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INSTITUTIONAL CAPACITY OF LOCAL INSTITUTIONS AND ITS IMPLICATION FOR LOCAL ECONOMIC DEVELOPMENT: THE CASE OF ADAMA CITY, ETHIOPIA

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ABSTRACT

Success in local economic development (LED) strategy is closely related to the strength of available institutional capacity in the area. That means, LED as an alternative development strategy is successful and sustainable only if there are capable local institutions in the area. To this end, the major objective of this article is to investigate the institutional capacity of local organizations or institutions and its implication for the successful implementation of LED as a viable

alternative development strategy in Adama city. Mixed research method was employed to achieve the objective of the study. Survey questionnaire and interview were used to collect data. Simple random sampling technique was used to administer the questionnaires. Purposive and convenience sampling techniques were used for qualitative data collection. Narrative technique was used to analysis qualitative data. Both descriptive and inferential analysis methods were employed to analyze data obtained through survey questionnaire from 158 respondents with the help of SPSS software applications. The findings of the study reveal that local institutions in Adama city have suffered from serious institutional capacity constraints. The adoption of LED as the only development strategy is not beneficial in areas where local institutions have limited institutional capacity. So, the study recommends that LED as an alternative development strategy could be practiced in the study area in parallel with the top-down development approach which can be gradually replaced after institutional capacity deficits are properly addressed.

Keywords: Institutional Capacity, Local Institutions, Adama City, Local Economic Development.

INTRODUCTION

Although Local Economic Development (LED) defies easy definition, it is conceptualized by Rodriguez-pose (2008) and Rogerson (2010) as a territorial, bottom-up, participatory development approach and decentralized to stimulate the local economy by efficient and effective utilization of locally existing resources with the ultimate aim to improve the quality of life for all. LED as an alternative locality-based development approach is spread to most developing countries including Sub-Saharan Africa starting from the late 1990s with the objective to decrease poverty, unemployment & inequality at local level (Rodriguez-Pose & Tijmstra, 2007; Rogerson & Rogerson, 2010; Marais, 2010; Rogerson, 2010; Hampwaye & Rogerson, 2011). However, LED initiatives might not always bring the positive contribution to local economy and improves the life of local community. The contribution of LED strategy in creating decent jobs and improving the overall living standards of local community relies on the existence/ or absence of enabling conditions and potentials of

the localities particularly, the availability of capable local institutions highly matters for its success (Vazquez-Barquero, 1999; Rodriguez-Pose & Tijmstra, 2009). Literature reveals that the success of LED is closely related to the strength of institutional capacity found within an area (North, 1990; Gibs et al., 2001; Rodriguez-Pose, 2013). This implies that it is difficult to expect success in LED initiatives in conditions where localities have institutional capacity limitation. LED initiatives are successful and sustainable only if localities have sufficient institutional capacity and the practice of LED strategy is supposed to be owned by these local instituions. That means, the more localities have sufficient institutional capacity, the more LED initiatives are successfully implemented and sustainable in the locality.

Despite the growing recognition of the importance of institutional capacity for LED initiative, existing literature however, precludes analysis of empirical study on local institutional capacity in less developed regions, instead, many researches focus on developed regions (Gibs et al. 2001). In addition, studies on institutional capacities are also not comprehensive enough and fail to associate and link with LED (Girmay & Mare, 2014). Moreover, though Adama city was one of the cities in Ethiopia where LED was implemented at project level, there is lack of scholarly research on the institutional capacity of local institutions for the effective implementation of LED programs in the context of the city. The purpose of this study is therefore, to examine the institutional capacity of local institutions and its implications for the success of LED initiatives by focusing on the following key institutional capacity parameters: having clear vision and mission; leadership capacity; human resource capacity; financial resource capacity; technological capacity; and capacity to create inter-institutional linkage and networking.

METHODOLOGY

Mixed research method was utilized to assess the institutional capacity of local institutions and its implication for LED in Adama City Administration. The study drew data from both primary and secondary sources. Primary data was collected using interview and survey questionnaire. Survey questionnaire containing six key variables with 17 items were developed based on five point Likert-scales to measure the institutional capacity of local institutions. The

scale ranges from strongly disagree (1) to strongly agree (5) in which higher score showed existence of better institutional capacity in the locality while lower score indicates inadequacy of institutional capacity. The validity of the scales in the questionnaire was checked by establishing content validity to ensure all items included are essential. Cronbach Alpha was used to test the reliability of items in the survey questionnaire; and the test results show that all the six key parameters of institutional capacity were above 0.75. Thus, the Cronbach Alpha figures are all above the acceptable cut-off point of 0.70 values.

Out of the total of 408 target population or sample frame, 198 survey questionnaires were randomly distributed for quantitative data with 158 (80%) response rates. Information about the sample frame was taken from the concerned sectors. Sample size was taken objectively using the sample size determination formula developed by *Cochran in 1977,* $n = \frac{n_0}{1 + \frac{(n_0 - 1)}{N}}$ *Where*

$$n_0 = \frac{z^2 pq}{e^2}$$

n = sample size
Z^2 *= 1.96 (critical value from table at 95% confidence level)*
P = Population variability (assuming maximum variability= 0.5)
q = 1-P
e^2 *= the desired level of precision/margin of error (5%)*
N = Total population of the study

Accordingly, $n_0 = \frac{z^2 pq}{e^2}$ =384 and sample size (n) = 384/ [1+ (348-1)/408] = 198 were selected from the three local institutions (urban local government, MSEs and CSOs). Then, samples from each stratum were taken using proportionate sampling technique. On the other hand, interview participants were included in the study using purposive and convenience sampling techniques.

Qualitative data was analyzed using qualitative techniques such as narration analysis. On the other hand, both descriptive and inferential statistical analyses were used to analyze the quantitative components of the research with the help of Statistical Package for Social Science (SPSS). Descriptive statistics such percentages, tables as well as

inferential statistics such as Kruskal-wallis test and Mann-Whitney U test were used to analyze the quantitative data. ANOVA was also run to see the mean variation of the aggregate institutional capacity.

Institutional Capacity: Concepts and Meaning

There is no universally accepted definition for the term institutions since people from various disciplines like economics, sociology, anthropology, political science and others define the concept in relation to their own profession (Goldsmith, 1992). North (1991) however, suggests multi-disciplinary meaning of the word institutions as "rules of the game in a society or, more formally, the humanly devised constraints that structure/shape political, economic and social interaction". In other words, to create order and reduce uncertainty in economic, political and social relationships, people have created both informal and formal restrictions which North has called institutions (Connor & Dovers, 2002; & Deolalikar et al., 2002). Informal constraints for North (1991) include customs, taboos, traditions, sanctions and code of conducts, whereas formal rules include, among other things, polices, regulations, property rights. These definitions however, emphasis on the soft ware elements of institution by neglecting the hard-ware components (structure and resources) that are also equally essential for institutions to exist.

The word institution is also conceptualized and defined interchangeably with organizations (see Dovers, 2001; Lusthaus et al., 2000; Goldsmith, 1992; Brinkerhoff, 1986; Uphoff, 1986; Davies, 1997). For Uphoff (1986), the term institutions and organizations can be used interchangeably though institutions are a complex of behaviors and norms that continue over time by serving some socially valued purposes while organization is a complex structure of accepted and recognized functions. Goldsmith (1992) also argues that in management and organizational theory, the primary definition of institutions usually represents an organization. In the context of international development assistance, Brinkerhoff (1986) also suggests that donor countries usually define institutions operationally as organizations. So, it is not unique if literature in public administration and development uses the two terms interchangeably.

There are also authors who argue that the concept of institution is inclusive and broader than the concept of organization. Bhagavan and Virgin (2004) for instance, define the word institution as entities or

organizations having legal personalities, with its own organizational structure, resources (human, technological, financial, infrastructure facilities) and with normative relationships and rules that establish and guide their action patterns. This study follows the Bhagavan and Virgin (2004) definition of institution. The term " institutions, specifically "local institutions", is used to refer to local organizations including local government organizations, MSEs from private sector and civil society organizations and rule of the game that entrenched and guide their action.

To successfully accomplish their functions and contribute to local economy, local institutions need to have the necessary institutional capacity (Rodriguez-Pose & Tijmstra, 2009). Little agreement however, exists as to how to define, assess and measure institutional capacity on the ground (Mizrahi, 2003; North, 1990; Rodriguez-Pose, 2013). Rather the existing literature defines and measures the concept only in specific context (e.g., Rodriguez-Pose, 2013). Barca (2009) for instance, defines institutional capacity as the capacity of institutions to successfully accomplish their mandated tasks effectively and achieve goals. Bhagavan and Virgin (2004) also conceptualize institutional capacity as the ability and competence of an institution to perform mandated operations and produce outcomes by deploying the necessary resources within a given context. In the context of this study, institutional capacity basically represents the capacity of urban local government, Micro and Small Enterprises (MSEs) and local civil society organizations (CSOs) to carry out their operations to achieve intended goals and hence, contribute to local economic development (LED) as well.

There is also lack of common agreement by scholars on the exact measure and indicator of institutional capacity. In this respect, literature provides varied measures and indicators of institutional capacity (see for example, UNDP, 1998; Matachi, 2006; Wickham et al., 2009; Lusthaus et al., 1995). According to UNDP (1998) and Matachi (2006), Physical and capital resource; intellectual resources; human resources; inter-institutional linkage (such as network, partnership); organizational structure which affect the utilization of the resources and leadership are factors that are used to measure and analyze the institutional capacity of organizations. Wickham et al. (2009), on the other hand, identified technical ability; leadership; legitimacy of the organizations; political support; enabling environment like legal framework and coordinating arrangements as essential components or indicators of institutional capacity. In addition, Lusthaus et al.

(1995) from their side identify framework to analyze institutional/ organizational capacity which entails: strategic leadership; quality of human resource; organizational structure; infrastructure and technology; financial resource management; program and process management and inter-institutional linkages/network capacity. Furthermore, De Vita and Twombly (2001) also identified 5 components of capacity framework used to analyze organizational capacity in which they argued to be common for any organizations including: leadership, vision and mission, resources, outreach, and products and services. Tobelem (1992) also proposed five analytic perspectives to assess institutional capacity including: rules of the game; inter-institutional relationships; internal organizations; personnel policies and reward system and personnel knowledge and skill levels.

However, these measurements or indicators of institutional capacity identified by different authors are not exclusive and independent instead, they are interdependent and most of them have related and common components that explain institutional capacity in their interpretation. In addition, none of the indicators identified by each authors is not complete enough to explain the concept alone. Moreover, there are no common institutional capacity measurement tools that can be used across institutions (Mizrahi, 2003). This study uses mix of institutional capacity indicators specifically, focuses on six key parameters that are considered to be essential for the success of local economic development initiatives: having clear vision and mission; leadership capacity; human resource capacity; financial resource capacity; technological capacity and capacity of networking and doing together.

Local Institutional Capacity and Local Economic Development

Local economic development (LED) is an alternative bottom-up development strategy to the top-down development approach (Rodriguez-Pose & Palavicini-Corona, 2013) that fails to create a significant and sustainable development at the local level (Mensah et al., 2019). The practice of the concept as an alternative developmental strategy was originated in industrialized regions like North America and Western Europe in 1960 and 1970s due to the direct falls in the economic growth of developed countries and other related challenges (Blakely, 1994; Harvey, 1989; Akudugu, 2013 & Mensah et al., 2013). The concept was however, spread to most developing countries including Sub-Saharan Africa starting from the late 1990s

with the objective to decrease poverty, unemployment & inequality at local level (Rodriguez-Pose & Tijmstra, 2009; Rogerson & Rogerson, 2010; Marais, 2010; Rogerson, 2010; Hampwaye & Rogerson, 2011). Though LED got relative importance in both developed and developing regions, there has been ongoing battle of ideas and struggle by many authors and authorities over the meaning of the term (Nel & Rogerson, 2005). In spite of this difficulties however, Blakely (1994), who is one of the early authors of the contemporary local economic development approach, defines local economic development (LED) as *"*a process by which local governments and/or community-based groups manage their existing resources and enter into new partnership arrangements with the private sector or each other to create new jobs and stimulate economic activity in a well-defined economic zone". The concept of LED also defined by Rodriguez-pose (2008a) and Rogerson (2010b) as a territorial, bottom-up, participatory approach and decentralized to stimulate the local economy by efficient and effective utilization locally existing resources with the ultimate aim to improve the quality of life for all. The definitions clearly show the importance of local resources and local stakeholders for the successful implementation of LED initiatives.

However, local institutions and stakeholders contribute more for LED initiatives only if they have the required institutional capacity (Rodriguez-Pose and Tijmstra, 2007). This is because the success of LED is closely related to the strength of institutional capacity found within an area (North, 1990; Gibs et al., 2001; Rodriguez-Pose, 2013). The objective achievement and the effectiveness of LED strategies highly relies on capacity of local institutions or organizations and thus, lack of institutional capacity by these organizations at local level obstruct the efficient, effective and equitable provision of public service and leads to failure in LED implementation (Swinburn et al., 2003). According to Rodriguez-Pose (2013), local institutions with capacity potentially have broad effects as "they generate place-specific forms of trust amongst economic actors and reduce transaction costs, provide collective goods, foster transparency, promote entrepreneurship, grease the functioning of labor markets, adapt in the face of shocks in order to provide problem-solving arrangements, and ultimately lead to greater economic efficiency*"*.

This indicates that the successful implementation of LED initiatives relies on the cumulative institutional capacity of local institutions found in localities. The more localities have sufficient institutional capacity, the more LED initiatives is successfully implemented and

sustainable in that locality. The opposite is true if local institutions have institutional capacity deficits. Thus, the potential institutional capacity of local institutions needs to be examined before actually implementing LED initiative.

RESULTS

Vision and Mission as a Measure of Institutional Capacity

There is a strong argument that vision and mission of the organization determines the organizational structure, resource flow and even destination of the organization (UNDP, 1997). Girma and Mare (2014) also added that 'organizations without clear vision and mission do not know where to go and they are like a man who pray God without due effort'.

Survey respondents were asked whether their institutions or enterprises have clear and attainable vision and mission and the extent of communicating the vision and mission with staff and concerned stakeholders. The results of survey questionnaire revealed that those survey respondents that evaluated existence of having clear and attainable vision and mission as 'agree' and 'strongly agree' together accounts 133(85.8%). Only 13(8.4%) evaluated the same institutional capacity parameter as 'strongly disagree' and 'disagree'. On the other hand, 9(5.8%) took neutral position on the existence of clear and attainable vision and mission of the local institutions in the study area. The effective communication of vision and mission helps employees and stakeholders to own the vision and mission so that they visualize the future and strategically uplift their organization and hence, contribute to the development of localities. Those survey respondents that rated the presence effective communication of the vision and mission to staff and concerned stakeholders as 'strongly agree' and 'agree' together constitutes 124(78.7%). Only 21(13.3%) of the survey respondents were rated the same issues as 'disagree'. Still 13(8.2%) were indifferent about the issues.

Non-parametric Kruskal Wallis test was run to see the mean difference in the institutional capacity among local institutions (city government, MSEs and CSOs) when measured from the perspective of having clear vision and mission. As indicated in table 5.1, the mean ranks of vision and mission (in both parameters) for CSOs is higher when compared with other two institutions.

Table 5.1

Kruskal Wallis Test Result on Mean Variation of Vision and Mission among Local Institutions

Vision and Mission Indicators	Type of institution	N	Mean Rank	x^2	Asymp. Sig.
Your institution/ enterprise has clear and attainable vision and mission	Government	49	73.10	3.239	.198
	MSEs	90	77.75		
	CSOs	16	94.41		
	Total	155			
Vision and mission of your institution/ enterprise is well communicated to all staff and concerned stakeholders	Government	50	77.90	6.546	.038
	Micro and Small Enterprises (MSEs)	92	76.22		
	Civil Society organizations (CSOs0	16	103.38		
	Total	158			

Source: Survey Questionnaire, 2021.

However, the Kruskal Wallis test result (X^2= 3.239, p-value = .198) for the first parameter indicates that there is no statistically significant variation in clarity and attainability of the vision and mission among the three local organizations at 5 % level of significance. On the other hand, the reason for the existence of mean difference in the second parameter (vision and mission communicated well) need further study as the same test p-value=.038 which is below .05 showed statistical difference with this respect among the local institutions at 5% level.

What we infer from the above fact is that local institutions in Adama city have a clear and attainable vision and mission. This implies that local institutions in the city have capacity when evaluated from the perspective of having clear and attainable vision and mission which can be an opportunity to implement LED initiatives. But, local institutions need to improve their efforts in effectively communicating the vision and mission to employees and concerned stakeholders.

Leadership Capacity

The availability of strong and highly committed leadership highly matters for LED initiatives to succeed. Leadership capacity of local institutions in the study area was assessed using three important

key institutional capacity parameters: capacity to set direction and create symbol of mission; capacity to mobilize and commit sufficient resources to realize intended goals; and capacity to support and motivate staff and concerned stakeholders toward goals.

As shown in table 5.2, 13(8.4%) and 60 (38.7%) of the survey respondents rated the leadership capacity of local institutions in Adama city in setting clear direction and creating symbol of mission as 'strongly agree' and 'agree' respectively. On the other hand, those survey respondents that rated the leadership capacity of local institutions measured along the same parameters as 'strong disagree' and 'disagree' together constitutes 52(33.5%) while 29(18.4%) took neutral position with regard to the leadership capacity of local institutions from the perspective of setting clear direction and inculcating symbol of mission in the minds of employees and concerned stakeholders.

Table 5.2

Perception of Respondents on the Leadership Capacity of Their Institutions/ or Enterprises

S.N	Leadership Capacity parameters	Strongly agree		Agree		No Opinion		Disagree		Strongly disagree	
		F	%	F	%	F	%	F	%	F	%
1	Your institution/enterprise has leaders that have a capacity to set direction and create symbol of mission	13	8.4	60	38.7	29	18.4	52	33.5	1	0.6
2	Your institution/enterprise has leaders that strive to mobilize and commit sufficient resource to realize intended goals	15	9.6	44	28.2	16	10.3	80	51.3	1	0.6
3	The effort made by the leader of your institution/enterprise in supporting and motivating employees to improve their performance is appreciated	8	5.1	38	24.8	17	10.8	92	58.2	3	1.9

Source: Survey questionnaire, 2021.

Capacity to exert full effort to mobilize and commit adequate resources to realize the intended goal is the other important parameter to evaluate leadership quality of institutions. Descriptive statistics indicate that survey respondents that rated leadership capacity of local institutions in effectively mobilizing and committing resources as' strongly agree and 'agree' together accounts 59 (37.8%). On the other hand, those survey respondents that rated the leadership of local institutions from the same parameter as 'strongly disagree' and 'disagree' together constitutes about 81 (52%) while 16 (10.3%) lack opinion about the leadership capacity of local institutions in Adama city when evaluated along same parameter. Again, the result also showed that majority (1.9% and 58.2%) of the respondents evaluated the leadership capacity of local institutions in supporting and motivating employees as 'strongly disagree' and 'disagree' respectively. On the other hand, 8 (5.1%) and 38 (24.8%) of the survey respondents rated the leadership capacity of local institutions along the indicated parameters as 'strongly agree' and 'agree' respectively. Of course, 10.8% of the respondents took neutral view on the same issue.

Kruskal Wallis test was conducted to see the mean difference in the leadership capacity among local institutions (city government, MSEs and CSOs) based on leadership capacity parameters discussed above. As shown in table 5.3, the mean ranks of leadership capacity to 'set direction and support and motivate employees' are slightly higher for CSOs than the other two organizations.

On the other hand, the mean ranks of leadership capacity to 'mobilize and commit resources' are slightly higher for urban local government when compared with other two sectors. However, the Kruskal Wallis test p-value or asymptotic sig (2-tailed) results greater than *.05* for all parameters showed that there is no statistically significant variation in the leadership capacity among the local institutions at 5 % level of significance. This means, all respondents have a view that local institutions in Adama city lacks leadership having the required capacity.

Table 5.3

Kruskal Wallis Test Result on Leadership Capacity Variation among Local Institutions

Leadership Parameters	Type Institutions	N	Mean Rank	x^2	Asymp. Sig
Your institution/enterprise has leaders that have a capacity to set direction and create symbol of mission	Government	49	80.21	2.966	.227
	MSEs	90	74.08		
	CSOs	16	93.28		
	Total	**155**			
Your institution/enterprise has leaders that strive to mobilize and commit sufficient resource to realize intended goals	Government	49	85.42	2.591	.274
	MSEs	91	74.03		
	CSOs	16	82.72		
	Total	**156**			
The effort made by the leader of your institution/enterprise in supporting and motivating employees to improve their performance is appreciated	Government	50	77.34	.207	.901
	MSEs	92	80.47		
	CSOs	16	80.69		
	Total	**158**			

Source: Survey Questionnaire, 2021.

Interview held with key city government and non-government officials and experts also confirmed that most local institutions in Adama city were suffering from lack of qualified and capable leadership and even they associated the current development challenge of the city with existence poor leadership particularly, in government sectors.

The above facts and discussion reveals that leaders of local institutions in Adama city have the capacity to set direction. However, the overall evaluation reveals that local institutions in Adama city suffered from acute shortage of capable leadership with the quality to mobilize and commit resources as well as leaders to motivate employees realize intended goals. This is a threat than opportunity for LED initiatives in the locality. This means, in localities like Adama city where there is shortage of strategic leadership, the adoption of LED initiatives as the only development strategy creates harm.

Human Resource Capacity

There is a general agreement that capable human resource is a valuable asset for organizations and for localities to properly implement local

development initiatives. Human resource as one of the important dimensions of institutional capacity of local institution in Adama city was investigated based on key important human resource capacity indicators: effective human resource development policy, qualification and commitment of existing HR as well as regular training and development provided for employees.

Having unambiguous, transparent and effective human resource development policy is a key indicator of human resource capacity of local institutions. As descriptive statistics showed, those survey respondents that evaluated the capacity of human resources of their organizations from this perspective as 'strongly disagree' and 'disagree' together constitutes 89 (56.4%). In contrary, those respondents that evaluated the human resource capacity of local institutions in Adama city with the indicated human resource capacity parameter as 'strongly agree and agree' to together account 53 (35.5%). About 10% of the respondents lack opinion about the human resource capacity in city from the perspective of having clear, transparent and effective human resource policy. This reveals that local institutions in Adama city lack clear, transparent and effective human resource development policy. This may negatively affects the successful implementation of city development plans and initiatives.

The commitment and qualification of human resource of local institutions in Adama city was also assessed. Accordingly, majority (4.5% and 56.7%) of the survey respondents rated as 'strongly disagree and disagree' respectively with the commitment and qualification of human resources of local institutions found in the city. On the other hand, those survey respondents that 'strongly agree and agree' with the high commitment and qualification of HR of local institutions in Adama city together accounts 31.2%. Very few (7.6%) were neither agree nor disagree (took neutral position) with regard to the commitment and qualification of HR local institutions in Adama City Administration. This again, attested that local institutions in city have suffered from committed and qualified human resource.

The other key parameter to evaluate human resource capacity of the organization is the extent of regular training and development provided for its employees to improve performance. Survey respondents were asked their agreement with the regularity of training and development provided for staff by their organizations and result reveals that those

respondents that 'strongly disagree and disagree' with the indicated parameter of human resource capacity of local institutions together constitutes about 93 (59%). On the contrary, those survey respondents that 'strongly agree and agree' with the provision of regular training and development for employees by their organizations were 6.3% and 25.9% respectively. Some (8.2%) lacks adequate information about the issues. The result confirmed existence of capacity gaps in providing the required training and development for manpower of local institutions in Adama city.

Kruskal Wallis test was run to see the mean difference in the human resource capacity among sampled local institutions in Adama city based on human resource capacity indicators discussed above. As shown in table 5.4, the mean ranks of human resource capacity measured from the perspective of 'having clear, transparent and effective HR development Policy' seems to be higher for city government when compared with the other two institutions. On the other hand, the mean ranks of HR capacity along 'having committed and qualified HR' is slightly higher for MSEs when compared with the other two sectors while the mean ranks with regard to the 'provision of regular training and development for staff' as HR capacity parameter is higher for CSOs.

However, the Kruskal Wallis test p-value or asymptotic sig (2-tailed) results greater than *.05* for three HR capacity parameters attested that there is no statistically significant variation in the HR capacity among the local institutions at 5% level of significance. This means, survey respondents have similar view on the absence of adequate HR capacity in various local institutions in Adama City Administration.

Table 5.4

Kruskal Wallis Test Result on HR Capacity Variation among Local Institutions

Human Resource capacity	Local Institutions	N	Mean Rank	x^2	Asymp. Sig
Your institution/ enterprise has clear, transparent and effective human resource development policy	Government	50	86.17	2.224	.329
	MSEs	92	77.33		
	CSOs	16	71.13		
	Total	**158**			
All positions in your institution/enterprise are filled with committed manpower with adequate qualification	Government	49	75.15	3.535	.171
	MSEs	92	83.52		
	CSOs	16	64.78		
	Total	**157**			
There is regular Training and development for employees of your institution/enterprise to improve their performance	Government	50	80.95	2.216	.330
	MSEs	92	76.44		
	CSOs	16	92.56		
	Total	**158**			

Source: Survey Questionnaire, 2021.

The result obtained through survey questionnaire was also triangulated with data collected through interview held with concerned state and non-state officials and experts on the human resource capacity of local institutions in the study area. Results obtained through interview do not diverge from the results of the survey. All interviewees unanimously agree that though qualified manpower plays essential roles in effectively translating development plans and initiatives to action at local level, local institutions in Adama city were suffered from acute shortage of HR in terms of number, knowledge, skills and attitudes as well as experience.

Interview held with various stakeholders also revealed that most positions, particularly that of city government offices were vacant and unoccupied and even the existing manpower lacks adequate qualifications that fit for positions. Interviewees basically associated the problem of manpower with prevalence of poor remunerations and

benefit packages provided for employees. Interview results further attested that existing staff did not undertake their responsibilities properly due to unnecessary political intervention and influence. Discussion held with one interview participant showed that *'politicization and associating every work with politics is the other reason for the loss of many experts in many of city government sectors. He also further confirmed that positions in government were currently filled with unqualified staff and with those people that have no other job alternative'.*

Interview participants also raised gaps in the human resource development policy and system of city government offices. They confirmed that most city government offices do not have human resource plan (HRP) and strategy. In addition, city government lacked clear career promotion system and this limits employees' opportunity to grow and improve their career for more organizational performance. Moreover, interview participants also raised gaps in the employees training and development system of the city government. Participants attested that most city government offices lacks clear training and development guidelines and most of the trainings provided were not demand-based.

The situation of man-power in non-government institutions was not exceptional, according to the interview participants. Interview witnesses that most CSOs were also suffered from shortage of human capital possessing the required skills and experiences due to low benefit packages to retain and attract qualified experts.

What we can generally concluded from the above facts and discussions is that local institutions in Adama city were suffered from acute shortage of human resources both in term of quantity, quality and system. LED initiatives leads to failure in localities such as Adama City where local institutions lack effective human resource capacity.

Financial Capacity

There is an argument that any local development plan and initiatives without sufficient financial capacity is like 'a gun without bullet'. This reveals that financial capacity and commitment is the motor engine to effectively implement local development initiatives. The financial capacity of local institutions in Adama city was assessed through

survey questionnaire using financial capacity indicators: *financial management and accounting system; ability to access and mobilize adequate financial resource; and budget autonomy.*

Respondents were asked to evaluate the effectiveness of the financial management and accounting system of local institutions in Adama city. While 79 (50.3%) of the respondents have reservation with the effectiveness of financial management and accounting system of the institutions, around 65 (41.3%) appreciated the financial management and accounting system of local institutions in Adama city.

In addition, respondents that rated the capacity of local institutions in Adama city to mobilize sufficient financial resource as 'strongly disagree and disagree' together accounts 89 (56.4%). On the other hand, those respondents that rated the same issue as 'strongly agree and agree' together constitutes 59 (37.3%). Of course, very few (6.3%) took neutral position on the capacity of local institutions to access and mobilize adequate financial resources used to realize the goal of their organization.

With respect to the autonomy of local institutions over their budgets, majority 87 (55%) of the respondents believed that local institutions lack full autonomy over their own budget while 56 (35.4%) had the opposite view. Some (9.5%) refrained from evaluating the budget autonomy of local institutions of Adama city government.

Kruskal Wallis test was conducted to see the mean variation in the financial capacity among local institutions (city government, MSEs and CSOs) found in Adama city based on the financial capacity parameters discussed above. As shown in table 5.5, the mean ranks of financial capacity measured from the perspective of 'having effective financial management and accounting system and the ability to access and mobilize adequate financial resources' were slightly higher for CSOs when compared with the other two institutions. On the other hand, mean rank of financial capacity of local institutions in terms of 'having budget autonomy' is slightly higher for MSEs when compared with the other two institutions.

However, the Kruskal Wallis test p-value or asymptotic sig (2-tailed) results greater than *.05* for financial capacity along the parameters discussed above attested that there is no statistically significant mean

variation in the financial capacity among the local institutions at 5 % level of significance. This means, survey respondents have the same position on the existence of inadequate financial capacity in various local institutions found in Adama city government.

Table 5.5

Kruskal Wallis Test Result on Financial Capacity Variation among Local Institutions

Financial capacity	Local Institutions	N	Mean Rank	Chi-Square	Asymp. Sig
Your institution/enterprise has effective financial management and accounting system	Government	50	70.82	5.677	.059
	MSEs	91	79.95		
	CSOs	16	99.16		
	Total	157			
Your institution/enterprise has the ability to access and mobilize adequate financial resource that meets its financial requirements	Government	50	79.59	.390	.823
	MSEs	92	78.42		
	CSOs	16	85.44		
	Total	158			
Your institution/enterprise has autonomy over its own budget	Government	50	73.77	1.384	.501
	MSEs	92	82.19		
	CSOs	16	81.94		
	Total	158			

Source: Survey Questionnaire, 2021.

Non-parametric Mann-Whitney U test was also run to see the difference in the perception of male and female respondents with respect to the financial capacity of local institutions in Adama city. As shown in table 5.6 below, the mean ranks of financial capacity along 'having effective financial management and accounting system and the ability to access and mobilize adequate financial resources' were seems to be higher for male respondents, while the mean ranks of financial capacity from the perspective 'budget autonomy' was higher for female respondents. However, the Mann-Whitney U test p-value or asymptotic sig (2-tailed) above .05 along indicated parameters reveals that there is no statistically significant difference in the financial capacity of local institutions in Adama city government at 5 % level of significance.

Table 5.6

Mann-Whitney U Test Result on Financial Capacity Difference between Male and Female Respondents

	Types of enterprise	N	Mean Rank	Mann-Whitney U	Asymp. Sig. (2-tailed)
Your institution/ enterprise has effective financial management and accounting system	Male	105	80.95	2525.500	.407
	Female	52	75.07		
	Total	157			
Your institution/ enterprise has the ability to access and mobilize adequate financial resource that meets its financial requirements	Male	106	81.19	2576.500	.464
	Female	52	76.05		
	Total	158			
Your institution/enterprise has autonomy over its own budget	Male	106	77.27	2520.000	.338
	Female	52	84.04		
	Total	158			

Source: Survey Questionnaire, 2021.

Data was also collected through qualitative instruments to triangulate and ensure results of survey questionnaire and the result did not contradict each other. Interview results obtained from the concerned stakeholders confirmed that local institutions in Adama city had weak financial capacity. Interview participants from city government officials reveal that there is always mismatch between the revenue and expenditure of the city government. City government budget requirements and commitments are always for apart which leads to poor implementation of their development plans. Majority of the financial resource requirements of the city government was covered and subsidized by the regional governments, according to interview participants. Evidence reveals that the city government highly relies on central and regional government's transfer which roughly accounts about 75% city's total annual revenue while revenue collected from local sources covers below 25% of the city's annual revenue(OECD/ PSI, 2020).

Participants associated the weak financial capacity of the city government with poor financial management that ensure accountability as well as lack of qualified HR that generate and mobilize sufficient revenue. Evidence reveals that absence of clear and transparent budget allocation criteria and utilization as well as absence of strong auditing system exposes and open door for corruptions and this challenges the financial capacity of city government. Existence of limited tax base is the other challenge of the city government, according to participants. One participant stated that '*the city government collected huge tax revenue from businesses and activities found in the city on behalf of the regional and central governments. But the share of city government from the total revenue collected is very minimal'*. This means, limited tax base and lack of budget decentralization were challenging city government's financial capacity.

Weak financial capacity also prevailed at non-state institutions. Interview participants confirmed that both MSEs and CSOs also suffered from financial crisis due to various reasons. For instance, CSOs suffered from financial limitations due to lack of qualified man-power that can mobilize sufficient finance as well as poor members' financial contributions. Donor fatigues, scarce funding opportunities, too many pre-conditions to participate in funding donations and limited autonomy over available financial resources were also the main challenges of financial capacity for CSOs, according to interview participants. Most MSEs in Adama city were also experienced serious financial limitation due to limited access to credit facilities and lack of the required collateral to get finance for their businesses. In addition, the prevailing poor financial management system also limits the financial capacity of MSEs, according to interview participants.

It can be possible to infer from the above facts and discussions that local institutions in Adama city suffered from poor financial capacity. Weak financial capacity of local institutions in Adama city was basically linked to poor financial management that ensure accountability, limited tax base and budget centralization (particularly for city government), high financial dependency on external sources, absence of qualified human capital to mobilize sufficient resources and limited access to adequate financial institutions as well as lack of autonomy over own budgets. In localities where local institutions are financially weak, the implementation of LED initiatives leads to failure.

Technological Capacity

There is a strong argument that local development plans and initiatives are more realized and achieved the intended results when local development stakeholders have access to adequate technologies that support their functions. This means, for the successful implementations of LED initiatives, local institutions need be organized and accessible to available technologies like computer, access to internet, fax, electronic communication and others to be efficient and effective. The capacity of local institutions in Adama city in access to adequate and appropriate technologies in undertaking their activities was investigated by the researcher based on key technological capacity parameters: access to adequate technologies; access to appropriate technologies and prevalence of adequate system to manage and utilize available technologies.

The result of survey questionnaire reveals that majority 108 (69.2%) of the respondents who filled the questionnaire do not agree with the accessibility of local institutions in Adama city to adequate technologies. Only 43 (27.8%) agree that local institutions in Adama city have access to adequate technologies. Of course, some (3%) took neutral position with the accessibility of local institutions to adequate technologies. This implies that local institutions in Adama city did not have access to sufficient technologies to undertake their daily activities.

In the same way, while majorities 103 (65.6%) of the survey respondents also disagree with the accessibility of the local institutions to the right and appropriate technologies, only 27.3% agree with accessibilities of institutions in Adama city government to the right technologies that support their duties. Very few (7%) refrained from evaluating the accessibility of local institutions to the appropriate technologies. This suggests that local institutions in Adama city lack the right and appropriate technologies to undertake their day to day activities.

Survey respondents were also asked to evaluate whether local institutions in Adama City Administration have adequate systems to manage and utilize available technologies. Result confirms that 85 (54%) of the survey respondents agree with the absence of adequate systems to manage and utilize the available technologies by local institutions while 62 (39.5%) disagree with the availability of sufficient

system to administer and utilize existing technologies. Some (6.4%) were indifferent about the issue.

Non-parametric Mann-Whitney U test was conducted to see difference in the perception of male and female respondents with respect to the technological capacity of local institutions. As shown in table 5.6, the mean ranks of technological capacity in all parameters for male are higher than female. This suggests that male respondents were more disagree with the existence of technological capacity of local institutions than female respondents. But, the results of Mann-Whitney U test p-value or asymptotic sig (2-tailed) above .05 in all parameters confirmed that there is no statistically significant difference with respect to technological capacity of local institutions between male and female at 5 % level of significance.

Table 5.7

Mann-Whitney U Test Result of Mean Difference on Technological between Male and Female Respondents

	Types of institution	N	Mean Rank	Mann-Whitney U	Asymp. Sig. (2-tailed)
Your institution/enterprise has access to adequate technologies (such as computer, communication network, access to internet) to carryout functions	Male	105	80.18	2501.500	.433
	Female	51	75.05		
	Total	156		2440.500	.211
Your institution/enterprise has access to appropriate technologies to perform tasks	Male	105	81.76		
	Female	52	73.43		
	Total	157			
Your institution/enterprise has adequate system to manage and utilizes the available technologies	Male	105	81.53	2464.500	.273
	Female	52	73.89		
	Total	157			

Source: Survey Questionnaire, 2021.

Kruskal Wallis test was also run to see mean variation in the technological capacity of sampled local institutions (city government,

MSEs and CSOs) included in the study along the technological capacity indicators discussed above. As shown in table 5.8, the mean ranks of technological capacity measured from all parameters seems to be slightly higher for CSOs when compared with the other two institutions. This suggests that CSOs in Adama city had better technological capacity than city government and MSEs. However, the Kruskal Wallis test p-value or asymptotic sig (2-tailed) results above than .05 for financial capacity along all the stated indicators confirmed that there is no statistically significant mean variation in the technological capacity of local institutions at 5 % level of significance. This means, survey respondents have similar opinion with regard to insufficient technological capacity of local institutions in Adama city.

Table 5.8

Kruskal Wallis Test Results of Mean Variation on Technological Capacity among Local Institutions

Technological capacity	Type of Institutions	N	Mean Rank	Chi-Square	Asymp. Sig
Your institution/enterprise has access to adequate technologies (such as computer, communication network, access to internet) to carryout functions	Government	49	84.79	.227	.125
	MSEs	91	73.30		
	CSOs	16	88.84		
	Total	156			
Your institution/enterprise has access to appropriate technologies to perform tasks	Government	49	80.62	1.968	.374
	MSEs	92	76.13		
	CSOs	16	90.56		
	Total	157			
Your institution/enterprise has adequate system to manage and utilizes the available technologies	Government	49	75.22	2.289	.318
	MSEs	92	78.57		
	CSOs	16	93.03		
	Total	157			

Source: Survey Questionnaire, 2021.

Qualitative information was also collected to triangulate with data gathered through survey questionnaire and results converged. Interview held with concerned city government officials reveal that some experts and professional level civil servants have access to computer. However, participants have the view that most city government offices were far away from 'one computer one-man

principles' and there is lack of important computer accessories like printers, photocopy machines, fax, and internet. This creates dissatisfaction among employees. In addition, some employees have skill gaps in using computers, according to interview participants. This implies that development plans and programs of the city governments were not that much supported by modern technologies, rather most civil servants were doing their jobs manually. LED initiatives do not bring the intended results in localities where government offices are suffering from acute shortage of modern technologies and most works are done manually.

The same is true for non-state institutions; particularly most MSEs were very far away from using technologies. Most offices and places of MSEs were not accessible to modern technologies such as internet and communication networks due to poor office facilities and skill gaps among majority of employees to utilize the available technologies. In the same way, most MSEs do not utilize latest machines and technologies for their activities, instead relies on traditional and backward machines and tools, according to interview participants. Of course, limited number of MSEs has access to modern machines and technologies for their functions. The position of CSOs was better in using modern technologies when compared with government offices and MSEs, according to interview participants. This is also supported by survey results.

In general, the day to day functions of local institutions in Adama city were not that much supported by modern technologies, rather most employees particularly that of city governments were doing their jobs manually. LED initiatives do not bring the intended results in localities where development stakeholders lack modern technologies and most works are done manually.

Capacity to Create Inter-Institutional Linkage and Networking

Evidence reveals that the successful planning and implementation of LED initiatives cannot be realized unless local institutions have the capacity to work together with other organizations. Coetzee (2014) rightly argued that networking and doing together have advantages of pooling competencies and experiences, skills, resources; improved efficiency and effectiveness; increased problem-solving capacity; increased learning ability of the partners and others. But organizations

enjoyed the benefits of networking and hence, contribute more to local development plans and initiatives only if they have the capacity to create linkage and networking with other institutions that have common goals. The capacity of local institutions found in Adama city to create linkage and networking was assessed using networking indicators.

Respondents were asked their agreement with the prevalence of *clear policy and strategy supporting collaborative efforts* in their institution. Results of survey questionnaire indicated that about 81(50.6%) of the respondents do not agree with the existence of policy and strategy encouraging collaborative endeavor while 62(39.2%) agree with the availability of policy supporting networking and institutional linkages. Very few (10.1%) lacks opinion on the issue. This suggests that majority of survey respondents believe that local institutions in Adama city do not have clear institutional networking policy and strategy.

Beyond policy, the capacity of local institutions to practice partnership and networking also matters. Having collaborative policy by organizations itself might not be a guarantee to get the benefits of networking and doing together, rather collaborating institutions must have capacity particularly in terms of man-power to maximize the benefits of the collaborative endeavors. Survey questionnaire showed that majority 95 (60%) of the respondents do not agree with the prevalence of capacity of local institutions to practice networking to achieve organizational goals. On the other hand, only 54 (34%) of the survey respondents agree with the capacity of local institutions to practice institutional linkages and networking. Of course, some (5.7%) took neutral position in evaluating the capacity local institutions to exercise collaborative activities.

Readiness for organizational learning is the other capacity parameter used to measure inter-institutional linkage. Survey respondents were asked about the extent to which their organizations are ready and show interest for organizational learning and collaboration, and the result reveals that majority 102 (63.3%) of the respondents do not agree with the readiness of their organization/ or enterprises for organizational learning while around 44 (27.8%) agree with the capacity of their organizations with this capacity parameter.

Kruskal Wallis test was run to see difference in the collaborative and networking capacity of the sampled local institutions (city

government, MSEs and CSOs) included in the study. As shown in table 5.9, the mean ranks of networking capacity measured along 'having clear collaborative policy and effort for organizational learning and collaborative initiatives' were slightly higher for government institution when compared with MSEs and CSOs. On the other hand, mean ranks of networking and collaboration evaluated along 'the capacity to practice collaborative policy' was higher for CSOs.

However, the Kruskal Wallis test p-value or asymptotic sig (2-tailed) results greater than .05 for all collaborative capacity parameters suggested that there is no statistically significant mean difference in the capacity of local institutions to work with others at 5 % level of significance. This means, survey respondents have similar view with regard to poor networking and collaborative capacity of sampled local institutions included in the study.

Table 5.9

Kruskal Wallis Test Results on Networking Capacity Mean Difference among Sampled Local Institutions

Technological capacity	Local Institutions	N	Mean Rank	Chi-Square	Asymp. Sig
Your institution/enterprise has clear policy and strategy supporting collaborative effort made with other institutions that have common interest	Government	50	84.94	1.235	.539
	MSEs	92	77.07		
	CSOs	16	76.50		
	Total	158			
Your Institution/Enterprise has the capacity to practice partnerships and networking to achieve organizational goals	Government	50	72.55	2.173	.337
	MSEs	92	82.43		
	CSOs	16	84.34		
	Total	158			
Your institutions/ enterprise made good effort for organizational learning and collaborative initiatives	Government	50	87.70	3.636	.162
	MSEs	92	76.86		
	CSOs	16	69.06		
	Total	158			

Source: Survey Questionnaire, 2021.

Mann-Whitney U test was also conducted to see the difference in the perception of male and female respondents with respect to the capacity

of sampled local institutions in creating networking and institutional linkage. As shown in table 5.10, the mean ranks of collaborative capacity measured along 'having clear collaborative policy and effort for organizational learning and collaborative initiatives' for male were higher than female. On the other hand, the mean rank of networking capacity of sampled local institutions evaluated along 'the capacity to practice collaborative policy' was higher for female respondents. However, the results of Mann-Whitney U test p-value or asymptotic sig (2-tailed) greater than .05 in all parameters confirmed that there is no statistically significant difference with respect to collaboration capacity of sampled local institutions between male and female at 5 % level of significance.

Table 5.10

Mann-Whitney U Test Results of Networking Capacity Difference between Male and Female Respondents

	Types of enterprise	N	Mean Ranks	Mann-Whitney U	Asymp. Sig. (2-tailed)
Your institution/ enterprise has clear policy and strategy supporting collaborative effort made with other institutions that have common interest	Male	106	80.50	2650.000	.668
	Female	52	77.46		
	Total	158		2661.500	.694
Your Institution/ Enterprise has the capacity to practice partnerships and networking to achieve organizational goals	Male	106	80.39		
	Female	52	77.68		
	Total	158			
Your institutions/ enterprise made good effort for organizational learning and collaborative initiatives	Male	106	76.99	2490.000	.257
	Female	52	84.62		
	Total	158			

Source: Survey Questionnaire, 2021.

The above facts suggested that majority of local institutions in Adama city experienced serious capacity problems to create institutional

linkage and networking that believes to support them to successfully achieve organizational mission hence, contribute to local development. The implementation of LED as the *only development strategy* leads to failure in conditions where local institutions have poor capacity for collaboration and networking.

Overall Institutional Capacity

The overall institutional capacity of local institutions in the study area was also investigated by merging key institutional capacity parameters discussed above to composite variable through transformation process with the help of SPSS application.

Accordingly, as shown in table 5.11, 58% of the overall and aggregate institutional capacity below 3 suggested that local institutions in Adama city had serious institutional capacity limitations. The implementation of LED initiatives as the *only development strategy* leads to failure in localities where concerned local institutions have acute shortage of institutional capacity.

Table 5.11

The Overall Institutional Capacity of Local Institutions

Level of Capacity	Frequency	Valid Percent	Mean	Standard deviation
Less than 3 (Low)	90	58	2.9639	.541
Equal to 3 (Neither low nor High)	13	8.4		
Greater than 3 (High)	52	33.6		
Total	155	100.0		

Source: Own survey Questionnaire, 2021.

ANOVA test was conducted to see mean difference in the overall institutional capacity among sampled local institutions (city government, MSEs and CSOs) included in the study. Accordingly, as indicated in table 5.12, the aggregate mean of institutional capacity is slightly higher for CSOs when compared with the other two. However, ANOVA test (F-statistic=.482 and p-value or asymptotic sig. (2-tailed) = .618) suggested that there is no statistically significant difference in the mean value of composite institutional capacity among sampled local institutions at 5% level of significance.

Table 5.12

ANOVA Descriptive Summary: Average Overall Institutional Capacity of Local Institutions

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean	
					Lower Bound	Upper Bound
Government	48	2.9777	.51298	.07404	2.8287	3.1266
MSEs	92	2.9374	.56077	.05846	2.8213	3.0536
CSOs	15	3.0824	.52132	.13460	2.7937	3.3711
Total	155	2.9639	.54100	.04345	2.8781	3.0498

Source: Own survey, 2021.

This means the average difference of the overall institutional capacity among local institutions (local government, MSEs and CSOs) is insignificant and hence, we arrive at the conclusion that there is no real difference.

Table 5.13

F-test (ANOVA) Results of the Overall Institutional Capacity

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.284	2	.142	.482	.618
Within Groups	44.789	152	.295		
Total	45.073	154			

Source: Own survey, 2021

CONCLUSIONS AND SUGGESTIONS FOR FURTHER STUDY

The central aim of this chapter was to examine institutional capacity of local institutions and its implication for the promotion of LED strategy in Adama city Administration. The following major findings related to the issues were drawn based on the information collected from various sources;

Local institutions in Adama city have a clear and attainable vision and mission. This indicates that local institutions in the city have capacity when evaluated along having clear and attainable vision and mission which can be considered as an opportunity to implement LED initiatives. But, statistical test showed existence of difference among local institutions in effectively communicating the vision and mission. The overall leadership capacity evaluation reveals that local institutions in Adama city suffered from acute shortage of capable leadership with the quality to mobilize and commit resources as well as leaders to motivate employees realize intended goals. This is a threat than opportunity for LED initiatives. This means in localities like Adama city where there is shortage of strategic leadership, the adoption of LED initiatives as the only development strategy might not contribute improvement in the life of local community.

Most local institutions in Adama city suffered from acute shortage of human resources both in term of quantity, quality and system. LED strategy leads to failure in localities where there is lack of effective human resource development policy and system.

Local institutions in Adama city suffered from poor financial capacity. Weak financial capacity of local institutions in the study area was basically linked to poor financial management that ensure accountability; limited tax base and budget centralization (particularly for city government); high financial dependency on external sources; absence of qualified human capital to mobilize sufficient resources and limited access to adequate financial institutions as well as lack of autonomy over own budgets. In localities where local institutions are financially weak, implementation of LED initiatives leads to failure.
The day to day functions of local institutions in Adama city were not that much supported by modern technologies, rather most employees particularly that of local governments were doing their jobs manually. LED initiatives do not bring the intended results in the study area where development stakeholders lack modern technologies and most works are done manually.

Majority of local institutions in the study area have experienced serious capacity problems to create institutional linkage and networking that believed support them to successfully achieve organizational mission and hence, contribute local development. The implementation of LED

as a bottom-up development strategy leads to failure in conditions where local institutions lacks institutional capacity to create linkage and networking with institutions that have common purposes. Because LED as a development strategy could not be achieved by the effort a single sector alone, instead it requires institutional linkage and doing together with all concerned stake-holders. However, for local institutions to create linkage and contribute more towards LED, they need to have experience and knowledge of doing together in which the study area is lacking.

Suggestions for Further Study

The successful implementation of LED initiatives can be influenced either positively or negatively by individual, organizational and system/or environment level capacity. This study however, confined to institutional/organizational level capacity and its implication for the success of LED initiatives. Therefore, further research can be undertaken on individual and system level capacity to have better understanding the potential of locality for the successful adoption of LED.

Institutional capacity of local institutions that believes to determine the success of LED initiatives in this study was measured only along six institutional capacity parameters. So, research can be carried out to investigate the remaining institutional capacity parameters and its implication on LED either in similar or different context.

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ENDNOTES

[1] *Chi-square*
[2] *OECD-Organization for Economic Cooperation and Development*
[3] *PSI-Policy Study Institutive*
[4] Aggregate/composite mean=2.9639 (on the basis of 5 point likert-scale from original survey questionnaire)

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