

# MICHIGAN STATE UNIVERSITY

The African e-Journals Project has digitized full text of articles of eleven social science and humanities journals. This item is from the digital archive maintained by Michigan State University Library. Find more at:

<http://digital.lib.msu.edu/projects/africanjournals/>

Available through a partnership with



*Scroll down to read the article.*

## TOWARDS THE SOCIOLOGY OF ZIMBABWEAN INDIGENOUS ENTREPRENEURSHIP

F. MAPHOSA

*Department of Sociology, University of Zimbabwe*

### Abstract

*Early writers on entrepreneurship were concerned mainly with entrepreneurial motivations. They assumed that an entrepreneurial personality was in-born. Contemporary studies of entrepreneurship, particularly those carried out by social scientists, emphasise social experience in accounting for the supply and success of entrepreneurs in any social group. This article analyses some of the social forces that account for the supply and success of indigenous entrepreneurs in Zimbabwe.*

### INTRODUCTION

THE ROLE OF THE entrepreneur in economic growth has long been acknowledged (Schumpeter 1947, 1968; Kent, Sexton and Vesper, 1982). Early writers on entrepreneurship were concerned mainly with the motivations of entrepreneurs. They assumed that the entrepreneurial flair, the ability to take risks and the desire to create a business, was inherent in the individual (Birley, 1989, 8). Entrepreneurs were characterised as individuals endowed with an innovative drive (Schumpeter, 1947), a high need for achievement (MacLelland, 1961) or an internal locus of control (Rotter, 1966). By innovation Schumpeter (1947, 151) referred to '... the doing of new things or the doing of things that are already done in a new way'.

For MacLelland (1961) it is the need for achievement that predisposes individuals to become entrepreneurs rather than the need for affiliation.

Rotter's internal locus of control is a personality characteristic that predisposes an individual to believe that he or she can control the outcome of his or her efforts. In contrast, an individual with an external locus of control believes that his or her life depends on forces outside his or her control.

MacLelland carried out studies that demonstrated that entrepreneurship is not genetically determined. He found that the development of entrepreneurial characteristics were related to parental treatment. High achievers were those who had been expected and encouraged by their parents to be capable of self-reliant and independent action at an early age. Since then, entrepreneurial studies have focused on social experiences and situational conditions to explain the origins and success of entrepreneurs.

## THE SOCIOLOGY OF ENTREPRENEURSHIP

Sociologists emphasise 'social experience' (Mead, 1934) to account for both the development of an entrepreneurial personality and the success of the entrepreneurial function. One of the earliest attempts to locate the origins of entrepreneurship in social factors was Weber's theoretical work, *The Protestant Ethic and the Spirit of Capitalism*. He attributed the development of capitalism in Sixteenth Century Western Europe to religious values associated with ascetic Protestantism. Its emphasis on vigorous activity in a secular vocation to prove one's 'calling' resulted in high rates of saving and continued hard work, both of which are favourable to economic progress (Weber, 1947).

Weber's work prompted other scholars to believe that entrepreneurs are social or cultural 'dissidents' (Cheater, 1987, 103; Kennedy, 1988, 160), those whose values differ from those of the mainstream society. Cheater argues that every kind of change — social, political, economic — results from the manipulative tactics of 'cultural dissidents'. These are the people who have the courage to breach and redefine their society's norms and values in pursuit of their own interests. For Kennedy (1988, 160), one has to be an 'outsider' in order to breach the norms and values of society with impunity. Immigrants, because they are aliens, can disregard local norms and values because they have no moral obligation to uphold those norms and values. There is also a symbolic outsider. One becomes a symbolic outsider by converting into a certain form of religion whose beliefs entitle him or her to breach the norms and values of society.

The sociology of entrepreneurship has therefore concentrated on locating which groups (social, cultural, ethnic, institutional, economic or religious) produce more entrepreneurial events than others, and why? According to Shapero and Sokol (1982), it is differences in social experience that explain why such groups as the Jews and the Lebanese in the United States, the Ibos in Nigeria and the Gujerati Indians in Africa, are associated with entrepreneurship rather than other groups. Hagen (1957)'s social marginality thesis attempts to explain why certain social groups produce more entrepreneurs than others. He argued that entrepreneurship was associated with low status groups.

Entrepreneurs are members of subordinate groups, seeking to redress their social grievances through economic creativity and venturing. Flemming (1979), however, found that in Argentina it was the elite in Mendoza Province who were the major entrepreneurs.

## METHODOLOGY

This article is based on data obtained from a case study of 10 small-scale businesses in Zimbabwe selected through purposive sampling from a

register obtained from the Indigenous Business Development Centre (IBDC). Data was collected mainly through in-depth, unstructured interviews. The limited nature of the case studies does not allow for broad generalisations. Further and more extensive research is necessary if we are to arrive at more emphatic generalisations. The evidence, however, provides insights on the social factors that encourage or impede the development and success of Zimbabwean indigenous entrepreneurship.

### SOCIALISATION

Socialisation has an influence on the development of an entrepreneurial personality. The main socialising agents in the development of entrepreneurial characteristics are the family, the school and the organisation previously worked for. An entrepreneurial personality is not in itself a sufficient condition for the initiation and successful operation of a business venture. In other words, besides the characteristics of the individual entrepreneur, entrepreneurial success depends on the social, legal and political factors in the environment in which the entrepreneurial activity takes place.

By encouraging behaviour that is associated with self-reliance, risk taking, innovation and individualism, parents or other relatives help their children develop an entrepreneurial personality. The influence of the family in the development of an entrepreneurial personality is stronger where there is a family tradition of business. A business family, particularly the father and mother, besides encouraging behaviour associated with entrepreneurship, also provides role models. Six of the business people indicated that one of their parents or relatives owned a business. A businesswoman stated:

I owe a lot of what I am today to my father. He used to sell hides and carvings and I used to admire him a lot. I remember how he wanted to send me to England to study law. I also admired him for his bravery. He was very politically minded and always opposed to the regime. I think I take after him.

Although not always the case, a family tradition of business can also influence the type of business one ventures into. In this study, parental influence was more evident in businesses owned by women. Two of the businesswomen stated that their mothers were involved in similar business ventures and therefore were role models for their own businesses.

The business people studied were relatively well educated, all of them holding post 'O' level qualifications with three of them holding university degrees. They were successful members of their families both in terms of education and wealth, akin to the *apwamamba* (big man) of Zambia, described by Beveridge and Oberschall (1979, 134). The ability to read

and write (particularly in English) enhances an individual's prospects to venture into business. It exposes an individual to a wide range of business information such as sources of finance. It also enhances one's ability to prepare business proposals which are typically presented in English. While numerical literacy may not be an important factor in the decision to start a business, it is definitely an important factor in its success.

All the business people had worked, or were still working, for other organisations. One businessman was working for a real estate company while running a construction and building supplies company on a part-time basis. Another was a university lecturer owning a clothing manufacturing company. The rest of the business-people had left their jobs to run their businesses on a full-time basis. The reasons for leaving a secure job to run a business varied. They ranged from the selfish, such as the need to make more money and to be one's own boss, to the altruistic such as the desire to create employment and contribute to national development.

Six of the business-people had businesses engaged in activities similar to those of the organisations they had previously worked for or were still working for. Any working experience has two positive impacts on entrepreneurial success. It provides an aspiring business-person with an opportunity to learn and master skills and experience that become valuable in future. It also gives an aspiring business-person an opportunity to earn and save money to use as start-up capital. All but one of the business-people started their businesses from their own savings.

#### AVAILABILITY OF CAPITAL

The problem most frequently expressed by indigenous business-people was the shortage of capital. When asked to talk about the problems affecting their business activities, all the ten business-people thought that their main problem was finance. All the other problems were seen as incidental to, or as a direct result of, the shortage of capital.

While only four business-people believed that the shortage of capital inhibited entry into business, all ten of them thought that the shortage of finance had a more profound effect on business expansion than on business start-up. Perhaps as a way of pushing the point home, one business-person who refused to participate in the research had this to say, 'Our problem is money. We don't have any other problem. Go and tell Government that we need money.' A businesswoman confidently stated that '... give us money and we are just as good as any other businessman in any part of the world of any race'.

The view that lack of access to finance has been the main inhibiting factor for the development of viable indigenous businesses has found

support from the media (especially the state-owned press), the Government and indigenous business pressure groups, in particular the vociferous Affirmative Action Group. This support has often come in the form of denunciations of private commercial banks and other financial institutions for sabotaging the indigenisation process by denying finance to indigenous business-people. At times the attack has been directed at Whites in general who are perceived not only to be responsible for the economic subordination of Blacks, but are also perceived to be the 'hidden hand' behind the banks' behaviour.

Two most widely expressed reasons for the lack of access of the indigenous people to financial resources are lack of collateral security and 'institutional racism'. The lack of collateral has a historical explanation. For a long time, most indigenous Zimbabweans have been excluded from the ownership of the means of production and from any economic activities that would enable them to make any meaningful savings.

Eight of the ten business-people indicated that at one time or another, they tried to borrow money from a financial institution for business expansion or for capital injection. Only half (four) of those who tried to obtain loans from the banks were successful. The most common reason given for the denial of loans was lack of collateral security. Those who had succeeded in obtaining loans for business expansion used their houses as collateral security.

'Institutional racism' is a term that has been used by those concerned to refer to an alleged tendency to deny membership of, and benefits from, certain organisations or institutions on racial grounds. To protest this, in July 1994 a coalition of 'indigenisation' pressure groups, which included members of the Indigenous Business Development Centre, Affirmative Action Group, Indigenous Business Women's Organisation and *Sangano Munhumutapa* organised protest marches in Harare to denounce institutional racism. The protests ended with the handing of strong protest letters to managers of commercial banks and other financial institutions.

Those who allege 'institutional racism' in banks argue that banks deliberately deny Blacks access to finance by an undue emphasis on collateral which they know most Blacks do not have. A businessman complained:

Our businesses are ailing because banks are racial . . . The colour of the person determines whether or not he or she gets a loan regardless of how feasible the project proposal is. Whites get preferential treatment because they control the economy of this country.

Another businessman who believed that lack of access to capital was retarding the growth of his business argued:

Our problem is finance. Where on earth do we get the money if the banks do not want to give us the money just because we are Blacks?

Another one complained:

Our problem as Black business-people is not that we are incapable of running our businesses as is often alleged by our White counterparts. Our problem is money. We have ideas just like the White businessmen but we need money to translate these ideas into reality.

Besides institutional racism and lack of collateral security, business-people blamed the Government for not doing enough to help them. Other problems such as lack of affordable working space and the existence of restrictive regulations were also partly attributed to Government's lack of sympathy to the plight of Black business-people. This accusation was, however, expressed mostly in relation to availability of finance. A business-woman suggested, 'The Government should put in place a parallel structural adjustment programme for Blacks.'

She was suggesting that concurrent with the on-going economic reforms, the Government should come up with a set of policies that are aimed at protecting and nurturing Black-owned businesses. Another business-person remarked:

We voted for this Government into power hoping that they were going to work towards redressing the social inequalities left behind by the colonial legacy. The Government is doing nothing at all.

Another comment was:

The reason we fought the war was that we wanted to control the economy of our country. Someone somewhere up there has apparently forgotten this. If the Government is going to continue with this carefree attitude we will continue to be subjugated by Whites for a long time to come.

Besides the issue of collateral and 'institutional racism' business-people complained of the high cost of borrowing as a result of high interest rates.

The lending institutions, especially commercial banks, have consistently denied allegations of 'institutional racism'. The issue of collateral has been defended by the banks on the grounds that they had to make sure that the depositors' money is safe. As custodians of investors' money the banks argue that they demand collateral from borrowers as a form of security against the loss of such money and not as a way of discouraging borrowing.

At a conference organised by the Zimbabwe National Chamber of Commerce and Friedreich-Naumann-Foundation in February 1994, representatives of financial institutions were asked to respond to the allegations by indigenous business-people. Mr. Jaravaza of the Zimbabwe Development Bank, Mr. Wilde, Deputy Governor of the Reserve Bank of Zimbabwe, Mr. Sanyanga of Stanbic, Mr. Matsaira of Standard Chartered Bank and Mr. Mwaturura of the Venture Capital Company of Zimbabwe all

agreed that the only reason why the bankers demanded collateral was to safeguard the interests of the investors. There was consensus, among the banking experts, that the other reason for failure to obtain a loan was poor project proposals. Mwaturura argued that there was a dearth of creative and viable project ideas. Chetse (1992) identified poor project proposals as one of the reasons for failure to secure finance for small businesses. Mr. Sanyanga concluded that the criticisms of banks often came from people who did not understand the requirements of borrowing money. John Maposa (1994) of Zimbank's small business division shares the same views.

Demands for collateral security and project proposals that showed potential to be viable may not in themselves imply unfairness or any form of discrimination. This is because as Schartz (1977) and Kennedy (1988) argue, such demands are standard practice worldwide. All banks have a responsibility to lend depositors' money safely.

To do this, bankers do not only demand collateral and good business proposals, but they also need evidence of reasonably efficient business operations, including up-to-date and properly kept accounts, especially when the money needed by the borrower is substantial. Also the interest rates charged by the banks may be determined by forces outside the control of the individual banks. Evidence from this study and studies carried out elsewhere, seem to suggest that an uncritical acceptance of institutional racism as the prime cause of lack of access to business finance by indigenous people would be simplistic.

### ECONOMIC FACTORS

Economic factors is used here to refer to all the factors impinging upon the operations of a business other than the availability of capital and the ability of the businessman himself (Schartz, 1977, 70). These factors include inadequate infrastructural development, high rates of taxation, availability and appropriateness of technology, level of product demand and availability of adequate and reliable sources of supplies. Five out of ten business-people indicated that they were renting the premises they were operating from. The business-people complained about the high rentals charged by the property owners, who included insurance companies such as Old Mutual. They indicated that they were not able to build their own premises, although they wished to, because they could not obtain loans for that purpose, and that the profits they made were eroded by high rentals and high taxation.

The need for the provision of affordable work space is an important aspect in the drive towards economic indigenisation. The provision of work space has traditionally largely been the responsibility of local

authorities. Unfortunately, the local authorities have not been able to satisfy this need because of lack of financial resources. This has led to over-crowding of the few facilities that have been put up and the illegal use of residential properties for business purposes.

The high rentals charged for business premises developed by some private organisations can be attributed to the high demand for such facilities. This has often resulted in the facilities initially intended for the small and medium business sector, being taken up by big businesses. The economic logic behind the very high rentals charged by property owners is that scarcity pushes prices up. Also, developers might need a reasonable return for their capital in the face of high interest rates, a fact that some business-people seem not to understand. Some business-people, however, allege that their problems were compounded by racial discrimination by the property owners.

Like 'institutional racism' alleged in the provision of finance, the attribution of the shortage of working space to racial discrimination is difficult to verify. The allegations were not accompanied by any evidence, such as written communications between the parties concerned. Furthermore, there was a general reluctance by the business-people to reveal the identities or the addresses of those concerned, making it difficult to follow up on the allegations raised. As with 'institutional racism', it would be naive to accept that the problems of working space faced by indigenous business-people can be explained solely in terms of racial discrimination. This is not, however, to suggest that these allegations are untrue. The point being made is that it is possible, in a racially stratified society like Zimbabwe, for race to be manipulated to gain access to economic resources. Political economists such as Raftopoulos and Moyo (1994, 5) have argued that race has become a convenient political tool for a minority Black petty-bourgeoisie's accumulation tendencies.

### CULTURAL FACTORS

Entrepreneurship, like other human endeavours, takes place within a cultural context. This means that entrepreneurs carry out their businesses in a way that is more or less defined by others (James, 1987, 90). Cultural factors do not only affect the supply of entrepreneurs in a society but also the organisational cultures of organisations existing within that society.

#### **Women in business**

The effects of cultural factors can be discerned on the supply of women entrepreneurs and the success of their enterprises. Allen and Truman (1993, 15) have argued that the gender division of labour prevalent in most societies leads to the restriction of women's entrepreneurial activities

to those activities they traditionally operated in such as food production and processing, nutrition and child care.

Evidence from this study seems to lend support to these observations. Of the five business-women studied, four of them operated ventures whose activities were related to women's traditional roles. These activities included dress-making, cookery, secretarial work, hair dressing and the sale of beer and other foodstuffs. The multiple roles performed by women and the priority cultures give to their familial responsibilities, also put severe constraints not only on the radius within which they can function but also on the kind of entrepreneurial activity they can perform.

### **The role of kinship**

Research findings on the relationship between indigenous African business practice and kinship relations have not been consistent. Some scholars, such as Marris and Somerset (1971) and Garlick (1971), have found that kinship relations are an obstacle to organizational efficiency and capital accumulation. Such findings therefore, seem to point to the suggestion that in order to achieve economic development, African countries ought to do away with the extended family. Marris (1988) states that it is often argued that the tradition of African family life inhibits individualism and the accumulation of capital, as the obligations to kinsmen drain resources of the incipient entrepreneur.

No sooner does a man rise above his kinsfolk than he is overwhelmed by the imperative demands which rob him of the profits of his enterprise. He cannot save money to expand his affairs and sooner or later either fails or becomes discouraged from further effort. The ambitious and the talented are ruinously exploited by their less able and vigorous family (Marris, 1968, 19).

In Kenya, Marris and Somerset (1971) found that not only is kinship an impediment to business life, but the potential advantages of harnessing kinship loyalties and converging family interests in the pursuit of common goals — which might in certain situations counteract the negative aspects — is also lost because in Kenya there is no tradition of families holding and working economic resources together. People regarded themselves as independent of their kinsmen and were reluctant to accept the authority of individual relatives.

Garlick (1977) found that in Ghana, the extended family drained the businessmen of their capital through the cost of educating their nephews, nieces and younger brothers, caring for the aged relatives and contributing towards relatives' funeral expenses. Garlick also found that time, a valuable business resource, was squandered by kinship obligations. Businessmen spent a lot of time attending to extended family demands such as funerals and other gatherings at the expense of their businesses.

The picture presented by these writers is, as Kennedy (1988) describes it, one of unrelieved gloom, as kinship relations in business are seen to result in high costs but yielding few, if any, compensatory benefits. Moreover, businessmen are seen to stand condemned because they remain weak and unable to deal with these problems.

Contrary to the above findings, Khalaf and Shawyri (1966, 60) in their study in Lebanon, found that in times of change, characterised by flux and uncertainty, kinship relations act as palliatives or stabilising agents to help cope with the demands of the changing world. Beveridge and Oberschall (1970, 134), in their study in Zambia, found no evidence to suggest that kinship was a significant factor in the success or failure of indigenous businesses. Their research found that the extended family was still a significant social unit even in the towns and that kinship obligations and claims were still extensive. They argue, however, that it is difficult to establish, quantitatively, the degree of financial drain caused by kinship obligations.

Kennedy found that in Ghana, the majority of those included in his research sample did respond to kinship claims for money for a variety of purposes. He concluded, however, that kinship obligations did not constitute a major obstacle to business development. He found businessmen to behave in a rational way:

... they are aware of the dangers of excessive expenditure, they regulate the amount they spend and they have a fair idea of what proportion of their incomes their kinsmen can justifiably claim over a given amount of time (Kennedy, 1980, 107).

In Nigeria, Nafziger (1969) found that kinship relations were beneficial in the initial stages of the business. The extended family provided apprenticeship training for would-be businessmen as they acquired skills through working for their relatives. He also found that the extended family usually provided initial start-up capital for the aspiring businessmen. In other words, kinship relations benefited the businessmen by giving them training and helping them set up their businesses. As the businesses expanded, however, Nafziger found that entrepreneurs tended to lose more than they benefited from the institution of the extended family. Nafziger states that at this stage, although entrepreneurs rarely received funds from the family for expansion of the firm, the family does require resources for current consumption which might otherwise have been invested in the business. He concludes:

Without further evidence, there is no longer reason to believe that the extended family has, on balance, a negative effect on entrepreneurial activity (Nafziger, 1969, 33).

The discussion about the relationship between kinship relations and entrepreneurial activity is still going on and does not seem to lose its

polemic flavour (Khalaf and Shawyri, 1968, 59). What might be contributing to this lack of consensus is, as Kennedy (1980, 119) suggests, that social structures that provide obstacles to development in one country may prove to be useful in another. Seven business-people in this study indicated that they assisted relatives by either offering them jobs or providing them with money for various purposes such as school fees and funeral expenses. Three of them indicated that they did so because they felt culturally obliged to do so, while the other four believed it was through their own benevolence. It is, however, unfair to conclude from such evidence that indigenous entrepreneurs are prisoners of their own culture as in some cases many have succeeded in 'extricating' themselves from kinship obligations and protect their business interest (Maphosa, 1997, 93; Wild, 1997, 107). It is also a biased view to look only at the costs incurred by indigenous businesspeople in fulfilling kinship obligations without taking into account the benefits entrepreneurs derive from kinship relations. Although kinship obligations constitute a cost, the businesses also derived some economic benefits from relatives. Relatives were more prepared to work for longer hours and for less pay than non-relatives. The question many commentators on indigenous African entrepreneurship have not asked is: Why do we still have successful entrepreneurs in a social context that does not allow individual accumulation? The answer can be found in the concept of 'cultural dissidents'.

### THE REGULATORY ENVIRONMENT

The political and legal conditions in turn affect the nature of economic involvement in the country. Prior to independence, the White settler Government pursued racially motivated policies that effectively excluded the majority of Blacks from the ownership and control of the economy.

The present state of underdevelopment of the indigenous private sector is as much attributable to colonial policies as to post-colonial ones. Even with the change from a command to a free market economy, there is a general lack of enthusiasm in government circles to deregulate those areas that have been constrained by restrictive policies.

In 1991, the Government established a Deregulation Committee to explore ways of relaxing the various laws and regulations which inhibit the development of the small-scale indigenous business sector. In 1993, a Deregulation Project Team was set up to identify among other things, all legislation affecting the entry and growth of businesses in the private sector and to make recommendations to the Deregulation Committee for either amendment, outright repeal, tightening up or improvement of such legislation. The then Senior Minister, Mr. Joseph Msika, whose ministry was chairing the Deregulation Committee, reported that by February 1994,

the Team had identified 28 Acts that presented obstacles to the entry of indigenous business-people into private business.

One of the most oppressive and discriminatory Acts passed by the colonial Government, and which is often cited as largely responsible for the underdevelopment of a Black entrepreneurial class in Zimbabwe, is the *Land Apportionment Act* of 1930. This Act effectively created cheap labourers out of the indigenous Blacks by pushing them into the ecologically marginal areas of the country, prohibiting them from owning or leasing property in the lucrative 'European' areas and prohibiting them from owning land in the overpopulated 'native reserves' (later known as the Tribal Trust Lands and, after independence, communal areas). Very few Blacks have acquired title to land in the urban and commercial farming areas, where private ownership of land is legal. In the communal areas land is still largely under communal tenure. The lack of title deeds is the most important reasons for the lack of access to finance by many small-scale indigenous businesses.

Besides the *Land Apportionment Act* of 1930, the Deregulation Project Team identified 13 out of 28 Acts that required priority attention. These included, the *Companies Act* [Chapter 190], the *Factory Act* [Chapter 218], the *Urban Councils Act* [Chapter 241], the *Rural District Act* (No. 8 of 1988), the *Regional, Town and Country Planning Act* (No. 22 of 1976), the *Shop Licensing Act* (No. 40 of 1976), the *Liquor Act* (No. 9 of 1984), the *Public Health Act* [Chapter 328], the *Food and Food Standards Act* [Chapter 321], the *Traditional Beer Act* (No. 25 of 1984), the *Second Hand Goods Act* [Chapter 293], the *Land Survey Act* [Chapter 147], the *Banking Act* [Chapter 188], the *Customs and Excise Act* [Chapter 117], and the *Income Tax Act* [Chapter 181]. These pieces of legislation, most of them inherited from colonial administrations (ILO, 1993, 90), entrench White privileges and make it difficult for new entrants into business through cumbersome procedures for registration of a business and numerous health, safety, licensing and zoning regulations. While some of these Acts were not passed specifically to regulate the activities of the small business sector, they have often provided impediments to the operations of the small businesses. This is because they have either been deliberately used to restrict the activities of the small businesses or their provisions were so stringent or so complicated as to discourage new entrants into business.

The complex registration procedures required by the *Companies Act* before an undertaking can be registered as a company are an inhibiting factor against many small-scale businesses registering as companies. The *Factory Act* requires a business-person to have a license to use a factory. Stringent standards have to be met before a business-person can be issued with the license. Small businesses often fail to meet these standards. The regulations of the *Public Health Act* cover food preparation, the washing

of clothes and maintenance of buildings. Generally the standards required by this Act are so high that they help protect the established businesses, especially those in the formal sector, while the small businesses are subject to harassment for failure to meet these standards. The *Urban Councils and Regional, Town and Country Planning Acts* empower local authority regulations which regulate the activities of both the formal and informal businesses. They also give local authorities control over land use. These are often used to restrict the activities of small businesses. Since the 1993 ILO report which commented that up to November of that year, very little progress had been done about the deregulation of the business environment, the position had not changed much at the time of writing this article.

### THE INDIGENISATION PRESSURE GROUPS

The call for economic indigenisation in Zimbabwe gathered momentum after the introduction of the Structural Adjustment Programme (ESAP) in 1991. The introduction of ESAP took place within the context of an ailing economy characterised by, among other things, a high and rapidly growing rate of unemployment and poverty. The objectives of ESAP were enunciated in the reform document as entailing moving away from a highly regulated economy to one where market forces are allowed to play a more decisive role (Government of Zimbabwe, 1991, 4). This provided an ideological justification for the government to promote small-scale private enterprise as a vehicle for employment creation. The environment created by ESAP also provided an opportunity for the Black middle class (among them veteran business-people and high salaried bureaucrats in the private and public sectors) to lobby the government to remove the historically determined obstacles to participation in business. It is this group, whose business aspirations have hitherto been frustrated by the inherited economic structures, which is at the forefront of the indigenisation campaign.

In 1990 the Indigenous Business Development Centre (IBDC) was formed ostensibly to press for more Black participation and control of the Zimbabwean economy. Making up its executive board were various lobby groups such as Women in Business, Zimbabwe National Framers' Union and Zimbabwe Transport Organisation. Unlike other business associations such as the Zimbabwe National Chamber of Commerce (ZNCC) and the Confederation of Zimbabwe Industries (CZI), the IBDC considered itself more of a nationalist pressure group than the usual type of business association (Wild, 1997, 267). The major thrust of the IBDC towards indigenisation is the radical change of the ownership structure of the economy to favour Black entrepreneurs so that they can be integrated

into the mainstream of the economy. This approach differs from that taken by other supporters of indigenisation such as international donors, NGOs and other business associations. The latter have a particular focus on small and medium-scale enterprises and advocate a market economy approach. This approach calls for the creation of an enabling environment through the deregulation of the economy which involves, *inter alia*, the removal of price, licensing and zoning controls which negatively impact on small-scale entrepreneurs. It also advocates the creation of anti-trust laws to promote competition and the revision of banks' lending policies so as to cater for the small entrepreneurs most of whom do not have collateral.

In its advocacy, the IBDC does not make a clear distinction between small and large indigenous enterprises. Most indigenous Black enterprises fall within the informal to medium scale categories. There are, however, some big indigenously owned enterprises. The IBDC presents this collective view not for the benefit of all indigenous Black entrepreneurs but its members through the manipulation of nationalist and racist feelings of the Black majority (Deve, 1994, 10; Wild, 1997, 269). According to Wild it is the 'elite of African business' who stand to benefit as they

... hope that once the noise has subsided and the dust has settled they can grab the debris left behind and piece it together for their own devices. It is an irresponsible exploitation of the nationalist feelings of the African majority and speculation in the erosive effect of nationalist propaganda on white morale (p. 268).

In its short existence to date, the IBDC experienced serious factionalism which saw the organisation split into two groups, one led by Chemist Siziba and the other by Ben Mucheche who finally emerged as its president. The strife was characterised by allegations and counter allegations of misuse of power, electoral fraud, and misappropriation of funds.

In 1994 the Affirmative Action Group (AAG) was formed under the leadership of Harare businessman Phillip Chiyangwa. AAG came into being perhaps as a result of the dissatisfaction with the performance of the IBDC, which had been experiencing leadership wrangles for a long time. Early in 1995, the United Indigenous Pressure Group (UIPG) was formed. With the formation of AAG, a more vociferous and aggressive organisation than IBDC, nationalist and racist tactics became more apparent. Soon after its formation, the AAG called for a consumer boycott of all firms which had not entered into joint ventures with Black entrepreneurs.

Like the IBDC, AGG has used nationalist and racist propaganda to advance the interests of its members, who have extensive political and social connections, at the expense of the many small indigenous Black entrepreneurs. For instance Chiyangwa is a close relative of the state President and the late vice president of AAG, Peter Pamire was chairman of the fundraising committee of the ruling party ZANU (PF). These

connections, as Deve (1994, 10) has observed, are '... deemed necessary to facilitate the approval of new projects by government ...'

In view of this, one is bound to concur with Raftopoulos and Moyo (1994, 17) that the thrust of the indigenisation groups has been a clearance operation, to open up more avenues of accumulation for the Black elite.

### THE ROLE OF THE STATE

Until recently, the position of the state regarding indigenous small enterprises has been unclear (Helmsing, 1993, 30; Mumbengegwi, 1993, 149; Raftopoulos and Moyo, 1994, 10). This, according to Mumbengegwi, is true for the colonial period as well as the post-colonial era.

The lack of a clear-cut policy on the promotion of small-scale African businesses during the colonial era is attributable largely to racially based policies of colonial governments, which provided obstacles to the setting up and operation of such businesses. As Helmsing (1993, 4) points out, government attitudes towards African small-scale enterprises were quite negative.

Another reason for the lack of interest in small-scale businesses generally is the question of control. Small businesses, especially those in the informal sector, present difficulties to central government and local authorities on issues like the enforcement of health standards, taxation and planning.

In the early post-independence period up to the early 1990s, this lack of interest in the promotion of small-scale businesses persisted. This was the case mainly because small private enterprises were not part of the development strategy of a government professing a commitment to Marxist ideology (Helmsing, 1993, 30). In concurrence, Raftopoulos and Moyo contend that the Government's rhetorical and contradictory commitment to socialism has meant a lack of encouragement in policy support terms for the growth of Black entrepreneurs.

Zimbabwean post-independence policies of scientific socialism tended to view private business as individualistic, exploitative and parasitic. These views created a nonconductive environment for the creation of small private businesses. It is due to these ideological leanings that for over a decade in post-independence Zimbabwe, individually owned businesses had considerable difficulties in qualifying for government assistance. Instead, the Government's attention and energies were directed towards cooperative enterprises.

At the introduction of ESAP, for the first time the Government was explicit about its position regarding small-scale private enterprises. It stated that the growth of the small-scale sector had been inhibited by the availability and cost of finance, land and basic utilities as well as numerous

licensing and other regulations. The Government undertook to relax all regulations that inhibited the setting up of small businesses. The importance of small enterprises was also highlighted in the Second Five Year National Development Plan (1991-95). On 24 April 1991 a Parliamentary Select Committee was set up to examine:

- the adequacy of necessary and supportive legislation to indigenise the economy;
- ownership and review of equity structure in all sectors of the economy;
- all matters pertinent to the successful implementation of an indigenisation policy;
- to report its findings to Parliament.

A member of the committee summed up its role as that of exploring ways and means of economically empowering the indigenous Zimbabweans through an expansion of their participation in the economy of the country (Mangwende, 1994, 2). In 1992, the Cabinet Task Force on the indigenisation of the economy was set up to look into ways to promote indigenisation. The Small Enterprise Development Corporation (SEDCO) was formed. However, SEDCO's lack of political support, incompetent management and under-capitalisation bear testimony to the government's half-hearted measures to promote small and medium scale entrepreneurs (Wild, 1997, 259).

## CONCLUSION

Despite the long history of marginalisation and sometimes subjugation, Zimbabwean entrepreneurship has continued to survive. The supply and the success of entrepreneurs in any given society depends to a great extent on the environment in which the entrepreneurship function is being carried out. During the colonial era the dominant social force affecting the supply and success of indigenous Black entrepreneurs was race. Their access to capital and finance was restricted by racially motivated colonial laws and regulations. After independence in 1980 indigenous Black entrepreneurs continued to experience marginalisation mainly as a result of the government's professed Marxist ideology. The introduction of the Economic Structural Adjustment Programme has not helped many indigenous businesses particularly those in the small-scale sector as social and political connections are the most important requirements for business success. This is exacerbated by the state's lack of interest in coming up with a clear policy on indigenisation as well as indigenisation pressure groups whose interests are to enrich themselves using nationalist and racist tactics.

## References

- Allen, S. and Truman, C. (eds.) (1993) *Women in Business: Perspectives on Women Entrepreneurs* (London, Routledge).
- Beveridge, A. A. and Oberschall, A. R. (1979) *African Businessmen and Development in Zambia* (Princeton, Princeton University Press).
- Carter, S. and Cannon, T. (1993) *Women as Entrepreneurs: A Study of Female Business Owners, Their Motivations, Experiences and Motivations for Success* (London, Academic Press).
- Cheater, A. P. (1989) 'Managing culture en route to socialism: The problem of culture answering back', *Zambezia*, XVI, (ii), 103-122.
- Chetse, S. S. (1992) 'Poor Project Submission Skills Have Been the Major Obstacle to the Development of Small Scale Enterprises in Zimbabwe: A Case Study of the Small Enterprise Development Corporation — SEDCO' (Unpublished MBA thesis, University of Zimbabwe).
- Deve, T. (1994) 'Democratising the Indigenisation Discourse', Paper presented at the IDS (University of Zimbabwe/OSSREA) Workshop on *Indigenisation of the Zimbabwean Economy: Problems and Prospects*, 18-19 August, 1994.
- Fleming, W. J. (1979) 'The cultural determinants of entrepreneurship and economic development: A case study of Mendoza Province, 1861-1914' *Journal of Economic History*, XXXIV, (i).
- Gaidzanwa, R. B. (1993) 'Women entrepreneurs, donor promotion and domestic policies', in Helmsing, A. H. and Kolstee, T. H. (eds.), *Small Enterprises and Changing Policies: Structural Adjustment, Financial Policy and Assistance Programmes* (London, Intermediate Technology Publications).
- Hagen, (1962) *On the Theory of Social Change: How Economic Growth Begins* (Homewood, Dosey Press).
- James, L. R. (1987) 'Barriers to entry to entrepreneurship' *Management Forum*, XIII, (ii), 90-104.
- Khalaf, S. and Shawyri, E. (1966) 'Family firms and industrial development: The Lebanese case', *Economic Development and Cultural Change*, XV, (i), 59-69.
- Kennedy, P. (1988) *African Capitalism: The Struggle for Ascendancy* (Cambridge, Cambridge University Press).
- Kent, C. A., Sexton, D. L. and Vesper, K. H. (eds.) (1982) *Encyclopedia of Entrepreneurship* (Englewood Cliffs, Prentice-Hall).
- MacLelland, D. (1967) *The Achieving Society* (New York, Free Press).
- Mangwende, A. T. (1994) 'The Legislature and the Indigenisation of the Zimbabwean Economy: Problems and Prospects; Experiences of the Parliamentary Select Committee on the Indigenisation of the National Economy', Paper presented at the workshop on *The Indigenisation of the Zimbabwean Economy: Problems and Prospects* jointly organised by IDS, University of Zimbabwe and OSSREA, 18-19, August, 1994.
- Maphosa, F. (1997) 'The Role of Kinship in Indigenous Businesses In Zimbabwe' (Unpubl. D. Phihl thesis, Harare).

- Maposa, J. (1994) 'Small business enterprises need all the support' *The Sunday Mail*, 20 November, 1994.
- Mumbengewi, C. (1993) 'Structural adjustment and small-scale enterprise development in Zimbabwe', in Helmsing, A. H. and Kolstee, T. H. (eds.), *Small Enterprises and Changing Policies: Structural Adjustment, Financial Policy and Assistance Programmes in Africa* (London, Intermediate Technology Publication).
- Nafziger, E. W. (1969) 'The effect of the Nigerian extended family on entrepreneurial activity', *Economic Development and Cultural Change*, XVIII, (1), 25-33.
- Raftopoulos, B. and Moyo, S. (1994) 'The Politics of Indigenisation in Zimbabwe' Paper presented at the National Workshop on *Indigenisation of the Zimbabwean Economy: Problems and Prospects*, jointly organised by IDS, University of Zimbabwe and OSSREA, 18-19 August, 1994.
- Rotter, J. B. (1966) 'Generalised expectations for internal versus external control of reinforcement' in *Psychological Monographs*, LXXX, 609.
- Schartz, S. P. (1977) *Nigerian Capitalism* (Berkeley, University of California Press).
- Schumpeter, J. A. (1934) *The Theory of Economic Development: An Inquiry into Profits, Credit, Interest and the Business Cycle* (New York, Oxford University Press).
- Stevenson, L. (1988) 'Women and economic development: A focus on entrepreneurship' *Journal of Development Planning*, XVIII, 113-126.
- Weber, M. (1947) *The Theory of Social and Economic Organisation* (New York, Free Press).
- (1958) *The Protestant Ethic and the Spirit of Capitalism* (New York, Charles Scribner and Sons).
- Wild, V. (1997) *Profit not for Profit's Sake: History and Business Culture of African Entrepreneurs in Zimbabwe* (Harare, Baobab).