational considerations need to be made in certain areas.

As the general educational standard and the level of understanding of the small entrepreneurs in Ethiopia are quite low, the methods to be employed must be as practical as possible. The language should be very simple, and wherever possible the local language must be used. Training of small entrepreneurs is training of practical people for the needs of practical business life. All methods that are employed in training these entrepreneurs must fully reflect this fact.

The following methods are the ones commonly used that are appropriate for the subject and environment in which they are put to use. All these methods can be usefully employed in the training of Ethiopian small business managers if they are appropriately utilized.

1. Lecture Method

The lecture is the classical method of teaching.

It is the most widely used in all forms of education, including management education. It is also the most widely criticized. It can be most effective. It can be wearying; it can be boring. Or it can be exciting; it can be stimulating or provocative. It depends, to a certain extent, on the speaker. What is to be

avoided in every training course is abstract lecturing on general management principles and ideas.

This certainly does not mean that the lecture method cannot be used at all. In fact, there has been a great deal of argument about this. The predominant opinion seems to be that where basic knowledge is missing a reasonable use of lecturing is unavoidable. Of course, the lecturing has to be suited to the small businessman. The presentation of every subject will be as informal as possible, with an extensive use of concrete examples, case studies, real life situations and properly designed audio-visual aids. The lecture will be relatively short and participants will be stimulated by all possible means to ask questions and take an active part in the discussion which will follow.

2. Group Discussion (including Seminars and Conferences)

Group discussions are structured instructional meetings. They are held for the purpose of increasing general knowledge, of influencing attitudes, and of solving problems. They differ from lectures in that the audience now becomes active participants with the leader,

whose responsibility is to guide the discussion and prevent it from straying from the topic. Group discussions call for more active participation by managers themselves than merely listening to lectures, and they give managers an opportunity to learn from each others' experiences as well as from the knowledge of an expert discussion leader. They may also point out the possibility of joint action for the solution of a common problem. Managers are more likely to be willing to participate in discussion groups than to attend lectures; and a solution to a problem that has been hammered out in the course of discussion is more likely to be acted on than a solution recommended by a lecturer.

The discussion may either follow a lecture, in which case it is called a lecture-discussion, or it may be introduced by remarks by the leader, or a series of speakers; or it may be based on working problem descriptions distributed in advance. Discussions of the last kind are known as seminars and conferences.

Seminars are usually more informal in nature than are conferences.

All forms of group discussions require a leader, often designated as moderator or chairman.

For a successful discussion the discussion leader should bear in mind, first, the need for careful preparation, including choice of subject or subjects for discussion, selection of participants, and an agenda in advance so that the discussion will proceed along a desired path leading to a predetermined objective. At the conclusion, he usually provides a summary. The leader also has the responsibility of eliciting participation from all (or as many as possible) members of the group, as well as preventing one or more members from dominating the session.

Discussions, as a method, have the advantages of providing constant feedback to the leader, lecturer, or teacher as to how much the students or participants have learned. It is believed that by actual participation members are likely to retain the knowledge transmitted than they would by lecture. They also receive practice in communication, and are provoked into thinking.

Group discussions can certainly play a very important part in management training. However, to be of value, discussions require three ingredients: an agenda, a skilled leader, and able participants. If any one of

these is lacking, a discussion is apt to lapse into conversation.

3. Case Method

The case method, or case study method, depends on group discussions and group analysis, as well as individual study and analysis of an unfolding business situation. The emphasis is more on the analysis than on the decision reached as a result. The method points up the fact that there is more than one possible decision for any situation. The problem is to find and to identify the problems involved, determine which are the more important ones, and see what can be done.

It should be remembered that "local cases" are very much preferable for small entrepreneurial training. With regard to this, an International Labor Organization publication observes:

Case studies provide an important means of introducing variety into training courses, and all training experts acknowledge the value of this method of instruction. There are some special considerations which must be observed when providing case studies for small entrepreneurial training in the developing countries. Firstly, the setting of the case study must be familiar to the trainees. The names, the places and the general facts, must be related to the immediate circumstances in which the trainees normally live and work, so that they can identify themselves and their employees with the case. A case study based upon the happenings in an American or British firm may do very little more than emphasize, in the minds of the trainees, the vast gap which exists between their

circumstances and the conditions in which their contemporaries in the more advanced countries are situated.⁷

The above observation is very important. The case studies to be used for the training of small entrepreneurs must be those objectively written case studies of small enterprises at work trying to solve their own problems. Thus, as applied to small entrepreneurial training, case studies should provide the means of demonstrating the practical utility of certain training points, and, even more important, the need for a logical understanding of the problem. The scope of the case study for presentation to small entrepreneurs must be more narrow than may be the case when case studies are used at advanced training levels.

4. "Living Case Study"

This training technique, termed as "living case study" in the publication from which it is extracted is well worth mentioning. The value is greater, of course, in the training of officers whose duties include the giving of advice and guidance to small entrepreneurs,

⁷ ILO, Management and Productivity, op. cit., p. 37.

rather than the training of small entrepreneurs themselves.

It is fairly common practice to include visits to factories and other larger establishments in the syllabi of training courses, and the object is usually to show trainees how a larger establishment is organized. It is usual to select, for such visits, business units which have the reputation for being models of their kind and which are particularly efficient and well run. Although such visits are not without value there is a technique which can produce more direct rewarding results.

Rather than selecting large and reputedly fully efficient units, arrangements may be made to visit medium-sized businesses (which may be either industries or trading or other establishments) without any prior regard for the efficiency of the units. Before the visit takes place the trainees should be given a brief history and summary of the establishment's activities, and they should be divided into syndicates of five or six trainees. If three or more syndicates can be formed greater competitiveness may be stimulated. In each syndicate one of the trainees is nominated as 'general manager,' one as 'works manager' or 'commercial manager,' one as 'sales manager,' one as 'Personnel and Welfare Manager,' and one as 'Chief Accountant.' If the numbers of the trainees are sufficient and if the circumstances of the unit to be visited are appropriate, there may also be nominations to the positions of 'transport manager' and 'maintenance manager' and other positions. The syndicates should tour the business separately, if this can be arranged, and each member of each syndicate should examine that aspect of the business which falls within the purview of the office to which he has been nominated and should note any points which are of special interest. These points may be good features of the section of the business being examined or deficiencies in the opinion of the trainees. The training officers accompanying the group should make their own notes.

After the visit has been completed, the members of the syndicates should be given time to write up their notes and the 'general manager' of each syndicate will summarize his members'

notes into the form of a complete report upon the unit. The syndicates may then be brought together and the 'general manager' may deliver their reports to the remainder of the course. From the notes which they have made the training officers should be able to indicate any special features which they observed and which have not been noted in the syndicates' reports, and in order to stimulate a competitive spirit the senior training officer may make his assessment of the report. The individual syndicates' reports may then be summarized into one general report and the syndicates may then redivide to produce recommendations as to the action which should be taken to correct any faults or omissions which have been noted.

Once again the syndicates should meet in open session for each 'general manager' to deliver his syndicate's recommendations, and again this may be commented upon by the training officers and summarized. Thereafter, the management personnel of the business which was visited should be invited to meet the trainees either in the classroom or in the premises of the business to hear the summarized report and recommendations and to discuss the points which have been noted.

It is not easy to secure the requisite cooperation from enterprises which it is desired to visit, and trainees must be warned not to inquire into formulations or accounts figures, and to ask permissions from the manager or foreman before making any inquiries from employees. For this method to fully be effective there should be a succession of visits and, although the membership of the syndicates should remain the same for each visit, the individual members should be nominated to different 'management positions' on each occasion. By the time all the visits have been completed each member of each syndicate should have occupied all the possible management positions at least once.⁸

5. Role Playing

As the name implies, role playing allows and requires the participants to act out a given

⁸Ibid., p. 38.

situation in business. Small business managers, according to the past observation of the writer, like to role play. Role playing as a method of learning has, no doubt, few benefits for these managers.

Its prime benefit is the development of human relations skills by interactions between people. It also offers insights into the emotions and thinking of others in various positions and situations. By practicing the behaviors of the others, not only the actors but also the members of the audience become emotionally involved, and the analyses and evaluations which follow can be as informative as the actual role playing.

In this teaching method, the situation that is to be is structured in detail, including the position, feelings, thinking and beliefs of each character. The purpose for which the scene is to be played must be clearly stated at the beginning; it may be designed to demonstrate the use of a technique or it may be played to dramatize a character or a situation. When the scene has been set, the characters act out their assigned roles, making up their lines as the play proceeds.

The involvement of the audience sometimes is enlisted, also, by assigning them tasks such as being understudy for a role, or studying one character's interpretation in particular for significant or tale telling remarks. In some cases, the audience is allowed to interrupt a scene or to prompt characters. This emotional involvement, both by the characters in the scene or by the audience, is called, 'role reversal.' Other forms of role reversal include a switching of roles, different sets of actors playing the same scene for different purposes.

After dramatization, there is a session for analyzing, evaluating, and suggesting improvements in the skills of the actors in interpersonal relations. This is done under the guidance of an instructor.

Sometimes role playing is comparatively unstructured and is used for practice in human relations, in which case the follow-up analysis is minimal.⁹

6. Syndicate Method

The syndicate method is a combination of lectures and group projects. The group projects are assigned to small groups of participants, called syndicates, on subjects that follow from and are supported by the lectures. Each syndicate selects a chairman and a secretary (or they may be appointed). The chairman conducts the discussions and leads his syndicate in its work and the preparation of a report on its assigned task, topic, or case study. The secretary prepares the report. All members of the syndicate participate in the work and aid in the preparation of the report. The report is then presented to the entire class with all syndicates and all members being present, as well as the faculty, and it is discussed in an open forum.

The advantages of the syndicate method that have been cited are:

- (1) it promotes better comprehension of the substance of the lecture;
- (2) it helps develop cooperative thinking and cooperative working;
- (3) it duplicates the real-life situation of a management team;

⁹McNulty, op. cit., p. 20.

- (4) it provides each participant with a perspective on himself and his job;
- (5) it provides understanding and appreciation of the value of specialists in areas therefore unknown;
- (6) it develops ability for self-expression;
- (7) it develops an over-all point of view;
- (8) it provides practice in handling new techniques and procedures;
- (9) it develops better understanding of people; and,
- (10) it increases ability for decision-making.¹⁰

There are two requirements for success in the use of this teaching method. First, the task assigned must be relevant. Secondly, the members of the syndicate should be familiar with the handling of the particular task assigned.

7. Simulation

Simulation is a teaching method that has been used for years in many other fields of education--law, medicine, airplane piloting, and even war. It is a newcomer to management education.

Participants are assigned roles in real-life situations and are given only the information that they might ordinarily have. They must then discover for themselves what the real problems are, and how to analyze and solve them. Each exercise is followed by a critique

¹⁰Ibid., p. 21.

session in which the management process of each participant is analyzed. The program seeks to develop a systematic approach and to focus on problem analysis, situation analysis, and decision analysis.

8. Business Games

Business games, or management games as they are also called, employ simulation to teach the use of analytical tools. The National Industrial Conference Board in the United States has described them as case studies in motion, in that they require an intensive search for the factors underlying the surface situation, an analysis of those factors, the making and implementing of decisions, and further analysis and decisions as the results of the first are made known.¹¹

In a business game, the participants are split into competing groups, each of which sets up an imaginary company. Sometimes the organizational structure is known and the men are assigned to certain roles; other times they assign themselves. In still other games, the organizational structure is part of the game

¹¹Ibid., p. 19.

and can be the most important decision to be made by the group.

When the dramatis personae has been decided within each group, the actors then act out their roles; that is, to gain the largest share of a market or to determine whether to invest in plant expansion. They must do this within the economic laws and boundaries prescribed and in competition with other groups seeking the same objective in the same market.

As each group acts out its imaginary situation, it makes decisions based on information fed to it as the action develops. This requires constant analysis and evaluation of the situation and the making of decisions based thereon.

When each group has completed its game, the results are compared, usually on a mathematical basis or by a panel of judges, and one group is judged better than the others.

After the game is finished, there is an evaluation session when the game is rerun with all the information available to all the players, as well as their actions, competitors' reactions, et cetera. This critique of their

decisions is considered by many to be a valuable part of the game for participants.

Management games are used for a variety of reasons, the primary one being the opportunity to learn from the experience without paying the price that would result from wrong decisions made in real life. Management games are realistic and are used today for quite serious purposes. They are exciting and powerful educational tools, with numerous applications in research, problem solving, executive testing and selection and managerial decision-making.¹²

It should be noted, however, that management games which used to train small business managers must be simple and less structured than those used for high level management people.

9. Sensitivity or T-Group Training¹³

Sensitivity training as the name implies, seeks to make men more sensitive to others and to make them aware of how, consciously or unconsciously, they themselves in turn affect others.

It provides a laboratory setting in human relations where individuals can study and

¹²Joel M. Kibbee, Management Games: A New Technique for Executive Development (New York: Reinhold Publishing Corporation, 1961), p. 4.

¹³This method of training, when used for small business managers requires careful handling. Proper orientation, with regard to its benefits and the manners of approach with simple demonstration that is related to the environment, will contribute to its success.

increase their understanding of the forces which influence the behavior of individuals and of groups and organizations. The purpose of sensitivity training, then, is to help men achieve a greater awareness of how human beings relate to one another. It accomplishes this by bringing to the surface, for conscious examination, the normally unquestioned assumptions about human relations.

Each participant in sensitivity training is responsible for his own learning. A typical session is conducted by a skilled leader and a small group of participants. In certain cases, some structuring of the program is done. In T-Groups, the sessions are completely unstructured except that the leader helps participants focus on the way the group is working, the style of an individual's participation, and the issues that the groups face.

TYPES OF MANAGEMENT TRAINING

There could be many different types of management training. Following are a few that are considered to be appropriate for the purpose of training small business managers in Ethiopia:

1. Management Courses

These are courses of several sessions, designed to help owner/managers of small businesses to improve their executive skills and to develop competence in every phase of management activity. A typical management course is a series of evening meetings. They should advisably run from two to four weeks with meeting of two to three hours each evening. The number of participants may not exceed fifteen in order to allow sufficient opportunity for discussion, and follow-up later on. These courses will benefit the owner/managers more if they are encouraged to talk and exchange ideas.

2. Management Conferences

Conferences, like management courses, are designed to improve management skills, but these programs are usually limited to a one-day or a one-evening meeting. Such conferences usually feature speakers, panel discussions, question-answer-discussion period, and work sessions. The latter are discussions of a common problem by small groups in rooms separate from the general conference hall.

3. Seminars

These are specialized subjects of general application usually given to the detail of a particular subject. They usually deal with only one broad management function, such as financial management or personnel management.

4. Problem Clinics

These clinics enable a small group of owner/managers to get together to discuss a single management problem of common interest and to share information which comes from their experience and knowledge. A resource person familiar with the various ramifications of the problem usually guides the discussion. It is advisable to restrict the number of the participants to fifteen to allow ample opportunity for discussion.

5. Business or Industrial Clinics

These are very close parallels to medical doctors' surgeries or the consultative department of a hospital. The "clinic" should be open to receive small entrepreneurs at set times and so far as is possible, the atmosphere should be informal and private. Preferably, a room which is not directly associated with a government office should be used. The key man will be the "diagnostician" and must have an appreciation of all business requirements. In business ailments, as in the medical world, the cure is comparatively easy to effect once the source of the trouble is known, in the majority cases. Once the diagnostician has isolated the source of the problem he should be able to fix an appointment for the small entrepreneur to see the appropriate specialist, where the problem is one which is

outside of his own competence to deal with. At the same time he should prepare a summary of the background of the "case" with all the relevant detail to brief the specialist.

An alternative approach is to have a complete array of specialists available at each clinic session so that they can hear the small entrepreneur's statement of his problem at first hand and then decide which of the specialists shall tackle the case.¹⁴

6. Workshops for Prospective Business Owners

These workshops, as their name implies, are designed for prospective owners of small businesses. The workshops enable these owners to learn about the factors involved in starting a business. They emphasize the need for careful preparation and keen analysis in anticipation of the problems and risks associated with each new business venture. Here again it is advisable to restrict the number of participants.

7. Workshops for Existing Businessmen

There are also workshops for business owner/managers (that is, for those already in business). These workshops are group discussions, but they are not tightly organized instructional meetings. Rather, they are quite unstructured, being conversational in character. Workshops are used for

¹⁴ ILO, Management and Productivity, 24, op. cit., 41.

the purpose of exchanging operational experience in a particular area or field of management by specialists in that area or field. They are not used for the presentation of general knowledge, but rather are usually concerned with the application of techniques and procedures. Usually the leader of a workshop session has an agenda or plan, but the discussion necessarily follows the information that the participants offer.

8. Training "Circuses"

One way of doing this is to organize training courses to be held in the premises of the local school or community center and to employ, for this purpose, a small team of officers who will become a "training circus," (or several such teams to perambulate in different parts of the country). The composition of such training teams will vary according to the availability of resources and according to the extent to which the training is of purely elementary level or at some advanced stage. If the objective is to provide the elements of business training to the "mini-enterprises" a team of three officers may be sufficient. Of these three, one is team leader and organizer, one is specialized in marketing and general management practices, and the other in bookkeeping and elementary costing.

Training "circuses" of this type can go a long way towards providing an answer to the problems of how to reach small entrepreneurs in the more remote areas at reasonable cost.¹⁵

With regard to this type of training, it should be remembered that there are some drawbacks

¹⁵Ibid., p. 33.

such as lack of electric power, transport of equipment, suitable accommodation, et cetera, that should be fully considered before programing any training of this type.

9. Mobile Training Institutes

An advance upon the training circus idea can be achieved by the adoption of a system of "mobile training institutes." These have been tried in several of the developing countries with marked success. The road conditions of the country may determine the type of vehicle which is most suitable for this form of operation. A large articulated lorry chassis give the opportunity for construction of a large area "classroom" in place of the normal lorry body and there is ample space of such a vehicle for laying out a miniature workshop complete with machines suitable for use by small industries in the rural areas or smaller urban areas and operated by a generator powered by the vehicle's own engine. Another approach which has been tried is for the "institute" to be constructed in the form of a trailer to be towed by a Land Rover or small lorry. However, the large articulated vehicle may meet with problems on the small roads in the rural areas. One of the most successful adaptations of this idea has been the use of an orthodox 25/28 seater passenger bus chassis on to which a special body has been built to provide a "classroom" big enough to accommodate about 20 persons.

Drawings for one possible layout are shown in Appendix I and the measurements are, in this instance, adapted to construction upon a Bedford J6 LC 2 standard five ton chassis, and may need some slight adjustments for other makes and types of vehicles. In view of the fact that the vehicle is expected to cover only small annual mileages a petrol engine is preferred. (Please refer to the Narrative of this mobile training institute in the Appendix.)¹⁶

¹⁶Ibid., p. 36.

10. Training by Radio

This type of training uses radio broadcasting as the medium and has many advantages. It gives a chance of reaching the whole of the small enterprise sector at the same time. It helps avoid the problem of the shortage of training officers, as a small number can dispense the required knowledge to almost the entire country. The effective use of this type of training requires initial study of the listening habits so that the program can be produced to appeal to the small entrepreneurs more than the many competing interests to which the listeners are subjected.

Of course, this type of training has one more advantage in that the difficulties of illiteracy, in the orthodox sense of the word, are not encountered.

11. Training "Comics"

Another technique which can be used, primarily, as a means of stimulating interest in training but also for the impartation of actual training itself, is the publication of a comic paper in which the benefits of training and certain aspects of better business and technical processes are illustrated by means of cartoon drawings and strips. Such "comics" can supplement the suggested broadcasts very effectively or can impart similar training and interest stimulation as an alternative medium.¹⁷

¹⁷ILO, Management and Productivity, 23, op. cit., 8.

12. Training by Television

This type of training may be superior to training by radio and training "comics" as it combines hearing with seeing. Unfortunately, television services are not yet widely available in Ethiopia. Although there are some services in Addis Ababa and Asmara, they are beyond the range of the small entrepreneur financially. When they become within the reach of the small entrepreneur, it will in fact be very useful to start a 'closed-circuit' television service in management training.

13. Circuit Schemes

Another informal educational device that allows active participation by managers and which provides opportunities for learning through an exchange of knowledge and experience is the so-called "circuit scheme." Circuit schemes are programs intended for groups of entrepreneurs in the same region. The whole group pays a one-day visit to the firm of one of its members, to see and discuss the problems encountered by the firm and the solutions arrived at. At intervals of perhaps two or three weeks each firm in the group is visited. The participating factories are not necessarily in the same branch of industry. This type of "community approach" may create a great sense of solidarity in a region. It may also give valuable ideas to participants.¹⁸

¹⁸International Labor Office, Services for Small-Scale Industry, La Tribune de Geneve, Geneva, Switzerland, 1961, p. 77.

It is to be recalled that selfishness and individualism were in the list for lack of interest in management training on the part of the entrepreneur. There should be careful consideration made about this when planning to employ the "circuit schemes" device for training small entrepreneurs.

14. Training on the Shop Floor

This type of training is probably the most effective of all. As the name implies, the training is given to the owner/manager in the enterprise itself on the shop floor. The device requires the consultant/trainer to go out, visit the entrepreneur, show him how to do what is desired, watch him do it and thereafter correct and guide him as required. The moral of this device for the development of managers is obvious. No learning situation fulfills the requirements of development quite as satisfactorily as the job itself. Learning by practice, and coaching on the job means that what is learned will be what is actually being done.

15. Programmed Instruction

This type of training uses a method of self-tuition. It is claimed that it enables people not only to reduce substantially the time

taken to learn a given subject, but also appears to offer much better retention than most normal teaching methods.

The essence of programmed instruction is the presentation of information to the student in very small pieces, known as "frames," each of which is accompanied by a concealed answer. Once the student has given his answer, generally by writing it in a blank space, he is able to check it by uncovering it in some way. This is known as "reinforcement." In its simplest form, the answer is printed in a separate column to the right or left of the text and may be covered by a sheet of paper or slightly more elaborately, by an opaque plastic mask sliding in a groove down the side of the plastic cover holding the text.¹⁹

This type of instruction is very useful in that it saves the manager from having to come to the lecture hall, and relieves him of the worry that comes from leaving his enterprise to attend courses.

FEED-BACK

In learning, particularly in one that has relevance for management development, there is one important principle. This is the principle of feed-back. Feed-back is the return, partial or complete, of a process to its source. In management education, this involves the results of an action taken--whether in business simulation or in other learning processes--being relayed back to the participant for his

¹⁹Center for Entrepreneurship and Management, "Training Technician's Conference," MD-19-805, 2.

evaluation and further learning. In other words, according to this principle:

. . .the stress is on the necessity for a mechanism which on the hand tells the learner what and how to do and on the other tells him how he is doing. Stated more precisely, what this principle asserts is this: the closer the contact between the information received by the learner and the practice by means of which he incorporates what he is learning into his work, the more effective the learning will likely be. This summary can in turn be broken down into two subsidiary propositions. First, the nearer in time instruction, practice, and correction to one another, the better. Second, the smaller the units of information conveyed at one time in instruction and correction, the greater is the likelihood of absorption by the learner.²⁰

This is very important. Businessmen who pass through any kind of course must not be forgotten after the course is over. If they are, the training schemes cannot be worthwhile. It is an absolute must that all training schemes have a sound follow-up system. Such a system will include:

1. visits of consultant/trainers to the enterprises run by the businessmen who attended the courses;
2. refresher courses and seminars keeping the entrepreneurs in touch with developments;
3. issue of management practice manuals and other useful information bulletins.

This system will make feed-back possible.

Associations formed by course graduates can create and promote effective relationship and two-way communication

²⁰Howard Smith, "Management Development in 'New' Countries: Perspectives from Russia and America," Management International Review, 5 (1966), 50.

which will make feed-back and continuity of managerial skills acquisition very possible.

THE USE OF VISUAL AIDS IN MANAGEMENT TRAINING

The old Chinese proverb "One See Worth Thousand Say" has a great bearing on the use of visual aids in management training.

Visual aids play an important role in management training, and the proper use of them is highly recommended. The instructor who helps his participants to visualize subject matter and ideas not only holds the group interest-- he also stimulates thoughtful consideration and retention of the topic.

The consensus of the concerned groups and organizations with regard to the use of visual aids in management training is very strong:

Films, filmstrips, and visual aids in general, like exhibitions, derive their importance from the fact that things that people see often make a bigger impact on their minds than things that they hear or read. . .As a sideline they often run courses on how to make the best use of the various aids available. Another important task they perform is selecting and adapting foreign material to the specific conditions and needs of the country concerned.²¹

The importance of visual aids and their values in management training is quite immense. However, it is equally important that instructors take great care in using visual aids. As stated above selecting and adapting them

²¹ILO, Services for Small-Scale Industry, op. cit., p. 92.

is an important task of instructors. One International expert comments as follows:

At all stages of training activities the use of audio-visual aids can increase the effectiveness of training efforts. It need not be explained here why they are more necessary in the small business context than in any other. The condition is, of course, that they be adapted to the "consumer." This applies, for example, to the use of training films which are often not understood by people in a developing country since they were originally produced for a different economic and social environment. Another condition is that the use of audio-visual aids does not become an end in itself. The trainee should not be dazzled by fancy gimmicks which would divert his attention from the subject.²²

The special importance of visual aids is a universally accepted fact. One important caution that goes with this fact is that whenever visual aids are used, it should be remembered that they must be properly selected and adapted to the environment and/or trainees. An International Labor Organization survey report observes:

The characteristic common to people everywhere that visual recollection is superior to aural recollection is, if anything, even stronger in Africa. Hence the extensive use of visual aids to retain attention and encourage recall is of special importance. Care should be taken to ensure these are in a familiar visual idiom. In this connection, some Africans find three dimensional and perspective drawing difficult to grasp.²³

²²X. Gir, "Training of Managers of Small Enterprises," Management Development Series, 7 (1969), 80.

²³ILO, Survey, op. cit., p. 11.

WHAT VISUAL AIDS TO USE, WHEN AND HOW TO USE THEM

It is accepted that visual aids are of great value in management training when instructors make proper selection and adaptation of the visual aids they use. The questions that normally arise in planning these aids are:

1. What are the visual aids that can be used?
2. When are these visual aids appropriately used?
3. How are these visual aids effectively used?

To be able to benefit from the use of visual aids, instructors must find the answers to these questions and implement them accordingly. The following is extracted from the Small Business Administration publication on visual aids:

1. Chalkboard

Study and plan before a meeting what to put on the board and where to put it. Use it to present sketches, diagrams, outlines, definitions, key words, directions, record of class contributions and summaries. Suit material to board space. Write plainly and quickly. Keep wording simple. Stand at one side of the board while referring to material. Talk to the group and not to the board. Erase material no longer needed.

2. Posters, Charts, and Diagrams

Use posters, charts, and diagrams to arouse interest and attract attention; to show relationships and trends; to inspire group. Use device large enough to be seen. Post everyone so they can see. Present at right time. Discuss information illustrated.

3. Films and Filmstrips

These are used to present an over-all view; introduce a new subject; emphasize specific aspects of a subject; to arouse interest and to summarize. Select carefully to relate to the discussion and plan presentation. Arrange room and equipment for showing. Alert the audience for the showing or what will be seen. Run the film. Discuss the subject matter and summarize.

4. Samples, Forms, and Exhibits

Use these to keep subject matter practical; to show development of a process; to increase understanding. Select only enough to illustrate, not confuse. Pass around if necessary. Take time to present clearly. Comment when presenting.

5. Pedestal Chart

A pad of newsprint sheets or similar paper may be used for the same purposes as the chalkboard. Material recorded with chalk or crayon or marker may be saved for future reference by the group or by the instructor.

6. Hand-Out Materials

These are important and are used to present information uniform in character and as a guide to material covered. They are also used to emphasize key points; to arouse interest and discussion; to review or summarize discussions; and, to serve as permanent reference. Select to serve a definite purpose. Introduce at right time. Distribute in manner to convey its importance. Direct members how to use it.²⁴

It is advisable that a management training center or institution set up a technical assistance department headed by a technical assistant with some kind of management training background, and of course well-versed and creative

²⁴

Small Business Administration, "The Visual Aids," (Franchising: Topic Eighteen), 1968, p. 23.

in the making of visual aids. This technical assistant must also be able to select and adapt some foreign visual aid materials. It is essential also that he be able to operate most of the audio-visual machines.

MANAGEMENT TRAINING FACILITIES IN ETHIOPIA

Management training facility in the sense discussed in this study was virtually non-existent until the year 1968 when the Center for Entrepreneurship and Management (CEM) was established. Of course, there are a few in-company training schemes whose facilities are exclusively for their respective employees. Apart from these, the only training facilities currently available are:

The Institute of Public Administration (IPA)

This Institute was initially a joint project of the United Nations and the Ethiopian Government and was founded in 1956. According to its jurisdiction of activities, the Institute provides training exclusively to government officials and staffs of government chartered agencies. Unfortunately, no courses are offered to trainees from the private sector. The courses that are run are mostly specialized short courses on a number of subjects like personnel, labor and archive administration. Development of the government executives is largely the objective of this Institute. Accordingly, few seminars are occasionally

conducted for top government officials, and even these few are not enthusiastically supported.

The Institute is non-residential and thus very few attend from the provinces. All courses are part-time. Because of the reluctance of the government organizations to release their staff for full time courses. Due to lack of the essential support of the concerned government bodies, the effectiveness of the programs is now being much impaired.

The Institute is now run entirely by Ethiopian staffs and it has a good library and many useful training materials.

The College of Business Administration (CBA)

This College, the only one of its kind, was opened in 1963. The College is housed in the Haile Selassie I University Campus, and its activities and administration are coordinated by the University. The courses, with management and accounting as majors, are for four years' duration. The students are drawn from academic and comprehensive secondary schools, upon successfully passing the Ethiopian School Leaving Certificate Examination. These students, in almost all cases, have had no previous experience of commerce or industry. The syllabus aims to develop analytic and problem-solving skills. Some of the course activities include research work in the fields of business investment and management in Ethiopia.

In addition, through an extension program, some degree courses and courses in advanced secretarial subjects are held mostly in the evenings.

The Center for Entrepreneurship and Management (CEM)

This Center, that was established in 1968, is a joint project of the Imperial Ethiopian Government and the United Nations Development Program for which the International Labor Organization is the Executing Agency. According to the Plan of Operation signed by the above mentioned parties, the objectives and the activities of the Center are as follows:

The objectives of the Center. Its objectives are to foster and facilitate, through the direct assistance and extension services, increasingly effective participation by indigenous Ethiopians in the industrial and economic development of their country, with particular emphasis on providing:

1. Practical training, consulting and advisory services for existing and prospective Ethiopian entrepreneurs in small-scale undertakings;
2. Advisory services in management and entrepreneurship to institutions providing extension services and other forms of assistance to entrepreneurs;

3. Management training for Ethiopian managerial staff working in larger enterprises, both public and private, including public services and utilities.

Fields of concentration. The Center concentrates its main efforts on achieving these objectives in manufacturing, processing, and service industries. Initially, the Center's services were made available only in the Addis Ababa area.

Services. In pursuit of the stated objectives, the Center provides the following services:

1. Training and Development Services
2. Advisory and Consulting Services
3. Development Workshop Services (provisional),
pending project evaluation
4. Promotion Services
5. Research and Evaluation Services
6. Administrative Services

These services are provided in the fields of knowledge generally referred to as:

1. General Management, including the principles, practices and concepts of entrepreneurship, business and management.
2. Management Accounting and Financial Management.
3. Industrial and Production Engineering.
4. Marketing and Sales.

Availability of services. The above services

individually or in combinations appropriate to each case, are promoted and made available to:

1. Existing and prospective Ethiopian entrepreneurs, to enable them to achieve greater viability, success and growth in their enterprises.
2. Extension, advisory personnel, and where appropriate their managers, in Government Departments, private and public institutions and enterprises which provide (or are planning to provide) credit or extension services for developing, assisting or promoting smaller industries and indigenous entrepreneurship.
3. Managerial personnel, especially in the larger public and private enterprises and institutions, to prepare them for higher management positions, and/or to become entrepreneurs in their own rights, as appropriate.

In each case, the fundamental approach is to assist the individual or the enterprise, to solve his own management problems and to take advantage of his own opportunities in accordance with practices of modern management as adapted to or developed for the Ethiopian environment and people.

GUIDE FOR THE MANAGEMENT TRAINER/DIRECTOR

There are certain steps that need be observed if a training program is to benefit the participants. This guide is prepared with this in mind to help the trainer/director as a useful checklist.

The guide is based on the underlying principle that all training programs must be tailor-made to best benefit the trainees. It is partly a description of the approaches the Small Enterprise Development Department of the Center for Entrepreneurship and Management is making in its management training activities, although no such written guide exists at the Center. The Guidebook for Coordinators of Management Training for Small Business prepared by the Small Business Administration of the United States of America has similar guidelines. The Small Business Administration guidelines, which are systematic and simple, will, no doubt, have rewarding applicability in the Center's situation in Ethiopia as well. This guide is also an adaptation of the above mentioned Small Business Administration Guidebook with all the due acknowledgements to the Administration.²⁵

²⁵ Small Business Administration, Guidebook for Coordinators of Management Training for Small Business (Washington, D. C., April, 1969).

The Course Director and the Advisory Committee

There are two elements that play an important role in management training programs for small entrepreneurs. These are the course director and the advisory committee.

The course director. The key to a successful program is the course director. He must be a professional staff of the Center/Institution. Since he is the individual the businessmen will get to know best during the training, it is important that he exercises convincing leadership. He should also exhibit respectable personality, enthusiasm, and professional competence. The course director is responsible for planning, developing, and coordinating the training sessions. He also sees to it that all the things that are required for the smooth running of the program are completely provided and arranged. In many instances he introduces the speakers at each session.

The advisory committee. The advisory committee of the management training program should be made up of local leaders--business and civic--who are interested in the economic welfare of the community. To be representative of the business community, the committee should advisably be made up of a representative of the local chamber of commerce, banker, small businessmen, a representative of the Ministry of Education, the business editor, a representative of the employers' federation, a lawyer and an accountant. The

committee should be large enough to represent and small enough to be workable. The functions of the committee generally are: assisting in determining training needs, influencing the small businessmen to attend courses, enlisting trainees, suggestion of time and place for holding classes or meetings, facilitating the problems of getting the proper place and certain required items, suggestion of names of speakers, suggestion of wording for publicity and ways of publicizing programs, compilation of mailing lists, and conduct of community surveys in certain instances.

PLANNING

When a management center decides to offer a training program, effective planning is essential. Such program planning involves initial planning and detailed preparation. The former is concerned with the identification of means of enlisting small businessmen--this includes building a community structure (advisory committee), assessing training needs, and in general, laying the groundwork for specific sessions. The latter is concerned with planning for a specific unit of training.

INITIAL PLANNING

This includes Timing, Determining Training Needs, Deciding Type of Training, Scheduling Training, and Spreading the Word--Promotion.

Lead Time

When making initial plans, timing is an important consideration. The course director should keep in mind that the time of year when training will start affects the planning schedule. For example, a course should not be scheduled during vacation seasons when businessmen and instructors will be away. Some questions to be considered in allowing sufficient lead time in organizing management courses are:

1. Is this the first small business management training to be offered by the Institution?
2. Is it a repeat of follow-up course?
3. What time of year will the training begin?
4. What local factors need to be considered in planning the course or other form of training?
5. What is the most convenient date and time for small businessmen?
6. Et cetera.

Determining Training Needs

As has been strongly emphasized earlier, to be effective, training should be directed to the needs of the local business community. In planning a training program, the advisory committee can help the course director pinpoint areas in which training is most needed. When the training is an advanced course, a follow-up workshop or a problem clinic, the problem is fairly simple. The training

requirements can be determined by analyzing the evaluations which participants made at the end of the initial training.

Deciding Type of Training

After determining the training needs, the next step is to decide what type of training will best meet their needs. Should it be general management course, conference, workshop or problem clinic, or seminars? Along with this, some kind of training methods determination should be attempted.

Scheduling Training

Time and place are important when planning a training program. The meeting place and the time must be convenient to the businessmen who are expected to attend. Members of the advisory committee may be able to suggest the most appropriate month, day of the week, hour, and the location that will best fit into the schedule of events in the community.

Spreading the Word-- Promotion

The best made plans of mice and men often go astray--especially when they aren't promoted. Prospects have to be told about management training, as well as sold on it, if they are to become participants. Inadequate enrollment can usually be traced to inadequate promotion.²⁶

²⁶Ibid., p. 27.

When the course director works on spreading the word for a specific unit of training, such as a course, timing, media, and direction are important.

Timing. Training should be scheduled far enough in advance to allow sufficient time for promoting. A minimum period of three to four weeks should be allowed between the first mailing of announcements and the date a course begins. The timing and effective use of promotional media will require the attention of the course director.

Promotional media. The course director must use all effective media from the variety available for promoting small business management training. The following can be used successfully:

1. Direct Mail. The most popular form of direct mail is an attractive printed brochure. A sample of such brochure used by the Small Enterprise Development Department of the Center for Entrepreneurship and Management is contained in Appendix J. Letters from the advisory committee can be very useful. The mailing list may be prepared by the advisory committee also.
2. Newspapers. Local newspapers must be asked to give coverage to the programs as they develop. The first story can be the announcement of the advisory committee meeting and the proposed

- date of the course. They can give information, for example, on registration, and starting dates. Often it is desirable to invite a reporter to the opening session for a firsthand story. A story of the closing exercises may encourage others to attend the next course or to participate in the next training offered.
3. Newsletters. The newsletters of trade associations and organizations, such as chambers of commerce, are excellent media for reaching a specialized group of businessmen.
 4. Personal Contacts. The course director and the advisory committee members may telephone or visit friends and associates and ask them to participate in the training.
 5. Radio and Television. The local radio and television stations should be approached to furnish time for spot announcements as a public service.
 6. Public Talks. Announcements may be made at meetings of local business and trade associations, especially at meetings of the ones who are very much concerned with the training program.
 7. Other Media. Some courses can be publicized through paid announcements in newspapers and

over radio and television. Banks can include announcements of courses with their statements or other brochures to their customers.

The important thing is that the course director makes certain that every appropriate form of promotion is used to the best advantage.

Directing promotion. The type of training being offered will dictate the direction the promotion will take. For example, much of the training is directed toward a heterogeneous group. Such a group consists of owner/managers from a variety of businesses. Promotion for this group should: (1) stress the fact that management problems are similar as long as they are at the administrative level, and (2) point out the advantages of gaining insights from the problems and solutions of other small businessmen. When the training is offered to a special designated group, such as a group of manufacturers or a group of printers, the promotion can be pin-pointed to that group's needs. Mailing lists from trade associations and local business groups will help the course director in directing mail to a selected group.

DETAILED PREPARATION

A house built without blueprints will not long endure. Similarly, the most highly promoted training program will not succeed unless it is planned in detail. The "blueprint" which the course director uses should include: (1) scheduling the training well in advance; (2) choosing instructors/speakers with care; (3) supplying

them with the necessary information and materials in sufficient time for their preparation; (4) arranging for the physical accommodations of the participants; and (5) planning appropriate exercises to recognize those completing the training.²⁷

Scheduling

Allowing sufficient lead time in planning the training is vital. A schedule helps the course director to see that various details are handled at the proper time. Factors to be considered in planning the training are the month, day of the week, and time of day the training is to be held.

Day of the week.

1. What nights are pre-empted for other activities of businessmen, such as chamber of commerce meetings, association meetings, and sports?
2. What nights are used for religious observations?
3. Are certain days set aside for certain other local activities?

Hours of the day--morning. In determining the hours for a one-day conference or workshop, certain questions must be answered.

1. When does the morning business rush begin?
2. Should the meeting hour be set long enough after the time of the rush hour to allow the manager

²⁷Ibid., p. 33.

to attend to the most pressing activities that require his personal attention?

Hours of the day--evening. Evening sessions are often easier to arrange than daytime ones. The main considerations in setting opening and closing hours for evening sessions are listed in the two questions that follow:

1. What time will permit the businessmen to close their offices, and arrive at the meeting place without undue haste?
2. Considering the length of the class sessions, what closing hour will permit the participants to return home at a reasonable hour?

Time of training. After the starting time has been decided, the next question is what should the duration of each session be? According to surveys and opinion assessment, most of the training programs will be conducted in the evenings. The prevailing starting time is 6:30. This being the case, the duration of each session should not exceed two hours with a fifteen minutes coffee break after the first hour.

Month of training. There are certain months during the year when the businessmen are totally occupied and cannot attend any kind of course. These are the harvest months for the agricultural products businessmen and the

holiday season which are the peak sales season for the retailers and some consumer goods manufacturers. Ask, which months are these in the year?

Location. The location for the training should be convenient and accessible to the majority of the participants. Adequate parking should be available in the vicinity at the time of the meeting. Some courses can be held in the classrooms of educational institutions. Any room that is properly ventilated and lighted can be used. It should be informal in appearance, comfortable, and conducive to lectures and discussions.

Choosing Instructors/ Speakers

As far as the professional instructors of the management training center are concerned, the course director should see to it that the topic of discussion for each session is given to the appropriate staff. With regard to the outside speakers, it is very important that great care should be taken in their selection. The course director should know the capabilities of each speaker he plans to use. Otherwise, he must choose from available speakers and help them to present their subjects in a practical manner. He will want to emphasize the needs of the audience and the objectives of the training to see that speakers get the instructional materials. In selecting speakers, emphasis should be placed on knowledge and

experience in the particular topic rather than skill in lecturing. But even so, no one likes to hear a lecture read.

Briefing the Instructors/ Speakers

Some of the speakers may have little or no experience as instructors, they are businessmen and competent in a specialized field. They may need help in preparing and presenting a lecture or they may need suggestions, for example, for encouraging audience participation. The professional businessman giving the lecture may need guidelines on subject matter presentation.

Selecting Training Materials and Equipment

Detailed preparation involves insuring that the necessary materials will be on hand when needed. The course director should see to it that the visual aids, films and tapes are available; and should reserve them well in advance of the dates that they will be needed by the instructors. In addition, the course director should be sure that equipment, such as projectors, screens, and sound apparatus, is in operating condition when needed.

Planning Hospitality

The classroom or meeting place should be comfortable and conducive to informality. Most businessmen feel more relaxed in an informal setting. Various devices for making

participants feel "at home" can be used quite successfully. The following are some devices that the course director can use to encourage participants to feel "at home."

1. Have each businessman identify himself and his business at the beginning session of a course. Time may be allowed for a brief description of his business and its product or service. Of course, the course director will make an assessment of opinion in advance whether or not the participants will agree to this practice.
2. Provide each registrant with a name tag which is to be worn at least on the first day. This is especially important in one-day meetings.
3. Provide name plates for each participant if tables are used. The name should be printed large enough to allow the instructor and other participants to read it.
4. Furnish note pads, folders, pencils, rulers, erasers and ash-trays.
5. Arrange coffee breaks to relieve physical tension and encourage discussion among the participants.
6. Arrange tables and chairs in a manner conducive to discussion, as well as listening.
7. Provide facilities for the hanging of coats and hats.

Achievement Dinner

A dinner for class members is an effective way of presenting the certificates. An important personality that is connected with the economic development of the country, that is, high authority from the government--recognizing the importance of small business to the economy--may be invited to speak at the dinner. However, the dinner speaker can be from business life too.

PRESENTATION

One of the tests of training is in the presentation. Poorly presented facts, opinions, and insights are of little value to the owner/manager who seeks to improve his management techniques. As a busy man, he wants practical answers presented in terms he can grasp quickly.

The course director has to be sure that his instructors/speakers understand this point. He may want to make them aware of critical comments which are often voiced by participants and also appear on evaluation sheets. These criticisms are: "The speaker was not prepared and did not know his subject." "He talked over our heads, concerning himself with big business rather than small business problems like we have."

The course director can help his instructors in briefing them on the Center's materials they can use in preparing their presentation. He should encourage them to develop practical illustrations of indigenous management

techniques. Also, he should give them copies of the appropriate handout materials ahead of time. The course director can further help the speakers by providing them with a composite picture of the class. This briefing may include such information as the number of enrollees, their sex, and educational background, types of business represented, age of the firm, and the number of employees.

Encouraging Discussion

A question period helps to encourage discussion and provides instructors with feed-back. Since some participants hesitate to ask questions during the lecture period, it may be preferable for the questions to be submitted on cards during the break.

Some instructors have the participants submit several questions in advance of the session. The speaker then comes prepared to answer the questions during his lecture. One advantage here is that the speaker is aware of the interest of the businessmen before the session and can present his material accordingly.

Evaluation: Did the Training Meet the Needs of the Participants?

"A question that plagues educators is: Did the training take?"²⁸ Instructors and course directors of management training sessions are no exception. They need

²⁸Ibid., p. 47.

answers to questions such as: Did the training meet the expectations and needs of the participants? Is the need for additional training indicated? To make such a determination, evaluations must be obtained from those who sat under the instructor. The instructor may wish to set aside the last fifteen minutes of the final session to obtain evaluations. Each participant should turn in his evaluation before leaving the classroom, because it is very likely that he will forget to mail in his evaluation.

Probably the most useful tool is a questionnaire. The instructor will ask the participants to complete a prepared questionnaire at the end of the training.

OPPORTUNITIES FOR ADDITIONAL EDUCATION

"Strike while the iron is hot" is the theme here. Accordingly, the small businessmen should be encouraged to continue their quest for self improvement. If the basic management training has aroused the interest of the participants, the last session is a good time for the course director to encourage them to continue their education. This is a good time to tell them about any long range plans for additional training. They can also be told about ways in which they can keep abreast of management development.

For example, the course director should tell the class about the advantages of joining alumni associations. In addition, the class should be reminded of the advantages

of joining their local chamber of commerce and any trade association related to their particular business.

Advanced Training

Plans for follow-up or additional training should be announced at the conclusion of the initial training. If none is planned, the course director should review the evaluations quickly to see who is interested in training. He can tell them that he will notify them after the evaluations have been studied and plans for advanced training have been made.

The advanced training may have to be given at different nights and hours, depending on the preferences for time indicated on the questionnaires, than those of the basic course of conference. Preferences expressed by the participants may also mean varying the approach to certain subjects in the future. In offering advanced training, the course director and the advisory committee work together. The task is to determine the broad topics that make up a well-balanced management development program for their community.

Alumni Associations

Alumni associations offer an opportunity for encouraging participants to continue to seek management training. Participants should be motivated and encouraged to form such associations when they complete a given training program. The purpose of such associations is to

perpetuate interest in developments in business policies and practices, and promote cooperation among small businessmen for their development.

These alumni associations can eventually evolve into an independent small businessmen's association. The purpose of this association can be quite broad, and can include the advancement of management training for association members.

Trade Associations

Trade associations act as a clearinghouse for information and enable their members to keep abreast of progress in their particular field. In addition, they can conduct training in various aspects of their particular operation in close cooperation with the management training and consultancy center.

Chapter 5

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

It was the purpose of this study to:

1. Analyze the factors which have slowed the development of entrepreneurship in Ethiopia.
2. Identify the major problems encountered in operating small businesses.
3. Determine the problems in developing small business managers.
4. Identify management training needs and determine appropriate methods.
5. Design a guide for management training program development.
6. Outline the activities of the few training centers.
7. Offer constructive suggestions for promoting entrepreneurship development.

All the published materials listed below were extensively reviewed. The review included library research over both periodicals and some relevant studies. The writing of this report is thus based on the information provided by the following documents:

1. International Labor Organization publications and international survey reports on the subject;
2. Periodicals, books, pamphlets, micro-films and microfiche from the William Allen White Library of the Kansas State Teachers College of Emporia;
3. Xeroxed materials and books that were secured through the Inter-Library Loans.
4. The writer's own paper contributed to the Inter-Regional Technical Meeting-cum-Study Tour on Management of Small Enterprises held in 1968 in Turin, Italy;
5. Report collected by the Center for Entrepreneurship and Management partly prepared by the writer and his colleagues;
6. Reports on management development studies in developing countries prepared by experts and interested individuals and groups.

In order to determine management training needs of the small business managers, the questionnaire-interview method was used. In total, 285 owners and/or managers of approximately 3331 registered small businesses in the empire were interviewed with the aid of questionnaires to find out their training needs, and also to determine the methods, media and time they appreciated. In almost all cases, part-time surveyors were employed to talk to the entrepreneurs and complete the questionnaires. Although the survey was geared to the small business managers, the selection of these managers or enterprises was made at random. Over 150 small enterprises, other than the 285 mentioned above, have been surveyed by the professional staff members of the Center, mostly of the Small Enterprise Development

Department. Out of these 150, about 50 percent were in the provinces.

The data collected were compiled, tabulated, analyzed, summarized, and interpreted.

Finally, conclusions were reached on which recommendations could be made.

SUMMARY

Ethiopia, with an estimated population of 24 million, is one of the most ancient empires still in existence. The country at present is in a transitional state as it emerges from an isolated conservative community to a modern progressive empire. Ethiopia is potentially rich in a variety of resources. At present, the prevailing industrial activities are essentially based on agriculture. Although unbalanced, Ethiopia trades with other countries of the world. Ethiopia was known as one of the important trading centers in the Middle East until foreign penetration gradually cut off the historic trade routes and Ethiopian trade diminished. As a result, the wealth of trade lost its primary importance to the wealth of land, and trade was no more the socially acceptable means of earning one's living. This was the case until 1918 when the first modern economic enterprise, the French-Ethiopian Railway, was completed. It should, however, be noted that Ethiopia did not really begin modern industrialization until 1946 when the Ethiopian Airlines was established. Since 1946, the

rate of growth has been rapid, though the development standard is still low.

In the economic organization of Ethiopia, small enterprises comprise the largest number (90 percent), and thus they are the providers of employment for over 80 percent of the total employment outside of agriculture. This is mainly because small enterprises do not require as much capital as the larger firms and require less risk-taking.

The major problems of the Ethiopian small businesses are in the fields of general management, finance, marketing, production, and personnel. Small business owner/managers are not creative in that they do not join the market with new products and/or services. They also do not care to find out beforehand whether or not there will be market for their products or services when they go into business. There is a significant lack of systematic approach to starting a business. The small entrepreneur is not consumer-oriented, and thus is ignorant of the consumer requirements, the market potential, nature of the market trends, and the proportion of the market held by the firm.

Small businesses suffer from a perpetual shortage of cash since there are not sufficient financing institutions that readily provide the small entrepreneur with cash. The small businesses have excessive stock and work in progress since they do not have effective production planning and control, and they have poor product design that results in low quality goods. The small businesses do not, most of the

time, have personnel of high caliber to support new development and expansion. This is due to their inability to compete with the larger firms in attracting and retaining such qualified and experienced personnel. It is also partly because they do not want to, or cannot, pay good salaries.

A study into what is in store in Ethiopia that will assist the promotion of small enterprises, has revealed the following: There are big investment opportunities, particularly in the area of agro-industry. The Ethiopian Government that has realized the need for rapid industrialization, has laid down certain encouraging objectives and policies in its Third Five-Year Plan. To materialize the policies, the government has outlined a number of instruments through which the objective of industrialization is to be attained. These are: (1) Financial Inducement for Investment, (2) Government Investment, (3) Tariff Protection, (4) Techno-Economic Services, and (5) Management Training Centers.

A management training program should be planned and designed appropriately. Such activities primarily require the study of the socio-economic condition of the environment and also a survey of the training needs. Both these studies, especially the study to determine the training needs, will require a systematic approach.

The Center for Entrepreneurship and Management is following a systematic approach in its management training activities. In planning and designing a management training

program, the first and most important step in the process is determining training needs. Accordingly, the Center for Entrepreneurship and Management has conducted surveys to determine the training needs of the small business managers. The findings of the survey are summarized as follows: Of 285 small business managers surveyed, 34.4 percent were in manufacturing, 24.4 percent, service, 18.9 percent, retailing, 2.8 percent, wholesaling and 15.4 percent, were in the miscellaneous groups.

Of 227 who answered the question, 77.6 percent were owners also. Of 253 business managers, 82.2 percent were sole proprietorship and 17.8 percent were partnership.

Of the 242 who answered the question, 97.9 percent were considered as having favorable background. Ninety percent of the business managers could read, write and understand Amharic and 52 percent could read, write and understand English.

Of the 269 who answered the question, 87.7 percent had been in business 1 to 10 years. Of the 275 who answered the question 90.9 percent were in the group employing 1 to 20 workers.

The study indicated that the managers interviewed showed preference for general management, marketing, accounting, salesmanship and work study courses. As far as methods of training go, discussion, programmed instruction, seminars and lecture were preferred in that order. In the list of media of training preference, newspaper and radio

were on top with mobile unit and television following. With regard to the time they preferred to attend the courses, out of the 254 who made choice, 62.5 percent chose the evening.

Of 257 who answered this question, 6.6 percent had attended the courses offered by the Center for Entrepreneurship and Management. Of 269 who answered the question, 98.9 percent wanted consultancy services from the Center for Entrepreneurship and Management.

Lack of cash, excessive taxation, lack of general managerial know-how, lack of skilled workers, lack of accounting/bookkeeping knowledge, lack of salesmanship, ignorance of the market and marketing activities, and unfair competition were the major problems listed by business managers.

The courses that are offered with the purposes of overcoming the above problems and others, may be classified generally as: (1) Management Appreciation Courses, (2) Work and Method Studies Courses, and (3) Specialized Courses.

The following methods can be usefully employed in the training of Ethiopian small business managers, if they are appropriately utilized: (1) Lecture Method, (2) Group Discussion, (3) Case Method, (4) "Living Case Study," (5) Role Playing, (6) Syndicate Method, (7) Simulation, (8) Business Games, and (9) Sensitivity or T-Group Training. Appropriate utilization of teaching methods takes cultural and general educational levels of the trainees into consideration.

Management training could be of many different types: A few that are considered appropriate for the purpose of training small business managers in Ethiopia are: (1) Management Courses, (2) Management Conferences, (3) Seminars, (4) Problem Clinics, (5) Business or Industrial Clinics, (6) Workshops for Prospective Business Owners, (7) Workshops for Existing Businessmen, (8) Training "Circuses," (9) Mobile Training Institutes, (10) Training by Radio, (11) Training "Comics," (12) Training by Television, (13) Circuit Schemes, (14) Training on the Shop-Floor, and (15) Programmed Instruction.

In learning systems, particularly in one that has relevance for management development, the principle of feedback is important. It is absolutely important that all training schemes have a sound follow-up system.

Visual aids have a big role to play in management training. The instructor who helps his trainees to visualize subject matter and ideas not only holds the group interest--he also stimulates thoughtful consideration and retention of the topic.

Management training facilities were virtually nonexistent in Ethiopia until the year 1968 when the Center for Entrepreneurship and Management was established. The training facilities currently available are: (1) The Institute of Public Administration (IPA), (2) The College of Business Administration, and (3) The Center for Entrepreneurship and Management (CEM).

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A successful training program (that is, a program that achieves its desired goal), as mentioned earlier, is one that is governed by certain principles and rules. The tool that serves to realize the effective implementation of this is a properly drawn guide of a checklist type.

CONCLUSIONS

Owing to her still low level of industrialization, Ethiopia's present main concern is accelerated economic development.

The main cause for the country's low economic development standard is lack of adequate and achievement motivated entrepreneurship. The causes that account for this inadequacy of entrepreneurs and lack of progressive entrepreneurship are the cultural and sociological barriers, primarily. In Ethiopia, there is still some trace of general lack of appreciation for entrepreneurship. According to the traditional belief of the Ethiopians, business was considered to have profit making as its sole motive and this was looked at as a socially undesirable practice. This attitude, which has originated in the history and culture of the country, is perpetuated even among the educated circle by misconception of the socialistic philosophy of exploitation of man by man. In traditional Ethiopia, governmental workers and the military are regarded as esteemed occupations and thus enjoyed a better status than the businessman. Fortunately, this is changing rapidly now

and the entrepreneur is gradually gaining his due status in the society. As a result, however few, even the educated Ethiopians have started to consider business as a possible career.

The other causes for the slow economic development are related to motivation, leadership and skill. The average Ethiopian does not have the motivation to take business risks. He lacks the initiative and leadership. The environment he is brought up in is such that he is not oriented toward such ventures. The national school system that is basically oriented toward rote learning does not provide students with the business knowledge and skills that are the effective tools in business operation.

The Government has not made the required and tangible efforts to support small enterprises and to promote indigenous entrepreneurship. There is also quite a significant lack of coordination and cooperation of concerned organizations.

Like other developing countries, Ethiopia's major concern is accelerated economic development. The key to the economic development of a developing country is the entrepreneur, who combines all the other factors of production in order to create economic activities. Ethiopia significantly lacks business pioneers who are willing and capable of taking risks. This lack of entrepreneurship helps account for the slowness of the country's economic development. The factors that in turn account for the

inadequacy or lack of entrepreneurship are: (1) The Cultural and Sociological Barriers, (2) Fear in Risk-taking, (3) Lack of Initiative and Leadership, (4) Lack of Economic Factor--Capital, and (5) Lack of Skill or Business Knowledge.

The small entrepreneur is the owner and sole manager of the enterprise and is responsible for all of its functions. Basically this is because he cannot afford to hire specialists, and partly because he is distrustful, selfish and individual. Through his character and personality, the owner/manager is the image of the enterprise he owns and manages. He is suspicious and does not appreciate change. Usually this owner is not conscious of his personal and/or organizational shortcomings. He often poses as the all-knowing authority.

On the whole, the small business managers have shown some interest in management training through, at least, their cooperation by answering the questionnaires. It should not be anticipated, however, that the turnout will be so much when they are called to attend courses. Small Enterprise Development Department's past experience is suggestive of this pessimistic statement. The study has revealed that an overwhelming number of these managers have expressed desire to get consultancy service. This probably is a good indication that they want to improve.

The small business managers, in general, have at least the technical know-how that qualified them for the

businesses they are operating. Of the total interviewed, 97.9 percent were considered to have this qualification. However, this does not mean that they have the managerial ability to manage their businesses well.

Management training effort is completely absent in the small businesses. The small business managers show very little or no interest in management training.

RECOMMENDATIONS

It is recommended that Ethiopia must be concerned much more with regard to accelerated economic development, and the government should, in its Five Year Plan, make due and comprehensive provisions for the promotion and development of indigenous small businesses. Setting up a special committee to check on the implementation and progress will ensure realization of the Plan.

To achieve the above, there must essentially be a cadre of modern Ethiopian business managers. These managers must be motivated and trained to acquire the modern managerial know-how. This obviously calls for a massive and timely deployment of management training efforts to be largely exerted by the government.

Study must be made of the socio-economic conditions of the environment in which the training is to take place. Prospective trainees must be interviewed and their weaknesses must be studied in detail to clearly determine their needs. A management training program, thus, must be based

on the socio-economic condition of the trainees and must be carefully designed to effectively meet their particular needs.

A well planned and designed program is no program at all unless it effectively trains by transferring the skills to the trainees. This requires that the trainers and their activities be governed by certain principles and rules. The guide presented at the end of Chapter 4 is recommended for this purpose.

A management training program that uses the case method of training should, as much as possible, try to use local case studies, objectively written, in developing problem solving skills of the owner/manager.

The government and the other concerned organizations must duly cooperate and support the program and enhance the over-all development of the small businesses. The following recommendations are made to the Ethiopian Government and its concerned agencies, the Center for Entrepreneurship and Management and the Ethiopian Association of Small Enterprises:

The Ethiopian Government
and Its Agencies

The government, as the over-all responsible organ, should take the major share of the responsibility for promoting and developing small enterprises. Thus, its services must cover the entire spectrum of the industrial activation. Accordingly, this study recommends that the government:

1. Should take primary responsibility for conducting basic economic research and identifying economic activity opportunities.
2. Carry out adequate, in terms of number and variety, feasibility studies that embrace small-scale economic activity participation as well.
3. Promote investment through advertising the investment opportunities and also by making them available to all who qualify.
4. Provide industrial estates facilities and ensure that the managerial and technical assistances are provided with them.
5. Set up more management and vocational training centers to cope with the above requirements.
6. Make favorable and adequate credit schemes especially for the small businesses.
7. Sponsor more worthwhile industrial extension programs tailored to the particular needs of the communities.
8. Make and implement effective decentralization policies for all the above-mentioned services and facilities.

The government should make the following improvements through its concerned agencies:

Ministry of Education and Fine Arts. This Ministry

must review and adjust the national educational system. The system of basic education should be oriented towards preparation for solving the economic and social problems of the country. In the early formative stages, successful businessmen and businesses must be brought in to join the patriots and military leaders as heroes to be admired and emulated. Much can be done to help and develop businessmen now, but the real development cannot become general until a new generation of potential entrepreneurs is raised in the schools. Given the problem-solving approach and some respect for entrepreneurship, the country will make real progress in economic development. This should include review and adjustment of the vocational training offerings too, so that they accordingly meet more adequately the country's needs for industrial labor skills.

Haile Selassie I University--College of Business

Administration. College of Business Administration's program must be reviewed and tailor-made to meet the needs of the Ethiopian business community. The College must orient the young people toward independent business operations and provide programs that will prepare them in this respect. It must make provisions for short-term business courses and specialized in-service programs to Ethiopian industries and management employees.

Ministry of Finance. This Ministry needs experts to review the tax laws thoroughly with the small businesses and entrepreneurship development taken into serious consideration. The experts will need to design a fair and efficient system of enforcing the laws and making collections thereafter.

Ministry of Commerce and Industry. This Ministry, through its existing small-scale industries department, can and should advise and guide new businessmen that come for registration through doing the following:

1. Find out what it is the businessman wants to start, and in general give him an idea of whether or not there will be a market for his product or service.
2. Try to assess his background by way of his past experience and give him due advice. For example, if he seems to be lacking the basic requirements for going into a particular trade, he can be advised to take basic general business management courses at the Center for Entrepreneurship and Management, or consult the Center's experts.
3. Make it a requirement to take a few basic business courses, like "Starting and Operating a Small Business," before a business license is issued by the Ministry.

Other concerned institutions. The government, either on its own or in cooperation with the concerned institutions like the Investment Corporation and Development and Commercial banks, should establish small business loan boards. The government can establish an Industrial bank exclusively to finance small enterprises.

The government, with due consideration to the socio-economic conditions of the country, may legislate an Industrial Training Act with the following principal objectives:

1. To ensure an adequate supply of properly trained men and women at all stages in industry with particular emphasis on small businesses where the need is prevalent and acute.
2. To secure an improvement in quality and efficiency of industrial training.
3. To share the costs of training more evenly between firms.

The government must encourage indigenous small businesses by granting to them appropriate work contracts and by making purchases from them.

The government can and should protect local small industries so that they will grow by placing lower rates on custom duties for raw materials these industries import for processing. The government must develop some kind of tax system that makes provision for periodic exemption or decrease for the small, but growing and important businesses.

The government should wisely reserve selected economic activities which are best suited for small enterprises for the Ethiopians.

The government must encourage and assist the younger Ethiopians who have good levels of education, but who lack opportunity because of lack of jobs, to become the owner/managers of their own businesses. This scheme can be included in the over-all economic development plan (Five Year Plan) segmented with the small enterprise development programs.

The Center for Entrepreneurship and Management

The Center, in its jurisdiction as the entrepreneurship and management developing organ:

1. Should increase its publicity with respect to the objectives, activities, and tangible results of its operations in order to enhance its image in the eyes of the small entrepreneurs and the public in general so that it can attract wider participation in its activities.

2. Should cooperate with other similar and related organizations like the College of Business Administration, the Institute of Public Administration, the small-scale industries departments of the Ministry of Commerce and Industry, Chamber of Commerce and the Economic Commission for Africa. A committee of the representatives of these organizations and representatives of the Ethiopian Association of Small Enterprises and the National Vocational

Training Center can be formed to channel the now scattered efforts toward the achievement of the common objective, which is development of small enterprises through promotion of entrepreneurship.

3. Must conduct some feasibility studies in cooperation with the Technical Agency and the College of Business Administration and then systematically share these studies with potential small business owner/managers who are ready to start small businesses, and also with the existing ones who may want to diversify. The Center should seriously develop and extend research programs along the lines relevant to the Ethiopian small industries.

4. Should start to prepare its own local case studies in cooperation with willing entrepreneurs, and the staff must learn to teach the managers from the case studies prepared.

5. May facilitate some of the problems of the small businesses by bringing authorities from the concerned agencies, like the Income Tax Office and Development Bank, and the small business owner/managers together to discuss pertinent problems and to provide solutions for mutual benefits. This could be done by inviting the authorities to courses and/or through panel discussions.

6. Should create good contacts and maintain beneficial relationship abroad with British Institute of Management, Small Business Administration, Research Institute for Management Science, National Union of Manufacturers Advisory

Service, Small Business Center and some other management and consulting organizations with the objective of improving its programs and creating an attractive image. This could be accomplished through exchange of ideas and possibly professional staffs.

7. Should, without delay, employ the services of an expert trainer of trainers to help the professional staff of the Center with their techniques of training. This also will help the training officers of the other firms and organizations.

8. May have to start to give some thought to assisting small businesses by way of providing loan services in cooperation with the banks. The Center can do this as is done with marked success by the Light Industries Services of Singapore. According to this service, for example, a sum of one million United States dollars would be allocated for use in financing small industries. The unique feature of this scheme is that the Center for Entrepreneurship and Management acts as a catalyst to bring together commercial banks and small business borrowers. Such an approach has the advantage of promoting healthy development of small industries along strict commercial lines. It also establishes a closer contact between the banks and the small industries whereby many normal commercial facilities of the participating bank also can be extended to the borrower. In this loan arrangement, the Center for Entrepreneurship and Management provides the loan funds, carries out loan

appraisals, and makes available follow-up managerial and some technical assistance to recipient firms. The bank scrutinizes loan appraisals and makes the final decision on whether or not the loan is to be granted, since under the arrangement, the bank normally assumes the risks and undertakes all disbursements and collections. A small handling charge (there is, of course, no handling charge where the bank uses its own funds) is retained from the interest received (interest received is credited to the Center for Entrepreneurship and Management) on loans by the bank to cover administrative expenses and risks. This assuming of the risks by the participating bank, even though the loan is initiated by the Center for Entrepreneurship and Management, makes such a loan arrangement unique. In this loan arrangement, the question of the Center for Entrepreneurship and Management guarantee does not arise. However, the Center for Entrepreneurship and Management does share risks with the bank in special cases where it might be deemed advisable or necessary to share the risks. In fact, this loan system has dual purposes in that it also serves as an incentive to attract more participants.

9. Should sell its courses effectively using the appropriate means from those listed in the guide in Chapter 4, particularly from those not yet tried by the Center.

10. Should assist small businessmen who graduate from its courses to form trade associations and thereafter provide training and consultancy services using the associations as media.

The Ethiopian Association
of Small Enterprises

The small business managers should, through this association, cooperatively help themselves and the business community to grow and prosper. It is, therefore, recommended that the Ethiopian Association of Small Enterprises:

1. Must exert efforts to make it possible for its members to continue training voluntarily by means of seminars and discussions on mutually interesting topics concerning common current problems and management practices. It should motivate members to cooperate in organizing management training programs and to participate in order to benefit.

2. Set up facilities with the help of the government and the Chamber of Commerce for International Ethiopian Trade Fairs. These facilities may be used regularly for holding specialized exhibitions of Ethiopian-made products addressed to both local and international consumers.

3. Must properly organize itself and constructively and efficiently act as a liaison organ between the Ethiopian small businessmen and the concerned bodies both governmental and private.

4. May embark upon well-conceived and systematically organized widespread advertising campaigns in cooperation with the government, such as "SUPPORT ETHIOPIAN PRODUCTS!".... "BUY ETHIOPIAN!!!" Ethiopian Association of Small Enterprises may do this periodically as seems

appropriate, and should strive hard to promote patronization of local products, which requires the members' unfailing efforts to produce good quality products.

5. Should establish a marketing board and also a system that facilitates hiring and purchasing in cooperation with the Chamber of Commerce and the Center for Entrepreneurship and Management and avail the services to all the members.

RECOMMENDATIONS FOR OTHER STUDIES

Finally, in view of the fact of the complete absence of such study and the pressing need for it on the other hand, it is strongly recommended that more research should be done in this particular field.

Other studies in the fields of achievement motivation, and Ethiopianization of business management will be helpful in enhancing entrepreneurship development.

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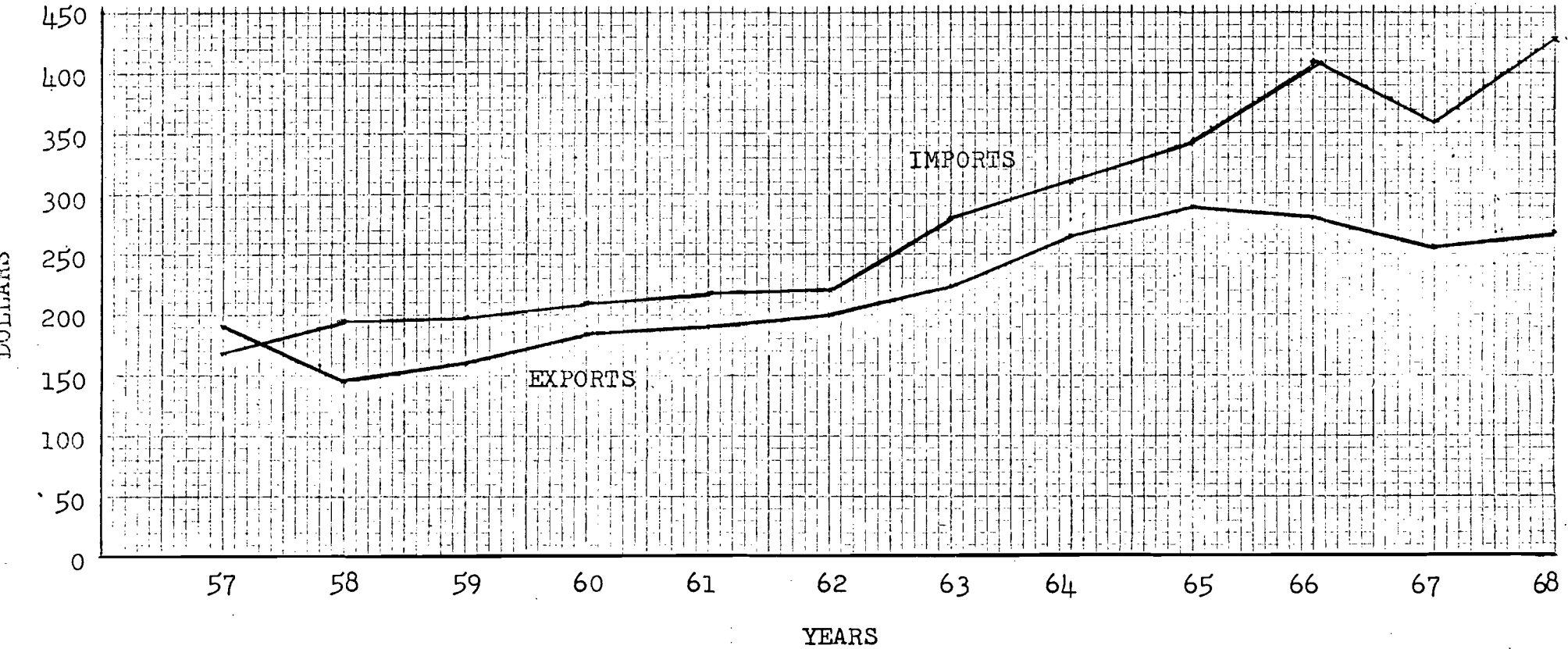
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APPENDIXES

Appendix B

The Ethiopian Imports and Exports in Millions
of Ethiopian Dollars for Twelve Years
Ending December, 1968



CENTRE FOR ENTREPRENEURSHIP AND MANAGEMENT
SMALL ENTERPRISE EXPLORATORY STUDY

1. NAME OF ENTERPRISE: _____

2. ADDRESS: _____

3. TYPE OF BUSINESS: _____

4. TYPE OF OWNERSHIP: _____

5. CAPITAL INVESTMENT: ETH.\$ _____
6. NUMBER OF EMPLOYEES: TOTAL _____
 - Full Time: _____
 - Part Time: _____
 - Expatriates: _____
7. WHO OWNS THE ENTERPRISE?

8. WHO MANAGES THE ENTERPRISE?
 - Name : _____
 - Experience: _____

CEM

9. MACHINES USED: _____

10. SOURCE OF TECHNICAL SKILL: _____

11. MARKET SITUATION FOR THE ENTERPRISE'S PRODUCT:

- Market Share: _____
- Sales Turnover: _____
- Distribution : _____

12. MAIN PROBLEMS OF THE ENTERPRISE:

- a) Choice of Business: _____

- b) Production: _____

- c) Raw Materials: _____

- d) Skilled Workers: _____



e) Machines: _____

f) Accounting: _____

g) Organization & Administration: _____

h) Sales and its Promotion: _____

i) Capital: _____

j) E T C : _____

Appendix D (continued)

GENERAL MANAGEMENT _____ MARKETING _____ ACCOUNTING _____ SALES
MANAGEMENT _____ PRODUCTION MANAGEMENT _____ WORK STUDY _____
MAINTENANCE _____ PURCHASING & INVENTORY CONTROL _____ PERSONNEL
ADMINISTRATION _____

*IF YOU WANT THE CENTRE TO PREPARE OTHER COURSE YOU FEEL WILL BE MORE USEFUL FOR YOURSELF, PLEASE INDICATE BELOW:

1. WHAT WOULD BE THE MOST CONVENIENT TIME FOR YOU TO TAKE THE TRAINING?
MORNING AFTERNOON EVENING

2. THE METHODS OF TRAINING ARE THE FOLLOWING. PLEASE NUMBER EACH METHOD ACCORDING TO YOUR ORDER OF PREFERENCE: (NOTE, HOWEVER, THAT IT IS USUALLY DIFFICULT TO USE ONE METHOD ONLY.)
LECTURE _____ DISCUSSION _____ CASE STUDY _____ PROGRAMMED
INSTRUCTION _____ SEMINARS _____ IN-PLANT TRAINING _____
*IF YOU THINK OF DIFFERENT METHODS, PLEASE LIST THEM BELOW:

3. WE ARE PLANNING TO GIVE SOME TRAINING THROUGH OTHER MEDIA. PLEASE NUMBER EACH MEDIUM IN WHAT YOU CONSIDER MOST USEFUL AND CONVENIENT.
RADIO _____ NEWSPAPERS _____ TELEVISION _____ MOBILE UNIT _____
*IF YOU THINK OF MORE MEDIA, PLEASE LIST THEM BELOW:

4. HAVE YOU ATTENDED OUR COURSES BEFORE? YES NO
IF YES, WHAT ARE THE DRAWBACKS YOU FELT. PLEASE LIST THEM BELOW:

*PLEASE WRITE YOUR RECOMMENDATIONS BELOW SO THAT THE FOLLOWING COURSES COULD BE DESIGNED TO BENEFIT YOU MORE!

15. DO YOU WANT OUR CONSULTANCY SERVICE? YES NO

16. WHAT ARE YOUR MAJOR PROBLEMS? (Use the back of this sheet to write your answer).

Appendix E

Registered Traders of Ethiopian Nationality by
Registered Capital and Type of Activity

Capital Eth. \$	Manu. and Procg.	Trade	Service	Flour Mills	Trans.	Farming	Total	Percentage
1 - 4,999	95	1,200	200	945	7	-	2,447	73.46%
5,000 - 9,999	8	132	31	266	11	1	449	13.48%
10,000 - 14,999	7	91	33	49	37	-	217	6.51%
15,000 - 19,999	6	26	14	9	1	-	56	1.68%
20,000 - 24,999	15	24	4	10	3	-	56	1.68%
25,000 - 29,999	3	9	2	3	-	1	18	0.54%
30,000 - 34,999	3	14	4	5	3	-	29	0.87%
35,000 - 39,999	1	-	1	0	-	1	3	0.09%
40,000 - 44,999	2	3	3	1	-	-	9	0.27%
45,000 - 49,999	-	-	1	1	-	-	2	0.06%
50,000 - 54,999	4	9	-	0	1	-	14	0.42%
55,000 - 59,999	-	-	-	0	-	-	0	0.00%
60,000 - 64,999	-	1	1	1	-	-	3	0.09%
65,000 - 69,999	-	-	-	0	-	-	0	0.00%
70,000 - 74,999	-	2	-	0	-	-	2	0.06%
75,000 - 79,999	2	2	-	0	-	-	4	0.12%
80,000 - 84,999	-	2	1	1	-	-	4	0.12%
85,000 - 89,999	-	-	-	1	1	-	2	0.06%
90,000 - 94,999	-	-	-	0	-	-	0	0.00%
95,000 - 99,999	-	-	-	0	-	-	0	0.00%

Appendix E (continued)

Capital Eth. \$	Manu. and Procg.	Trade	Service	Flour Mills	Trans.	Farming	Total	Percentage
100,000 - 199,999	3	5	1	0	-	-	9	0.27%
200,000 - 299,999	-	2	-	1	1	-	4	0.12%
300,000 - 399,999	1	-	-	-	-	-	1	0.03%
400,000 - 499,999	1	-	-	-	-	-	1	0.03%
500,000 - 749,999	-	1	-	-	-	-	1	0.03%
750,000 - 999,999	-	-	-	-	-	-	-	0.00%
1,000,000 and up	-	-	-	-	-	-	-	0.00%
Total	151	1,523	296	1,293	65	3	3,331	
Percentage	4.53%	45.72%	8.89%	38.82%	1.95%	0.09%		100.00%

Source: Registration Records
Ministry of Commerce and Industry
Addis Ababa, Ethiopia

Compiled by the College of Business Administration
Haile Selassie I University
July, 1964

Appendix F

Individual Traders in Ethiopia
by Capital Invested

Registered Capital	Ethiopian Nationality	Foreign Nationality
Below E. \$ 999	1,044	46
1,000 - 1,999	283	36
2,000 - 2,999	306	34
3,000 - 3,999	439	36
4,000 - 4,999	375	19
5,000 - 9,999	449	144
10,000 - 19,999	273	242
20,000 - 29,999	74	130
30,000 - 49,999	43	92
50,000 - 74,999	19	82
75,000 - 99,999	10	25
100,000 - 199,999	9	25
200,000 - 299,999	4	17
300,000 - 399,999	1	12
400,000 - 499,999	1	1
500,000 - 749,999	1	9
750,000 - 999,999	0	0
1,000,000 and up	0	5
Total	3,331	955

Source: Registration Records
Ministry of Commerce and Industry
Addis Ababa, Ethiopia

Compiled by the College of Business Administration
Haile Selassie I University
July, 1964

Appendix G

Ethiopian Firms with \$5,000 or More
Registered Capital

Location	No. of Firms	Percentage
Addis Ababa	383	43.4%
All Other Locations	501	56.6%
Total	884	100.0%

Source: Registration Records
Ministry of Commerce and Industry
Addis Ababa, Ethiopia

Compiled by the College of Business Administration
Haile Selassie I University
July, 1964.

Appendix H

Mobile Training Institute (Adapted for Business Management Training)

NARRATIVE

A. CAB

- a. Attendant's bunk

B. LIVING CABIN

- a. Chemical closet
- b. Shower
- c. Wash basin
- d. Two-tier bunks
- e. Clothes lockers
- f. Folding table
- g. Projector
- h. Cabin door
- i. Sliding door to main body

C. MAIN BODY

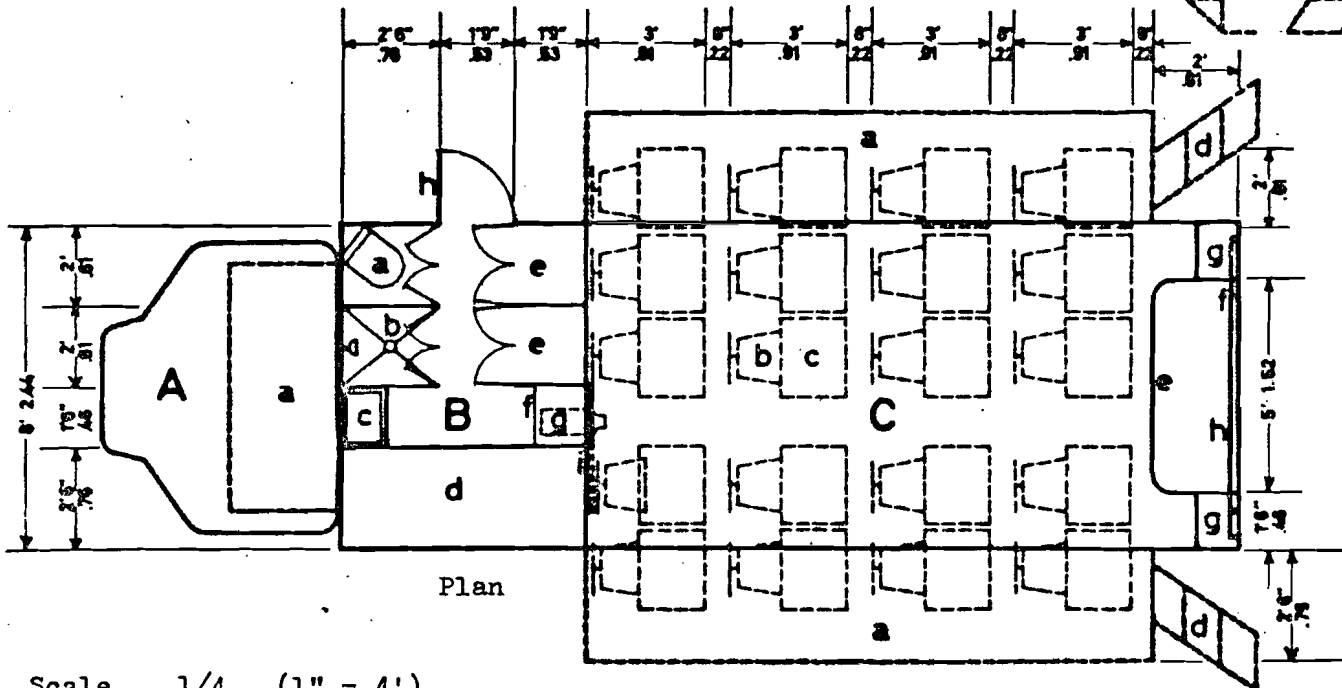
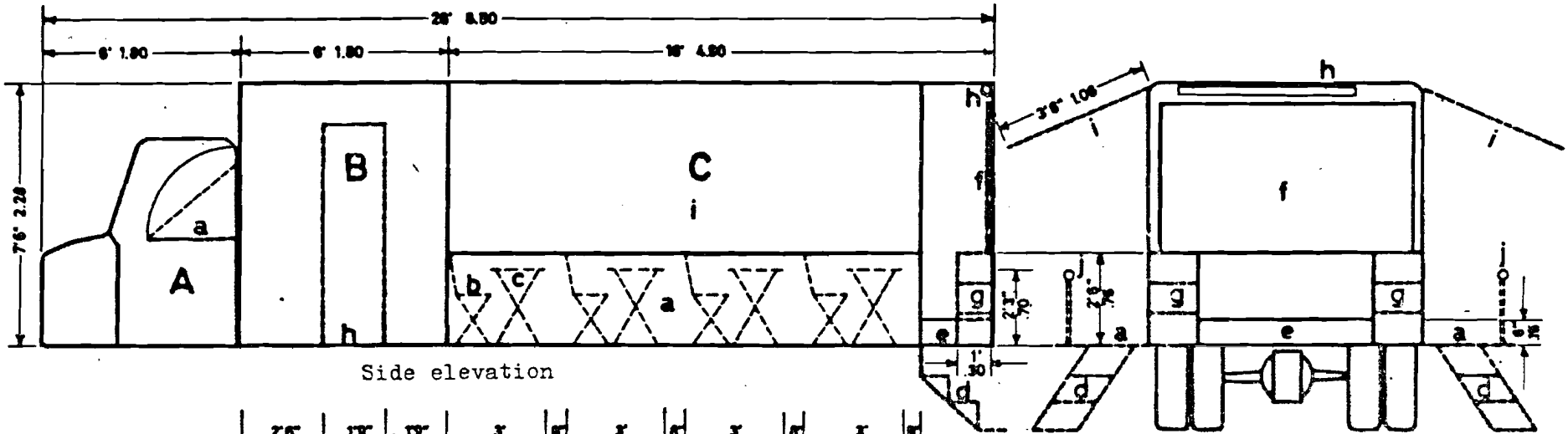
- a. Bottom side flaps
- b. Trainees' chairs
- c. Trainees' tables
- d. Fold-up steps
- e. Rostrum
- f. Blackboard
- g. Library cupboards
- h. Cinema screen
- i. Top side flaps
- j. Removable guard rails

Source:

Management and Productivity,
24, 1968, 46,
ILO Management Development Branch

Appendix I

MOBILE TRAINING INSTITUTE



Source:

Management and Productivity,
24, 1968, 47,
ILO Management Development Branch

Scale 1/4 (1" = 4')

Appendix J

A Sample of the Center for Entrepreneurship and Management's
Course Announcement for Small Business Managers
(In Amharic and English)

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BUSINESS TRAINING FOR SMALL ENTERPRISES