PN-ABH-226

70340

PRIVATE SECTOR TRAINING NEEDS ASSESSMENT

USAID/ZIMBABWE

DECEMBER 1990

Prepared By

LABAT-ANDERSON Incorporated
2200 Clarendon Boulevard, Suite 900
Arlington, Virginia 22201
USA

and

Probe Market Research
4th Floor, Norwich Union Building
22 Gordon Avenue
Harare, Zimbabwe

Under Contract No. AFR-0463-C-00-8030-00

LABAT-ANDERSON
INCORPORATED

62

PRIVATE SECTOR TRAINING NEEDS ASSESSMENT

USAID/ZIMBABWE

DECEMBER 1990

Prepared By

LABAT-ANDERSON Incorporated

and

Probe Market Research

USAID/ZIMBABWE PRIVATE SECTOR TRAINING NEEDS ASSESSMENT

ANNEXES

ACRONYMS

ADB	African Development Bank
AIDS	Acquired Immuno-Deficiency Syndrome
APDF	Africa Project Development Facility
BA	Bachelor of Arts
CDSS	Country Development Strategy Statement
CEO	Chief Executive Officer
CIDA	Canadian International Development Agency
CIFOZ	Construction Industry Federation of Zimbabwe
CPA	Central Purchasing Authority
CSO	Central Statistical Office
CZI	Confederation of Zimbabwe Industries
DAI	Development Alternatives, Inc.
EBCAZ	Emergent Building Contractors Association of Zimbabwe
EC	European Community
ECU	European Currency Unit
EMCOZ	Employers Confederation of Zimbabwe
ESAMI	Eastern and Southern African Management Institute
FY	Fiscal Year
GDP	Gross Domestic Product
GOZ	Government of Zimbabwe
HPC	Horticulture Promotion Council
HRDA	Human Resources Development Assistance Project
IBRD	International Bank for Reconstruction and Development (World Bank)
IESC	International Executive Service Corps
ILO	International Labor Organization
IYB	Improve Your Business program
MBA	Master of Business Administration
NGO	Non-Governmental Organization
NRZ	National Railways of Zimbabwe
OGIL	Open General Import License system
OTD	Organizational Training and Development
PSAB	Private Sector Advisory Board
PSSO	Private Sector Support Organization
PSTNA	Private Sector Training Needs Assessment

ACRONYMS (continued)

PTA	Preferential Trade Agreement (of eastern and southern Africa)
RBZ	Reserve Bank of Zimbabwe
RHUDO	Regional Housing and Urban Development Office
RSA	Republic of South Africa
SADCC	Southern African Development Coordination Conference
SEDCO	Small Enterprises Development Corporation
SME	Small and Medium Sized Enterprise
SOE	State Owned Enterprise
SSE	Small Scale Enterprise
STABEX	Stabilization of Exports program
TOT	Training of Trainers
UDI	Unilateral Declaration of Independence
UNIDO	United Nations Industrial Development Organization
UNDP	United Nations Development Program
USAID	United States Agency for International Development
VOICE	Voluntary Organizations in Community Enterprise
ZEDA	Zimbabwe Entrepreneur Development Association
ZENA	Zimbabwe Entrepreneurs Association
ZEPP	Zimbabwe Export Promotion Program
ZIMBANK	Zimbabwe Banking Corporation
ZIMMAN	Zimbabwe Manpower Development Project
ZIPAM	Zimbabwe Institute of Public Administration and Management
ZNCC	Zimbabwe National Chamber of Commerce
ZWFT	Zimbabwe Women Finance Trust (Womens World Banking)

Acknowledgments

During the course of preparing for and conducting the analysis of Zimbabwe's private sector training needs, the entire assessment team benefitted from excellent support from a number of individuals and organizations committed to enhancing growth prospects for Zimbabwe.

Without superb backstopping and preparation by the USAID/Zimbabwe office, in particular, Sarah Bishop, the Training Officer, the assessment team could not have completed its tasks. The USAID Director, Ted Morse, met with the team three times during the final phase and took an active interest in our findings, analysis of data and assessment of the country's business climate. The Zimbabwe business and training community was open and helpful, spending hours completing questionnaires, submitting to lengthy interviews, and providing documentation and ideas. Zimbabwe-based NGOs, donor organizations, and private sector support organizations also took a keen interest in this report and were always available to share their knowledge. The Government of Zimbabwe, through its Undersecretary for National Scholarships Mr. E. Moyo, offered important contributions and support for the assessment as well.

The support received from PROBE, Inc. deserves special mention. PROBE developed and executed a thoroughly professional market survey of training needs under very severe time constraints. The competent staff of this market research firm was always ready to respond to demands for further data and on several occasions, worked tirelessly to produce additional cross-tabulations from the questionnaires for further analysis. Without PROBE's excellent contribution, the assessment would not have been possible for lack of reliable and professionally generated data on Zimbabwe's private sector.

The team was composed of the individuals listed below. The presence on the team of a highly qualified and interested Zimbabwean specialist in business from the University of Zimbabwe proved critical in producing accurate interpretations of interviews and in presenting PROBE's data in the report in all of its complexity.

Mr. William C. Piatt, HRDA Project Director/PSTNA Manager
Mr. David P. Harmon, Assessment Team Leader/Private Sector Analyst
Mr. Andrew C. Gilboy, Human Resource & Training Specialist
Ms. Tracy Mugambiwa, Instructor, Business Studies Department, University of Zimbabwe

EXECUTIVE SUMMARY

The purpose of the private sector training needs assessment (PSTNA) conducted from September through December 1990 was to assist USAID/Zimbabwe in determining training priorities that will promote private sector development in concert with the mission's revised Zimbabwe Manpower Development II (ZIMMAN II) project. The revised project entails a shift in focus toward private sector training needs, with support to the public sector limited to assistance that will alleviate those policy and regulatory constraints that hinder the growth and functioning of a modern private sector.

The 3-year training plan developed as a result of this assessment can serve as the basis for private sector training activities from now through FY 1993.

The PSTNA was composed of three phases. The initial phase consisted of a two-week organization trip by the LABAT-ANDERSON HRDA Project Director to identify specific sectors of the economy which would become the focus of the assessment, identify a competent local consulting firm to perform a market survey of training needs among firms in the selected sectors, identify a local consultant to become part of the assessment team, and to set up a work plan for the team to follow upon its arrival in Zimbabwe.

Phase II of the PSTNA consisted of a local market research performing a statistically valid training needs survey of 100 formal sector and 100 informal sector firms. The subsectors of the economy selected for this research addressed the principal issues on the minds of most Zimbabweans: increasing the foreign exchange available in the country; and generating employment for school leavers. Emphasis in the formal sector was placed on businesses with high potential for increased export earnings to increase the flow of money in the economy. The activities chosen were agribusiness, construction, mining, textiles, and horticulture. As the economy grows, the informal sector should expand creating substantial incremental employment. Those activities included small-scale manufacturing, commerce, and services.

During Phase III of the PSTNA, the assessment team members met with key players in private sector development. These included training institutions, private sector support organizations, banks, other financial institutions, voluntary service organizations, accounting firms, Government of Zimbabwe (GOZ) agencies, and donors. Team members also interviewed 27 private sector firms in various sectors of business activity to gain further information about training needs, as well as to cross check the findings of the earlier survey. These firms ranged in size from 2 to 3,000 employees and from US$200 to US$100,000,000 in gross sales.

The survey and the assessment identified the following six major constraints to private sector growth in Zimbabwe. These constraints cut across business activities and the scale of business operations.

- Major difficulties in obtaining foreign exchange to modernize worn-out plant and equipment and obtain needed spare parts (survey, assessment).

- Severe problems in obtaining vehicles, spare parts, and ensuring transport services (survey, assessment).

- High level of taxation, both company and individual (survey).

- Lack of qualified senior and middle management, as well as technical personnel (survey, assessment).

- Difficulty for newly created small firms in securing credit (survey, assessment).

- Inadequate competitive marketing skills resulting from operating for 25 years in a protected, regulated economy, under which the private sector could readily sell whatever it produced (survey, assessment).

The following major training needs were identified:

- For owners and managers: marketing, general management, organizational, personnel management, and financial management skills; higher level financial management skills are needed for larger firms.

- For technical personnel and skilled labor: industry-specific training in new technologies and production management skills necessary in a market-driven economy.

- For semi-skilled personnel: literacy, communications, and technical/craft skills.

The assessment team also analyzed 38 local training institutions using a combination of interviews and survey to determine their capacity to deliver appropriate training to private sector firms.

The mission's training strategy is designed to build a strong and lasting local capacity to respond to the training needs of the private sector, to strengthen the capacity of the private sector to deliver training, and to enhance the ability of private sector support organizations to support the informal sector. The strategy also targets those areas of public policy which hamper the development of the private sector. In light of USAID priorities in Zimbabwe and based on the results of the training needs assessment, the strategy has six key objectives:

1. To support the expansion of small and medium-sized enterprises, courses, seminars, and workshops for SME owners and managers will be developed or expanded. Partial tuition will be offered to increase access of SMEs to training. For outstanding SME owners/managers, internships in the United States will be offered through Entrepreneurs International. Training to prepare SMEs for subcontracting with larger firms will be organized. Selected training will be directed to government officials whose responsibilities include SMEs.

2. To improve the managerial expertise of key decision-makers at existing enterprises, selected CEOs/senior managers for key established firms preparing to modernize will be invited to participate in senior executive internships in the United States. The internships will be designed to the industry-specific needs of the Zimbabwean firm, taking into account the potential for technology transfer from U.S. industry to Zimbabwe and for increased trade. USAID will sponsor a series of executive "round-tables" for CEOs from different business sectors in order to increase communication between sectors about issues which are critical to the health of the private sector and ultimately to Zimbabwe's economy. A senior American executive will be invited each year to address a group of 50 senior Zimbabwean business leaders on an issue central to their concerns.

3. To upgrade the efficiency and managerial ability of managers of established enterprises, more of the existing courses in management (in other cities, growth points, and regions of business concentration) will be offered so that a much greater number of junior, middle, and senior level managers can be reached. In the technical areas, technical training relevant to new technologies will be identified in order to develop short-term training courses to overcome specific technical constraints in particular industries or companies.

4. To strengthen private sector training capacity, a variety of activities will be instituted. These will include assistance in modernizing curricula and as a corollary, the provision of training equipment, training materials, and modules. Firms which have the means to pay for equipment, but lack the foreign exchange, will pay equivalent Zimbabwe dollars into an established trust fund in order to obtain the equipment. Support will be given to adapt training materials to Zimbabwe's needs and to the training of local trainers. To support further the development of SMEs, especially small and emerging black-owned companies, and the creation of employment, USAID will finance the in-country training of construction-site managers and small building contractors in the basic industry-specific skills which they lack. Linkages between Zimbabwean training institutions and U.S. institutions, rare today, will be developed and nurtured under criteria set forth by the Private Sector Advisory Board. Activities in support of this effort will include faculty exchanges, U.S. study tours for training directors, and joint research projects.

5. To improve outreach to the informal sector and emerging businesses, selected private sector support organizations which have the capacity to assume creative initiatives will be assisted. The PSAB will develop support interventions to help this category of business expand into the formal sector. Such interventions could range from publicizing the role the informal sector plays in job and income creation to the acquisition and use of mobile training units manned by business advisors trained in helping informal sector businesses in the "high density" areas of major cities.

6. To enhance the GOZ's appreciation of the private sector's potential contribution to Zimbabwe's development, a series of seminars and/or workshops will be designed with a local training institution which might improve the occasionally adversarial tone which characterizes public and private dialogue. Such activities will aim to increase government officials' understanding of the positive role the private sector plays in a country's economy and its needs for an environment conducive to growth. The project also envisages study tours to the United States for key public and private sector decision-makers to observe the variety of collaborative efforts possible between the public, private, and educational sectors. The study tours would also provide opportunities to investigate technology transfers to Zimbabwe's industries, explore trade possibilities, and present to Americans the new "face" of a liberalized Zimbabwean economy.

I. DEVELOPMENT PRIORITIES FOR USAID/ZIMBABWE

USAID/Zimbabwe's 1987 Country Development Strategy Statement (CDSS) stresses "increased employment opportunities in the modern sector of the economy," as a principal element of the mission strategy. In a broader context, this mission's strategy is to help Zimbabwe move toward a growth-oriented, free market economy and toward closer economic ties with the U.S. Zimbabwe recently (July 1990) announced an economic reform program which will move the economy away from 25 years of state control toward a liberalized economy.

Partly because this initiative is so recent, partly because Zimbabwe has sovereignty concerns and partly because the mission has limited experience in local private sector development, USAID will limit itself to discrete interventions vis-a-vis the private sector. These interventions, such as the proposed Zimbabwe Business Development (ZBD) project and the amended Manpower Development II project (ZIMMAN II), will help set an environment conducive to private sector growth and add to USAID's experience in designing and implementing projects which target Zimbabwe's private sector. Once USAID gains experience with the ZBD project and the two surveys to be carried out under the aegis of this project, it will be able to design a more comprehensive private sector strategy.

Specifically, the Zimbabwe Business Development project, as an integrated set of activities, will give USAID institutional experience in dealing with the private sector. The training activities outlined in the USAID Training Strategy FY 1991-1993 will tie in directly with the ZBD component, giving SSEs technical assistance, both management and technical, as well as in specific areas such as subcontracting by SSEs in the construction sector.

USAID/Zimbabwe's bilateral assistance to Zimbabwe over the period FY 1990–1993 includes the amended ZIMMAN II project (the subject of this report), the ZBD project (including expanded IESC activities), and the Zimbabwe Family Planning project. In addition, USAID has an agricultural sector assistance program which includes a commodity import program component.

II. PRIOR USAID TRAINING ACTIVITIES

USAID/Zimbabwe's training activities have traditionally centered on long-term and short-term participant training. These training activities were started in 1981 under the original Zimbabwe Manpower Development Project (ZIMMAN), the objectives of which were to:

- "Strengthen and expand the training capacity within Zimbabwe in the fields of agriculture, engineering, technical skills, health, management, and education, through pre-service and in-service training of instructional staff; and

- Supplement in the short-term the local capacity to train people in these fields through the provision of training opportunities for young graduates and employees of the public and private sectors."

Under ZIMMAN I, which ran through December 1989, the following training activities took place:

- Long-term degree programs (158 candidates)
  (half undergraduate degree programs and half skills upgrading for mid-level government, university, and private sector mid-level technical and managerial staff)

- Short-term training (209 candidates)

In May 1986, ZIMMAN II was authorized, with the dual objective of continuing skill upgrading and strengthening local educational institutions. ZIMMAN II had the following principal components:

- Improvement of public sector manpower planning skills via short-term training activities and assistance to public and private training institutions.

- Local seminars and workshops as a form of long- and short-term technical assistance.

- Provision of training and training equipment to private institutions which paid into a trust fund the local currency equivalent of the cost of training or training equipment.

To date, under a much reduced obligation of funds to ZIMMAN II, the project has funded:

- A continuation of the participant training component of ZIMMAN I and several short-term training programs.

- Via the trust fund procurement of audio-visual equipment and support for trainers for the private sector.

USAID is amending the ZIMMAN II project to direct a major proportion of project funding toward private sector training, with emphasis specifically on in-country, short-term training in management and technical fields. Assistance for the public sector will emphasize alleviating the policy and regulatory framework which hinders the growth and functioning of the private sector. This assistance will take the form of training for civil servants who interact frequently with the private sector.

III. PRIVATE SECTOR ENVIRONMENT

This section examines the environment in which Zimbabwe's private sector operates. It sets forth the key constraints which slow private sector development, and recommends areas in which training can help alleviate the constraints.

A. Policy Environment and Economic Performance

1. Policy Environment

Since independence in 1980, Zimbabwe's economic policy has had two thrusts: reducing the many inequities between black and white Zimbabweans, and promoting income growth. The GOZ made considerable progress toward achieving the first objective by providing education and health services to the general population and by successfully promoting smallholder agriculture. This progress was realized by spending a large fraction (as much as 48 percent) of GDP on social programs. The second objective, however, was hampered by the continuing use of direct government controls on the economy, developed during the time of the Unilateral Declaration of Independence (UDI). The economic result of high-cost social (and defense) programs was a growing government deficit, contained largely through direct import and currency controls, which reduced manufacturing output and stifled employment expansion. Moreover, at independence, the GOZ was if anything, ambivalent toward the private sector. Today, after having operated in a closed environment for 25 years (15 years under UDI and 10 years since independence), the private sector suffers from low productivity, an almost exhausted capital stock, and the limits to which ingenuity can keep machinery operating.

Now, there appears to be an ideological shift toward the private sector as an engine of growth. The rhetoric has changed, some controls have been relaxed, and there has been some movement toward market liberalization. Evidence of this movement is seen in cautious changes from a quota-based to a tariff-based import system, and in some easing of wage controls and labor regulations. The GOZ, however, on December 12, 1990, promulgated the New Land Act, changing the terms under which the government may acquire land for redistribution. The old legislation, written as part of the Lancaster House agreement, provided for government acquisition of *land* on a willing seller/willing buyer basis, with prices determined by an objective third party, paid for promptly in hard currency. The new legislation states that the government may acquire *property*, at prices the government will set, to be paid in Zimbabwe dollars when the government chooses. Unfortunately, the risk that the government might abuse this legislation, now or in the future, could jeopardize foreign and indigenous investment in Zimbabwe.

For the past six years the GOZ has considered economic liberalization. In July 1990, the main elements of an economic reform program were announced in an Economic Policy Statement. The program, covering 1990-1995, will entail a reduction in the government deficit via a 25 percent cut in employment in the civil service, parastatals and marketing boards, reduction in marginal tax rates, a gradual relaxation of import price and wage controls, and a flexible exchange rate. The objectives are to raise real GDP growth to 5 percent annually, contain inflation at 15 percent, maintain external payments balance, make the public sector more efficient and less costly, and provide an environment in which the private sector will be the principal engine for economic and employment growth. The GOZ plans to work out the details of concessional financing for its economic reform program at a donor's meeting in 1991.

Economic reform will need to be implemented carefully because pent-up demand for consumer goods and capital goods, as well as for housing, could cause additional inflation. After the Open General Import License system was introduced in October, 1990 with only eight products on the list, inordinately large quantities of one of the products (tinplate) were imported. The GOZ's response was to remove another of the eight permitted products, textile dyes from the list, thereby hurting the textile industry. Business leaders feel that many members of government simply do not understand how a market-driven economy operates, and that this ignorance will result in an economic reform program characterized by a series of stop and go actions, which will only erode business confidence. Business leaders also report that there is a wide range of opinions in government regarding liberalization and its impact, which range will cause an erratic approach to economic reform. From the perspective of the private sector, however, it is clear that many business leaders think that economic reform means no more than the lifting of foreign exchange restrictions.

2. Economic Performance

Over the past decade, Zimbabwe's economy has grown erratically. The first two years of independence brought high growth rates, followed by a drop in GDP during 1982-1983. The next five years (1984-1988) were marked by positive, but erratic growth, averaging 3.2 percent annually, just matching the population growth rate. Much of the growth has been fueled by the public sector, especially in the extension of education and health services to the general population. The private sector, in particular industry, has suffered from low investment with the result that today plant and equipment are obsolete. With tightening import restrictions over the past ten years, private sector fixed investment dropped from 13 percent of GDP in 1982 to 6 percent in 1989.

Following are data depicting the evolution of Zimbabwe's economy:

Year	GDP Growth Rate (%)	Inflation (%)	Fixed Capital Formation (Private Sector—% of GDP)	Debt Service*
1984	2.3	n/a	n/a	n/a
1985	7.3	n/a	10.4	28
1986	2.2	14.2	10.2	29
1987	(1.1)	11.9	8.0	33
1988	6.5	7.1	7.5	27
1989	4.9	11.6	5.6	23
1990	3.0-4.0(est)	15+(est)	n/a	n/a

*as percentage of exports of goods and nonfactor services.

Until 1990, inflation has been partly controlled by direct price controls. The recent easing of price and wage controls, along with some relaxation of import controls, will likely drive inflation as high as 15-20 percent in 1990. The fourth quarter 1990 annualized rate of inflation has been estimated at 23 percent. While Zimbabwe has one of sub-Saharan Africa's largest and most diversified manufacturing sectors, accounting for one-quarter of GDP in 1989, the share of private sector new capital formation has steadily declined since the early days of independence. With carefully designed economic reform and skillful implementation, Zimbabwe's manufacturing sector can take advantage of its potential to supply the Preferential Trade Agreement (PTA) region with many manufactured goods and even to compete successfully in certain South African subsectors where Zimbabwe has a comparative advantage by virtue of lower labor costs.

The external side of Zimbabwe's economy has been affected positively by import controls, allowing Zimbabwe to reduce its current account deficit from 10 percent of GDP in 1982 to near balance in 1988 (0.4 percent of GDP). In 1989, however, the current account deficit deteriorated as the increase in value of imports exceeded that of exports by more than a factor of three, with the current account deficit equalling 3.3 percent of GDP. Nonetheless, Zimbabwe has been able to service its external debt obligations fully, even in 1987, when its debt service payments rose to 33 percent of its exports. Thus, in 1991, Zimbabwe can look back to an excellent record of having fully serviced its external obligations, on time, since independence. The anomaly is that Zimbabwe is starved for imports.

B. The Business Setting

1. Employment and Breadth of Business Base

The only systematic GOZ information available on the labor force comes from the Central Statistical Office and concerns only wage earners. Employment and unemployment data are sparse or dated and had to be compiled for this report from World Bank and ILO sources. No GOZ informal sector employment statistics are available, and little is available on the work force engaged in communal agriculture.

Employment and Unemployment

	1982	1990
Population	7.5 million	9.7 million
Total Work Force	2.2 million	3.5 million
Employment		
Modern Sector	1.0 million	1.2 million
Informal Sector million million*	.20 million*	.25 million
Unemployment ('86-87)	234,000 (15.9%)	(20%+)*
Labour Force Survey (excludes communal farmers)		

Demand and Supply of Employment

	1990
New entrants annually into labor market	250,000*
Jobs available	83,000**
Attrition	(50,000)
Vacancies	(5,000)
Net additions	(28,000)

*estimated
**Paul Bennell, Prospects for Employment, Skills Demand and Skills Supply in Zimbabwe, May 1990 (draft).

An increasingly important factor in Zimbabwe's employment situation is the growing number of university and high school graduates, as well as early school-leavers, who will have difficulty finding work. Further aggravating the unemployment situation in the short term will be the economic reform program, which will entail layoffs of civil servants and parastatal personnel. Indicative of the gravity of the situation is the flood of job applicants seen for each opening advertised. To make matters worse, many of those with high school or equivalent degrees, or university diplomas, are likely to remain in urban environments. With the absorptive capacity of the private sector very limited, this flow into a saturated labor market adds an urgent social dimension which must be addressed. Only through economic growth will jobs expand. The formal private sector, with the right incentives, can play an important role. The informal sector will also absorb increasing numbers of job seekers if measures are taken to stimulate its growth.

As though Zimbabwe's employment situation were not serious enough, the prospect of losing many of its best-trained cadres to AIDS has alarmed both public and private leaders in the country. The private sector has responded with company-based educational campaigns for its employees. The public sector has taken new and aggressive initiatives, launched by a major speech by President Mugabe in December on AIDS in Zimbabwe, to foster radical changes in the way Zimbabweans view AIDS.

Compared to many other African countries, Zimbabwe's private sector has both breadth and depth in the variety of business activities which take place. Many of the forward, backward and lateral linkages which characterize a modern economy are in place. Some 6,000 products are manufactured in Zimbabwe, albeit one-half of these by single firms, giving Zimbabwe's manufacturing sector a high degree of concentration. In the manufacturing sector alone, the 1986-87 Census of Production (CSO) reported almost 1,100 enterprises, of which 1,000 could be classified as SMEs.* Over 70 percent had 100 or fewer employees. Following is a breakdown of the number of manufacturing firms by size measured by number of employees:

Number of Employees	1-100	101-200	201-500	501-1000	1000+
Number of Firms	791	124	80	74	25
% of sector total employment	14.6	10.6	3.0	27.3	34.6

Source: Table 2.8, Pattern of Formal Employment in Mining and Manufacturing, 1986/87, Paul Bennell, "Prospects for Employment, Skills Demand and Skills Supply in Zimbabwe."

The 1,000 SMEs, however, only accounted for 38 percent of total employment in the manufacturing sector. Manufacturing in 1989, including firms of all sizes, accounted for approximately 16 percent of all registered employment, and is the largest employer after agriculture (25 percent). Following manufacturing is commerce (8 percent), mining (5 percent), construction (5 percent), transportation (4 percent), and finance (2 percent). Black Zimbabweans represent 95 percent of all formal sector employment, which figure is approximately duplicated by manufacturing sector data. Senior and middle management positions, however, have a significant number of white incumbents. Women make up almost one-quarter of formal sector employment, concentrated in clerical, sales, domestic, teaching and health occupations.

With respect to small-scale private enterprises (1-50 employees), Zimbabwe does not fit the usual profile of a developing country, where small firms account for approximately one-half of the employment in construction, transportation and manufacturing sectors. Zimbabwe's SSEs account for only one quarter of employment in these three sectors, and a small fraction of both manufacturing employment and output.

*Many West African countries with populations roughly comparable to that of Zimbabwe have only 250–300 formal manufacturing enterprises.

The following data, while incomplete, gives Zimbabwe's SSE profile:

SSEs	% 1986-1987
Percent of non-farm employment	20
Percent of employment in service activities	60
Of which wholesale and retail	(50)
Percent of total manufacturing employment	7.6
Percent of net manufacturing output	5.4
Percent of manufacturing, construction, and transportation industry employment	25

The above figures say little of the small, informal sector enterprise. In Africa, this subsector usually is large in numbers, typically dominates certain business activities such as petty commerce, various transport operations (for example, taxis, minivan buses). Typically the disincentives to "formalize" are so strong that it pays (literally) to stay in the informal sector. Very small scale manufacturing (for example, kitchen implements, simple farm tools, furniture) and services (for example, car repair, tailoring), are also typical of the informal sector.

Zimbabwe's case is different from that of many other African countries, in that white settlers built a relatively broad and efficient manufacturing sector, which impeded the development of a large informal sector. This was coupled with labor laws that kept surplus labor in rural areas to ensure farm labor for the large, white owned commercial farms. With UDI, and the ensuing 10 years of independence operating in a closed economy, much of Zimbabwe's manufacturing sector integrated vertically, backwards to sources of raw material supply, while others integrated horizontally, into operations which (1) complemented their basic business activities (for example transportation of their final product), (2) were akin to the complementary activity (transporting other firms' final products), and (3) diversified away from their basic activities (for example, from tobacco into timber/lumber production) and thereby spread the business risk over more than one activity. Today, many of these firms are mini-conglomerates in the form of holding companies. These business strategies, born out of a closed, protected, import-substituting economy, have closed off many of the typical business avenues open to the informal sector, as well as to formal sector small and medium-sized enterprises.

The smaller enterprise, formal or informal, is an important ingredient in the expansion of the private sector, as illustrated by the characteristics described below. The small business:

- Creates a disproportionately large number of jobs thereby absorbing urban unemployment.
- Expands the breadth of the formal business base with new activities, (for example, light industry for import-substituting consumer products and intermediate goods), links to rural productive activities, and a variety of service activities, including maintenance, repair, spare parts, communications, the professions, equipment rental, and tourism. It also expands the depth of the formal business base as it builds on existing manufacturing and service activities.

- Assembles, manufactures, services, transports and distributes components and raw materials that large enterprises need for production. These upstream and downstream linkages are critical to the health of the private sector and can enable informal businesses to enter the formal business sector.

- Develops linkages between subsectors of the economy, for example by producing packaging for a wide variety of manufacturing processes.

- Helps develop a pool of qualified labor, which as it grows becomes increasingly mobile, a requirement for any modern economy.

- Provides a sort of crucible for ambitious entrepreneurs willing to take risks, who often become leaders in the formal private sector.

- Grows into tomorrow's large employer and taxpayer.

2. Infrastructure

The state of Zimbabwe's physical and business infrastructure is considered good in comparison to other African countries. Certain components, however, are weak, with the result that the modern business sector at times suffers from lack of timely supply of inputs, the associated higher costs of carrying extensive inventories, long delays in delivery and delays in communications. An efficient, modern business sector depends on a reliable, functioning infrastructure to be able to meet the requirements of the marketplace as well as to be able to seize new opportunities as they arise. A reliable infrastructure is also key to enable businesses to create new opportunities/ markets.

a. Transportation

Zimbabwe's principal road network, running to its borders and between its secondary cities, growth points and other major towns, is paved, and in good condition. Secondary roads in outlying areas are often unpaved making for difficult travel during the rainy season.

The overriding problem for business, especially manufacturers and trucking concerns, is the difficulty in obtaining foreign exchange for renovating truck fleets and maintaining stocks of spare parts. The construction industry reports that the average age of its truck fleet is 11 years. With relatively expensive gasoline (US $2.50 per gallon), the movement of goods would be expensive even without the high cost of maintenance or the paucity of spare parts. To compound the problem further, there simply are not enough vehicles to move raw materials, supplies and finished products.

Rail transport (The National Railways of Zimbabwe—NRZ) is reported to be improving, with the Beira corridor in Mozambique becoming reliable for trans-shipment of merchandise from the Beira port to Zimbabwe. Zimbabwean troops guard the length of this crucial rail link with the Indian Ocean. Merchandise also moves from the Mozambican port of Maputo to Zimbabwe, although in limited quantities. These two rail links are important alternatives to rail connections through South Africa. Railroad reliability will further improve with the procurement of 13 diesel electric locomotives under A.I.D.'s Southern African Regional Program's project. Deteriorating rolling stock, acquired during the period of UDI, has been threatening to undermine NRZ's position as a transportation hub for merchandise imports and exports from neighboring countries. The NRZ has been the largest carrier of regional transit freight, handling 60 percent of the transit tonnage in the SADCC region.

Even with better rail links, Beira's port has some drawbacks in the size of ships it can handle (maximum tonnage is 25,000) and its frequent need for dredging. The port of Maputo, with improvements, could become an increasingly important entry point for goods destined for Zimbabwe.

Harare's publicly-owned bus company is strained and its fleet is in poor operating condition. Its old-fashioned buses are insufficient, costly to maintain and worn-out.** Harare's taxi fleet is inadequate to meet the demand due, again, to foreign exchange constraints. Privately-owned "taxis" fill in some gaps by traveling fixed routes charging according to the distance traveled. Intercity travel is assured by both private and publicly-owned buses. Between countries in the region, bus transport is offered by private companies.

International passenger air transportation to Western Europe is frequent and direct from Harare on Air Zimbabwe, Lufthansa and British Air. Other connections to Europe and elsewhere are available through Johannesburg, Lusaka, Addis Ababa and Nairobi. International air freight service is handled by Affretair, a subsidiary of Air Zimbabwe. Its small fleet of cargo aircraft is stretched beyond capacity, often necessitating the chartering of space on other airlines.

Air Zimbabwe has a monopoly on domestic passenger and freight service. Its frequent flights link Harare and major cities and tourist points.

b. Electricity and Water

In general, electricity is reliable in Zimbabwe, even though the country's thermal plants are in need of rehabilitation. Future electricity demand will be met by expanded and new hydroelectric capacity at Kariba and at Batoka gorge, as well as through purchases as necessary from Mozambique's Cabora Bassa dam.

Industry reports that in general water supplies are adequate. Certain industries such as sugar production, which draw off major lakes, can be adversely affected during drought years. In fact, there has been water rationing in 1990 in Bulawayo, Zimbabwe's second largest city, due to inadequate rain and low water levels.

c. Communications

The communications infrastructure (telephone, telex and telefax), while fairly extensive and reliable by developing-country standards, is being renovated and expanded. Presently, there is a backlog of 70,000 potential telephone subscribers in Harare alone. Overseas and regional communications are via satellite and are satisfactory.

Concerning the amount and quality of information on products and overseas markets accessible in Zimbabwe, many firms, especially the smaller ones, complain that they are isolated from important procurement and market sources. Despite these informational restraints, Zimbabwe can boast of having a broad and high quality selection of training, consulting and professional services available to business.

d. Other

Other complaints voiced by business leaders were:

- High cost of commercial and industrial property, especially for the emergent business leader
- Growing corruption among public officials at the municipal and rural levels

---

**Although some say public urban transit has actually improved somewhat, quality and reliability remain far below mass transport found in other African cities, for example Nairobi, Dakar, or Abidjan.

- Little remaining funds for equipment, inventory and working capital after acquiring property and dealing with government.

- The age of plants and equipment often exceeds 20 years. Many plants operate at less than 50 percent of design capacity, and the equipment is rapidly deteriorating. Replacement, largely with new technologies and equipment, is now the only solution, and it will require major capital investment.

C. Banking/Financial Sector

For sub-Saharan Africa, Zimbabwe's banking and financial sector is both well-developed and capable. Extensive government controls, which have been the tools for economic policy implementation, have profoundly affected monetary policy and all aspects of the financial sector. Both interest rates and portfolio composition have been regulated, resulting in a situation where banks had only to seek prime customers. Government import regulations have impeded private investment and forced up private savings which in turn had few investment outlets other than GOZ notes or recent real estate financing. Weak credit demand and high required liquidity ratios, compounded by a lack of investment options, have led to a banking system high in liquidity.

The interest rate range for the productive and export sectors was raised one half percentage point in 1990 to 12 and 14.5 percent, respectively, while inflation may reach 20 percent. With interest rates effectively negative, it is no surprise that credit applications have surged.

1. Characteristics

Zimbabwe's banking and financial system has a wide variety of financial institutions, consisting of:

- A Central Bank (the Reserve Bank of Zimbabwe)

- Two discount houses which act as market-makers in short-term government securities and have sole access to the RBZ's discount window for discountable paper.

- Five commercial banks

- Four merchant banks with corporate customers needing trade finance and medium term credit

- Five finance houses specializing in hire-purchase installment and medium-term lending

- Three building societies (savings and loans associations)

- The Post Office Savings Bank

- Three development finance institutions

- Insurance companies

- Pension funds

- A stock exchange

- Several fledgling venture capital funds

The GOZ's July 1990 economic policy statement indicates that to promote competition government will establish new financial institutions (foreign and domestic) and exercise less direct control over this sector. The spread of the ownership base of companies is to be encouraged through promotion of venture capital firms, unit trusts and the Stock Exchange. Wider bank branch networks will be sought in order to monetize more of the economy and make credit more accessible to SSEs.

2. SMEs: Credit Policy and Availability

In general, SMEs pay the going commercial rates, which range from approximately 12–14.5 percent plus fees and sales tax which can raise the effective loan rate to 17 percent, based on the risk of the business proposition, the borrower's equity, and the collateral offered. Profit and loss projections as well as cash flow are determinants in banks' decisions to lend, but physical collateral remains the more important consideration.

Several banks have established SME units to handle to needs of these customers. Typically, these units conduct project identification and appraisal, help the entrepreneur with feasibility and market studies, tailor their loans to the client's requirements, monitor the client's repayment and have special procedures for client's who encounter difficulties. One merchant bank reports that rather than establishing a SME unit, it has associated with a venture capital fund to finance SMEs—providing corporate finance services to find opportunities, raising capital and taking equity positions in emerging businesses. It states that it has many black Zimbabwean business clients.

The smaller business, particularly the start-up concern, is usually undercapitalized, has little or no track record, and has problems obtaining bank credit. Banks are reluctant to lend to these businesses for the following reasons:

- Commercial banks' traditional aversion to risk and to longer-term investment-type lending; their lack of financial incentive to diversify away from existing, highly profitable, short-term commercial lending activities.

- High risk and high transaction costs processing numerous small loans.

- Small businesses' lack of expertise in preparing coherent business proposals and credit applications; their lack of financial statements; and tendency to propose activities which may not be viable.

- The lack of business experience and management ability among SME managers, especially those who want to enter into manufacturing or services in which they have no prior track record; the "commercial" mentality of the merchant-turned-manufacturer; the case of government and parastatal officials entering business activities, with no business experience, and only surviving because of state protection.

- The lack of investment capital brought by the small firm to the business venture. Banks report that they require a minimum of 20 percent and a maximum which varies depending on the riskiness of the investment.

- The lack of sufficient and suitable collateral;

- The lack of financial staying power of the small firm, particularly in a time of economic downturn.

The SME does have some alternative sources of credit, however. For established firms credit is available from various finance houses. Another source is the Zimbabwean Development Bank, which has preferential access to blocked funds and can provide credit at one to two percentage points below market rates. The parastatal SEDCO, offers another source, albeit with certain disadvantages: the length of time (six months in Harare) before credit decisions can be made, its staff's lack of expertise and its restrictions on lending to SSEs with assets of no more than Z$500,000.

3. Banks' Flexibility vis-a-vis SMEs

The banks interviewed were willing to consider loans to SMEs which demonstrated a solid track record of profitability, a feasible proposal, in-house management capacity and strong management team. Most banks will entertain short- and medium-term loans for capital or expansion purposes.

Certain financial institutions are even more flexible. For example, the Zimbabwe Banking Corporation's SME unit targets rural and growth point businesses and cooperatives. The lending criteria are more flexible, in that if the borrower does not have sufficient collateral, the feasibility of the project and the firm's managerial competence coupled with a lien on the firm's equipment can be justification for according the loan. ZIMBANK will also lend on the basis of firm orders. For medium term loans (three years), an escalating interest rate is charged: 12.5 percent the first year, with a 1 point loan initiation fee; 13.5 percent the second year; and 14.5 percent the third year. For long term loans (five to seven years) the annual interest rate is a fixed 14.5 percent. The SME unit also offers advisory services and simplified accounting systems for the new entrepreneur.

All financial institutions interviewed indicated an openness to try new lending mechanisms. This willingness could be due to an abundance of local currency ready to lend, recognition that there is a need to create new bank customers and markets, a certain amount of political pressure, and the expectation that today's new, small clients will become tomorrow's large clients with diverse financial needs. Following is the selection of creative lending mechanisms proposed to the banks:

- Treating a "package" of sound, small-scale enterprises as a single client (with just one set of transaction costs), with a two to three year track record of increasing profitability, a short term (two years) loan guarantee scheme, followed by the ability to select out those they would want to keep as customers (see mid-term evaluation of the Community and Enterprise Development Project (USAID) in Senegal, June 1987, pp. 85-86 for a description of loan packaging).

- Considering a group of businesses from one subsector (for example, bakeries) established as a mutual loan guarantee society through which members contribute to a guarantee fund to insure against individual member default. This approach has been successful in Senegal under A.I.D.'s Sahel Regional Financial Management project.

- Participating in "joint" lending whereby the bank puts up 25 percent of the capital, a large trading house puts up 50 percent and a donor puts up 25 percent as a guarantee fund of final recourse. The success of this approach revolves around the trading house which recommends only its best clients as borrowers, thereby acting as the credit screen. This approach worked successfully in Haiti.

- "Downstreaming" to find new clients. Downstreaming entails identifying those small businesses which work ("downstream") regularly for large well-established businesses, whether private, para-public or public sector. These businesses typically contract their services to larger firms, have a track record of satisfactory work with the larger firm, and thus come to the bank with the bona fides of the firms which have contracted them.

An additional measure of flexibility is surfacing in the establishment of venture capital operations. In Africa, this type of institution typically arises in response to the continuing lack of longer-term business investment financing, as well as the opportunity for potential large gains. The best known of these in

Zimbabwe is the Manna Corporation, which seeks out viable, primarily black, Zimbabwean entrepreneurs who are already in business. Manna invests 15-20 percent of the needed investment, leveraging its investment (acting as a partial guarantor) with other institutions to raise the remainder of the needed capital. Typically, Manna takes a 50-60 percent equity position in the new enterprise, with the proviso that the entrepreneur can buy out Manna at a value fixed by independent auditors at the end of three years.

Manna reports that it is establishing a trust which will finance start-up businesses in the informal sector. The trust will lend a maximum of Z$2000, based largely on the character rather than collateral of the applicant. The loan interest rate will be 1.5 percent per month, payable in cash. Borrowers will be expected to complete training prior to loans being granted.

Other venture capital operations are The Barnabas Trust (engineering field), the El Chadai Trust in Masvingo, and a new operation in Bulawayo.

The GOZ is establishing a venture capital fund under the aegis of the Zimbabwe Investment Center. The fund will have access to offshore credit and will start with a capitalization of Z$60 million. Subscribers will include the Commonwealth Development Corporation, local investors, and local banks.

An affiliate of Women's World Banking, Zimbabwe Women Finance Trust (ZWFT), was established in 1989. Its objective is to assist women entrepreneurs at "the grass-roots" level in both rural and urban areas. Typically, ZWFT works through NGOs to reach target groups. It provides credit, training and technical assistance to women entrepreneurs, and helps them access existing financial and technical facilities.

ZWFT provides the following services:

- Operates as an intermediary institution offering credit facilities to small-scale business women either individually or in groups. Currently, there is a revolving loan fund of Z$100,000 set up and operated by Barclays Bank. Women apply for loans to ZWFT, which in turn processes the loan applications and makes recommendations to Barclays Bank for lending. Women who are eligible are those who wish to start a business or expand an already viable business, but who fail to meet normal commercial bank loan requirements.

- Will offer three types of training: (1) formal, structured one-week programs for every applicant whose business project is considered viable. The training program will cover business management, bookkeeping, planning and marketing; (2) "technical assistance on-site," an on-going process through the implementation of the business project, follow-up and preparation for future expansion; (3) seminars and workshops where loan recipients are urged to share business ideas. ZWFT intends to rely heavily on part time trainers and will seek ILO's assistance through the IYB program.

To date, eight loans have been made, ranging in amount from Z$2,000 to 10,000. Barclays charges market interest rates with no grace period. ZWFT currently has one full-time project manager responsible for evaluating loan applications and making recommendations to Barclays. Barclays, in turn, appraises the credit applications before granting the loans. ZWFT intends to have a project analyst on board by late January 1991.

D. Human Resources

In view of Zimbabwe's growing urban unemployment and under-employment, its population of school-leavers facing limited employment opportunities, and the social effects accompanying an economic reform program, human resource planning will become increasingly important. As the flow of university and high school graduates, as well as early school-leavers continues, the private sector will increasingly be expected to absorb these people. The absorptive capacity of the private sector today is between 10-15 percent of new entrants into the labor market annually.

Tomorrow's criticality stems from the fact that Zimbabwe's formal productive private sector faces market liberalization with outmoded production facilities and little competitive experience. The private sector also faces a growing lack of skilled technicians and experienced managers, since these personnel seek and find employment in neighboring countries where employment conditions are often more favorable. Fortunately, many of the backward, forward and lateral linkages necessary for a modern business sector to function exist, contrary to the condition of many other African countries.

Business leaders, Zimbabwean and foreign, state that since Zimbabwe has made a significant educational strides since independence, the labor market has many people who have the academic preparation to enter business. The need, however, is for experienced, technically proficient personnel (with a minimum of additional company training)—especially at the middle management and technical levels.

The questions therefore are how to strengthen the formal private sector, how to build the reservoir of management, technical and skilled labor talent, how to prepare graduates and school-leavers to qualify for future employment, and how to retrain the SOE employees and civil servants who will be released from their present jobs. Following are observations on Zimbabwe's pools of entrepreneurs, management, technically skilled personnel and labor.

1. Entrepreneurs

Like most of sub-Saharan Africa, Zimbabwe's pool of true entrepreneurs is small. Zimbabwe lacks a large pool of black business leaders with the management skills, understanding of marketing (as opposed to sales), sound financial management, acumen, drive and fortitude to take large risks over the long haul. This is in part due to Zimbabwe's colonial history when there was little opportunity for an black entrepreneurial class to develop, and partly due to the fact that majority rule only began 10 years ago and there has been little time for a pool of indigenous entrepreneurs to develop. On the other hand, the ingenuity required to operate in a closed, government controlled economy over a 25 year period forced some entrepreneurs, both black and white, to surface. The presence of entrepreneurial skills was evident in some of the Zimbabwean business leaders interviewed by the assessment team. Moreover, these particular entrepreneurs appeared to have a firm grasp of the importance of markets and marketing, as well as the need for strict financial management, in the operation of their firms.

With the high taxes on all salaries, the relatively low pay offered by the civil service, and the imminent reduction in government employment, more Zimbabweans are looking at business as either a second source of income or as an alternative to government service. More often than not, they have little or no business experience and are ill-prepared to run a business effectively.

As is the case of other African countries, there is more entrepreneurial spirit than there is entrepreneurial ability. This is the case of all countries, the U.S. included. The ability must be developed and nurtured. Following are the missing elements, and therein the need for short-term practical training in developing entrepreneurship and management skills, among both new Zimbabwean entrepreneurs and many existing business leaders:

- Until recently, there has been little opportunity for true entrepreneurs to surface and develop, in part due to the history of the country and in part due to the economic policies of GOZ. Additionally, most existing businesses have been operating in a protected economy and have never had to meet the test of the marketplace—which calls on the mettle of the true entrepreneur.

- The fact that the majority of new "entrepreneurs" simply do not know what business is all about, i.e., how to structure and organize a business, the meaning of financial responsibility, the notion of capital, and the fact that a productive business is not run on a deal-by-deal basis. Largely absent among aspiring entrepreneurs is the understanding of the long-pull nature of market-driven enterprises.

- In the small start-up company, the organization structure is often just a family structure, with no accounting system, no business plan and no forecasting. The business is run "by the seat of the pants." The management "structure" is adequate when the business is very small and uncomplicated, but unravels when the business grows to the size where the owner alone cannot handle all the major functions.

- The concept of financial responsibility—to oneself, to the firm and to the firm's employees—is important and often is absent. In most of Africa, there is a counterproductive approach to the use of money. The problem arises when revenues (money received from sales) are used to satisfy a pressing social and/or personal need, rather than to strengthen the business.

- Among many white and black-owned and run firms, there is little appreciation of the need to acquire marketing skills rapidly. There is the belief that trade liberalization simply means rapid and easy access to foreign exchange, which will allow them to modernize their plant and equipment and thereby sell more to the local market. The lack of competition has led to complacency toward the customer, which will leave these firms vulnerable to more savvy foreign firms. Only those firms which have had significant export dealings in finished consumer products, have developed some marketing expertise.

- A fairly common complaint among some white-owned family firms is that they, the owners, have had little exposure to modern management techniques, while at the same time their firms have outgrown their capacities to manage individually.

In contrast to many entrepreneurs interviewed in other African countries, the majority interviewed in this assessment both recognized the importance of training and are willing to pay for it, if they have the money. A few complained that once trained, an employee would leave for greener pastures—common complaints in other African countries.

Most entrepreneurs interviewed were ready and do call on outside resources, such as consultants or technical experts, when they have problems which they themselves can not resolve satisfactorily, or sense business opportunities which they can not analyze and then capitalize on. Black owners of smaller businesses, however, expressed some dissatisfaction with the lack of circulation of business/financial information.

Finally, the need to develop entrepreneurial and management skills will likely be reinforced when market liberalization gets into full swing. This is evidenced by the beginning of an "imitation" syndrome, where fledgling entrepreneurs blindly rush into business activities with easy entry, i.e., low capital requirements, easily satisfied urban markets, and a low level of business sophistication.*** These activities are soon saturated, followed by the inevitable shakeout. This is a phenomenon of many West African countries undergoing structural adjustment, where government employment is capped, parastatal staffs are reduced, the number of school-leavers is growing, and the private sector is "called upon" to take up the slack.

***e.g., bakeries, services, taxis, trucking, "printing establishments," video rental stores, petty commerce.

2. Management

Most black and white Zimbabwean as well as expatriate managers agree that there is a shortage of skilled senior and middle management talent on the local labor market. The shortage is acute in the public sector and serious in the private sector. Senior and middle management ranks in many, but not all, large companies are heavily populated by white managers who have worked their way up the company ladder, but who have had little formal business education. There are few black Zimbabweans who have had higher management experience, in part due to the lack of black managerial talent coming up through the ranks beyond the supervisory/junior manager level.

The shortage of senior level managers is such that there is a "revolving door" effect as managers leave one company for another, the lure being higher pay. Some middle managers are lost to better paying jobs in Botswana, South Africa and Namibia, where taxes are lower, salaries are paid in hard currency, salaries are remittable abroad, and the consumer goods, either unavailable or too high priced in Zimbabwe, can be bought.

Management skills in Zimbabwe are gained through a combination of on-the-job experience and increasingly, formal management training. Middle management personnel generally come from within the firm, having had some education and a lot of experience in a variety of lower level positions. Entry-level (junior) managers are reasonably well prepared academically, but are inexperienced. Owners state that the Zimbabwean who completes university or graduate level education is not able to apply what he/she has learned to the job, in part because of the overly theoretical nature of the education and in part because of a lack of motivation. The missing skills include general managerial functions including personnel, business organization, planning and business strategy, financial management, production management, and the basics of marketing. Following are the problem areas which need to be addressed:

- Of paramount importance are marketing skills and techniques. As Zimbabwe's domestic market opens to foreign goods, local manufacturers must be prepared to compete. To date, Zimbabwe's managers have had little exposure to market forces. Ability to compete means they will need all the marketing tools and skills that companies in developed countries have. Many large Zimbabwean companies today do not even have marketing departments.

- Financial management skills will become increasingly important as firms will need to control costs in order to stay lean to be cost competitive. Fortunately, the finance, budgeting, and accounting skill base in the private sector is strong. This base can be reinforced to upgrade financial management skills and to permit the firm to do more advanced financial analysis, such as sensitivity analysis, "what-if" analysis and goal seeking.

- Modern management skills, including strategic planning, organization of the firm, team building, and participative budgeting are also critical. Participative budgeting is particularly interesting because it teaches the importance to superior and subordinate of delegation of both responsibility and authority--and can thus help break the strictly hierarchical mode of management, so prevalent in Africa. This, of course, will entail basic changes in the management structure of those Zimbabwean firms which are so structured, from one where the owner and/or very senior management is/are responsible for all major and most minor decisions to one of responsibility and accountability, delegation of authority, sharing in decisions, and taking operational (short-term) decision making to the appropriate lower levels of management. Such a change will facilitate the absorption of new management techniques.

- As a part of modern management skills, Zimbabwean managers must be developed to make independent decisions, to take risks, and to manage on a performance basis. The complement is to communicate to his subordinates that performance is rewarded, while lack of performance is penalized. Performance management is sometimes difficult to achieve however in situations where a younger black manager is supervising older black subordinates.

- A number of business leaders want more contact between educational institutions/training centers and the business community, to ensure that the training offered more closely responds to the specific needs of business. The type of training these business leaders want is practical and addresses immediate needs. This type of contact can be facilitated by a private sector advisory board working in concert with the appropriate private sector support organization(s) which would serve as a clearinghouse between the private sector and the training institutions.

3. Technical Personnel

Business leaders are most vocal about the need for and the absence of qualified, experienced technical personnel. They state that there is a serious shortage of experienced mechanical, electrical and process engineers. They can get university graduates with engineering degrees, but have to train them in-house so that they are productive. They also state that there is a mismatch between the education received and the requirements of industry. Business leaders cite three specific problems: first, the education is too theoretical, with no practical application; second, the education received is inappropriate to new technologies; third, the education is inappropriate to the jobs available, for example, an individual graduates from the university as a research chemist, for which there are no jobs, and he must take a position in quality control.

There is also a serious shortage of middle level technicians and experienced, skilled labor. It is also difficult for companies to keep these people, when they are faced with the lure of better paying jobs in hard currencies in the neighboring countries. Moreover, middle level technicians complete school with little or no industrial exposure.

As Zimbabwe's industries modernize and employ more sophisticated manufacturing techniques there will be a concomitant growing need for upgrading existing skills and application of more advanced technical skills. A simple case is that of today's automobile, which no longer uses a carburetor, but rather fuel injection—controlled by computerized components. While there is training in applied technology available in Zimbabwe, it often is in outmoded technologies. Furthermore, the teachers in technical colleges are not well paid, their skills are out of date and the availability of appropriate equipment is inadequate. Thus, many larger companies have begun to train entirely on-the-job, and for very technical requirements may even send their personnel abroad. Following are the most critical areas which need to be addressed:

- The lack of technical managers with practical experience, ranging from supervisors, who must understand both the production processes and the management of personnel, to engineers who may have an entire technical department to run.

- The growing problem of lack of management talent in technical areas, involving semi-sophisticated and/or specialized operations and equipment.

- The missing combination of leadership, human resources management skills and technical competence to manage specific technical and production activities in a company. Specifically missing are skills and experience in production management, personnel management, and forward planning, combined with initiative and insight.

- Technical personnel experienced in today's technologies functioning in a market economy are in short supply. The shift to a market-driven business setting puts a new set of demands on the technical personnel. For example, in a food processing operation, the process engineer must consider such new and diverse factors as product quality, timeliness of delivery, and using the production process efficiently to assure a least-cost match between the irregular supply of raw materials and the fairly regular tempo of market demand. Thus the engineer now must also be a business manager.

- In the smaller firm, the absence of certain technical/production concepts such as product standardization and quality control.

4. Labor

With unemployment continuing to grow, businesses have no problem finding labor. The employment situation is such that firms are employing young people who have passed their O-level exams (high school equivalent) as janitors. Business does have a problem, however, in finding sufficient skilled labor, and many companies report that their work forces are aging. Thus, firms are training their own mechanics, electricians, machine operators, etc. to build a pool of people with potential and so that they, the firms, are self-sufficient in skills.

The Zimbabwean labor force, viewed from the perspective of the business owner/manager, has various positive and negative characteristics:

- It is relatively low cost: Zimbabwean labor is about one-half as expensive as South African labor in some manufacturing activities.

- It is relatively well educated, especially at the lower levels.

- Zimbabweans enjoy training, and they apply what they have learned.

- Owners and top management report that the trainability of Zimbabwean labor is largely a function of the individual's background. Those with good basic grounding in skills are relatively easy to train and absorb advanced skills rapidly.

- A negative aspect is a perceived lack of initiative, motivation and lack of employee responsibility to the job and allegiance to the company. The employee often does not see how his work relates to the effective functioning of the company, and how he/she fits into the whole. A key need is to help the Zimbabwean worker understand that he is working for himself (to better himself), not just for the boss. Many companies interviewed felt that training in the matter of employee responsibility is key.

- The semiskilled worker's consciousness of the importance of product quality and product service is low; he needs to view the product from the customer's perspective.

- A delicate mixture of discipline, incentives and constant supervision is necessary to have a productive work force.

- Many business owners are concerned about the lack of skilled personnel who will be able to work with new technologies. Owners feel that with the growing sophistication in manufacturing equipment, the absence of operating, as well as repair and maintenance skills, may become a critical bottleneck to doing business.

- The usual "my little brother" syndrome in the form of nepotism when hiring unskilled labor.

- The difficulty in finding skilled labor, and when labor is hired it must be trained on-the-job.

Many employers feel that the vocational training institutions suffer from the same problems that the technical institutes do, i.e., low calibre training, lack of skilled trainers, and lack of training in up-to-date technologies and a concomitant lack of appropriate equipment.

5. Labor Laws

Finally, business leaders report that the level of industrial strife is fairly low; unions are fairly reasonable in their relationships with management. Strikes are legal in Zimbabwe, except in certain sectors, such as health. Before strikes occur, the GOZ tries to promote negotiation so as to avoid unrest.

Recently, labor laws were relaxed—management can fire employees immediately for theft, industrial sabotage, malicious damage to property and drunkenness. Prior to these changes, an employee could only be fired for theft, after a very lengthy legal process. Firing for incompetence is virtually impossible. Laying off employees in the case of business decline requires the approval of the Minister of Labor, Manpower Planning and Social Welfare. Companies are free to hire directly from the labor market.

6. The Future

Many of Zimbabwe's firms are running at 30-50 percent of design capacity, and management reports that if they had the foreign exchange to be able to modernize their plant and equipment, they could produce two to three times what they currently do. Some firms see no change in the size of their labor forces, while others see modernization providing more jobs through increased production, new product lines, and entry into export markets. Only one firm interviewed by the U.S. assessment team said that their planned automation of production would displace workers.

Some firms see South Africa as a market of real opportunity, once modernization of Zimbabwean firms has taken place, because South African labor costs are considerably higher than Zimbabwe's. Other firms see a continuing "brain and skill drain" because Zimbabwe's labor force has an English education, while the South African labor force has a Bantu education, with attendant literacy and numeracy shortcomings. Also, South Africa has a massive unemployment problem of her unskilled, especially the "stayaways"—those who fought against apartheid. South Africa, under majority rule, will be under pressure to provide jobs for these people as well as for those otherwise unemployed. Conscious of the current influx of skilled Zimbabweans, the future South Africa will probably decide to stop this inflow.

Other firms, looking further into the future, see Mozambique and Angola, once on the road to stability and development, as both opportunities and a potentially large drain on Zimbabwe's skilled manpower.

E. Economic and Industrial Potential

Business leaders and bankers have mixed opinions about the future of Zimbabwe's economy. Many are optimistic, provided they can get the necessary foreign exchange to reequip their factories and provided that economic reform proceeds cautiously, in phases. The big question is the details of the phases, i.e., that the appropriate measures are taken, are implemented correctly and adhered to. Implementation is key, as certain less optimistic business leaders point out.

Following is a capsule description of the major productive sectors of the economy and their general potential for growth, as well as the potential for SMEs. The potential of some sectors and subsectors depends in good measure on actions taken by GOZ under the economic reform program.

Sector	Potential for Growth
Agriculture, including forestry (14.0% of GDP-'89)	• Fair for maize (corn) to neighboring country markets, depending on costs of inputs, relaxation of controls on producer prices, and disposal of currently high stocks. • Good potential for domestic urban markets and for European markets for specialty vegetables and fruits. • Excellent for cut flowers in Europe and South Africa. Successful exploitation of market opportunities depends on access to new technologies, increased productivity, better logistics between small-scale growers and markets, and acquisition of marketing skills. • Fair to good for cotton depending on world prices, and on GOZ pricing policies which in large measure caused a 20 percent drop in cotton output in 1989/90. • Fair to good for tobacco depending on world prices, and consumption of tobacco products. • Currently poor for exports of coffee; fair for tea—function of world prices. • Fair for sugar, depending on resolution of irrigation system problems and world prices. • Good for exports of grain-fed beef, provided small-scale producers increase supplies of economy-grade beef. • Good for soybeans, with current producer incentives; could be good for wheat if price controls were relaxed. • Good for forestry products, for example, paper and packaging products, furniture and other wood products related to construction, provided the associated industries can modernize their production facilities.
Manufacturing (25.0% of GDP-'89)	• Overall good for many consumer products provided economic reform permits industry to reequip, import needed spare parts and intermediate goods and take advantage of its manufacturing capabilities. If Zimbabwe's manufacturing sector improves its efficiency, it could be excellent for exports to neighboring countries.

Sector	Potential for Growth
Manufacturing (continued)	• Good for light industry tied into rural productive activities and along the food chain from farmgate to market. Food processing has potential for local and regional urban markets.
	• Good for exports of cotton textiles/garments, contingent upon liberalization of trade and relaxation of price and investment controls.
	• Good for niches in neighboring country markets based on products not produced/not available in sufficient quantities or quality. Depends on ability of Zimbabweans to research markets and differentiate their products based on quality, price, style, design, ability to supply on a timely basis, etc.
Mining (7.1% of GDP-'89)	• Most metallic ores: gold, platinum, nickel, chromium, look promising provided foreign exchange regulations are eased, transportation bottlenecks are broken and skilled personnel are found/trained. Potential for cooper, tin and silver very much a function of world prices and price of substitutes. Also, regulations must be changed in order to encourage exploration and investment.
	• Asbestos: outlook good, provided equipment shortages and transportation bottlenecks can be solved.
	• Iron: fair to good with reopening of old mine and Zimbabwe's recent entrance into production of stainless steel.
	• Coal: improving with the recent easing of rail transport problems; should improve further with NRZ acquisition of new locomotives (AID) and rolling stock. Export potential in the region good.
Commerce/hotels (10.9% of GDP-'89)	• Commerce: should be promising as trade liberalization proceeds given pent-up demand present in the economy. For new entrants, depends on numbers of unemployed who enter this activity (entry extremely easy).
	• Tourism: good for up-scale tourism since infrastructure is well-developed.

Sector	Potential for Growth
Construction (1.4% of GDP-'89)	• Should be excellent provided foreign exchange is available so industry can expand its capacity to meet booming demand fueled by the low end of the market. Also potential export markets when and as Mozambique and Angola start to develop. • Excellent for many ancillary activities along the "construction chain."
Transport and Communications (5.9% of GDP-'89)	• Good provided economic reform progresses satisfactorily and economy flourishes. For new entrants depends on the number of unemployed who enter this activity (entry extremely easy) with growing economy, can capitalize on existing good road infrastructure.
Services (% of GDP-'89)	• Good depending on economy. Domestic urban markets: product repair, spare parts, maintenance, certain professions, training, office services, edp sales/services, contracting out certain government and municipal activities.

The areas of most potential SME (including larger informal enterprises) growth in the longer term appear to be:

- Light industry which services domestic, urban markets where product quality and timely supply are important criteria, given the potential growth of inexpensive imports: (for example, metal and wood products, simple hardware, construction related products, simple consumer items). Import substitution products which can successfully compete with imports on a quality and quick delivery basis.

- Operations ancillary to basic sectors, for example, construction and public works—provided economic reform is successful, GOZ revamps its procurement procedures so that smaller firms can qualify for government tenders, and smaller firms acquire the capabilities to qualify as subcontractors to larger firms. The "construction chain" entails a variety of business operations, including subcontracting, building materials, iron/wood intermediate and finished products, glass products, simple hardware, porcelain products, office and home furnishings.

- Services for urban domestic markets, i.e., to industry and to government: maintenance, repair, cleaning, office services, training, financial and management consulting, market research services, subcontracting of computer/word processing services.

In the longer term, Zimbabwe SMEs could be larger suppliers of a variety of light manufactures for its neighbors. Zimbabwe's position as an important rail and truck transportation hub is a distinct asset which allows her to supply neighboring countries easily. A regional growth strategy would entail entering areas in which the Zimbabwean SME has a comparative advantage. The tactics would entail serious market research to find market niches (where there are product shortfalls, quality differences, price differences, etc.), the establishment of market intelligence systems, the ability to spot and/or create market opportunities, and the ability to move fast.

A market phenomenon which normally occurs when trade liberalization takes place is an influx of imported consumer goods, often of shoddy quality and sometimes of much better quality than those produced locally. It often causes both the urban consumer and the producer to start to recognize that quality is an important product attribute. This adds a useful tool in an otherwise meager array of marketing tools available to the Zimbabwean SME. Domestically, the SME is often forced to avoid head-on competition with lower priced, and often smuggled, simple consumer items. Nonetheless, the Zimbabwean SME must develop marketing expertise and an agility to blunt the flood of imports where it can, to capitalize on existing market opportunities, and even to create new opportunities for itself.

F. Key Constraints to Private Sector Development

In a survey of business owners and managers seven major constraints to business growth were identified, five of which could be addressed through training.

Type of Constraint	Degree of Bearing on Company Training
1. Lack of Qualified Personnel	Strong
2. Access to Credit	Strong
3. Government Policy Actions	Strong
4. Economic and Market Factors	Strong
5. Administrative and Bureaucratic Factors	Minimal
6. Business Formation and Taxation	Minimal
7. Characteristics of the Private Sector	Strong

1. Lack of Qualified Personnel

The lack of qualified senior and middle management, as well as technical personnel, is acute in Zimbabwe. Few black Zimbabweans have risen through the ranks to become middle and senior level managers. They tend to rise to the supervisor/junior manager level and stop. There is a growing phenomenon of middle management talent being siphoned off to neighboring countries by better pay, lower taxes and other inducements. This phenomenon also affects technical personnel, especially the technician level. Business leaders complain that Zimbabwe's educational system produces graduates who have received no practical skills, whose education is not matched to the requirements of new technologies, and whose education does not match the positions available.

While there is more entrepreneurial spirit than ability among the Zimbabweans, there are entrepreneurs. More Zimbabweans with true entrepreneurial potential must be sought out, trained and their fledgling businesses nurtured. This need becomes even more critical with the continuing flow of graduates, school-leavers and redundant employees from the public and parapublic sectors entering the job market. A screening mechanism is necessary to sift these entrants and determine who has the best chance of success. Once sifted, entrepreneurship training can begin. Also, matching of potentially successful Zimbabwean entrepreneurs with other African countries' already successful entrepreneurs in like activities and of like scale can take place so that "lateral learning" will occur.

Even more serious is the continuing flow of new entrants into the job market, who have no practical business skills. Also the vast majority of these people, as anywhere else in the world, are not "natural entrepreneurs." The basic requirement, therefore, is that a flourishing economy operate, and that the private sector be allowed to function in an economic, legal and administrative environment conducive to its success, thereby increasing its potential to provide more employment.

The three most critical missing elements are marketing, general management and organizational skills, and financial management skills. Marketing skills are absolutely key to the manufacturing sector's success, especially as it faces growing competition from imports, and as it seeks to enter new, more demanding markets. The manufacturing sector has operated in an economy where marketing skills were not necessary. Many companies operated as virtual monopolies, able to sell what they produced, with little concern about the consumer and product characteristics and attributes. The organization of the firm and its strategic plans were conditioned by the protected economy in which it operated. With the changes in the business environment which will ensue with structural adjustment and trade liberalization, training will be required to provide a solid understanding of each of the above mentioned functional business areas, blended with a heavy dose of practical application in actual business settings.

As Zimbabwe's private sector adopts new production technologies, the need for well-trained technical personnel and skilled labor will become increasingly important. Thus the practical training requirements cover both the understanding and application of newer technologies as well as the range of preventive maintenance, repair and ability to understand and operate production equipment. Technical personnel will also need new management skills as the firm enters a market-driven economy. The marketplace, and all its requirements, will add a new dimension to the skills that technical personnel will need. Both the necessary technical and managerial skills can be offered, in certain cases, on an industry-specific basis.

2. Access to Credit

For the small firm, especially the start-up, credit is very difficult to obtain. Banks' aversion to risk, the high transactions costs associated with small clients, and the lack of bankable business proposals are the principal reasons why credit is so hard to obtain.

The typical small firm's lack of access to credit can be mitigated by appropriate, practical training in areas which will make the firm more "bankable." Such training encompasses the gamut of business skills, i.e., business proposal and loan application preparation, market/feasibility studies, simple accounting/financial management systems, understanding the concepts of financial responsibility, use of capital, and principles of credit. The effectiveness of such training is often ensured by linking it to obtaining credit, i.e., bank credit is accorded only to viable enterprises (start-up and existing) which have successfully completed the prescribed training.

The training developed and offered should be geared to the factors that will make a business "bankable" to a bank. An example of such a factor, seen through a banker's eyes, is the firm's accounting system. The mere fact that a business has a written accounting system, albeit rudimentary, helps "legitimize" the business in the eyes of the bank. The bank feels more secure, knowing that it can see to what purpose the loan was put, how the business is performing, and how secure its loan is.

3. Government Policy Actions

The principal policy actions to be undertaken by GOZ under the economic reform program which will affect the private sector are structural adjustment and market liberalization—making trade freer, ridding the economy of artificial price constraints, quotas and monopolies and reducing GOZ's role in productive activities which are more appropriately the province of the private sector. Liberalization will affect manufacturing activities, commercial activities, and the activities of suppliers of services, raw materials and components to industry. In many product areas, however, Zimbabwe has protected industries. Typically under structural adjustment, unless well-prepared in advance, protected companies find themselves unable to compete with imported goods. Moreover, there is a ripple effect on other companies which are suppliers of goods and services to the primary companies affected.

The effects of liberalization will require training for the typical Zimbabwean firm. For the firm to be competitive under these new conditions, training in the following range of disciplines will be necessary:

- Marketing, including marketing research, and all the relevant marketing tools and techniques—to protect and expand current markets, and to find and enter new markets.

- Financial management and cost accounting—to establish good internal controls and to attain leaner operations via cost-cutting and cost control.

- Inventory and production management—to match, at least cost, raw material and intermediate goods' supply with market demand.

- Planning and rapid response both to problems and opportunities.

4. Economic and Market Factors

Economic and market factors are of critical concern to the Zimbabwean business leader. A domestic market, marked by pent-up demand for many goods will be a prime target for imports. Neighboring country markets, and European markets for certain industries, are prime opportunities and targets for a variety of Zimbabwean firms. To be able to compete at home and abroad, and take advantage of the opportunities both markets offer, the development of modern management and marketing skills will be paramount.

Zimbabwe's manufacturing sector will need time to prepare for liberalization, as it will face growing, stiff competition from imports. Firms will be forced to "lean down," to produce competitive products, and will have to learn to market their products, as opposed to just selling them. Unfortunately, few Zimbabwean firms have the understanding and skills to put together a competitive marketing strategy, nor the knowledge of the great variety of marketing tools available. Thus, marketing training, in all its aspects, remains an urgent priority for the Zimbabwean company. Following are examples of the types of knowledge required if the firm is going to be competitive and capable of taking advantage of existing and new market opportunities:

- Market research and the development of market information, both domestic and export, to find market niches, to capitalize on desired product attributes, for example, product quality, price, packaging, appearance, delivery, seasonality, etc.

- Use of marketing tools, for example, market segmentation—if product quality is a desired attribute, "cream the market," leaving the low end of the market for the cheap foreign goods.

- Use of other marketing tools, for example, product differentiation to tap different segments of a market, package size and packaging differentiation to capture different price segments and downscale/upscale segments of the market, and pricing strategies to undercut competition, to capture different market segments, and to enter new markets.

- Use of management accounting in order to be able to cut and control costs.

- Use of organization skills to change production-oriented companies into market-oriented ones.

- Acquisition of strategic planning skills to help the firm to plan where it wants to be five to ten years hence. As a corollary to strategic planning, the acquisition of tactical planning skills, will help the firm function in changing, competitive business environments.

5. Administrative/Bureaucratic Factors

While these factors have little direct bearing on training for companies, they are important constraints to growth of firms. Following are the principal complaints about GOZ administration and bureaucracy:

- A major complaint is the extremely long time it takes to get things done with the government; business leaders report that red tape, the lack of financial and human resources and ignorance (nepotism is a problem in some departments of the GOZ, according to business leaders) are the main causes of delays. It can take months to get authorization to import a needed, Z$10 spare part, or one can go to the very efficient black market and quickly obtain the spare part at 5-10 times its normal price. Products in the A category of price control require a ministerial decision before their prices can be raised. Business leaders feel the whole system is becoming increasingly bureaucratic, which is having a deleterious effect on the efficient functioning of enterprises.

- Since the Central Purchasing Authority (CPA) was disbanded. the GOZ has fallen 3 months behind, on average, in paying its bills to suppliers of goods and services. Companies are requesting that the GOZ pay cash until the successor to the CPA is created.

- The commitment to a centrally planned economy, the assumption that committees must sit to plan production, and the apparent belief within the GOZ that once a decree is issued that things will happen accordingly creates obstacles for efficient management. The GOZ has difficulty conceptualizing what business is all about, and how market forces drive the system. The GOZ apparently does not understand the need for business confidence. The December 12, 1990, GOZ decision to amend the constitution to allow government to acquire property "compulsorily" underlines the lack of understanding. This decision will have detrimental effects on future foreign investment in Zimbabwe.

  Another good indication of the lack of understanding of how business operates was the GOZ's initial operation of the OGIL system. Eight products were put on the OGIL list, one of them being tinplate. In response to the large inflow of tinplate, the GOZ removed textile dyes from the list, in an attempt to curtail the outflow of foreign exchange. Because of the government's lack of understanding of business, business fears that the GOZ will undertake a series of start-stop actions which will further diminish businesses' ability to predict future conditions. This is critical to investment and employment decisions.

- At the lower levels of government there appears to be little graft or corruption, except at the municipal level. This seems to be a problem when a business seeks to acquire commercial property and needs permits and title to property. As is true elsewhere, approval for larger business projects requires more in the way of "emoluments." Contacts, as elsewhere, are very useful.

- Business leaders want "the rules of the game" to be the same for everyone, especially when the government deals with business. They feel there is a lack of equality and even-handedness in the allocation of scarce resources, especially the allocation of foreign exchange.

Training for and exposure of key government officials to the basic tenets of business and the free market system has been recommended in the separate Training Strategy section.

6. Business Formation and Taxation

Business formation in Zimbabwe is not overly difficult, particularly compared to many other African countries. To set up a limited liability company, the maximum time necessary is four weeks. The steps are fairly simple:

- Establish the articles of incorporation

- File the articles with the registrar of companies

- Register with the tax authorities

The start-up firm can hire a local accounting firm to handle the process for Z$700-800, and the time will be shortened to two to three weeks.

Taxation, on the other hand, is an area of major concern for the business leader—not only because of the high tax on profits (50 percent), but also because of the effects of the very high marginal tax rates on annual salaries (60 percent) over Z$40,000 (US$16,000). Where motor vehicles have been provided an employee as a fringe benefit, the benefit is taxed on a schedule between Z$1500—3000 yearly. Interest-free and low interest loans from employers are taxed at 12.5 percent per annum for loans below Z$12,000 and at 13.25 percent for loans above Z$12,000. The high marginal rate means that nontaxable, but expensive fringes must be offered to retain competent employees. Capital gains are taxed at a rate of 30 percent and dividends paid by locally incorporated companies are exempt from income tax.

7. Characteristics of the Private Sector

Zimbabwe's private sector has characteristics which are constraints and which have strong implications for training. These characteristics range from perceptions of business to the way in which businesses are organized and operated. Following are the principal characteristics which impede the development of firms:

- A lack of understanding of the nature of a market-driven enterprise, especially in start-up small scale firms is widespread. The same lack of understanding typically appears in medium-sized enterprises in which the owner diversifies into business activities about which he knows very little. Typically, he started his business in commerce/trading and subsequently went into manufacturing, having spotted an opportunity where he could get in fast without much knowledge of the requirements and the pitfalls of the new business activity. This kind of uninformed expansion will be increasingly dangerous once market liberalization proceeds and the domestic market opens up to new entrants.

- Many business leaders mistakenly think that liberalization simply means open foreign exchange allocations and are not adequately planning for the increased competition it will bring.

- Many firms are characterized by very hierarchical management structures. This is particularly true in the SME, where any decision of consequence passes through the CEO.

- Once well established, some business leaders have called for various forms of protection via establishment of "product standards" and "professional standards" to curtail what is, in most cases, just normal competitive activities of other players. This is true of many firms, facing the specter of trade liberalization, calling for state protection to be phased out over 10 years time.

- A low literacy rate in the informal sector impedes the movement from informal to formal sector. Illiteracy is an impediment which prevents, in many cases, the creation of written business records, upon which financial control is based.

- A fairly high degree of nepotism is evident in the hiring at unskilled labor.

- A "production" mentality which states "because I know how to make a product, I'll sell it," overpowers the "market" mentality which asks "what are the markets which can be tapped, and how can I best tap them with my product/assets/skills/ideas?"

- The start-up enterprise a lacks an understanding of financial management buoics.

The training implications of these characteristics fall into two broad categories. The first encompasses marketing skills, the development of entrepreneurial abilities, the basics of operational management, personnel empowerment, and financial management for the growing enterprise. The second includes the reconciliation of African values/perceptions with the requirements of business, the need for mutual understanding by business and government of the roles and obligations of each to the society, the economy and each other. Attitudes take a long time to change, and are perhaps best addressed through weaving threads of mutual interest in the fabric of all practical business training programs.

There are a number of positive characteristics which should hold the private sector in good stead:

- Many firms have learned to be self-sufficient over the past 25 years. They also recognize the benefits of subcontracting out certain operations and are even willing to train those firms which would be subcontractors.

- There is an abundance of professionals with accounting skills and a fairly high level of financial management talent. This skill base will serve the private sector well as economic reform proceeds.

- The large firms see themselves as "training for the country." This reflects a genuine concern for the country as a whole.

- Many large firms have taken an aggressive and positive approach towards the increasing incidence of AIDS among employees. Actions range from training (films, videotapes, in-firm publicity) to tailoring work conditions for those who are stricken with AIDS, yet can still function in the workplace.

- Many larger and some smaller firms are already planning for and have laid groundwork to enter neighboring country and regional markets, once they can modernize their production facilities.

IV. EMPLOYMENT, EDUCATION, AND TRAINING RESOURCES AVAILABLE TO THE PRIVATE SECTOR

A. The Educational System and Outputs

Since independence, Zimbabwe has made remarkable strides expanding public education to be accessible by a large proportion of citizens. It is beyond the purpose of this report to detail pre-independence educational inequities between black and white Zimbabweans and trace the laudable government and private efforts which have corrected many of these deficiencies.[1] However, accompanying this spectacular growth, which saw secondary enrollments increase sixfold and university attendance soar by 314 percent from 1976 to 1985, were severe demands for resources to sustain the gains and ensure a sufficient level of qualified teachers.

The democratization of education in Zimbabwe has led to a better-educated workforce—literate, with basic mathematic ability (i.e., more than just numeracy), and able to read and write English. In short, new entrants arrive in the job market as a "trainable" human resource. This factor is quite possibly Zimbabwe's greatest comparative advantage, both in the southern Africa region and beyond. The huge workforce in South Africa bears no resemblance to Zimbabwe's, the former having been denied access to basic education and professional advancement for generations. Zimbabweans in both business and education understand their situation well, and are concerned about the increasing out-migration of their most valuable assets to the huge job market that a majority-ruled South Africa might offer.

The educational system itself has undergone considerable changes, breaking away from "colonial" origins to one fitting for a modern African independent state. The system remains, nonetheless, largely British-based and unchanged in its structure, if not much in content, according to the team's brief assessment of literature and comments made during interviews. Technical education preparing the country's youth with basic skills for a modern economy has apparently not performed as anticipated, despite considerable expansion and investment. Widespread staffing vacancies and lack of training equipment have crippled the nation's technical education system—perhaps the ironic outcome of the very successes of Zimbabwe's post-independence educational achievements.

Estimates range from 200,000 to 300,000 for the number of school-leavers who annually will enter a job market already saturated with youth carrying similar educational profiles. Without more market-oriented skills (computers, specialized machinery, electronics) they are unlikely to find jobs easily. It is this pool of relatively well-educated youth that an expanding economy—with growth in small businesses, new competitive industries, and exports—will need to absorb rapidly.

Zimbabwe's policy since independence has been to broaden educational access at the lower levels while holding back on admissions at the tertiary level, a policy considered wise by many development specialists. Access to the University of Zimbabwe remains highly competitive, and until recently, graduates have found employment primarily in the public sector. Advanced technical education has not been well developed. This weakness has been recognized by government's commission of an inquiry into the feasibility for the establishment of a new Science and Technology University in Bulawayo. It recognizes that the dearth of highly skilled engineers, for example, will likely continue in Zimbabwe for the foreseeable future. Whether the public sector can sustain a second university and to what extent the curriculum will be inspired by the needs of surrounding businesses remains to be determined. In the best of circumstances, annual output of Zimbabwean graduates in disciplines needed by an expanding economy would fall far short of the demand.

[1] See "Education: Evolution or Reform?," in *Zimbabwe's Prospects: Issues of Race, Class, State, and Capital in Southern Africa*, by Fay Chung, (ed. Colin Stoneman, Macmillan, New York), 1988, for a summary of these changes and discussion of the principal shortfalls and future challenges. Ms. Chung is currently the Minister of Education and Culture.

PROBE MARKET RESEARCH (PVT) LTD
4th Floor Norwich Union Building
22 George Silundika Avenue
HARARE, Tel : 792734

Qre No. 31

QUESTIONNAIRE

Informal Sector Trainee Assessment Survey No. 43/990

SPEAK TO THE OWNER OR MANAGER OF THE BUSINESS.

INTRODUCTION : Good morning/afternoon, I am ... of Probe Market Research, a company which specialises in finding out people's opinions and attitudes on various products and services. Today we are asking some questions about businesses and their training needs. Please could you spare about 15 to 20 minutes to answer some questions for us.

NAME OF RESPONDENT ______________________ INT. ______________

POSITION IN BUSINESS ______________________ DATE ______________

NAME OF BUSINESS ______________________ BACKCHECK ______________

ADDRESS ______________________

____

TEL. No. ______________________

A. GENERAL OVERVIEW OF THE BUSINESS

1a. Does this business belong to any formal association (e.g. Chamber of Commerce, National Employment Council, CZI, ZFNA)?

	YES	1/1
	NO	/2

1b. If yes, what is the name of the organisation/s to which you belong? ______________________

IF TRULY FORMAL, ABANDON INTERVIEW

2a. Does this business belong to any informal association (e.g. informal grouping of local merchants, etc).

	YES	2/1
	NO	/2

2b. If yes, what is the name of the organisation/s to which you belong? ______________________ 3

33

3. In what year did this business begin operating? ________________ 4/

4. For how long has this business been operating in this area? ________________ 5/

5. Which of the following best describes this business?

Buying and selling	6/1
Sewing, crocheting and knitting	/2
Mechanical repairs/panel-beating/spray-painting	/3
Furniture and mattress making and upholstery	/4
Welding/Fencing/Door and window-frames/burglar bars	/5
Brick-making	/6
Food preparation	/7
Recycling	/8
Crafts, baskets, pottery, carving	/9
Transport	7/1
Tuckshops	/2
Tinsmithing	/3
Hairdressing	/4
Shoe-makers and repairers	/5
Bakers	/6
Laundry	/7
Other ________________________________	/8

6. Please describe the principal activities and/or products that this business currently provides, and whether goods are sold retail or wholesale, or whether services are provided (or other).

Wholesale: ________________________________ 8/

Retail: ________________________________ 9/

Services: ________________________________ 10/

Other: ________________________________ 11/

7. Is this business ... (CHECK ONE)

A private, family owned business	12/1
A private partnership	/2
Co-operative	/3
or, something else (please explain) ________________________________	/4

8. Are you an owner of this business, or does someone other than yourself own this business?

I am the only owner	13/1	I am a PARTIAL owner	/3
I am NOT an owner	/2	Other ________________	/4

9. What was the principal source of financing for the creation and operation of this business?

Funds from business partners	14/1
Funds from family and/or friends	/2
Loans from "informal" credit sources	/3
Loans from banks, Credit Unions, Finance Houses, etc.	/4
Own funds/Retained earnings from operations	/5
Other (please specify) ______________________________	
____	/6

10. How many employees does this business have including yourself?

	MEN	WOMEN	TOTAL	15/
				16/
Number of FULL TIME employees	_____	_____	_____	17/
				18/
Number of PART TIME/CONTRACT employees	_____	_____	_____	19/
				20/

11a. Approximately what percentage of this company's total annual turnover is exported from the country every year, either by this company or by someone else? _______% 21/

11b. IF GOODS/SERVICES ARE EXPORTED ASK. To which countries are your goods exported?

____

22	26
23	27
24	28
25	29
	30

12. Taking inflation into account, how would you rate theturnover in your business this year as opposed to 1987?

Much better (improved more than 20%)	31/1
Somewhat better (improved 6% - 20%)	/2
About the same (+/- 5%)	/3
Somewhat worse (declined 6%- 20%)	/4
Much worse (declined more than 20%)	/5

13. Again [illegible]aking inflation into account, what expectations for [illegible] [illegible]over in your business do you have for the next three [illegible] years compared to this year?

M[illegible] (improved more than 20%)	32/1
S[illegible] (improved 6% - 20%)	/2
A[illegible] (+/- 5%)	/3
S[illegible] (declined 6% - 20%)	/4
Muc[illegible] declined more than 20%)	/5

A-13

35

14. Please could you tell me (a) your approximate annual or monthly turnover last year, (b) your expected turnover for this year and (c) your anticipated turnover next year? (SHOW CARD A ONLY IF RESPONDENT IS HESITANT ABOUT GIVING FIGURES) ANNUAL OR MONTHLY

(a) 1989 ______________________________ 33/

(b) 1990 ______________________________ 34/

(c) 1991 ______________________________ 35/

15. Do you keep written records of money received and spent on the business? YES 36/1 NO /2

16a. Do you ever barter goods? YES 37/1 NO /2

16b. IF YES, what proportion of your business is barter? _________% 38/

16c. What type of products do you accept for barter?

____

____

17a. Is your business seasonal, do you have quiet times of the year in this business? YES 45/1 NO /2

17b. IF YES, do you do anything else during the quiet times? What do you do?

____

____

18a. Do you or other people in your business travel to other centres to sell goods or services? YES 51/1 NO /2

18b. IF YES, where else do you sell your goods or services?

____

19a. Have you come here from another centre to sell your goods or services? YES 57/1 NO /2

19b. IF YES, where have you come from?
____58/

20a. The next question is about problems you may have in expanding business. Please rate each of the following factors on scale of 1 through 5 where 1 means the factor is a not at all a problem in expanding your business and 5 means it represents a primary block at the present time. (SHOWCARD R)

1 = Not a problem	4 = Fairly important problem
2 = Minor problem	5 = Major problem
3 = Some problem	6 = Don't know

20b. And how much of a problem do you foresee each of these factors being in two years' time?

	Q20a. N O W	Q20b. 2 YEARS' TIME
(a) Availability of qualified technical personnel	59/1 2 3 4 5 6	72/1 2 3 4 5 6
(b) Availability of qualified management personnel	60/1 2 3 4 5 6	73/1 2 3 4 5 6
(c) Availability of Foreign exchange	61/1 2 3 4 5 6	74/1 2 3 4 5 6
(d) Employment regulations	62/1 2 3 4 5 6	75/1 2 3 4 5 6
(e) Other Government regulations, e.g. health, environment	63/1 2 3 4 5 6	76/1 2 3 4 5 6
(f) Taxes	64/1 2 3 4 5 6	77/1 2 3 4 5 6
(g) Availability of credit	65/1 2 3 4 5 6	78/1 2 3 4 5 6
(h) Restricted Market size	66/1 2 3 4 5 6	79/1 2 3 4 5 6
(i) Strong competition	67/1 2 3 4 5 6	80/1 2 3 4 5 6
(j) Overall economy in Zimbabwe	68/1 2 3 4 5 6	81/1 2 3 4 5 6
(k) Availability of transport	69/1 2 3 4 5 6	82/1 2 3 4 5 6
(l) Cost of transport	70/1 2 3 4 5 6	83/1 2 3 4 5 6
(m) Price Controls	71/1 2 3 4 5 6	84/1 2 3 4 5 6

20c. What other problems, if any, do you encounter in efforts to expand your business?

B. BUSINESS COMMITMENT TO SKILLS DEVELOPMENT

21. Are there any specific training needs or programmes that you feel would be important to your business?

____ | 85 |
| 86 |
____ | 87 |

____

22. Do you feel that a course in:- (SHOWCARD C)

	Owners/Mgrs Q22	Owners/Mgrs RANK (Q23)	Other Q22	Other RANK (Q24)
General Business Management	91	98/	105	112/
Sales and Marketing	92	99/	106	113/
Financial Management	93	100/	107	114/
Personnel Management	94	101/	108	115/
Administration/Bookkeeping	95	102/	109	116/
Literacy	96	103/	110	117/
Technical skills	97	104/	111	118/

would be useful to owners or managers of this business to other members of staff in you business ?

23. Choosing from the list of training areas that you thought ot be important for owners and managers, that is (LIST FROM ABOVE), which would your company be most interested in for members of the senior management team, if available, within the next 12 months? And next? And next?

______________________ ______________________

______________________ ______________________

24. Choosing from the list of training areas that you thought to be important for other employees, that is (LIST FROM ABOVE) which would your company be most interested in, if available, within the next 12 months? And next? And next?

______________________ ______________________

______________________ ______________________

25. How likely is this business to invest in training in the next 12 months?

Very likely	119/1	Not at all likely	/3
Somewhat likely	/2	Unsure at this time	/4

26. What amount of funding could this business allocate to a training budget in the next 12 months? ____________120/

C. PROFILE OF OWNERS AND MANAGERS

These questions relate to the senior management team. This team would consist of the owner(s) and any managers.

27. How many senior management team members are there in this business?

MEN: ______121/
WOMEN: ______122/
TOTAL: ______123/

28. How many of the owners and senior managers in this business have received higher/secondary/primary education?

Primary	124/
Secondary	125/
Higher	126/
None	127/

29. How many of the owners and senior managers in this business have had more than 20 years/between 10 & 20/2 to 10 years/less than 2 years working experience

<2	128/
2 - 10	129/
10 - 20	130/
20 +	131/

30. How many owners or senior managers have received any work-related training. Specify :-

On-the=job training	132/
Training course in Zimbabwe	133/
Training course in other African country	134/
Training course in any other country	135/

31. What would be the training format(s) this company would be most likely to use for the courses desired for senior management? (SHOWCARD D)

1 - 2 evenings per week	136/
Weekend seminar - Friday evening and Saturday	137/
One week intensive off site session	138/
Two week intensive off-site session	139/
On-site training for a specific task	140/
Correspondence courses	141/
Other ________________________________	142/

D. WORKERS IN BUSINESS

This section refers to all other workers in the business.

32.	How many skilled and semiskilled workers are there in this business?	MEN: ________	143/
		WOMEN: ________	144/
		TOTAL: ________	145/
33.	How many of the other employees in this business have received higher/secondary/primary education?	Primary	146/
		Secondary	146/
		Higher	147/
		None	148/
34.	How many of the other employees in this business have had more than 20 years/between 10 & 20/ 2 to 10 years/less than 2 years work experience?	<2	149/
		2 - 10	150/
		10 - 20	151/
		20 +	152/

35. How many other employees have received any work-related training. Specify :- (SHOWCARD D)

On-the-job training	153/
Training course in Zimbabwe	154/
Training course in another African country	155/
Training course in any other country	156/
Other ________________________________	157/

36. What would be the traning format(s) this company would be most likely to use for the courses desired for other employees? (SHOWCARD D)

1 - 2 evenings per week	158/
Weekend seminar Friday evening and Saturday	159/
One week intensive off-site session	160/
Two week intensive off-site session	161/
On-site training for a specific task	162/
Correspondence courses	163/
Other ________________________________	164/

E. EXPERIENCE WITH LOCAL TRAINING INSTITUTES

37. Have you utilised any local training institutions? YES 165/1 NO /2

38. IF YES, what local training institutes have you used in the past?

_________________________ _________________________

_________________________ _________________________

39. Which category(s) of workers have participated in training in the past?

Owners 174
Workers 175

40. Approximately what amount of funds has your business spent on training in the past year? £__________ 176/

41. Please list the courses employees have taken and rate each one according to how useful it was. Please use a 1 through 5 scale where 1 means the course was not at all useful and 5 means the course was very useful.

COURSE : ____________________

INSTITUTE : ____________________

RATING : 1 2 3 4 5

COURSE : ____________________

INSTITUTE : ____________________

RATING : 1 2 3 4 5

COURSE : ____________________

INSTITUTE : ____________________

RATING : 1 2 3 4 5

COURSE : ____________________

INSTITUTE : ____________________

RATING : 1 2 3 4 5

42. Any other comments on training in general?

41. This survey has been carried out on behalf of USAID. Would you be willing to be re-contacted if necessary? YES NO

THANK YOU!

4V

PROBE MARKET RESEARCH (PVT) LTD
4th Floor Norwich Union Building
22 George Silundika Avenue
HARARE, Tel : 792734

Qre No. ___________

QUESTIONNAIRE

Formal Sector Trainee Assessment Survey No. 43/990

TELEPHONE AND ARRANGE AN APPOINTMENT WITH THE CHIEF EXECUTIVE OR A SENIOR EXECUTIVE RESPONSIBLE FOR PERSONNEL AND TRAINING WITHIN THE ORGANISATION.

INTRODUCTION : Good morning/afternoon, I am ... of Probe Market Research, a company which specialises in finding out people's opinions and attitudes on various products and services. Today we are asking some questions about businesses and their training needs. Please could you spare about 15 to 20 minutes to answer some questions for us.

NAME OF RESPONDENT ______________________________ INT. _________________

POSITION IN COMPANY ______________________________ DATE _______________

NAME OF COMPANY ______________________________ BACKCHECK ___________

ADDRESS ______________________________

____

TEL. No. ______________________________

A. GENERAL OVERVIEW OF THE BUSINESS

1. In what year did this business begin operating? _______________ 1/

2. Does this business belong to any association (e.g. Chamber of Commerce, NEC, Informal groupng of local merchants, etc.)? YES 2/1 NO /2

3. If yes, what is the name of the organisation/s to which you belong?

____

3	7
4	8
5	9
6	10

A-21

4?

4. Which of the following best describes this business?

Mining	11/1	Agribusiness/Food Processing	4
Construction	2	Horticulture	5
Textiles/Clothing/Footwear	3		

5. Please describe the principal activities and/or products that this business currently provides :

____

____

6. Is this business ..?

Public (Stock/Share) Corporation	12/1
A private, family owned business	/2
A private partnership	/3
Mixed public/private ownership	/4
Government owned	/5
Subsidiary of a foreign firm	/6
or, something else (please explain)	/7

____

7. Are you an owner of this business, or does someone other than yourself own this business?

I am the only owner	13/1	I am a PARTIAL owner	/3
I am NOT an owner	/2	Other ______________________	/4

8. What was the principal source of financing for the creation and operation of this business?

Shareholders	14/1
Funds from business partners	/2
Funds from family and/or friends	/3
Loans from "informal" credit sources	/4
Loans from banks, Credit Unions, Finance Houses, etc.	/5
Own funds/Retained earnings from operations	/6
Other (please specify) ______________________________	/7

____

9. How many employees does this business have including yourself?

	MEN	WOMEN	TOTAL	
				15/
				16/
Number of FULLTIME employees	_____	_____	_____	17/
				18/
Number of PART TIME/CONTRACT employees	_____	_____	_____	19/
				20/

10. Approximately what percentage of this company's total annual turnover is exported from the country each year, either by this company or by someone else? ________% 21/

10a. IF GOODS/SERVICES ARE EXPORTED ASK. To which countries are your goods exported?

22/
23/
24/
________________________ ________________________ 25/
26/
________________________ ________________________ 27/
28/
________________________ ________________________ 29/
________________________ ________________________ 30/

11. Taking inflation into account,how would you rate theturnover in your business this year as opposed to 1987?

Much better (improved more than 20%)	31/1
Somewhat better (improved 6% - 20%)	/2
About the same (+/- 5%)	/3
Somewhat worse (declined 6% - 20%)	/4
Much worse (declined more than 20%)	/5

12. Still taking inflation into account, what expectations for the turnover in your business do you have for the next three to five years compared to this year?

Much better (should improve 20%)	32/1
Somewhat better (should improve 6% - 20%)	/2
About the same (+/- 5%)	/3
Somewhat worse (could decline 6% - 20%)	/4
Much worse (could decline more than 20%)	/5

13. Please could you tell me (a) your approximate annual or monthly turnover last year, (b) your expected turnover for this year and (c) your anticipated turnover next year? (specify annual or monthly)
(SHOW CARD A ONLY IF RESPONDENT IS HESITANT TO GIVE FIGURES) ANNUAL OR MONTHLY

(a) 1989 ________________________ 33/

(b) 1990 ________________________ 34/

(c) 1991 ________________________ 35/

45

14a. The next question is about constraints to expanding your business. Please rate each of the following factors on a scale of 1 through 5 where 1 means the factor is a not at all a constraint to expanding your business and 5 means it represents a primary block at the present time. (SHOW CARD B)

1 = Not a constraint	4 = Fairly important constraint
2 = Minor constraint	5 = Major constraint
3 = Some constraint	6 = Don't know

14b. And how much of a constraint do you foresee each of these factors being in two years' time?

	Q14a. NOW	Q14b. 2 YEARS' TIME
(a) Availability of qualified technical personnel	36/1 2 3 4 5 6	49/1 2 3 4 5 6
(b) Availability of qualified management personnel	37/1 2 3 4 5 6	50/1 2 3 4 5 6
(c) Availability of Foreign exchange	38/1 2 3 4 5 6	51/1 2 3 4 5 6
(d) Employment regulations	39/1 2 3 4 5 6	52/1 2 3 4 5 6
(e) Other Government regulations,e.g. health, environment	40/1 2 3 4 5 6	53/1 2 3 4 5 6
(f) Taxes	41/1 2 3 4 5 6	54/1 2 3 4 5 6
(g) Availability of credit	42/1 2 3 4 5 6	55/1 2 3 4 5 6
(h) Restricted Market size	43/1 2 3 4 5 6	56/1 2 3 4 5 6
(i) Strong competition	44/1 2 3 4 5 6	57/1 2 3 4 5 6
(j) Overall economy in Zimbabwe	45/1 2 3 4 5 6	58/1 2 3 4 5 6
(k) Availability of transport	46/1 2 3 4 5 6	59/1 2 3 4 5 6
(l) Cost of transport	47/1 2 3 4 5 6	60/1 2 3 4 5 6
(m) Price Controls	48/1 2 3 4 5 6	61/1 2 3 4 5 6

14c. What other constraints, if any, do you encounter in efforts to expand your business?

B. BUSINESS COMMITMENT TO SKILLS DEVELOPMENT

The following is a list and description of four levels of personnel that we have identified.
(SHOW CARD C).

SHOW CARD C

PROFILE OF OWNERS AND SENIOR MANAGERS

This team would consist of the owner(s) and any manager at the director level or above.

PROFILE OF MIDDLE MGT/SENIOR SUPERVISORY STAFF EMPLOYEES

People in a management or supervisory capacity who are not considered members of the senior management team or people performing work that is professional in nature, such as accounting, computer services, etc.

PROFILE OF SKILLED AND SEMI SKILLED WORKERS

The workers who actually produce the goods and/or services your company sells. For a construction firm this would include : masons, carpenters, plumbers, etc. For a manufacturing company this would include : assembly line workers, supervisors, etc.

PROFILE OF SUPPORT PERSONNEL

Those people who are critical to the smooth functioning of this business, but who are not directly involved in the management of the business nor the production of the goods to be sold. These include secretaries, drivers, receptionists, etc.

15. How many senior management team members are there in this business?

MEN: _______62/
WOMEN: _______63/
TOTAL: _______64/

And how many middle management team members?

MEN: _______65/
WOMEN: _______66/
TOTAL: _______67/

And how many skilled & semi-skilled workers?

MEN: _______68/
WOMEN: _______69/
TOTAL: _______70/

And how many support personnel?

MEN: _______71/
WOMEN: _______72/
TOTAL: _______73/

41

16. On average, what is the formal educational level of employees in each of these groupings (SHOWCARD C)?

Owners/senior managers ______________________________74/
Middle managers ______________________________75/
Skilled/semi ______________________________76/
Support personnel ______________________________77/

17. And on average, how many years of work experience do employees in each of these groupings have?

Owners/senior managers ______________________________78/
Middle managers ______________________________79/
Skilled/semi ______________________________80/
Support personnel ______________________________81/

18. How many members of the senior management team/middle-management team/skilled & semi-skilled workers/support personnel (ask for each in turn) have received any business, skill or work-related training with this company through the following means?

	OWNERS/ SNR MGRS	MIDDLE MGRS	SKLLD/ SEMI	SPPRT. PERS.
In Zimbabwe training	82/	86/	90/	94/
In another African country	83/	87/	91/	95/
In Any other country	84/	88/	92/	96/
"On the job" training	85/	89/	93/	97/

19. Please could you tell me for which of these groups of personnel the following types of training programme would be important? READ OUT HEADINGS AND CODE (SHOWCARD C1)

20. For you senior management team/middle management/skilled & semi-skilled workers/support personnel (ask for each in turn), which specific topics do you think would be important within each chosen training programme (show cards D to J, for each appropriate programme, as follows)

	OWNERS/ SNR MNGRS Q19/20	Q21	MIDDLE MGRS		SKLLD/ SEMI		SPPRT. PERS.	
SHOWCARD D								
General Business Management	98	RANK	143	RANK	188	RANK	233	RANK
Stràtegic planning	99	122/	144	167/	189	212/	234	257/
Finding and evaluating suppliers	100	123/	145	168/	190	213/	235	258/
Business law	101	124/	146	169/	191	214/	236	259/
Review of Government Regulations	102	125/	147	170/	192	215/	237	260/
Project Scheduling/Management	103	126/	148	171/	193	216/	238	261/
Contracts/Contractors	104	127/	149	172/	194	217/	239	262/
Negotiation skills	105	128/	150	173/	195	218/	240	263/
Forming business partnerships/ joint ventures	106	129/	151	174/	196	219/	241	264/
SHOWCARD E								
Sales and Marketing	107	-	152	-	197	-	242	-
Techniques of market research	108	130/	153	175/	198	220/	243	265/
Sales and marketing management techniques	109	131/	154	176/	199	221/	244	266/
Advertising and promotion	110	132/	155	177/	200	222/	245	267/
Evaluation of distribution channels	111	133/	156	178/	201	223/	246	268/
SHOWCARD F								
Financial Management	112	-	157	-	202	-	247	-
Budget preparation and tracking	113	134/	158	179/	203	224/	248	269/
Cash flow management	114	135/	159	180/	204	225/	249	270/
Preparation of financial statements	115	136/	160	181/	205	226/	250	271/
Bookkeeping	116	137/	161	182/	206	227/	251	272/
Investment strategies/analysing return on investmwents	117	138/	162	183/	207	228/	252	273/
Obtaining venture capital	118	139/	163	184/	208	229/	253	274/
Taxes/Tax law	119	140/	164	185/	209	230/	254	275/
Obtaining credit	120	141/	165	186/	210	231/	255	276/
Ways to obtain working capital	121	142/	166	187/	211	232/	256	277/

(contd)

SHOWCARD G	OWNERS/ SNR MGRS		MIDDLE MGRS		SKLLD/ SEMI		SPPRT PERS	
Personnel Management	278	RANK	316	RANK	354	RANK	392	R
Time management	279	299/	317	337/	355	375/	393	4
Developing effective organisational structures	280	300/	318	338/	356	376/	394	4
Personnel motivation and incentive schemes	281	301/	319	339/	357	377/	395	4
Techniques of employee supervision	282	302/	320	340/	358	378/	396	4
Quality control throughout the enterprise	283	303/	321	341/	359	379/	397	4
Improving worker productivity	284	304/	322	342/	360	380/	398	4
Developing worker job descriptions	285	305/	323	343/	361	381/	399	4
Planning manpower needs	286	306/	324	344/	362	382/	400	4
SHOW CARD H								
Specialised Administration	287	-	325	-	363	-	401	
Use of computers	288	307/	326	345/	364	383/	402	4
Computer word processing	289	308/	327	346/	365	384/	403	4
SHOW CARD I								
Industry-specific technical skills	290	-	328	-	[illegible]	-	404	
Equipment repair and maintenance	291	[illegible]	[illegible]	[illegible]	367	385/	405	4
Specific technical skills relating to a certain industry (Specify) ______________________	292	310/	330	348/	368	386/	406	4

____

____

SHOW CARD J								
General literacy/communications/ clerical	293	-	331	-	369	-	407	
Reading/writing/basic literacy	294	311/	332	349/	370	387/	408	
Business communications	295	312/	333	350/	371	388/	409	
Office management	296	313/	334	351/	372	389/	410	
Clerical skills	297	314/	335	352/	373	390/	411	
Any other topics (Specify) ______________________	298	315/	336	353/	374	391/	412	

21. Of the training topics that you said would be important for your senior management, that is, ... (READ OUT) , which would you say is the most important in the near future? And next? And next?
REPEAT FOR MIDDLE MGT., SKILLED AND SEMI-SKILLED WORKERS AND SUPPORT PERSONNEL.

22. Of the following training formats (SHOW CARD K), which would this company be most likely to use for the courses desired for senior management/middle mgt/skilled and semi-skilled workers/support personnel (ASK FOR EACH IN TURN).

	Owners/ Snr Mgrs	Middle Mgrs	Skll d/ Semi	Spprt Pers.
1-2 evenings per week	430	436	442	448
Weekend seminar - Fri. evening and Saturday	431	437	443	449
One week intensive off-site session	432	438	444	450
Two week intensive off-site session	433	439	445	451
On-site training for a specific task	434	440	446	452
Correspondence courses	435	441	447	453

23. How likely is this business to invest in training in the next 12 months?

Very likely	454/1	Not at all likely	/3
Somewhat likely	/2	Unsure at this time	/4

24. What amount of funding could this business allocate to a training budget in the next 12 months?

IN HOUSE ____________________ 455/

EXTERNAL ____________________ 456/

51

C. EXPERIENCE WITH LOCAL TRAINING INSTITUTES

25. Have you utilised any local training institutions?

YES	457/1
NO	/2

26. IF YES, what local training institutes have you used in the past?

______________________________ ______________________________ 458 | 46

______________________________ ______________________________ 459 | 46

460 | 46

461 | 46

Other (specify) ____ 462 | 46

27. Which category(s) of workers have you sent to courses at local training institutions in the past?

Owners/senior managers	46
Middle management/senior supervisory staff	46
Skilled and semi skilled workers	47
Support employees	47

28. Approximately what amount of funds has your business spent on training in the past year with local training institutions? $ ____________________ 472/

IN-HOUSE $ ____________________ 473/

29. Please list the courses employees have taken and rate each one according to how useful it was. Please use a 1 through 5 scale where 1 means the course was not at all useful and 5 means the course was very useful.

COURSE : ______________________________

INSTITUTE : ______________________________

RATING : 1 2 3 4 5

COURSE : ______________________________

INSTITUTE : ______________________________

RATING : 1 2 3 4 5

COURSE : ______________________________

INSTITUTE : ______________________________

RATING : 1 2 3 4 5

COURSE : ______________________________

INSTITUTE : ______________________________

RATING : 1 2 3 4 5

Any other comments on training in general.

30. This survey has been carried out on behalf of USAID. Would you be willing to be re-contacted if necessary?

YES
NO

THANK YOU!

INFORMAL SECTOR TRAINEE ASSESSMENT SURVEY No. 42/990

Livuke/litshone. Ngani mina ngingu ... ngivela e Probe Market Research inkhampani eyenza umsebenzi owokudinga lokho okucabangwa ngabantu mayelana nemisebenzi ehlukeneyo. Lamuhla silomsebenzi owokubuza mayelana ngama bi... kanye lezinto ezifanele ukuthi zifundwe mayelana ngazo. Ngicela ukuthi linginikhe ama minitsi angu tshumi lanhlanu kusiya kwama tshumi amabili owokuthi ngilibuze imbuzo yami.

1.(a) Ibizimisi lenu leli ngele zinye izigaba lezi na (e.g. Chamber of Commerce, National Employment Council, CZI, ZENA)?

1.(b) Liyi ku organisation ethiwani ibizo/layo?

2.(a) Ibizimisi leli liyikwe yinge eyama information association na (e.g. ukubuthana okwama merchants, awalapha na, etc.)?

2.(b) Ibizo le organisation elikhona lithiwani ibizo lalo?

3. Wumnyaka wuphi elaqala ibizimisi ... uthi wusebenze?

4. Selile mnyaka emingakhi lisenza ibizimisi leli kundawo leyi?

5. Yiziphi izinto kulalezi ezicasisela kuhle ibizimisi lenu?

6. Ngicela ukuthi licasise izinto/izilungiswa elizenza noma lithengisa izinto le retail noma wholesale, noma liyenza ama services (noma okunye)

7. Ibizimisi lenu ngele ...?

- Yi private ele muli kupela na
- Yi private lilomunye muntu pakathi
- Co-operative
- Noma okunye

8. Yini umnikazi owe bizimisi lei. Kumbe ngelomunye?

9. Yiziphi izinto ezayenza ukuti liwanise ukuqala ibizimisi lenu leli?

10. Lilezisebenzi ezingakhi sihlanganisela lani?

11.(a) Yi percentage eyingakanani yonke eliyitola ekupeleni komnyaka eliyi hambisa ngaphandle kwelizve kumnyaka omunye ngamunye, ingaba inkhampani leyi kumbe lomunye umuntu

11.(b) Lithumezela izinto zenu kwawaphi amazve?

12. Ukuzuza elikwenzileyo kulo mnyaka lingakulinganisa ukuthi kungakanani nxa lilinganisa ngokwaka 1987?

- Kungcono sibili (kuyedlula 20%)
- Kungcono mbitshana (6% - 20%)
- Kuphose kwalingana (+/- 5%)
- Kupose kwaba kubi (6% - 20%)
- Kubi sibili (kuyedlula 20%)

13. Likangelele ukuzuza okukhulu okungakanani ku bizimisi lenu kumnyaka emitatu kusiya kwemihlanu elandelayo leyi nxa lilinganisa ngokwalo mnyaka?

- Okungcono sibili (okudlula 20%)
- Okungcono mbitshana (6% - 20%)
- Okuphose kwalingana (+/- 5%)
- Ukungalunga kwezinto (6% - 20%)
- Ukubi okwezinto (okwedlula 20%)

14. Ngicela lingitshele (a) ukuzuza elakwenza konke kumnyaka odlulileyo noma elalikwenza kunyanga le nyanga, (b) elikukhangelele kumnyaka wona lowu, (c) elilungisele ukuthi lizuze ngomnyaka ozayo?

15. Ligcina na ama records abalwe awe mali eliyabe liyitholile noma eliyabe liyisebenzise ku bizimisi lenu?

16.(a) Liyalitshitshane izinto na ukunika linikwa izinto?

16.(b) Litshitsha ngezinto ezinjani ezeku bizimisi lenu?

16.(c) Yizinto ziphi elizivumela ukutshintshanisa ngazo?

17.(a) I bizimisi lenu leli ngele kulezinye izikathi na zomnyaka lilezinye izikathi na lapho lingayenzi lutho?

17.(b) Lilokunye elikwenzayo na nxa lingayenzi okwe bizimisi leli? Kuyini elikwenzayo?

18.(a) Liya kulezinye indawo na ukuyothengisa izinto noma ukuyokwanza imisebenzi lina uqobo noma omunye wenu?

18.(b) Yikuphi eliyakona lapho eliyothengesela izinto noma eliyoyenza imisebenzi yenu?

19.(a) Labuya lapha na livela kule yinye indawo ukuzothengesa izinto kumbe ukwenza imisebenzi?

19.(b) Livela ngaphi?

20.(a) Umubuzo olandelayo uyimayelana ngenhlupeko elingaba layo eyimayelana ngokuphumelela kwe bizimisi lenu. Yiko ngicela ukuti linike uluhlu lwamazvi amanye ngamanye alandelayo lawa amamakisi sisukela ku one i sisiya ku 5 lapho u 1 utsho ukuthi vele akula nhlupo eyokuthi lipumelele kubizimisi yenu u 5 umelela ukuthi yinhlupo enkhulu kakhulu eyokuthi lipumelele kulesi sikathi. (SHOWCARD B)

1 = Ayisi nhlupho
2 = Yinhlupo eyincane
3 = Yinhluphonyaňa
4 = Yinhlopo esingathi uphose iqakathekile
5 = Yinhlupho enkhulu kakhulu
6 = Angikwazi

20.(b) Libona izinhlupo lezi zinjani ngapakathi kwemnyaka emibili elandelayo leyi?

(a) Ukutholakala kwabantu abalolwazi sibili olwe technical
(b) Ukutholakala kweziphathi ezilolwazi sibili olwokuphatha umsebenzi
(c) Ukutholakala kwe foreign exchange
(d) Imithetho eyimayelana ngemsebenzi
(e) Eminye imithetho ka hulumende, e.g. ukugcinwa kove mpilo enhle
(f) Umthelo
(g) Ukutholakala kwezikwelede
(h) Umutheto owobukhulu okokutengiswa kwezinto
(i) Umncintiswano oqinile kakhulu
(j) Ukunotha konke okwalapha eZimbabwe
(k) Ukutholakala okwezinto zokuhambisa (transport)
(l) Imali ye transport
(m) Ukugcinisiswa komthetho kuzinto ezithengiswayo

20.(c) Yiziphi ezinye izinhlupho nxa zikhona elizihlanganisela ezimayelana ngempumelelo ye bizimisi lenu?

21. Lilama training na sibili elithanda noma ama programme elibona ukuthi aqakathekile sibili ukithi liwayenze ku bizimizi lenu?

22. Libona na nje ukuthi i course ye :-

- General Business Management
- Sales and Marketing
- Financial Management
- Personnel Management
- Administration/Bookkeeping
- Literacy
- Technical skills

Ukuthi iyanceda kakhulu kumnikazi noma ama manager awe bizimisi leli lakule zinye zisebenzi ze staff eyise bizimisi lenu leli?

23. Nxa liketha kuluhlu olwama training elicabangile ukuthi yiwo aqakathekileyo lawa kwabanikazi lama managers yikuphi okungathabelelwa kakhulu ngabe senior management team nxa ukuthi kuzaba kona ukuthi bakwe nze ngapakathi kwenyanga ezitshumi lambili ezilandelayo lezi? Okunye? Okunye?

24. Nxa liketha njalo kuluhlu olwama training elicabangile ukuthi yiwo aqakathekileyo lawa kwezinye izisebenzi zenu yiwaphi engathabelelwa kakhulu nga nkhampani yenu ukuthi izisebenze zifundele ngapakathi kwe nyanga ezitshumi lambili ezilandelayo lezi? Okunye? Okunye?

25. Libona lizathabelela okungakanani ukuthi lipakamise imali ye training ngapakathi kwenyanga ezitshumi lambili ezilandelayo lezi?

- Sizathabelela kakhulu sibili
- Sizathabelela
- Asizose sithabelele ngitsho
- Asila qiniso okwakathesi

26. Yimalini eliyingabutanise ndawonye kubizimisi lenu leli ukuthi liyisebenzise ku training ngapakathi kwenyanga ezitshumi lambili ezilandelayo lezi?

C. PROFILE OF OWNERS AND MANAGERS

Imibuzo leyi iyimayelana le senior noma management team. I team leyi ngeyo munikazi lamanye ama managers.

27. Kulama senior management amangakhi kubizimisi lenu?

28. Ngabangakhi abanikhazi lama senior managers abalefundo eyaphezulu/ secondary/primary?

29. Ngabangakhi abanikazi lama senior managers abaku bizimisi leli abale experience yensebenzo edlula 20 years abale experience eyipakathi kwe ten le 20 2 kusiya ku 10 year experience le experience eyi pansi kwe 2 years.

30. Kulabanikazi abangakhi noma ama senior managers abazuzileyo i training eqondane lemisebenzi eyifana laleyi?

- I training emsebenzini
- I training course konapha eZimbabwe
- I training course kwamanye amazwe awe Africa
- I training course kwamanye amazwe

31. Yiwaphi amalanga engathandwa ukusebenziswa yinkhampani yenu ukuthi abe senior management basebenzise ukwenza ama course abo?

- Kanye - kabili nthambama nge viki
- I seminar ye weekend Friday nthambama nge Saturday
- I viki eyinye kwenyinye indawo befundela
- I viki ezimbili kwenyinye indawo befundela
- Emsebenzini befundela umsebenzi ebewufunayo sibili
- Befundela nge correspondence course
- Okunye

D. WORKERS IN BUSINESS

I section leyi ngeabantu boke abanye abasebenzo ku bizimisi leli.

32. Lilezisebenzi ezinganki eziminwe lalezo ezingakaminwe khonapa ebizimisi lenu?

33. Yizisebenzi ezingakhi ezise bizimisi leli ezilemfundo eyaphezulu eza-yenza secondary/primary?

34. Yizisebenzi ezingakhi ezile experience yomsebenzi eyidlula 20 years pakathi pe 10 le 20 years experience 2 kusiya ku 10 years experience i experience eyi pansi kwe 20 years?

35. Yizisebenzi ezingakhi ezazuzayo i training yemsebenzi eyifana laleyi elandelayo?
- I training emsebenzini
- I training course konapha eZimbabwe
- I training course kwamanye amazwe awe Africa
- I training course kwamanye amazwe

51

36. Yiwaphi amalanga engathandwa ukusebenziswa yinkhampani yenu ukuthi izisebenzi ziyenze ama course?

- Kanye - kabili nthambama nge viki
- I seminar ye weekend Friday nthambama nge Saturday
- I viki eyinye kwenyinye indawo befundela
- I viki ezimbili kwenyinye indawo befundela
- Emsebenzini befundela umsebenzi ebewufunayo sibili
- Befundela nge correspondence course
- Okunye

37. Lakhe lasebenzisa na ezinye zezindawo ezama training ezalapha?

38. Yiziphi ndawo zama training institutes elazisebenzisa kudala?

39. Yisiphi/ziphi izigaba zezisebenzi ezakezayenza i training kudala?

40. Yimali elingathi yasebenziswa yinkhampani yenu ngokwenza/uku hambisa abe training kumnyaka odlulileyo lowu?

Annex 4
LIST OF PERSONS INTERVIEWED DURING PHASE I
List of Persons Contacted During PSTNA Preparation TDY

USAID/ZIMBABWE; AID/WASHINGTON

Sarah Bishop, Training Officer, USAID/ZIMBABWE
Brad Wallach, PDO, USAID/ZIMBABWE
Michael Farbman, Director, Office of SMI Enterprise, AID/Washington (202-647-2727)
Rene Daugherty, PDO, USAID/ZIMBABWE
Patricia Buckles, Chief PDO, USAID/ZIMBABWE
Allison Herrick, Mission Director, USAID/ZIMBABWE
Claude Reece, PDO, USAID/ZIMBABWE

U.S. EMBASSY/ZIMBABWE

Paul B. Larsen, First Secretary

CONSULTANTS/CONSULTING FIRMS

Ken Calder, Partner, Price Waterhouse (738-601)
Jonathan Baker, Partner, Price Waterhouse (738-601)
Derrick de la Harpe, Partner, Price Waterhouse (738-601)
Lana Kinley, Director, Deloitte & Touche (720-695)
Jonathan Koumides, Partner, Deloitte & Touche (720-695)
Matthew Lang, Partner, Coopers & Lybrand (720-771)
Keith Griffiths, Coopers & Lybrand (720-771)
Justin Wynn, Project Consultant, Coopers & Lybrand (720-771)
Richard Hess, Managing Director, Imani Development Ltd. (728-411)
Robert Blair, Deputy Managing Director, Speciss Consulting Services (729-149)
Tracy Mugambiwa, Professor of Business, University of Zimbabwe (303-211 ext..)
Leo Matarika, Professor of Operations, University of Zimbabwe (303-211 ext 1419)
Audrey Balfour, President, Probe Market Research (792-734)
Entineth Daniel, Probe Market Research (792-734)

PRIVATE SECTOR SUPPORT ORGANIZATIONS

Mike Humphrey, Chief Economist, CZI (739-833)
Dr. David Chanaiwa, Executive Director, Employer's Confederation of Zimbabwe (705-516)
Peter Majongwe, Chairman, Zimbabwe Federation of Employers Associations
Margaret Mwalo, Information Officer, EMCOZ (705-516)
Phil Jumbe, President, ZNCC, (708-611)
Wonder Maisiri, Deputy Chief Executive, ZNCC, (708-611)

DONOR ORGANIZATIONS

David Chaplin, Counsellor (Development), Canadian High Commission (735-071)
Adair Heuchan, Deputy Counsellor (Development), Canadian High Comm. (735-071)
Donald Brown, Project Coordinator, CIDA-SEDCO (792-821)
Dr. Friedrich, Director, Friedrich Naumann Foundation (no phone)
Axel Schlarb, Economic Advisor, Friedrich Naumann Stiftung (no phone)

Mats Borgenvall, ILO Expert, "Improve Your Business" Project (793-285)
Rukudzo Murapa, UNEDIL Field Project Manager (Botswana - 356-639)

GOZ AGENCIES

E. Moyo, Under Secretary, Ministry of State for National Scholarships

TRAINING INSTITUTIONS

Lynn Mather McCabe, Public Relations Officer, CF Tulley Associates (739-944)
Dave Young, Director of Training, CF Tulley Associates (739-944)
Jim Wadhams, Manager, Delta Engineering Training Centre (67771)
Daniel Sithole, Training Manager, W.J. & R.L. Gulliver (63611)
Jenny Heubner, Training Manager, W.J. & R.L Gulliver (63611)
Jesse Kar, Director of Training, W.J. & R.L. Gulliver (63611)
Mrs. Smith, Business Career Development Center

PRIVATE SECTOR FIRMS

D. M. Zamchiya, Group Managing Director, Randalls Holdings Ltd. (62591)
Knowledge Katokwe, Bureau Operations Manager, Speciss Computers (705-906)
Mr. Ngugama, Director, Anglo-American Corporation, Ltd. (704-461)
B. Marimo, Manager Small Business Unit, Barclay's Bank (62432)
C. Thompson, Manager's Assistant, Small Business Unit, Barclay's Bank (62432)
R. Dube, Executive Chairman, ZENA & Afrobrevets Manufacturing Co. (50587)
Mervyn Ellis, Group Economist, Standard Chartered Bank (708-585)
Virginia Walter, Professor of Ornamental Horticulture, Cal Poly / U.Z.
Jill Tiffin, Brookfield Farm Plant Tissue Laboratory
Gordon Littleford, Director, Littleford Marine (PVT.) LTD. (66524)
Warren Thompson, General Manager - Airfreight, KN Air Intl., (792-084)

Annex 5
LIST OF PERSONS INTERVIEWED DURING PHASE III

USAID/ZIMBABWE; AID/WASHINGTON; RHUDO/ESA

Kimberly Ann Finan, Office of Southern African Affairs, AID/W
Sarah Bishop, Training Officer, USAID/ZIMBABWE
Brad Wallach, PDO, USAID/ZIMBABWE
Rene Daugherty, PDO, USAID/ZIMBABWE
Patricia Buckles, Chief PDO, USAID/ZIMBABWE
Ted Morse, Mission Director, USAID/ZIMBABWE
Don Greenberg, Private Sector Advisor, USAID/ZIMBABWE
Claude Reece, PDO, USAID/ZIMBABWE
Steve Spielman, Deputy Mission Director, USAID/ZIMBABWE
Joel E. Kolker, Regional Housing Officer, RHUDO/ESA

U.S. EMBASSY/ZIMBABWE

Paul B. Larsen, First Secretary

TRAINING INSTITUTIONS

Tim Copley, Training Consultant, Mandel Training Centre
Keith Thomas, Managing Director, Organisational Training and Development, Ltd.
Rob Ward, Head of Training, Organisational Training and Development, Ltd.
Trevor D. Hansen, Human Resources Director, Astra Group Training
Kate Ramushu, Principal, Ranch House College
Isaac Chidavaenzi, President, Development and Training Associates
Nelson Ngwenza, Training Director, Hlekwena Friends Training Center
Prof. Brooks, Bulawayo Technical College, School of Mines
Walter X. Slawski, CEO, SVH Group, Ltd.
Jim Wadhams, Manager, Delta Engineering Training Center
Rob Blair, Managing Director, Speciss College
Deryck Onyango-Omuodo, Resident Representative, ESAMI
Peter Broadway, Administrator, Zimbabwe Institute of Management
Ted Sharples, Training and Development Manager, Zimbabwe Institute of Management
Gabriel Matindike, Director, MBA Program, University of Zimbabwe

GOZ AGENCIES

E. Moyo, Under Secretary, Ministry of State for National Scholarships

PRIVATE SECTOR SUPPORT ORGANIZATIONS

David Chanaiwa, Executive Director, EMCOZ
M.J. Mwalo, Information Officer, EMCOZ
Mike Humphrey, Chief Economist, CZI
W.J.C. Logan, Chief Executive, Horticulture Promotion Council
E.G. Ngugame, President, The Chamber of Mines of Zimbabwe
E. McCall, Director, CIFOZ
Wonder Maisiri, Deputy Chief Executive, ZNCC

ACCOUNTING FIRMS

Paul Taylor, Director, Price Waterhouse
Glenn Conrad, Corporate Financial Services, Price Waterhouse

BANKS/FINANCIAL INSTITUTIONS

Derek Woods, Acting Director, Reserve Bank of Zimbabwe
R. Peter Grint, Managing Director, UDC, Ltd.
Gloria R. Mkombachoto, Consultancy Services Manager, Zimbabwe Banking Corporation, Ltd.
E.G. Cross, Manna Corporation (venture capital fund)
D.T. Hatendi, General Manager, Merchant Bank of Central Africa, Ltd.
J.H. Mwadira, Assistant General Manager, SEDCO
Estinet Mapondera, Director, Zimbabwe Women Finance Trust (WWB)

DONORS

Mikael Barfod, Economic Advisor, EC
Richard Wilkinson, EC
Adair Heuchan, First Secretary, CIDA
Martin Clemensson, ILO
Mike Nesangano, Training Officer, ILO
Michael H. Mills, Senior Economist, The World Bank (H)
Carlos Elbirt, Senior Economist, The World Bank (W)
Catherine C. Seibert, Southern Africa Department, The World Bank (W)
Sita Ramaswami, Investment Officer, IFC (H)
T. Omolo Onyango, Senior Financial Analyst, ADB
J. Helger, Economist, UNDP

PRIVATE SECTOR FIRMS

David Whitehead Textiles, Ltd., textile manufacture (Chetugu)
Sable Chemical Industries, Ltd., nitrogenous fertilizer manufacture (Kwe Kwe)
Van Dijk Flora, b.v., flower exports (H)
Fruit & Vegetable Growers Coop Co., Ltd., growers and exporters (H)
Hunyani Paper and Packaging Ltd., packaging manufacture (H)
National Breweries, brewery (H)
Shamwari Dzakanaka Enterprises, Ltd., sewing machine manufacture (Marondera)
Imperial Refrigeration, refrigeration equipment manufacture (H)
Datlabs, pharmaceuticals manufacture (B)
Imani Development, Ltd., consulting (H)
Treger Holdings, Ltd., travel goods (luggage) and building supplies manufacture (B)
Makokoba Tin Makers, tin-smith (B)
Wallis Boutique, clothing retailer (H)
Mashonaland Holdings, construction materials (H)
Circle Cement, cement manufacture (H)
Merlin Limited, towel manufacture (B)
Supersonic Radio Manufacturing Co., consumer electronics manufacture (B)
Oldowan Holdings, trading company (H)
Sanyati Spare Parts, automotive spare parts retailer (M)
Ushe Ironworks, wrought iron, fencing manufacture (M)
Chipata Bakery, bread products (M)

62

Dash Car Sales & Accessories, automotive spare parts retailer (M)
Sunshine Hairdresser, hairdressing (M)
Tee Systems, Ltd., computer software retailing, training (H)
Vaida Chemical Company, hair products manufacture (H)
CTM-Litho, Ltd., printing, publishing (H)
Wood Mosaic Company, wood crafts manufacture (R)

OTHERS

Huggins Matanga, VOICE, (NGO umbrella)
Axel Sclaub, Training Advisor, Friedrich Naumann Foundation, (NGO)

Notes: (B) located in Bulawayo
(H) located in Harare
(M) located in Murombedzi
(R) located in Ruwa
(W) located in Washington

63

Annex 6
BIBLIOGRAPHY

World Bank, "Trends in Developing Economies: Zimbabwe," 1989.

World Bank, "Zimbabwe—An Industrial Sector Memorandum," May 22, 1987.

Bennell, Paul, "Prospects for Employment, Skills Demand and Skills Supply in Zimbabwe," May 1990.

African Business, "Budget Marks Major Shift Towards Productive Sectors," September 1990.

The Economist, "Africa's Cities: Lower Standards, Higher Welfare," September 15, 1990.

The Economist, "Zimbabwe: Party Poopers," December 16, 1989.

The Economist, "Zimbabwe's Economy: Breaking Free?" August 25, 1990.

USAID/Zimbabwe, "Export Processing Zones and Their Application to Zimbabwe," August 31, 1990.

USAID/Zimbabwe, "Zimbabwe Business Development: Project Identification Document," August 1990.

Business Herald, "Phase One of The New Era," Harare, October 4, 1990.

UNDP, "Programme for the Promotion of Small Technology-Related Enterprises in Zimbabwe Using the Business Incubator Concept," Draft Final Report, April 1, 1990.

CIDA, "Report on Zimbabwe Women in Development Entrepreneurship Project Identification Mission," August 1989.

USAID, "Zimbabwe Manpower Development II Amendment Project No. 613-0229," July 11, 1990.

African Business, "Zimbabwe: Informal Sector Faces Barriers Everywhere," September 1990.

ZNCC, Commerce, "Trade Liberalisation," September 1990.

ZIM—Second National Management Convention, "Top Performers in Zimbabwe and Prospects Under Trade Liberalisation," June 1990.

Labat-Anderson Inc., "Trip Report: Preparation Phase of Zimbabwe PSTNA—September 24–October 6, 1990," October 1990.

Human Resources, Ltd., "Small Business Needs Survey For The Friedrich-Naumann Foundation," 1990.

World Bank, "Zimbabwe: Private Investment and Government Policy," May 30, 1989.

World Bank, "Staff Appraisal Report, Zimbabwe: Agricultural Credit and Export Promotion Project," April 18, 1989.

World Bank, "Zimbabwe: An Industrial Sector Memorandum," May 22, 1987.

ZNCC, "Directory 1989-1990," 1989.

The Economist Intelligence Unit, "Zimbabwe: Country Profile, 1990-91," 1990.

The Economist Intelligence Unit, "Zimbabwe, Malawi: Country Report, No. 4 1990," 1990.

Ministry of Labour, Manpower Planning and Social Welfare, "The Promotion of Economic Development, Employment and Equity in Zimbabwe," March 1989.

U.S. Department of Commerce, "Foreign Economic Trends and Their Implications for the United States," August 1990.

U.S. Department of Commerce, "Marketing in Zimbabwe," August 1990.

USAID/Zimbabwe, "Project Paper: Zimbabwe Manpower Development II," May 30, 1986.

Jorgen Holk, "Zimbabwe Construction Industry Export Promotion Draft Fact-Finding Report," March 1989.

USAID/Zimbabwe, "Country Development Strategy Statement, FY 1987: Zimbabwe," February 1985.

CIDA, "Survey of Training Facilities in Harare, Zimbabwe," July 1990.

USAID/Zimbabwe, "Zimbabwe Manpower Development Project Evaluation," December 1987.

Price Waterhouse, "Zimbabwe 1990: Taxation at a Glance," 1990.

Price Waterhouse, "Doing Business in Zimbabwe," 1990.

Annex 1
ASSESSMENT METHODOLOGY

The purpose of the private sector training needs assessment was to assist in defining a multiyear strategy to promote human resources development within the Zimbabwean private sector. The PSTNA was executed in three phases. Following an intitial trip . the HRDA Project Director to define the assessment parameters and organize the workplan, a local consulting firm performed a market survey of training needs in selected sub-sectors of the economy. Upon the completion of the survey, a three-person team and the USAID Training Officer conducted an in-depth analysis of the private sector training needs identified combined with an assessment of the local training institutions' capcity to respond to those needs. A specialist in private sector analysis examined the private sector environment and donor activities, and a human resource specialist analyzed the training needs of the private sector and capability of institutions. The third team member assisted with the analysis and presentation of the data generated by the local consulting firm. The assessment was completed in four weeks according to the following methodology:

Phase I

Task 1: Literature Search

The literature search on the local private sector entailed review of recent studies, economic analyses and labor statistics. A complete bibliography is provided in Annex 6.

Task 2: Organizational Trip to Set Assessment Parameters

In September, 1990 the Project Director travelled to Zimbabwe to lay the groundwork for the PSTNA. During this trip he worked closely with the USAID Training Officer, other key members of the USAID Mission and knowledgeable members of the private sector to identify strategic areas of focus for the revised ZIMMAN II project's activities. Two objectives identified as important to the growth of the private sector and maintaining social stability were increasing the amount of foreign exchange flowing into the economy and addressing the problem of large numbers of school leavers expected to enter the work force over the next several years.

Five sub-sectors of the formal private sector were identified as having the highest potential for growth in export earnings. They were: construction; mining; agribusiness; textiles and leather goods; and horticulture. The informal sector was deemed to have the highest potential for generating enough new employment to absorb the school leavers. A dozen activities with substantial growth potential were selected for further analysis.

During this trip seven local consulting firms were interviewed and requested to submit proposals to perform market surveys of the training needs perceieved by owners and managers of businesses in the selected sub-sectors. PROBE Market Research was selected to perform this work based on a clearly superior technical proposal, its experienced and professional staff, and reasonable cost.

A local consultant was recruited to work with the Phase III Assessment Team. Tracy Mugambiwa displayed a unique mix of knowledge of the pirvate sector in Zimbabwe combined with a thorough understanding of the demands inherent in working under the time pressures associated with the development of an A.I.D. document of this nature.

In addition, a detailed work plan for the Phase III Assessment Team was given to the mission prior to the completion of this trip. The Training Officer was tasked with organizing numerous meetings with businesses from specific sectors of the economy, mailing out the questionnaires to 29 training insitutitions, and following the progress of PROBE during the implementation of the market survey.

Phase II

Task 3: Performance of a Market Survey of Training Needs in Selected Economic Sectors

During the period between the departure of the HRDA Project Director and the arrival in Zimbabwe of the US members of the Assessment Team, PROBE Market Research refined, translated, tested, and implemented the market survey of training needs. The objective of the survey was to provide unbiased, statistically significant information on the perceptions of local entrepreneurs regarding constraints to private sector development in Zimbabwe, their training requirements, and attitudes toward the provision of training in various forms at various costs. The survey covered formal sector firms in the mining, textile, agribusiness, construction, and horticulture sectors and a variety of informal sector microenterprises.

The questionnaire used for the set of 100 interviews of informal sector firms was expanded and modified following field testing. It was also translated into the two main local languages, Shona and Ndebele, before use. The local consulting firm utilized its experienced part-time interviewers, tested the questionnaire, oversaw the implementation of the survey at the field level to ensure quality control, and codified the survey responses to facilitate data entry and analysis.

Phase III

Task 4: Contact with Key Private Sector Players and Support Institutions

A schedule of meetings during weeks 1–3 was organized with officials from key private sector support organizations, local training centers (training institutes and company training centers), principal donors, local financial institutions, government officials, and owners and managers of large and medium sized formal private sector firms, and small sized formal and informal private sector firms. Meetings with training institutions, support organizations, and key private sector players were held in Harare and Bulawayo.

Task 5: Interviews with a Representative Sample of SMEs

The U.S. assessment team, with the collaboration of a local consultant, conducted interviews of key formal and informal sector firms, banks and other financial institutions, and professional firms to obtain their judgment on the private sector environment as well as the types of training required for the Zimbabwean firm to function effectively. The questionnaire (anecdotal) used by the U.S. assessment team provided information on the private sector environment and served as a cross-check on the findings of the random sample surveys. This questionnaire is provided in Annex 2. A list of all persons interviewed under this task is provided in Annex 5.

Task 6: Tabulation of Questionnaire Results and Review of Preliminary Conclusions

The assessment team reviewed and discussed the results of the 200 interviews with the local consulting firm, and asked for cross-tabulations of certain survey statistics, which enriched the findings. To ensure that the training plan proposed met with USAID/Zimbabwe objectives, preliminary conclusions from the interviews were discussed with USAID/Zimbabwe staff, and their suggestions were incorporated into the training plan.

Task 7: Submission of Private Sector Training Needs Assessment to USAID/Zimbabwe

The team submitted a draft of the Private Sector Training Needs Assessment and training plan for FY 1991–1993 to USAID/Zimbabwe prior to departure from Harare. A debriefing was held with the USAID

61

staff on Tuesday, December 11, 1990. USAID reviewed the draft and provided comments to the contractor, Labat-Anderson Inc., prior to finalizing the report.

Annex 2
TRAINING NEEDS ASSESSMENT QUESTIONNAIRE/
SUMMARY OF RESPONSES FROM TRAINING INSTITUTIONS

Summary of Questionnaire Responses

Number of respondents:

1. **Areas Served by Institutions:** Harare: 18 and/or Bulawayo: 5
2. **Purpose of Institution:**

In-House Training Only:	0
In-House and External Training:	4
External Training Only:	11
Training for Members of Professional Associations:	2

3. **Types of Training Offered**

0 = None 1 = little importance 2 = important
3 = very important 9 = no information

	0	1	2	3	9	
a. Academic	14	0	2	2	1	
b. Executive	6	1	4	7	1	
c. Skills Devel. Workshop	0	0	2	17	0	
d. Consulting	3	2	7	6	2	
e. Applied Research	4	4	6	4	1	
f. On Demand	2	0	8	9	0	
g. Other: Conferences	0	0	2	2	0	
4. Target Population **Private Sector:**						
1. Top Management	2	3	3	10	1	
2. Middle Level	1	0	2	15	1	
3. Entry Level	3	1	7	7	1	
4. Technical Staff	1	3	5	9	1	
5. Other: Rural-Based Adults	1	0	1	4 2	0	
Public Sector:						
1. Top Management	6	2	3	7	1	
2. Middle Level	4	0	1	4	1	
3. Entry Level	8	2	3	5	1	

4. Technical Staff	6	2	4	8	0	
5. Other:				1		
Semipublic Sector:						
1. Top Management	6	2	1	9	1	
2. Middle Level	4	0	1	4	1	
3. Entry Level	7	2	3	6	1	
4. Technical Staff	3	2	4	8	2	
5. Other:	4			1		
5. Training Methods Used						
a. Lectures	0	4	4	12	0	
b. Case Studies	2	4	1	12	0	
c. Simulations	3	4	3	9	0	
d. Small Groups	0	3	2	14	0	
e. Seminars	3	1	7	8	0	
f. Field Work	3	6	6	4	0	
g. Computer Exercises	5	5	4	4	0	
h. Other						
6. Personnel[1]						
No. & Type at Institution	**0**	**1-2**	**3-5**	**6-10**	**11-20**	**20+**
1. Full-Time Faculty	0	2	6	6	2	3
	0	**1-5**	**6-10**	**11-20**	**21-50**	**51+**
2. Part-Time Faculty	4	6	2	2	0	2
3. Occasional	2	10	0	0	0	2
4. Managerial/Administration	2	12	1	2	1	0
5. Clerical/Secretarial	0	8	6	2	1	1
6. Technical/Maintenance	3	3	0	4	0	3
Full-Time Faculty Breakdown	**0**	**1-2**	**3-5**	**6-10**	**11-20**	**20+**
1. Permanent	0	2	5	7	0	4
2. Functionaries/Loan	0	0	0	0	0	0
3. Temporary/Special	0	3	0	0	0	0

[1]Entries indicate the number of respondents answering in the range stated for each question.

4. Others: Volunteers	0	1	0	0	0	0
	0	**1**	**2**	**3**	**4**	
Faculty in Academic Training	18	1	0	0	0	
No. of Degree Holders	**0**	**1-2**	**3-5**	**6-10**	**11-20**	**21+**
A. Full Time Faculty:						
1. BA	0	6	4	0	0	2
2. MA, MS, MBA	0	3	0	0	0	1
3. PhD	0	0	0	1	0	0
	0	**1**	**2**	**3**	**9**	
B. Part-Time Faculty:						
1. BA	1	[illegible]	2	0	0	2
2. MA, MS, MBA	2	1	1	2	0	0
3. PhD	1	0	1	0	0	0
4. Other: Technical Diplomas	0	0	2	0	0	0
Minimum Credentials Required	**BA**	**MA**	**PhD**	**Other**		**NR**
A. Full-Time Faculty:	[illegible]	3	0	0		5
B. Part-Time Faculty:	4	2	0	0		13
Other:						
Teaching Diploma				3		
Skills Certificate						
Length of Service (yrs)	**0-1**	**1-2**	**2-3**	**3-5**	**5+**	**NR**
A. Full-Time Faculty:	38	25	18	51	82	3
B. Part-Time Faculty:	11	19	15	12	13	1
C. Current Director:	4	2	2	6	5	0
Permanent Faculty Salaries Compared to:	**Lower**	**About Same**	**Higher**	**Don't Know**		**NR**
A. Public Sector	0	3	14	2		0
B. Parastatals	1	3	4	2		7
C. Private Sector	6	9	2	2		0
Percentage Faculty With Private Sector Work Experience	**None**	**1-25%**	**26-50%**	**51-75%**	**75%+**	**NR**
A. Full-Time Faculty:	2	3	1	4	8	1

B. Part-Time Faculty:	8	0	1	3	7	0
Percentage Faculty With Public Sector Work Experience						
A. Full-Time Faculty:	7	5	2	3	0	2
B. Part-Time Faculty:	3	2	3	0	0	11

7. Organizational Structure of Training Institutions

Placement of Training Component Within Organization

A. Part of the "Human Resources Division": 2
B. Part of a "Training Department": 4
C. Part of Consultancy Services: 2
D. Separate Profit Center: 3
E. Training comprises enter organization: 7

Internal Organization

A. Into Departments/Divisions: 16
B. Into a single Training Unit: 0

Reporting Relationships of Training Chief

A. Reports to elected Board of Directors: 10
B. Reports to the Firm's Partners: 3
C. Reports to the Head Office's Director: 3
D. Reports to the Chief Executive Officer or President: 3

Strategic Plans

A. Institutions with plans: 17
B. Institutions without plans: 2
C. No./Years Plans Cover: One 1 Two 2 Three 6 Four 2 Five 4
D. Revised Annually 10 Every 6 months 5 Quarterly 0
E. Institutions indicating subjects addressed in plans:

a. training program 14 b. human resources 12
c. markets 11 d. finance 15 e. training plans 13
f. research 12 g. consulting 10
h. (other) evaluations 1

Faculty Development Program

A. Institutions with programs: 14
B. Institutions without programs: 3
C. Institutions indicating types of activities:

a. degree training 2 b. in-service training 14
c. workshops/study tours 11 d. Other 0

D. Number of faculty attending from all institutions:

a. degree training 2 b. in-service training 45
c. workshops/study tours 42 d. other 0

E. Faculty Development Program Supported by:

a. internal funds 13 b. donors 3

Linkages with Other Training Institutions

A. Institutions with linkages: 12
B. Institutions without linkages: 7
C. Linkage supported by:

a. internal funds 10 b. no funding needed 1

D. Purpose of linkages: Exchange of ideas, technical knowledge and training experience cited by all respondents.

E. Examples of organizations with which linkages have been developed:

Institute of Personnel Management (U.K.)
World Federation of Personnel Management Association
Cranfield
Henley Management Center
Development Training Centre (U.K.)
Intermediate Technical Development Group
Headquarters and subsidiary companies of Zimbabwe firms
Industrial Society (U.K.)

Financial Information

A. Institutions indicating their annual budget is:

$100,000-250,000	1
251,000-500,000	4
501,000-750,000	2
751,000-1,000,000	6
1,001,000-1,500,000	1
1,501,000-2,000,000	2
No response	3
Total	19

(Cited in Zimbabwe Dollars - US$1.00 = Z$2.42)

B. Per:.ent of annual budget derived from:	0-25	26-50	51-75	76-100	DK	
State	2	0	0	0	0	
Donors	0	2	2	0	0	
Private Sector	0	1	2	1	0	
Tuition/Fees	1	3	2	9	0	
Endowment	0	0	0	0	0	
Other:				2		
Self	1					
Product Sales	1					
Training Services	2					

C. Institutions currently covering costs from revenue:

Covering 12 Not Covering 6 NR 1

D. Institutions which expect to cover costs from revenue in future:

Will Cover 11 Will Not Cover 7 NR 1

9. Participants

A. Institutions accepting trainees by:

Competition 3 Open Admission 16

B. Destination of Graduates:	0-25	26-50	51-75	76-100	DK	
Public Sector Jobs	5	2	0	0	0	
Private Sector Jobs	1	0	2	10	0	
Parastatal Jobs	8	0	1	0	0	
10. Institutional Self-Assessment:	**Poor**	**Fair**	**Good**	**Exc.**	**NR**	
Overall Quality	0	0	8	9	2	
Library	10	4	3	0	2	
Computer Facilities	7	2	4	3	3	
Seminar/Classroom	6	2	3	5	3	
Dormitories	4	0	2	2	11	
Cafeteria	2	1	5	2	7	

Annex 3
PROBE MARKET RESEARCH, LTD.
SURVEY QUESTIONNAIRES

15

In 1988, for example, enrollment at the University of Zimbabwe in the arts and social sciences remained two to three times the enrollment in engineering and veterinary science.[2]

B. Employment Outlook

Statistics cited by most observers in Zimbabwe about employment trends are enough to frighten the most seasoned observer. Equally alarming trends are found throughout sub-Saharan Africa, to the chagrin of fragile governments and international donors. They are briefly restated below, although drawn from incomplete sources (the last comprehensive GOZ Manpower Survey was conducted in 1985).

The employment situation apparently has improved slightly in recent years, with an average of slightly more than 28,000 new jobs created annually between 1986 and the present. During the decade since independence, however, the average number of jobs created per year was only 18,000.

Earlier in the 1980s, a large percentage of the increase in job seekers was absorbed by growth in communal agriculture, a surge in demand that will in all likelihood not be repeated over the next decade. Another significant percentage of formal jobs is reported to have been created by public sector growth, especially in health and education, unlikely areas for further expansion on the eve of structural adjustment.

Formal sector employment has decreased from 1982 from 47 percent to 35 percent of the labor force, according to the World Bank's Labour Force Survey, 1986-87. Black Zimbabweans make up approximately 95 percent of employment in the formal sector, with women comprising around 25 percent.

Unemployment is exceedingly difficult to calculate, according to various reports and surveys undertaken in Zimbabwe. Without being scientific, one is likely safe in presuming that it is somewhere between 15 percent and 20 percent plus, depending on how unemployment is defined.

The principal explanation for high unemployment is typically insufficient economic expansion. Real GDP increased at an average rate of 3.2 percent per year, falling far below projected growth. At the same time, real wages have declined markedly, making Zimbabwe labor relatively low in cost.

The continued arrival on the job market of several hundred thousand literate and ready workers without a concomitant expansion in jobs will severely strain Zimbabwe's development prospects. It is against this backdrop that a private sector training project can attempt to improve training targeted to the needs of business.

C. Survey of Training Institutions

1. Methodology

The assessment of the current capacity of Zimbabwe's private and public institutions to provide training for the private sector was undertaken in the following manner. During the preparation phase of the PSTNA, a questionnaire developed by Labat-Anderson International was sent by USAID to 27 training institutions prior to the arrival of the assessment team. The questionnaire was accompanied by a cover letter explaining the purpose of the PSTNA and requesting that a completed questionnaire be returned promptly with descriptive brochures of the training offered.

[2]Enrollment by Faculty: Arts—1,266; Social Science—1,567; Education—802; Engineering—596; Agriculture—363; Veterinary Science—127; Source: "Report of the Commission of Inquiry into the Establishment of a Second University or Campus," February 1989 (p. 132).

To supplement information provided in the survey instrument and to cover those institutions not responding to the questionnaire, the team's Human Resources specialist visited 32 institutions, accompanied in most cases by the USAID Training Officer.

Emphasis was placed on selecting "private" institutions. Included in this rubric were:

- For-profit and not-for-profit "free-standing" training institutions (for example, SPECISS College and Ranche House College);

- Established training departments or divisions of public corporations operating in Zimbabwe (for example, Astra Holdings and Delta Corporation);

- Donor-supported training centers belonging to the "NGO" family (for example, Hlekweni Training Centre) and regional training institutions.

The USAID Training Officer selected institutions which were thought to be training for the private sector from different sectors (such as construction, automotive, and rural-based). Consistent with the target populations identified in ZIMMAN II, management level training received priority over vocational/technical education. However, visits to skills training centers were included when associated with a company's other training activities or of particular interest.

Nineteen institutions returned completed questionnaires, a respectable return rate of 70 percent. All were carefully filled out and accompanied by course descriptions and institutional background. The first list on the following page list identifies all institutions whose data from the completed questionnaire has been included in the assessment:

11

Institution[3]	Type
Astra Holdings Limited*	Corporation
C.F. Tulley Associates Ltd.	Consulting Firm
Deloitte and Touche Management Consultants	Consulting Firm
Delta Engineering Training Centre*	Corporate Training Ctr.
Eastern and Southern African Management Institute (ESAMI)*	Regional Training Institution
Glen Forest Training Centre*	NGO Training Center
Gulliver Group Training Division*	Corporate Training Ctr.
Hlekweni Friends Rural Services Centre*	NGO Training Centre
Human Resources Ltd.	Consulting Firm
Institute of Personnel Management	Professional Association
KPMG Peat Marwick	Consulting Firm
Mandel Training Centre*	Corporate Training Ctr.
Organisational Training & Development*	Corporate Training Ctr.
Price Waterhouse*	Consulting Firm
Ranche House College*	Private College
SPECISS College*	Private College
The Mast Organization Zimbabwe	Consulting Firm
W. J. Reddin and Associates Ltd.*	Consulting Firm
Zimbabwe Institute of Management*	Professional Association

In addition to the institutions listed above, interviews were also conducted at the following organizations, which were not sent questionnaires, to determine training needs and in-house training activities:

Business Development Center	Private College
Canadian International Development Association	International Donor
College of Mines (Bulawayo Polytechnic)	Public Institution
Confederation of Zimbabwe Industries (CZI)	Business Association
Datlabs, Ltd.	Corporation
Development and Training Associates	Consulting Firm
Employers Confederation of Zimbabwe (EMCOZ)	Business Association
Filcom Ltd/Edutech Ltd	Corporation
Fruit and Vegetable Growers Co-op Co. Ltd	Corporation
Hunyani Holdings Ltd	Corporation
ILO "Improve Your Business" project	International Donor
Merlin Limited	Corporation
Shamwari Dzakanaka Enterprises Ltd.	Corporation
SVH Group Ltd.	Consulting Firm
Treger Holdings	Corporation
University of Zimbabwe MBA Program	Public Institution
Voluntary Organisations in Community Enterprise	NGO
Zimbabwe Banking Corporation Ltd	Corporation
Zimbabwe National Chamber of Commerce	Business Association

[3]An asterisk (*) indicates that the team also met with representatives of that institution, usually at the training site.

The survey sample totaled 38, with 19 institutions returning questionnaires (of which 13 were visited), plus visits to 19 additional institutions involved in training that were not sent questionnaires. The breakdown of this total by type of institution is as follows:

Consulting Firm	9	(24%)
Corporation	9	(24%)
Corporate Training Center	4	(10%)
NGO or NGO Training Center	4	(10%)
Business Association	3	(8%)
Private College	3	(8%)
Professional Association	2	(5%)
International Donor	2	(5%)
Public Institution	2	(5%)

The geographic breakdown of the home offices of private organizations surveyed either by questionnaire or interview, is as follows:

Harare: 33 (87%) Bulawayo: 5 (13%)

Many institutions service both cities through branch offices.

A small number of public institutions were queried to determine how they viewed their training programs addressing private sector human resource needs in Zimbabwe. Specifically, Bulawayo Polytechnic was visited and meetings were held with the Zimbabwe Institute of Public Administration and Management (ZIPAM) and conversations by telephone with the Director of the University of Zimbabwe Masters of Business Administration program. Meetings were also arranged with Ministry officials in charge of human resource development. Finally, documents and reports listed in the bibliography were researched carefully to draw impressions about the current capacity of public institutions to meet private sector training needs. These included GOZ official documents on educational output, donor reports on public sector employment, the findings of the official commission charged in 1988 with studying the rationale for a "science and technology" university. Evaluations of education and training projects funded by USAID were also consulted.

In view of the sizeable amount of literature available on public sector institutions, team members believed it appropriate to concentrate in this assessment on collecting information on lesser known training activities undertaken by the private sector in Zimbabwe. Moreover, part of a USAID strategy to correlate training to the needs of the private sector would likely use a variety of training institutions operated by that sector, either profit or nonprofit, independent, or affiliated with an industry.

2. Characteristics of Training Institutions

The discussion below is based on an analysis of questionnaire responses combined with information and impressions gathered from site visits and meetings with training specialists. The reader is urged to consult the "Summary of Questionnaire Responses" in Annex 2 to view data pulled forward from answers to survey questions. A copy of the questionnaire is also included in Annex 2.

<u>Location of training offered</u>:

Predictably the greatest number of training opportunities are in Harare, with Bulawayo offering certain types of training. Although skills training is well represented in Bulawayo through several training centers (Treger Holdings, Speciss College's Bulawayo campus, Apex Industries, the Polytechnic), management training geared for senior executives is not readily available outside Harare. Some company training officers hesitate before sending large numbers of mid- to high-level managers to Harare for training because of the cost and absence of key employees. Several companies established permanent relationships with consulting firms to offer management training on the premises rather than in Harare. Another company sent trainers to Harare for TOT, then established an in-house program using modules with supervision from the consulting company.

Types of Training Offered

The principal types of training varied across the 19 respondents, with more than one-half offering only external training. Following is a breakdown of the training thrusts of the 19 institutions surveyed:

In-house training only:	2
In-house and external training:	3
External training only:	12
Training for Members of Professional Association	2

The most frequently mentioned type of training used was "skills development workshops," selected by 17 institutions as "very important." Training "on demand" and for "executives" were next in importance by nine and seven institutions respectively. Clearly the training institutions surveyed had no interest in offering academic training, although respondents may not have had the same definition in mind for "academic." "Consulting" and "applied research" were cited as "important" or "very important" by a majority of respondents. (However, very few organizations actually conduct applied research into training and human resource development.)

Training institutions fell into two broad categories, reflected in the responses: Skills training centers, often serving company-specific needs usually from the factory site, and management training institutions offering modern training for mid- and senior-level managers. Although certificates were widely used, the emphasis was overwhelmingly away from traditional academic training towards a diploma. Exceptions to this were in more technical areas, such as computers, secretarial studies, or accounting where more formal testing yielded internationally recognized certification. Some institutions had a mix of management and technical training.

The questionnaire gathered data on each institution's target populations, staffing characteristics and financial resources. A thorough look at materials and curricula forwarded by training institutions, supplemented by site visits, provided the information to draw the conclusions below.

Target Population

A broad range of lower level skills training is available in both Harare and Bulawayo either attached to corporations or independently offered by private training institutions. This ranges from construction training (both "theoretical" in classrooms and on-site "practical") to a range of mechanical instruction (auto, diesel, weaving, and printing machinery, etc.). Company training centers are increasingly accepting trainees from other companies requiring similar skills, often to keep the center operating at capacity. Many other firms have opened new training components over the last two years. The principal reason for this development, revealed in interviews with firms previously not in the "training business," was their inability to recruit properly trained graduates entering the job market with polytechnic degrees. The decline of public technical education, with its staff vacancies, unpaid or low-paid teachers and outmoded or inadequate machinery, appears to have motivated companies to train for themselves. The result has been an abandonment of private sector support for once well-equipped training institutions vital to the manpower needs of Zimbabwean manufacturing and mining.

Responses to the question "How important is each of the following as a target population for the training programs offered by the institution?"[4] reveals a large spread across the training spectrum when limited to the private sector. Ten respondents chose "top management" as the most important target. "Middle level" was even higher, receiving 15 out of 19 in the highest category possible. "Entry level" garnered 14 votes evenly split between "important" and "very important."

What these responses indicate is that the 19 training institutions queried in writing considered as priority targets a broad range of training needed in supporting a growing private sector. To the extent that identifying a target indicates capacity to train that target population, the responses confirm the finding, amply supported by the team's interviews as well, that sufficient training activity is underway in Zimbabwe in all areas essential to an expanding business sector.

Responses to the same question with identical choice of answers changed considerably with "public sector" and "semi-public sector" as the targets. Many more respondents selected the "no information" category for these sectors. However, the "very important" category did reflect a broad spread from top management to technical training, albeit with fewer respondents.

Lack of interest in training for the public and semi-public sectors, reflected in the responses, is not surprising since most of the graduates from these institutions eventually find employment in the private sector.

Respondents asked to determine the destination of their trainees overwhelmingly selected the private sector:

Question: "What percent of the graduates of the institution's training program go to:"

	0-25%	26-50%	51-75%	76-100%
Public sector jobs?	5	2	0	0
Private sector jobs?	1	0	2	10
Jobs with parastatals?	8	0	1	0

N.B. Multiple answers were possible.

Slightly over half of all respondents stated that seventy five to one hundred percent of the graduates were destined for private sector employment.

Institutional Strength of Training Organizations

The bulk of data collected by the questionnaire focussed on the internal organization of Zimbabwe's private training providers. While this information is helpful and might be central to an assessment in many African countries, Zimbabwe presents quite possibly a unique situation in sub-Saharan Africa. Nowhere has the assessment team found a private sector so involved in training, especially at the industry-specific or company management level. The internal composition of training components of large companies partly reflects the current and forecasted health of the parent concern. Typically, when a manufacturing firm encounters difficult times, training is usually one of the first activities which is curtailed. Independent training institutions, such as Speciss College and the many smaller groups offering computer or secretarial training not surveyed, presumably operate because of market forces demanding their services and training

[4]Possible answers: 1) top management, 2) middle level management, 3) entry level personnel, 4) technical staff and 5) other.

products. In a sense their strengths are evident by their mere existence in an economy where training is generally seen as key to gainful employment.

Also, the data collected on the profile of trainers, planning mechanisms used internally, and on financial matters provides a description of the inner-workings of these institutions. Following is a resume of responses to questions 6 through 8 of the questionnaire and the "Summary of Questionnaire Responses" found in Annex 2.

Questions concerning the number of permanent staff may have elicited incorrect responses because of various definitions attributed to "faculty" in different countries. Judging from the helpful margin notes added by many respondents, a number of permanent "faculty" were in fact considered highly qualified to train without possessing a particular degree. As several suggested, their trainers were often schooled at the "University of Hard Knocks and Practical Experience."

One-third of the institutions had between six and ten permanent trainers; another third had between three and five. Only two institutions had fewer than three permanent staff trainers. Three respondents had over 20 full-time faculty. In the latter category, however, were included ESAMI's Arusha-based staff, who are presumably available for consultancies in Zimbabwe (they might have been better considered "occasional" faculty. Consulting firms linked to large international parent groups (Price Waterhouse, Deloitte, etc.) did not include their world-wide consultant rosters in answering this question. It is clear from these responses, confirmed through meetings at other institutions, that a core of permanent trainers is available in Zimbabwe in a variety of fields.

Answers about part-time or occasional staff revealed some confusion about how to define these terms. Nonetheless, most of the institutions made use of part-time trainers periodically. Six used between one and five, and four used between six and twenty "part-time faculty," which implies some type of regular or contractual relationship between the institution and the trainer. "Occasional" trainers were used by half of the institutions at the rate of one to five per year.

The size of an institution's support staff indicates to some extent its durability. Private companies, however, would not normally count as "training staff" those who maintain corporate headquarters or handle accounting. In any case, twelve institutions reported "managerial/administrative" staffs of between one and five. Respondents reported larger secretarial and clerical staffs, with eight having one to five employees in this category and six having six to ten. Four reported fairly large support staffs of above 20 employees.

Question Number 6,B, "How many of the full time faculty are permanent, functionaries on loan, temporary or special hires, or other?" did not appear to apply to Zimbabwe and yielded invalid results.

As noted earlier, questions about the academic background of permanent faculty produced humorous responses and reminders that technical diplomas other than the traditional BA were often more appropriate. Despite this limitation, data indicate that very few of the institutions have permanent staff with degrees above a BA. Over half reported between one and five "full-time faculty" with a BA. The section requesting the same information concerning part-time faculty did not appear to produce valid information (some of the respondents apparently did not know the specific background of part-timers).

Information gathered about the minimal academic credentials required at institutions mirrored their current staff profile noted in the preceding paragraph. Eleven respondents reported that the BA was the minimum requirement, three insisted on a Masters-level degree, and five had no requirement or did not know. Several respondents once again noted that they preferred technical diplomas. Most respondents could not answer the same question about the part-time faculty.

To the degree that length of service indicates the longevity or the health of an institution, data is inconclusive. Indicated is a mix of permanent trainers from the well-entrenched to the new. Respondents answered with the actual number of trainers in the appropriate space indicating years of service. There are 38 trainers serving at their current institution less than one year, 43 between one and three years, and 51 between three and five years. A surprising 82 trainers have years of service exceeding five years, although when ESAMI's 30 faculty are subtracted, only 52 locally-based trainers are seniors with their institutions.

The total number of permanent "faculty" reported in the question on length of service was 214 with 3 institutions not responding. Subtracting ESAMI's Tanzania-based faculty of 48, one arrives at 166 permanent Zimbabwe-based trainers, all technical qualifications included, among the 16 responding institutions. Few conclusions can be drawn from this data with so little information about the total number of trainers at private institutions in Zimbabwe, broken down by level or type of training offered.

As expected, the salaries paid permanent "faculty" at the 19 institutions overwhelmingly exceeded that paid by public or parastatal organizations. Answering the question, "In comparison with salaries in the following sectors how would you rate the salaries and indemnities the permanent faculty of the institution in relation to comparable level personnel?," fourteen respondents reported remuneration "higher" than the other sectors. Nine reported compensation at "about the same" while six noted "lower" as others in the same (private) sector. In light of the salary and staffing crisis mentioned by everyone in pubic sector technical and higher education, it is not surprising that private sector salaries are higher.

Very few institutions indicated having full time faculty with no work experience. Twelve reported that over 50% of their trainers had work experience in the private sector, with eight indicating that nearly all of the faculty had such experience. Ten reported that over half of their part-time faculty had worked in the private sector. By contrast, twelve of the respondents reported little or no faculty with work experience in the public sector. Part-time trainers appeared to have less work experience in the private and public sectors than permanent employees (perhaps they had not yet had any work experience).

The organizational structures described by respondent institutions ran the gamut from "free-standing" organizations with an oversight elected board of directors, to a training division within a large conglomerate. In seven of the nineteen institutions training was the principal activity. These required organizational systems entirely different from, for example, a consulting firm or a corporate training center. The consulting firms typically built their training outreaches as part of "consultant services" whereas corporations created training or human resource divisions to manage all aspects of training. These divisions often managed senior executive training as well, either integrating modules into in-house programs or arranging management upgrading outside. Three respondents reported that training was considered a "separate profit center."

Seventeen organizations reported having strategic plans, most of them covering one to three years and revised annually. They typically covered all of the subjects listed in the questionnaire (training program, human resources, markets, finance, training plans, research and consulting). It should not be surprising that organizations concerned about management training would themselves apply what they teach to their institutional development. This notwithstanding, there are instances of public management schools as well as private consulting firms in Africa and the U.S. which are embarrassing cases of mismanagement. One institution in Zimbabwe offering computer/management training had yet to integrate computers itself into basic management even as simple word processing support. Despite these limitations, the institutions surveyed were clearly thinking in terms of strategic planning and future marketing strategies—both signs of institutional strength.

Upgrading of permanent faculty received less attention from respondents. Fourteen of the 19 surveyed institutions claimed to have "faculty development programs," however defined. One would have expected that all of the training institutions would have had faculty development programs—the first order of business being to train their own personnel. Forty-five faculty had undertaken in-service training this year and 42 (25 percent of the 166 permanent Zimbabwe-based trainers) had gone to workshops or on study tours. Only two were in long-term academic programs, which is predictable in the Zimbabwe context of training focused on acquiring practical technical and managerial skills for application to the private sector. Most internal staff development programs were funded from within the organization.

Functioning linkages between institutions within or across national borders can indicate management's sense of purpose, aspirations or a commitment to strategic planning. Dormant linkages which produce few results can indicate insufficient resources, a desperation to make up for internal weaknesses, or lack of specificity in activating the institutional relationship. Interpreting answers about linkages submitted in the questionnaire is tricky, since again the term has various meanings. Twelve institutions reported linkages, ten of them funded from internal sources (when necessary). The same purpose for these linkages was cited by nearly all respondents: exchange of ideas, technical knowledge and training experience with similar institutions in Zimbabwe and abroad. Occasionally local subsidiaries of international companies cited links to their parent companies.

It is surprising that aside from the management consulting firms associated with U.S.-based groups and several others, there are few established relationships with U.S. institutions. This, despite American leadership in designing innovative training in many advanced areas, management and technical.

A partial list of institutions with which Zimbabwe organizations have forged linkages is included in the Summary of Questionnaire Responses (page 5) of Annex 2.

What is the financial strength Zimbabwe's private training institutions? Although three institutions declined to answer, six institutions (30 percent) indicated budgets between Z$751,000 to Z$1 million. Three had budgets reaching above Z$1 million, with two between Z$1.5 to Z$2.0 million. Four were between Z$251,000 and half a million.

Size not necessarily being a determinant of strength, how do Zimbabwe's training institutions finance their operations and view their future? Data show that a majority (58 percent) are nearly or completely self-supporting, financed by tuition and fees charged for training delivered. Three others are funded in the 76-100 percent range by the "private sector" (one) and by "self" (two). Four indicated funding of between 26 percent and 75 percent from donors. Twelve respondents (63 percent) indicated that their institutions "currently cover costs from revenue." Six ran deficits, with one not responding. As to the future, by and large those currently covering costs believed they could continue to do so.

These results suggest a burgeoning Zimbabwean training market, with a growing demand armed with resources to spend for training. Interviews reinforced this view that demand for quality training, especially at the mid- to senior management level, amply exceeded the capacity. Technical level training may present different circumstances, with higher fixed costs seldom recoverable entirely from fees or tuition. Although extrapolating from a small sampling of institutions is ill-advised, one can reasonably conclude from data and teams' interview reports, that non-governmental training in Zimbabwe does not show signs of severe financial strain at the moment.

How are the constraints expressed by institutions (principally foreign exchange access) reflected in the data collected? Answering the question, "How would you rate the general preparation and quality of the institution related to its training purpose?" (choices: poor, fair, good, excellent), 17 of 19 institutions congratulated themselves with good (8) and excellent (9). In rating their facilities, however, one can readily identify major constraints to improving the quality of training offered. Libraries were condemned by over half of the respondents as "poor," with no ratings in the excellent range. Likewise, computer facilities ranked "poor" by seven, "fair" by two, and "good" to "excellent" by seven—a more respectable spread than with libraries. Classroom facilities ran the gamut from poor to excellent. Consulting firms tend to use clients' offices or hotels, corporations often have their own training centers but no dormitories or libraries, and independent institutions often have complete facilities.

D. Principal Findings

Based on the questionnaire sent to training institutions described in the previous section, and drawing from visits to the training sites, the following findings emerge:

Management Training

- Although data are scarce, it appears that the demand for management training is increasing and fueling the growth in the number of consulting firms and training centers;
- Management training available on the local market covers the gamut targeting all employee levels (secretarial, skill-level "shop-floor" personnel, and low-to-high management staff);
- The quality of senior management training organized by consulting firms is considered from good to excellent;
- Management training at the mid- to low-levels receives mixed ratings, depending on the institution concerned and subjects taught;
- Contemporary training methods (simulation, role-playing, small-group workshops, etc.) are widely used in management training;
- There is a pressing need for modern training materials, aids, videos, books, modules, and films to "bring in new blood" into the small training network in Zimbabwe;
- Few libraries exist, little research is conducted and only a small amount of outside training material reaches Zimbabwe primarily due to foreign exchange constraints prohibiting easy payment;
- Little adaptation to the local cultural and business setting accompanies the use of materials procured overseas;

Technical Training

- Private corporations are establishing their own skills training centers principally due to their inability to recruit newcomers with the skills required;
- Some private corporations are training for other companies at their training sites when space permits;
- Technical training varies in length, with several companies offering programs exceeding one year;
- Poor and outmoded equipment and lack of materials constrains the quality of technical training; nonetheless, training delivered by companies is generally regarded as of good quality;
- Specialized training is offered in a broad range of technical areas, including engineering, surveying, earthwork supervision, electricity, automotive mechanics, etc.

- Companies are recruiting and training well beyond the estimate of their workforce need to compensate for a "worse-case scenario" where AIDS and out-migration to better paying jobs in a majority ruled South Africa decimate the skilled human resource pool.

- Companies are eager to update their training methodologies in line with their significant investment in new centers; again, foreign exchange is the constraint (Z$ can be used for bricks and mortar classrooms, but not for training materials);

Training Institutions

- Some private technical training is available (skills-based, computer, secretarial, etc.) at reasonable cost, although an assessment of the quality of instruction is beyond the scope of this report; anecdotal information indicates that most graduates of private schools find employment in the private sector;

- Tracer studies of graduates of private training centers are rarely performed;

- Links between private sector needs and training offered are weak, except for in-house company training closely geared to the demand of specific jobs;

- Institutions appear to be well organized and managed, most with strategic plans, a "sense" of who their clients are, and aspirations for improving training;

- The major constraint institutions face is not the financial resources of the target population (with some exceptions), but the lack of foreign exchange to upgrade equipment and provide a modern, comprehensive learning environment;

- Most institutions state that they have an "open" admission policy, although they establish criteria for admission; most have more requests for training than space available;

- Salaries paid by private training institutions are higher than equivalent positions in the public or parastatal sector;

- Nearly all full-time training faculty have prior work experience, most in the private sector;

- Most full-time faculty have technical or academic degrees, although few exceed the Bachelors level;

- Few institutions have staff development programs (grants for conference attendance, sabbaticals, research, faculty exchanges, etc.); those that do send staff to workshops in-country;

- Institutions report linkages with other institutions, but these are often with parent companies, professional or trade associations, or franchises with training groups overseas; linkages are not frequent between like institutions;

- Linkages that do exist are overwhelmingly with the U.K. and rarely with the United States;

- Institutions in general are financially solid and many cover their expenses from tuition and fees;

Miscellaneous Comments from Interviews

"Our company training program aims at contributing toward making the company self-sufficient and independent of the manpower shifts and reducing its dependence on imported or transient labor."

"We need to be a unified, strong force in order with be competitive with external outfits that will challenge us in the event of trade liberalization."

"The technical colleges are poorly equipped for the same reason the factories are."

"Technical training at the polytechnic level has collapsed in a heap. They need help."

"We are very concerned about the impact of AIDS on our skilled manpower base."

"Up to five years ago, we could recruit on the local market. Now we cannot. This is why we have created our own training center. The pool of experienced people in the country is diminishing."

"The main problem of industry is not trained manpower—it will be marketing over the next few years when liberalization comes."

"One of the most important ways to help training in Zimbabwe is to provide a source for videos, training films and materials. A second way is to support local research in training. [The consulting firms] do not do research because it wastes their money. But we need good research and exposure to team building techniques."

"The production techniques are way behind the market potential in Zimbabwe. This is where USAID can help tremendously."

"There are good trainers in Zimbabwe—well skilled people. But there is a lack of external input—international exposure. International programs are desperately needed."

"Like it or not, [our company] is training people for the SADCC region rather than for ourselves. Out of ten newcomers we train, we might lose nine, between out-migration and AIDS."

"There is a terrific thirst for quality management training in both Mozambique and Angola. We are now covering those markets with Portuguese training courses [from our Zimbabwe operation]."

"We take in 40 to 50 trainees each year for 4 years of training. We know that some will take jobs in other companies for slightly higher wages or more rapid advancement. But at least we've trained someone for the country."

"There are certain facets of the local economy where Zimbabwe can be competitive, such as electronics and pharmaceuticals. But we will have to start from scratch in market training if liberalization comes. It's been a seller's market here where no one knows what true market training is."

"We have no problem recruiting a floor cleaner with an "O" level. This probably puts us in a better mode than before, since the guy on the floor with an "O" or "A" level can be trained up."

V. PRIVATE SECTOR SUPPORT ORGANIZATIONS

There are four major, active support organizations which cover broad sectors of Zimbabwe's private sector, one employers organization and a variety of specific industry associations. This section examines two of the four major organizations, the employers federation, two industry associations which are of particular interest for this assessment, and two emerging business associations—both for small-scale businesses.

A. CZI—Confederation of Zimbabwe Industries

The Confederation of Zimbabwe Industries represents Zimbabwe's manufacturing sector, including approximately 1200 member companies, which in turn account for 95 percent of the country's manufacturing output. The majority of the member companies employ between 100-500 employees, three quarters of the membership are locally owned firms, of which the GOZ accounts for 12 percent, and almost two thirds are family owned businesses.

Presently, CZI offers Price Waterhouse short training courses for its members' senior and middle management staffs. The courses cover a variety of management topics, financial accounting and auditing, taxation, financial management, production management, sales (as distinct from marketing) and secretarial skills. These curricula are offered are offered in Harare and Bulawayo, and individual courses run from one to three days. Participating companies pay for the training.

CZI is promoting the concept of small business development from within the organization. It is attempting to convince its large industrial members that (1) SMEs are important to support and nurture as a way of creating jobs and absorbing lay-offs in a post trade liberalization era, and (2) to make financial and in-kind contributions to programs to help SMEs establish themselves.

The concept would take the form of an organization, originally called Zimbabwe Entrepreneur Development Association (ZEDA), which would function as an information clearinghouse as well as perform a public relations role. Specifically, ZEDA would:

- Maintain a data base of what services other organizations are offering.
- Perform a clearinghouse function between business and training institutions, to insure that firms' training needs are clearly understood by training institutions.
- Establish, via publicity, the business leader as a role model.

The organization would be linked with large CZI-member firms providing services to the SME. SMEs would pay half of the market rates for services, which would be provided free by large companies. The objective would be to ensure technical assistance to SMEs in the following areas:

- Business plan development
- Market analysis
- Credit worthiness
- Financial accounting
- Legal matters

B. ZNCC—Zimbabwe National Chamber of Commerce

The Zimbabwe National Chamber of Commerce, with 1,600 member companies, represents Zimbabwe's commercial sector. 60 percent of their member companies are firms with 1-15 employees. Many of these small firms are black owned and/or managed, since black Zimbabweans have a greater presence in commerce than in manufacturing, mining or commercial agriculture.

ZNCC sees its future resting with SMEs, and in this light is developing a series of courses/workshops for small business owners and managers, with funding from the Friedrich Naumann Foundation. Course development and presentation is administered by ZNCC/Naumann's Small Business Support Unit. Training consultants have been hired to help run the program, and ZNCC is considering the use of a mobile training unit. ZNCC has not yet firmly identified its target audience(s), urban, rural, established, or emerging.

The first of these one-day workshops were held in three locations during November 1990. The workshops covered the basics of starting a business, business management, accounting, basic financial controls and marketing. Tuition was nominal: Z$10 for ZNCC members; and Z$20 for non-members.

ZNCC also offers courses in conjunction with Speciss College on the supervisor, sales and secretarial levels. Selected courses for emergent business leaders, credit administrators and advertising/public relations staff are also available.

C. EMCOZ—Employers Confederation of Zimbabwe

The Employers Confederation of Zimbabwe is the national, private umbrella organization over all chambers and certain industry associations. Formed in 1959, and reorganized in 1980, its members include seven private sector support organizations and 48 firms. Among the 48 member firms are six parastatal companies, which recently joined after the closing of the parastatal commission. With respect to the informal sector, EMCOZ is considering organizing informal businesses into associations with the objective of consolidating the associations into one "informal sector association" as an institutional member.

EMCOZ has a staff of 10 paid professionals, two of whom are labor specialists, two training specialists, one information specialist and five administrative personnel. Yearly membership fees range from Z$2,500 to Z$10,000 depending on the size of the company.

EMCOZ's principal role is one of advocacy, acting as the voice of Zimbabwe business on all labor issues and concerns vis-a-vis the Ministry of Labor. It specializes in labor legislation, wages and salaries, vocational and technical job issues, occupational health and safety, and social security matters. It assists employers in the labor court in matters of litigation, advises employers daily on labor issues, and is a member of the tripartite GOZ-worker-employer committee which attempts to resolve employer-employee disputes.

EMCOZ also carries out an important training effort targeting four different levels of management skills. Training is publicized to member firms and institutions via The EMCOZ Bulletin, a quarterly. Non-members are reached by radio, newspapers and mass mailings of the Bulletin to other business associations, which remail.

a. Senior Management—this component began in 1989 and offers four timely, topical seminars per year principally for top executives of large firms (those with 500+ employees). Attendance usually numbers 25 firms, with a few black Zimbabwean-owned firms participating. This year seminars have been offered on strategic planning, labor legislation, management of change, and on structural adjustment. An additional seminar on productivity is being considered. The U.S., Norway and Canada have funded individual seminars in part or in total.

b. Middle Management—a four year old effort, this component offers seminars in functional business topics, such as plant management, accounting, supervisory skills, and negotiating with trade unions. Each seminar has 30-35 participant, and the costs are covered by fees of Z$100/day/individual for member firms and Z$150/day/individual for non-member firms. EMCOZ hires local experts to give the seminars in Harare and in Bulawayo. Typically, three quarters of the firms sending participants are white-owned and one quarter black-owned.

c. In-Company Training—in this component, practical training is tailored to the specific needs of the individual firm. A typical topic would be "job performance appraisal" for which local experts would spend one week at the firm training the appropriate staff of the personnel department. Training fees at this level are Z$50/day/participant. EMCOZ reports that this component has more success with black-owned firms, probably because of the lower cost and the tailored nature of the training.

d. Small-Scale Enterprises—this component targets mostly black-owned businesses, offering the ILO sponsored program, "Improve Your Business" to both formal and informal private sector entrepreneurs with up to 50 employees. See section VI, "Donor Activity in Support of the Private Sector," for details of the IYB program.

EMCOZ expressed the need for U.S. study tours for certain of their member chief executive officers and EMCOZ staff to get up-to-date on technological developments to prepare for the future competition which will accompany trade liberalization.

D. ZENA—Zimbabwe Entrepreneurs Association

ZENA, established in [illegible]9, has approximately 150 members, who, in principle, pay membership dues of Z$35 per year. The organization's objective is to fill the gap where the larger PSSOs do not operate, that is, the very small formal sector enterprise, the microenterprise and the informal sector enterprise. To date, ZENA has had problems in getting paid up membership. It has a staff of four, all of whom serve without pay.

The association proposes to provide training so that fledgling business owners can make their business propositions "bankable." To this end, ZENA wants to assist management with analysis of proposed business projects.

E. CIFOZ—Construction Industry Federation of Zimbabwe

The Construction Industry Federation of Zimbabwe numbers 400 members representing approximately 90% of the construction industry. Approximately 60 members are black-owned firms. CIFOZ reports that the main problem facing this industry is the lack of foreign exchange, stating that the construction industry is the second largest (having grown from 45,000 workers in 1986 to 80,000 today) in the country and yet it gets no foreign exchange allocation. The industry is desperate from trucks, with the average age of the industry's fleet at 11 years and an average odometer reading of 200,000 kilometers. Furthermore, the GOZ is competing for scarce building resources, according to CIFOZ, and would be well advised to hold off on its work until private demand eases, in order to smooth the building cycle.

CIFOZ states that the industry needs management and skills training, but that many builders feel that they learned their skills with their hands and thus their employees have only to do the same. Technical skills are fairly up to date among the large firms, but are needed in the smaller firms, as are a range of management skills. Since there is little expressed need for training in the industry, CIFOZ is losing their training department at the end of the year.

F. EBCAZ—Emergent Building Contractors Association of Zimbabwe

Not formally linked with CIFOZ, the Emergent Building Contractors Association of Zimbabwe numbers some 1,200 firms, of which 200 actually are "formalized" firms, with premises, equipment vehicles and the ability to supply materials for jobs. Only about five percent of GOZ construction work is done by EBCAZ members and fewer than 100 are registered and able to handle jobs exceeding Z$500,000. Approximately 70 EBCAZ members are also members of CIFOZ.

The management of EBCAZ have identified various training needs, principally in improving the operations of the enterprises:

- Planning techniques and site management
- Project cost estimation
- Bidding procedures
- Subcontracting procedures
- Financial management
- Legal aspects of contract work
- Technical drawing

Since most small firms would be unable to afford the time to attend formal courses at training institutions, short course training would have to take place at the job site.

G. HPC—Horticulture Promotion Council

HPC represents the growers and exporters of flowers, vegetables and fruits. As an industry association their concerns are four-fold: first, enhancing production technology and productivity in order to meet export market potential; second, training for middle level and farm managers in the importance of the market as the force which drives the industry*; third, basic technical training and market information for small farmers; and fourth, upgrading of the Plant Protection Service in phytosanitation services, leaf and soil analysis, and quality control through technical assistance, training and the acquisition of modern testing equipment**.

*This includes "market awareness," post-harvest and airport handling for produce, and cold-chain operations. One of the two principal exporting firms said that they would be willing to pay for part of this training—for the middle managers of those approximately 100 firms which produce flowers for export.

**HPC states that there are 10 members of the Plant Protection Service who could benefit from training, and in turn feels that better trained PPS personnel would greatly benefit the horticultural industry.

VI. DONOR ACTIVITY IN SUPPORT OF THE PRIVATE SECTOR

Donor support for private sector development is growing in Zimbabwe, as it is in most African countries. In light of the economic reform program being prepared, the structural constraints facing the private sector, and the potential that various sectors of business activity offer, coordinated donor efforts in encouraging private sector development will be key. Following are capsule descriptions of the principal donor organizations' assistance programs which target or will target the private sector, directly and indirectly.

A. The World Bank (IBRD)

In July 1990, the GOZ announced it will embark on a five year economic reform program aimed at moving to a market economy. The GOZ's path will be one of gradualism or a "progressive approach" to liberalization. This approach is being taken to cushion the shock of the change from 25 years of a state-controlled economy to one in which market forces will hold sway. Working with the World Bank, the GOZ is elaborating a structural adjustment program, which will have as its main elements the following:

- Trade liberalization and a gradual move away from protectionism.
- Gradual removal of price and foreign exchange controls, including moving from a quota-based to a tariff-based system of imports.
- Removal of subsidies for parastatals.
- Reduction of the public deficit via reduction in the number of public servants, and employees of parastatals and marketing boards.
- Revamping the tax system, especially the marginal taxes on profits and salaries for those at high levels.
- Revisions in labor laws.
- Monetary and tax reforms, as well as investment incentives aimed at encouraging local and foreign investment.

Thus far, there has been some relaxation of some controls. Arguments for moving rapidly center on Zimbabwe's rising rate of inflation, her rapidly growing public deficit and the urgent need for industry to retool and train in order to be ready to compete in an open market economy and in the global economy. Arguments for moving cautiously center on giving the private sector ample time to prepare for market competition, the time needed to ease the way for the growing number of labor market entrants (including the future redundant government and parastatal employees), and the need to control the pent-up, effective demand present in the economy to the extent that inflation does not get out of hand.

With respect to SSEs, a US$10 million line of credit to SEDCO was put into place in 1986. The credit moved slowly because SEDCO was new as an organization, and lacked the funds to take on skilled staff to appraise, assist and monitor business projects. A second project, SSE II, is under consideration. SSE II will be broader in scope in that it will be an APEX loan, being on-lent to commercial and other banks, for subsequent relending to the ultimate borrower.

B. Africa Project Development Facility (APDF)

The Harare regional office of APDF was established in 1990 to provide technical assistance to medium sized (total assets ranging between US$500,000 and 5 million) SADCC area entrepreneurs in business start-up and expansion. APDF provides consulting services to assist the entrepreneurs in developing their business plans through market studies, financial analysis and evaluation of technological, equipment and management needs. APDF then serves as liaison between the entrepreneur and financial institutions in identification of financial backing. A second objective of APDF is the development of local capacity of consultants.

APDF's portfolio in Zimbabwe includes four projects which are underway, entailing the production of kerosine and mining lanterns, tool manufacture, a rural distribution company and a joint venture in Mozambique. In addition, APDF has several projects "in gestation," which should come to fruition over the next two to five years.

C. Canadian International Development Agency (CIDA)

Over the past one and one-half years, CIDA has been operating a C$13.5 million project, The General Training Facility. This project includes long-term academic training in Canada and in-country training. With respect to the in-country training, this project has funded 40 short courses, some of which EMCOZ has administered. The courses are geared to senior level management.

CIDA has helped fund SEDCO, and has assisted it in the development of training packages, with local case studies, for existing small-scale businesses. In connection with SEDCO, CIDA also financed an entrepreneurship development program which targets school-leavers who demonstrate an entrepreneurial flair. Rigorous training is done to select and develop real entrepreneurs, based on the Hitadi (developed in Hawaii) model, which has been used successfully in the U.S. and Canada with Indians.

D. International Labor Organization (ILO)

ILO's principal training activity vis-a-vis the private sector has been the use and adaptation of the "Improve Your Business" (IYB) program. Based on the Swedish Employers Federation's program, "Look After Your Firm," and modified by ILO to fit third world SME needs. IYB is used in 35 countries and has been translated into 25 languages. The program was introduced in Zimbabwe in 1987, and became a full-time activity in 1989. IYB is offered to organizations, e.g., ZNCC and EMCOZ, which are already training their clients. It targets formal sector SSEs which are already in business.

The training package is fairly standardized, but has Zimbabwe-specific case studies. The level of the course content is appropriate for the SSE, dealing, for example, with management accounting concepts like indirect costs of production. The program has also been simplified for use in the informal sector. To date, women entrepreneurs and school-leavers have been the principal users of the simplified package.

The purpose of IYB is to strengthen trainers, already involved in training SSEs, in the delivery of business skills. Before being accepted into the program, trainers must know the basics of business education and have training skills. ILO familiarizes trainers in the elements of IYB, and as a means of building their confidence, gives them feedback assistance from the classroom. Since 1989, ILO has offered seven such training of trainers seminars.

E. European Community (EC)

The EC has implemented (and continues to do so) three programs which target the private sector. The first of these is the Zimbabwe Export Promotion Program (ZEPP), entailing assistance in the amount of 4.4 million ECU. Approximately one-half the support is for technical assistance to exporters in the areas of product quality, handling, packaging, etc., and one-half for export promotion, training, seminars and trade shows. Over the past four years, the program has been quite successful, contributing Z$100 million to export earnings, creating about 6,000 new jobs, and training about 800 people. The principal export products involved were/are clothing, leather goods, horticultural products, furniture and processed foods. The ZEPP will be continued over the next five years as part of the EC's assistance to the private sector (see below).

The second effort was the Human Resources Development Program (Z$3 million), which emphasized short-term vocational training, locally, regionally, and in Europe. This program will be expanded to a level of Z$5 million for training. This program will continue to focus on short-term vocational training, both locally and regionally.

The third effort, an export stabilization program (STABEX) is designed to offset indirectly decreases in export earnings in any given business sector. For example, if export earnings fall below a 10-percent average of the past six years' earnings, a refund to the GOZ from the EC is automatically triggered, with the objective that the refund be used to diversify business activities in the sector(s) that lost. To date, STABEX has not been applied in Zimbabwe.

The EC has two programs under development. The first is a 10 million ECU (US$13.5 million) program, part of which will continue the ZEPP activities, and part of which will be used for a small enterprise credit scheme to generate employment in rural areas. Country-wide, this program would lend to cooperatives, SSEs and groups which mutually guarantee one another's loans. An EC grant would be used to establish a revolving fund. No training component is foreseen at this time.

The second program involves 4.4 million ECU over three years to develop tourism further. The program will have strong market development and training components, as well as doing promotion both within and outside Zimbabwe. The training component will be done through the Bulawayo Hotel Management School and through the use of European experts for in-house training. A second component will be market development and a focus on the problems faced by the tourism industry, i.e., trained personnel and transportation. Another facet of this program will be the strengthening of the Zimbabwe Tourist Development Corporation.

Finally, the EC is involved in the establishment of ZIMTRADE, an organization responsible for coordinating export promotion efforts.

F. United Nations Development Program

The UNDP, through UNIDO, has been involved directly and indirectly with the private sector. The UNIDO private sector project (1987-1990) provides the following short-term technical assistance to the private sector, focussing on the manufacturing sector, including all types and sizes of manufacturing activities:

- Technical experts in various fields are hired from time to time to help selected Zimbabwean companies.

- Short-term advisory services to Zimbabwean companies/organizations for periods of three to six months:

  - providing training for staff of the Zimbabwean Development Bank.

  - computer training for and restructuring of SEDCO.

  - participation in the quality control program at the Zimbabwe Iron and Steel Company.

- A small-scale industries program at Ranche House College which targets women in the food processing industry.

- An industrial partnership program, whereunder Zimbabwean industrialists are in liaison with developed country industrialists in similar operations in order to transfer new technologies to Zimbabwe's industries.

- Provides fellowships for technical personnel.

The UNIDO private sector project (1991-1996) will emphasize macro-economic management and planning, institutional and infrastructure support, and rural development, focussing on small-scale industries.

UNIDO has also assisted the World Bank in underpinning the structural adjustment and trade liberalization program, as well as the Zimbabwe Investment Centre. Currently, UNIDO is examining the feasibility of establishing an off-shore venture capital company, which would emphasize investments in ventures entailing technology transfer to Zimbabwe's industries.

G. African Development Bank (ADB)

The ADB recently signed a Z$300 million industrial sector rehabilitation loan with the GOZ. The purpose of the loan is to help refurbish the industrial sector's plant and equipment, run down after 25 years of operating in a closed economy. The modalities of the loan will allow businesses to access hard currencies in exchange for Zimbabwean dollars.

A second action, just approved, is a line of credit to the Zimbabwe Development Bank amounting to approximately Z$30 million to be on-lent to industrial borrowers. The intended beneficiaries are to be mainly SMEs across the entire spectrum of industrial activities. The program will run for a maximum of three years, and the largest individual loan which may be made will be on the order of Z$1 million. There will also be a facility (entrepreneur development fund) tied to the line of credit, to help Zimbabwean business leaders prepare their business projects.

VII. SURVEY OF FORMAL AND INFORMAL SECTOR FIRMS

A. Methodology of Data Collection

In order to do justice to one of Africa's most developed private sectors, Labat-Anderson recommended that a comprehensive survey of the formal and informal sectors be conducted prior to the arrival in Zimbabwe of the assessment team. The team could then analyze carefully the principal constraints and perceived training needs as divulged in the survey. A full schedule of interviews—both follow-up and initial—were subsequently arranged which provided the team with essential "anecdotal" information to supplement the survey data. Further meetings with government officials, donors, representatives of business sectors not included in the survey, and semi-public institutions provided additional material.

The first phase of information gathering began with the competitive procurement of a locally-based market research firm to conduct a survey of Zimbabwean businesses. As stated by the firm, the survey sought to provide

> unbiased, statistically significant information on the perceptions of local entrepreneurs regarding constraints to private sector development in Zimbabwe, their training requirements, and attitudes toward the provision of training in various forms.[1]

Prior to commencing the study, Labat-Anderson's representative identified a limited number of sectors in the formal economy "which show promise for generating foreign exchange and/or employment opportunities to allow USAID to focus its resources on areas with the greatest development potential."[2] The groundwork was established to ensure that the questionnaire would be culturally appropriate for the sample groups, and that the sample frame, size, interviewing techniques, and handling of data would provide "the best predictive value."[3] To further ensure Zimbabwe specific input, Labat-Anderson engaged the services of a local consultant who received an MBA degree from a U.S. university and teaches in the Business Studies Department at the University of Zimbabwe.

The five sectors chosen for further study were selected according to their potential for business growth in Zimbabwe after consultation with USAID officials and a number of Zimbabwean business officials. They are:

- Agribusiness
- Construction
- Horticulture
- Mining
- Textile

---

[1]Much of the text in this section is taken from the "Report on Methodology" written by *Probe Market Research*, the firm hired to conduct the private sector survey. Additional information concerning methodology was supplied by Probe during follow-up interviews with the team.

[2]Trip report, "Preparation of Zimbabwe PSTNA," by William Piatt, September 24–October 6, 1990.

[3]Ibid.

The agribusiness sector is a major employer in Zimbabwe with food processing and distribution representing potential for spin-off industries and sub-contracting. Construction was "universally cited as a major opportunity for new employment" and has the potential to involve small businesses and increased activity in neighboring countries. Horticulture (especially cut flowers) has seen dramatic growth in only five years, with Zimbabwe carving out a highly-specialized export market primarily to Europe. Future growth could have great potential for small producers and would demand industry-specific training inputs. Mining in Zimbabwe is the largest foreign exchange earner, although world prices have been erratic. The sector boasts an unusually high number of small producers, uncharacteristic of mining sectors in many African countries. Textiles, finished clothing, and leather goods are "farm to market" industries, vertically integrated and poised for export competition in a liberalized environment.

Consultation with a variety of Zimbabweans familiar with the informal sector resulted in identifying a dozen activities that had "potential to generate significant levels of employment."[4] Weight was given to certain activities that might have a higher representation of women as owners. A target of 50-percent women-operated businesses was established. The informal sector activities are:

Sewing/Crocheting/Knitting	Tinsmithing
Mechanical Repair/Panel-Beating[5]	Transport
Welding/Fence/Frames/Bars[6]	Recycling
Commerce ("Buying and Selling")	Hairdressing[7]
Crafts/Baskets/Pottery/Carving	Shoe-makers/Repairs
Furniture/Mattress/Upholstery	Food Preparation
Tuckshops[8]	Others

Before embarking on the main survey of formal and informal sectors, two pilot survey instruments based on the original questionnaire provided by Labat-Anderson were tested in the field. The formal sector was represented by two mining companies, two construction companies, two textile or clothing companies, one agribusiness and one horticultural operation. Two welders, two hairdressers, two furniture-makers/ upholsterers, one panel-beater, one tailor, one shoe-repairer, one tuck-shop owner, and one person each in transport and food preparation were interviewed from the informal sector.

Probe then suggested modifications to the survey instrument. These changes were incorporated in the final questionnaire. (The draft and final questionnaires are included in Annex 2).

Samples—The Formal Sector

The universe was defined as all formal businesses operating in Harare and Bulawayo engaged in the sectors previously identified. In order to construct a randomly-selected sample frame of 100 businesses, names were taken from the following membership lists, supplemented by directories and "empirical knowledge":

---

[4]Trip report. William Piatt.

[5]"Panel-beating" is automobile body repair in the United States.

[6]Originally included in "mechanical repair" and later disaggregated.

[7]Added as a separate activity by Probe

[8]The Zimbabwean equivalent of individually owned convenience stores ("Mom's and Pop's") in the United States.

a\

Chamber of Mines (Zimbabwe)
Mining in Zimbabwe (Thompson Publications, 1989)
National Employment Council for the Construction Industry of Zimbabwe—list of registered companies as of June 1990
Zimbabwe Clothing Manufacturers Association
Central African Textile Manufacturers Association
Footwear Manufacturers and Tanners Association
National Employment Council for the Clothing Industry of Zimbabwe 1990
Food Manufacturers Association
Zimbabwe National Association of Master Bakers
Tobacco Trade Association
ZNCC Lists of Millers and Grain Merchants
Horticultural Promotion Council

Based on the numbers of companies in each type of business, and on their breakdown by city, the following numbers of contacts and interviews were carried out by type of business and city, as shown in the following table:

Table 1: Geographic Breakdown of Contacts and Interviews

	Harare		Bulawayo		
	Inter-views	No. of Contacts Required	Inter-views	No. of Contacts Required	Total
Mining	14	27	3	7	17
Construction	23	40	7	17	30
Clothing/Textiles/ Footwear	18	30	9	13	27
Agribusiness/Food Processing	20	36	3	6	23
Horticulture	3	7	0	0	3
TOTALS	98		22		100

A considerable number of the originally selected respondent companies had to be substituted for because of the comprehensive nature of the lists. For instance, the mining lists included many nonworking mines; the construction list included all those who had ever hired construction workers, whether or not currently operational, in order to maintain active membership. There were so many fruitless initial contacts (often more than two attempts for one successful interview), that additional random searches of the lists were necessary.

Samples—The Informal Sector

Sampling of the informal sector commenced with the taking of a census of types of business in the informal business areas selected for the Harare section of the survey. This exercise revealed that the structure of the informal sector paralleled what was found in the ILO report published in September of 1990, as shown in the following table:

Table 2: Comparison of Probe Census and ILO Report of Informal Sector Businesses

	Probe Census (based on 486 businesses)		ILO Reports[9] (502 businesses)
TYPE OF BUSINESS	Highfield (334)	Mbare (152)	
Welding	17%	22%	17.5%
Carpentry,			20.1
Upholstery/Mattresses	7	16	2.4
Motor Mechanics/Panel Beating	6	21	4.8
Tin-Smithing	4	7	7.2
Tailoring/Sewing,			18.5
Crocheting/Knitting	20	1	3.2
Shoe-Makers/Repair	9	2	11.6
Recycling	—	11	—
Tuckshops	8	4	—
Food Preparation	5	1	—
Hairdressing	7	3	—
Buying and Selling	6	3	—
Other	11	12	14.7

Bearing in mind the target that women-operated businesses should make up half of the survey sample in the informal sector, the following mix of business types was sought:

[9] *Southern Africa Political and Economic Monthly*, Vol. 3 (Sept. 1990).

Table 3: Survey Sample Target Weighted for Women-Owned Businesses

Type of Business	Harare	Bulawayo	Mrewa	Mawabeni
Sewing/Knitting/Croch.	6	3	4	2
Buying and Selling	1	3	1	10
Welding/Fence-making	6	2	1	0
Hairdressing	2	1	2	0
Furniture/Mattress-makg	3	2	3	0
Food Preparation	2	1	2	2
Shoe-making/Repairs	1	2	2	2
Mechanical/Panel-Beating	4	1	1	0
Tin-Smithing	2	2	1	0
Crafts/Baskets/Pottery	3	1	0	0
Transport	2	0	1	0
Tuckshops	2	0	0	1
Recyciing	4	0	0	0
Other businesses	2	2	2	0
TOTAL	40	20	20	20

Timing

The formal sector interviews were conducted from October 23 to November 21, 1990. The informal sector interviews were carried out from October 23 to November 30, 1990.

Interviewing

Apart from the high rate of substitution explained above, the response from companies was good. Probe's permanent part-time team of executive interviewers first contacted targeted businesses by telephone, followed by face-to-face interviews at the respondent's place of business.

Direct personal approaches were made to informal business people by members of Probe's permanent part-time teams of male and female interviewers specialized in operating in the "high-density" areas. In most cases, the interviews were conducted in one of Zimbabwe's indigenous languages (Shona or Ndebele) using pretranslated question sheets. (Copies of the Shona and Ndebele translations can be found in Annex 2). There were some pockets of resistance to being interviewed, principally one woman operating in Highfield outside Harare. Overall, however, very few problems were encountered either in the formal or informal sector survey.

Quality Control

Back-checks were made by telephone with respondents from the formal sector to verify certain responses and the quality of the survey. Verification by mail and personal contact were made with respondents in the informal sector.

The collected data were presented to the assessment team during the first week in Zimbabwe. Information had been entered into a computer data base, which allowed for convenient presentation and further cross tabulation deemed necessary as the analysis proceeded. A number of cross tabulations were in fact requested to test hypotheses and better understand the data. Probe also furnished additional breakdown regarding respondents' gender.

As a final supplement to the comprehensive data collected, the assessment team held a two-hour meeting with Probe's Harare-based interviewers to hear their impressions of the survey and problems they encountered. Each interviewer submitted a written report of experiences conducting the survey, many of which included helpful suggestions to improve future data collections of this nature. (A meeting of Bulawayo-based interviewers had been scheduled but could not be held).

A complete set of data organized into 25 tables is available at USAID in Harare for readers interested in conducting further research. The writers of this report would welcome additional interpretations of the data presented in an effort to understand these complex and understudied elements of the Zimbabwean economy.

B. Profile of Firms Interviewed

1. Formal Sector Firms

A total of 100 illustrative firms (drawn from the mining, construction, horticulture, agribusiness and textile sectors) were covered in the survey of the formal sector. Of these firms, 66 percent had been in existence since 1980. A slight majority (54 percent) of the firms surveyed are family-owned and most of them are in the construction and textile sectors as shown by the table below:

Table 4: Company Ownership

Type of Business	Number of firms	Family %	Partnp. %	Gov't. owned %	Public corp. %	Subsidiary of foreign firm %	Mixed public/ private %
Agribusiness	23	26	13	0	35	4	13
Construction	30	57	3	7	7	7	10
Horticulture	3	33	33	0	33	0	0
Mining	17	29	18	6	24	18	6
Textile	27	93	3	0	0	0	0
Total	100	54	13	2	15	6	7

Two-thirds of the firms surveyed (67 percent) belong to formal business associations, including CZI, ZNCC, CIFOZ, the Chamber of Mines, the Employers Confederation of Zimbabwe, and various other trade associations. The size of firms included in the survey ranged from very small (sole proprietorships) to very large (corporations)—in terms of annual sales and numbers of employees as shown in table 5.

Table 5: Annual Sales By Sector
(Z$ million)

Type of Business	Number of firms	Under .5%	.5 to 1%	1 to 5%	5 to 10%	10 to 50%	50 to 100%	Over 100%
Agribusiness	23	4	9	22	13	13	17	9
Construction	30	10	7	47	7	13	13	0
Horticulture	3	33	33	0	33	0	0	0
Mining	17	17	12	12	12	18	6	24
Textile	27	19	22	30	7	7	0	0
Total	100	11	13	29	10	12	6	6

The above table demonstrates that the mining and agricultural sectors are characterized by medium sized to large firms with sales above Z$10 million, while the construction and textile sectors are characterized by very small to medium sized firms reporting annual sales ranging from less than Z$2.5 million to Z$10 million.

As table 6 shows, agribusiness, textile, and mining are the largest employers with each sector reporting close to 20 percent of firms employing over 500 employees. Horticultural firms employ relatively few people as smaller firms are a characteristic of this type of industry and since the industry is relatively new (begun in 1984-1985).

Table 6: Workforce Size by Sector
(Full Time Employees—1989)

Type of Business	Number of firms	Under 50	51-100	101-500	501-1000	1001-5000	Over 5000
Agribusiness	23	26	4	48	4	17	0
Construction	30	23	30	40	3	3	0
Horticulture	3	100	0	0	0	0	0
Mining	17	29	18	24	6	12	12
Textile	27	26	37	19	15	4	0
Total	100	28	23	32	7	8	2

<u>Major Findings</u>

Markets Served. Half of the firms surveyed derived their sales entirely from the domestic market. 31 percent of those firms that export recorded export sales of up to 25 percent of their total sales. The major export markets in rank order were Europe, SADCC/PTA/Africa, South Africa, and U.S./Canada. Tables 7 and 8 below illustrate the distribution of export sales by sector and markets.

Table 7: Export Sales by Sector
(%)

Type of Business	Number of firms	None	1–25%	25–50%	51–75%	76–100%
Agribusiness	23	35	43	4	0	17
Construction	30	80	20	0	0	0
Horticulture	3	0	0	0	0	33
Mining	17	35	12	0	6	47
Textile	27	44	48	0	0	4
Total	100	50	31	1	1	14

Two of the three horticulture firms did not know how much export sales they had generated. This could be attributed to the fact that they sell to other firms, which in turn export the production of many producers. Textile and agribusiness firms do not seem to be as active in export markets as one would expect given the export market potential for these products. Zimbabwe is a significant exporter of cotton lint and certain cloth products.

Table 8: Export Markets Served by Sector
(%)

		Markets Served						
Type of Business	Number of firms	Europe %	SADCC PTA %	Bots-wana %	SA %	U.S./ Canada %	U.K. %	Far East %
Agribusiness	23	35	52	13	13	13	4	17
Construction	30	0	10	7	0	0	3	0
Horticulture	3	100	0	0	0	0	0	0
Mining	17	35	12	0	12	18	6	18
Textile	27	22	11	7	26	15	11	0
Total No.	100	23	20	7	12	10	6	7

Europe, as a continent, is a major market for agribusiness, mining, textile and horticulture firms, while the SADCC/PTA countries are target markets for minerals, textiles, and agricultural produce. Zimbabwean manufacturing firms, however, find it difficult to compete with South African firms in both product quality and labor/technical skills.

\\\\ʃ

Current Constraints

Most companies reported that they were currently facing major constraints in the following areas:

Table 9: Major Constraints
(%)

Constraint	Frequency of Mention	Sector Most Affected
Foreign Exchange	85	All
Transport:		All
(availability)	84	All
(cost)	81	All
Taxes	62	All
Economy—in general	57	Mining, Construction, Horticulture
Lack of Technical Personnel	54	Construction, Textile
Management Personnel	46	Construction, Textile
Employment Regulations	42	Construction, Textile
Price Controls	34	Textile, Agribusiness
Competition	33	Horticulture

Other frequently mentioned constraints were:

- Raw material shortages
- Aged plant and equipment
- Lack of spare parts
- Lack of decision-making by GOZ

The lack of foreign exchange was the most frequently mentioned factor inhibiting expansion in all the business sectors represented in the survey. Human resources and competition are not currently perceived as major constraints. This could be a reflection of firms' current preoccupation with their inability to obtain the necessary foreign exchange to modernize plant and equipment, to acquire raw materials and spares, and to access transportation. As liberalization proceeds, today's less important constraints will likely become tomorrow's more important ones, as competition intensifies in the domestic market.

The firms surveyed feel that today's constraints will continue over the next two years, some to a lesser degree and others to a greater degree, as shown below:

Table 10: Perceived Future Constraints
(two years hence)
(%)

Constraint	Frequency of Mention	Sector Most Affected
Transport:		All
(availability)	82	All
(cost)	81	All
Foreign Exchange	73	All
Taxes	67	All
Lack of Technical Personnel	61	Construction, Textile
Economy-in general	56	Mining, Construction, Horticulture
Management Personnel	52	Construction, Textile
Competition	38	Horticulture
Price Controls	33	Textile, Agribusiness
Employment Regulations	32	Construction, Textile

It appears that firms (especially those in mining and horticulture) are hopeful that the foreign exchange constraint will ease a little. Transport will remain a major constraint in all sectors. Technical skills deficiency and the pressure of competition will require greater attention in the future as the economy becomes less and less insulated. Firms anticipate that the GOZ will continue to relax employment regulations.

Average Employee Education Levels

The following two tables suggest a fairly high level of education across all categories of employees in the firms surveyed.

Table 11: Average Employee Educational Levels

Senior and Middle Management						
	Educational Level (Average percent)					
Employee Category	Univ.	Diploma 3-yrs trng.	"A" —Levels—	"O" —Levels—	Lower	Don't Know
Senior Manager	50	7	15	20	7	1
Middle Manager	12	21	15	27	11	2

Table 12: Average Employee Educational Levels

Skilled and Support Staff						
Employee Category	Dip./ "A" Lvls	"O" Lvls	Form 2	Grade 7	Lower	Don't Know
Skilled Personnel	12	28	22	28	4	3
Support Staff	8	33	22	14	6	2

It is interesting to note from Table 11 that 72 percent of the firms interviewed have senior managers with educational qualifications of "A" level or better. Fifty percent of the firms had some senior managers with a University degree. On the other hand, only 48 percent of the firms reported middle managers with similar qualifications and only 12 percent reported middle managers with University degrees. This finding tends to contradict the findings from the follow-up interviews, which suggest that in many Zimbabwean companies middle managers are often more educated than senior managers. A number of business leaders interviewed stated that often black junior and middle-level managers have more formal education than both their white counterparts and white senior managers. Senior managers, who are mostly white, historically occupied their posts either because they were/are owners of the firm or had risen through the ranks to their current senior management positions.

What is clear, however, from table 11, is that work experience is still a heavily weighted factor for senior management posts. In 80 percent of the companies surveyed, senior managers had at least 11 years of work experience, while in only 49 percent of those surveyed did middle management have a comparable length of work experience.

There is a high degree of literacy among skilled labor and support personnel: only 8 percent of the firms reported having personnel with educational qualifications below grade 7 level in each category. As mentioned in Section IV, there has been a concerted, broad-based educational effort to bring literacy to Zimbabwe's people. Given such levels of employee literacy (see table 12), the Zimbabwean private sector has a human resource comparative advantage vis-a-vis its neighbors. This advantage will stand it in good stead in the longer run as markets become more competitive with liberalization and as technology transfer occurs with the updating of equipment and production techniques.

It appears that most of the training received by employees in all categories, except senior managers, was obtained either on-the-job or from Zimbabwean training/educational institutions. This suggests that training for ordinary, semiskilled, and skilled labor, as well as for junior and middle-level managers, is available locally and/or on the job. It also suggests that some firms may have utilized local training because foreign exchange was not available to finance employee training abroad. The following two tables indicate that reliance on local training institutions and on-the-job training tends to vary by sector as well as by level of personnel, for example, senior management compared with technical personnel.

Table 13: Work-Related Training by Sector
(%)

		Sector				
Level of Training	Source of Training	Agri. Business (23)	Construction (30)	Horti-culture (3)	Mining (17)	Textile/ Clothing (27)
Senior Managers	Zimbabwe	56	43	33	41	38
	On-the-job	17	27	100	18	45
	Africa	17	7	33	0	19
	Other country	39	27	67	29	23
Middle Managers	Zimbabwe	55	40	67	47	26
	On-the-job	17	33	33	30	48
	Africa	4	3	0	6	0
	Other country	30	3	33	18	7
Skilled Personnel	Zimbabwe	28	36	0	32	12
	On-the-job	56	57	33	53	75
	Africa	9	10	0	0	0
	Other country	13	3	0	6	0
Support Personnel	Zimbabwe	30	16	33	36	15
	On-the-job	34	36	67	30	37
	Africa	0	3	0	6	0
	Other country	4	3	0	0	7

NB—sectors do not total 100 percent because of multiple responses and "do not know" responses. "Other country" refers to training sites outside Africa (Europe, Japan, U.S., etc.)

Experience with Local Training Institutes

Many of the firms surveyed (65 percent) have used local training institutions, with the bulk of the training targeted to middle managers and skilled/semiskilled workers. Most of the firms which had not used local training institutions were in the textile and construction sectors as the following table demonstrates.

Table 14: Experience With Local Training Institutes
(%)

Nature of Experience	Total firms (100)	Sector: Agri. Business (23)	Construction (30)	Horti-culture (3)	Mining (17)	Textile (27)
Have experience	65	78	63	100	65	52
Have no experience	35	22	37	0	35	48
Training was for:						
Senior Managers	37	48	30	33	41	33
Middle Managers	51	70	47	67	59	33
Skilled/Semi-skilled	38	57	40	0	53	15
Support Personnel	29	57	13	33	41	15

The most frequently mentioned training institutions were:

- Harare Polytechnic
- Zimbabwe Institute of Management
- CZI
- Speciss College
- University of Zimbabwe
- C.F. Tulley
- Price Waterhouse

Table 15: Priority Training Needs by Employee Category
(%)

Type of Training	Senior Management	Middle Management	Level of Employee: Skilled Personnel	Support Personnel
General business management	65	44	5	10
Sales and marketing	35	22	4	7
Financial management	63	35	5	15
Personnel management	50	56	22	8
Specialized Administration	35	32	9	25
Industry specific	—	39	63	14
Literacy/Comm/Clerical	11	22	43	42

Training Needs Identified

Senior Managers. Three priority areas (in ranking order) were identified as:

- General business management (particularly strategic planning and project management)
- Financial management (especially cash flow management, budgeting and investment analysis)
- Personnel management (particularly personnel motivation and worker productivity improvement).

From table 15 above, it is interesting to note that there seems to be a relatively higher need for senior management training across the board (with the exception of personnel management) than there is for other levels of employees. The follow-up team interviews revealed that some senior managers sought short-term management training outside Zimbabwe, usually in South Africa. In some cases, outside consultants were brought in to train senior managers, in particular for large, conglomerate firms. Marketing was not given a high priority by many firms, reflecting the "protected" nature of the economy in which the private sector operates.

Middle Managers. For middle managers, it would appear that the main training needs are in the areas of personnel management (especially supervision, worker productivity, time management, and quality control), general business management (especially project management and supplier evaluation) and industry-specific training, particularly equipment repair and maintenance and technical skills training.

Financial management was not considered a priority area for mid-level managers, which could be a reflection of the scope of the responsibility for these managers (their participation in this area could be limited) or an indication of the local availability of satisfactory/adequate training in this field (to which most mid-level managers have been exposed).

Skilled/semi-skilled personnel. For this category of employees, industry-specific training (equipment repair/maintenance and technical skills training) was considered the most important, followed by literacy and communication skills training. The need for industry-specific training was repeatedly echoed in the follow-up team interviews, where most respondents expressed dissatisfaction over what they termed "inadequate theoretical preparation" being provided by the local technical colleges. As a result, most firms are having to provide both the theoretical and practical training for their technical personnel.

Literacy and communication skills training is still a major need for the semiskilled personnel who are highly experienced but have had little formal education. (From table 12 one can see that 54 percent of the firms indicated that their average skilled/semiskilled employee had educational qualifications below "O" level.)

Support Personnel. Computer literacy, business communication, reading and writing, and clerical skills training were considered priority areas for support personnel. Given that 41 percent (see table 12) of the firms indicated that their average support-employee had at least obtained O level qualifications, one would think that these firms can easily address the identified training needs through locally available programs.

Attitudes Toward Training

It would appear that most firms are keen to invest in training with the realization that success in the future will very much depend on human resource competence. When asked whether they are likely to invest in training, 67 percent of the companies responded positively, with responses ranging from quite likely (22 percent) to very likely (45 percent). Most of the very positive responses came from firms in the mining, textile, and agribusiness/food processing firms. Large size companies (in terms of sales) responded more positively than the smaller companies. On looking at the amounts spent on training with local institutions in the last year, 48 percent of the firms reported having spent amounts ranging from below Z$5,000 (26 percent) to over Z$50,000 (5 percent). On the other hand, only 23 percent of the firms had spent similar amounts on in-house training (with 13 percent having spent up to Z$5,000 and 4 percent having spent more than Z$50,000). The responses do not indicate to what extent training costs reported reflected total salaries and overhead or just salaries. Also not clear is whether the term "in-house" referred to training provided by the firm or within the firm—even if it was by consultants from local training institutes).

Forty-three percent of the firms (mostly in agribusiness, construction, and mining) indicated a willingness to spend amounts ranging from below Z$10,000 (26 percent) to more than Z$100,000 (4 percent) on external training programs. On the other hand, 25 percent of the firms indicated that they would not spend any money on external training. Thirty-two percent of the firms did not know whether or not they would invest in external training—most of them being small to medium-sized firms.

General Comments on Training

There appears to be a general concensus that the standards of training have gone down. Several reasons were cited for this general decline, the major ones being inadequacy of training facilities and lack of lecturers (at technical colleges) owing to the poor conditions of service, inappropriate training models commonly used, mismatch between theory and practice, and too much emphasis on theory with little or no practical relevance.

2. Informal Sector Firms

The informal sector sample consisted of 100 businesses selected from Harare (40), Bulawayo (20), Murewa (20), and Mawabeni (20)—the latter two centers/towns being rural growth centers. The sample included a variety of informal businesses in terms of monthly sales, workforce size, and nature of main business activity. Forty-six percent of the firms reported monthly sales below Z$200 and 3 percent reported monthly sales above Z$5,000. The location and nature of business undertaken by the firms surveyed is in table 16 below:

Table 16: Firms Surveyed: Location and Type of Business

Type of Business	Total 100	Location Harare (40)	Bulawayo (20)	Murewa (20)	Mawabeni (17)
Sewing/Knitting/Crotcheting	15	6	3	4	2
Buying & Selling (vegetables/clothes)	15	1	3	1	10
Welding/Fence Making	9	6	2	1	0
Hairdressing	5	2	1	2	0
Furniture/Mattress Making	8	3	2	3	0
Food Preparation	8	2	1	2	2
Shoe Making & Repair	7	1	2	2	2
Mechanical/Panel Beating	6	4	1	1	0
Tinsmithing	5	2	2	1	0
Crafts/Basket; Pottery/Carving	4	3	1	0	0
Transport	3	2	0	1	0
Tuckshops	3	2	0	0	1
Recycling	4	4	0	0	0
Others (electrical repairs, picture painting)	5	0	3	2	0

Of the businesses surveyed, 50 percent of them had been in operation for less than 5 years, 29 percent had been in business for 6 to 10 years and 21 percent had been in operation for more than 10 years. In 52 percent of the businesses, the owners/managers were female. (There was, however, a deliberate effort to have a sample with 50 percent women-owned/run businesses). Almost half (49 percent) of the interviewees were female and three-fifths of them were engaged in sewing, crocheting, knitting, and commercial types of businesses. None of the firms in the sample belonged to any form of association.

Business Ownership and Financing

Eighty-eight percent of the businesses were family owned, 8 percent were private partnerships, and 4 percent were cooperatives. Most of the businesses (7 percent) had been financed from retained earnings and 13 percent from family funds. Only 3 percent had utilized formal loans. Other sources of finance included sale of family assets such as cattle and rural homesteads. It would appear that there is heavy reliance on retained earnings and family funds when financing business operations. This could be attributed to the

\||

nonavailability of credit (either lack of information regarding sources of credit or difficulty in obtaining credit) or reluctance by these types of businesses to utilize credit for the sheer fear of being in debt.

Sales Performance

In analyzing the performance of informal sector businesses, one has to bear in mind that the figures given are largely estimates because of the nonavailability of written records in this sector. Of the 100 informal businesses surveyed, only 44 percent kept records. However, the "ballpark" figures given serve as an indication of the nature and scale of operations in this sector.

Most (94 percent) of the informal sector firms did not export any of their products and for the 6 percent that exported, South Africa and Botswana were the main markets. (These two countries are easily accessible from Zimbabwe and are important sources of supply of some of the informal sector equipment (for example, sewing machines and other inputs).

In 5 percent of the businesses surveyed, export sales accounted for up to 50 percent of annual sales. A majority (72 percent) of the businesses said they did not experience any seasonality in their operations. The barter trading system (a feature one would expect in this sector) was practiced by only 13 percent of the businesses. When assessing growth over the last 3 years, 48 percent of the firms felt that business was worse than it was in 1987, while 44 percent felt that business had improved somewhat.

There appears to be a great deal of uncertainty regarding the future as firms are not sure whether or not the problems currently inhibiting growth will continue to be major constraints. Slightly more than half (57 percent) of the firms felt that business will be better in the next 3 to 5 years while 43 percent still felt that it would be worse than what it is now.

Current Constraints

When asked to indicate which problems inhibited / will inhibit growth, most firms cited transport, credit, the economy, competition, and market size as the major constraints as shown below.

112

Table 17: Constraints to Growth
(%)

Constraint	Frequency of Mention as a Constraint Now	2 years hence
Transport		
—cost	68	68
—availability	62	59
Credit	56	46
Economy	46	39
Competition	39	34
Market Size	29	28
Technical Personnel	27	26
Management Personnel	27	23
Foreign Exchange	25	23
Employment Regulations	13	11
Taxes	11	13
Government Regulations	11	9
Price Control	7	6

Other constraints which were frequently mentioned included inadequate facilities, shortage of raw materials, and lack of skills.

From the above table, one can see that there is some degree of optimism regarding the future. Although no major changes are anticipated within the next 2 years, there is a general feeling that there will be a slight improvement, particularly regarding availability of transport and credit. It is anticipated that competition and taxes will become more important as constraints than they are now. This could be an indication of the level of awareness in the informal sector regarding implications of trade liberalization and accountability of business (in the form of taxes) as they expand and become more visible/formalized.

Educational Levels and Work Experience

Owners/Managers. In approximately 40 percent of the firms surveyed, owners/managers had obtained at least a secondary education, 53 percent had primary school education, and 7 percent reported no formal education. Less than 48 percent of the owners/managers had more than 10 years work experience and 12 percent had less than 2 years work experience. In 94 percent of the cases, the owners/managers had received some work-related training, most of which was on-the-job training.

Workers. In about one-third of the firms, the average worker had obtained secondary education, while in a quarter of the firms, the average worker had had only primary education. In more than 40 percent of the firms, the average worker had no formal education. In 40 percent of the businesses surveyed, workers had received on-the-job training as the main form of training.

113

Training Needs

Topical areas identified as most important for owners/managers and workers are shown below:

Table 18: Training Needs

Topic	Ranking (by target group) 1 high—5 low Owners/Managers	Workers
Technical/Craft Skills	1	1
General Business Management	2	2
Bookkeeping/Administration	3	3
Sales/Marketing	4	2
Literacy	5	4
Financial Management	5	5

From the above, it is apparent that technical/craft skills training is considered the most important need for both managers/owners and workers. Since literacy levels are lower among workers than among managers, the need for training in this area is more pressing for workers. Also, marketing skills training is considered a more pressing need for workers than it is for managers. This could be because the owners/managers feel that they have attained a better level of understanding in this area than the other group of employees or it simply highlights the prevailing business philosophy that one can always sell all one makes and therefore there is little or no need for "marketing."

In interpreting the needs articulated by informal sector respondents, one has to realize that the needs are based on the respondents' own perceptions, which, to a large extent, are a function of their educational and socio-economic backgrounds.

Investment in Training

Very few (6 percent) of the informal sector firms have invested in training in the past year and most of them have spent Z$200 or less. More than half (55 percent) of the firms indicated that they were not likely to invest in training and of those willing, 8 percent stated that they would at most spend Z$200. Some (32 percent) did not know/disclose how much they would spend on training.

Although most of the firms realized the need for training (especially in technical/craft skills, bookkeeping, and management) it appears that many of them are either not willing, cannot afford to set aside some funds for training, or are not aware of the availability of training opportunities.

114

VIII. ADDITIONAL RECOMMENDATIONS FOR PRIVATE SECTOR DEVELOPMENT

1. A key constraint facing the many SMEs is lack of access to credit. This is in part because the banks perceive SME to be risky, in part to the mutual lack of familiarity, and in part to the fact that many SMEs simply are not bankable.

   a) Assuming funding were to become available in the future, and in conjunction with one or more of the banks in Zimbabwe and a large trading concern, consider developing the following creative lending mechanism—an approach which worked quite well in Haiti:

      When the private sector environment improves, establish a joint credit arrangement where a supplier of goods and services to business, for example, a large, solid trading house, plus a bank and USAID, come together to form a pool of credit and share the risks and the gains. USAID would provide a partial risk backstop (on the order of 25 percent maximum). The role of the supplier is key to such an arrangement, since it knows its clients' credit-worthiness better than anyone else, and thus brings only the truly sound borrowers to the credit pool of which it is a major partner. It is the credit screen.

   b) As part of Objective Five: To Improve Outreach to the Informal Sector and Emerging Businesses, establish a "downstreaming" system with one or more private sector support organizations to identify informal sector entrepreneurs:

      An important objective is to find those informal sector business leaders who are of the business size and acumen to "graduate" to the formal sector, and become eligible for lending. One effective way of finding these candidates is called "downstreaming." Many informal sector businesses provide goods and services for the formal business sector, particularly for larger companies, private and parapublic. For example, the field of construction often is replete with informal sector operators, servicing larger companies ("downstream" of those companies) as builders, electricians, carpenters, plumbers, painters, and other subcontractors. Certain of these operators are engaged repeatedly, presumably for the reliability and the quality of their work. These are the "downstream" candidates because they come with the imprimatur of the larger company.

2. The second area of concern is markets and marketing. Since markets and marketing are key to the health of Zimbabwe's formal private sector, the entire marketing chain for products and services in demand (and which should be in demand), domestically and in neighboring countries, should be explored and illuminated. The recommendation of David Wilcock in DAI's August 1987 report, "Agricultural Marketing in Niger...," for rapid reconnaissance commodity studies, should be undertaken for manufactures and services domestically, and for manufacturers in neighboring countries. The countries to be explored first should be those that already have the strongest trade links to Zimbabwe, those with the more developed markets (South Africa, Botswana), and those with the greatest purchasing powers.

   Rapid reconnaissances would include the following activities in order of ease and rapidity:

   a) Emphasis on what Zimbabwe already does best—in order to reinforce and increase its hold on markets, for example, horticultural products.

   b) Search for those markets where Zimbabwe's penetration and hold can be increased.

c) Search for new markets, products, and services, taking advantage of the dynamics of markets (they change), of the lapses of other players, of niches available, and of consumer needs not being adequately met.

The Private Sector Training Needs Assessments made in other African countries offer examples of potential new or expanded markets, products, services, and private sector opportunities.

(i)	municipal garbage collection contracted to private firm—domestic market	Lome
(ii)	manufacture of fire extinguishers and fire extinguisher/security systems with concomitant training—domestic market and prospecting neighboring country markets	Dakar
(iii)	lime and whitewash manufacture—domestic market	Lome
(iv)	Cookie/biscuit manufacturer—successfully competing with lower priced Nigerian products on basis of quality and packaging—domestic market. Successfully competing with Ivoirian products in foreign markets	Niamey
(v)	computer software/repairs—domestic market and the Ivory Coast	Lome
(vi)	agricultural implements sold to Nigerian customers and distant Nigerian customers on the basis of high quality—domestic and Nigerian markets	Maradi
(vii)	Gambia Ports Authority—operating under performance contract. Various operations likely to be privatized—domestic market	Banjul
(viii)	manufacture of aluminum doors/windows, corrugated metal products, paints—successful import substitutions—domestic market	Banjul
(ix)	industrial maintenance/cleaning—domestic market	Conakry
(x)	management of central market—domestic market	Niamey
(xi)	beauty products manufacture—domestic and neighboring country markets	Dakar
(xii)	oil reconditioning—domestic market	Dakar
(xiii)	orthopedic shoes manufacture—domestic market	Kinshasa
(xiv)	gaskets, other automotive composition/rubber parts manufacture—domestic market	Kinshasa
(xv)	computer training firm, woman owned and managed by women—domestic market	Bamako

3. Similar to Entrepreneurs International (EI), Entrepreneurs Africa is a proposed program, under which smaller-sized African entrepreneurs can visit successful entrepreneurs who are carrying out similar activities in other African countries. Zimbabwe would be the ideal country to host this program for the English-speaking countries of sub-Saharan Africa because of the advanced state of its private sector. The rationale behind EA is that the African environment (economic, social, political, business) will be closer to the realities in Zimbabwe than in the United States. Zimbabwean and other English-speaking

African entrepreneurs will see how similar enterprises are successfully developing. EA also has the advantage that it is less expensive (lower travel and per diem expenses; no need for interpreters) than EI. The procedures for this program would have to be worked out between the "sending" missions and USAID/Zimbabwe. This program is suggested for USAID/Zimbabwe's consideration at an appropriate future date.

117