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**DEPARTMENT OF POLITICAL AND ADMINISTRATIVE STUDIES**

**MASTER OF PUBLIC ADMINISTRATION (MPA)**

**AN ASSESSMENT OF ZIMBABWE'S INDIGENISATION AND ECONOMIC  
EMPOWERMENT (ZIEE) POLICY IN SUPPORTING AND DEVELOPING YOUTH  
ENTREPRENEURS**

**BY**

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**A RESEARCH ESSAY SUBMITTED TO THE DEPARTMENT OF POLITICAL AND  
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## **Declaration**

I, Samora Nkomo, hereby declare that this research essay is a presentation of my original research work. Wherever contributions of others are involved, every effort is made to indicate this clearly, with due reference to the literature, and acknowledgement of collaborative research and discussions. The research essay is submitted to the University of Botswana for the Degree of Master of Arts in Public Policy and Administration and has never been previously submitted by me for a degree at this or any other university.

Signed: \_\_\_\_\_

Date: .....

## **Dedication**

This research essay is dedicated to my family and fiancée Grace Nanyaro who have been proud and supportive of my work and who have shared many uncertainties, challenges and sacrifices for completing this research.

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## **Abstract**

This research essay is an assessment of the Zimbabwe National Indigenisation and Economic Empowerment Policy (NIEEP) against its objectives of supporting and developing youth entrepreneurs in Zimbabwe. The purpose of this study was to establish the extent to which the NIEEP was achieving its objectives of enhancing and creating employment opportunities for youth entrepreneurs to actively participate in the economy. The study also sought to identify the challenges affecting the implementation of the NIEEP as well as to understand the link between the National Youth Policy and the NIEEP. A qualitative research approach was used to answer the research questions. Secondary data was gathered from various government ministry reports, lending institutions, scholarly articles, and daily newspapers among others. Content and thematic analyses were used to critically review and analyze the literature and to answer the research questions. The study found that the NIEEP managed to establish the youth fund to finance youth projects, reserve shares in some sectors of the economy for youth businesses and reserved company shares for purchase by youths. Despite these achievements, the study found several irregularities and challenges faced by the NIEEP. The main challenges include inaccessibility of the youth fund by the youths due to restrictive collateral requirements, abuse of power and corruption to access funding, fraudulent activities by applicants, lack of training in entrepreneurial skills among the youth applicants, inadequacy of the fund as well as a non-conducive economic environment for entrepreneurship leading to the policy failing to meaningfully empower and support youth entrepreneurship and creation of employment opportunities. The study recommends that the government, through responsible ministries, strengthen institutions to reduce corruption, train youths on entrepreneurship, grow the youth fund as well as create a conducive economic environment which allows youths entrepreneurship to thrive.

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## Abbreviations

<b>BEE</b>	Black Economic Empowerment
<b>CABS</b>	Central African Building Society
<b>CBZ</b>	Commercial Bank of Zimbabwe Limited
<b>ESAP</b>	Economic Structural Adjustment Programme
<b>FDI</b>	Foreign Direct Investment
<b>GDP</b>	Gross Domestic Product
<b>GEM</b>	Global Entrepreneurship Monitor
<b>IDBZ</b>	Infrastructure Development Bank of Zimbabwe
<b>IMF</b>	International Monetary Fund
<b>LEAF</b>	Localized Empowerment Accelerated Fund
<b>MYIEE</b>	Ministry of Youth, Indigenisation and Economic Empowerment
<b>NIEE</b>	National Indigenisation and Economic Empowerment
<b>NIEEB</b>	National Indigenisation and Economic Empowerment Board
<b>NIEEF</b>	National Indigenisation and Economic Empowerment Fund
<b>NPM</b>	New Public Management
<b>WB</b>	World Bank
<b>ZANU PF</b>	Zimbabwe African National Union Patriotic Front
<b>ZIMPREST</b>	Zimbabwe Programme for Economic and Social Transformation

## **Chapter 1: Introduction and Background**

### **1.0 Introduction**

The Zimbabwe Indigenisation and Economic Empowerment Policy (IEEP) by the government was established with the aim of empowering and developing youth entrepreneurs. In 2008, the Government of Zimbabwe enacted the IEEP to redress inequalities in the ownership of productive resources imposed during the colonial era. Entrepreneurship efforts with support from the government, through public policy, often lead to improved ownership of productive resources by citizens, employment creation and economic growth (Acs, 2008). In Zimbabwe, youth entrepreneurship is key for the indigenisation policy to realize its goals through employment of youths in facets of the economy which are less serviced by the government or established entrepreneurs. This can lead to improved economic activity as more young people become occupied which can lead to economic growth.

The Zimbabwe indigenisation policy is aimed at empowering black indigenous citizens through increasing, enhancing and facilitating involvement and participation in the economy (Zimbabwe Government, 2008). This would be achieved through entrepreneurship which is viewed by the Government of Zimbabwe to be a critical factor for economic growth since it encourages the establishment of small businesses. Since the enactment of the policy in 2008, the impacts on youth entrepreneurship have been varied with various implementation challenges affecting the potential of the policy. Such challenges usually prevent youths to actively participate in economic activities and thus limiting the impact of the policy. For instance, a significant number of youths in urban areas have continued to be involved in such informal markets as street vending, while those in villages are migrating to urban areas in search of employment and better standards of living (Masekesa & Chibaya, 2013).

As part of the implementation of the National Indigenisation and Economic Empowerment Policy (NIEEP), the Government of Zimbabwe introduced the Youth Fund. However, with many youths in Zimbabwe still facing employment challenges after graduating from secondary schools and tertiary institutions, the adequacy or the allocation of the Youth Fund is questionable (Masekesa & Chibaya, 2013). Zimbabwe's tertiary and vocational institutions graduates over 70 000 youths on annual basis who face a challenging task of getting employment. Many of such

youths end up in the menial informal market in order to earn a living (Chinamasa, 2014). However, supporting entrepreneurship has the potential increasing the number of indigenous citizens who can actively participate in economic activities. Such participation can lead to building a strong and vibrant economy which is driven by indigenous citizens. More so, empowering youths through entrepreneurship is even more crucial to achieving the policy's goals and objectives (Acs, 2008; GEM, 2010).

This research therefore assesses the Zimbabwe NIEEP framework in supporting and promoting youth entrepreneurship in Zimbabwe. The research thus discusses the challenges and opportunities faced by the policy in supporting the development of entrepreneurship and recommends how the policy can be improved for it to effectively support youth entrepreneurship.

### **1.1 Background of the study**

As a developing country, Zimbabwe is faced with common developmental challenges such as poverty, unemployment and poor infrastructure (Raftopoulos & Mlambo, 2009; Chamlee-Wright, 2005). The country's population is dominated by youths as nearly 60 per cent of the population is aged between 0 and 35 years (Zimstats, 2014).

When Zimbabwe gained independence on the 18th of April 1980, the new government was faced with a task to redress several inequalities that existed (Raftopoulos & Mlambo, 2009). As such, the government pursued several policy programmes that sought to deal with a colonial legacy rule which favoured white citizens while marginalising other races such as blacks, Indians and Coloureds (Raftopoulos & Mlambo, 2009; Jenkins, 1997). Soon after independence, the Government of Zimbabwe introduced several empowerment initiatives such as the agriculture support services, housing schemes and land reform. Other changes made by the new government were the removal of restrictions on the movement of people in the country, infrastructure development and the reorganisation of the local government (Raftopoulos & Mlambo, 2009; Chikuhwa, 2013).

Inequalities among different people in Zimbabwe dates back to the 1890s when the white colonial settlers first came in Zimbabwe and settled forcefully. After forcefully settling in Zimbabwe, Whites began to establish laws that marginalised black indigenous citizens and

promoted inequality between whites and blacks (Brett, 2005; Jenkins, 1997). Black indigenous citizens resisted the establishment of colonial laws and began a war against white colonial rule. This led to the first liberation struggle (first Chimurenga/Umvukela War) which began in 1896 and ended in 1897. However, blacks lost the first Chimurenga/Umvukela War (Zhou & Hardlife, 2012; Raftopoulos & Mlambo, 2009).

The defeat in the first Chimurenga in 1897 marked the beginning of inequality as indigenous people were displaced from their native land. Whites confiscated land and cattle from black indigenous citizens. Blacks were forced to work as farm and industrial labourers, while Indians and Coloureds worked in offices and mechanical jobs for whites. All these racial groups were allocated different places to live. The colonial government introduced racial oppressive policies and laws such as the Land Tenure Act of 1930, which divided the land into three zones where Europeans, Blacks and other races (Indians & Coloureds) could live and own land. These racial policies were implemented to ensure that indigenous black citizens were alienated and prevented from ownership of productive resources (Zhou & Hardlife, 2012). Whites who constituted a mere four per cent of the country's population in 1979, at the time controlled 90 per cent of the economy and owned productive resources, while blacks who constituted 96 per cent of the population occupied only 10 per cent of the land which was in the dry and low rainfall areas around the country (Raftopoulos & Mlambo, 2009; Jenkins, 1997).

The inequality that was brought about by oppressive laws and policies led to black people being denied freedom of assembly, freedom of association and the right to participate in active politics (Raftopoulos & Mlambo, 2009; Zhou & Hardlife, 2012). Basic social services such as health and education were limited to black people, while white settlers enjoyed the best services that were available. Coloured and Asian groups had medium access to these services. Indigenous black citizens were discriminated at workplaces and the areas that they lived, were underdeveloped in terms of poor road networks and lack of piped water (Raftopoulos & Mlambo, 2009). Areas where whites lived enjoyed development of infrastructure such as tarred roads and piped water, while black indigenous citizens lived in villages and in high-density suburbs (Raftopoulos & Mlambo, 2009; Jenkins, 1997).

After independence in 1980, the new government implemented policies such as the “Home Ownership Policy” which sought to enable indigenous people to own immovable property in towns and cities. Ownership of immovable property by blacks was not possible during the colonial government (Jenkins, 1997). With this policy, blacks in townships were now able to purchase houses which they lived in during the colonial government rule. The land redistribution policy, which began soon after independence, was aimed at resettling indigenous black citizens. Land resettlement aimed at reducing population pressure in communal areas and to increase the access to fertile land by indigenous black citizens as a way to improve their livelihood (Raftopoulos & Mlambo, 2009; Jenkins, 1997).

Early efforts on economic empowerment focused on the growth of the private sector as a key strategy for economic liberalisation in the 1990s (Raftopoulos & Mlambo, 2009). The development and growth of the small to medium scale enterprises became an empowerment model targeted at facilitating equity participation by indigenous citizens to invest in state enterprises which the government was privatising (Raftopoulos & Mlambo, 2009). The instruments of economic empowerment also included preferential treatment of indigenous companies in the awarding of government tenders (Raftopoulos & Mlambo, 2009; Zhou & Hardlife, 2012).

Zimbabwe’s National Indigenisation and Economic Empowerment Policy was drafted in 2007 and gazetted on the 7<sup>th</sup> of March 2008 (Zimbabwe Government, 2008). Due to economic challenges and political instability in 2008, the implementation of the policy was delayed until 2010. The implementation of the policy began in March 2010 after the Act’s regulations were published. The regulations stated that all businesses with a net asset value in excess of US\$500,000 were required to formulate plans to transfer 51 per cent of shareholding to indigenous black Zimbabweans within five years from the date of operation of the regulations (Zimbabwe Government, Chapter 14:33 NIEE Act, 2008; IMF, 2012). Over time, several regulations specific to different sectors of the economy were introduced to facilitate implementation of the indigenisation policy (Zimbabwe Government 2010). The indigenisation policy is the first legal policy framework on indigenisation and economic empowerment in the country. Prior to the policy, the government only had initiatives and programmes that aimed at

increasing the involvement of indigenous black citizens thus enabling them to own property and deliberately favouring them to participate in economic activities (Raftopoulos & Mlambo, 2009).

Indigenisation can be defined as a deliberate transformation of the economy by the government to suit the local culture and increase the involvement of indigenous people in the economy. The Zimbabwe Indigenisation and Economic Empowerment Act of 2008 [Chapter14:33], defines empowerment as “the creation of an environment which enhances the performance of the economic activities of indigenous Zimbabweans”. The Act defines indigenisation as “a deliberate involvement of indigenous Zimbabweans in the economic activities of the country, to which hitherto they had no access, so as to ensure the equitable ownership of the nation’s resources” (Zimbabwe Government, 2008). As such, the introduction of the National Indigenisation and Economic Empowerment Policy was the government’s major step to redress ownership of productive resources in the country as there was a need to deliberately empower the previously marginalised indigenous citizens.

However, the Indigenisation and Economic Empowerment Policy was implemented during the time when the country was facing political and economic challenges. During that time (in 2010), Zimbabwe’s economy was in a recovery process after a recession between 2000 and 2008. The prevailing economic challenges and political instability therefore made it difficult for the government to effectively implement the Indigenisation and Economic Empowerment policy in 2010.

The period between 2009 and 2012 saw Zimbabwe’s economy recovering from almost a decade long recession and political instability since 2000. In 2009, Gross Domestic Product growth was 5.67 per cent; in 2010 GDP grew by 8.8 per cent and slumped slightly to 7.78 per cent in 2011 before growing to 10.6 per cent in 2012. However, growth in GDP fell from 10.6 per cent in 2012 to 4.5 per cent in 2013 and eventually to 3.1 per cent in 2014. In 2015, GDP growth projection was 3.2 per cent (African Development Bank, 2014). The decline in GDP growth has been attributed to the de-industrialisation that is taking place in the country as well as the growth of the informal economy. Despite the country being rich in natural resources that include “rich mineral deposits, wildlife, arable lands, forests, and surface and groundwater resources” (UN

Zimbabwe, 2015) as well as being ranked among the countries with the highest literacy rate of 90 per cent in Africa (Zimstats, 2014), Zimbabwe's economy tells a different story.

Currently, Zimbabwe is one of the poorest countries in Africa having an unemployment rate of more than 80 per cent (Daily News, 2014; IMF, 2012). Zimbabwe has close to 3.7 million people employed in the informal market of which 60 per cent of them are youths (Masekesa, 2014; ILO, 2015). About 72.3 per cent of the population is living under extreme economic and social challenges as they live below the poverty line (UN Zimbabwe, 2015). Various economic challenges have therefore led to closure of many firms; In Harare alone, between July 2011 and July 2013, 711 firms shut down (Mangudhla & Mambo, 2013). The shutting down of these firms is partly attributed to lack of financial support which could have enabled them to boost their productivity. The Indigenisation and Economic Empowerment Policy is as such faced with a task to tackle these social and economic challenges largely through addressing unemployment and inequality bottlenecks that exist in the country.

The NIEE policy requires all foreign firms operating in Zimbabwe to cede 51 per cent shareholding power to indigenous black citizens. The policy is however silent on how the ceding of the 51 per cent shareholding power should be transferred. There is no clause in the regulations on whether shares will be sold at market value or not. This might have had a negative impact on foreign direct investment. Between 2013 and 2014, the country only managed to receive US\$945 million in foreign investment (Mtomba, 2014; World Bank, 2015). This has been attributed to the indigenisation policy preventing foreign firms from investing in the country as they fear losing their shareholding power. This is therefore negatively impacting economic growth and fuelling recession.

The National Indigenisation and Economic Empowerment Policy (NIEEP) established the National Indigenisation and Economic Empowerment Fund (NIEEF), which is used to assist indigenous black citizens to acquire shares from firms, startup businesses, rehabilitate industries and expand businesses (Zimbabwe Government, 2008, p. 7). The fund is also used to finance capacity building and project management training of indigenous citizens and any other activities that promote economic empowerment of indigenous citizens (Zimbabwe Government, 2008). The NIEEF is administered by the National Indigenisation and Economic Empowerment Board

(NIEEB) on behalf of the Government of Zimbabwe as established by the Act. The fund is primarily funded through a levy charged by the government on all foreign companies operating in Zimbabwe, treasury allocations and government borrowings (Huni, 2015; Zimbabwe Government, 2008).

Since the establishment of the NIEEF, the National Indigenisation and Economic Empowerment Board (NIEEB) has transacted company shares that are worth US\$1.3 billion in the mining and quarrying sector alone (Shumba, 2014). These shares are available for indigenous black citizens and communities to acquire through the Ministry of Youth Indigenisation and Economic Empowerment (Zimbabwe Government, 2008). In 2013, the Minister of Finance allocated US\$2 249 000 to the National Indigenisation and Economic Empowerment Fund (NIEEF) to fund youth projects. However, the government only managed to release US\$637 989 of the allocated funds (Moyo, 2014; Daily News, 2014). In explaining to the portfolio committee on Youth, Indigenisation and Economic Empowerment in Parliament, the Chief Executive of the NIEEB stated that the fund has not been capitalised as the NIEEF fund only existed on paper, not in the fund account (Herald, 2014, Parliament of Zimbabwe, 2014). This revealed the unavailability of funds from the government and other stakeholders (Huni, 2015; Moyo, 2014).

## **1.2. The National Indigenisation and Economic Empowerment Policy (NIEEP) objectives**

The National Indigenisation and Economic Empowerment Policy has three main objectives which are; to create wealth and employment, to alleviate poverty in the country and to expand the domestic market. As per the policy, these objectives would be achieved through:

- Economically empowering ordinary Zimbabweans by creating opportunities for them to increase their participation in the economy;
- Addressing equality issues in the ownership of productive resources;
- Creating circumstances that will enable disadvantaged indigenous Zimbabweans to partake in the economic development of their country;
- Promoting economic growth that is domestically developed by local citizens; and
- Creating a National Indigenisation and Economic Empowerment fund that will be accessible to all indigenous Zimbabweans (Zimbabwe Government, 2008).

### **1.3. Statement of the problem**

Despite Zimbabwe having a broad unemployment rate of 11.3 per cent, 60 per cent of the 3.7 million people employed in the informal market are youths between the age of 16 and 35 years (Zimstats, 2014; Masekesa & Chibaya, 2013; ILO, 2012, p. 12). Youth entrepreneurs are battling to start-up and develop their entrepreneurship businesses due to financial and economic challenges despite the enactment of the Indigenisation and Economic Empowerment Policy in 2008 (Financial Gazette, 2012; Zhangazha, 2014; Chirisa & Muchini, 2011; Mukuhlani, 2014). Youths are therefore left with unrealised and shattered dreams as their hope to play a crucial role and being in the forefront of the country's economic recovery remains constrained. Some of the youths are therefore resorting to several social ills while others are engaging to street vending in the Central Business District which has since been outlawed (Financial Gazette, 2012; Zhangazha, 2014). In trying to create a conducive economic environment for youths to actively participate in the economy, the indigenisation policy established the youth fund under the National Indigenisation and Economic Empowerment Fund (NIEEF) to help youth secure financial assistance to startup and develop small businesses (Zimbabwe Government, 2008). The disbursement of the funds has only benefited a handful of youth entrepreneurs. Out of the US\$20 million allocated for youth funding; only 3 622 applications worth \$5.2 million have been approved with only \$4.5 million being disbursed (Masekesa, 2014; Herald, 2014; Southern Eye, 2014; Chawafambira, 2014).

Furthermore, since the policy's implementation the economy has been on recession as growth rate fell from 9.3 per cent in 2009 to 3.2 per cent in 2014 (African Development Bank, 2014). This is evidenced by the insignificant growth in GDP as in 2009 the country's GDP was US\$8.16 billion, US\$9.46 billion in 2010, US\$10.96 billion in 2011, US\$12.39 billion in 2012, 13.49 billion in 2013 and 14.2 billion in 2014 (World Bank, 2015; UN Zimbabwe, 2015; UN, 2012; Mandizha, 2015). The poor performance of the economy is evidence that the National Indigenisation and Economic Empowerment Policy is failing to realise its objectives thus making it difficult for youths to establish and expand their entrepreneurship. This study there assesses how the NIEEP has influenced youth entrepreneurship and to identify challenges, successes and opportunities for the policy to be more effective.

#### **1.4. Research questions**

To what extent is the Zimbabwe National Economic and Empowerment Policy achieving its objectives of enhancing and creating opportunities for youth entrepreneurs to actively participate in the economy?

#### **1.5. Sub-research questions**

- What challenges are affecting the implementation of the Indigenisation and Economic Empowerment Policy?
- How does the National Youth Policy link to the Indigenisation and Economic Empowerment Policy?

#### **1.6. Objective of the study**

The study seeks to assess Zimbabwe's National Indigenisation and Economic Empowerment (NIEE) policy's success and challenges in creating opportunities for youth entrepreneurs to actively participate in economic activities.

#### **1.7. Significance of the study**

The study seeks to contribute to the body of knowledge on how the indigenisation and economic policy has benefited youth entrepreneurs. The study will help bring an understanding of the importance of promoting and supporting indigenous entrepreneurship as a vehicle for economic development, not only in Zimbabwe but in other developing countries.

The study also contributes to the existing body of knowledge on Indigenisation and Economic Empowerment policies through an empirical investigation into the Zimbabwe's National Indigenisation and Economic Empowerment policy. Economic empowerment policies have been implemented in developing countries to empower the disadvantaged group of citizens as a way to reduce inequality. However, not much literature has been published on assessments of the Indigenisation and Economic Empowerment in Zimbabwe.

The study will expose the existing realities of the Indigenisation and Economic Empowerment Policy in Zimbabwe by critically assessing the policy's contribution to developing youth entrepreneurs and recommend possible interventions which can improve the effectiveness of the policy. Finally, this study will be a useful source of information for reference by researchers, development practitioners and public policy formulators and analysts.

The study shows the relevance of the National Indigenisation and Economic Empowerment Policy to develop youth entrepreneurs in Zimbabwe which can be the basis for improving the policy. Considering the high rate of youth unemployment in Zimbabwe and the rise in youth participation in petty informal markets, this study identifies how the policy is failing to address these challenges and what needs to be done to redress the situation. With many youths in rural areas still migrating to urban areas in search of employment opportunities to earn a living, this study examines why such opportunities are not available in rural areas despite there being the policy and youth fund to promote and support indigenous youth entrepreneurship in all parts of the country. Through a critical analysis of the existing literature on NIEE policy's quest in developing youth entrepreneurs, the research will help provide information on how the policy is helping in the development of youth entrepreneurs. The research will provide both positive and negative implications of the policy and the challenges faced in the implementation of the policy before recommending ways to improve the policy's effectiveness.

### **1.8. Limitations of the study**

The limitation of the research is that it only relied on secondary data, not primary data. Considering the rapid turn of events in the Zimbabwean economy, the data might be outdated. However, there was enough substantive and wide-range of literature that was available to enable an analytical and comprehensive analysis of the topic. Also, the researcher relied on relevant and high-quality data that was available at the time the research was conducted. Due to the available time and financial resources, the researcher chose to use secondary data instead of conducting a primary research.

## **1.9. Delimitations of the study**

The study only focused on youth entrepreneurship in Zimbabwe. By limiting focus on youths only, the research was able to effectively assess the impacts of the indigenisation policy on this particular group viewed as critical to Zimbabwe's economic recovery. The researcher was interested on youth entrepreneurship activities in Zimbabwe hence the focus on the NIEE policy's impact on youth entrepreneurs.

## **1.10. Definition of key concepts**

Empowerment is when an individual/s is able to maximise opportunities available to them without constraints in structure their community or State (Rowlands, 1995; BEE Act, 2003).

Empowerment is a process of people, organisations or groups, who are powerless, becoming aware of the power dynamics at work in their life environment, develop the skills and capacity for gaining control over their lives, exercise this control without interfering with upon the rights of others (Rowlands, 1995; Raftopoulos & Mlambo, 2009).

Empowerment means the creation of an environment which enhances the performance of the economic activities of indigenous Zimbabweans into which they would have been introduced or involved through indigenisation (Zimbabwe Government, NIEE Act, 2008).

Indigenisation refers to the deliberate involvement of indigenous Zimbabweans in the economic activities of the country, to which hitherto they had no access, so as to ensure the equitable ownership of the nation's resources (Zimbabwe Government, 2008).

Indigenisation means making something to look more native that is transforming a service or idea to suit a local culture through the use of local citizens (Raftopoulos & Mlambo, 2009; Zhou & Hardlife, 2012). Indigenous also refers to a deliberate increase of involvement of local people by the government by helping them participate in the ownership of resources or participate in economic activities (Raftopoulos & Mlambo, 2009).

Indigenous citizen means a native citizen or anyone born in the country (Raftopoulos & Mlambo, 2009).

Indigenous black citizen means a person born of black citizens (Raftopoulos & Mlambo, 2009)

Indigenous Zimbabwean means any person who, before the 18th of April 1980, was disadvantaged by unfair discrimination on the grounds of his or her race, and any descendant of such person, and includes any company, association, syndicate or partnership (Zimbabwe Government 2008).

Entrepreneurship means the development of a business idea turning it into reality by establishing the business into a profitable firm or company (Audretsch, 2007).

Entrepreneur means an innovator who introduces new processes of production, discovers new resources of raw materials supply, introduces new products and creates new forms of institutions (Armstrong, 2005).

Economic development means an improvement in the economic well-being and quality of life for the citizens of the country which is done through creating jobs and business opportunities for the citizens (Mole & Ram, 2012; Todaro & Smith, 2015; Turner & Hulme, 1997).

Youth is a person between the ages of 18 and 35 years (Zimbabwe Government, 2008).

### **1.11. Structure of the essay**

This research essay consists of five (5) chapters as follows;

Chapter 1 is the introduction and background of the study and outlines the research problem, objectives of the research, and research questions. Chapter 2 presents a critical review of the literature and explores how entrepreneurship has been discussed by different scholars. This chapter also explores key themes in this study such as empowerment, youth unemployment, new public management and reforms in Zimbabwe. Chapter 3 is an outline of the methodology. It describes and justifies the data collection methods used to conduct this study. Chapter 4 presents a discussion of research findings and analyses emerging issues. The policy's achievements, shortcomings, and challenges are discussed in-depth in this chapter. Chapter 5 consists of recommendations and conclusion. This chapter recommends ways to improve the Indigenisation and Economic Empowerment policy for it to be more effective in developing and empowering

youth entrepreneurs. The chapter also concludes the study based on the objectives and answers the research questions raised in chapter.

### **1.12. Summary**

This chapter introduced the subject of study and presented the background details to the study. The chapter presented the guiding research objective and research questions the study sought to answer. In addition, the chapter explicitly stated the problem necessitating this study. The chapter also presented the outline of the study. The chapter that follows presents discussions on the literature that is relevant to the subject matter.

## **Chapter 2: Literature review**

### **2.1. Introduction**

This chapter reviews the literature and analyses the gaps that exist in the area of study. The concepts and literature reviewed in this chapter include Indigenisation and Economic Empowerment Policy, new public management, development and entrepreneurship.

### **2.2. Literature review**

Youth unemployment has been a major challenge for decades in the world and governments find it difficult to solve due to an ever increasing youth population against slow economic and employment creation (ILO, 2015). The world population of youth between the age of 15 and 25 years is more than 1 billion while those younger than 20 years are nearly 40 per cent of the world's population (ILO, 2015; ILO, 2012). Young people between the age of 15 and 35 years in developing countries constitute 85 per cent of the world's youth population (ILO, 2012). These statistics show that youths constitute a significant population hence the need for a special focus on this group. More so, the majority of the youths in developing countries lives in extreme poverty and is vulnerable to social ills (ILO, 2012). The 2008 global economic crunch increased youth unemployment from 66 million in 2008 to 76.6 million in 2012 (ILO, 2012). According to the International Labour Organisation (ILO), the global youth unemployment stands at 73.3 million worldwide (ILO, 2015). Considering that the youth form the significant part of the economically active population, such high unemployment rates among the youth pose a real challenge on many economies especially in developing countries.

Sub-Saharan Africa youth constitutes 48.1 per cent of the unemployed population, hence making it the continent with the highest rate of youth unemployment (ILO, 2015). As one of the developing countries in Africa, Zimbabwe also has a high unemployment rate standing at 11.3 per cent (Zimstats, 2014). Youths in Zimbabwe face similar unemployment situation as other global youths. Zimbabwe has 3.7 million economically active people although 60 per cent of these are employed in the informal sector (Masekesa & Chibaya, 2013). About 36 per cent of the country's population is aged between 16 and 35 years making youths a significant proportion of the total population (Zimstats, 2014; Masekesa & Chibaya, 2013). In an effort to reduce

unemployment among youth, the government of Zimbabwe encourages youths to develop entrepreneurship skills through creating an environment to enhance youth entrepreneurship. The National Indigenisation and Economic Empowerment Policy and the National Youth Policy seek to create opportunities for youths in Zimbabwe to start small businesses and support the development of youth businesses.

### **2.3 Economic empowerment**

Empowerment arises when there is a need to reduce or remove social, economic and institutional barriers which exist in a society and marginalised communities and individuals. The existence of these barriers stops communities or individuals from enjoying their full human rights or full potential as humans (Perkins & Zimmerman, 1995). Empowerment can be a form of capacity building in communities or on individuals that are marginalised in the society as they are prevented by laws and policies to fully participate in economic activities. Economic empowerment is when the government seeks to empower a marginalised group of people in the country by helping the group to have more access to that which they are marginalised from. Economic empowerment is a deliberate way to benefit a certain section of the population through policy.

Empowerment policies are mostly popular in previously colonised countries, especially countries in Latin America, Asia and Africa. Such policies are designed to try and redress the skewed ownership of productive resources that indigenous citizens were denied by their colonial masters. Such indigenous citizens in these countries would have been marginalised and denied opportunities to own productive resources during the colonial period. In most instances, colonial governments implemented skewed policies such as unequal education system, skewed land and business ownership and unequal employment opportunities that denied indigenous citizens of their basic human rights.

Zimbabwe is not exceptional to these colonial-era policies; black indigenous citizens were systematically denied resource ownership and other basic human rights by the colonial government (Chowa & Mukuvare, 2013). In Africa, empowerment policies have been implemented by several countries as a way to empower indigenous citizens who were disadvantaged during the colonial era. In 2003, South Africa implemented the Black Economic

Empowerment Policy to deliberately empower its black citizens. The apartheid-era government had enacted policies and laws that limited black citizens to actively participate in the economy as well as denied them ownership of productive resources. The Black Economic Empowerment Policy has several similarities with the Indigenisation and Economic Empowerment Policy in Zimbabwe, not only in their objectives but also the economic environment that the two governments inherited during their independence. However, there are some differences between the two policies as their strategies of empowerment are not the same and the structures of the two economies differ as well. The next section discusses the Black Economic Empowerment in South Africa.

#### **2.4 Black economic empowerment in South Africa**

South Africa's Black Economic Empowerment Act (BEE) of 2003, like the Zimbabwe's Indigenisation and Economic Empowerment Policy, was enacted to redress the wrongs of the past; particularly those perpetuated by the deliberate marginalisation of Black South Africans under the Apartheid regime. This policy seeks to bring the previously disadvantaged groups into active economic participation (BEE Act, 2003). The BEE was enacted to correct the inequality that emanated from the Apartheid era where the then South African government implemented policies that systematically excluded Africans, Indians and Coloureds from actively participating in economic activities as well as denying them access to actively participate in the economy and ownership of productive resources. This systematic exclusion led to an increase in poverty and suffering among the marginalised groups of people. Such imbalances required the new government after independence to engage in activities and policies that could correct the existing inequality in the economy (Iheduru, 2004). The white dominance in the ownership of productive resources and in economic landscape caused black people to remain in the periphery of the economy as economic resources were monopolised by policies that favoured the white minority group. For example, the South African Land Act of 1913 specifically excluded blacks from owning land in certain areas (Iheduru, 2004). Since independence in 1994, the government of South Africa has been involved in several initiatives that are aimed at empowering the previously and systematically affected groups of people.

The government embarked on improving public service delivery to the people through offering better housing and providing essential services to them. The Black Economic Empowerment activities began soon after independence as the new government sought to increase the participation of blacks in the economy (Iheduru, 2004). The government provided opportunities for blacks that helped them to be actively involved in the economy rather than improving their position through favouring them. Extra resources were allocated for this purpose without redistributing the already existing resources. The policy seeks to empower all blacks by increasing the number of black citizens that manage, own and control enterprises and productive assets. The policy facilitates ownership, management of enterprises and productive assets by communities, workers and cooperatives (BEE Act, 2003).

Furthermore, the Black Economic Empowerment Act aims to promote economic transformation in order to enable a meaningful participation of black citizens in the economy; to change a racial segregation and reduce the dominance of white citizens in the ownership of productive resources and reduce their dominance in management structures in firms and enterprises in the country. The act also seeks to increase the number of black women in the economy by creating opportunities for them to manage enterprises and ownership of productive resources (BEE Act, 2003).

## **2.5. Black economic empowerment in Namibia**

When Namibia gained independence in 1990 from South Africa, the country was a divided society in which the socio-economic structure was racially and ethnically fragmented and characterised by gross inequalities in all compasses of life (Teek, 2008, Setiloane, 1999). The Apartheid Government in Namibia implemented laws that discriminated and subjected black citizens to poverty and prevented blacks from owning productive resources such as land (Mihe, 2005). For example, five per cent of the population which comprised of whites only owned and controlled economic resources while 95 per cent of the population who were black citizens lived in poverty and did not own any productive resources. Blacks in Namibia were denied quality education, water, electricity and healthcare services (Teek, 2008, Setiloane, 1999). The new government relied on the constitution of 1990 to commit to redistributing wealth to the black majority. Article 95 of the Namibian Constitution states that the Government should enact a

legislation that would directly or indirectly lead to the advancement of people who were socially, economically and/or educationally disadvantaged (Government of the Republic of Namibia, 1990). Therefore, the Namibian Government committed to fundamental principles of democracy, justice, fairness, and to the upliftment of socio-economic conditions of all Black citizens. Inequality led the Government of Namibia to embark on empowering its black citizens who were previously marginalised. As a consequence of the historical imbalances in the society, the Government of Namibia came up with an initiative to empower black citizens and redress the historical imbalances through the introduction of the Black Economic Empowerment (BEE) in 2004 (Mihe, 2005; Teek, 2008).

The policy seeks to empower disadvantaged Black Namibian citizens to actively participate in economic activities especially in management positions, political positions, creation of black entrepreneurs and resource ownership (Teek, 2008). The Namibian Government believes that entrepreneurship can create wealth and allow resource ownership among Black citizens and so be able to actively participate in the economy. The Government of Namibia believes that entrepreneurship will also improve Black citizens' standards of living, quality of life as well as introduce innovation in the economy. The extent of socioeconomic disparities and distortions in Namibia required a policy like the Black Economic Empowerment to restructure and transform the inherited inequalities in the distribution of, and access to, income, productive resources and services, and establish the conditions for sustainable growth. The policy is both a transformational and a developmental tool that aims to lift the living standards of Black citizens and bring about economic progress (Teek, 2008).

## **2.6. New public management and reforms in Zimbabwe**

Zimbabwe's Indigenisation and Economic Empowerment Policy was formulated during the new public management framework era. Redistributive public policies such as the Indigenisation and Economic Empowerment Policy are part of the public administration reforms. These reforms have been changing over the years; currently, we are in the era of the New Public Management (NPM) which began in the 1980s in Europe and 1990s in Africa (Yuri, Valeri, & Ruben, 2014, pp. 519-520; Lynn, 2006; Haque, 2009, p. 2). NPM seeks to improve the efficiency and performance of public institutions in the provision of goods and services in a manner like the

private sector (Shafritz, Hyde, & Parkes, 2004; Lane, 1999). The new public management is characterised by the reduction of the government's approach in the economy to a more customer orientated government approach, expansion of a market and economic ideology (Ferlie, Ashburner, Fitzgerald, & Pettigrew, 1996). NPM advocates that the government should liberalise the market in such a way that it is market-driven through competition and supporting of private investors, both local and foreign (Felts & Jos, 2000, Lane, 2000; Christensen & Laegreid, 2007).

NPM reforms focus more on the state's effectiveness and its response to the society's problems, transparency and citizens' participation in policy formulation and support of entrepreneurship (Lynn, 2006; McLaughlin, Ferlie, & Osborne, 2002). NPM advocates for citizen participation and social equality (McLaughlin, Ferlie, & Osborne, 2002, p. 16; Felts & Jos, 2000, p. 520). Poor performance by public institutions leads to a need for reforms by the government so as to empower its citizens to control some of the public institutions (Christensen & Laegreid, 2007). The government in the new public management era should be entrepreneurial for it to solve economic problems.

In Zimbabwe, the New Public Management brought about the Economic Structural Adjustment Programme (ESAP). The ESAP was implemented in 1990 to boost the economy hence introduced reforms such as the removal of price controls, removal of wage controls, reduction of government expenditure, a 40 per cent devaluation of the Zimbabwean dollar, removal of subsidies on basic consumer goods, liberalising the foreign currency allocation system, removal of protection of non-productive import substituting industries and increased profit remittance abroad and restructuring of parastatals and public enterprises (Raftopoulos & Mlambo, 2009). These reforms were geared towards restoring the macroeconomics of the country as they were considered to bring stability in the economy by creating an efficient and effective economic environment especially for the growth of the private sector (Raftopoulos & Mlambo, 2009). The World Bank and the International Monetary Fund (IMF) were the funders of the ESAP; these institutions required the government to reform and restructure the public service (Raftopoulos & Mlambo, 2009). In a way, the government had to shift its focus from social development and redistributive programmes to a more management oriented public service which could operate more like the private sector. The programme was introduced when Zimbabwe was facing a severe drought in all parts of the country but allowed the country to import and create an

economic environment that sustained itself (Brett, 2005). The introduction of the ESAP changed the public policy environment and emphasised on the intervention by the government in all market activities as compared to a liberalised policy environment which emphasises little government intervention.

Consequently, the government of Zimbabwe during the ESAP period introduced fiscal reforms such as reducing the size of the civil service and reducing government subsidies to parastatals. This move resulted in the reduction in the government spending to 39 per cent of the GDP in 1994 from 46 per cent of GDP in 1989 (Raftopoulos & Mlambo, 2009). However, despite the introduction of fiscal reforms, there was a government deficit as the civil service wage remained very high and reforms of parastatals were very slow hence it was costly for the government. The privatisation of loss-making parastatals began in 1997 when the Dairy Marketing Board was privatised followed by the Commercial Bank of Zimbabwe in 1999 (Raftopoulos & Mlambo, 2009; Brett, 2005). In continuing with the structural adjustment programme aims and objectives, the Government of Zimbabwe introduced the Zimbabwe Programme for Economic and Social Transformation which was implemented between 1996 and 2000 (Raftopoulos & Mlambo, 2009). This was followed by the introduction of the Millennium Economic Recovery Programme which began in July 2000 until the end of 2002 (Raftopoulos & Mlambo, 2009). All these programmes also focused on the indigenisation of the economy as well as on the land reform.

## **2.7. Entrepreneurship history and meanings of entrepreneur**

The desire for economic growth and the reduction of high rates of youth unemployment in the world has led governments to vigorously promote entrepreneurship among youths. Entrepreneurship has potential to enhance economic growth, create wealth, social development and create employment (Naudé, 2009, p. 4; Elkan, 1988, p. 174; Audretsch, 2007; Campbell, 2009). Therefore there is a need for governments to enact policies that promote entrepreneurship development. In developing countries that are rich in natural resources, and have attractive landscape and wildlife, there exists more potential to develop entrepreneurship (Chell & Èzkan, 2014, Chamlee-Wright, 2005). The subject of entrepreneurship began to be recognised early in the 19<sup>th</sup> century during the industrial era in developed countries (Hebert & Link, 2009; Badelt, 1997). This concept has recently been borrowed by the world leaders and international

organisations as an initiative to curb youth unemployment around the world. In fighting against youth unemployment, governments in the world included youth unemployment in the Millennium Development Goals in 2000. During the Millennium Summit, a framework to encourage youths to engage in self-employment and establishment of entrepreneurship was drafted. More so, youth entrepreneurs have a potential to help create employment for themselves and other youths through innovative ideas and starting small businesses. Entrepreneurship has now become an alternative to solving youth unemployment in the world as a large number of youths around the world are taking advantage of the opportunities their governments provide them to start businesses. The Global Entrepreneurship Monitor (GEM) is a research group that researches on entrepreneurship and its impact on economic development at a global level. The group estimates that there are 300 million entrepreneurs in the world, with countries such as Chile, Korea, New Zealand, Uganda, and Venezuela, Brazil, China, India and Mexico having the most active entrepreneurs (GEM, 2010). Entrepreneurs play a critical role in the economy through their creativity, innovation on new products, new production and market processes (Meredith, Nelson, & Neck, 1982; Hebert & Link, 2009; Vivarelli, 2012). New technology is therefore introduced in industries by entrepreneurs to replace the old ways of doing business.

The concept of an entrepreneur was introduced by Richard Cantillon in 1759 as he defined an entrepreneur as a person who buys goods or services at low prices with a view to selling them at higher prices hence making an entrepreneur a specialist in taking risks concerning the business (Casson, Yeung, Basu, & Wadeson, 2006; Shane, 2003; Naudé, 2009; Hebert & Link, 2009, pp. 5-9). Another view defines an entrepreneur as a dynamic agent of change and a promoter who has the ability to transform physical, natural and human resource production possibilities which at the end will help better the economy (Schumpeter, 1970; Naudé, 2009; Meredith, Nelson, & Neck, 1982; Havinal, 2009). Therefore, an entrepreneur is one who is an innovator and one who creates new industries, hence leads to the development of the economy through the production of goods and services at affordable prices to the consumers (Casson, Yeung, Basu, & Wadeson, 2006; Brown & Rothwel, 1986). However, some authors argue that an entrepreneur is someone who is a middleman, who provides price quotations as invitation to sell his goods in the market, as he is motivated by opportunities of his business and profit that he can make through buying goods at a cheap price and sell at a higher price (Casson, Yeung, Basu, & Wadeson, 2006; Ronen, 1982, pp. 118-123; Minniti, 2011). An entrepreneur is an innovator in that he introduces

new processes of production, discovers new sources of raw materials supply, introduces new products and creates new forms of institutions such as cartels (Casson, Yeung, Basu, & Wadeson, 2006; Hebert & Link, 2009, p. 70).

Entrepreneurship is seen by some authors as a natural feature that people have, which can be encouraged or suppressed by the government through the laws of the country (Ronen, 1982; Bridge, O'Neill, & Martin, 2009). Public policies enable entrepreneurs to establish themselves by providing an environment for entrepreneurs in the market. Ronen (1982) views entrepreneurship as a skilled labour and provider of capital. He further states that the invisible hand in the economy promotes entrepreneurship. Recently, entrepreneurship has been viewed as a key driver of economic growth in developing and developed countries, as it creates employment and provides goods and services where big firms cannot provide at a small scale (Vivarelli, 2012; Bridge, O'Neill, & Martin, 2009; Sexton & Smilor, 1997; Acs, 2008). The government, through public policy, has the ability to influence entrepreneurship activities in the economy.

Schumpeter (1970) identified two types of entrepreneurs' i.e. innovative entrepreneurs and defensive and necessity entrepreneurs. Defensive and necessity entrepreneurs are usually found in developing countries. These start new entrepreneurship businesses, not because of innovative ideas and market opportunities but because they need incomes to better their lives by being self-employed. They are driven by unemployment, poverty and lack of opportunities in the formal market hence they are pushed into entrepreneurship starting with street vending and provision of personal services in the informal market (Schumpeter, 1970, pp. 132-134; Hebert & Link, 2009, p. 69; Markovic & Salamzaden, 2012, p. 10). Innovation is a driving force for entrepreneurship as it creates new sectors and it increases competition among firms in the economy, the increased competition in the market leads to more goods being produced which leads to economic development (Schumpeter, 1970; Hebert & Link, 2009). New firms in the economy lead to the creation of employment and provide the entrepreneur with the profit to expand the business. The entrepreneurship concept is defined differently by scholars as they differ in that some refer to an entrepreneur as either being a risk bearer or an innovator. Entrepreneurship involves the recognition of business opportunities in the economy and the management of risks associated with the opportunities (Brown & Rothwel, 1986; Campbell, 2009; Kirzner, 1997). This involves the ability to mobilise resources such as finances, human resources and material resources to take

advantage of the opportunities (Acs, 2008; Mole & Ram, 2012). Thus entrepreneurship takes place when individuals undertake opportunities that enable them to earn profit through the production and distribution of goods and services on a small scale. Through innovation, entrepreneurship introduces new ways of production and marketing in the market as entrepreneurs constantly seek different and unique ways of production and marketing that suit the required standards of their customers. Entrepreneurs may not necessarily need to invent any new products or new methods of production but need to have the ability to use the available inventions to grow their enterprises (Havinal, 2009; Acs, 2008; Jesselyn, et al., 2006).

Entrepreneurship provides employment at a large scale because people will be employed in small-scale businesses and will use their skills to grow their businesses (Vosloo, 1994; Nafziger, 2006). Public policy can promote employment creation by entrepreneurs through protecting them in the market and through subsidising raw materials. The reduction in the concentration of resources and capital in large firms and industries can also be achieved as entrepreneurship stimulates the redistribution of resources and income to everyone in the economy (Ronen, 1982, p. 17; Vosloo, 1994, p. 11). This leads to an effective use and mobilisation of resources and human skills that may have otherwise remained unutilised without entrepreneurship (Ronen, 1982, pp. 18-19).

There is no doubt as to the importance and role of entrepreneurship in the economy (Vosloo, 1994). Entrepreneurs reform and revolutionise the patterns of production through their inventions of new or untried technology for producing new or old commodities in a new way through opening up new sources of supply of materials and reorganizing an industry (Schumpeter, 1970, pp. 132-134; Ronen, 1982, pp. 18-19; Hebert & Link, 2009, p. 94). However, Schumpeter's theory of entrepreneurship states that the economy does not require market equilibrium due to the presence of entrepreneurs entering the markets with new ideas and innovation hence leads to economic development (Vosloo, 1994, p. 14).

## **2.8. Entrepreneurship theories**

As highlighted earlier, entrepreneurship is a process that has progressed for decades as it underwent several changes and development during the process. There are several theories that have been used to categorise entrepreneurship. These include the sociological, economic, cultural

and psychological (Badelt, 1997). Psychological entrepreneurship theories focus on the behaviour of the person and situation, while economic theories of entrepreneurship focus on the economic situation of an individual. In the sociological aspect, entrepreneurship theories focus on how the social structure allows the rise of entrepreneurs, while cultural theories of entrepreneurship focus on how culture plays a role in raising entrepreneurs. These theories were used by several scholars as entrepreneurship theory evolved for years by the several writers. The Cantillon entrepreneurial theory approach was developed in 1755, and views an entrepreneur as an agent who is a risk taker and seeks to equilibrate supply and demand of goods and services in the economy (Baum, Frese, & Baron, 2007). The Marshall entrepreneurial theory approach was developed by Robert Marshall in 1949. Marshall's theory shares a similar thought with Schumpeter that an entrepreneur functions in a perfectly competitive market where there is perfect knowledge and information about goods, services, demand and supply. The theory assumes that goods and services that are sold and provided in the market are homogenous; these goods are provided by many firms in the economy. The entrepreneur is driven by innovation and creativeness, not profit or gains for him to enter the market and compete with other providers of goods and services. The theory assumes that there are many great individuals in the economy who are willing to produce goods and services in order to balance the equilibrium in the market (Baum, Frese, & Baron, 2007; Bula, 2012).

The social enterprise theory of entrepreneurship states that an entrepreneur is driven by the desire to provide solutions to the problems that are faced in the market due to lack of goods and services. Therefore, the entrepreneur desires to be the change in the economy (Chell & Èzkan, 2014; Bula, 2012). Schultz entrepreneur theory approach, which was developed by Schultz in 1997, views entrepreneurs as agents who use their resources to achieve better and higher rewards. The entrepreneur uses his resources efficiently and carefully coordinates activities to ensure that he achieves great results. Schultz believes entrepreneurs exist everywhere, therefore, everyone is an entrepreneur because whenever people use their resources to achieve something, they are fulfilling the role of an entrepreneur (Chell & Èzkan, 2014).

Kirzner's approach to entrepreneurship states that the economy is at disequilibrium, therefore the entrepreneur is driven by the desire to be innovative through improving ways of production. The theory argues that if there is an equilibrium in the provision of goods and services, there will be

no need for entrepreneurship because there will be no role that an entrepreneur can play in the economy reason being; there is no need for innovation and creativity. Due to the disequilibrium in the market, uncertainty exists, hence the need for an entrepreneur to enter the market. From this theory, entrepreneurs ought to possess extra qualities which enable them to do extraordinary things and be able to take risks (Baum, Frese, & Baron, 2007; Chell & Èzkan, 2014; Bula, 2012). Schumpeter theory approach views an entrepreneur as an innovator, not an imitator of already existing products in the market. The theory views an entrepreneur as a leader in the society who is not driven by economic profit but desires to be an innovator in the economy (Schumpeter, 1970).

Psychological models of entrepreneurship bring to understanding the psychology of the entrepreneur based on the behaviour of the entrepreneur specifically at an individual and situational level (Chell, 2011; Elkan, 1988). These models are influenced by Lewin's study on entrepreneurship in 1951 which emphasises on the influence on the behaviour of an individual (Baum, Frese, & Baron, 2007; Chell, 2001; Chell & Èzkan, 2014; Chell, 2011). In this model, the behaviour of the entrepreneur is expressed as a function of the inherent personality traits of a person. The entrepreneur pursues opportunities that are available in the market and seek to introduce new products hence leading to the creation of wealth. The desire for achievement due to personality traits forces an individual to take the risk; the need to be independent and self-efficient and the desire to have control of a business (Chell, 2011). These kinds of entrepreneurs are considered to be born entrepreneurs (Baum, Frese, & Baron, 2007; Chell & Èzkan, 2014). The model expresses that entrepreneurial behaviour is a result of personality traits, factors such as strategies, tasks and goals and the collaboration between personality traits and the situation an individual is faced with. This model assumes that the behaviour of an entrepreneur is as a result of environmental or challenges and situational factors faced by an individual. These kinds of entrepreneurs are dependent on the economic situation. These types of entrepreneurs are associated with the entrepreneurs that Schumpeter describes as a result of economic and environmental situations which pushes individuals to start their own businesses due to the collapse of industry or the market.

The entrepreneur, therefore, seeks to create entrepreneurial opportunities for themselves in an uncertain environment (Baum, Frese, & Baron, 2007; Chell & Èzkan, 2014). The behaviour of

an entrepreneur is as a result of environmental and situational factors such as strategies, tasks and goals surrounding a person. The personality of an individual, the situation faced and their response to the situation is very important as it determines how an individual will respond (Baum, Frese, & Baron, 2007; Chell, 2011). Despite the high risks, an entrepreneur is prepared to put all his energy because of what he expects to gain. This type of an entrepreneur is like the one described by Schumpeter in his approach to entrepreneurship, that the entrepreneur seeks to introduce new products, services, new production process, starting new markets and introduction of new technology due to the desire to be the best in the competitive market (Baum, Frese, & Baron, 2007).

## **2.9. Gaps between entrepreneurship theories**

There are several gaps that exist among entrepreneurship theories. Economists such as Alfred Marshal's and Joseph Schumpeter's entrepreneurship theories exclude all employees who are engaged in entrepreneurship activities in the economy while they are employed and include all self-employed individuals. Individuals that are involved in non-governmental organisations, who help other people in the society, are not classified as entrepreneurs, yet they are innovative and coordinate factors of production. Innovative entrepreneurship theories do not classify an individual who is a taxi driver as an entrepreneur because he is not innovative since he carries out a routine task on a daily basis instead of discovering new ways of production.

Sociological and cultural entrepreneurial theories such as the Cantillon, Kirzner and Schultz assume that entrepreneurs do not need any government assistance to make it in the economy. The belief that entrepreneurs only exist when there is a disequilibrium in the market does not hold ground if applied in today's time because in developed countries such as Japan and the United States of America there are entrepreneurs. Schultz's entrepreneurship theory is the only theory that states that entrepreneurs exist everywhere and that everyone is an entrepreneur as long as they have resources to earn profit with them. Marshal and Schumpeter theories assume that for an individual to be an entrepreneur there should be an innovator, is not necessarily true because an entrepreneur is someone who produces goods and services on small scale production or to provide already existing goods to a community that does not have these goods. For instance, in remote areas, a person who provides goods that are not available to the community but the same

goods are available in cities and town is an entrepreneur as he does not need to be an innovator or creative but a supplier.

Economic entrepreneurship theories focus more on business opportunities and economic benefits but ignores risks associated with the failure and the struggle of the entrepreneur (Fiet, 200; Armstrong, 2005). The argument that entrepreneurs are born with attributes to start and run businesses because of the 'traits' they have, will mean that there are few entrepreneurs that exist and no economic policy can change that. Such arguments cannot hold because, in a situation like that, the government can create policies that will improve the economic environment to enable entrepreneurs to start-up their businesses. Therefore, it is not dependent on what attribute one has, rather on what the government has made available (Chell, 2011). Economic entrepreneurship theories place all responsibilities of innovations to only one person, the entrepreneur, as the main cause for economic development.

Nonetheless, although these theories note that entrepreneurship rely on bank loans, government funding and government protection for entrepreneurs to succeed in the market, they fail to acknowledge leadership, discipline and accountability of the entrepreneur. Economic entrepreneurship theories focus on capitalist economies and ignore entrepreneurship in social economies (Armstrong, 2005; Fiet, 200, pp. 7-8). The entrepreneurship theories do not discuss the role public policy plays to promote entrepreneurship or how public policy can be an obstacle to entrepreneurs. These theories fail to acknowledge the role of the government in supporting entrepreneurs through empowering, training and giving out financial assistance to entrepreneurs.

## **2.10. The literature gaps**

The gaps that exist in literature are that empowerment and reforms are meant to boost the economy that is already performing well. The literature does not talk about an economy that is in recovery from recession or in recession like the Zimbabwean economy. Empowerment focuses only on empowering a certain portion/population of the economy instead of the whole economy especially when it needs to recover from recession. Entrepreneurship literature focuses on opportunities that exist in the market but fails to recognise that when there is a recession, entrepreneurship activities also decline. The availability of opportunities alone is not enough for the growth of entrepreneurship but the purchasing power of consumers is important. The

literature completely ignores the crucial role that government expenditure and foreign direct investment play when the economy is on recovery. There is no literature that talks about empowerment, reforms and entrepreneurship for the economy that is in recession or coming out of recession. Entrepreneurship theories imply that entrepreneurship can lead to market competitiveness and employment creation. However, in the case of Zimbabwe, this is not the case as entrepreneurship has not improved the economy. Since the implementation of the NIEE policy, the economy is still in recession. The role of entrepreneurship is not visible in the economy, goods and services are not available at affordable prices to the consumers. Employment is still high; more than 60 per cent of the working population is involved in the informal market. This paper closes the existing gap in the literature by focusing on entrepreneurship in a country that is coming out of economic recession or which is in economic recession like Zimbabwe.

## **2.11. Conclusion**

The global rise of youth unemployment has led governments to resort to encouraging youths to involve themselves in entrepreneurship. Entrepreneurship can enhance economic growth and has the potential to create employment; therefore there is a need for governments to enact policies that promote entrepreneurship development. Entrepreneurs play a critical role in the economy through their creativity, innovating new products, new production processes and market processes. An entrepreneur is one who is an innovator and one, who creates new industries, hence leads to the development of the economy through the production of goods and services at affordable prices to the consumers. Public policies are changing in order to effectively support youth entrepreneurship. In an effort to reduce unemployment among youths, the Government of Zimbabwe, implemented the National Indigenisation and Economic Empowerment Policy. The policy seeks to create opportunities for youths to start small businesses and support the development of youth businesses. In Africa, empowerment policies have been implemented by several countries which include South Africa and Namibia. These policies seek to correct policies and laws of colonial governments which marginalised black citizens to actively participate in the economy and denied ownership of productive resources.

Prior to the policy, the Government of Zimbabwe had implemented new public management reforms introduced through the structural adjustment programme in 1990. These reforms included the removal of price controls, removal of wage controls, reduction of government expenditure, a 40 per cent devaluation of the Zimbabwean dollar, removal of subsidies on basic consumer goods, liberalising the foreign currency allocation system, removal of protection of non-productive import substituting industries and increased profit remittance abroad and restructuring of parastatals and public enterprises. Entrepreneurship is a process that progressed for decades, as it went under several changes and developments. Entrepreneurship leads to ownership of productive resources, the creation of employment and economic growth which results in empowerment. Therefore it is important for the government to encourage its citizens to start entrepreneurship. The next chapter presents the methodology used for the study.

## **Chapter 3: Methodology**

### **3.1. Introduction**

This chapter discusses the approach on how the research questions were answered. The chapter begins with an outline of data collection methods followed by how the data was analysed. A justification of the methodology follows and the chapter concludes with a summary of the chapter. This chapter connects with Chapter 1 as it describes and justifies the choice of data collection method as well as the method of analysis. The chapter also links with Chapter 2, as chapter two informs the data collection methods and methods of analyses for questions raised in chapter one. The chapter also justifies why secondary data was used by the researcher to conduct the study.

### **3.2. Methods of data collection**

This research uses a qualitative study design through critical review of relevant, related and existing literature. Secondary data from various publications such as the Government of Zimbabwe publications, publications from international organisations such as the International Monetary Fund (IMF), the World Bank, United Nations (UN) and other publications from journals, books, magazines and newspapers as also done by Babbie (2013). The research also used reports and publications of various associations connected with business and industry, banks, research scholars, universities, economists and other sources of published information (Tharenou, Donohue, & Cooper, 2007; Kothari, 2004, p. 111).

The researcher chose this method due to financial limitations to collect primary data, time constraints as well as due to the availability of relevant and related secondary data on the subject of study. All these factors were thoroughly considered in determining the suitable research approach. The use of secondary data allowed the researcher to assess the evidence relating to a common concern or area of practice (Sutehall et al, 2010). Secondary data used in this research depended on its relevance to the questions the research sought to answer through pre-determined and relevant themes. The researcher also identified related and selecting data which relate to the topic of study. In trying to answer the research questions of this study, the researcher analysed sequential patterns of relevant government documents such as newspaper articles, journals and

other available document sources. On answering the question to establish whether the NIEE policy was achieving its objectives, the researcher used official government publications such as ministry publications. These official government publications were vital to the analysis as they are of great importance in analysing the NIEE policy challenges and achievement. Publications such as newspaper articles and journals were used by the researcher in answering the question on challenges that affect the implementation of the NIEE policy. Newspaper articles and journals provided the researcher with a wide variety of data to use and for analysis as they helped with providing more insight into the study. In verifying the validity of newspaper articles, the researcher critically examined the accuracy of each article depending on its relevance to research questions. Newspapers were mostly used by the research on findings since they conveyed current information regarding the NIEE policy and youth empowerment.

Qualitative research analysis gave the researcher an advantage as it was flexible and some had in-depth analyses which allowed the researcher to observe several aspects of the topic of study, for instance see Babbie (2013). This enabled the researcher to describe the topic of study in detail as the data is readily available in variety. The researcher re-analysed the already existing data for the purpose of answering new research questions that the research sought to answer. The use of secondary data analysis provided opportunities for furthering the subject of study through re-analysis and re-interpretation of existing data. The researcher had an opportunity to test new ideas, theories, frameworks and models of the research design so as to come with a conclusion on the subject of study as there was a variety of already existing data on the subject of study (Johnston, 2014).

Due to the lack of official documents such as the ministry's budgets and annual reports from the Ministry of Youth Indigenisation and Economic Empowerment, the researcher could not find the exact number of entrepreneurs that exist in the country hence unable to analyse the ministry's evaluation of the policy. The researcher used other government reports, namely the national budget speech, to analyse budgets for the youth fund since 2014. These documents should be freely available as the majority of the youths are knowledgeable in technology and have access to various social media platforms. However, the Ministry of Youth, Indigenisation and Economic Empowerment does not participate on any of these platforms thus cannot offer information widely to the youths of Zimbabwe. This places a limitation on the dissemination of information

to majority of youths. The researcher, therefore, focused only on those issues that were relevant to the research. The researcher managed to come up with a subjective understanding of the area of study from the critical analyses of the subject of study just as done by Hofferth (2005) and Glass (1976). The critical analyses of relevant literature helped to reduce the lack of reliability and validity of secondary data.

### **3.3 Data analysis**

The research used thematic analysis approach to analyse the data gathered through extensive review of literature surrounding the research questions (Vaismoradi et al, 2013). Thematic data analysis has been used in nursing and health sciences by Vaismoradi et. al (2013) in their study which explores the complex phenomena encountered by nurses and patients. It has also been used in secondary research to distinguish between qualitative and quantitative methodology. Thematic analysis emphasises on pinpointing, examining, and recording patterns within the data that have been collected thus makes it easier for the research to describe the subject of study which answers the research questions (Tuckett, 2005; Vaismoradi et al, 2013). Furthermore, the approach analyses data through identifying and grouping similar data together through patterns which exist in the data which is being analysed. Thematic analysis allowed the researcher to capture important issues that existed in the data which were relevant the study by generating some meaning of the data (Glass, 1976; Johnston, 2014; Vaismoradi et al, 2013; Braun & Clarke, 2006). Thematic data analyses systematise and explain data in detail as it interprets diverse features of the subject of study (Braun & Clarke, 2006). It is easy for a researcher to understand the data they specifically want when using thematic analysis because it makes transparent the assumptions of the subject data in the secondary data. In analysing the data, the researcher carefully compared the different data sources and grouped it according to the research question that was being answered (Tuckett, 2005). Secondary analysis involves the use of single or multiple qualitative data sets, as well as mixed qualitative and quantitative data sets (Sutthall et al, 2010). In addition, the approach has also been employed by researchers to re-use the data to conduct the research. Classifying different secondary data information to analyse was not easy as it was not straightforward because too many examples existed in it. The use of secondary data analysis requires an in-depth analysis as the researcher needs to intensively focus on the findings to answer research questions (Hofferth, 2005; Glass, 1976).

Qualitative research, however, replicates the observations in its process to come to a conclusion. To minimise replicates, the researcher carefully analysed similar articles and used more detailed information. The researcher may not be able to observe all factors that might influence the subject of study since social issues are interrelated and have several factors that lead one to another (Glass, 1976; Thomas & Heck, 2001). Qualitative research thus uses different strategies to approach the subject of study because it uses various kinds of data analysis techniques and also different theoretical frameworks which are associated with the topic of study (Johnston, 2014).

### **3.4. Justification of methodology**

The method used to carry out this research was through the use of data that already exists (secondary data) yet relevant to the study. Due to the number of issues raised by research questions, the research chose this method because there exists a lot of literature on the subject and also that the research is based on people's behaviour and life situations which can be easily analysed in groups. As the main objective of the research is to assess the successes and challenges faced by the NIEE policy in supporting youth entrepreneurs, such factors have a subjective meaning which is related to human motives and intentions. These factors are forever changing and dynamic therefore secondary data can effectively respond to the set research question as there is a lot of literature on the subject of study. The choice of the method of data collection allowed the researcher to explore other different angles on how the policy success is affected by the poor implementation and economic challenges. In assessing whether the policy is achieving its objectives and creating opportunities for the youths, the researcher chose to use published data by the government, international organisations and newspapers on the subject of study. This data was relevant and adequate to answer the research question. Therefore the researcher did not need to look for new information while there was already available data that were adequate to respond to the set questions.

### **3.5. Chapter summary**

This research relied on secondary data information to answer research questions that were raised in the research. Secondary data consists of written documents that already exist and does not need to be gathered primarily. The researcher chose to use secondary data information, as it is

cost effective and time efficient. On analysing the gathered data, the researcher used the thematic analysis approach. This approach allowed the researcher to identify information that is related to the topic of study, grouped together and then analysed it based on its relevance to the research.

## **Chapter 4: Findings and discussion**

### **4.1. Introduction**

This chapter outlines and discusses findings through addressing research questions raised in Chapter 1. The chapter also discusses opportunities and challenges which are faced by youth entrepreneurs.

### **4.2. Findings and discussion**

### **4.3. Youth fund environment**

Section 20 of the Zimbabwe constitution advocates youth empowerment, and promotion of youth entrepreneurship through training and development of business skills (Zimbabwe Constitution, 2013). The Indigenisation and Economic Empowerment Policy also requires the Government of Zimbabwe to create an indigenisation and economic fund which can be used to empower indigenous citizens. When the Government of Zimbabwe established the National Youth Fund in 2013, the youth fund operated under the National Indigenisation and Economic Empowerment Fund (NIEEF). The creation of the Youth Fund under the Indigenisation and Economic Empowerment Fund is an indication that the government has been trying to increase the role that the private sector plays in the economy. Even with the establishment of the youth fund, youths still found it difficult to access funds due to the inadequacy of the funds and restrictive collateral security requirements when applying for funding (Masekesa & Chibaya, 2013).

Supporting and empowering youths can lead to the emergence of new firms in the market, growth of firms and liberalisation of the market, through increased competition among firms in the provision of goods and services. The empowerment of youths has the potential to result in the expansion of the markets because of new firms emerging. The emergence of new firms will lead to the reduction of the government's role as a sole provider of goods and services hence the government's expenditure will be diverted to more essential areas. In doing so, the government will be moving towards implementing the new public management reforms as the economy will be transformed. This could lead to the reduction of the government role in the provision of goods and services. When the government role is reduced, the government will be able to focus more on other important mandates such as creating a conducive environment for doing business

through the creation of the enabling policies. Entrepreneurs thus play a critical role in the economy as they fill in the gap where the government and big firms may not be able to provide goods and services as postulated by economic entrepreneurship theories.

#### **4.3.1. Accessibility of the youth fund by the youth**

The youth fund was administered by some banks operating in Zimbabwe, namely the Central African Building Society (CABS), Commercial Bank of Zimbabwe Limited (CBZ), Stanbic Bank and Infrastructure Development Bank of Zimbabwe (IDBZ). These institutions worked together with the Ministry of Youth, Indigenisation and Economic Empowerment (Moyo, 2014; Herald, 2013; Daily News, 2014). The National Indigenisation and Economic Empowerment Policy sought to provide support measures for the youth to be able to participate effectively in economic activities. This goal was affected by the inadequacy and the inaccessibility of the Youth Fund in remote areas and small towns. The available fund was inaccessible as a result of the discriminatory set of requirements for one to acquire the funds from the administering institutions (Chawafambira, 2014; Makanda, 2014). The Kurera/Ukondla Youth Fund which was being administered by CABS disbursed nearly US\$4 million to funding youth entrepreneurship projects since its establishment in 2008. The CBZ youth fund has funded youth projects worth US \$256 000 since the fund's inception in 2013 (Gande, 2013; Herald, 2014; Daily News, 2014; Ndiweni & Verhoeven, 2013). The psychology theory of entrepreneurship states that entrepreneurs are driven by opportunities to start small businesses and the desire to create wealth. This has been evident in Zimbabwean youth entrepreneurs; as a result of funding opportunities and the desire to create wealth for themselves they turned to entrepreneurship.

The youth fund was given out to youths as loans and youths were charged 13.5 per cent interest per annum, the same interest rate charged by banks to anyone taking loans (Financial Gazette, 2012). Nevertheless, even urban youths found it difficult to access funding either due to the unavailability of funds or the restrictive collateral requirements required by the institutions to be eligible to receive funding. Most of the youths did not own any productive resources therefore, they did not have any collateral security that was required by the financial institutions in order for the loans to be approved and granted. The US\$10 million that the government promised to fund youth projects was not enough as it could only manage to fund about 5 000 projects that do

not exceed US\$2 000 each, which is the maximum funding amount of any project (Daily News, 2014; Mukuhlani, 2014). The government failed to avail all the funds it promised due to the financial challenges that the country was faced with. This challenge resulted to some of the youth projects not to be funded, and some youths resorted to street vending in order to make a living. Economic challenges had a negative impact on the youths as they continued to work in informal markets (Mangudhla & Mambo, 2013). Since the launch of the Kurera/Ukondla Youth Fund by the Central African Building Society (CABS), CABS bank received 22 000 loan applications, of which the majority of the applicants were from urban cities and towns. A total amount of US\$4 million was disbursed to fund 3 600 projects, 40 per cent of these projects came from Harare alone (Gande, 2013; Herald, 2014). In 2014, CABS suspended the disbursement of the fund due to fraudulent activities as some youths were not honest about their identities, financial challenges and also due to a widespread political interference (Herald, 2014). The suspension of the fund by CABS further affected the youth funding as no youth could benefit from the fund (Herald, 2014; Daily News, 2014). The suspension of the youth fund by CABS, lack of funds and economic challenges had a negative impact on the objective of the NIEE policy which is to economically empower ordinary Zimbabweans by creating opportunities for them to increase their participation in the economy.

Another constraint was that, the processing of the applications was centralized at the financial institutions' headquarters. This failure to decentralise funding processing resulted in other provinces receiving more funds/loans than others. Such an imbalance could have been addressed in the policy, but the policy is currently silent on how the fund should be distributed among provinces. For example, Harare as a capital city provides better opportunities for youths compared to other cities and towns. Youths migrated from all over the country to the capital city in search of better opportunities. This skewed distribution is evident especially if one considers that Harare had 40 per cent of the funded youths projects compared to other cities such as Bulawayo, Gweru and Mutare (Moyo, 2014, Chawafambira, 2014). Furthermore, youths in areas other than Harare complained about lack of funding for their project which evidence of the preferential distribution is of funds to Harare youth projects. However, according to the Ministry of Youth, youths in Bulawayo submitted projects that were not feasible and short term projects hence they were disqualified (Daily News, 2014; Herald, 2014).

### **4.3.2. The creation of Localized Empowerment Accelerated Fund (LEAF)**

The Zimbabwe Government, in November 2015, launched the Localized Empowerment Accelerated Fund so as to improve the opportunities for the youth to access the Youth Fund. The new fund was an improvement of the previous youth fund as it sought to close loopholes that existed before. For instance, the application process was decentralised to ward levels. LEAF sought to achieve the objectives of the indigenisation policy which aims to provide opportunities for indigenous citizens to actively participate in economic activities through addressing equality issues in the ownership of productive resources.

The Localized Empowerment Accelerated Fund is administered by CBZ, CABS and the People's Own Savings Bank (POSB) under normal bank borrowing regulations at 10 per cent interest rate per annum (Gundani, 2015; Nsingo, 2015). During the launch the government availed US\$10 million as a loan scheme, which targeted youth businesses around the country (Zimbabwe Independent, 2015; Zwinoira, 2015; News DzeZimbabwe, 2015). The fund was decentralised to provinces in Zimbabwe to enable the youths to easily access it. According to the Minister of Finance and Development Planning in his 2015 budget speech, 30 per cent of the youths in the country were able to access information on business opportunities that were available to them (Ministry of Finance, 2015). The US\$10 million was to be divided among the 210 constituencies, each constituency being allocated US\$45 000. The fund would then be allocated according to wards in each constituency unlike the previous youth fund that was only allocated to provinces (Nsingo, 2015; DzeZimbabwe, 2015; Zimbabwe Independent, 2015).

Zimbabwe has 1200 administrative wards. This meant that each administrative ward was supposed to receive at least US\$ 8000.00 for funding youth projects. This amount of capital was not adequate to fund individual youth projects, hence not sufficient to achieve the policy's objective of providing adequate funding for youth projects. However, if this amount was to be used to fund a single youth cooperative in a ward, there could have been potential to make the cooperative bigger and provide employment for other youths. According to the Minister of Youth, Indigenisation and Economic Empowerment, Patrick Zhuwao, 'the Localised Empowerment Acceleration Fund (LEAF) also targeted youths whose parents were working in

the country's security sector and those who had undergone skills training programmes in various sectors' (Nsingo, 2015).

In addition to local banks, the African Development Bank was also involved in sponsoring youth projects in the country. The bank had disbursed US\$600 000.00 for youth projects in the country by September 2015 (Ministry of Finance, 2015). This funding helped in the dissemination of information to youths about business opportunities and empowerment programmes that were available (Nsingo, 2015; Zwinoira, 2015). The Ministry of Youth planned to begin establishing vocational trainings for youths in different provinces by the end of 2016. Youths who will have attended and completed vocational training would be the only ones able to access the LEAF fund. The reason for giving preference to those who have completed the vocational training courses was because in the course, youths would be taught how to manage small businesses and financial discipline.

Previously, the youth fund was open to any youth because training on financial discipline was not a requirement. However, due to poor financial discipline and lack of business management skills, the LEAF fund required that any youth who requires financial assistance must go through financial training. The indigenisation policy objectives which include the creation of circumstances that will enable disadvantaged indigenous Zimbabweans to partake in economic development, promotion of economic growth that is domestically developed and creation of a National Indigenisation and Economic Empowerment Fund that will be accessible appeared to be realised under the LEAF. This is because LEAF decentralised the fund to all provinces in the country up to the ward level. Under the LEAF, even the youths in rural areas would be able to access the fund easily by the end of 2016 (Zwinoira, 2015). However, the government would need to avail adequate funds for these objectives to be fully realised.

#### **4.3.3. Challenges faced by the policy in achieving its objectives**

The objectives of the Indigenisation and Economic Empowerment Policy are of good corporate governance, development of a highly competitive, sustainable and industrialised economy, provision of equal opportunities for all and accelerated rural development (Government of Zimbabwe, 2008). These objectives were being threatened by corruption, economic decline and business operational space that affected youth entrepreneurs. The problem was that the Youth

Fund was administered by institutions as loans to youths, hence carried interest charges. The government should not have provided the fund as loans because it deterred youths from accessing the fund, due to fear that they may not be able to pay back the loan in the case events that their entrepreneurship failed. Instead, the Government should have offered the fund as grants to youths who had viable projects because in the long run, it would benefit not only an individual but the country as a whole. Also, the fact that financial institutions required security to issue loans made it even more difficult for youths because not many youths owned property which could be used as collateral security. The Youth Fund was put on hold due to a high default rate of 78 per cent as youths failed to pay back the loans. This strengthened the case for banks to require collateral security to reduce this default rate (Daily News, 2014). Youths who belonged to rich families were the ones able to get their projects funded because they had collateral security. Youth argued that the fund should be administered as refundable grants to youths and should be accessible regardless of collateral security (Masekesa, 2014) and that project viability and sustainability should instead be used to determine whether the project will be funded (Gande, 2013; Chawafambira, 2014; Ndiweni & Verhoeven, 2013). More so, the lack of proper infrastructure in peri-urban centres, growth points and villages coupled with poor communication and road networks led to youths in some of these areas to miss out on opportunities from the youth fund that were available in the country (Ndiweni & Verhoeven, 2013).

The lack of support from other government ministries hampered the success of the NIEE policy. For example, there were disagreements between the Minister of Finance and the Minister of Youth, Indigenisation and Economic Empowerment. The two Ministers did not agree on what regulations to enforce to enable an effective implementation of the NIEE policy. In February 2016, there was a public disagreement in this regard between the Minister of Finance and the Minister of Youth, Indigenisation and Economic Empowerment (Mtomba, 2016). The two Ministers could not agree on the regulations for the NIEE policy; the Minister of Finance amended regulations to allow exemption of foreign investors from conforming to the ceding of 51 per cent of company share (Mtomba, 2016; New Zimbabwe, 2016). In retaliation, the Minister of Youth, Indigenisation and Economic Empowerment rejected the amendments done by the Minister of Finance stating that he was the only one authorised to amend NIEE policy regulations. The President of Zimbabwe had to intervene to resolve the disagreements between the two Ministers (Zimbabwe Independent, 2016). These disagreements between the two crucial

ministries which were supposed to work together indicated that there was a lack of understanding of the NIEE policy.

#### **4.3.4. Corruption, fraud and economic challenges**

Corruption was the major challenge that affected the disbursing of the youth fund as deserving youths failed to get their projects funded. This affected the objective of good governance in the administration of the youth fund as some youths were denied a chance to get their projects funded due to corrupt activities (Masekesa, 2014). Zimbabwe was ranked as one of the most corrupt countries in the world by Transparency International in 2015, as the country was ranked on position 167 out of 175 countries (Transparency International, 2015). Corruption in institutions in Zimbabwe was mainly due to the abuse of power, authority and bribery. The youth fund was largely affected by corruption due to partisanship in the allocation process as well as falsification of identities in order to get their projects funded. Such falsification of identity included misrepresentation of actual age by reducing their age so as to meet the eligibility criteria of being between 18 and 35 years. For instance, one man who was said to be a relative of the ruling party's top official was reported to have received US\$32 000 from the bank and another youth from the same party benefited from the youth fund yet was actually above 35 years old (Chawafambira, 2014; Sibanda, 2014). Consequently, the CABS experienced several incidences where some applicants who received funds had falsified their identities by reducing their age (Chawafambira, 2014). In some instances, some members of Parliament used their power to influence the decision of lending institutions to favour their relatives to get their projects funded (Moyo, 2014; Sunday News, 2014). The problem of abuse of power was a major challenge especially emanating from those affiliated to the ruling party ZANU PF. For instance, the Ministry of Youth recommended names of those who were supposed to benefit from the fund (Moyo, 2014; Sunday News, 2014; Sibanda, 2014). One reported case was of a company that was owned by a relative of a high profile member of Parliament from the ruling party which received a loan worth more than US\$10 000 from the bank (Kachembere, 2013; Daily News, 2014). The loan was approved through an intervention by the Member of Parliament who demanded that the relative should be granted the loan. Giving evidence to the Parliamentary Portfolio Committee on Youth, Indigenisation and Economic Empowerment, Stanbic Bank stated that there was looting of the youth funds by some applicants who falsified their age and

home addresses. Another example is where an applicant who was a Member of Parliament, was reported to have received US\$32 280 for a bakery project at age 38, although the maximum fund that one could get was US\$2000 for a single project and supposed to be aged between 18 and 35 years. Another applicant received an amount of US\$420 000 for a project despite having a questionable physical address while another person received US\$150 000 despite having important information about his identifications missing (Daily News, 2014; Sibanda, 2014).

The youths affiliated to the ruling party ZANU PF were favoured in getting their projects funded while youths in areas such as Gweru and Bulawayo were finding it difficult to get their projects funded as they were perceived to be members of opposition political parties (Chawafambira, 2014). This is evident as Gweru and Bulawayo had the lowest funded youth projects (Chawafambira, 2014; Makanda, 2014). The Infrastructure Development Bank of Zimbabwe (IDBZ) youth development fund largely benefited youths from Mashonaland provinces where the ruling party has a large followership while youths in other provinces had not received any funding from the bank (Sibanda, 2014; Chawafambira, 2014; Ndiweni & Verhoeven, 2013). Partisan politics in the administration of the youth fund violated the National Youth Policy Article 2.5 Section 2 which states that all institutions and organizations involved in youth development should operate in a transparent manner whilst ensuring that they are accessible to youths. The falsifying of identities, corruption and abuse of power thus led to the CABS to suspend the youth fund (Chawafambira, 2014; Daily News, 2014; Myiee, 2008).

Zimbabwe's economy has been on the decline since 2000. During the period between 2000 and 2008, Zimbabwe's economy contracted by more than 40 per cent, inflation reached over 66 000 per cent, shortages of hard currency persisted during the period between 2004 and 2008 (IMF, 2012; Raftopoulos & Mlambo, 2009). The Gross Domestic Product dropped by more than 40 per cent as a result of a decline of more than 51 per cent in the agricultural sector and 47 per cent in the industrial sector (Raftopoulos & Mlambo, 2009). This may have been caused by the Zimbabwean Dollar's continued loss of value against other currencies particularly against the United States Dollar. In July 2005 ZW9000 was equivalent to US\$1 (IMF, 2012; World Bank, 2015).

In 2015, businesses were failing to compete effectively in the market and this negatively affected the financial institutions in the country. Financial institutions did not have lending power as they were experiencing a credit crunch, hence did not have finances to lend to businesses and individuals (Gundani, 2015; Ndiweni & Verhoeven, 2013). This problem also affected the youths because they could not borrow from financial institutions to fund their projects. Some financial institutions in Zimbabwe shut down and some forced to close by the Reserve Bank of Zimbabwe due to failure to deposit reserve ratios which the central bank required hence led to their operating licenses being cancelled (Gundani, 2015; Ndiweni & Verhoeven, 2013). The failure to receive loans from financial institutions as they were shut down meant that even those youths who were able to get loans from the said institutions on personal arrangements could not start their projects also hence their hopes were shattered. As a result, it became difficult for the policy to create circumstances that would enable disadvantaged indigenous Zimbabweans to participate in economic development. Without strong vibrant financial institutions with capacity, it was almost impossible for the NIEE to achieve its goal to promote economic growth that was domestically developed by local citizens because those who were able to apply for loans were not able to do so due to the unavailability of capital. This placed a limitation for the policy to create an enabling environment for indigenous citizens, especially youths to actively participate in economic activities. Empowerment in the case of Zimbabwe thus remained largely questionable as poverty and unemployment levels remained unusually high. More so, youth entrepreneurs lacked entrepreneurial skills for them to develop and sustain their businesses because the majority of the youths did not have formal knowledge on how to manage a business (Chirisa & Muchini, 2011; Herald, 2014).

Youth entrepreneurs also lacked innovative skills as their projects failed due to poor design and lacked long term vision (Makanda, 2014; Sunday Mail, 2014). In some provinces, youths were accused of developing short term project proposals that yielded quick returns such as buying and selling fresh eggs instead of proposing long term projects such as manufacturing projects (Gande, 2013). Youths were more interested in service provision projects rather than production projects because they matured sooner as compared to production projects that would mature late (Ndiweni & Verhoeven, 2013). Lack of innovativeness by youth entrepreneurs thus caused many youths to remain unemployed and to participate in the informal market. This lack of innovativeness hindered innovation because, for innovation to be more successful there is a need

to combine knowledge with capital to ensure that factors of production are optimally utilised. The Indigenisation and Economic Empowerment Policy is silent on educating and training the youth on entrepreneurship skills.

#### **4.3.5 Operational space and mentorship unavailability**

The unavailability of space to operate businesses was a challenge that hindered youths mostly in urban areas to start entrepreneurship businesses. Urban areas were either crowded or the few available spaces charged high rentals for businesses. High cost of rentals in urban areas and CBD led to many youths operating their businesses at their homes. However, the cost of transporting and marketing the products were very high, this prevented youths from successfully managing and sustaining their businesses which led to the closure of such businesses (Kachembere, 2013; Ndiweni & Verhoeven, 2013). The institutions that administered the youth fund complained that youth business proposals were not well written as some of the projects were not sustainable. Youths failed to submit project proposals that had a long term and the capacity to grow and create employment for other youths. This could have been due to the non-existence of business mentors and also lack of training in project management. As such, these young entrepreneurs could have been lacking the necessary motivation and business-related training (Kachembere, 2013). Without entrepreneurship skills, it was and will always be, difficult to achieve the objective of having youths who actively participate in economic activities despite creating opportunities for them. The lack of mentors is largely attributed to the brain drain as a result of the economic meltdown which affected Zimbabwe since the year 2000. This period saw the majority of the professionals and business people leaving the country in search of greener pastures. Most of those who remained in the country, due to the prevailing economic challenges facing the country, offer mentorship at a cost which many youths may not afford. The lack of access of information about the available opportunities for the youths was one other major challenge. This was due to the limited publishing of information by the Ministry of Youth, Indigenisation and Economic Empowerment to the general youths in all parts of the country (Gundani, 2015). As such, the youths in villages would not know the available opportunities such as the funding opportunities. The other challenge that was faced by the youths is that, business registration fees in Zimbabwe are high (US\$150.00) and the process takes at least two months (Financial Gazette, 2012; Kachembere, 2013). This process was very strenuous for the

youths hence they resorted to street vending in the central business district which they could undertake without any formalisation (Kachembere, 2013; Gundani, 2015). The high cost, delays and requirements to register firms in Zimbabwe affected the speed to complete the implementation of the Indigenisation and Economic Empowerment policy as few youth business firms were legally registered. The policy goal to promote the use of locally produced goods was hampered by the lack of operational space especially youth entrepreneurs that were involved in the manufacturing sector as there was no available space for them to start operating (Gundani, 2015; Zimbabwe Government, 2008). Manufacturing projects required a very large amount of space, but in urban areas there was a shortage of land and office space. Those in the service provision also faced challenges of finding affordable office space especially in cities and towns.

#### **4.3.6 Youth opportunities**

The National Indigenisation and Economic Empowerment Policy which aims to enhance and create opportunities for youth entrepreneurs who can actively participate in the economy, was a positive development as the government specifically created a fund that was meant to help the youths. The fund was to specifically empower the youth by funding their projects. Despite the fund not being adequate, there were 3 622 youth projects which were funded since the establishment of the youth fund (Mtomba, 2014). A total of 289 youth projects worth US\$5.7 million were funded in 2014 from all the provinces in Zimbabwe (Southern Eye, 2014; Herald, 2013). However, there was a need for the funding to be increased to allow more projects to be funded. The creation and availability of the youth fund was a sign that the youth fund initiative by the National Indigenisation and Economic Empowerment Policy, to a certain extent was achieving its objective of empowering the youth. The rate of youth empowerment was slow in other provinces compared to Harare and Mashonaland provinces due to other provinces failing to submit project proposals that were viable, long-term and sustainable. The lack of adequate funds which led to having only projects which were worth only US\$5.7 million being funded affected the other provinces like Matabeleland and Manicaland (Chikuhwa, 2013; Daily News, 2014). Some of the projects that were deemed not viable and not sustainable were those projects that aimed to make quick money, such as buying and selling goods and services. In contrast, more preferred innovative projects such as manufacturing and agricultural projects were not favoured by youths (Moyo L. , 2014).

Through the NIEE policy, the government reserved certain sectors of the economy only for the indigenous citizens, which the youth were allowed to start their businesses in. The reserved sectors of the economy such as clothing, retailing, and street vending were not available for foreign investors. In effect, this gave an opportunity for the youths to participate in the economy by seizing opportunities in these sectors to start businesses and create employment for other youths. There is potential for economic growth if youths took advantage of the reserved sectors because youth entrepreneurs can be innovative. An economy driven by innovation leads to a better way of producing goods and services. Competition in the market increases, resulting in producers and sellers being forced to be more efficient which will lead to affordable prices. However, creating opportunities like reserving certain sectors in the economy did not favour youths because youths did not have the capital to start businesses, especially that the youth fund was not adequate to support meaningful youth projects.

#### **4.3.7 Ownership of company shares**

The youths, through the Indigenisation and Economic Empowerment Policy, had an opportunity to own shares in different firms. The policy gave preference to youths to purchase shares from companies, as the Minister of Youth was given the power by the policy to determine who benefits from the ownership of shares. The policy failed to give an exemption for the youths from buying shares considering that only a few youths from rich families are the ones who could afford to purchase shares of any company which had an asset value of more than US\$500 000.00 (Ndiweni & Verhoeven, 2013). The policy's approach and focus on empowerment was partisan as the Minister of Indigenisation had the power to determine who benefited from indigenisation and empowerment and kept a list of the people who should benefit from the fund to himself. The minister was not supposed to have the power to determine who benefited from the empowerment. There ought to be clear standards that should be used to determine those who benefit especially giving preference to the youths from poor families and those who have qualifications to manage businesses.

#### **4.3.8 Public policy environment in Zimbabwe**

Since 2000, the Zimbabwe economy has been affected by political instability due to introduction as well as changes of policies by the government (Chamlee-Wright, 2005). In 2000, the

Government of Zimbabwe introduced nationalist policies that sought to minimize foreign ownership of resources, and increase ownership of resources by indigenous citizens. This led to the closure of many foreign owned firms and escalation of prices which led to hyperinflation which was above 1 million per cent by the year 2008 (IMF, 2012). The year 2008 was also the same year that the country held its general elections which were widely disputed by the opposition parties as not being free and fair. The violence during the election led to the formation of a unity government; the introduction of the unity government changed the policy environment in the country. This was evident as the economy was recovered during the unity government period (2009-2013) (Raftopoulos & Mlambo, 2009; Chikuhwa, 2013).

At the end of the inclusive government in 2013, ZANU PF won the election hence continued with the implementation of nationalist policies. The Indigenisation and Economic Empowerment policy became the focal policy of the government. The political instability after the unity government in 2013 in the country led to the decline in foreign direct investment as the country only managed to attract US\$545 million in foreign direct investment. Meanwhile, neighbouring countries like Mozambique attracted US\$4,9 billion while South Africa attracted US\$5,7 billion (Kuwaza, 2015; Ndiweni & Verhoeven, 2013). Such an economic situation made it difficult for youth entrepreneurs to establish and build their businesses (Mtomba, 2014; Mangudhla & Mambo, 2013; Nyakazeya, 2014). The radical changes in the public policy environment greatly affected almost all the objectives of the Indigenisation and Economic Empowerment Policy because the policy environment determines the success of the policy. More so, the country's political instability between 2013 and 2015 also affected the implementation of the policy. This is because the Indigenisation and Economic Empowerment Policy is one that sought to create an entrepreneurship driven economy that is dominated by the private sector yet its success is highly dependent on good governance. Failure to address any political instability in the country would likely lead to the failure of the Indigenisation and Economic Empowerment Policy.

#### **4.3.9 The Zimbabwe National Youth Policy on youth empowerment**

The Zimbabwe government since independence in 1980 has always given the youths priority through the enactment of the youth policy. The policy provides youths in the country with opportunities through which they can participate in economic development and create self-

employment. The youth policy seeks to reduce unemployment rate among youths. The youth policy seeks to empower youths in the country through creating an environment for the youths to participate socially, economically and politically (Myjee, 2008). The youth policy gives a framework on how organisations and firms can engage in the development of the youth in Zimbabwe. The policy objectives are to promote equity in resource allocation among the youth through developing policies that enable equity in the distribution of resources among the youth. The youth policy advocates for a youth empowerment that is able to sustain youth livelihoods through developing their skills and capacity, at the same time preserving resources for the future generation. Institutions and organisations that are involved in youth development are required by the policy to be transparent when they discharge their duties and to be easily accessible by the youth (Myjee, 2008).

The youth policy objectives are in line with the Indigenisation and Economic Empowerment Policy as both policies seek to empower youth and create opportunities for them to actively participate in economic activities. However, one would wonder whether the existence of the youth policy seems to have been absorbed by the Indigenisation and Economic Empowerment Policy. The Ministry of Youth was renamed in 2008 to the Ministry of Youth, Indigenisation and Economic Empowerment hence its mandate changed from pushing the agenda of empowering youths nationwide and included all indigenous citizens. The ministry is now pursuing the agenda of indiginising the economy and empowering indigenous black citizens. The change placed a limitation to pursuing the national youth policy's objectives due to the change of the mandate of the ministry. This clearly shows that the National Youth Policy has either been abandoned by the government through giving the Ministry of Youth with a new mandate to pursue Indigenization and Empowerment or the National Youth Policy has been absorbed by the NIEE policy.

#### **4.3.10 Analysis of youth entrepreneurship in Zimbabwe**

Youths were driven by their economic status of unemployment. As a result, youths took risks in starting small businesses. The youth fund created by the NIEE policy caused youths to take opportunities to apply for funds to kick start and develop their small businesses. The desire by the youths to create wealth and to provide for themselves under difficult economic conditions in Zimbabwe encouraged youths to start entrepreneurship. Unemployment pushed youths to start

projects that enabled them to generate their own income and provide for themselves. Youth entrepreneurship, however, does not only depend on funding provided by the policy, but also on youth-generated funds through participation in the informal markets such as street vending in the central business district in urban areas (Chirisa & Muchini, 2011; Chikuhwa, 2013).

Opportunities in urban areas caused youths in villages to migrate to cities and towns (Chikuhwa, 2013). The opportunities in the market that are provided by the policy for youth such as reserving company shares caused the youths to take risks in starting small businesses hoping that they will succeed. This is supported by the Schumpeter theory of entrepreneurship, which states that opportunities in the markets drive entrepreneurs to take risks and be innovative. Youth entrepreneurship in Zimbabwe has been as a result of the unemployment situation that youths find themselves faced with. Unemployment pushed youths to find opportunities to create self-employment. Well empowered youth entrepreneurs have the potential to create employment for themselves and other youths.

#### **4.3.11. Conclusion**

Zimbabwe's Indigenisation and Economic Empowerment Policy has failed to meaningfully empower and develop youth entrepreneurs due to its failure to create an enabling environment for youths to actively participate in the economy. The government may have created the youth fund to fund projects but the fund was inadequate and there was corruption in the allocation of funds as it was based on partisanship. Youths in towns and cities easily access information about youth opportunities that are available in the country while poor dissemination of information to rural areas disadvantage youths in these areas. The establishment of the youth fund gave hope to youth entrepreneurs to establish and grow their small businesses but the high interest rates that were charged for youth loans hindered youths from applying for funding. For the policy objectives to be achieved the government should resolve challenges such as corruption, economic challenges, inadequacy of the youth fund, lack of operational space and uncertain policy environment in the country. The policy has the potential to achieve its goals if there are improvements in the administration of the youth fund, political stability, improvements in the public policy environment and such areas as the economic environment. These areas need to be addressed if the policy has is to realise its full potential.

Political interference in the youth fund administration prevented youths from underprivileged families and from rural areas to receive funding for their projects. The influence of politicians over administrators affected the implementation of the policy because politicians sought to empower youth from their political parties. The lack of entrepreneurship training and financial intelligence for youths also led to poor project proposals and a large percentage of loan defaults. Furthermore, high costs of interests rates charged on the loans prevented youths especially from underprivileged families to apply for funding because they did not have collateral security that was required when applying for funding.

## **Chapter 5: Conclusion and recommendations**

### **5.1 Introduction**

This chapter presents the conclusion to the study based on each of the three research questions and objectives of the study. The chapter also outlines the recommendations on how the National Indigenisation and Economic Empowerment Policy can be improved to realise its goal of developing youth entrepreneurs in Zimbabwe.

### **5.2 Conclusion**

The research essay answered the following questions; to what extent is the policy achieving its objectives to enhance and create opportunities for the youth entrepreneurs to actively participate in the economy? What are the challenges affecting the implementation of the Indigenisation and Economic Empowerment policy? How does the National Youth policy link to the Indigenisation and Economic Empowerment policy? These questions were answered through analysing related secondary data which was collected by the research. The data was analysed based on its relevance to each of the research questions.

Entrepreneurship theorists argue that entrepreneurship is a promoter for economic growth and economic competitiveness. New firms create employment and increase economic productivity levels through innovative ideas. This, however, was not the case in Zimbabwe. Especially that since the implementation of the NIEE policy in 2013 there was little economic productivity as firms were shutting down and unemployment increasing. The economy was not competitive as production by industries was very low and the country had very low foreign direct investment injections. The country's unemployment rate remained very high as majority of the citizens were engaged in the informal market. The NIEE policy was failing to effectively empower and develop youth entrepreneurs due to challenges such as corruption, poor implementation, economic hardships, and lack of funding from government. The Ministry of Youth Indigenisation and Economic Empowerment managed to establish a youth fund, which specifically funds youth projects. However, the fund was inadequate to empower a large number of youths around the country. Since the establishment of the fund, only US\$4 million out of the US\$10 million had been disbursed to fund 3 600 projects. The policy reserved company shares

for youths to buy and also reserved some sectors of the economy for youths to start their small business, as they are protected by the law. These initiatives by the policy have enabled youths to effectively participate in economic activities in large numbers.

Although the NIEEP managed to achieve some of its objectives as outlined in the above paragraph, the policy faced several challenges which led to the suspension of the youth fund. These challenges included, challenges such as corruption, recession and inadequacy of the youth fund have greatly affected the implementation of the NIEE policy. Corruption and fraud that has been involved in the disbursement of the youth fund denied some youths the opportunity to receive funding, hence left many youths without any source of funding. Economic instability and recession in the Zimbabwean economy made it difficult for youth entrepreneurs to develop their skills. Economic instability and recession caused youth entrepreneurs to either fail or struggle to develop and grow their small businesses. The policy failed to provide training for youth entrepreneurs on how to manage and develop small businesses. This caused youth entrepreneurs to fail to establish and develop business and entrepreneurship skills, hence hindered youths to effectively participate in economic activities. Lack of infrastructure (poor road network, poor communication network) affected the effective dissemination of information on youth initiatives to remote areas such as villages while benefiting urban youth more. These challenges placed limitations to successfully implement the policy. For the policy to move towards achieving the goal to economically empower and create opportunities for youth to increase their participation in the economy, the youth fund should be easily accessible to all youth without having to pay interest rates for project funding.

So far, the policy has failed to address the equality among the youth in the ownership of resources as youth who have been benefiting from the youth fund are from the elite group in the country, while ones from the peripheral groups are struggling to access the fund and company shares. The policy failed to resolve issues of equality among youth as it could not systematically create circumstances which enabled and empower youth from the minority group to benefit from the youth fund, company shares and in reserved sectors of the economy. Finally, since the policy's implementation in 2013, the economy has been in recession; hence the policy failing to promote economic growth, which is domestically developed by local citizens. The government should find other ways to empower indigenous citizens without interfering with the economy.

This will allow the NIEE policy to effectively empower and develop entrepreneurs. Failure to resolve these implementation challenges by the government and the Ministry of Youth, Indigenisation and Economic Empowerment, will continue to make it difficult for the policy to achieve its goals and objectives. From the critical review of literature and the analysis of the extent to which the NIEEP has achieved its objectives as well as the analysis of the implementation challenges encountered by the policy, this study concludes that there is a weak/strong/no link between the NIEEP and NYP

### **5.3 Recommendations**

This study makes the following recommendations to enable the indigenisation policy in Zimbabwe to achieve its objectives;

- i) Private property rights and citizens participation: The NIEE policy needs to be improved and redesigned having ordinary citizens and business owners to participate in the policy formulation process.
- ii) Research and training on entrepreneurship: Entrepreneurship has potential to play an important role in the creation of employment and contribution to the gross domestic product (GDP). In addition, the government should establish youth entrepreneurship training centres in each province across the country. Training centres should be situated in areas that are easily accessible by the youth without them having to spend too much money on travelling costs.
- iii) Economic stability and strengthening institutional capacity: The success of the policy is dependent on the economic stability of a country. Therefore, there is a need for the government to address the instability of the economy by implementing policies that are predictable and that are business friendly. Also, there is a need to strengthen institutions that are responsible for the youth; employees need to be trained on how to select youth projects and how to administer the fund effectively and efficiently. Strong institutions will be able to detect and avoid fraud that may occur in the disbursement of the youth fund and the implementation of the policy.

- iv) Establishment of cooperatives and decentralization of the youth funding: The government should encourage the formation of youth cooperatives as a way to absorb more youth to manage their own businesses. Cooperatives will allow the government to fund youths in groups rather than fund individual projects. These cooperatives should be designed such that it suits youths needs. In addition, district wards should be given the power to approve youth projects and fund projects. This will allow the information about funding youth projects to be accessible and closer to all youths around the country.
- v) Target group and auditing of the youth fund: The government should target the youth that are from under privileged families and rural youth for funding.
- vi) The appointment an independent audit firm that will audit how the youth fund has been distributed should be done by the government.
- vii) The Ministry of Youth, Indigenisation and Economic Empowerment should not be given power to determine who benefits from empowerment.
- viii) The policy should put in place measures such as disqualifying family members of those who are top government officials and wealthy individuals in the society.
- ix) The policy should also place a limit on the net worth of individuals/families who can receive funding so that the fund benefits the poor more.
- x) The influence by politicians on the administration of the youth fund and how the policy should be implemented should be left to public administrators not politicians.

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