

Confederation of Zimbabwe Industries (CZI)¹

Bulawayo, Zimbabwe

Questions for Discussion

- (1) Should the proposed linkage between ZimWeave and Williamson's textile venture take place? How can CZI make this happen? What other parties need to be brought to the table?**
- (2) Was the business linkage program intended to be a stimulus to put more British-educated whites into executive positions? If not, should the proposed linkage be discouraged?**
- (3) What role, if any, should the Zimbabwe Government take in the CZI business linkage program?**

The following are possible strategies the government could take:

- (1) Observer: wait-and-see, more of a "hands off" role (least involved)
- (2) Advisor: informal connection, regular communication, yet no decision-making power (moderately involved)
- (3) Partner: active role with decision-making power, with government commitment of financial resources and personnel (most involved)

CZI sought moderate involvement from the government by allowing a representative of the Ministry of Industry and Commerce to attend monthly committee meetings. This government participation provided the opportunity for improved communication and transparency.

It is important to note that Zimbabwe has a strained business-government relationship. The poor relationship between the private and public sectors in Zimbabwe could be interpreted as a black vs. white issue. Most of Zimbabwe's private sector is white-owned, while Zimbabwe's government is black-controlled, mainly by the Shona. Although interpersonal relationships between races in Zimbabwe are peaceful, there is antagonism at the executive and ministerial level. Both sides are suspicious of the other, even though there is fertile ground for cooperation:

- The government seeks job creation, which the private sector can provide.
- The private sector seeks an enabling macro-economic policy, which the government can coordinate.

CZI was attempting to improve this broken business-government relationship by establishing monthly meetings among executives, Members of Parliament, and government ministers.

- (4) What strategies should CZI utilize to attract industry to participate in business linkages?**

CZI used the following strategies to attract industry participation:

- (a) Improved public relations: Industry participation could demonstrate a commitment to community development by creating partnerships with small businesses.

TEACHING NOTES

- (b) Improved efficiency through outsourcing: Industry could become less vertically integrated by “unbundling” its nonproductive operations.
- (c) Improved government relations: Industry would gain more favor with the government by supporting one of its primary mandates: encouraging growth of black-owned enterprises.

CZI could utilize the following alternative strategies:

- (a) Tax incentives: With government collaboration, industry could gain tax breaks from creating linkages with indigenous small businesses.
- (b) Preferential consideration for bank loans: Through collaboration with the World Bank and the African Development Bank, local commercial banks could provide preferential consideration for bank loans to companies engaged in business linkages.
- (5) Once USAID funding expires, what can CZI do to continue the business linkage program?

Alternatives:

- (a) Seek more donor funding. Along with the Norwegians, the Swedish development agency expressed interest in CZI's business linkage program.
- (b) Charge higher registration fees for small companies (suppliers). After several success stories, CZI could begin to charge industry for linkage services.

CONFEDERATION OF ZIMBABWE INDUSTRIES (CZI)

CZI and USAID collaborated with the Norwegian government to provide funding for a similar business linkage project in eastern Zimbabwe. Similarly, CZI was looking for other donor agencies to contribute funding to continue a national business linkage initiative.

At the time of the case, CZI charged small businesses (suppliers) Z\$100 (about US\$10) to register on a database of small companies. Companies that paid this nominal fee and completed a registration form became part of the pool of suppliers eligible to link with industry. Industry participants, most of whom were CZI members, were not charged for linkage services. Charging for services would most likely exacerbate industry's resistance to change.

It is also advisable to take some time during class discussion to recognize and appreciate the critical, civic-minded efforts of Ian Lander. As a community and business leader, he is endeavoring to launch initiatives that will serve society by building goodwill.

NOTE

1. This case was written by Ken Meagor of Monterey Institute of International Studies. It is intended as a basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation.