

ENTREPRENEURSHIP AND LEADERSHIP

By: THANDAZILE S. MPOFU

Personal Details

Age: 28

Date of birth: 24 November 1978

Citizenship: Zimbabwe

INTRODUCTION

Zimbabwe is my home in the southern part of Africa, whose name means ‘Houses of Stone.’ To many this title may not seem an apt description for a country that is in serious economic and social decline – an inflation rate of 3371.9% as at 30 April 2007; the HIV/AIDS pandemic affects 18% - 20% of the population and results in approximately 3000 deaths per week; about 80% of the population is living below the poverty line. However, the sturdy resilience and fortitude with which my countrymen meet these difficulties on a daily basis makes them, in my opinion, true Houses of Stone.

The Self-Employment Solution

As a result of the country’s hardships, many Zimbabweans have opted to migrate to other lands seeking greener pastures. However, there are many still who remain. The formal sector has absorbed into employment only a small number of these and as such, Zimbabwe has an unemployment rate of 80 %. The need to survive has forced numerous citizens, of all ages, to seek self employment.

Very commonly commodity broking is the chosen line of business. In many instances the brokers take advantage of the discrepancies that exist in the economy. Our Government often intervenes in the market using price controls to counter the effects of rising inflation. The result is the emergence of a parallel/black market and in the case of foreign currency, this has developed into a dominant and thriving force. Commodity brokers commit financial resources to source and purchase goods in short supply. Taking advantage of the high market demand, the goods are then resold for a premium. Whilst

statistics are not available, a significant number of citizens have become rich in a short space of time due to these commodity broking activities.

Of course, not all commodity broking operations are outside the parameters of the law. Cross border trading is another form of business that many Zimbabweans have undertaken. Typically, the trader will sell goods that are unavailable in the country or goods that can be purchased more cheaply from other countries.

Until recently, cross border trading had synergies with flea market enterprises, being a key supply of the goods sold there. The informal nature of flea markets meant that goods could be sold much cheaper than in conventional shops. This, in addition to providing imported and therefore more attractive commodities, made flea markets popular amongst Zimbabwean shoppers. Following the Government's major exercise to clear slum areas across the country (known as Operation Murambatsvina or Operation Restore Order) in 2005, flea markets exist to a lesser extent. However, they continue to provide viable livelihoods to some people.

Youth – Pillars of Entrepreneurship

Youth unemployment is one of the most formidable problems facing the country and the pattern of unemployment by age reveals that young Zimbabweans have the highest unemployment rates. One can therefore conclude that the youth makeup the majority of the people in the country's self-employed or informal sector. The youth drive and maintain entrepreneurship. Through resilience and the determination to survive, they have developed a keen knowledge of the environment, discovered opportunities and exploited these successfully.

MAJOR BARRIERS TO ENTREPRENEURSHIP

The common traits that are characteristic of young persons, both positive and negative, who are the largest component of Zimbabwe's entrepreneurs, are reflected in the country's informal sector. From the description of the entrepreneurial situation in the country, it can be observed that business focus is short-term. A particular line of business is maintained only for the duration that that commodity will realise lucrative returns. Also, the entrepreneurs' main business objective is to make profits as soon as possible. This temporary business horizon is exacerbated by the casual business approach utilised in the entrepreneurial operation. There is a lack of procedure and systems as well as inadequate management of financial, human and other resources.

Lack of Relevant Skills

The aforementioned shortcomings that exemplify entrepreneurship in Zimbabwe pose serious challenges to the development of the sector. They can be directly attributed to the lack of appropriate skills in the management of business. Deficient training is probably the greatest barrier preventing youth from establishing solid businesses out of their self-run operations.

Zimbabwe has an excellent literacy rate of 90.7% and the vast majority of the population has had access to basic primary and some school education. The school curriculum, however, creates a barrier to entrepreneurship as it does not adequately impart the skills required. More specifically, the syllabus lacks solid business management content. Access to business-related courses is often only by those students who expressly elect to study these. Whilst, the Government is committed to constantly revamping the school syllabus to cater to new demands and emerging issues, the shift towards increasing its business management content is slow. Consequently, most youth who emerge from the country's education system do not have the same level of foundation skills in business that they would possess in mathematics, science or English language. Thus, youth lack the minimum business acumen required for both formal and self-employment.

Without basic skills young people rely on their own personal experiences and references when they turn to self-employment in order to make a living. In Zimbabwe owner-managed enterprises have a negative reputation for being unprofessional and are referred to with contempt as "indigenous" businesses. Unfortunately, it is these operations that provide young people with the most accessible view and insight of business management. The result is a learn-as-you-go, unskilled approach to running their affairs. Whilst this method of management appears to work quite successfully for commodity brokers and other self-employed individuals, it becomes a hindrance when youth must develop their interests into viable entrepreneurial concerns.

From the description of the situation in Zimbabwe, it can be noted that entrepreneurs' activities rely on the produce of some other party. There are very few self-employed youth who are producers in their own right. This again is a reflection of the lack of skills possessed. The Government has dedicated a lot of resources towards the establishment of vocational training programmes and institutions. Unfortunately, in general, these vocational skills have not been able to see the establishment of successful businesses.

Lack of Adequate Capital

The availability of capital is always limited for any aspiring entrepreneur. Worldwide, this is a common barrier for anyone wanting to start a business.

In Zimbabwe the lack of adequate capital is more acute because of the difficulties being posed by the country's economy, which is in severe decline. Established as well as fledgling enterprises are finding it almost impossible to operate successfully. Enterprises in both the formal or informal sector are unable to secure loans and financing from conventional sources as prevailing lending rates are prohibitive – between 600% & 700% as at May 2007. Thus, for any youth planning to open a business, attaining start-up capital from a bank, for example is unthinkable.

Micro-lending organisations have traditionally provided the most financial assistance to small businesses in Zimbabwe, including young entrepreneurs. However, inline with the country's turbulent economic situation, these organisations have also been forced to make their lending conditions stricter. Thus, qualifying criteria for borrowers are thoroughly restrictive, loan periods are very short and the amount eventually lent out is usually

insufficient to launch anything meaningful. Due to this, entrepreneurs do not view micro-lenders as a feasible source of capital and prefer to seek other financing alternatives.

Most entrepreneurs in Zimbabwe will sell their assets in order to raise capital to inject into a new business venture. Assets can fetch very high prices because the effects of depreciation are negated by the more intense effects of hyperinflation. However, this source of funds is not an option available to those youth who do not own any property. This is especially true of people below the age of twenty-four who have little work experience and have not earned enough to purchase assets.

Some entrepreneurs are able to borrow from family members but this too is a challenge because all households in Zimbabwe are suffering the effects of diminishing disposable incomes.

The inability of youth to qualify for or to have access to the amounts of capital necessary to start and run businesses is a barrier to Zimbabwean entrepreneurship. However, it must be noted that many young entrepreneurs have been able to use very minimal resources to begin their business activities. This outcome can be attributed to the heightened need to survive and make a living. The lack of capital is a more pronounced barrier for those youth in formal employment who prefer to remain in the security of employment rather than pursue entrepreneurial ventures.

Lack of Support

The political influence in the country has forced many non-governmental organisations (NGOs) to stop operations. Legislation was introduced to regulate the activities of NGOs, who viewed these laws as too restrictive and as such ceased functions. Consequently, the number of organisations assisting entrepreneurial development dramatically reduced, along with other NGOs. The support given to entrepreneurs and small businesses in the past – skills development, management training, advisory services etc – is now very little and difficult to access. Most NGOs have also adopted a more cautious approach in their work which has reduced general awareness of their existence amongst potential beneficiaries. These limited support structures have created another barrier for young potential entrepreneurs.

The Government's ability to support self-employment initiatives of young people has also been severely diminished by the difficult economic situation. As GDP has shrunk significantly (real growth rate of -4.4% for 2006) much fiscal spending has been reduced in all areas. Thus, projects that were planned or underway to assist entrepreneurship have either been crippled or stopped altogether.

SKILLS REQUIREMENT

To a large extent the difficulties faced by Zimbabwe's young entrepreneurs are related to inadequate skills. Some notable skills gaps have been identified as barriers that prevent youth from evolving from street-wise operators into formidable business persons. By equipping youth with the expertise they lack, significant progress towards successful youth entrepreneurship can be achieved.

Training in Business Management

There are several proponents who advocate the use of gut-instinct in business. Without taking anything away from them, the importance of knowing and applying sound business management principles and methods cannot be overemphasised. Zimbabwe's young entrepreneurs could benefit hugely from acquiring these skills.

The greatest need is for financial management training. To illustrate how desperate the need is, young entrepreneurs do not distinguish between their personal funds and money for the business. As the enterprise grows, the entrepreneur will continue to operate business and personal bank accounts with the same laxity. To be effective, the training must cover a wide spectrum of accounting, cash management and other financial techniques.

In the initial states of the business, the entrepreneur will work on his own, performing all the functions required. With growth staff is hired to assist. In Zimbabwe small businesses are considered employers of the last resort because of poor working conditions which include receiving little or no benefits and unprofessional conduct on the part of the owner-manager. Formal training in human resources would impart the skills needed by entrepreneurs to cope with the unfamiliar situation of having other people in the business.

Business management training is also required to make operations more systematic. This will introduce greater efficiency, diluting the widespread negative perception associated with small indigenous enterprises.

Training in Other Business Spheres

The popular forms of entrepreneurial business in Zimbabwe attain profits by purchasing and reselling goods. These activities are based on and feed into the consumerism of the country's market. Empirical evidence shows that it is beneficial for any economy to have a robust production/manufacturing industry. As such, the skills of Zimbabwe's young entrepreneurs should be cultivated to discover business opportunities in the sphere of production. Instead of merely channelling ready-made goods, young people should be trained to become producers of finished commodities themselves. Acquisition of skills in production will not only impart the ability to make a product, it will teach entrepreneurs innovation in discerning opportunities for cost effective production processes and methods.

Similarly, skills as service providers should also be acquired by young entrepreneurs. Having the advantage of youth and given the attribute of service being intrinsic to the ability of its provider, young business people can easily be trained to enable them to provide a service to the public that is unique to their talents and skill. Emphasising service provision will also equip entrepreneurs with a tool to obtain competitive advantage when undertaking other forms of business, such as commodity broking.

Should comprehensive skills in production and service provision be taught and fully embraced by Zimbabwe's youth, the country could potentially see an increase in GDP, foreign currency inflows and employment levels.

Training in Business Continuation and Succession

The running of the enterprise is usually closely aligned to the personality and style of the founding entrepreneur. In Zimbabwe, it often happens that once the business is passed onto the heirs, within a short time the enterprise will have collapsed. The issue of succession for the business may not be of immediate concern to many young entrepreneurs. However, being conscious of and planning for the future of the business, in terms of its growth and continuation for generations to come, should be a skill taught and possessed by youth in business. Viewing the business beyond the era of its founder will create additional benefits throughout the operation. These include, instilling sound business and entrepreneurial practises amongst staff and potential heirs of the business as well as creating and maintaining the wealth of the business for the short and long term.

SKILLS DEVELOPMENT PROGRAMMES

Developing the aforementioned skills required by Zimbabwe's entrepreneurs will demand the support and assistance of Government, in particular. Other players may become involved on the basis that Government will have established an environment in which further aid is feasible.

Reworking the Educational Curriculum

A broadening of the school syllabus will help to inculcate solid business management principles and techniques amongst citizens. More specifically, this should be implemented in the primary and early high schools curricula, taking advantage of the structures that have achieved high levels of access to basic education in the country. The objective is to introduce management of business at an early stage in the child's education by making it a definite subject of study, along with other courses like Maths and English. The world is about and revolves around business. Doctors surgeries, banks, grocery shops and artists studios, for example, are all a form of business in one way or another. Thus, the introduction of business management as a subject should include references to the real world as case studies. In addition, the subject must include a practical element so that concepts taught can be seen in action and applied. This subject should become compulsory, with examinations being written for the qualification obtained at the end of primary school (Grade 7) and junior high school (Zimbabwe Junior

Certificate). Thereafter, students can use their discretion to continue studies in the subject.

The implementation of this educational curriculum revamp requires firm commitment and involvement from the Government. The result will see citizens being more knowledgeable and skilled in elementary business management practice. Additionally, they will be able to identify business opportunities in other sectors outside of goods retailing. In the long-run, it will increase the depth of literacy in the country from beyond reading, writing and counting. Ultimately it will ensure the success of a greater number of entrepreneurial ventures.

Reworking of Vocational Training

The Zimbabwean Government has achieved credible results in establishing vocational training programmes and learning centres throughout the country. These are specifically targeted at giving youth useable skills from which they will derive self-employment. In order to increase the effectiveness of this training, business management principles and methods must be included in the syllabus. These additional skills will compliment the purely technical competencies that are imparted during vocational training. Students will then have an appreciation of how to develop their chosen vocation into a viable business, for example, simple bricklaying can become a small contracting concern.

Vocational training can also be expanded to provide skills that will enable learners to explore the possibility of service provision. Thus, more courses of this nature – hairdressing, interior decorating, plumbing etc – can be offered. In this way, business opportunities will be widened into the service delivery, which has become a key growth industry in many economies worldwide.

Business Mentoring

There are many Zimbabweans who have established and operate successful companies which were once small entrepreneurial enterprises. Providing young business people with the chance to study and learn from these successes would teach them very practical and relevant skills. This can be achieved by developing a parallel programme where an established indigenous company and its founding director give mentorship to a fledgling enterprise and its young entrepreneur owner. Both parties must be in the same line of business so as to achieve greater relevance of skills transfer. For the duration of the programme the learner will benefit from both practical and theoretical guidance and advice to grow their business.

The business mentorship can be coordinated by an NGO that already works with entrepreneurs. Companies are likely to be more receptive to proposals from established and reputable NGO as opposed to unknown young entrepreneurs. Through their work with and knowledge of specific entrepreneurial ventures, the NGO shall match these to a suitable larger company and approach the founding-director. The two parties will then structure the working of the mentoring programme, with the NGO bearing in mind the skills requirement of the entrepreneur.

The mentorship can be organised as part of the larger company's Corporate Social Investment programme. Government can then be approached to provide tax incentives to those companies that take part in the mentorship programme. This will be a valuable benefit to encourage the participation of established companies.

The business mentorship programme can be furthered and linked to the provision of financing either by way of a donation or as a loan facility. The funds will go towards the development of the entrepreneurial enterprise. Introducing this sub-programme will give young entrepreneurs access to much-needed financial resources and reduce the barrier that the lack of these create when establishing a businesses. The larger enterprise can benefit further by providing this financing through additional tax-rebates that can be negotiated for with Government.

Entrepreneurial competition

All key support structures for entrepreneurship in Zimbabwe – the Government, NGOs and private companies – can come together to run a national contest for young entrepreneurs. The objective will be to empower youth with salient skills with which to identify business opportunities to benefit the economy and the individual, to then establish professional and innovative enterprises and finally to ensure the growth of the business in the present and long term. Each stakeholder will contribute something to the competition such as financing of prizes or the provision of skills training.

The specific workings and methodology for running the competition will be worked out by all the stakeholders involved. However, it is important that the competition has a practical aspect to it so that participants can demonstrate the skills that they have implemented. It is the complete understanding of these skills that will ensure the ultimate success of entrepreneurship in Zimbabwe. The contest must also be truly national and as much as possible reach grassroots levels in all provinces. In this way, entrepreneurship will be cultivated in all major centres of the country.

CONCLUSION

The opportunities to become entrepreneurs are not obvious to most who are aware of the situation in Zimbabwe. However, the need to survive has compelled the country's citizens, especially the youth who are most affected by unemployment, to identify and exploit these with some success. Advancing the activities of self-employed youths in the country will require certain barriers to be reduced, the largest of which is deficient business management skills and training. It is paramount that the Government takes the driving seat in the development of business opportunities for youth in the country. Together with NGOs and other stakeholders they should be able to implement programs that will close the skills gap and open the way for young entrepreneurs to achieve business success.

REFERENCES

1. The World Factbook – online publication via the CIA website
2. Ministry of Youth Development and Employment Creation – Zimbabwe – online National Youth Policy, Youth Empowerment 2000 document