

Why strategies implemented to revive the manufacturing sector in Bulawayo Metropolitan Province during the period 2009 to 2017 failed to produce tangible results?

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Abstract:-The study investigated the factors that were causing failure of the strategies implemented to revive the manufacturing industry in Bulawayo during the period 2009 to 2017. The manufacturing industry in Bulawayo plays a pivotal role towards the revival of the economy of Zimbabwe because of its proximity to the country's major trading partners, South Africa and Botswana as well as being the country's industrial hub. The study adopted a qualitative research methodology. Data was gathered using in-depth interviews with senior managers of 12 large manufacturing companies in Bulawayo. The study concluded that the main factors causing the strategies implemented to revive the manufacturing industry in Bulawayo fail to produce tangible results are the lack of funding of the manufacturing companies, use of obsolete machinery and equipment by manufacturing companies, lack of political will, uncertainty due to short term economic policies implemented in the sector, poor supply of essential utilities to manufacturing companies and poor transport infrastructure in Bulawayo. To ensure effective implementation of strategies to revive the manufacturing sector in Bulawayo, the study recommend that the government should avail funds to the manufacturing sector, remove duty on equipment and machinery used in the manufacturing sector, reducing corporate tax on manufacturing companies, assist local authorities in rehabilitation of roads in Bulawayo, Bulawayo City Council should try to ensure constant supply of water to the manufacturing sector, ZESA should exempt manufacturing companies from load shedding and there should be political support to revive the manufacturing sector in Bulawayo.

Key Terms: Revival strategies; Manufacturing companies

I. INTRODUCTION

Bulawayo was for years been Zimbabwe's industrial hub because of its strategic proximity to South Africa and Botswana, as well as being the nearest city to the country's prime tourist destination, Victoria Falls (Mail & Guardian, 2014). Bulawayo boasted of a large number of large manufacturing and engineering companies. Many of these manufacturing companies in Bulawayo Metropolitan Province have either shut down or relocated to Harare leaving the once productive industrial areas of Belmont and Donnington bereft (Mail & Guardian, 2014).

II. BACKGROUND TO THE STUDY

The period 2000 to 2008 saw a near total collapse of the manufacturing sector in Zimbabwe. At the end of 2008, the manufacturing sector was estimated to be operating at capacity levels of below 10% due to high rate of inflation which had been affecting the country since 2000. During the period 2009 to 2017, the manufacturing sector continued to experience deindustrialization as capacity utilization was still below 50%.

A study by Karim (2009) presents that there were unprecedented pressures on manufacturing companies to improve their operational efficiency for enhanced competitiveness and overall business performance in Zimbabwe. Damiyano et al (2012) concurred that such pressures included competition from foreign products, rapid technological improvements, unanticipated customer shifts and advances in manufacturing and information technology. Other challenges included lack of international financing, liquidity crisis, ill-considered government policies, Indigenisation and Economic Empowerment Policy, unfavourable tax environment, lack of foreign direct investment, high import duties, decrease in agricultural output and decrease in demand for local products (Mtetwa, 2012; Mbira, 2015; Block, 2013; Noko, 2012).

To survive these challenges and to benefit from the opportunities that came along with globalisation, Zimbabwean manufacturing companies, including those in Bulawayo Metropolitan Province, needed to become internationally competitive through improving manufacturing operational efficiency and management practices (Damiyano et al, 2012). The manufacturing industry required a strategy to improve and restore its competitiveness that it once enjoyed (Karim, 2009). To revive the manufacturing sector, Zimbabwe adopted a relatively unique strategy by implementing a multi-currency in 2009, Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZIMASSET) in 2013, Statutory Instrument 64 in 2016 and STERP (Bonga, 2014; Noko, 2009; Sibanda and Makwata, 2017; National Budget Statement, 2009; Jefferis et al, 2013; Sai and Zinyemba, 2014). These strategies

empowered managers to craft operational strategies which included reducing the quality of their products, labour casualization, developing syndicates, introducing payment terms, introducing low cost options, utilizing aggressive marketing strategies, breaking bulk and importing inventory with the hope of reviving manufacturing companies (Gumpo and Kaseke, 2012; Dube and Chipumbo, 2016; Karombo, 2017; Masanga and Zinyuku, 2017).

However, during the period 2009 to 2017, the manufacturing sector continued to experience deindustrialisation as capacity utilisation was still below 50% despite the adoption of the above strategies (Confederation of Zimbabwe Industries Survey Report, 2017). Hence, the current study sort to determine why the strategies that were implemented in the manufacturing sector failed to produce tangible results in Bulawayo Metropolitan Province.

III. STATEMENT OF THE PROBLEM

There are various strategies that were implemented to revive the manufacturing industries in Zimbabwe by the government and management of manufacturing companies. Despite these efforts, the rate of deindustrialisation of the manufacturing industries continues to increase, hence the current study sort to determine why strategies implemented to revive the manufacturing sector in Bulawayo Metropolitan Province during the period 2009 to 2017 failed to produce tangible results.

IV. RESEARCH QUESTIONS

The study was guided by the following research questions:

- Why did the strategies implemented to revive the manufacturing sector in Bulawayo Metropolitan Province during the period 2009 to 2017 fail to produce tangible results?
- How should the strategies to revive the manufacturing sector in Bulawayo Metropolitan Province be implemented in order to produce tangible results?

V. REVIEW OF RELATED LITERATURE

A study by Damiyano et al (2012) discovered that the political climate in Zimbabwe was one of the major challenge hindering the implementation of the strategies to revive the manufacturing industry in Zimbabwe. The research further elaborated that the political tension coupled poor government policies increased the investment risk in the sector. Thus, the perceived high political risk prompted capital flight which resulted in the contraction of the manufacturing sector. History has shown that the adoption of the multicurrency became valueless on the revival of the manufacturing industry due to a number of factors that are linked to political problems (Sai and Zinyemba, 2014).

Another challenge which affected the manufacturing sector was the decline in output despite the adoption of the multicurrency. A report by Mushure (2018) indicated that

revenue growth of the major manufacturing companies started stagnate in 2012 and in subsequent quarters, revenue declined as a result of falling demand. The challenges after the introduction of the multicurrency as a strategy to revive the manufacturing sectors was attributed to corporate mismanagement (Mushure, 2018). Mushure (2018), attributed the failure to management to come up with long term strategies that could sustain the growth of the companies when demand grow. Mushure (2018) attributed that to lack of qualified management personnel to manage the manufacturing companies. This problem may have been attributed to the mediocre quality of managers who remained in the manufacturing sector when the Zimbabwean economy collapsed and highly skilled and experienced personnel migrated overseas for greener pastures. Most of the companies in the manufacturing sector were suddenly led by executives who had no experience and skills of running companies in a competitive environment.

Policy inconsistency by the Government of Zimbabwe was also a challenge experienced by manufacturing companies in the implementation of strategies to revive the sector (Mushure, 2018). The study indicated that businesses revitalisation and confidence were eroded by policy inconsistency with regard to the indigenization policy from 2013 to 2016. The indigenization policy was introduced to empower previously disadvantaged black indigenous population of Zimbabwe by reversing at least 50% ownership of companies operating in Zimbabwe for black Zimbabweans. Although the intents of the indigenization policy to empower the majority black Zimbabweans was noble, continuously shifting of positions on policy implementation created massive revival uncertainty within the manufacturing industry.

The implementation of STERP had challenges about how to prioritise resources (Government of Zimbabwe, 2016). A study by Matutu (2014) discovered that some unethical conducts over the use of public resources undermined restoration of timeous provision of public services such as water-supply, sanitation services, power, health, education and refuse collection among others were some of the challenges faced by manufacturing companies in Zimbabwe. This was compounded by weak monitoring and evaluation systems, absence of a more effective co-ordination, synchronisation and greater accountability over STERP implementation (Matutu, 2014). According to Sibanda and Makwata (2017), at the time of the implementation of STERP, electricity generation by the power utility, ZESA to the manufacturing sector, was very poor. On the other hand, the National Railways of Zimbabwe could not move inputs and goods on time. At the same time, local authorities were not able to supply adequate water which was needed in the manufacturing industry.

A study by Mangudhla and Mambo (2013) revealed that lack of international financing was one of the challenges which was experienced by manufacturing companies in Zimbabwe

despite the introduction of the multicurrency as a strategy to revive the sector. According to Mbira (2015), funding underpins the growth of the manufacturing sector and lack of it suffocates it. Hence, growth of the manufacturing sector depends on the availability of financing in the country. Mangudhla and Mambo (2013) indicated that the manufacturing sector in Zimbabwe has been failing to grow since the introduction of the multicurrency due to the lack of cheap sources of long term international finance to fund their operations. This concurs with the findings by Sigauke (2015) who indicated that the critical challenge associated with the multicurrency strategy in the manufacturing industry is the shortage of foreign currency. This stemmed from the fact that the multicurrency strategy does not permit control over the supply of the multiple currencies which are needed for the revival of the manufacturing sectors.

A study by Munyoro and Nyakurehwa (2016) revealed that the ZIMASSET posed a lot of limitations to the success of the manufacturing industries. The strategy did not really address the actual factors that hindered entrepreneurship development. In Zimbabwe, many manufacturing SMEs were unregistered and the ZIMASSET was silent on this account. The ZIMASSET document did not talk of providing manufacturing SMEs with loans without interests in order to increase their success or revitalization.

The current study sort to determine the challenges that affected the implementation of the strategies to revive the manufacturing sector in Bulawayo Metropolitan Province with a view of suggesting strategies that should be implemented in order to produce tangible results

VI. METHODOLOGY

The study adopted a qualitative research methodology in order to understand the participants' thoughts, feelings and viewpoints strategies that were implemented to revive the manufacturing industries in Bulawayo (Creswell, 2013; Marshall and Rossman, 2011). Qualitative research methodology allowed the researcher to use interviews and open-ended questionnaires to generate suitable data from a small size for this research (Creswell, 2014; Marshall and Rossman, 2011; Creswell, 2009). The qualitative research methodology also enabled the generation of a lot of data relating to the genuine concerns and viewpoints on the strategies implemented to revive the manufacturing sector in Bulawayo Metropolitan Province during the period 2009 to 2017.

An interpretivism research paradigm was adopted because the study was influenced by the fact that reality is socially constructed and fluid (Cohen and Cradtree, 2006). Hence, the interpretivism research paradigm enabled the researcher to have an access to reality on the effectiveness of the strategies that were implemented through social construction (Cohen and Cradtree, 2006). The interpretivism paradigm was significant to this study because it helped the researcher to understand and interpret the reality from human experiences

on the reasons of the failure of the strategies that were implemented to revive the manufacturing sector in Bulawayo.

A case study research design was used because it facilitated a holistic and in-depth investigation of the reasons that caused the strategies implemented to revive the manufacturing sector in Bulawayo Metropolitan province to fail to produce tangible results during the period 2009 to 2017 (Creswell, 2007). The population of the study comprised of all the manufacturing companies in Bulawayo because they were a rich source of data or information relevant for describing the main issues under study. A purposive sampling technique was used in which the researcher focused only on those participants who had expert knowledge. The study was limited to ten manufacturing companies in Bulawayo in which a small group of managers were used to gather data from (Creswell, 2014; Johnson and Christenson, 2014). The managers were chosen because they are knowledgeable and informative about the reasons which caused the strategies to fail to produce the desired results.

Data generation procedure was done through conducting of semi-structured interviews with ten managers from ten different manufacturing companies in Bulawayo. The researcher used a thematic analysis approach to analyse the data. This involved identifying patterned meaning across data set that provided an answer to the research questions being addressed.

Credibility of the data was checked in line with the findings by Trochin (2006). According to Trochin (2006), credibility creation involves establishing that the results of the study are credible from the perspective of the participants. In this study, the researcher took the preliminary analysis consisting of themes from findings back to the participants to solicit their views of the written analysis as well as indicating was missing.

VII. FINDINGS AND DISCUSSION

The study revealed the following findings with regard to the major factors contributing to failure of strategies implemented to revive the manufacturing sector in Bulawayo Metropolitan Province:

7.1 Lack of funding of the manufacturing sector

The government and the financial sector was failing to provide funding to the manufacturing sector in Bulawayo. Financial institutions provided short-term loans which are not specifically meant for the manufacturing sector at very high interest rates, which is counterproductive to the sector. The government tried to offer DIMAF, which was never accessed by manufacturing companies that were in really need and the blame was put on corruption. Hence, it was impossible for manufacturing companies to expand their operations or to compete with international companies from South Africa, Botswana, Zambia and China.

7.2 Use of obsolete machinery and equipment

The liquidity crisis that the country has been going through since the introduction of the multicurrency negatively affected manufacturing companies that are still operating in Bulawayo in such a way that they are failing to replace their obsolete machinery and equipment. This has caused the cost their cost of production to increase and hence, failing to compete with cheap imports.

7.3 Lack of political will

The study revealed that implementation of strategies to revive the manufacturing sector in Bulawayo was failing to achieve the desired results because there was lack of political support from the politicians and those in power.

7.4 Poor economic policies

The government policies that have been implemented since 2009 have been of short term nature in that most of them were withdrawn before any fruitful results could be realised. This has created a lot of uncertainty in the economy thereby increasing risk to investors in the manufacturing sector.

7.5 High cost of utilities

The cost of utilities such as water and electricity has been very high during the period 2009 to 2016. Water and electricity formed a very large proportion of the cost of production of manufacturing companies. The strategies that were implemented during this period did not address the issues on supply of water and electricity in the region, hence causing failure of the strategies implemented to produce tangible results.

7.6 Poor infrastructure

The infrastructure in Bulawayo had been dilapidated and nothing has been done to address this situation. The liquidity crisis affecting the country has worsened the situation as the Bulawayo City Country is failing to raise funds to rehabilitate its infrastructure.

VIII. RECOMMENDATIONS

The study recommends the following:

- The government should avail funds which are meant for the revival of the manufacturing sector in Bulawayo Metropolitan Province.
- Financial institutions should provide loans that are devoted to the manufacturing sector at low interest rate.
- The government should remove duty on machinery and equipment which is imported by manufacturing companies in order to ensure that they are able to replace their obsolete machinery and equipment cheaply.
- The government should reduce corporate tax for manufacturing companies so that more of their

profits could be reinvested in order for them to be able to revive their operations.

- There is need for more support from the politicians towards the revival of the manufacturing sector in Bulawayo. Hence, devolution of resources should be encouraged.
- Economic policies should be designed in such a way that they do not create a lot of uncertainty in the economy. Hence, policy should not just be implemented and later on be withdrawn within a short period as that creates a lot of uncertainty in the manufacturing sector.
- The government should assist local authorities in rehabilitation of road infrastructure. Hence, the government should localise the collection of revenue from ZINARA to local authorities so that they are able to generate enough revenue to rehabilitate their roads.
- Manufacturing companies should be exempted from load shedding and water rationing as well as having their tariffs reduced in order to reduce their cost of production.

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