

Impact of ‘Buy Zimbabwe’ Campaign on Capacity Utilisation for Manufacturing Companies in Zimbabwe

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DOI: [10.36348/sijap.2021.v04i04.002](https://doi.org/10.36348/sijap.2021.v04i04.002)

| Received: 05.03.2021 | Accepted: 23.03.2021 | Published: 30.04.2021

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Abstract

Many countries, irrespective of the country's level of economic status, seek to initiate macroeconomic policies towards achieving better economic performance in order to advance level of business activities and economic growth. In order to achieve this, various policy strategies and interventions are applied in the process, although the outcomes are always different. While some of these policy interventions have culminated in the desired outcomes, others falter on the platter of ineptness. This article investigated the impact of the ‘Buy Zimbabwe’ campaign initiative on the performance of the manufacturing sector through capacity utilisation since its introduction by the Government of Zimbabwe in 2011. The study used a positivism research philosophy because epistemologically, it allowed the researcher to focus on discovering observable and measurable facts. The explanatory and analytical research design was used to gather the data. A sample size of 21 companies was put into strata composed of 8 companies in the first stratum and the other 13 companies in the second stratum. Data was collected from primary sources through structured interviews with managers of manufacturing companies. The key findings are that the ‘Buy Zimbabwe’ initiative had very little impact on capacity utilisation of manufacturing companies in Zimbabwe. The main challenges that limited the adoption of ‘Buy Zimbabwe’ campaign are shortage of raw materials, low demand, ageing equipment, low investment in the manufacturing sector, persistent foreign currency shortages, liquidity crisis, and poor access to finance. The study recommended that the Government of Zimbabwe should create an enabling economic, political, social and legal environment that is conducive for ‘Buy Zimbabwe’ initiative to produce the desired results as an import substitution.

Keywords: Buy - Zimbabwe initiative; Import substitution.

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INTRODUCTION

Zimbabwe's economy has many challenges, the more prominent being low production, low productivity, high imports and low but slowly increasing exports, leading to a large trade deficit, manifested as low employment, foreign currency shortages and sluggish economic growth. In particular, Zimbabwe's manufacturing sector has gone through a decade of de-industrialisation and is currently experiencing low capacity utilisation levels, low productivity levels and this has taken away the competitiveness that the local manufacturers need to compete with foreign products. Currently most Zimbabwean manufacturing businesses are resorting to the importation of finished products and this has consequently resulted in the loss of jobs, reduction of exports and a worsening Balance of Payments (BOP) position for the country.

The government of Zimbabwe came up with some measures to protect the local manufacturing industry from excessive competition from imports and stimulating local demand by using the concepts of import substitution industrialisation framework through crafting and amending policies that are investor-friendly at the same time promoting the production and consumption of domestic products. “Buy Zimbabwe” campaign came as one of the brainchild of those government initiatives. The campaign was launched by the government in 2011 which the main thrust was to unlock the country's economic potential through aggressive support of the production and consumption of local goods and services as an import substitution strategy. It is noted in the extant literature that ‘buy local’ campaign, stimulates entrepreneurship knowledge and enhance the utilization of country's resources efficiently to its fullest and also encourage

economic growth, employment creation and necessitates local brand to stand against competition [1].

Import substitution is basically an approach adhered to by developing countries or emerging-market nations that seek to decrease their dependence on developed countries. The concept targets the protection and incubation of newly formed domestic industries to fully develop sectors so that the goods produced are competitive with imported goods. If properly implemented, import substitution could make local economies, and their nations, self-sufficient. The main goal of import substitution industrialisation policy is to protect, strengthen and grow local industries using a variety of tactics, which includes tariffs, import quotas, subsidies and buy local campaigns. Marshall [2] stated that Import Substitution Industrialization (also called ISI) is a trade and economic policy based on the premise that a country should attempt to substitute products, which it imports (mostly finished goods) with locally produced substitutes. This research focused mainly on 'Buy Zimbabwe' as an import substitution strategy.

BACKGROUND TO THE STUDY

The manufacturing sector in Zimbabwe was at its peak in the 1990s and was well known for its diversity of products and as an important contributor to the country's GDP (16%), (RBZ Monetary Policy Review, and 2009). The manufacturing sector played a key role in the economy as it supplied 50% of its output into the Agricultural sector. At the beginning of the year 2009, the sector was operating at estimated capacity utilisation levels of less than 10% (Fiscal Policy Review 2009). Capacity utilisation had been hampered over the years by hyperinflation, foreign exchange controls, price controls and shortages of foreign currency, energy disruptions, water shortages, working capital constraints, amongst many other factors.

The introduction of the multicurrency system in January 2009 ushered in a period of stability for the sector and some companies have shown some improvement in capacity utilization and productivity. However, an analysis of these challenges shows that the economy failed to sustain the strong positive economic growth trajectory gathered in 2009. There has been insignificant foreign direct investment since the inception of the multicurrency system in 2009. Resultantly, many companies closed and economic growth has been very sluggish, especially during the period 2013 to 2019.

According to the Manufacturing Sector Surveys that were done by the Confederation of Zimbabwe Industries (CZI)'s, industry's capacity utilisation has been hovering below 50% since the year

2012. According to the Confederation of Zimbabwe Industry Manufacturing Sector Survey (2019), industry's capacity utilisation fell by 11,8% points to 36,4% in 2019 from 48,2% recorded in 2018, and in the year 2019 only, the economy contracted by 6,5%, the worst economic performance in sub-Saharan Africa. Below is a table showing the capacity utilisation statistics.

Table-1: Capacity Utilisation

Period	Weighted Capacity Utilisation
2015	34.3%
2016	47.4%
2017	45.1%
2018	48.2%

Source: CZI Manufacturing Sector Survey 2018

A very low statistic of capacity utilisation hovering below 50% and a sharp decline from 48.2% in 2018 to 36.4% in 2019 is a serious cause of concern as it implies that some companies were not operational in 2019 and those which were operational probably scaled down their operations. This means further fuelling unemployment levels in the economy resulting in a vicious cycle as it causes a reduction in aggregate demand which is not good for companies and the economy in general (CZI Manufacturing Sector Survey, 2018). Below is a table of the 2017 CZI survey results of the constraint factors that were inhibiting the manufacturing sector;

Table-2: Capacity Utilisation Constraints

Challenge	Percentage
Cost/shortage of raw materials	19.59%
Low local demand	17.18%
Foreign currency shortages	13.75%
Competition from imports	8.59%
Antiquated machinery and breakdowns	8.59%
Capital constraints	6.87%
High cost of doing business	6.53%
Liquidity crisis	6.19%
Drawbacks from current economic environment	4.47%
Access to finance	4.47%
Competition from local producers	1.37%
Power and water shortages	1.03%
Others	0.69%

Source: CZI Manufacturing Sector Survey 2017

From the CZI Manufacturing surveys that were conducted between 2013 and 2016, the most common constraint that respondents stated as inhibiting capacity was low domestic demand and in 2017, it was still a factor limiting a lot of companies (CZI Manufacturing Sector Survey, 2017). Competition from imports was in the top five (5) of the list from the same survey. The CZI Manufacturing Sector surveys that

were conducted for the past five years, the results pointed out that pressure of competition from imports was one of the recurring factors that contributed to shrinking of local demand which led to the poor capacity utilisation in the manufacturing sector.

Among other challenges, one of the identified capacity constraints blighting the local manufacturing sector was the lack of international competitiveness. Zimbabwean companies are facing increasing competition and are struggling to cope both on the exports and imports front in an international economic setting. According to the Global Competitive Index, Zimbabwe was ranked number 128 out of 140 countries in 2018, ahead of Malawi, Lesotho, Mozambique, DRC, and Angola, in the SADC regional trading bloc. While Zimbabwe's ranking in the Global Competitiveness Index was 124th out of 135 countries in 2017, the 2018/19 report which was published on 16 October showed that Zimbabwe's ranking worsened by 4 places to 128/140 in 2018. This scenario does not paint a good picture at all, considering that Zimbabwe aspires to be a middle income economy by 2030. A low Global Competitive index ranking shows that the set of institutions, policies and factors that determine the level of productivity are poorly ranked, thus, Zimbabwe has a lot of work to do in order to improve its doing business environment (CZI Manufacturing Sector Survey, 2018).

Buy Zimbabwe was established as the leading promoter and facilitator for market access anchored on rejuvenating local productivity and encouraging local consumption of products and services. It is thus an opportunities and linkages organization and a market access company promoting local production, local consumption, local purchasing and local supply of goods and services. Buy Zimbabwe seeks to be the prime driver of preferred quality and competitive Zimbabwean brands for sustainable economic growth by unlocking the country's potential through a structured support of the production and consumption of local goods and services, thus creating a market access for quality and competitive Zimbabwean brands. This was necessitated by the continued negative consumer perception towards local goods or services coupled with unfair pricing of foreign alternatives, resulting in many consumers, particularly those facing significant financial constraints, opting for imports. Globalisation and economic liberalisation has enabled easy movement of goods and trading across geographical boundaries. This has opened doors of competition posing a serious threat to the local manufacturing companies in developing countries. As part of the global world, Zimbabwe has also made commitments, particularly in regional integration initiatives under SADC and COMESA to allow the domestic market to be accessible to foreign firms at reduced and free duty. The period of economic downturn also saw local companies being more or less

reduced to spectators in the domestic economy as foreign products dominated the shelves. This makes foreign competition one of the key challenges for local companies to capture the market, a challenge which they cannot effectively deal with on their own. This is particularly on the backdrop of lack of competitiveness of the sub-sectors, such as steel and others where cheap imports from China and India are capturing the markets. It is due to this lack of international competitiveness of local products which has continuously contributed to the suffocation of local manufacturing companies as the local market end up being choked by the influx of imports competing with the local products, thus bearing serious negative impact to the manufacturing sector capacity utilisation and the direction of industrialisation for the country at large.

STATEMENT OF THE PROBLEM

In the absence of firm local demand, the local manufacturing sector suffers from foreign competition leading it to suffocate up to a state of closure as the capacity will be operationally unsustainable. Therefore, this precipitated the researcher to carry out an investigation on the impact of the 'Buy Zimbabwe' campaign as an import substitution strategy to enhance the capacity utilisation for Zimbabwean manufacturing companies since under the regional integration agreements, Zimbabwe also has a leeway to protect some of its strategic industries, at least temporarily while the industry is recovering.

OBJECTIVES OF THE STUDY

The study was guided by the following research objectives:

4.1 Main Research Objective

To assess the impact of 'Buy Zimbabwe' campaign as an import substitution strategy on capacity utilisation for manufacturing companies in Zimbabwe.

4.2 Sub – Research Objectives

- To determine whether the 'Buy Zimbabwe' campaign is helping manufacturing companies to improving their capacity utilisation.
- To examine the challenges that are limiting the adoption of 'Buy Zimbabwe' campaign in manufacturing industry in Zimbabwe.
- To examine any policy gaps, in the implementation of the "Buy Zimbabwe" campaign to manufacturing industry in Zimbabwe.
- To explore the measures that should be put in place to ensure that 'Buy Zimbabwe' campaign stimulates capacity utilisation for the manufacturing industry in Zimbabwe.

PURPOSE OF THE STUDY

The purpose of this study was to demystify if the 'Buy Zimbabwe' campaign has made any impact to

capacity utilisation in the manufacturing industry in Zimbabwe.

RESEARCH QUESTIONS

The study was guided by the following research questions:

6.1: Main Research Question

To what extent did 'Buy Zimbabwe' initiative affect capacity utilisation of manufacturing companies in Zimbabwe?

6.2: Sub-Research Questions

- To what extent is 'Buy Zimbabwe' campaign helping manufacturing companies in Zimbabwe improve their capacity utilisation?
- What are the challenges that are limiting the adoption of 'Buy Zimbabwe' initiative in the manufacturing industry in Zimbabwe?
- What are the policy gaps in the implementation of 'Buy Zimbabwe' campaign in the manufacturing industry in Zimbabwe?
- What measures should be put in place to ensure that 'Buy Zimbabwe' campaign stimulates capacity utilisation in the manufacturing industry in Zimbabwe?

LITERATURE REVIEW

The idea of protecting domestic industries is rooted on the import substitution industrialisation policy which is premised on the realisation that economic development and more specifically, industrialisation can only be achieved by developing local capacity that is capable of substituting imports in order to reduce or possibly eliminate economic leakages Adewale [16]. Import substitution Industrialisation (ISI) theory is a trade and economic policy which advocates replacing foreign imports with domestic production Nelson, [15]. The strategy of import substitution industrialization was also demystified by Albert Hirschman's concepts of bottlenecks and linkages. According to Hirschman [3], imbalances in the system, such as supply shocks and bottlenecks, were central to development as signals for investment. If the state could break the bottlenecks in crucial industries, resources would flow back up the production chain, stimulating the demand for intermediate inputs, or they would flow forward from consumption patterns to create demand for new products.

Conceptually, buy local campaigns calls for government to craft and implement policies that encourages local companies to participate in the campaign to produce goods and services that meets international quality standards. This enables the companies who participate in the local campaigns to greatly minimize the production of defective products, thus ascertain efficiency and productivity [4]. In support, Neven et al., [5] indicates that, the primary

objectives of the buy local campaigns are to enact laws that will enhance the production of local goods and services without negatively affecting the consumer choice. Thus, companies that are involved in buy local campaign should be able to produce high quality products efficiently and without exploiting consumers. Therefore, buy local campaigns are a vital tool in driving import substitution as it helps in creating consumer awareness of the quality for various types of products that are produced in the local economy in particular. Wang and Lamb [6] and Jaffe and Martinez [7] postulates that citizens actually prefer products from their own origins but there is need of an awareness.

Ndlovu et al., [8] supported the initiative of 'Buy Zimbabwe' campaign as it acts as an inducement in necessitating the Zimbabweans to be proud of their country's heritage including the consumption of local products that are produced in Zimbabwe in order to revive Zimbabwean companies. Breyfogle et al., [14] also argues that, through 'buy local' campaigns, companies create demand for their products and enhance business growth by improving productivity to meet the ever-growing customer needs and wants, at the same help to fight reducing the underutilization of resources such as labour, thus enhancing labour productivity. Allak and Svadasan [9] supported that market reforms such as 'buy local' campaign have positive influence on companies' productivity. Allak and Svadasan [9] further posits that, any local campaign that is designed to boost demand of locally produced goods contribute to the reduction in the production cost per unit for firms involved in the 'buy local' campaign, through grabbing the chance to exploit the economic efficiency advantages resulting from economies of scale. Thus, companies that participates in local campaigns have good chances of enjoying economies of scale thereby achieving cost competitiveness. Therefore, the companies participating in buy local campaigns can easily achieve international competitiveness.

Wang and Lamb [6] advocates that, promotions such as 'buy local' campaigns result in company product differentiation, generation of brand loyalty, and therefore permits the firms to attach high prices and results in increased sales revenues. Thus, through the buy local campaigns, firms will be incentivised to invest in research and development and it eventually catapults product innovation resulting in new product which satisfies the ever-changing consumer needs. It therefore gives companies that participate in the local campaigns an advantage in achieving international competitiveness as they will be able to follow global trends through product innovation.

According to the 'Buy Zimbabwe' Strategy Document (2018), the Import Substitution strategy through 'Buy Zimbabwe Campaign' is anchored on the

following broad objectives; Firstly, to promote and facilitate government, industry and consumer efforts at enhancing local production. Secondly, increasing local consumption and creating employment for holistic and equitable economic growth. Thirdly to create and facilitate an environment for accelerating capacity building to assure markets of quality, competitive and environmentally benign, local products and services. The fourth objective is to continuously elevate communication and heighten the appeal of local products and services to local and external markets; and lastly to undertake research and assignments calculated to promote local products and services, enhance industry profile and elevate consumer issues relevant to Zimbabwe's economic prosperity.

RESEARCH GAPS

The research gaps in this study emanates from different opinions on the contribution of the import substitution strategy through the "buy local" campaigns in improving the capacity utilisation of domestic manufacturing companies as some authors argue for it whereas others argue against it. The existent literature has been inadequate in empirically explaining the effect of import substitution through "buy local" campaigns on capacity utilisation in the context of developing countries such as Zimbabwe, therefore further research is necessary. Some studies that have been conducted even in developed nations on this area of study left some gaps which may need further investigations. A good example is the research study that was carried out by Graham & Cameroon [10] in more than four industries, five years later after the campaign was launched in New Zealand, who concluded that there was no significant difference between the companies that adopted 'Buy New Zealand Made' Campaign in terms of performance in relation to other non-participating companies, hence the need to do the study for the steel industry in Zimbabwe.

There was a recent study that was carried out in Zimbabwe investigating the contribution of "Buy Zimbabwe" campaign in the context of retail sector by Ndlovu et al., [8], from their research findings they concluded that there was no much difference in terms of company performance between participating and non-participating firm in the buy local campaign. Therefore, this requires a further investigation if import substitution through buy local campaigns bears the same effects on company performance in the context of manufacturing companies particularly analysing the contribution on capacity utilisation.

RESEARCH METHODOLOGY

9.1 Research Philosophy

A positivism philosophy was used for this research study and a deductive approach was followed as the study involved developing a hypothesis upon a pre-existing theory of import substitution which was

then tested to establish if it had any impact on capacity utilisation for manufacturing companies. This philosophy was considered appropriate for this study because epistemologically it allowed the researcher to focus on discovering observable and measurable facts and regularities, and only phenomena that were observable and measurable were used to produce credible and meaningful data (Crotty 1998). The philosophy allowed the researcher to look for causal relationships in the data to create law-like generalisations like those produced by scientists, Gill and Johnson [13].

9.2 Research Design

This study used both explanatory and analytical research design. The choice of the two research designs was based on the fact that these two approaches vary in strength and weakness therefore the study used both of them for complementary purposes. The explanatory research design for instance used open ended questions and probing which gave participants the opportunity to respond in their own words rather than forcing them to choose from fixed responses, and quantitative methods demands. This approach enabled the study to explore the participants' feelings and attitudes with regard to the effectiveness of buy Zimbabwe campaign as an import substitution strategy. Analytical research design was useful for examining the challenges facing manufacturing companies in benefiting from the Buy Zimbabwe Campaign.

9.3 Research Method

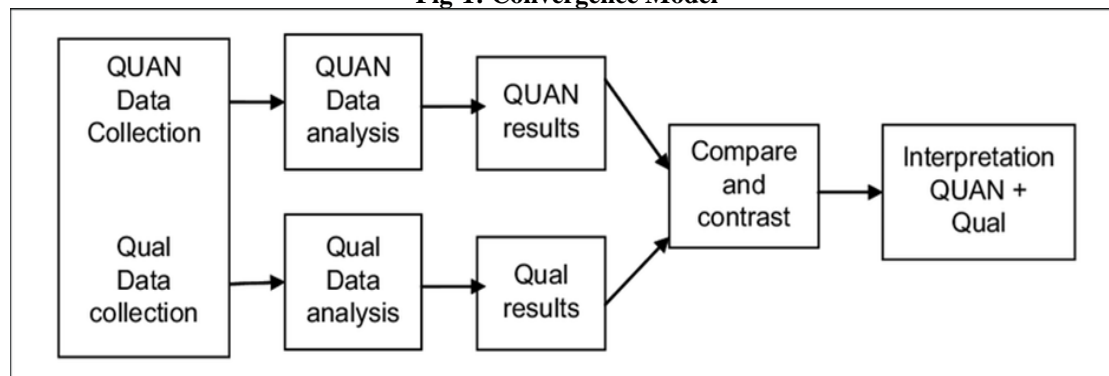
This research employed mixed method research which is a methodology for conducting research involving collecting, analysing and integrating quantitative and qualitative research methods. This approach was chosen as this integration provides a better understanding of the research problem used than either of each one. By mixing both qualitative and quantitative research and data, it allowed the researcher to gain in-depth understanding and corroboration, while offsetting the weaknesses inherent to using each approach by itself.

This approach enabled the researcher to use triangulation design model, convergence model was used in particular. Thus, a combination of qualitative and quantitative approach was employed to gather information from the field involving factual elements that will be established through descriptive and also inferential statistics. As Johnson and Onwuegbuzie [12] states that, the main goal of the researcher in employing a mixed method approach (quantitative and qualitative) is to answer objectives and research questions that are qualitative and quantitative in nature. Creswell [11] also argues that researchers triangulate among different sources of data to enhance accuracy of their study. By applying a mixed method of research, it allowed the researcher to tackle a broader and a more complete

range of research questions owing to the fact that the researcher is not confined within the tenants of particular method of research. In addition, this allowed the researcher to have the ability to use the strength of

one method of research to counter or overcome the weaknesses in another method as this incorporates the concept of complementarity. The triangulation design method is illustrated by the diagram below:

Fig-1: Convergence Model



The Data Convergence Model Source: Creswell and Clark (2007)

The core use of this type of design model was to triangulate or rather to bring both qualitative and quantitative methodologies simultaneously, and to incorporate the two paradigms of research in order to best comprehend the research situation at hand (Tashakori A & Teddie C., 2008). The study employed this model by collecting and analysing both quantitative and qualitative data separately and then the different results were converged during the interpretation. This model was considered useful for this research study as it allows comparison of results or validation, confirmation, or in corroborating quantitative results with qualitative findings.

9.4 Target Population

The target population for this study were formally registered steel manufacturing companies operating within the Bulawayo Metropolitan Province. According to the EISAZ database, there are only twenty-one (21) registered companies in Bulawayo that are within the Engineering, Iron and Steel Industry sector. The Bulawayo city was chosen as it is the country's second largest and once Zimbabwe's industrial hub for the manufacturing industry.

9.5 Sampling Procedures

In sampling participating companies for this study, stratified sampling method, was used. The first strata were for companies that are participating in the 'Buy Zimbabwe' campaign and the second strata were for companies that are not participating in the campaign. Stratification was done because the researcher reasonably assumed that the measurement of interest would vary between the different sub-groups of which representation from all subgroups was key. The stratified sampling method was employed as it ascertains equal representation of several manufacturing companies that are participating and non-participating

in the Buy Zimbabwe campaign as a way of evaluating the impact of the Buy Zimbabwe campaign.

The study sample was obtained by taking proportionate sample sizes from each stratum. Thus, out of each stratum, sample selections were randomly chosen for this study to come up with companies that were eligible for participation in the study. Each study sample were covering at least 30% of the target population in each stratum as this is a standard minimum sample size. To choose the sample for each stratum, the researcher prepared a list of the population members for each stratum initially, then each company in the stratum was marked with a specific number. To minimise biases in the process of simple random sampling, the lottery method was used where the samples for each stratum was chosen by drawing numbers from the box randomly. This method was chosen in selecting the participating companies in the study because of its fairness compared to other sampling methods. This is because if applied appropriately, it helps to reduce any bias involved as all subjects of the population has an even chance and likelihood of being selected in the sample.

From the study samples, the purposive sampling technique was employed to exclusively choose eligible participants from the selected companies that were sampled for the study. Therefore, purposive sampling method was used to select the specific key departments and participants to be studied from each company in the study sample. Participants for the study comprised personnel at senior management level from the following departments; Finance, Production and Marketing.

This method was preferred in choosing participants for the study based on the assumption that these people has required characteristics for example broad knowledge of understanding the whole concept of

import substitution and its impact to capacity utilisation for the organisations they work for.

9.6 Sample Size

Out of twenty-one (21) companies which was the entire population, the first stratum had eight (8) companies and the second stratum had thirteen (13) companies. The proportionate stratified random sampling method was then used. In this approach, each stratum sample size was directly proportional to the population size of the entire population of strata, meaning that each strata sample had the same sampling fraction which was benchmarked at a minimum of 30%.

The formula for Proportionate Stratified Random Sampling (PSRS):

$nh = (Nh / N) * n$ where,

nh = Sample size for the stratum

Nh = Population size for the stratum

N = Size of the entire population

n = Size of entire sample

Using the above formula, the sample size for the first stratum was 3 companies (i.e. $8/21*7$) and the sample size for the second stratum was 4 companies (i.e. $13/21*7$). These sample size results can be tabulated as follows:

Table-3: Sample size

Stratum	Participating Companies (S1)	Non-Participating Companies (S2)	Total
Population Size	8	13	21
Sampling Fraction	3/10	3/10	3/10
Final Sampling size results	3	4	7
Participants per Company	3	3	
Total Participants per Company	9	12	21

Source: Author, 2020

9.7 Data Sources

For qualitative analysis, data was collected from primary sources through structured interviews. These interviews were administered telephonically and through the zoom platform as many participants were reluctant to participate in face to face interviews due to the fear of the pandemic, COVID-19, hence the use of this method since it allowed closed site access. The research made use of the same set of questions in the exact same order including probes in order to gather consistent and comparable data. For quantitative analysis, the primary data was gathered through quantitative survey questionnaires that were administered by the researcher. The survey approach was used because it is strong in providing results which are reliable, representative and valid.

Desk research was employed in gathering secondary data by reviewing literature which comprised published information on the Zimbabwe manufacturing sector surveys by CZI, publications from Ministry of Industry and Commerce, publications by Buy Zimbabwe Campaign and other company specific records like sales reports, production reports, finance reports. This approach helped in determining whether companies that adopted the 'Buy Zimbabwe' campaign were performing better in terms of capacity utilisation than non-participating companies.

RESEARCH FINDINGS

10.1: To Determine Whether The Buy Zimbabwe Campaign Initiative Is Helping Manufacturing Companies In Zimbabwe To Improve Their Capacity Utilisation.

The study findings revealed that the Buy Zimbabwe initiative has a little impact on the level of capacity utilisation in the manufacturing sector in Zimbabwe.

10.2: To examine the challenges that limits the adoption of Buy Zimbabwe campaign in the manufacturing industry in Zimbabwe.

There challenges that affected the adoption of 'Buy Zimbabwe' initiative included shortage of key raw materials, low demand, ageing equipment and low investment in re-capitalisation, persistent foreign currency shortages, high cost of doing business, liquidity crisis and poor access to finance.

10.3: To examine any policy gaps, in the implementation of the "Buy Zimbabwe" campaign to manufacturing companies in Zimbabwe.

The study unveiled that conflicting and policy inconsistencies by the government was a key constraint to the implementation of 'Buy Zimbabwe' initiative.

RECOMMENDATIONS

The Government of Zimbabwe should create an enabling political, economic, social and legal environment that is conducive for the 'Buy Zimbabwe' initiative to produce desired results as import substitution. Below are some of the measures in detail which the government of Zimbabwean may need to do in creating the conducive environment for the import substitution to yield the desired results:

11.1 Government Policies

Investor friendly policies need to be put in place that will attract foreign direct investment into the country where foreign investors will partner with the local manufacturers bringing the much needed capital and to allow technological transfer. The Government also need not remain rigid in terms of policy and attitude in a globalised economy where competition from other countries matters a lot. It will be of paramount importance for the government to have policies that are properly crafted which do not conflict with each other and which do not regularly change as a way of bringing stability and certainty. This can be achieved by policy makers through adopting an inclusive approach through a consultative process with all key stakeholders in policy formulation and implementation.

11.2 Foreign Currency

There is a need from the government to promote actions that encourage foreign currency generation by the manufacturing sector and the rest of the economy. The authorities may need to support export producing companies by reintroducing export incentives. The long-term stability of the country can only be guaranteed by large inflows of foreign exchange from both exports and international financiers. This coupled with political reforms that will usher in a new era of political stability, rule of law and respect for property and human rights will make foreign currency availability an achievable goal. There is need for restoration of investor confidence and a good image of the country, if significant foreign exchange inflows are to be generated. The policy change to a multi-currency system is a welcome development.

11.3 Improving Infrastructure

The government need to consider the rehabilitation of the railway system through investing in restructuring of infrastructure of the parastatal (i.e. NRZ). This will go a long way in ensuring the efficiency in shipment of essential equipment, raw-material and spares for the industry to boost up production, which also has a significant impact in correcting the capacity under-utilisation and balance of payment problems.

11.4 Using Parastatals as Key Economic Drivers

As demonstrated by the Singapore and South African experience, state owned manufacturing firms can be used in order to dictate direction and pace in turning around the fortunes of the sector.

11.5 Financial Sector

Since one of the major challenges that was pointed out in this study was lack of funding for the manufacturing companies to rehabilitate their plants and equip their factories with modern equipment and

machinery, the government may need to establish national funding vehicles aimed at recapitalising the industry. It is therefore important that the Government identifies one key entity, such as IDBZ, which it uses to drive its policy for funding the manufacturing sector. The government can therefore provide cheap capital towards industry resuscitation as a way of creating local capacity that will cater for both local and export market demand.

CONCLUSION

From this research, the study findings evidences that there is a positive relationship between import substitution through Buy Zimbabwe campaign initiative and capacity utilisation, although the strength of the relationship came out weak.

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