

Zimbabwe's Indigenous SME policy Framework, a tool for black empowerment

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Abstract

Small to Medium Enterprise (SMEs) play a pivotal role in growing the economy as well as alleviating poverty across the marginalised citizens, especially in an economy such as Zimbabwe, which has experienced indiscriminate closure of large corporates to advance the indigenisation thrust of the government. In response to the closure of large corporates, Zimbabwe focused on SMEs as an alternative to close the gap. The Zimbabwe Industrial Development Policy (IDP) and the Indigenisation and Empowerment Policy (IEP) were put in place as the vehicles of economic transformation. This article analyses the impact of these two policies on the performance of Zimbabwean SMEs. The article contributes knowledge on how African governments respond to economic crisis through the policies that they enact targeting the enterprises of the local citizens. Methodologically, the study critically analyses the literature on SME policies and performance in Zimbabwe. The article drew insights from both the IDP and IEP as well as from findings from other secondary studies.

1. Introduction

Before its independence in 1980, Zimbabwe was ruled by the British Colonial Government. The main features of the colonial system were a clear separation of power, wealth and status between the whites and the blacks. This demarcation was evident in every sphere of life. The colonial government perpetuated the economic status of black people at a level below that of white people in the then Rhodesia. The sharp contrast in entrepreneurship development between white and black people was caused by the colonial policies that were biased towards the whites.

The colonial policies favoured the white minority population and did not consider the development of the black people. Strict laws and regulations such as the Town and Country Planning Act of 1946, the Vagrancy Act of 1960, the Urban and Council Act of 1973 and the Vendors and Hawkers by-laws of 1973 restricted growth of the SMEs before independence (Dhemba, 1999). In all these historical developments the blacks were not considered as equal partners in the development of the economy, in fact their participation was restricted to provision of manual labour and this promoted the colonial agenda. It is against this backdrop that the post independent Zimbabwe embarked on black empowerment policies aimed at addressing racial, economic and social imbalances hence the crafting of the Zimbabwe Industrial Development Policy (IDP) (2012 -2016) and the Indigenisation and Empowerment Policy (IEP) (2008) became the benchmarks of black empowerment through SME development.

However, Zimbabwe's policy environment does not support the growth and development of SMEs in order to achieve high performance. The government does not have any programmes in place to support the SMEs. There are no capacity building programmes, monitoring and evaluation programmes, research and development and financial assistance given to SMEs. These sentiments were echoed by Majoni et al (2016) who state that:

Zimbabwe's policies are less supportive resulting in higher failure rate of SMEs. SMEs lack the access to business finance, skills and technology shortage, inadequacy or improper infrastructure, lack of managerial skills and SME failure is high in Zimbabwe because of poor training and monitoring of the sector by Government. The registration process for one to be considered an official SME in Zimbabwe is hectic and the requirements are difficult to meet.

In this regard, Zindiye et. Al., (2008) further laments that there is urgent need to address the challenges faced by SMEs and an effective implementation of effective measures will result in an increased performance of SMEs which will lead to the achievement of both economic and social objectives of SMEs. If such a policy environment is not addressed, SMEs will not realise their goals hence the need to refocus on the strategic framework that can be implemented by Zimbabwe in order to turn around the economy.

The economy of Zimbabwe has drastically deteriorated and Zimbabwe is a country with a failed environment for the establishment of SMEs. No policy studies have been recorded to unpack the challenges being faced by SMEs which are the prime target of the government to turn around the economy through the indigenous policies as a tool for the black empowerment. Therefore, the objectives of this paper are to determine the extent to which the Zimbabwean indigenous policies supported the local people to participate in the growth and development of the economy and how the indigenous policies impacted the performance of SMEs. The primary research question in this study is stated as follows: Have the government policies and resources improved the performance of SMEs in Zimbabwe?

2. Methodology

Methodologically, the study critically analysed the literature of indigenous policies globally and narrowed down the literature to the African context and Zimbabwe in particular. Therefore, the researcher employed a desk research approach. The analysis of literature was done through the extensive reading of the indigenous policies and all the related factors of the implementation of indigenous policies. The researcher drew insights from the Zimbabwe indigenous policies and the findings of other researchers.

3. Literature Review

3.1 Government Policies in Support of SMEs

Nurul (2016) advocates that Government policy constitutes the blueprint that emphasizes the government plan and initiative to their course of action and the effective government policy therefore, would facilitate the access towards tangible and intangible innovation. The government therefore has the power to craft policies that support the performance of SMEs. Policy-makers appreciating the benefits associated with more internationalizing SMEs support initiatives that reduce barriers to SME development (OECD, 1998; Bridge et al., 2003; DTI, 2004). The Asian Development Bank (2016) acknowledges that Government policy and the government itself exert a strong influence on the

innovation capacity of SMEs and the government has a critical role to play in every sphere of innovation including access to finance and technology, capacity building and human resources, market linkages, availability of research facilities, and access to key information, among others, through different policies and schemes.

Sathe (2006) in particular argues that Government regulations and their bureaucratic procedures can hinder as well as facilitate entrepreneurship activity such as new business origination. The Government can occur up with policies that can boost and support the growth of novel technologies, products, and solutions and on the other hand, Government can likewise seem to hinder SME firm performance when it introduces policy which can restrict the autonomy, as well as the entrepreneurial freedom of some variety (Eniola: 2015).

The government support policies for SMEs vary from country to country and from advanced nations to developing countries due mainly to the level of industrialization, cultural context (Eniola & Entebang, 2015; Quy, 2016). Governments of most countries, especially developing nations have invested so many efforts and resources in establishing policies geared toward improving SMEs (Oni & Daniya, 2012; Quy, 2016; Shariff et al., 2010). Cases in point are Brazil, China, Malaysia, Nigeria, and Saudi Arabia (World Bank, 2014). Eniola & Entebang (2015) found government support policy as having a significant impact on the competitiveness of SMEs. Equally, Hadiyati (2015) suggested that the government should support policy on SMEs for efficient performance, and (Shariff et al, 2010) confirmed government policy as having an important role as a full moderator on SMEs performance.

3.2 The Indigenisation Policy – the tool to empower the disadvantaged people

The indigenisation policy has been adopted worldwide as a process of correcting the political, economic and social imbalances that have been caused by the colonial settlers. Scholars acknowledge that the colonial settlers disempowered the indigenous people and indigenous policy was a means of addressing these imbalances. McNeil and Shauneen (2014) state that indigenisation acknowledges that the oppression through colonial domination and subordination prevailed for some time and should be eradicated through positive transformation. Gang et al. (2014) argues that many countries have introduced policies that aim to improve the relative economic, political or social position of disadvantaged groups and examples include “Affirmative Action” in the United States, “Reservation” in India, and “Indigenisation” policies across the newly independent nations across Africa. Affirmative Action (AA) policies are used to combat differences in groups in earnings and employment (Coate & Loury, 1993). The rationale behind these policies is that they redress past discrimination by giving preference in hiring and promotion to members of groups that have been discriminated against in the past (Mor Barak, 2016). With respect to affirmative action policies in the United States, Holzer & Neumark (2005:471) note that “there seems to be little doubt that racial or gender preferences redistribute certain jobs in the labour market away from white men toward minorities and women”. While the degree, speed, and intensity of indigenisation have varied greatly across the post-Soviet states, it usually involved a move away from the Russian language (Pavlenko, 2008), the reorientation of foreign policy towards the

West or more recently towards China (White, McAllister, Light, & Löwenhardt, 2002), and a replacement of ethnic Russian elites by “local” ones (Kuzio, 2002).

Columbia Centre on Sustainable International Investment (2014) states that, motivated by the increase in local content from 49% to 63% between 2009 and 2010, Indonesia modified its legislation from an initial target of 35% to higher rates. For example, the offshore oil and gas drilling, local content targets have been raised from 35% to 45% and for land drilling to 70%, to be implemented in 2016. Companies offering shipping services have seen an increase in the sourcing of their components from 35% to 75% (Global Business Guide Indonesia (2014). Esteves et al. (2013) states that in its 2014 Law on Hydrocarbon, Mexico has fixed a domestic content target of 25% for 2015, to be gradually increased to 35% by 2025 for shallow water projects. CCSI (2014; 2015; 2016) confirm that in Bolivia, the National Constitution guarantees preference in acquisition of materials from micro and small enterprises and productive community organisations. In this view the principle of indigenisation has been successfully implemented by the cited nations hence the adoption of the indigenisation and empowerment policy by Zimbabwe was a noble idea to empower its local people. The Black Economic Empowerment (BEE) provides a successful example where the indigenous policies were used to empower the black people.

The Indian car industrial policy supported the domestic market and this policy helped the development of basic capabilities in manufacturing and laid foundations of the auto component supplier industry (Kale, 2012). The protection policies of the 1980s and 1990s encouraged acquisition of basic production capabilities (Saripalle, 2012), The process of indigenisation has also been recognised as a key regulation responsible for enhancing technological capabilities in India (Sagar & Pankaj, 2004). In Africa indigenisation policies were developed by a number of nations to empower the local people. At independence in October 1964, Zambia adopted the socialist mode of economic development, specifically to redress colonial imbalances and bring about a more equitable distribution of wealth (OECD, 2012). Ramdoo (2015a) states that Nigeria’s indigenisation policy based on the local content Act (LCA) of 2010 provides for specific categories of activities to be procured locally and local content targets for some goods and services are set between 80 and 100%. Uдах (2010) notes that import substitution industrialization policy was the first industrial strategy embarked upon by the Nigerian Government immediately after attaining independence. The objectives of this policy among others include to lessen overdependence on foreign trade and to save foreign exchange by producing those items that were formerly imported like detergents, household appliances, to mention but a few. Olayiwola & Adeleye (2005) stated that a general commitment to a policy of increased national economic control and the commitment was made in the Second National Development Plan, 1970-74. The Plan declared:

The government will seek to acquire, by law of necessity, equity participation in a number of strategic industries that will be specified from time to time. In order to ensure that the economic destiny of Nigeria is determined by Nigerians themselves, the Government will seek to widen and intensify its positive participation in industrial development.

The implementation of this policy increased the participation of the local people in the economic activities of the country and this has been viewed as a positive indicator of the implementation of the indigenisation policy. At independence the government of South Africa put in place policies that empower the black people. To accelerate the participation of the black people into the economic activities, the government introduced policies such as the preferential procurement policy framework Act of 2000, (RSA, 2000) which was a means to promote the support of SMEs. The Broad-Based Black Economic Empowerment (B-BBEE) Policy was introduced to address inequality amongst other socio-economic issues that exist in South Africa (Arya, Bassi, & Phiyega, 2008). In terms of BBEE, one of the objectives is to improve SMEs' access to finance (DTI, 2007) The B-BBEE Act (53/2003b:4) defines this term as: "...the economic [empowerment] of all black people including women, workers, youth, people with disabilities, and people living in rural areas through diverse but integrated socio-economic strategies that include, but are not limited to:

1. increasing the number of black people that manage, own and control enterprises and productive assets;
2. facilitating ownership and management of enterprises and productive assets by communities, workers, cooperatives and other collective enterprises;
3. human resource and skills development;
4. achieving equitable representation in all occupational categories and levels in the workforce;
5. preferential procurement; and
6. investment in enterprises that are owned or managed by black people

The policy was adopted by the government to empower its citizens. Black Economic Empowerment is the key transformation tool of the South African Government's effort to overcome the legacy of the apartheid's racial discrimination and was a necessary government intervention to redress the programmed exclusion of the majority of South Africans from full involvement of the economic development of their country (Department of Trade and Industry, 2003: 6). This was in an effort to alleviate any imbalances of the poor masses that have been kept from any economic uplifting and engagement (Sanchez, 2011). All these B -BBEE aims were established under the umbrella of indigenisation and empowerment of the black people.

3.3 Zimbabwe Indigenous Policies

3.3.1 Evolvement of SMEs in Zimbabwe since 1980

It can be argued that Small and Medium Enterprises (SMEs) in Zimbabwe have evolved through three phases from the time it attained its independence in 1980 to date. The first period is between 1980 and 1990, during this period the policy environment on which SME sector was operating was highly restrictive. During this period Majoni et al, (2016) states that the government made some effort to address some of the institutional concerns through the establishment of the Small Enterprise Development Corporation (SEDCO), Venture Capital Company of Zimbabwe (VCCZ) and the Credit Guarantee Company of

Zimbabwe (CGCZ). During this era the SMEs were overshadowed by the large scale manufacturing industries that were the backbone of the manufacturing sector. The multinational companies like the Anglo American, Lever Brothers and American Motor Industry were set up by the British colonisers and dominated the industrial sector.

The second phase is characterised by the advent of the Economic Structural Adjustment Programme (ESAP) in 1991 which mainly focused on employment creation. When government launched the Economic Structural Adjustment Programme (ESAP) in 1991 it introduced policies that were meant to attract investment in the country. In this regard the SMEs were an integral part of ESAP and were earmarked to contribute to the creation of employment. The major policy statement of ESAP was to improve the status of SMEs as it clearly mentions that the informal and the small to medium scale formal business sectors of the economy together have the potential to make a major contribution to wealth and to employment creation (GOZ, 1991-1995) This drive proposes the positive intention of the government to push forward the agenda of the SMEs but not much was achieved. This was caused by the fact the government focused more on the existing industries which had over a century of existence and had long developed a culture, strategy and vision which could not be easily changed over a short period of time.

The third and final phase of the SMEs which was borne out of the Indigenisation policies shifted all the economic focus to the SMEs which were seen as the vehicle of black empowerment. Gukurume (2018) states that these policies were anti-investor economic policies as they led to the closure and downsizing of the manufacturing sector which was followed by a decade-long economic crisis (1999–2008). This view was echoed by Manyati (2015) who state that the indigenisation policies led to unprecedented growth of SMEs. It is important to note that at this point the SMEs were now considered as a major industrial institution that would replace the multi-national companies that had since relocated to the neighboring countries.

3.3.2The Zimbabwe Industrial Development Policy (IDP)

The Zimbabwe Industrial Development Policy (IDP) (2012 -2016) was enacted in order to improve the economy of the country by supporting the SME sector. The IDP is the government's blue print of what the government intends to implement in order to develop the SMEs. The Zimbabwe Industrial Development Policy (IDP) (2012 -2016) states the following key strategies for the development of SMEs:

- The Government will prioritise the promotion and support to Small Micro Medium Enterprise (SMEs) which are viewed as an important engine for employment creation and economic growth. Given the sector's high labour to capital ratio there will be need to use the sector as strategy for quick turnaround of the economy at a relatively cheaper cost than that of conventional larger industries.
- The Government intends to develop and strengthen existing parastatals like the Small Enterprises Development Corporation (SEDCO) to be able to offer more support to SMES.

- Other strategies to be adopted by Government during this period include Infrastructural support; Technology upgrades; Quality Control and Improvement; Research and development, Market access and Financing facilities.
- Cluster development including the provision of capacity building for skills training of employees and setting up of common facilities e.g. testing laboratories, common use machinery e.g. lathes, grinders and industrial saws

These policies were deliberately enacted in order to empower the SMEs. The Zimbabwe's new economic era was now targeting the black entrepreneurs to drive the economy. It implies that a lot was expected from the SMEs in terms of job creation, production of goods and services and improving the economy of the country.

3.3.3 The Indigenisation and Empowerment Policy (IEP) of Zimbabwe

The IEP of Zimbabwe was enacted into law in order to empower the Zimbabweans to control the economy of the country. The Indigenisation and Economic Empowerment Act (IEEA) Chapter 14:33, Act 14/2007 provides the blueprint of the indigenisation process of the Zimbabwean natives. The aims of the IEP are as follows:

- At least fifty-one *per centum* of the shares of every public company and any other business shall be owned by indigenous Zimbabweans;
- promote equitable access to the wealth of the economy by indigenous Zimbabweans through establishment of SMEs;
- To nurture and develop a skills base for the economic empowerment of indigenous Zimbabweans;
- Promote the use of local raw materials and value addition in economic activities;
- To provide financial assistance to indigenous Zimbabweans for any of the following purposes— finance for business start-ups, rehabilitation and expansion

The concept of empowerment which was adopted by both Zimbabwe and South Africa is based on the idea that resources and opportunities should be deliberately made available to the local people so that they can participate in the growth and development of the economy. There are a lot of similarities between B-BBEE and IEP which are essential to this study. Both policies focus on economic empowerment of black people, increased access to financial and human resources, access to economic activities, land, infrastructure, business ownership and skills development of indigenisation people whose past has been disadvantaged by the colonial settlers. The indigenisation policies of the two countries mainly focus on economic empowerment hence Zimbabwe can draw a lot of lessons from the B-BBEE programme.

The same principle that was applied by the policy makers in other African states to come up with the indigenisation policy was adopted by Zimbabwe when the IEP was made into law on March 7, 2008. The policy carries the same mandate and objective as those carried by the indigenisation processes of

Colombia Indonesia, Bolivia. Canada, USA, India, South Africa, Russia and China as examples. However, the differences are in the periods of implementation, the timing of the programme and the performance of SMEs hence this research will investigate how such a noble cause of helping the local people who have been disadvantaged to participate in the building of their economy through SMEs can be harnessed into a productive development in Zimbabwe.

4. Results And Discussion

The implementation of the Zimbabwe's indigenous policies saw the new era of SMEs being ushered in as the main economic drivers of the new economic dispensation in the absence of the multinational companies. The SMEs took the centre stage and their value was stated by Wang, (2016) who pointed out that in developing countries such as in Zimbabwe, SMEs are important for driving the growth and economic development. This view was shared by Zvarivadza (2016) who states that most SMEs are born out of the people or groups of people with the visions to operate and run prosperous businesses (Zvarivadza, 2018). The results of the indigenization policies are based on the effects of the two policies on the SME sector of Zimbabwe.

The implementation of the indigenous policies produced some notable results. SMEs support a bigger part of the Zimbabwean population and contribute largely to Zimbabwe's Gross Domestic Product (GDP) as reported by the Fin Scope Survey (2012) as cited by Majoni (2016) shows that in Zimbabwe the SMEs sector contributes over 60% to the country's GDP and employs about 5.8 million people. These sentiments were supported by Nyoni (2002) who argues that the Zimbabwean government has identified SMEs as the engine for national growth and a vehicle for economic development since SMEs contribute more than 50% of the GDP of the country. SMEs in Zimbabwe as noted in the Zimbabwe National Budget Statement (2013); employ more than 60% of the country's work force and contribute about 50% of the country's GDP. The positive role of SMEs is an indicator of the success story of the implementation of the indigenous policies, however the success is embedded in the numbers only since the SMEs are still struggling.

The conventional sources of employment are shrinking due to the closing down of multi-national companies, formal employment opportunities in Zimbabwe are becoming very scarce and the SMEs are increasingly filling in the gap hence their contribution to the economy of the country has been of great significance. In the Zimbabwe situation, the contribution of SMEs to the economic development of the nation is regarded as crucial for the achievement of broader development objectives, these objectives include poverty alleviation, spreading employment to rural areas, improving the situation of women and increasing indigenous ownership of investment in the economy (Nyoni, 2002:1). This view was supported by Zindiye et al. (2012) who emphasised that the main objective of the SME policy is to generate sustainable employment, reduce poverty, to stimulate economic growth and generate foreign currency earnings, thus contributing to the economic wellbeing of all Zimbabweans. Magaisa & Matipira (2017) further elaborates that SMEs in Zimbabwe complement the efforts of large corporations in the production of goods and services, they fill the gap that is not covered by large firms and they account for more than

90% of the economy. Nyoni (2002) alludes that the SME sector in Zimbabwe is also a key player in the national development, employment creation, uplifting of the standards of living for urbanites, as well as the promotion of urban economies.

The Zimbabwean government, in its quest to support SMEs, placed high priority on export promotion and this emphasis of the government has shifted to a cluster-based approach which focuses on adding value at every level of the manufacturing value chain (Zindiye et al., 2012). The SME clusters that benefited from the support of government include food processing, light engineering and metal products, carpentry and furniture making, textiles and home crafts and tourism (Nyoni, 2002:13-15). The government has developed data banks and marketing houses to support SME exports. These marketing houses as well as distribution networks have been enhanced to support SME exports. The distribution networks have been set up by Zimtrade and the private sector to enhance the SME export process and also to assist in reducing the processes that SMEs go through in exporting their products and services (Nyoni, 2002:13-15). To strengthen the quality of exports, the Zimbabwean government is encouraging quality assurance measures and accreditation to ISO 9000 and other standards in order to enhance product competitiveness, ISO 9000 is a standardised quality for manufactured products which must be met (Zindiye et al., 2012). The Standards Association of Zimbabwe embarked on a support programme targeting the SMEs in order to enable them to produce products to the required and expected standards which increase their competitive advantage (Hwengere, 2004:13).

The indigenization policies of Zimbabwe have played a pivotal role in improving the performance of SMEs as they became a vital replacement of the multinational companies that relocated from the country. The policies created employment for the citizens, increased participation in the development of the economy by the local people and the government provided supportive programmes for SMEs which included the capacity building programmes, financial assistance and facilitating the export of SME products. However, the other side of literature has it on record that the SMEs in Zimbabwe are still struggling despite the great expectation from the government. Chigora and Zvavahera (2015) discussed the challenges facing SMEs in Zimbabwe, which include

- lack of access to affordable finance,
- cumbersome processes of setting-up the business,
- poor infrastructure,
- poor institutional structures,
- limited formal avenues for pursuing interest-bearing investment options, and
- shallow stock market.

This is a clear indicator that the SMEs in Zimbabwe are struggling in their everyday operations.

The indigenous policies were regarded by the government as a best tool to empower the black people in order for them to participate in the economy of the country and eventually control the economy but they currently face a host of challenges.

The indigenous policies were regarded by the government as a best tool to empower the black people in order for them to participate in the economy of the country and eventually control the economy. As a result, local authorities have taken a firm stance in implementing government policy to stimulate SME growth, which will ultimately result in economic growth (Simbi, 2004). In Zimbabwe, the atmosphere in which SMEs operate is characterized by economic challenges that impact the costs and production of the business (Wadesango, 2015). The successful implementation of the indigenisation policy is facilitated by the government support. This was demonstrated in India where the government helped in the development of basic capabilities in manufacturing and laid foundations of the auto component supplier industry (Kale 2012). In Nigeria, the *government widened and intensified its positive participation in industrial development and provided the resources to the indigenous people* (Olayiwola and Adeleye, 2005)

The government commitment is key to the success of SMEs and this was demonstrated that in Bolivia where the National Constitution guarantees preference in acquisition of materials from micro and small enterprises and productive community organisations (Columbia Centre on Sustainable International Investment, 2014; 2015; 2016). Wadesango (2015) lamented that in Zimbabwe, the small businesses have shown resilience and continued to operate and held on in sustaining livelihoods and the economy when the bigger corporates were in distress and most of them closed down businesses due to economic challenges.

4.1 Analysis of SME performance

The positive role of SMEs is an indicator of some contributions of the indigenous policies, however the success is embedded in the numbers only since the SMEs are still struggling and fall short of achieving the intended outcomes. In India the government set a target of 93% indigenisation within 5 years, and the Suzuki company started to develop local vendors from scratch and the company attracted entrepreneurs by offering them land at its complexes and supplied electricity from its own power station (Kale, 2017). These successful results are anchored on the commitment of the government to support the indigenous people which shows that Zimbabwe can take a leaf from the good practices.

Literature has revealed that the SMEs in Zimbabwe lacked the policy support and lessons can be drawn from the Studies done in the USA on the influence of government financial support on new firms' performance examined the impact of government financial support measures like government loans, guarantees and government equity on firms' overall performance and results reveal that government financial guarantees and government equity have a direct impact on new firms' performance (Fernando et al., 2014).

The environment under which the SMEs are operating have serious negative effects on their performance. Wadesango (2015) elaborated that in Zimbabwe, the atmosphere in which SMEs operate is characterized by economic challenges that impact the costs and production of the business. The SMEs are facing shortages of resources, power cuts, lack of service roads, research and development, market challenges and the government financial support which was stated in the Indigenisation and Economic

Empowerment Act (IEEA) Chapter 14:33, Act 14/2007. Even the government conceded defeat in this aspect. The South Korea government for example invested one trillion Korean won (approximately US\$750 million) in the Industrial Bank of Korea to expand that bank's investment foundation and increase the amount of SME lending up to 12 trillion Korean won (approximately US\$9 billion) (Liang et al., 2017). The huge support provided by the Korean government on the SMEs explains the reasons behind the SME sector. The government of Zimbabwe needs to duplicate such type of commitment to support its SME policy and will reap great dividends. A robust resource mobilisation programme need to be set up to maintain a continuous supply of the resources.

In its own view, the Government of Zimbabwe acknowledges that it has failed to sustain its economy and affirms that it is facing huge challenges to improve its economy. Government of Zimbabwe (2009) asserts that the economy had been facing severe challenges, with the annual real GDP growth suffering declines averaging -5.9% since 2004, cumulatively output declined by more than 40% during that period. The crisis state of the economy of Zimbabwe was confirmed by the report published by the Zim Asset (2013) which ascertains that Zimbabwe experienced a deteriorating economic and social environment since 2000 and this resulted in a deep economic and social crisis characterised by a hyperinflationary environment and low industrial capacity utilization, leading to the overall decline in Gross Domestic Product (GDP) by 50% in 2008. These sentiments expose the challenges facing the SMEs and the economic environment they are operating in hence the government approach failed to address the economic challenges and the black empowerment route did not yield positive results.

5. Recommendations

The crafting of the indigenous policies to redress the dominance of the multinational companies was a noble idea. It brought up some positive results which include an increase in the number of SMEs establishment and the involvement of the black people in entrepreneurship programmes. To a greater extent the policy framework failed to establish SMEs as the backbone of the Zimbabwean economy. SMEs failed to improve the economy of the country as the economic situation of Zimbabwe has drastically deteriorated since the establishment of the indigenous policies. This was alluded by Block (2013) who states that empowerment policy has negatively affected the ability of Zimbabwean economy to attract foreign direct investment. These sentiments show that effects of the indigenous policies on the economy of Zimbabwe which has greatly deteriorated. It is against the backdrop of this policy implementation gap that the findings recommend that Zimbabwe need to come up with a strategic framework that aims to improve the performance of SMEs. The development of home grown strategic framework that can be used by SMEs in Zimbabwe is therefore one of the key economic drivers being recommended for the improvement of the performance of SMEs.

6. Conclusion

From the presented facts it can be concluded that the indigenous policies in Zimbabwe to a lesser extent managed to empower the black people, but to a greater extent failed to achieve their major objective of

turning the SMEs into an economic hub of Zimbabwe. There is need for the government to rethink and come up with a practical strategy that is easily accessible to all the existing and potential entrepreneur stakeholders. Zimbabwe should come up with a new home grown strategy that is all inclusive and incorporate the following activities:

The government has to craft a new policy through a rigorous consultative process of all the stakeholders involved in the SME sector. The government has to go to the communities, carry out the needs assessment, hold meetings in each region with SME implementers, employees and other stakeholders like the community leaders, suppliers and incorporate their findings in the new policy framework. This process will produce a Zimbabwean home grown SME policy which would be owned by both the government and the SME stakeholders

The resource mobilisation process has to be extensively done by the government in order to provide financial resources for the SMEs. Through its structures, the government can come up with different ways of securing the financial resources through sustainable fund raising programmes. The government can introduce an SME levy programme which supports the growth and development of the SMEs which would be administered by the Ministry of SMEs. The national budget of the country need to allocate some resources specifically for the SME sector to ensure continuous flow of the funds to the sector

Capacity development should for all stakeholders should cascade from the national offices down to the local implementers. This should include advocating, sensitising and training stakeholders including SME implementing partners, policy makers and decision takers at all levels in order to improve the performance of SMEs.

The Zimbabwe SME sector has to develop a research and development department that keeps in touch with the changing world. This department will help the SME sector to grow following the endogenous growth theory which states that research and development investments and knowledge spill-overs are capable of generating high degree of innovation, increased productivity and higher growth (Romer, 1990). The research and development programme will usher in new horizons in the performance of SMEs.

A national Monitoring and Evaluation framework need to be developed and a set of core indicators have to be identified and described. In addition, a comprehensive M & E Plan for the SME activities need to be developed. The overall goal of the national M&E system is to provide a comprehensive tracking system to collect, enter, analyses and share information on SME performance that will enhance decision making at all levels in the implementation of interventions under the national SME strategic framework.

Zimbabwe has great potential to improve the performance of SMEs if a more logical and well planned implementation strategy is implemented. Zimbabwe is rich in natural resources like minerals, wild life, soils and the Savannah Climate which provides excellent farming conditions hence it was once dubbed 'the bread basket of Africa', but this has since vanished from Zimbabwe. It can be revived through a positive development and implementation of the policies.

List Of Abbreviations

B.E.E	: Black Economic Empowerment (BEE)
B.B.B.E.E	: Broad-Based Black Economic Empowerment
C.G.C.Z	: Credit Guarantee Company of Zimbabwe (CGCZ).
E.S.A.P	: Economic Structural Adjustment Programme (ESAP)
G.D.P	: Gross Domestic Product (GDP)
L.D.P	: Industrial Development Policy (IDP)
I.E.P.	: Indigenisation and Empowerment Act'
S.M.E	: Small and Medium Enterprises (SMEs)
S.E.D.C.O	: Small Enterprise Development Corporation (SEDCO),
V.C.C.Z	: Venture Capital Company of Zimbabwe (VCCZ) and the

Declarations

Availability of data and material

The data that support the findings of this study are available from Thinktank, Southern Times, 16 March 2016 Windhoek, Namibia

Competing interest

"The authors declare that they have no competing interests" in this section.

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