The entrepreneurship miracle: a desperate move to rectify Zimbabwe’s socio-economic herculean?

Thabani Nyoni

University of Zimbabwe

30 June 2018
THE ENTREPRENEURSHIP MIRACLE: A DESPERATE MOVE TO RECTIFY ZIMBABWE’S SOCIO–ECONOMIC HERCULEAN?

Thabani Nyoni
Department of Economics, University of Zimbabwe, Harare, Zimbabwe
Email: nyonithabani35@gmail.com

Abstract
Entrepreneurship development has been a topical issue having been popularized by ancient great economists such as Adam Smith and Joseph Schumpeter. Today, governments and non–governmental organizations around the world; are busy trying to find out practical strategies of influencing entrepreneurship activities. This is mainly attributed to the overwhelming fact that entrepreneurship is now the new engine of economic growth. This is the major reason why many economists continue to step on each other’s toes in a desperate endeavor to unpack the kern behind entrepreneurship. Owing to her abundant, vibrant and dynamic human and natural resource endowments, Zimbabwe boasts of numerous business and investment opportunities. In an attempt to demystify entrepreneurship in Zimbabwe, this study unbundles some of the most pertinent issues within the concept of entrepreneurship. In order to address rampant unemployment in Zimbabwe, the researcher recommends the promotion of an entrepreneurial culture; amongst other policy prescriptions.

Key Words: Entrepreneur, Entrepreneurship, Entrepreneurial Orientation, Entrepreneurial Process, Graduate Entrepreneurship

I. INTRODUCTION

Entrepreneurship is a potentially promising field of scholarly inquiry (Bustamam et al, 2015). It lacks a substantial theoretical foundation (Bygrave & Hofer, 1991; Shane & Venkataraman, 2000; Davidsson, 2008) and thus needs more attention (Bustamam et al, 2015). Entrepreneurship is a key driver of any country’s economy (Odora, 2015). Entrepreneurship is strongly linked to Small and Medium sized Enterprises (SMEs)1, which are the main developing force of the developed economies (Schmiemann, 2008). Wealth and a majority of jobs are created by small businesses started by entrepreneurially minded individuals, many of whom go on to create big businesses (Kropp et al, 2006). People who are exposed to entrepreneurship frequently have more opportunity to excise creative freedoms, higher self – esteem and greater sense of control over their own lives (Odora, 2015). In Zimbabwe, just like in any other country; entrepreneurship continues to assume a pivotal role in the country’s economic roadmap2 and consequently remains a major concern for policy makers. One of the greatest limitations to a new Zimbabwe is none – other – than the lack of entrepreneurs3.

II. PERSPECTIVES ON ENTREPRENEURSHIP

Despite the significant academic attention paid to the concepts of entrepreneur and entrepreneurship, consensus is yet to be achieved with respect to definitions that are concise and that present

---

1 The SMEs have become the safety net where the majority of Zimbabweans have found their means of survival (Nyathi et al, 2018).
2 Considering the failure of the formal and public sector to absorb the increasing number of job seekers in Zimbabwe, significant attention should be focused on entrepreneurship and its potential for materializing the much needed economic growth and employment creation.
3 The ratio of entrepreneurs to workers in Zimbabwe is approximately [1: 102], while the ratio in most developed countries is approximately [1: 10].
entrepreneurship as a distinctive field of study devoid of fragmented thoughts and beliefs (Cantillon, 1755; Schumpeter, 1934; Kirzner, 1973; Cunningham et al., 1989; Barton & Lischeron, 1991; Shane & Venkataraman, 1997; Venkataraman, 2000; Hisrich & Peters, 2002; Gedeon, 2010). The table below is a summary of the main perspectives on entrepreneurship.

**Table 1**

<table>
<thead>
<tr>
<th>Period</th>
<th>Emergent Themes</th>
<th>Authors &amp; Researchers</th>
</tr>
</thead>
<tbody>
<tr>
<td>What entrepreneurs do: 1700 – 1950</td>
<td>An economic perspective</td>
<td>Cantillon, Say &amp; Schumpeter</td>
</tr>
<tr>
<td>What entrepreneurs are: 1960 – 1980</td>
<td>A behaviorist perspective</td>
<td>Weber, McClelland</td>
</tr>
<tr>
<td>What entrepreneurs do: 1980 onwards</td>
<td>A management perspective</td>
<td>Drucker, Mintzberg</td>
</tr>
<tr>
<td>What support is being needed by entrepreneurs: 1985 onwards</td>
<td>Social perspective, including economists, geographers and sociologists</td>
<td>Gartner, Dana, Bygrave</td>
</tr>
<tr>
<td>What entrepreneurial activities are and competencies needed: 1990 onwards</td>
<td>An entrepreneurship perspective</td>
<td>Timmons</td>
</tr>
</tbody>
</table>

**Source:** Nieman et al (2003)

**An Economic Perspective on Entrepreneurship**

There is a general consensus on the assumption that entrepreneurship originated from the field of Economics. Schumpeter (1954) acknowledges that Cantillon (1755) was the first to offer a precise conception of the functions of entrepreneurship. Schumpeter considered the equilibrium theory incomplete (Landstrom, 2008) and argued that there was some energy within the economic system that created disequilibrium in the market (Nieman, 2003). Cantillon (1755) and Say (1803) generally defined entrepreneurs as people who seized opportunities with a view to make profits; and who assumed the inherent risks. Their definition is generally attributed to their underlying argument that entrepreneurs are risk takers since they invest their own finances.

In the basic economic theory of production, the entrepreneur is the core factor (Say, 1803; 1828), the organizer of the factors of production. The entrepreneur ensures that the factors of production are efficiently exploited to perform the production function within a time – frame necessary to accelerate economic growth (Say, 1803; Naude, 2010). In this regard, the entrepreneur is a gap – filler in an economy, applying his or her capabilities to the identification and evaluation of economic opportunities and subsequently, organizing the necessary resources to exploit the identified opportunities in a timely manner and bearing the risk associated with these activities (Heyak, 1945; Leibenstein, 1968; Kirzner, 1973). Hence, the entrepreneur provides the necessary drive that stimulates the search for and identification of new economic information, thereby unearthing new markets, techniques and goods and, in the process, undertakes a leadership role (Schumpeter, 1934; Leibenstein, 1968; Kilby, 1971; Hebert & Link, 1988; Chiles et al., 2007; Westhead et al., 2011).

From an economic point of view, the activities of the entrepreneur as described here; apparently represent a perpetual process and are operationally referred to collectively as entrepreneurship. The importance of entrepreneurship lies in the perception and exploration of new opportunities in the market. In this regard, entrepreneurship can viewed as closely related to innovation. Schumpeter (1954) also characterised entrepreneurship with traits such as independence, joy of creating and the will to succeed. The definition of entrepreneurship from an economic perspective simply indicates that an entrepreneur can also be viewed as an organizer and innovator of a business.

**A Behaviorist Perspective on Entrepreneurship**

From this perspective, entrepreneurship is basically defined as possessing a value system that is invaluable in expagorating entrepreneurial conduct. Behaviorists agree with economists that entrepreneurs are indeed innovative and independent people whose roles as business leaders continue
to be viewed as a source of formal authority. An entrepreneur, as defined by McClelland (1961), is a person who exercises control over production that is not just for his or her personal consumption.

**A Management Perspective on Entrepreneurship**

From this perspective, the entrepreneur is viewed as a manager. This is mainly attributed to the need for managing the behaviour displayed by individuals in the social and operational setting within which it happens.

**A Social Perspective on Entrepreneurship**

Social change as argued by Cheater (1989), results from the manipulative actions of entrepreneurs as cultural dissidents. These are the individuals who have both courage and capacity to breach and redefine the norms and values within the society in pursuit of their own self-interest. According to Kennedy (1988), one has to be an outsider to this with impunity. People such as immigrants can easily breach the norms and values of other people’s society since they have no moral obligation attached to such norms and values. Kennedy (1988) also argues that the sociology of entrepreneurship lies in identifying which groups (social, economic, religious etc.) produce more entrepreneurial events than others and why that is the case. Some cultures value entrepreneurship more than others. For example, in Africa; the *Ibos* in Nigeria are more closely associated with entrepreneurship than other groups.

**An Entrepreneurship Perspective**

From this perspective, an entrepreneur is defined as someone who establishes a business for the primary purpose of making a profit and growth. The unique feature of this perspective is that it analyzes how the entrepreneur tries to respond to the current business opportunity. In line with this perspective, Timmons (2000); noted that entrepreneurship can be seen as a process of creating and seizing opportunities and pursuing them, regardless of the resources the individual possesses.

### III. TYPES OF ENTREPRENEURSHIP

Basically, there are two types of entrepreneurship and these are opportunity – based and necessity – based entrepreneurship as show in figure 1 below:

**Figure 1.** Types of entrepreneurship

![Opportunity-Based Entrepreneurship](image)

**Source:** Author’s Design

**Opportunity – Based Entrepreneurship**

This takes place when an entrepreneur perceives a business opportunity and decides to pursue it. The majority of entrepreneurs, as noted by Ernst & Young (2009), confirm that the economic slowdown is
the perfect time to pursue new market opportunities. In the same line of thought, most economists agree that economic recessions tend to favour the naturally innovative temperament of entrepreneurs. However, experience in Zimbabwe does not confirm this fact. The typical economic slowdown that took place in Zimbabwe during the years 2000 – 2008 saw a myriad of entrepreneurs exiting the country for greener pastures abroad. It is yet to be understood, why entrepreneurs; both domestic and foreign, tend to neglect Zimbabwe. Zimbabweans lack the requisite entrepreneurial orientation\(^4\), an aspect that is covered in section five (V) of this paper.

**Necessity – Based Entrepreneurship**

This occurs when an entrepreneur is left with no other option to earn a living (Salami, 2011). What it means is that an individual does not choose to be an entrepreneur in this case, but rather; he/she is literally forced by circumstances\(^5\) to unceremoniously hijack entrepreneurship as a career. A good example is the current scenario in Zimbabwe, where it is now open secret that whosoever opens a small business, does so primarily as a survival strategy. Given the current economic hardships, Zimbabweans are left with no other option – except entrepreneurship. Most necessity – based entrepreneurs fall – short\(^6\) of the understanding of the basic entrepreneurial process and also lack the requisite entrepreneurial orientation. Without these, entrepreneurs in Zimbabwe continue to start businesses that die in their embryonic stage. Therefore, there is need to appreciate the dynamics of both entrepreneurial orientation and the entrepreneurial process.

**IV. THE ENTREPRENEURIAL PROCESS**

The entrepreneurial process can be viewed as a 4 step process (Bessant & Tidd, 2015), as portrayed below in figure 2:

**Figure 2. The Entrepreneurial Process**

![Source: Author’s Design](image)

**Recognizing the Opportunity (RO)**

---

\(^4\) This is one of the reasons why we always play the blame – game! It is time for us to recognize and exploit economic opportunities in our own country.

\(^5\) Specifically socio – economic hardships such unemployment, untimely death of a breadwinner, poverty and so on.

\(^6\) This is because entrepreneurship came to their life as a surprise – they were not prepared for it and yet entrepreneurship favors preparation.
The triggers for becoming an entrepreneur come from different sorts of directions, in all kinds of shapes and sizes (Degeorge & Fayolle, 2011). Recognizing the opportunity and becoming an entrepreneur can firstly be the result of government pressure (Moskovich & Binhas, 2014). Secondly, the triggers could arise from non-satisfaction within the social conditions of the society, simply a desire to make the society a better place (Heinze et al, 2016). However, recognizing opportunities is a complex phenomenon (Ardichvili & Cardozo, 2003), since opportunity recognition is linked to individual perception and existence of role models (Bosma et al, 2012). Individual and external environmental factors play a crucial role when the entrepreneur is recognizing the opportunity (Wang et al, 2012). The process of noticing opportunities depends on the individuals’ willingness and ability to notice them (Stevenson & Gumpert, 1985). However, individual factors are more emphasized in research than the external environmental factors (Wang et al, 2012). Individual factors such as self-alertness, prior knowledge and social networks are factors that are vital in order to recognize successful opportunities (Johannisson & Olaison, 2007; Wang et al, 2012). It is sometimes positive not to have all the answers and knowledge needed when a firm is in its formative years (Aldrich & Fiol, 1994). At their embryonic stages, entrepreneurs are encouraged to take risks.

**Find the Resources (FR)**

Entrepreneurship has the nature of being a risky business (Petrakis, 2004; Kan & Tsai, 2006; Macko & Tyszka, 2009; Gifford, 2010). Entrepreneurs that are willing to pursue their entrepreneurial ambition or innovative idea are forced to commit some sacrifice, sacrifices such as personal time, financial investment, private savings and an involvement of their whole family (Poutziouris, 2001). Finding the right resources is a start – up decision and can therefore be linked to strategic choices (Korunka et al, 2003). Most would – be entrepreneurs in Zimbabwe usually fall short of resources, especially financial resources.

**Developing the Firm (DF)**

This is the stage at which entrepreneurial ideas are turned into reality. This step of the entrepreneurial process is full of uncertainty (Gifford, 2010). The entrepreneurial ideas will evidently become clearer after investing more capital in the firm since it will evolve gradually (Korunka et al, 2003). The entrepreneurial problems that the entrepreneur will face can be solved mainly with control, in form of well-organized budget – keeping and effective usage of resources (Davila et al, 2009). New firm creation is an outcome that is connected to individuals and the environment (Gartner, 1985). The process of new firm creation is quite complex, and tends to contrast between the entrepreneur and the environment (Zahra, 1993). A new firm is created when the entrepreneur succeeds in organizing resources in reaction to perceived opportunities (Haughn, 2011).

**Creating the Value (CV)**

There is no recipe on how to create a valuable and successful business (Hitt et al, 2001). The view on how value – creation is generated in a firm can vary (Gummerus, 2013). Only a determinant and hardworking individual will succeed in making their entrepreneurial idea valuable (Dijkhuizen et al, 2016). Entrepreneurs basically need proactive links in form of suppliers, customers, skilled labour and know – how, since these links are viewed as important components when creating value for the firm (Smilor, 1997; Newey & Zahra, 2009). Value creation can be generated through firm activities or by the firm’s customers (Gummerus, 2013).

V. **ENTREPRENEURIAL ORIENTATION (EO)**

EO has become a salient concept within strategic management and entrepreneurship literature in the last three decades (Covin & Lumpkin, 2011; Miller, 2011; Covin & Wales, 2012). It is reasonable to conclude that EO represents a promising area for building a cumulative body of relevant knowledge about entrepreneurship (Rauch et al, 2009). EO refers to the entrepreneurial process that reflects the
methods, practices and decision making styles managers use to act entrepreneurially (Lumpkin & Dess, 1996). EO, as noted by Andersen (2010); refers to a firm’s propensity to be innovative, to be proactive and to take risks. EO can also be defined as a person’s attitude towards engaging in entrepreneurial activities. EO is a key ingredient for organizational success (Covin & Slevin, 1989; Merz & Sauber, 1995; Wiklund & Shepherd, 2005) and a source of competitive advantage (Lumpkin & Dess, 1996; Runyan et al, 2008) and is critical to both survival & growth of firms and economic prosperity of nations (Ahmed et al, 2010). Firms with higher levels of EO perform better than those with lower levels of EO (Lumpkin & Dess, 1996; Rauch et al, 2005, Amie, 2011). EO enables firms to improve the acquisition and use of market information (Keh et al, 2007). In turn, the firms might use this information to develop new capabilities to pursue business opportunities (Chen et al, 2012).

**Dimensions of EO**

The table below shows the dimensions of EO:

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Autonomy</td>
<td>Independent action by an individual or team aimed at bringing forth a business concept or vision and carrying it through to completion</td>
</tr>
<tr>
<td>Innovativeness</td>
<td>A willingness to introduce newness and novelty through experimentation and creative processes aimed at developing new products, services and processes</td>
</tr>
<tr>
<td>Risk – Taking</td>
<td>Making decisions and taking action without certain knowledge of probable outcomes, some undertaking may also involve making substantial resource commitments in the process of venturing forward</td>
</tr>
<tr>
<td>Proactiveness</td>
<td>A forward – looking perspective characteristic of a marketplace leader that has the foresight to seize opportunities in anticipation of future demand</td>
</tr>
<tr>
<td>Competitive Aggressiveness</td>
<td>An intense effort to outperform industry rivals. It is characterised by a combative posture or an aggressive response aimed at improving position or overcoming a threat in a competitive marketplace</td>
</tr>
</tbody>
</table>

**Source:** Dess & Lumpkin (2005)

**Autonomy**

Autonomy refers to the ability to make decisions and to proceed with actions independently, without any restrictions from the organization (Lumpkin & Dess, 1996). It also refers to the strong desire of a person to have freedom in the development of an idea and in its implementation (Li et al, 2009). Autonomy can enable a team to not only solve the problems, but to actually define the problem and the goals that will be met in order to solve that problem (Lumpkin et al, 2009). Autonomy offered by firms motivates employees to work in a positive manner that can lead to higher firm performance (Prottas, 2008). Therefore, it is imperative to note that giving autonomy to all players in the organization incentivizes them to act entrepreneurially and in turn improve firm performance.

**Innovativeness**

Innovativeness reflects a firm’s propensity to engage in and support the generation of new ideas and creative processes that may lead to new products/services, technological processes and new markets (Lumpkin & Dess, 1996 & 2001; Damanpour & Wischnevsky, 2006; Rauch et al, 2009). Innovativeness plays a significant role in solving business problems and challenges, which in turn provides firms with the ability to succeed (Hult et al, 2004).

**Risk – Taking**

Risk – taking as a dimension of EO is considered as one of the major attributes of entrepreneurship (Venkatraman, 1989; Aloulou & Fayolle, 2005). Risk – taking refers to a firm’s willingness to engage in calculated business related risks in the marketplace, even when their outcomes are uncertain (Lumpkin & Dess, 2001). Risk – taking behaviour consists of activities such as borrowing heavily, entering unknown markets and committing a high percentage of resources to projects with uncertain
outcomes (Lyon et al., 2000).

**Proactiveness**

A firm’s proactiveness is demonstrated by its awareness of and responsiveness to market signals (Hughes & Morgan, 2007). Proactiveness can be described as taking an initiative by anticipating and pursuing new opportunities related to future demand and by becoming involved in emerging markets (Lumpkin & Dess, 1996). Being a proactive firm my yield first – mover advantages, allowing high profits from new products in new markets in the absence of competing products (Frishammar & Andersson, 2009).

**Competitive Aggressiveness**

Competitive aggressiveness refers to a firm’s propensity to directly and intensely challenge its competitors to achieve entry or improve position, that is, to outperform industry rivals in the marketplace (Lumpkin & Dess, 1996). Firms with this behaviour tend to assume a combative posture towards rivals in an attempt to surpass competitors that threaten its survival or market position in the industry (Lyon et al., 2000).

VI. GRADUATE UNEMPLOYMENT & GRADUATE ENTREPRENEURSHIP IN ZIMBABWE

**Graduate Unemployment in Zimbabwe**

The high unemployment rate among graduates is not a new issue (Yusof et al., 2013). In fact, this is of concern in many countries (Adesina, 2013; Bustamam et al., 2015) and Zimbabwe is not an exception. Increase in enrolment in tertiary institution has led to more graduates entering the labor market than the available job opportunities; there is an increasing number of educated youths confronted with rising unemployment. Youth unemployment represents an enormous cost to society in terms of lost potential for economic growth, negative returns on investment in education and increase in vices such as crime (Agbor et al., 2012). Unemployment in Zimbabwe affects both university/college graduates and non – graduates alike. In fact, in Zimbabwe; unemployment among college graduates is approximately 74%. This is clear indication that unemployment is higher among the youth graduates. Rampant graduate unemployment in Zimbabwe cannot be dealt with adequately, without addressing the issue of graduate entrepreneurship.

**Graduate Entrepreneurship in Zimbabwe**

Graduate entrepreneurship is concerned with the extent to which graduates as products of university education engage in new venture creation or self – employment (Nabi & Holden, 2008; Nabi & Linan, 2011). Despite the Zimbabwean government’s desire for the country to have more entrepreneurs who initiate business start – ups, innovate and create new technologies, products and create business opportunities, it is of great concern that the Zimbabwe higher education curriculum does not explicitly promote entrepreneurship (Dabale & Masese, 2014). In Zimbabwe, a spoonful of graduates own and manage registered businesses. The bulk of these start businesses as a result of lack of employment opportunities. In Zimbabwe, it is rare for graduates to quit their jobs (if they happen to have one) in preference for a business start – up. Increasing levels of graduate unemployment in Zimbabwe

---

7 The challenge of university graduates failing to get employment has become a huge problem in Zimbabwe (Masekesa & Chibaya, 2014; Moyo, 2016).
8 The higher education sector in Zimbabwe has expanded from having one university (i.e. the University of Zimbabwe) in 1980 to having nineteen registered universities with total enrolment of approximately 100 000 students in 2017.
9 There is a clear mismatch in the supply and demand of graduates in Zimbabwe. The type of education offered in most universities/colleges in Zimbabwe, produces graduates for whom there exists little or no job market demands. Most employers in Zimbabwe report that graduates lack the necessary knowledge, skills and attitudes. This mismatch is likely to be difficult to solve as technological advancements reshape industries and consequently change the types of jobs available.
indicate that university education only prepares graduates for organizational employment rather than starting and managing one’s own business. This implies that lack of training for starting and managing one’s own business is one of the main hindrances to graduate entrepreneurship in Zimbabwe.

VII. RECOMMENDATIONS

The study recommends the following:

i. Through the Ministry of Higher & Tertiary Education, the government of Zimbabwe should change the current tertiary education system in order to groom holistic, entrepreneurial and balanced graduates. This could be done by introducing an Entrepreneurship Module as a compulsory course for all university/college students. This module could play a pivotal role in producing graduates with entrepreneurial characteristics.

ii. Tertiary institutions in Zimbabwe should take proactive actions with regards to entrepreneurship, for example; providing facilities for students to start a business in campus.

iii. In universities of Technology such as NUST and CUT, entrepreneurship education should be strictly compulsory; especially in light of the innovation potential emanating from technological studies and researches.

iv. The government should recognize and reward innovation. This could be a simple way of encouraging and promoting entrepreneurship in Zimbabwe.

v. Christian church organizations in Zimbabwe ought to play a pivotal role in entrepreneurial stimulation through spreading the “gospel of entrepreneurship”

vi. The government of Zimbabwe should continue to encourage a culture of entrepreneurship through its various programs such as the indigenization and youth empowerment program.

VIII. CONCLUSION

History shows that economic progress has been significantly advanced by pragmatic people who are entrepreneurial and innovative, able to exploit opportunities and willing to take risks (Hisrich, 2005). Despite the overwhelming importance as a strategic tool for tackling unemployment, policy makers and politicians in Zimbabwe are yet to give entrepreneurship its deserved attention. While entrepreneurship may not be the absolute panacea to unemployment in Zimbabwe, a conducive environment that fosters the culture of entrepreneurship is capable of significantly addressing unemployment.

REFERENCES


10 In addition to equipping themselves with academic skills, nowadays graduates must also possess the resilience and enterprising spirit needed to seize both existing and new opportunities in the economy. There is urgent need to move from a world of job seekers to a world of job creators.

11 The effectiveness of entrepreneurship education and training is recognized as an important factor to help youth improve entrepreneurship [i.e. entrepreneurial attitude] (Wang & Wong, 2004)

12 National University of Science and Technology

13 Chinhoyi University of Technology

14 It is no longer suffice to come out of the university with a purely technical education; graduates need to be entrepreneurial in order to comprehend and contribute in the context of market and business pressures.

15 See Shumba (2015)

16 An enterprising culture today is what is needed to ensure that entrepreneurship thrives (Afriyie & Boohene, 2014)


