



Entrepreneurship Education in Ethiopia. Seizing the Opportunities of RES in Africa

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Abstract

The article summarizes the goals and activities of UNIDO's Youth and Women Entrepreneurship Promotion Project (YOWEP)". YOWEP is a joint effort of Fondazione Giacomo Brodolini and LUISS Business School funded by AICS, the Italian Agency for Cooperation and Development and by the Austrian Development Cooperation, aimed to supporting entrepreneurship capacity building in Ethiopia. As Ethiopia and Africa will start to leverage on their energy potential, new entrepreneurial opportunities will arise. It is important to help these countries to be ready to seize these opportunities.

Introduction

Entrepreneurship education has the aim of promoting entrepreneurial development and business venture creation, thus contributing to the economic growth of countries. The scope of entrepreneurship education is however much wider than training on how to start a business, as it includes developing an entrepreneurial mindset, a set of skills and attitudes like creativity, self-confidence, initiative, project management, among many

others, which can be applied in every organizational setting (European Commission, 2004). No wonder that entrepreneurship education has been included in several government's policy agenda, including African Governments.

In the context of Africa, entrepreneurship education and RES diffusion can be reciprocally advantageous. Entrepreneurial skills are key for developing the RES supply chain. At the same time, RES Solutions

represent the basis for the development of many other off-grid businesses, either traditional (as the agribusiness) or more innovative (as the internet companies).

This article reports the results of a UNIDO project of entrepreneurship education in Ethiopia, funded by AICS, the Italian Agency for Cooperation and Development and by the Austrian Development Cooperation. The project, entitled “Youth and Women Entrepreneurship Promotion Project (YOWEP)” is being carried out by a Consortium composed of Fondazione Giacomo Brodolini and LUISS Business School – a Division of LUISS Guido Carli University.

The project

YOWEP’s main goal is to assist the Government of Ethiopia in its efforts to create employment for women and youth through the promotion of investment in the productive sectors of the economy, entrepreneurship development and women’s economic empowerment.

The development of micro and small and medium enterprises is a priority for the Government which is reflected in the 5-year Growth and Transformation Plans (GTP I 2010-2015, and GTP II). In order to increase the job opportunities and the creation of new business ventures the project aims to develop entrepreneurial skills in the target group.

Main tasks of the project are:

- Developing training materials (a toolkit) for entrepreneurship development
- Mapping and assessing capacity of the Ethiopian entrepreneurship development institutions to adopt and implement the training packages.

- Training of trainers in order to assist the Ethiopian institutions in delivering the entrepreneurship education program.

Entrepreneurship education in Ethiopia

Even if the economy has experienced a robust growth over the past decade, averaging 10.8% per year in 2003/04—2014/15 compared to the Sub-Saharan Region average of 5.4%, developing and conducting a business in Ethiopia is not an easy task, according to The World Bank yearly report Doing Business (2017): starting a business, dealing with construction permits, getting credit, *getting electricity* are among the most cited challenges for the Country’s entrepreneurs. The need for RES, entrepreneurship support policies and education is therefore a key strategic issue in this country.

The Government put entrepreneurship education at the center of its policy agenda. The final goal of GTP I was to transform Ethiopia into a middle-income country by 2025. Among the many policies identified in the Plan to achieve this goal there is the accelerated training of 10,000 trainers who in turn will provide capacity building on entrepreneurship. Similarly, the GTP II recognizes the strategy importance of developing an entrepreneurial culture. In 2013 the Government, in partnership with UNIDO, launched Ethiopia's Entrepreneurship Development Program. The Prime Minister’s launch speech highlighted the importance of entrepreneurship education for the Country: “Without the development of entrepreneurial skills by hundreds of thousands of our youth, the kind of equitable distribution of wealth that the government is very keen on achieving cannot be realized. And the country’s industrial development will be stunted without the required entrepreneurship skills

and enterprise". Under this Program, a national Entrepreneurships Development Center (EDC) has been established to guide the development of entrepreneurship education in the country. EDC's focus is the Train of Trainers (ToT), especially University Professors that teach entrepreneurship programs, and supporting the development of Entrepreneurship Centers of Excellence in higher education institutions dedicated to entrepreneurship education and business development services.

Notwithstanding these efforts, a recent study (Mudde, Gerba & Chekol, 2015). Found that entrepreneurship education and entrepreneurial activities are at their infant stage at Ethiopian universities. Lack of strategy, organizational capacity, innovative teaching methodologies, student demotivation, low cooperation with businesses are the main problems.

Concerning pedagogical issues, another study (Gerba, 2012) gathered information from 16 public Ethiopian Universities and 76 entrepreneurship instructors. Most of the respondents (92%) had not conducted research in the field of entrepreneurship nor had a special training or specialization in that area (72%). The teaching methods used are class lectures (100%) followed by reading assignments (59%), a business plan preparation project (54%), class discussions (41%), case studies (20%), research project (16%), lectures by prominent entrepreneurs (164%), and site visits to prominent entrepreneurs (8%).

In our project's need assessment phase, these issues emerged very clearly:

- All the university representatives approached confirmed that methodologically most of the

entrepreneurship courses in Ethiopia are based on lectures and partly on the development of a fictional business plan. Teachers usually do not engage students through more participative methods, such as laboratories, simulations, case studies, role playing, exercises. A representative of the Ethiopian Youth Federation declared that curricula do not inspire young students to become entrepreneurs.

- Representatives from some Departments, except Management and Industrial Engineering, felt that their entrepreneurship teachers lacked also the experience and the knowledge of the contents too.

University-Industry Collaboration in Ethiopia

Another major issue concerns the collaboration between Universities and the businesses. Universities should play a pivotal role in providing a highly qualified workforce and a stimulus to science and innovation. Alongside their traditional roles of teaching and research, universities need to play a greater role as facilitators of community development and local entrepreneurship by engaging with local businesses and society.

The literature on University-Industry Collaboration (Rajalo and Vadi, 2017; Bruneel, D'Este and Salter, 2010) has identified several benefits of University-Industry Linkages (UIL). Collaboration between universities and industries is critical for skills development (education and training), the generation, acquisition, and adoption of knowledge (innovation and technology transfer), and the promotion of entrepreneurship (start-ups and spin-offs). Industries collaborate with Universities in order to access well-trained graduates and knowledgeable faculty, access

to basic and applied research results, get assistance in continuing education and training and foster Corporate Social Responsibility activities.

In recent years, the Government of Ethiopia has strongly promoted UIL. In particular:

- Ethiopia's First and Second Growth and Transformation Plan (GTP 1: 2010-2015) put university-industry linkages at the center of the strategy to make Ethiopia a middle-income country by 2025.
- The last 2010-2025 national Science and Technology Innovation (STI) policy, developed in 2010 and specifically based on the GTP, focused on realizing these policy objectives: (i) Create a general governance framework for coordinated and integrated STI capacity building; (ii) Establish a framework for technology accumulation and transfer; (iii) Develop adaptive research that is geared towards rapid technology transfer and adaptation; (iv) Develop and commercialize traditional knowledge and technologies; (v) Define the national S&T landscape and to strengthen linkages among the different actors in the national innovation system; (vi) Ensure integrated implementation of STI activities with other socioeconomic development programs and plans and activities; (vii) Support mechanisms to progressively increase private sector participation in financing innovation.
- The Ethiopian Higher Education Proclamation No. 650/2009 Article 25(5) includes UIL as a strategic priority of Ethiopian Universities: "Every public institution shall have the responsibility to forge relations with industries for mutual benefits and on the basis of principled and transparent negotiations and agreements."

A study of four Ethiopian Universities (Ayenew, 2015) reports that UIL is still at an early stage. Internship is the main form of collaboration with industries. Consultancy services, research and trainings are the other forms of interaction between universities and industries, where civil engineering and mechanical engineering departments are the main actors in this area. Lack of laboratory facilities, inadequate infrastructures (like communication, transport, journals, books, etc.), time constraint due to heavy teaching load and lack of strong industry linkage offices are identified as the main barriers for collaboration with industries.

Mudde, Gerba and Cheko (2015) identified these issues in the interactions between Universities and external stakeholders in Ethiopia:

- Lack of readiness from the side of the university to engage external stakeholders, especially the private sector;
- Lack of effective staff incentives mechanisms;
- Lack of interest, awareness and initiative from university management but also within the business community on the opportunities of cooperation;
- Lack of trust on the expertise and knowledge of the university from the business community;
- Reluctance of stakeholders to come to the university when they are invited;
- Reluctance of stakeholders to support students in internship and research work
- Mismatch in perception of pricing of university services: stakeholders expect low prices because of the community service obligation of the universities.

The needs assessment we performed in the UNIDO Project confirmed this situation:

- U-I linkages often lack a strategic orientation: there might be some contingent partnerships with separate companies or formal agreements with industry associations (chemical, mechanical industries) but there is not a continuing and wide collaboration.
- U-I linkages are mostly targeted towards placing students in internship programs. In some cases, most of the UIL Office time is devoted to this, thus leaving no much time for developing more strategic types of collaborations.
- The involvement of industries in curriculum design is quite rare. University education curricula and training programs are often not aligned with industry needs, creating a mismatch between what firms need and what graduates have learned. Firms themselves show a low interest in skills development within firms, because of their focus on low-technology intensive production activities.
- The involvement of practitioners in classes is very rare in entrepreneurship classes.
- The coordinators of University incubation and Entrepreneurship Centers we met described training and supporting potential entrepreneurs as the main activities but more work needs to be done in connecting start-ups with potential investor companies or industry partners.

Activities and recommendations

Based on the need assessment phase, the project developed materials for an entrepreneurship curriculum which had the following features: broad enough to include all the relevant issue in entrepreneurship education; designed to foster interaction between students and teachers, thorough the analysis of case studies, exercises, simulations,

games; structured in modules and submodules, on order to give the trainers the flexibility to adopt selectively the contents.

Another major issue we needed to address, based on the situation assessment, was the pedagogical preparation of instructors. LUISS teachers developed and delivered therefore a 5-day class on entrepreneurship education methodologies. The main goal was to help the trainers to balance theory with practice, traditional lectures with exercises, case studies, simulations, problem-based learning and other engaging activities. Also, a goal of the class was to help trainers to take into consideration not only business and technical skills, but soft skills too (defined as capabilities and behaviors to act entrepreneurship).

Further activities have been considered necessary but could not be included in the project. However, we identified the following activities for a future project:

- Supporting Universities in the organization of entrepreneurship education. Many Universities we met need a strategic and organizational orientation for entrepreneurship education. In other words, they need to become themselves entrepreneurial universities in fostering entrepreneurship education. In particular, there is the need for a different approach in “marketing” the course to students and teachers. Teachers and students need to change their mindset about the course. The main goal of the entrepreneurship class should not be “to create more entrepreneurs”. This short class could not achieve this daunting goal. Rather, the real goal should be to spread an “entrepreneurial mindset” that could be beneficial to igniting in students the passion to become entrepreneurs

themselves or to give them the entrepreneurial skills to succeed event if employed in business and public organizations.

- Supporting Universities in the development of linkages with the businesses. Collaboration with industries allows the possibility to involve entrepreneurs and managers as lecturers or testimonials, to create opportunities for internships and employability, to generate additional revenues from company grants, consultancy activities, technology transfer, and even to develop start-ups thanks to partnership with financing institutions. In particular, in the RE sector, new opportunities arise as Ethiopia and Africa will start to leverage on their energy potential.

Conclusions

The project, which will be concluded in the end of 2017, has brought to light some important aspects that need to be considered in fostering capacity building for RES in Sub-Saharan Africa:

- RES may radically change the context of local businesses and universities by providing access to energy sources. RES providers may fill the gap in University-Industry Linkages by engaging entrepreneurship scholars and students in educational programs, technology transfer, development of entrepreneurship centers and incubators. With the new access to RES, new business ventures will be possible. Universities may dramatically improve their results in terms of student employability by leveraging with these new opportunities.
- In order for this to happen, both university scholars and students need to change their

mindset. University students, even if represent the most educated pool of human resources in the territory, are neither generally inclined to start an entrepreneurial career nor aware of the usefulness of entrepreneurial skills in their own lives. University scholars feel overwhelmed by the task of teaching entrepreneurship. They need support in order to become entrepreneurial themselves in teaching entrepreneurship.

In both challenges, projects like the one we were involved in can make an impact by creating opportunities and transferring experiences otherwise difficult to develop locally.

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