

Migrant Remittances Inspired Enterprises in Tsholotsho: Issues of Sustainability

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Abstract

Following unprecedented and protracted political and economic crises during the period spanning 2000 to 2009, Zimbabwe experienced increased migration of its populace to the diaspora. One notable positive result of this migration phenomenon has been an increase in the inflows of remittances, which have partly inspired the emergence of enterprises. In February of 2009, Zimbabwe introduced the multi-currency system, which introduced new dynamics related to the sustainability of these enterprises. This, coupled with the foregoing, called for the review of the sustainability of remittance-inspired enterprises to ensure their potential for survival in the interim and the long term. As such, the present study was guided by a framework produced by the International Labour Organization (ILO), which lists the six basic conditions necessary for nurturing sustainable enterprises. This study made use of both primary and secondary data that included a household survey carried out on 40 households and 10 key informant interviews. In line with five of the six pillars of the ILO framework, the study found the following: 1) there is a governance framework instituted by the District Council that regulates the operations of businesses; 2) the infrastructure to support businesses is either not in place or is in a poor state; 3) enterprises practice responsible stewardship of the environment; 4) the society and culture is supportive of enterprise formation; and 5) the macro-economic environment is riddled with uncertainties. The study concludes that whilst remittances

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provide seed capital for entrepreneurs to invest in Tsholotsho, the environment does not adequately support the sustainable running of those enterprises.

Keywords Migrant, remittances, sustainability, enterprises, Zimbabwe, Tsholotsho.

Introduction

From 2000 to 2009, Zimbabwe experienced a mass exodus of its populace to the diaspora due to the economic meltdown and political unrest that characterised this period. This phenomenon created different economic opportunities across the country, with the massive inflow of remittances to Zimbabwe from migrants leading to a significant emergence of enterprises in areas such as Tsholotsho.

This article seeks to address the questions that ensued from a study carried out in the same area, which sought to follow the distribution of remittance use between consumption and investment, analysed the kind of investments remittances promote in the local economy, and examined the impact of remittances on local development (Ncube & Gomez, 2011; Ncube & Gómez, 2015). Ncube and Gómez's (2011; 2015) study used the 'follow the money principle' ethnographic technique. It involved recording several rounds of transactions in a village in rural Zimbabwe after receipt of cash from abroad. The study paid attention to four indicative aspects of local development, namely income generation, agricultural productivity and growth, job and enterprise creation, and infrastructure improvements. Ncube and Gómez (2015: 191) found that remittances:

[...] Promote micro-enterprises and employment generation; increase the households purchasing power, which revitalises entrepreneurial skills among those that are inclined towards own-employment and leads to investments that add diversity and income to the local economy, resulting in what is referred to as productive consumption.

Furthermore, the study revealed that "productive consumption created opportunities for investment in growth-oriented SMEs, whether their owners are receivers of remittances or not" (Ibid). On one hand, the receivers formed a consumptive class with limited motivation to run new businesses. As such, they mainly focused on upgrading agricultural activities. On the other hand, the non-receivers formed a pool of low-wage labour (Ncube & Gómez, 2015). The results from the study indicated that "the enterprises and jobs created were not particularly of high quality or innovative and their sustainability in the event that remittances cease flowing in was not ascertained" (Ncube &

Gómez, 2015: 191). This uncertainty necessitated further research into the sustainability of these remittance-inspired enterprises.

Furthermore, in February 2009, Zimbabwe introduced the multi-currency system, which brought new dynamics related to the sustainability of these enterprises. This, coupled with the foregoing, called for review of the sustainability of these remittance-inspired enterprises to ensure their potential for survival in the interim and the long term. To this end, this article amplifies the current understanding in development discourse that the Matabeleland region has had the highest incidence of emigration in the country and has experienced significantly high returns from remittances (Maphosa, 2005; Ncube & Gómez, 2011). According to Maphosa (2005: 3), “remittances are the most important source of income for many households in the Southern [and Northern] districts of Zimbabwe.” In Tsholotsho, this high turnover of remittances has seen an increase in the development of enterprises that have possibly improved the employment rate in the region. However, the sustainability of these remittance-inspired enterprises has not been established notwithstanding their high prevalence. Thus, this article investigates the sustainability of remittance-inspired enterprises in Tsholotsho District. This is done in light of the dynamics of the multi-currency systems and their broad impacts on enterprises.

Remittances and Entrepreneurship

Globally, remittances are worth billions annually with the World Bank (2018) estimating that in 2017 remittances amounted to US\$613 billion. The World Bank (2018) goes on to indicate that remittances to low- and middle-income countries increased from US\$429 billion in 2016 to US\$466 billion in 2017. For southern Africa, the remittances totalled US\$38 billion in 2017 (Ibid). In 2017, the top remittance-receiving countries included India (US\$65,380 million), China (US\$62,850 million), Philippines (US\$32,795 million), Mexico (US\$30,534 million), Nigeria (US\$18,956 million), and Egypt (US\$18,199 million) (KNOMAD, 2019). In Zimbabwe, diaspora remittances have been steadily rising from a low of approximately US\$300 million in 2009 to a high of US\$939 million in 2015 (Reserve Bank of Zimbabwe, 2017; IOM, 2018).

In countries affected by long-term crises, migration is often seen as a key coping survival strategy, which leads to the formation of diasporas that play an important role in sustaining the livelihoods of those who remain behind. Remittances are viewed as counter-cyclical. They increase during periods of crisis and therefore play an important role in enabling some people to survive in such periods. Zimbabwe’s migration trends and the size of the Zimbabwean

diaspora population, although varied and contested, seem to confirm this view; the number of Zimbabweans migrating to the diaspora has been steadily increasing, especially during peak crisis periods. To this end, estimates of Zimbabweans in the diaspora range from a low of 571,970 living in the top five countries of destination (IOM, 2018) to an estimate of 1,253,100 (Ratha, Mohapatra, & Scheja, 2011) to a high of over 3,000,000 said to have emigrated over the last decade, with roughly two thirds of these migrants heading to South Africa (Von Burgsdorff, 2012). The top five countries of destination and their Zimbabwean populations in 2018 are as follows: South Africa (358,109), the United Kingdom (115,708), Malawi (35,287), Australia (34,034), and Botswana (28,832) (IOM, 2018). The significance of the size of the Zimbabwean diaspora community becomes clearer if one juxtaposes it with the size of Zimbabwe's population of 13,061,239 in 2012 (IOM, 2018).

Maphosa (2005) notes that remittances from South Africa are the most important source of income for many households in the Southern districts of Zimbabwe. Indeed, Zimbabwean migrants working in South Africa, including undocumented migrants, remit significant amounts from their host country to their communities of origin (Ibid). Remittances are defined as "income (in any form) received by a household in one distinct place, from individuals or households living in another place" (Savage & Harvey, 2007: 10). However, for the purposes of this study, the remittances in question refer to money sent to Zimbabwe by emigrants in the diaspora.

Zimbabwe is one of the top ten emigrating countries in the sub-Saharan region (IOM, 2009). Most Zimbabweans in the neighbouring countries remit cash at least once a month. Those within the SADC region visit Zimbabwe frequently and, as such, are more able to remit in person (Ibid). It is estimated that Zimbabweans in South Africa remitted ZAR 5.1–6.8 billion, which is US\$680–905 million in 2011 (Von Burgsdorff, 2012). Remittances are now seen as a way of reducing poverty (IOM, 2009). It can be noted that remittances ease survival for the vulnerable and for some remittances can sustain local trading. Chalise (2014) holds that a good investment climate with well-developed financial systems and sound institutions is likely to lead to a higher degree of remittances invested in physical and human capital. It is argued that remittances form a source of savings and capital for investment in education, health, and entrepreneurship, all of which have an effect on productivity, employment, and growth in both the short term and the long term (Nzima, 2013; Mishi & Mudziwapasi, 2014; Nzima, et al. 2017). However, the largest impact on growth and development occurs when remittances fund productive investment.

Poverty tends to be higher in rural areas than in urban areas, and remittances are viewed as central elements of household strategies to overcome poverty and development constraints (De Haas, 2007). A significant number of studies reveal that households receiving remittances from across borders have a higher propensity to invest than non-migrant households when controlling for income and other relevant household variables *per se* (Ibid). De Haas (2007) notes that the extent to which money is remitted, and how and where remittances are spent by the recipient, essentially depends on the migrant's social and economic position in the destination country, as well as on the investment conditions in the countries of origin. Jokisch (2002) posits that remittances have helped migrants to invest in land, cattle, and housing, and in some cases, remittances have not been focussed on agricultural improvements. They have also been used to pay for education and health, settle debts, perpetuate emigration, and fund luxurious consumption, such as large homes (Ibid).

Some scholars (Nzima, 2013; Ncube & Gómez, 2015; Nzima, Duma, & Moyo, 2016) argue that the ultimate impact of remittances on local development would be reflected by indicators such as employment creation, start-ups and investments in small enterprises, and an overall increased competitiveness. In their study carried out in Village 2 of Ward 19 in Tsholotsho District, Zimbabwe, Ncube and Gomez (2015) found that the recipients of remittances purchased assets that boosted their income streams and sustained them in the event of shocks. Inter alia, these assets included scotch-carts, livestock, solar panels, brick under asbestos, and zinc housing structures. Ncube and Gomez's analysis revealed that the remittances increased household purchasing power, awakened entrepreneurial skills and thus led to investments that added diversity and income to the local economy. Maphosa's (2005) remittance study in Ward 7 of Mangwe District in Matabeleland, South Province of Zimbabwe, revealed that 31.2 percent of remittances were invested in agriculture. Ten percent was invested in the business sector, such as in general dealer shops, grindings mills, and bottle stores, amongst others.

The Integrated Approach to Sustainable Enterprise Development

The ILO (2007:7) posits the following:

[...] Sustainable enterprises are those which truly value human resources, over and above other resources (natural, financial, physical) and ensure that all who are engaged in the activities of the enterprise have appropriate skills sets, capacities and lifelong learning possibilities.

There are several external constraints to enterprise development (which businesses may have no control over) and internal constraints to enterprise development (relating to the capacities and knowledge of entrepreneurs) (Reinecke, 2002; ILO, 2014). Examples of internal constraints include the quality of labour, skill levels, and education. Education includes basic numeracy and reading skills. External constraints include the socio-economic environment and the polity. As such, the promotion of sustainable enterprises is an extensive subject due to the diversity of enterprises in terms of size, sector, spatial dimensions, management, governance systems, legal status, and operational objectives (Reinecke & White, 2004, ILO, 2005). According to ILO (2007: v):

[...] Promoting sustainable enterprises is about strengthening the institutions and governance systems which nurture enterprises because strong and efficient markets need strong and effective institutions; and ensuring that human, financial and natural resources are combined equitably and efficiently in order to bring about innovation and enhanced productivity.

The importance of enterprise as the prime source of growth and employment cannot be overemphasised. Driven by the pursuit for profits, enterprises innovate, invest, and generate employment and wage income. To achieve this, they are often in need of a supportive and enabling environment pigeonholed by the existence of open, rule-based, predictable, and non-discriminatory markets, as well as non-corrupt and well-governed economies (Grebel, 2005). The concept of 'sustainable enterprise' is associated with the universal approach to sustainable development. This approach emphasises forms of progress that meet the needs of the present without compromising the ability of future generations to meet their needs. It is an approach that proposes a holistic, impartial, and integrated perspective on development (Harris, 2000; ILO, 2005). IOL (2007: 7) notes:

In contrast to narrowly defined, traditional perspectives which depict enterprises in terms of linear input-output relationships centred solely on maximizing short-term economic value, an integrated approach to sustainable enterprise development takes a more holistic and long-term view.

It gives distinct overlaps of mutually dependent operational and policy spheres which exist on micro, macro, and meta levels. The micro level is concerned with the enterprise itself and its immediate environment. It covers the various resources that make an enterprise sustainable, for example, natural and physical resources (Reinecke & White, 2004; ILO, 2007). The macro level embodies policy frameworks that directly determine the competitive and enabling environment, as well as the sustainability and growth potential of enterprises (Ibid). The meta level refers to:

[...] The broad political, economic, social and environmental conditions which determine, among other things, the quality of institutions and governance in a society and; include a range of factors which might not be specific to enterprise but effectively influencing broader private sector development and general societal outcomes such as stability, inclusivity and the challenges of addressing issues like inequality and corruption (ILO, 2007: 8).

Therefore, it is clear that there are complex and diverse conditions necessary for creating the prospect for sustainable enterprises. The basics of these conditions include, inter alia, good governance and social dialogue, microeconomic stability and sound management of the economy, socio-cultural dynamics, physical capital, environmental stewardship, as well as equity and socio-economic inclusion. These conditions are summarised in Figure 1 and explained below.

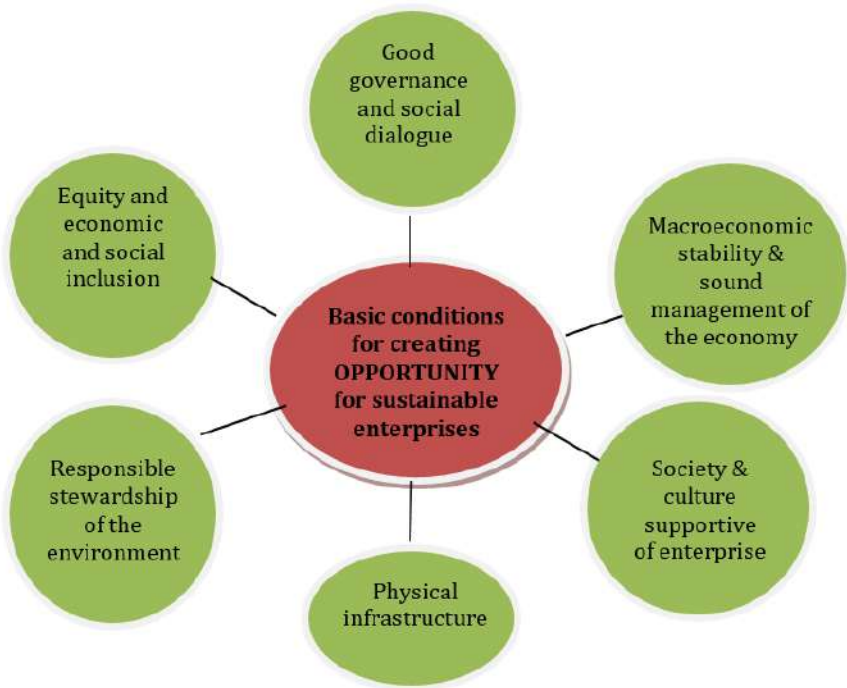


Figure 1: Basic conditions for creating the opportunity for sustainable enterprises (IOL, 2007).

According to the ILO (2007) framework, the good governance and social dialogue pillar encapsulates tenets such as participation, consultation, transparency, accountability, and a legal framework that enables creation of opportunities for enterprises. This also entails the respect of property rights and their legal enforcement and protection. An effective social dialogue between the government, the civic society, and the private sector needs to be in place. Efficient civil and political institutions and processes foster an environment of opportunity and just. Social inclusion has the potential to create bigger outputs and markets through increased participation. It is argued that social inclusion is inherent in sustainable societies and strengthens the potential for sustainable enterprises. High levels of income inequality hinder opportunities for the poor to contribute and participate in the economy. This can also weaken poverty reduction attempts and undermine political stability. There should be proper stewardship of natural resources by the government on behalf its citizenry. Similarly, good macroeconomic policies that provide

stability and certainty are vital. These policies nurture and foster the spirit of entrepreneurship. Good management of the economy, resources and, on a micro level, sustainable enterprises is needed. Sound savings and investments mechanisms lead to better physical infrastructure. Commerce grows hand in hand with opportunities. Enterprises flourish in environments in which the culture supports entrepreneurship (ILO, 2007).

The aforementioned basic conditions for creating the opportunity for sustainable enterprises are appropriate to consider in this article, as it investigates the sustainability of remittance-inspired enterprises. These basic conditions foster and nurture sustainable enterprises. Notwithstanding the importance of all the aforementioned pillars of the ILO framework and their building blocks, this study only focuses on the following pillars: good governance and social dialogue, social and cultural support of enterprises, responsible stewardship of the environment, physical infrastructure, macroeconomic stability, and sound management of the economy. Given the broad nature of the concept of good governance, this study focuses on the availability of legal frameworks that support enterprise development and growth.

Methodology

Quantitative and qualitative research methods were used in this study. Quantitative data was collected through a household survey. To complement the quantitative data, qualitative data was collected through interviews that were conducted with key informants such as the entrepreneurs, the District Administrator's (DA) office, and the Rural District Council's (RDC) office. Furthermore, documents from the DA's office in Tsholotsho District, such as the Rural District Councils Act of 1988, District Development Plan, and RDC's reports, were reviewed.

Tsholotsho District is in Matabeleland North province in the western part of Zimbabwe and is comprised of 21 wards. The district lies in the agro-ecological region five, which is characterised by low and erratic rainfall averaging 650mm per annum (Maphosa et al., 2014). Tsholotsho is one of the districts in Matabeleland provinces which was affected by the political disturbances known as Gukurahundi¹ in the early 1980s, where it is alleged that 20,000

¹ The term 'Gukurahundi' refers to the 'early rain that washes away chaff before the spring rains', referring to the period of post-colonial, state sanctioned political and ethnic violence enacted against the Ndebele people in the Matabeleland and Midlands regions by the Fifth Brigade (Cameron, 2017).

people were massacred (Moyo, 2017; Ndlovu, 2017). This political history and economic marginalisation of Matabeleland in general and Tsholotsho in particular has had great influence on sustained migration patterns (Ncube & Gómez, 2015).

Sampling Procedures

Tsholotsho District was purposively selected due to its high incidence of migration and remittance-inspired enterprises. Of the 21 wards in Tsholotsho, 2 were sampled purposively since this was a follow-up study on Ward 19. The other ward (Ward 16) was also chosen purposively since it borders Ward 19 and, hence, they have similar socio-economic profiles. Each of the sampled wards has 6 villages, meaning that a total of 12 villages made up the targeted population. One village was picked in each of the wards. According to the Zimstat 2012 census findings, Ward 19 has 1208 households and Ward 16 has 1204. As such, a total of 2,412 households were part of the targeted population. Given this total number of households, on average, each village in Tsholotsho has approximately 200 households. As such, by multiplying the number of households by the number of villages in the sample, a total of 400 households was obtained. This was further sampled by picking every 10th household in the village, providing a total sample of 40 households, representing 10% of the study population.

To gather further data, purposive sampling was used in the identification of key informants – that is, entrepreneurs – the District Administrator's office and the Council office.

Data Collection Methods

This research required both primary and secondary data. Primary data was gathered through various instruments, which were developed in line with the study objectives and the ILO conceptual model. The instruments were translated into isiNdebele, a local language spoken in Tsholotsho, before being piloted in Ward 17, which is adjacent to the sampled wards. After the pilot, anomalies that were observed in the instruments were addressed. The instruments included a household survey questionnaire carried out on 40 households in the sampled villages. The questionnaire captured indicators of the amount of remittances received, spending patterns, and dominant currency, among other key factors. It also captured how these factors eventually affected enterprise development and sustainability.

Notably, not all significant information relating to the sustainability of remittance-inspired enterprises and the effects of the multi-currency system

in Tsholotsho District could be gathered through a survey. As such, the study also made use of in-depth interviews with the key informants. It probed the institutional frameworks available to support entrepreneurs (e.g. Business Development Services), the prevailing legal environment governing the operations of the enterprises, the nature of human resources engaged, and the plough back techniques that the entrepreneurs adopted.

Findings

The findings reveal that of the 40 respondents that participated in the survey, 66% were aged 51 years and above. The majority of these were women who constituted 90% (36) of the respondents. All the respondents had attained some level of education albeit at varying levels. Of the total number of respondents, 85% (34) stated that they received an income of between US\$100 and US\$200 a month, inclusive of remittances. All the respondents mentioned that they had at least one relative in South Africa, with 80% indicating that these family members send remittances of at least ZAR200 to ZAR500 every month. The majority of the respondents received their remittances from South Africa through informal means. The predominant mode of remitting was through cross-border transporters, informally and natively known as '*omalayitsha*'², and sometimes through relatives or allies travelling back home from South Africa. The challenges associated with this were that there were delays in delivery, failure to deliver by *omalayitsha* who embezzled funds, delivery of fake money by *omalayitsha*, preference for the US dollar (USD) over the South African rand (ZAR) in paying fees, not enough money was received to cater for the needs at home, heavy commissions by *omalayitsha*, and unstable rand exchange rates. All these challenges negatively impacted the receiving households.

Responding to a multiple response question, respondents indicated that the remittances they received were generally used to subsidise household expenses (86%), pay for children's education (58%), finance building projects (45%), pay for access to health care (40%), pay for burial society membership subscriptions (33%), buy livestock (24%), among others. These remittances were predominantly spent locally depending on the availability of the commodities being sought. This was the case mainly because the money received was hardly enough to finance the movement to and from Bulawayo, the closest city, and at the same time get meaningful household supplies. However, before dollarization, households indicated that they used to buy

² *Omalayitsha* is the Isindebele word for private transporters or courier-service providers, which literally means 'those who carry'.

their goods in Bulawayo because the exchange rate was favourable. This afforded them more Zimbabwean dollars from the ZAR they would have received. This is unlike in the current economic regime, in which Zimbabwe has adopted the multi-currency system. In this system, recipients of remittances no longer have the advantage of exchange rate differentials that they enjoyed during the Zimbabwean dollar era. The majority (72%) of the households indicated that they never get surplus from the monetary remittances received. The remittances received were hardly enough to cover basic necessities. For those who had surplus, they indicated that they saved the money or used it to cover other day-to-day needs, for example, labour. It also emerged from this study that although local households received remittances, they did not have much capital to invest, which proved detrimental to sustaining enterprises. This coupled with a poor economic environment, liquidity challenges, the unstable exchange rate between the USD and the ZAR, as well as the depreciation of the rand, negatively affected businesses and ultimately their sustainability.

Key Issues in the Sustainability of Remittance-Inspired Enterprises Governance

According to Méndez-Picazo et al. (2012), the behaviour and performance of the government in specific countries creates an environment that will promote or thwart the growth of entrepreneurship as a viable vehicle for economic growth. Additionally, historical, cultural, socio-economic, and political processes have been identified as determinants of the growth or demise of entrepreneurship (ILO, 2007). In the case of Tsholotsho District, there were evident governance structures and regulatory frameworks that were supportive of entrepreneurship in the form of relevant by-laws. For example, in an interview with the Tsholotsho RDC Chief Executive Officer (CEO), it was revealed that the RDC was empowered to institute by-laws, charge enterprises certain levies, and even fine the enterprises in cases of transgression. The CEO averred that:

[...] As an RDC we are the responsible authority for all business operations in the District. We are empowered by the Rural District Councils Act Chapter 29:13 to, amongst other things, regulate these business operations by promulgating by-laws. Furthermore, we are entitled to charge fees for licences that we issue, such as liquor and shop licences. We also levy rates and other charges to these enterprises so that we can use the revenue generated to further development in the district.

This is evidence of some form of governance, support, and regulation of enterprises through its by-laws. Méndez-Picazo et al. (2012) observe that laws, decisions made by policy makers and public officials and institutions, create incentives for economic agents (in this case entrepreneurs) to invest, and this has direct effects on economic growth. This means that the governance and regulatory mechanisms in place boost investor confidence as they can see value for money. However, in the case of Tsholotsho, although these governance provisions are in place, the local authority indicated that some enterprises did not pay their levies through licencing fees. This is indicative of some of the ill-elements in the entrepreneurial field, as some entrepreneurs are only after making profit and are not necessarily keen on future development and sustainability. Notably, most of the remittance-inspired enterprises in the locality had a profit orientation rather than a sustainability orientation. As a result, regardless of the significantly enabling governance framework in the district, some of the enterprises did not comply with the requirements, thus jeopardising their chances of sustainability.

Although, according to the RDC by-laws, failure to pay levies may result in shops being shut down or licenses revoked resulting in loss of business, not much was done to enforce these by-laws. This could be partly attributed to the fact that 65% of the survey respondents expressed sentiment that corruption and bribery were also common practices in the allocation of stands and policing for licences. This is detrimental to enterprise development, growth, and opportunities. The responsibility to ensure that such ill practices are discouraged lies with the RDC, and the RDC should have coined mechanisms to ensure that the punishment for failure to pay the levies and comply with the by-laws is greater than non-compliance. Although there are provisions for regulation of entrepreneurship at the macro-level, the micro (RDC) entities are failing to enforce the governance mechanisms (Chalise, 2014). This results in curtailing the benefits of entrepreneurship and its potential to contribute to economic growth. Furthermore, the vibrancy of the enterprises is negatively affected by lack of collectives for enterprise proprietors. All the enterprise owners interviewed indicated that they do not have associations that provide a platform for them to collectively advance their interests. Therefore, the enterprise owners seem to be advancing individual interests instead of pushing for collectivity, especially as they engage with governing authorities.

Social and Cultural Support of Enterprises

Entrepreneurs play an important role in the process of industrialization, employment creation, and breaking the vicious circle of poverty (Ncube &

Gómez, 2011; Chalise, 2014; Nzima et al., 2017). However, for enterprises to thrive in any given locality, the society and culture in which they exist should be supportive of entrepreneurship (ILO, 2007). This creates an enabling environment that promotes the sustainability of the business ventures.

In Tsholotsho, it emerged that through its RDC, the district had regulations in place that were supportive of enterprise formation. This had a positive effect on the viability of the enterprises as there were institutional provisions to support the establishment of enterprises in the district. According to the ILO (2007), enterprises are likely to be sustainable when their host societies embrace a broad-based culture that is supportive of enterprise development. Thus, the availability of sound institutional frameworks and regulations in the sphere of business, as well as locals' buying behaviour in Tsholotsho, demonstrates that the society and culture at large are supportive of enterprises. In this regard, 80% (32) of the survey respondents indicated that they buy their goods from local enterprises and also contract local service providers for services such as brick moulding and building. This is in line with scholarship on sustainable enterprises, which proffers that, for enterprises to be sustainable, host societies and cultures at large should be pro-enterprise development and governed by sound institutions that promote and reward business intelligence and successes (Ncube & Gómez, 2011, Nzima, 2013; Ncube & Gómez, 2015). Although most of the households that received remittances did not directly invest in any entrepreneurial activities, the institutional and socio-cultural environment in the district is supportive of enterprises in Tsholotsho as evidenced by a high incidence (88%) of family run remittance-inspired enterprises in the study area. To further buttress the notion that the society and culture is supportive of enterprises, one of the key informants representing the local government opined that:

[...] In this area, we embrace entrepreneurship and as families, we also support each other in any business adventures. That is why you will find that there are a lot of shops around here whose owners are in South Africa but their family members here will make sure that the business is open and runs smoothly every day.

Furthermore, it emerged that in Tsholotsho there is high tolerance for tribal diversity as a significant number of enterprise owners were people who were foreign to the locality who were attracted by remittances. Some come as far as Masvingo, yet comfortably trade in the area. This resonates with the assertion on the socio-cultural dimension of sustainable enterprises, which typically includes the following:

[...] A commitment to promote social integration by fostering societies that are stable, safe and just and which are based on the promotion and protection of all human rights and on non-discrimination, tolerance, respect for diversity, equality of opportunity, security and participation of all people including the disadvantaged and vulnerable groups and persons (ILO, 2007: 9).

This kind of diversity was noted in Tsholotsho, entailing that the society has high tolerance for people who are not native to the locality yet are pioneering meaningful business initiatives that may foster greater sustainability in the resultant enterprises. This was in line with the findings of Ncube and Gomez (2011), that remittances in the study area had attracted investors from afar.

Remittances and Physical Infrastructure

The relationship between infrastructure and economic development has been well established by various authors. Thus, it is relevant to briefly interrogate how remittances have spurred infrastructural development in the study area. This is critical given that “little research has been undertaken to establish links between infrastructure and private economic activity at the local level and for rural areas” (Rives & Heaney, 1995: 60). Notwithstanding that a sound infrastructure is a key enabler of local economic development, this study established that remittances have not directly contributed to the establishment of public infrastructure in the study area. In the survey, none of the 40 respondents indicated that they had used their remittances in part or in full to advance public infrastructural development in their localities. The closest that remittances have come to contributing to infrastructural development in the area is through the construction of a local clinic that, according to the Councillor for Ward 19, was largely funded from pooled resources contributed by diasporas mostly based in South Africa and Botswana. The Councillor for Ward 19 revealed the following:

[...] People in this area generally do not invest their remittances in public infrastructure development, perhaps because the remittances they receive are mostly enough to cover their sustenance with no surplus to invest let alone in the development of public infrastructure.

Even on the soft infrastructure side, there has not been any meaningful injection of remittances to fund issues, such as human capital development or aiding the development of sound regulatory mechanisms within the district. Since infrastructure is a key enabler of economic development, this lack of investment on both the soft and hard infrastructure calls into question the

sustainability of remittance-inspired enterprises. For instance, the lack of investment in the road network by those businesspeople who are into brick-making and welding constrains the development of these enterprises as market access becomes an inhibiting factor. This is so because the access roads to the business centre are in a poor state due to lack of maintenance. The laissez-faire approach to issues of infrastructural development by the business community is largely explained by the belief that this is the domain of the government and its related agencies.

Furthermore, on the soft infrastructure side it is of concern that there is no investment to boost human capital development. This is because Tsholotsho has suffered serious brain and brawn drain. For most of the enterprises surveyed, the employees for very basic jobs such as shop keepers, were coming from faraway places such as Nkayi, Binga, Hwange, Lupane, and Masvingo. Most of the businesspeople also revealed that there are challenges regarding the supply of electricity and water in the business centre. This situation thus calls for greater involvement by the business community in ensuring that these vital services are availed consistently. However, no such initiatives were noted during the course of the study. Such a situation compromises the sustainability of all enterprises in general. For instance, two bakery owners said they continually suffer losses due to power cuts, which affects the bread production process. This led to the production of poor-quality bread, which they had to sell at sub-economic prices. The situation was the same for welders, as they claimed that sometimes they could go for a whole day without working on any orders placed by clients due to load shedding. The welders averred that this situation led local people to opt to buy readymade products, such as window frames, door frames, and scotch carts from other areas, such as Bulawayo.

One of the key issues that came out of the study is that most of the enterprises were operating from rented premises. This indicates that the businesspeople who had initiated their enterprises through remittances were not just failing to contribute to public infrastructure development but were also failing to build infrastructure for their own use.

Another key determinant of the sustainability of remittance-inspired enterprises relates to how the businesses interact with the natural environment, which is discussed in the following section.

Responsible Stewardship of the Environment

The nature of environmental usage is one of the critical factors that determine the sustainability of business enterprises. This is especially true for those businesses that directly rely on the natural environment for their survival. As noted above, some of the businesses initiated through remittance funding rely primarily on the natural environment. For instance, there are a number of brick-moulding enterprises around the business centre. The brick moulding enterprises are creating environmental hazards in the area through sand poaching. The Councillor for Ward 16 indicated that, as a Council, they were seized with the matter as they were empowered by the Rural District Councils Act to manage the environment in their areas of jurisdiction. He averred that

[...] As a Council we are obliged to manage the environment in Tsholotsho and the Act [RDC Act, 1988] directs that we should have a council committee responsible for the environment. We have that committee and as a Council we have noted with concern that some of the brick-making enterprises did not get river sand through official channels but instead resorted to poaching in undesignated areas.

This practise, the Councillor argued, leads to environmental degradation in general, and in terms of the siltation of rivers and dams in particular. However, the Councillor also noted that whilst these enterprises degraded the environment, it was at a lower scale than the traditional brick-moulding practises to which locals are accustomed. He argued that these practises degraded the environment through extensive deforestation, since firewood is needed to light fires to catalyse the brick hardening process. Furthermore, traditional brick-moulding requires moulders to source clay, which leads to land degradation.

Macroeconomic Stability and Sound Management of the Economy

Macroeconomic policies that seek to stabilize the economy are fundamental in the growth of sustainable enterprises. According to ILO (2007), macroeconomic policies should guarantee steady and conducive conditions for sustainable economic growth. Also, sound management of the economy should focus on creating better job opportunities, combating inflation, and formulating and implementing policies and regulatory frameworks that encourage long-term investments. In relation to this study, it is critical to assess the macroeconomic environment in the study area and how the Zimbabwean economy is managed as a condition of promoting sustainable enterprises.

It is worth noting that, at the time of the establishment of these enterprises, the macro-economic environment prevailing in Zimbabwe was characterised by hyperinflation. This environment made establishing business ventures challenging. However, as has been alluded to earlier in this paper, the availability of foreign currency remitted by Zimbabweans in the diaspora made it possible to establish these enterprises. This was mainly due to favourable exchange rates for those with foreign currency. The state of the economic instability in Zimbabwe made spending by the local recipients of remittances economic in nature.

The research revealed that, apart from the local members of the community, there were shop owners who came from other regions to establish their businesses in Tsholotsho District. This was in the hope of tapping into the monetary remittances being received in the district. However, with the introduction of the multi-currency system, the macroeconomic environment stabilised, thereby eroding the comparative advantage that the Tsholotsho residents had enjoyed over the years. A stable macroeconomic environment would naturally promote sustainable growth of enterprises. However, business owners who were interviewed complained about the exchange rate that was so unfavourable to them, as they changed the weaker ZAR to the stronger USD. For instance, a businessperson who operates a welding company indicated the following:

[...] When the Rand was stronger than the Zimbabwean dollar, business was good. However, now with the Rand weaker than most of the currencies used in Zimbabwe, we are struggling to survive.

These sentiments were echoed by another businessman who argued that “this place [Tsholotsho] has rands but when we buy raw materials we are negatively affected by the cross-rate since where we get our stuff, they want US dollars”. As a result of these observed realities, the prevailing macroeconomic environment does not encourage the growth and sustainability of these enterprises, given the fact that very few jobs are created by the enterprises and that the market, which promoted their very establishment, are slowly but surely dwindling. One observation that came out strongly from key informants during the research was that it was becoming a lot cheaper for the diaspora to send groceries than to send money to purchase commodities in the local shops. A retailer in Dikili, Ward 16, indicated that

[...] Demand for most non-perishable commodities had been declining gradually since the introduction of the multi-currency regime. This has

largely been influenced by an increase in the inflow of in-kind remittances.

Inevitably, this affected demand for various commodities and services offered by the enterprises. Scholars have argued that the development of sustainable enterprises cannot be achieved without addressing demand drivers. This study revealed that there are no specific policies or strategies to stimulate demand, hence putting the sustainability of enterprises into question. For instance, entrepreneurs bemoaned lack of access to capital as a drawback in their business operations that curtailed their efforts to expand the businesses. To this end, a proprietor of a bakery in the Matshangana business centre argued that “we wish to grow but we have no capital.” This challenge was also highlighted by a fellow business person who indicated that “no institution is supporting us, we wish someone could finance us or give us access to loans so that we can conduct business properly.” These concerns were corroborated by the Assistant to the District Administrator, who indicated that “access to capital remains a challenge for small rural enterprises as capital that was available had stringent conditions attached to it which most rural entrepreneurs cannot meet.”

The other observation that was made in the field was that of a relatively better-managed economy by the Government of National Unity (GNU) from 2009 to 2013. During this period, there was general flow of cash and it was in good supply. However, at the time of research, the new government at the helm of the Zimbabwean economy was facing a cash crisis. The liquidity crisis affects spending by both enterprises and consumers. Thus, in the long run, it is a threat to the sustainability of the enterprises.

Conclusion and Recommendations

This study interrogated the sustainability of remittance-inspired enterprises in Tsholotsho. It established that there are steady inflows of remittances, mainly from neighbouring countries. These remittances are usually small amounts channelled through informal means. As such, most of the money received is used for consumptive purposes, such as healthcare, education, funerals, food expenses, etc. In investigating the sustainability of the remittance-inspired enterprises, the study was guided by the ILO framework. On the good governance and social dialogue pillar, it emerged that there are structures in place, instituted by the Tsholotsho RDC, which regulate the operations of businesses, creating a conducive environment for entrepreneurship. Nonetheless, a major drawback in the operations of enterprises in this respect is the lack of organisation on the part of the business

community, where each operator minds his or her business without due consideration of the wider interests of the group.

The study revealed that the infrastructure to support vibrant businesses is either poor or non-existent. Furthermore, it noted that the business community is not contributing to the development of a sound infrastructural base to aid economic development in the district. The study further noted that the poor infrastructural base is further compounded by a macro-economic environment that has been in flux, dovetailing political developments in the country. As such, there have been periods that have been enticing for those with remittances to initiate enterprises within the district, whilst those with established businesses would be recording brisk business. However, it should be stressed that where remittance-inspired enterprises are concerned, macro-economic stability does not always translate to thriving enterprises. This is because there have been times where an economic downturn has actually spurred remittance-inspired enterprises, as was discussed in the case of Tsholotsho.

In terms of responsible stewardship of the environment, the establishment of some licenced enterprises such as brick-making is assisting in promoting better ways of interacting with the natural environment. Nonetheless, there are concerns relating to unsustainable use of the environment by the locals such as traditional brick-makers. The activities of such groups can in future jeopardise those of licenced brick-makers.

The Tsholotsho community was found to be supportive of enterprises, including those established by proprietors from other districts. Furthermore, the establishment of enterprises through remittances promoted both social and economic inclusion, as jobs are created and goods are made available locally.

In light of the foregoing, it can be surmised that remittances provide seed capital for entrepreneurs to invest in Tsholotsho, and the environment obtaining does not adequately support those enterprises to be run in a sustainable manner. Notwithstanding, it is recommended that efforts to support and strengthen remittance-inspired enterprises be upscaled to ensure their continued contribution to local economic development and sustainability.

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