



Press release 24-3-2016

INCREASING SKILLS OF MANAGERS AND WORKERS COULD BE KEY TO DEVELOPING MOZAMBIQUE'S PRIVATE SECTOR

New research from the International Growth Centre (IGC) examines whether business skills and training for managers and workers could positively impact private sector development and economic growth in Mozambique. Researchers from the IGC presented preliminary results from three projects at [an event](#) co-hosted by the Ministry of the Economy and Finance at the Hotel Avenida on 24 March 2016, entitled [“Workshop on Private Sector Development in Mozambique: Focus on Managers and Workers”](#). The projects examine i) how vocational training could help increase workers’ productivity and earnings; ii) how business skills and technology can help develop microenterprises and iii) how financial practices of executives impact the performance of large corporations.

“We are working closely with the Ministry of the Economy and Finance to support research on the country’s management practices and its labour force. Our aim is for this research evidence to inform policies that will enable the development of Mozambique’s private sector,” said Claudio Frischtak, IGC Mozambique Country Director.

Business Skills and Training

The low level of technical skills of the Mozambican labour force is one of the factors constraining growth in sectors such as manufacturing and construction¹. The IGC is sponsoring two projects examining how business skills and vocational training for Mozambican workers could help develop the national labour market. [One project](#) is examining the current availability of [vocational training](#) and identifying ways to improve and expand it, which could help increase productivity and earnings, in particular amongst those who are less skilled. [Preliminary evidence from another project on microenterprise development](#) has found that providing business training to vendors in urban markets in the Maputo area increased their total sales by 64%. Additionally, providing a combination of business training and a mobile money account for vendors helped them grow their businesses even more.

Financial Expertise of Managers

Research shows that good management practices are linked to higher GDP per capita, but the implementation of good management practices is very limited in Mozambique, even when compared to other African countries². An [IGC project](#) is studying the financial expertise of the top executives of Mozambique’s largest firms and investigating whether there is a link between the financial expertise of top executives and the firms’ performance. Preliminary results show that financial expertise does have a role in the decisions that managers make in these large firms, implying that promoting financial training programmes for executives could have a positive effect on private sector development.

¹ An IGC study on Mozambique’s construction industry found that the workforce is not sufficiently qualified and management practices are poor. More information about this study is available here: <http://www.theigc.org/project/construction-industry-and-construction-materials-industry/>

² An IGC study found Mozambique to be at the bottom of a management index that scores firms on a set of basic management practices. More information on this study is available here: <http://www.theigc.org/project/management-practices-in-the-manufacturing-sector-in-mozambique/>

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Notes to Editors

The International Growth Centre:

The International Growth Centre (IGC – www.theigc.org) aims to promote sustainable growth in developing countries by providing demand-led policy advice based on frontier research. Based at the London School of Economics and Political Science and partnership with the University of Oxford, the IGC is funded by the UK Department of International Development (DFID).

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