Switching from Job Seekers to Job Creators: Transmogrifying Necessity Entrepreneurs and Ratifying Opportunity Entrepreneurs in Zimbabwe

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Abstract

Zimbabwe is open for business\(^1\). This is the mantra that has gained amazing popularity since the ouster of the former president of Zimbabwe, Mr. R. G. Mugabe in November 2017. In his first 100 days as president of Zimbabwe, President E. D. Mnangagwa tried his best to make sure that Zimbabwe is “opened for business”. Indeed, after a period of over three decades of self-inflicted economic stagnation; Zimbabwe is finally open for business! This is a meritorious development in the history of this country. The limitation to a new Zimbabwe, the new Zimbabwe that we all desire; is the serious lack of entrepreneurs, opportunity-based entrepreneurs. Without opportunity entrepreneurs, the unemployment puzzle in Zimbabwe is likely to remain unsolved. Opportunity entrepreneurs have the capacity to solve the unemployment problem, especially considering the fact that Zimbabwe is a beautiful country characterised by many business opportunities. As Zimbabweans, we are unemployed because we are not able to identify and exploit business opportunities in our beloved country: we are good at seeking jobs! That kind of mentality, that kind of attitude, that line of thinking must stop forthwith. It’s high time we must switch from seeking jobs to creating jobs. We do not want people to engage in entrepreneurship because they are left with no option. We want to avoid a situation whereby businesses die in their embryonic stages simply because, in the first place; there was no entrepreneurial opportunity to be exploited. We want people who are business-minded: people who take time to identify business opportunities in the economy and subsequently exploit them strategically. While there are a number of entrepreneurs in Zimbabwe, it is not surprising that their contribution to economic growth remains minimal because the bulk of them are necessity instead of opportunity entrepreneurs. For the economy of Zimbabwe to grow in a sustainable manner, there is need to transmogrify necessity entrepreneurs into opportunity entrepreneurs. The time to do away with the job seeking mentality is now! Zimbabwe is open for business; indeed, Zimbabwe is open for job creators. This paper looks at entrepreneurship, but from an interesting point of view: opportunity-based entrepreneurship view. I systematically make it clear why policy makers in Zimbabwe need to prioritize opportunity entrepreneurs as opposed to necessity entrepreneurs. Policy implications from this analysis are envisioned to assist policy makers in light of enhancing entrepreneurship, promoting sustainable economic growth and fostering job creation in the new Zimbabwe.

Key Words: Entrepreneurs, Entrepreneurship, Job creation, Necessity – based entrepreneurship, Opportunity – based entrepreneurship

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\(^1\) The government of Zimbabwe will amend the Indegenisation and Empowerment Act in order to ensure certainty for investors. While the government will encourage partnerships between international and Zimbabwean firms, the proposed amendments will confine the 51/49 percent Indegenisation threshold to only two minerals in the extractive sector namely, diamond and platinum (GoZ, 2018). The term “open for business”, in the context of Zimbabwe and for the purposes of this paper; basically refers to the recent relaxation of indigenization laws, the zero – tolerance policy stance on corruption and the removal of unnecessary government bureaucracy that used to hinder business over the past 37 years. What it generally implies is that Zimbabwe is now open for those who want to do business, whether domestic or foreign; as long as you mean business, COME! The door is now open.
I. Introduction & Motivation

Interest in entrepreneurship has never been higher than it is at the beginning of the 21st century (Zimmerer & Scarborough, 2001). A recent and fast growing part of this interest has focused on necessity and opportunity entrepreneurship, for example; Maritz (2004), Perunovic (2005), Williams (2008b), Block & Sandner (2009), Deli (2011), Thompson (2011), Langevang (2012), Cheung (2013) as well as Fairlie et al (2017) amongst others. Entrepreneurship plays a very important role in the process of economic development. It increases employment opportunities, enhances technical innovation level, and promotes economic growth (Audretsch & Fritsch, 1999; Reynolds et al, 2002; Fritsch & Mueller, 2004; van Stel & Storey, 2004). From a dynamic perspective, entrepreneurs are agents of change since entrepreneurship implies starting new businesses, experimenting with new techniques and a new organization of production, introducing new products or even creating new markets (Wennekers et al, 2002). Entrepreneurs, creators of new firms, are a rare species (Kritikos, 2014), especially in Zimbabwe and yet entrepreneurs, particularly opportunity entrepreneurs, are the backbone of any economy.

One of the greatest limitations to a new Zimbabwe is none – other – than the lack of entrepreneurs (Nyoni, 2018j), opportunity entrepreneurs in particular. Opportunity entrepreneurs are the fresh blood that keeps economies healthy and flourishing. Entrepreneurship policies currently being implemented in Zimbabwe will never be fruitful unless they start focusing on opportunity – based entrepreneurship. Encouraging more and more people to start their own businesses will neither solve the unemployment puzzle nor enhance economic growth in Zimbabwe, simply because necessity entrepreneurs, who happen to be many just like in any other developing country; are a solemn impediment on our way to a new Zimbabwe we all desire. Shane (2009) argues that getting economic growth and jobs creation from entrepreneurs is not a numbers game; and this actually holds water in the case of Zimbabwe: it’s about encouraging opportunity – based entrepreneurship. Period!

Regardless of gender, entrepreneurial activity is typically higher in low and middle income countries than in high income countries (Odebretcht, 2013). If you want to find countries where there are a lot of entrepreneurs, go to Africa or South America (Shane, 2009). A large percentage of numerous entrepreneurs in developing countries start ventures – often becoming self – employed in the informal sector in order to meet their basic needs (Banerjee & Duflo, 2007). One assumption is that most entrepreneurs in Africa are starting their own firms because they cannot find jobs otherwise and are, therefore, subsistence oriented. They are thus poverty and subsistence driven and mainly motivated to earn just enough to live (Frese & De Kruif, 2000).

Where individuals plunge into entrepreneurship out of necessity, and not to pursue high quality opportunities, one may expect their impact to be underwhelming. Where they go after high potential opportunities, they are likely to bring about innovation and improve overall competitiveness (Anokhin & Wincent, 2012). An opportunity entrepreneur starts a new business

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2 It is about encouraging high quality, high growth companies to be founded (Shane, 2009).

3 I would rather advise the government to support a spoonful of opportunity entrepreneurs than squander scarce resources on thousands upon thousands of necessity entrepreneurs. Now, some of you are beginning to raise their eye – brows. Yes, if economic growth and job creation are anything to go by in Zimbabwe, then the urgent need for promotion of opportunity – based entrepreneurship cannot be ruled out.
by exploiting an identifiable business opportunity whereas a necessity entrepreneur does so in order to survive poverty and or unemployment (Cheung, 2013). It has been found that many young people start their own businesses and become entrepreneurs. At the same time, entrepreneurship is often considered the solution to problems such as rising youth unemployment (Chigunta et al., 2005). Young people are increasingly encouraged to switch from “job seekers” to “job creators” (Langevang & Gough, 2012).

The mushrooming of vendors in the streets of major cities in Zimbabwe will not come to an end anytime soon unless the government focuses on opportunity – based entrepreneurship. All these vendors are scattered all over the city centres, especially in Harare, the capital city of Zimbabwe; just because they want to survive: they are there because they have no option, there are no jobs. Now, you cannot expect an economy to be developed by entrepreneurs who don’t pay taxes to the government; the informal sector that doesn’t contribute anything to the fiscus. If the economy was performing very well, I believe we wouldn’t see all these vendors; the informal sector wouldn’t be growing phenomenally as we see it today. This clearly tells us that most of the people in the informal sector are there because of unfortunate circumstances – particularly economic hardships. Most of these people just started a business without analyzing the underlying entrepreneurial opportunity, no wonder why many such businesses actually die in their embryonic stages. If Zimbabweans are to establish sustainable businesses, then opportunity identification cannot be overlooked. In this analysis, I endeavor to uncover the importance of opportunity – based entrepreneurship at a time when the unemployment problem in Zimbabwe has left policy makers frustrated and absolutely perplexed. Opportunity – based entrepreneurship has the capacity to not only generate the jobs we want but also enhance economic growth and development.

II. Types of Entrepreneurship

Entrepreneurship means different things to different people (Anderson & Starnawska, 2008). Entrepreneurship is clearly a complex and multifaceted phenomenon (Minniti & Arenius, 2003). Entrepreneurship is the ability to amass the necessary resources to capitalize on new business opportunities (Kayne, 1999). Entrepreneurship is the act of identifying and exploiting opportunities (Ubong, 2013). Entrepreneurs are highly creative individuals with a tendency to imagine new solutions by finding opportunities for profit or reward (Nicolaou & Shane, 2009). There are basically two types of entrepreneurship and these are opportunity – based and necessity – based entrepreneurship. The ratio of opportunity to necessity entrepreneurship, as noted by GEM (2007); is typically higher in high income countries than in low / middle income country groups. In other words, the poorer the country, the more likely that entrepreneurship is driven by necessity. In Zimbabwe, most of the entrepreneurial activities are driven by necessity. This is attributed to a myriad of economic hardships prevalent in Zimbabwe. There is need for policy makers to transform necessity entrepreneurs into opportunity entrepreneurs in order to foster job creation and stimulate sustainable economic growth. In this analysis, I attempt to sensitize the importance of opportunity entrepreneurship, especially at a time when Zimbabwe is now open for business.

Figure 1. Types of Entrepreneurship

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4 The informal sector is mostly unbanked (Nyoni & Bonga, 2017d).
Opportunity – based Entrepreneurship


Opportunity entrepreneurs are those who desire to go entrepreneurial to exploit some identifiable business opportunities (such as the perception of a market opportunity, an innovative idea or an existing network to exploit) (McClelland, 1961; Shane et al, 1991; Storey, 1991; Birley & Westhead, 1994; Clark & Drinkwater, 2000; Wagner, 2007; Caliendo & Kritikos, 2010; Gries & Naude, 2010; Naude, 2011; Desai, 2011). Opportunity – based entrepreneurship is linked to innovative activities that have the potential to create jobs and increase productivity in an economy (Stenholm et al, 2013). Opportunity entrepreneurs start their businesses out of an identified market opportunity. In this way, they are assumed to help build the economy further (Chigunta et al, 2005; Garcia & Fares, 2008; Africa Commission, 2009; Langevangel et al, 2012).

The government of Zimbabwe should put maximum financial support for opportunity – based entrepreneurship. As Zimbabweans we must change our mentality towards entrepreneurship. It’s not about just going entrepreneurial for the mere sake of it or the so – called “doing – my – own – things”. Is there an opportunity to do business? This is an important question that cannot be avoided. People who just bump into entrepreneurship by “default” or by “accident”, usually experience great disappointments after their businesses fail dismally. Let’s look at this example, adapted from Shane (2009):
A personal cleaning business that is started by an unemployed high school dropout, that is pursuing the customers of another personal cleaning business, and is capitalized with $10000, of the founder’s savings.

An Internet company that is started by a former SAP employee with 15 years of experience in the software industry, an MBA and a master’s degree in computer science, that is pursuing the next generation of Internet search, and is capitalized with $250000 in money from the founder and a group of business angels.

Which one would you put your resources behind? It’s obvious that the second business’ chances to contribute to economic growth and create jobs are far better than the first’s and that, on average, we would be better off putting our resources into businesses like it (Shane, 2009). The government of Zimbabwe must only support those who have the capacity to turn – around the economy. It will not make any sense to support every entrepreneurial activity in Zimbabwe. Public programs designed to enhance entrepreneurship should be selective – opportunity entrepreneurs must be given top priority. I know that when I speak like this, it is sarcastically tantamount to provoking some politicians⁵ but I would like to remind my good brothers and sisters that economics leads politics⁶; this is not to say politics is unimportant, but the underlying truth of the matter; at least in my humble view, is that; as Zimbabweans, it’s now time for business, it’s time to rebuild our beloved nation – it’s time to build the new Zimbabwe we all desire.

**Necessity – based Entrepreneurship**

Necessity – based entrepreneurs, on the other hand, start a business because of “push motives” as a way to compensate for a lack of other sources of employment (Shane, 2009; Valdez & Richardson, 2013). Individuals resort to necessity – based entrepreneurship not only to substitute for the absence of unemployment opportunities, but also to meet their basic needs if wage unemployment fails to provide a sufficient income to do so (Margolis, 2014). Necessity – based entrepreneurship is often linked to informal activities, unemployment, economic recession, and poverty (Banerjee & Duflo, 2007; Acs & Amoros, 2008; Block & Sandner, 2009; Gries & Naude, 2011).

Necessity entrepreneurs are often driven into self – employment when they become unemployed. Therefore, it is not uncommon to find more necessity entrepreneurs in periods of rising and high unemployment (Deli, 2011). Necessity entrepreneurs in general do not have much growth ambition in their businesses (Chigunta et al, 2005; Garcia & Fares, 2008; Africa Commission, 2009; Olomi, 2009; Langevang et al, 2012). These entrepreneurs are also assumed to be pushed into entrepreneurship by life circumstances instead of actively seeking business opportunities (Langevang et al, 2012). These people may not start their own businesses if they can get a job again soon after they become unemployed (Evan & Leighton, 1990; Storey, 1991; Masunda, 2003).

⁵ So why are we encouraging and subsidizing the creation of marginal businesses instead of focusing government resources on the high potential ones? The fix to our failing public policies towards entrepreneurship will take political will (Shane, 2009).

⁶ So policy makers need to make a choice: do they want to pursue good policies or good politics? (Shane, 2009). Over the past 37 years we have seen what happens when policy makers pursue “good politics”. However, my observation is that most Zimbabweans do not want a similar thing to happen again. Indeed, the new dispensation has a lot to do in terms of coming up with and implementing good policies for the betterment of our beloved country, Zimbabwe.
In order to survive over poverty and or unemployment, they are forced to be entrepreneurs. Or, they might be advised to try self-employment and be entrepreneurs as an alternative to the current life circumstances (McClelland, 1961; Shane et al., 1991; Storey, 1991; Birley & Westhead, 1994; Clark & Drinkwater, 2000; Wagner, 2007; Gries & Naude, 2010; Caliendo & Kritikos, 2010; Naude, 2011; Desai, 2011). Thus, they have only limited impact on the development of the economy (Chigunta et al., 2005; Garcia & Fares, 2008; Africa Commission, 2009; Langervang et al., 2012).

Necessity entrepreneurs simply hire just themselves and will unlikely create jobs for others. They are not expected to generate innovative ideas either. They may not even be adequately prepared to launch their businesses (Caliendo & Kritikos, 2010). The fact that they are generally not well prepared before they go entrepreneurial results in a high risk of failure (Carrasco, 1999; Pfeiffer & Reize, 2000; Andersson & Wadensjo, 2007). Even if they survive in the long-term, they are expected to produce just marginal businesses, invest insignificant amounts of capital, fail to create further jobs and earn minimal incomes (Vivarelli & Audretsch, 1998; Stantarelli & Vivarelli, 2007; Andersson & Wadensjo, 2007; Shane, 2009; Hamilton, 2009). Many Zimbabwean studies directly acknowledge the fact that the bulk of entrepreneurial activity in Zimbabwe is necessity driven, for example; Chidoko et al. (2011), Zindiye et al. (2012), Nyanga (2013), Chidoko (2013), Ndiweni & Verhoeven (2013), Ndiweni et al. (2014), Mukorera & Mahadea (2014), Njaya (2014a), Njaya (2014b), Njaya (2014c), Njaya (2014d), Rusvingo (2015), Njaya (2015a), Njaya (2015b), Njaya & Murangwa (2016), Munyoro et al. (2016), Majoni et al. (2016), Chikombingo et al. (2017), Mazhambe (2017) and Zikhali (2017). By implication, Zimbabwean researchers such as Chigwenya & Mudzengerere (2013), Chivas (2014), Dabale & Masere (2014), Shumba (2015) and Munyoro et al. (2017) also confirm the fact that most people in Zimbabwe have gone entrepreneurial primarily due to necessity. This is clear proof that many Zimbabweans have gone entrepreneurial just because of either poverty or job loss; or any other related unfortunate circumstances primarily triggered by incessant economic hardships in Zimbabwe.

Why are there so many necessity entrepreneurs in Zimbabwe? Why is it that the informal sector is rapidly growing? It’s because of extreme poverty, and high unemployment rate. Zimbabwe’s economy continues to be characterised by a myriad of problems ranging from political to socio-economic problems, making it extremely difficult to survive. Zimbabweans have been left with no option besides going entrepreneurial, even without opportunity identification. In fact, most people in the informal sector in Zimbabwe just started doing whatever they are doing as a survival strategy. Whatever they are doing, these people insignificantly contribute to the growth of the economy. Even if they are sprouted everywhere, they are not able to create further jobs. They only create their own jobs and apparently reap minimal earnings, the so-called “from-hand-to-mouth” earnings. If the economy of Zimbabwe starts performing very well, you won’t see these people on the streets or else where selling their commodities. Most of them, especially graduates; will quit and go for their dream jobs. Therefore, the new president of the Republic of Zimbabwe, President E. D. Mnangagwa has a cumbersome task of nursing this bed-ridden economy until we arrive in the promised land of milk and honey.

However, it is encouraging to note that the president has already shown a high level of seriousness when it comes to issues to do with economic growth and development. Indeed, the new political administration should prioritize issues of economic growth and development;
particularly, issues to do with opportunity-based entrepreneurship. The government has a role to play in our quest to transform necessity entrepreneurs into opportunity entrepreneurs. Such a transformation is not a daunting task for Zimbabwe simply because there are vast identifiable business opportunities in our beloved country. What the Mnangagwa- led government must do forthwith is to create the necessary business environment for the survival of opportunity-based entrepreneurship. I expect the government to provide not only financial support but also political support for opportunity-based entrepreneurship in Zimbabwe.

III. Why should Zimbabwe switch forthwith, from job seekers to job creators?

We know that unemployed people are more likely to start businesses than people who have jobs. Why? Because they have less to lose by becoming entrepreneurs; something that economists call a lower opportunity cost on their time (Shane, 2009). It is obvious that the opportunity cost to an unemployed individual to become an entrepreneur is significantly lower than an individual who is employed (Amit et al, 1995). After all it’s less costly to you to start a company if your alternative is watching daytime T.V., than if it is taking home a paycheck from a job. The problem is that people who are unemployed also tend to perform worse when they start companies than people who quit their jobs to start businesses (Shane, 2009). Therefore, policies designed to increase entrepreneurial activities in Zimbabwe will disproportionately attract the worst entrepreneurs – necessity entrepreneurs; unless adequate precaution is exercised so as to channel the right policy prescriptions to the right people. While the “entrepreneurship gospel” continues to be preached in every corner of Zimbabwe, it is important to think about the success story. Are we winning? So far the answer is no!

Policy makers believe a dangerous myth. They think that start-up companies are a magic bullet that will transform depressed economic regions, generate innovation, create jobs and conduct all sorts of economic wizardry. This is bad public policy (Shane, 2009). Policy makers in Zimbabwe should not undermine the clear distinction that exists between necessity-based entrepreneurship and opportunity-based entrepreneurship. Treating these two as if it is the same thing, is bad public policy. Necessity entrepreneurs have no capacity to transform the economy of Zimbabwe. Necessity entrepreneurs in Zimbabwe are simply desperate people who run businesses for survival. Such people have no significant contribution to economic growth and development. Policy makers should focus more on opportunity entrepreneurs, simply because they are the ones who have the capacity and dexterity to transform our bad-ridden economy.

New ventures founded by opportunity entrepreneurs can be expected to have much stronger positive long-run effects on the economy in terms of employment, innovation and growth than start-ups initiated by necessity entrepreneurs (Wennekers et al, 2005) and for this simple reason Zimbabwe must transform job seekers into job creators. While it is true, as noted by Blau (1987), Evans & Leighton (1989) and Blanchflower & Meyer (1994); that economic downturns discourage opportunity entrepreneurship by reducing the profitability of good ideas (Thompson, 2011).
increases in the rate of necessity entrepreneurship, where individuals create businesses primarily because of involuntary job loss and the scarcity of vacancies; we, as Zimbabweans; need to “convert this lemon” into a lemonade! Kritikos (2014) argues that when unemployment is high and the economy is contracting or stagnating, dynamic entrepreneurship could help turn the economy around. According to Ernst & Young (2009), most entrepreneurs confirm that economic slow – down is the perfect time to pursue new market opportunities. In fact, economic recessions tend to favour the naturally innovative temperament of entrepreneurs. At the moment, the best word to describe the economy of Zimbabwe is none other than the word “bed – ridden” and this is the perfect time for those who are naturally innovative. Now, this is the time Zimbabweans must analyze the economy carefully and consequently identify and exploit entrepreneurial opportunities and subsequently develop novel products, increase competition and by so doing, boost aggregate demand; which may in turn create new job opportunities and reduce unemployment.

IV. Policy Implications

i. The government of Zimbabwe should neither subsidize nor sympathize with necessity – based entrepreneurship but rather focus on the promotion of opportunity – based entrepreneurship. I don’t see the reason why the government should waste its precious time and scarce resources on necessity entrepreneurs when opportunity entrepreneurs are dying for support. You need to remember that we want people who create further jobs; not jobs for themselves alone. Zimbabwe is in urgent need of people who can exploit identifiable entrepreneurial opportunities; if these people can be found, then why worry? The ball is now in the hands of the new dispensation led by President E. D. Mnangagwa; and it is quite clear that issues like these ones are being prioritized.

ii. The new government should come up with home – grown, people oriented and investor friendly economic policies (Nyoni, 2018c) that will go a long way in supporting, promoting and encouraging opportunity – based entrepreneurship. Charity begins at home: the “Zimbabwe is open for business” mantra must first be applicable here at home. For this to happen, home – grown, people oriented economic policies must be put in place. In this regard, government can support opportunity entrepreneurship in various ways, including but not limited to tax relation or tax breaks, special subsidies, training projects as well as funding. The government can also offer rewards and recognition for successful entrepreneurs in order to encourage, promote and or attract opportunity – based entrepreneurship.

iii. The new government should continue to walk the talk on corruption (Nyoni, 2018c). Corruption is very harmful and unacceptable (Nyoni, 2017). Rebuking corruption is quite important but the most important thing after all has been said; is to walk the talk (Nyoni, 2018f). His Excellency, President E. D. Mnangagwa has hit the ground running especially in terms of dealing with corruption and restoring economic order (Nyoni, 2018c).

iv. The government of Zimbabwe should address issues of legal protection, property rights and economic freedom; without these, opportunity – based entrepreneurship cannot survive. Opportunity entrepreneurs are increasingly selective, they prefer to operate in an environment where there is no selective application of law, where rule of law is the order of the day.
v. A stable political landscape should always be maintained (Nyoni, 2018c). Political uncertainty accelerates policy uncertainty which is very harmful to productive economic decisions (Nyoni & Bonga, 2017f).

V. Conclusion

It is imperative to note that the political economy of Zimbabwe cannot be undermined when it comes to genuine economic recovery (Nyoni, 2018c). The current economic crisis is, above all; a political problem that is exacerbated by failed policies (Munangagwa, 2009). In Zimbabwe, just like in any other country; entrepreneurship continues to assume a pivotal role in the country’s economic roadmap and consequently remains a major concern for policy makers (Nyoni, 2018j). My observation proves beyond any reasonable doubt that most Zimbabweans have confidence on the outcome of the 2018 harmonized presidential elections and that they are ready to take – off to the promised land. It is now up to the new political administration to deliver what they promised us as Zimbabweans: jobs, economic growth and many other things. This paper is envisaged to go a long way in shaping economic policy dynamics, especially in the area of entrepreneurship. We now want Zimbabweans to divert from the job – seeking attitude to the job – creating mentality. People should create businesses after identifying opportunities in the market. That is the kind of entrepreneurship which should receive maximum support\(^9\) from the government and I believe the government will do all its best to make sure that opportunity – based entrepreneurship is prioritized.

REFERENCES


\(^9\) Should there be entrepreneurship support programs targeted specifically at opportunity entrepreneurs? Yes, why waste scarce resources on necessity entrepreneurs?


