

GROWTH POINTS OR GHOST TOWNS? POST INDEPENDENCE EXPERIENCES OF THE INDUSTRIALISATION PROCESS AT NEMAMWA GROWTH POINTS IN ZIMBABWE

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ABSTRACT

The study sought to investigate the experiences of industrialisation at Nemamwa Growth Point since its inception in 1988. Research instruments which included questionnaires, key informant interviews, field observation and document reviews were used to collect data. A sample of 60 industrialists was used. The nature of industries found was retailing, manufacturing and service provision. It was also noted that industrial growth was sluggish and there was little relationship between the resources in the hinterland and the industrial activities at Nemamwa. The challenges hindering industrial growth were lack of capital, information, working space, title deeds and high rentals among others. It was recommended that there is need for a synergy among stakeholders to tackle the challenges hindering industrialisation at Nemamwa.

Key Words: Decentralisation, Growth Points, Rural Industrialisation, Rural Development

BACKGROUND OF THE STUDY

Growth Points are centres of economic activities which are artificially created or stimulated in disadvantaged regions with the intention that they will eventually become centres of economic growth (Conyers, 2001; Helmsing, 1986; Carr, 1977; Perroux, 1958). When an area has resources, these will trigger development thus improving the attractiveness of that communal area as a potential ground for investors. This development is expected to start from that pole trickling down to the rural areas therefore, the strategy aims at promoting development and

associated services with the ultimate goal of improving the quality of life for the locals at the same time fostering the decentralization of economic activities for rural development (Manyanhaire, 2001).

This Growth Point Strategy has been used widely in regional development planning to deal with the problem of polarized economic development. It was first employed in Western Europe namely in Britain, France and Italy so as to address the problem of depressed regions (Allen and MacLennan, 1960). It was later adopted in many countries within the Latin American region, Asia as well as in Africa to redress regional economic imbalances and to curb rural to urban migration (Glassen, 1978).

In Zimbabwe, the policy was implemented in the colonial era which marked the inception of Growth Points such as Chisumbanje, Gokwe and Gutu. The inception of this theory has led to growth in rural development though at a slow pace. This theory coupled with the decentralisation policy led to the inception of Nemawa Growth Point in 1988 with other centres such as Jerera, Chachacha and others (Wekwete, 2001).

However, twenty years down the line rural areas are still lagging behind and inequalities are still pervasive between rural and urban areas. As a result, the rate of rural to urban migration is ever increasing as the rural population continues to search for better employment and social amenities. To this end the research seeks to assess the relevance of the Growth Point Policy in attracting industries so as to ascertain the applicability of the policy at Nemamwa Growth Point.

STATEMENT OF THE PROBLEM

Nemamwa Township site was designated to be a Growth Point in 1988 following the decentralisation policy which aimed mainly at rural investment and industrialization. However, the role of the Growth Point in attracting industries has been sluggish. As such, people still migrate to other towns in search of goods and services, employment and better living standards.

AIM

To assess the role of the growth point strategy in attracting industries at Nemamwa Growth Point.

OBJECTIVES

1. To investigate the nature and character of industries developed at the growth point since its inception in 1988.
2. To assess the challenges faced in the industrialisation process at Nemamwa since the inception of the growth point.
3. To suggest solutions aimed at improving the industrialisation process at Nemamwa Growth Point.

JUSTIFICATION

The study reveals the role of the Growth Point strategy in attracting industries at Nemamwa Growth Point. This information is important to stakeholders in the practical and academic field. On the practical side the information offers insights on how best to operationalise project plans and designs in the implementation of the growth point strategy capable of stimulating industrial growth. To the academic fraternity the study provides a fertile ground for the formulation of new theories or reformulation of the existing ones and the development of complementary approaches and perspectives to rural development.

THEORETICAL FRAMEWORK

THE CORE–PERIPHERY THEORY

The core-periphery model propounded that the core forms the most prosperous and developed part of a region or country. It is characterised by high level of industrialisation and intensive farming. However, this decreases rapidly with the increase in distance from the core towards the periphery (Waugh, 1997).

This is high in a capitalist economy which is inevitably marked by deepening regional, personal income and welfare inequalities. Once the differential growth has occurred internal and external economies of scale will serve to perpetuate the pattern (Potter, 2008; Myrdal, 1957). As a country develops, certain economic processes are likely to occur and economic activity in the core continues to grow as it attracts new industries and services such as banks, insurance brokers and government offices. As technological development increases, the region will be able to

afford schools, hospitals, shopping centres, good housing and a pool of modern technological systems. These pull factors encourage rural in-migration. Meanwhile in the periphery jobs will be relatively few, unskilled, lowly paid and mainly in the primary sector while services and government investment will be limited. These push factors force people to migrate towards the core and this seems to operate predominantly in underdeveloped economies (Waugh, 1997; Myrdal, 1957).

The above situation is the outcome of the backwash effects whereby population migrations, trade, capital movements all come to focus on the key core point of the country. Increasing demand associated with multiplier effects and the existence of social facilities also serves to enhance the core regions through the spread effects (Potter, 2008; Myrdal, 1957). Its success will attract other forms of economic development creating jobs, services and wealth thus “success breeds success”. This cumulative process is used to explain why inequalities are likely to occur between countries and regions. Myrdal (1957) asserts that a new or expanding industry in an area would create more jobs and so increase the spending power of the local population. For instance, if a firm employs a further 200 workers and each worker comes from a family of four, there would be 800 people demanding housing, schools and shops. This would create some more jobs in the service and construction industries as well as attracting more firms linked to the original industry. The “spread effects” will undoubtedly occur principally via the increased market for agricultural products and raw materials for the periphery (Potter, 2008; Myrdal 1957). Myrdal concluded that given the unrestrained free market forces these “spread effects” would in no way match with the backwash effects. Myrdal’s thesis led to the advocacy of strong state policy in order to counteract what is seen as the normal tendency of the capitalist system to foster increasing regional inequalities. This marked the emergence of the growth pole policy to cater for these disequilibriums. It also led to the provision of economic incentives to encourage growth in the periphery and disincentives to discourage further economic growth in the core regions.

More so Friedman made “the first attempt to formulate a systematic and comprehensive centre known as the hinterland development model”. His original core-periphery ideas were based on his study of the Venezuelan regional development policy (Hansen 1981:19). He later developed a

four stage model based on the 19th century North American experience. He asserts that developing nations pass through four stages.

The first stage is characterised by small independent urban centres without any urban hierarchy. The second stage consists of a primate which dominates a large region while exploiting raw materials from the periphery (De Souza and Foust, 1979). The occurrence of the uneven growth is seen as being the direct outcome of the exogenic forces. Basing on these stages, the principal idea behind the centre periphery framework is to displace factors of production from the periphery to the centre where marginal productivity is higher. However, the critical change is the transition between the second and third stages, where the system tends towards equilibrium and equalisation (Porter, 2008). This is so because the state represents an attempt to redress the imbalances through regional development strategies. Strategically located urban centres and growth centres are used to reduce the inequalities between the core and periphery regions (De Souza and Foust, 1979).

The final stage consists of a “fully fledged” spatial organisation based on the hierarchy principle which covers the entire national territory (Mapira, 2008; De Souza and Fost, 1979:578). Friedmann maintained that without state intervention, the transition from the second to the third stage will not occur in developing countries. In this respect Friedmann agrees with Myrdal’s prescription that development becomes concentrated in space with polarization always tending to exceed the so called “trickle down effects” (Potter 2008). Thus, there is no need for policies which encourage regional planning and analysis to cater to the problem caused by the overreliance on the core services.

THE GROWTH POLE THEORY

The growth pole theory was pioneered by Francois Perroux in 1955 (Mapira, 1997; Perroux 1955). Growth points are centres of economic activity which are artificially created or stimulated in disadvantaged regions with the intention that they will eventually become centres of economic growth (Mayanhaire .etal, 2009; Conyers, 2001; Helmsing, 1986; Carr, 1977; Perroux 1988). Wekwete (1998) asserts that growth points are defined as settlements (rural or urban) which the central and local government consider having a potential for further development hence need to

be supported by further public and private sector investments. Growth points are also centres of expanding industries which trigger a chain reaction of production and promotion of associated services with the ultimate goal of improving the quality of life (Mayanhaire *etal* 2009).

Perroux Growth Pole Strategy

Perroux's original theory of the growth pole applied only to economic space. Thus in Perroux's conception a regional growth pole is defined as a set of expanding industries located in an urban area and inducing further development of economic activity throughout its zone of influence (Mapira , 1997;Glassen 1998:171).Thus this pole is viewed by Perroux as having three main characteristics namely dynamism, innovativeness, and propulsiveness (Mapira , 1997). Dynamism refers to the power that an industrial sector would have so as to be influential to other sectors of the economy. This pole would make the industry a dominant force in economic space and its force would be felt in the less related sectors where some of its linkages would extend to innovativeness which refers to the ability of the pole to initiate and adapt itself to technological changes. New technologies are developed in the growth pole and subsequently dominate in the region in which the growth pole is located. On the other hand, propulsiveness is the power of the growth pole to send waves of pulses of development into the related industries. Since the pole is well linked to the other sectors of the economy it sets in motion centrifugal forces while attracting centrifugal forces from these sectors (Mapira, 1997; Perroux, 1950). He argues that a growth pole has several characteristics as listed below:

- It has at least one leading industry which is relatively large, dynamic, innovative and propulsive.
- The leading industry should have linkages with other sectors in the economic space and it should also be fast growing so as to exert some influence in the related sectors.
- Any further growth in the industry will be spread through the ripple or trickle-down effects to other sectors of the economy and this is instigated by the presence of inter-linkages between the growth pole and the other sectors in the economic space.
- The leading industry should be innovative so that it can stimulate development in other sectors of the economy. It should be able to adjust to the changes in technology with the passage of time so that it remains a dominant economic force

Under the above conditions the growth pole is able to send, spread or trickle-down effects into other sectors of economy. However, there are certain conditions under which an industry may fail to perform as a growth pole. Logically, these may be outlined as follows:

- a) Lack of linkages with other sectors of the economy due to inefficient links with the former
- b) Lack of dynamism, innovativeness and propulsiveness. The weak industry fails to propel waves or pulses of economic development into the other sectors and also fails to adjust to the changes in both the technology and the economic situation, and
- c) If backwash effects are stronger than spread effects, the industry will tend to rob the related sectors of their resources (raw and manpower) leading to economic stagnation rather than prosperity in the former.

Mapira (1997) asserts that Boudeville later extended Perroux's original theory in order to give it a geographical dimension. His main contribution was to transform Perroux's economic space into a geographical one thereby making the theory attractive to regional development planners. He further argued that the term "growth pole" has been widely used and abused leading to confusion and suggested the use of the term "growth centre" for geographical applications while reserving the term "growth pole" to its original meaning. In this particular study the growth centre/point is used to refer to the spatial/ geographical dimension while growth pole is restricted to Perroux original conception.

THE APPLICATION OF THE GROWTH CENTRE STRATEGY

The presence of the economic, social and political implications or regional inequalities calls for ways to reduce inequalities between growth regions and disadvantaged regions along the lines suggested by the core-periphery theorists, who have played a significant role in the economic policies of most countries during the post second world war era.(Conyers, 2001).

In the industrialised countries of Europe and North America such policies have been used primarily to tackle the problem of declining industrial regions. Additionally, such policies have been used in newly industrialised countries in Asia, Latin America and Africa to encourage industrial and urban growth in rural areas and to counteract the "natural" tendency for such

growth to be concentrated in a single primate city usually in the core (Conyers,2001). This theory played an important role in Latin America in the 1960's and 1970's with the growth pole of Guidad, Guyana in Venezuela being highly documented (Conyers ,2001; Rodwin,1969).

An examination on the applicability of this strategy will help to conclude on the theory's performance at a global level. In Italy, the growth centre strategy was first introduced “in 1957 with Law 634 authorizing the creation of the growth centre consortia at the initiative of local bodies” (Mapira ,1997, Allen and MacLennan 1979:67). The aims of the strategy were to stimulate economic development in the stagnating Mezzogiorno region (The South), concentrate development in selected centres with potential for growth and create more employment opportunities thereby reducing migration to other parts of the country and abroad. The Mezzogiorno's major problem over the centuries had been economic backwardness. It had the highest unemployment rate, lowest income per capita, highest out migration and the lowest standards of living in the country. In order to boost investment in the South, the government employed an incentive based system including tax concession for privately owned industries choosing to locate within the region.

In the 1980s it had become obvious that the growth centre strategy had not fully achieved its objectives Mapira(1997) . Public and private enterprises continued to concentrate in the North. The strategy failed partly because of lack of objectivity of the local authorities in choosing centres, the problem of too many centres and failure of growth centres to stimulate development in their hinterlands

In the 1980s the growth centre strategy was abandoned in favour of other policies. Even though the Italian growth centre strategy has been heavily criticized, it made significant achievements such as, creation of some employment opportunities in the South, reduction of equalities between the North and South and decentralisation of state owned industries from the North to South (Mapira, 1997)

In Tanzania the growth centre strategy was adopted during the country's second five year plan (1967-1974). It was aimed at the decentralisation of industrial location from Dar-es-Salam, the capital city and to stimulate development of the nine regional centres. The growth centre strategy

was geared at reducing the “gravitational pull of Dar-es-Salam and to help in dispersing investment throughout the country (Mapira, 1997:25; Mosha, 1990:84). This led to the designation of nine centres namely Tanga, Arusha, Mwanza, Moshi, Mbeya, Tabora, Mtwara, Dodoma and Morogoro.

These were chosen on the basis of the existing potential of economic growth on their own, although they needed incentives to boost growth. These centres were already urban settlements and regional headquarters (Mapira, 1997). As part of the strategy, the government shifted the capital from Dar-es-Salam to Dodoma in 1973. Decentralization would be “achieved through locating all new industries, whenever possible in the growth centres” (Mapira, 1997:31; Mosha, 1990:84).

Several factors undermined the growth centre strategy in Tanzania. These include lack of “effective criteria for the selection of the centres”, lack of “truly propulsive” industries capable of setting off chains of growth and the limited inter-sectoral linkages of those that were established (Mosha, 1990:84).

According to Mapira (1997) in spite of the above problems, Tanzania’s growth centre strategy made several achievements including improvement of infrastructure, provision of incentives to attract public and private enterprises and promotion and development of small and medium industries in these centres.

APPLICATION OF THE GROWTH POINT STRATEGY IN ZIMBABWE

In Zimbabwe, the concept of the growth poles or points was actually introduced before independence as part of the policy document called “Integrated Plan for Rural Development” introduced in 1978. This plan designated ten growth centres in communal areas namely Chisumbanje, Gutu, Jerera, Mataga, Maphisa, Murehwa, Mushumbi, Nkayi, Sanyati and Wedza. The designation of the afore mentioned was to be adopted after independence as part of the government’s policy that embodied growth with equity, as it was felt that for general economic development to succeed at a national scale, regional inequalities had to be drastically reduced (Conyers, 2001; Rambanapasi, 1990). Heath (1978) asserts that the theory of the growth point

strategy in Zimbabwe was adopted as a regional planning policy aimed at correcting the colonial imbalances through the provision of infrastructure to the disadvantaged communal sector.

The impact of the policy has been disappointing with significant economic growth being noted in a few growth points like Gokwe and Sanyati, located in areas where agricultural outputs are always expanding rapidly thus creating a market for secondary goods and services (Conyers 2001). The other centres remained no more than small service centres consisting only of government offices and a few shops. The noted causative elements to this scenario were attributed to the lack of a strong economic base, low investment levels, lack of deeds and financial incentives like tax concessions. The later problem was partially addressed by a later policy which allowed smaller towns to apply so as to be designated as a financial growth point, thereby enabling industries to obtain various concessions. This, however, has tended to favour existing towns rather than new growth points. Conyers (2001) further cited that to exacerbate the problem, cuts in government expenditure, a conditionality of the Brettonwoods institutions during the Economic Structural Adjustment Programs (ESAP) in the 1990's worsened the situation at the growth centres since it came into effect before the completion of infrastructural and service provisions. Consequently, in some growth points such as Gokwe, lack of infrastructure is actually hampering growth (Manyanhaire et al, 2009).

Growth points in Zimbabwe are characterised by labour migration (Manyanhaire et al, 2009). This is a result of growth points failing to trigger development due to lack of essential ingredients for growth. Most centres designated for growth poles do not have the requisite potential or strong human resource base from where to ignite the process of cumulative and subsequent growth leading to the stagnation of growth centres (Conyers, 2001). Attempts by government to facilitate the process of decentralisation have resulted in tension between centralization and decentralisation (Semu, 2001). Therefore there is need to strike a balance between the desire to implement central policies and to generate local development initiatives whilst at the same time resolving the conflicting claims of centralization of political and administrative power (Manyanhaire et al, 2009; Rakodi,1990; Semu, 2001). Policies that have been adopted emphasized rural decentralisation whilst the political and financial implications of such programs have meant continued centralization. The growth centre strategy in Zimbabwe

was hampered by the “too many centres syndrome” such as the case between Chachacha and Shurugwi which are closely packed (Wekwete ,1987). Wekwete (2001) suggests a reduction in the number of centres and advocates a trade-off between socio-political goals and economic needs. However, some points have grown into towns thus achieving the goal of triggering development for instance, Mupandawana growth point has grown into a town thus showing the applicability of the growth point policy as a development strategy in Zimbabwe.

METHODOLOGY

Both qualitative and quantitative research methods were employed. Thus data was collected from a number of industrialists and development agents through the use of questionnaires, interviews, Focus Group Discussions and observations. The questionnaire was distributed to various industrialists who trade at Nemamwa Growth Point while interviews were held with government officials in various ministries.

RESEARCH FINDINGS

NATURE OF INDUSTRIES

The research revealed that the largest industrial sector at Nemamwa Growth Point is the manufacturing sector since it has the modal (highest) frequency of 35 industries compared to the retail and service industries which have 17 and 8 industries, respectively (Table 1 below).

Table 1: The Nature of Industries at Nemamwa Growth Point

| Sector | Nature of industry | Number of industries |
|----------------------|---------------------------|-----------------------------|
| Manufacturing | Welding | 4 |
| | Sewing | 4 |
| | Carpentry | 2 |
| | Grinding mills | 5 |
| | Brick moulding | 13 |
| | Crafting | 7 |
| Retail | General dealer | 11 |

| | | |
|-------------------------|--------------|-----------|
| | Butchery | 3 |
| | Bottle store | 3 |
| Service provider | Auto repairs | 1 |
| | Tyre repairs | 1 |
| | Chalets | 1 |
| | Hair saloon | 3 |
| | Barber | 2 |
| | Total | 60 |

Source: survey data 2012

A further analysis of the results, show that brick moulding is the most outstanding activity since it has the highest frequency of all industrial activities followed by the general dealer (shops). An official from the local Rural District Council (RDC) alluded to the fact that brick moulding was proliferating since a number of people were constructing houses at the centre. Thus, the growth point seems to be serving the housing function more than the industrial function. He further elaborated that tax exemptions from the purchase of sand and quarry stone used in brick moulding led to reduced production costs. This situation resultantly led to an increase in brick moulding activities, which is profitable whilst requiring minimal skills or qualifications.

The research revealed that the frequency of the manufacturing industries is 35. This is a higher figure compared to the 23 manufacturing industries obtained in the survey conducted by Mbiba in 1995. Further comparison with Mbiba (1995)'s survey show a decrease in the number of sewing, welding and carpentry industries which were 12, 6 and 5, respectively in 1995. An in-depth comparison of the researchers' results against Mbiba (1995)'s results show that sewing, welding and carpentry decreased by 8, 2 and 3 respectively. The reduction in the number of activities shows industrial decline and the likelihood that the growth point might subsequently turn into a ghost town.

Of importance to note, is the establishment of the leisure and entertainment sector which falls under the service provision category. Mbiba (1995) in his survey shows that no hotels, eating houses, chalets or restaurants were at Nemamwa Growth Point. However, the researchers observed that the RDC had already established some chalets thereby improving the point's

dynamism, innovativeness and propulsiveness. The government should also complement by setting of industrial hubs near the growth point to prevent further industrial decline. For example the case with Green Fuel Private Limited which is situated near Checheche growth point. The establishment of Green Fuel has triggered the opening of banks at Checheche and 10 000 residential stands together with the establishment of irrigation projects such as the Chinyamukwakwa Irrigation Scheme which irrigates 600 hectares of land benefiting about 1200 people and thus improving the livelihoods of the rural populace (Sunday Mail 12). The staunch support of these policies can assist much in the development of the growth point which is non-competitive due to under- capitalization as was the case of Checheche growth point but has since grown to be a hive of economic activity.

Type of industry and year of establishment

Table 2 below shows the type of industries and the year of establishment at Nemamwa Growth Point.

Table 2: Type of Industry and the Year of Establishment at Nemamwa Growth Point

| Type of Industry | Before 1990 | 1991-1995 | 1996-2000 | 2001-2005 | 2006-2011 |
|-------------------------|--------------------|------------------|------------------|------------------|------------------|
| Welding | 1 | | 2 | | 1 |
| Sewing | 1 | | | 1 | 2 |
| Carpentry | 1 | | | | 1 |
| Grinding mills | 1 | 2 | 1 | | 1 |
| Brick moulding | | | 3 | 2 | 8 |
| Crafting | | | 4 | 1 | 2 |
| General dealer | 1 | 6 | 1 | | 3 |
| Butchery | 1 | 1 | | | 1 |
| Bottle store | 1 | 1 | | | 1 |
| Auto repairs | | | | | 1 |
| Tyre repairs | | | | | 1 |

| | | | | | |
|----------------|---|----|----|---|----|
| Chalets | | | 1 | | |
| Saloon | | | 2 | | 1 |
| Barber | | | 1 | | 1 |
| Total | 7 | 10 | 15 | 4 | 24 |

Source: Survey data 2012

From Table 2 it can be deduced that 16.7% of the industries started between 1996 and 2000 with the least number of industries being developed from 2001-2005 which constitutes only 6.7% due to economic instability. The last decade from 2003 and 2009 repelled investors due to the high borrowing costs and hyper inflationary environment which threatened economic development. A great number of investors were seen from 2009 to 2011 due to the introduction of the multi-currency system and stimulative economic recovery programs and policies. An official from the RDC argued that natural hazards like the 2002 drought adversely affected the operation of industrialists and some of the industries collapsed. From the above findings it can be deduced that the oscillatory economic trends shown by the number of industries at Nemamwa Growth Point can be attributed to external forces such as drought, economic policies and political instability.

Number of employees and employee selection criteria

An official from the RDC alluded to the fact that most industries employ one person who happens to be the owner of the enterprise or a close relative (Table 3).

Table 3: The Number of Employees and Selection

| Type of Industry | One employee | Two employees | 4 employees | > 4 employees |
|-------------------------|---------------------|----------------------|--------------------|-------------------------|
| Welding | 4 | | | |
| Sewing | 2 | 2 | | |
| Carpentry | 2 | | | |
| Grinding mills | 5 | | | |
| Brick | | 5 | 8 | |

| | | | | |
|-----------------------|----|----|---|---|
| moulding | | | | |
| Crafting | 7 | | | |
| General dealer | 9 | 2 | | |
| Butchery | 3 | | | |
| Bottle store | 1 | 2 | | |
| Auto repairs | 1 | | | |
| Tyre repairs | 1 | | | |
| Chalets | | | | 1 |
| Saloon | 1 | 2 | | |
| Barber | 2 | | | |
| Total | 38 | 13 | 8 | 1 |

Source: Survey data 2012

Table 3 shows that 63.3% of the industries employ one person and thus a generalisation can be made that such business are run by the owner. From the interviews it was clearly revealed that such industries require a person with even the least numerical aptitude since the job is centred on simple business transactions.

The industries that are being run by one person, who happens to be the owner in most cases, are failing to perform the function of triggering development and become natural centres of economic growth as well as being catalysts for industrialisation (Conyers, 2001; Helmsing, 1986; Wekwete, 1988; Carr 1977). Thus, the theory seems to be good but the practice is bad and this is because qualified personnel are not being admitted into such industries and this consequently leads to industrial incompetence and discontinuities. As a result there is massive rural –urban migration as people thrive to find employment and better working conditions that suit their qualifications and this has led to the increased gap between the core and the periphery since the spread effects tend to be less than the backwash effects (Potter, 2008,; Myrdal, 1956; Waugh, 1997).

From the research it was obtained that 1.67% of the industries at Nemamwa Growth Point, (chalets) employ more than 4 people. One respondent from the RDC (which owns the chalets)

further explained that the business is performing well and this will eventually lead to continuous demand for employees as the sector continues to become a catalyst of rural development through employment creation. However, the respondent also pointed out that most of the workers at the chalets were related to the top officials from the RDC thus the generality of the rural populace was left searching for employment since the chalets employ a small number of people compared to the centre’s catchment area and as such the development in this sector will never trickle down to the rural areas so as to foster development. Thus, one can conclude that the industries at Nemamwa Growth Point are failing to trigger development since they are failing to create employment for a better percentage of the population.

Raw Materials

The data obtained on the state of raw materials used by the industries at Nemamwa Growth Point is as shown in Table 4 below:

Table 4. The State of Raw Materials used at Nemamwa Growth Point.

| Type of Industry | State of raw materials | Number of industries |
|-------------------------|-------------------------------|-----------------------------|
| Welding | Semi- finished | 4 |
| Sewing | Semi- finished | 4 |
| Carpentry | Semi- finished | 2 |
| Grinding mills | Unprocessed | 5 |
| Brick moulding | Unprocessed | 13 |
| Crafting | Unprocessed | 7 |
| General dealer | Finished | 11 |
| Butchery | Unprocessed | 3 |
| Bottle store | Finished | 3 |
| Auto repairs | Finished | 1 |

| | | |
|---------------------|----------|----|
| Tyre repairs | Finished | 1 |
| Chalets | Finished | 1 |
| Saloon | Finished | 3 |
| Barber | Finished | 2 |
| Total | | 60 |

Source: Survey data 2012

From Table 4 it can be seen that 46.7% of the industries at Nemamwa Growth Point use unprocessed raw materials. Industries such as brick moulding use locally sourced raw materials which makes it a less capital intensive business which in turn makes it the most proliferating sector at Nemamwa Growth Point. However, some unprocessed raw materials like timber for carpentry and soft stones for the craft industry are sourced from Mutare and Zvishavane, respectively (Table 5).

Table 5 Source of raw materials

| Type of Industry | Local (<20km) | Within Zimbabwe | International |
|-------------------------|-------------------------|------------------------|----------------------|
| Welding | | 4 | |
| Sewing | | 4 | |
| Carpentry | 1 | 1 | |
| Grinding mills | 5 | | |
| Brick moulding | 13 | | |
| Crafting | 2 | 5 | |
| General dealer | | 11 | |
| Butchery | 3 | | |
| Bottle store | | 3 | |
| Auto repairs | | | 1 |

| | | | |
|---------------------|----|----|---|
| Tyre repairs | | 1 | |
| Chalets | | 1 | |
| Saloon | | 1 | 2 |
| Barber | | 2 | |
| Total | 24 | 33 | 8 |

Source: Survey data 2012

The level of growth (operation) in a particular industry is the major determinant in sourcing raw materials since established industries required different raw materials from different regions so as to satisfy their huge clientele base. One respondent argued that the type of customers, the quality of products, availability of working space and capital are some of the determinants in sourcing raw materials. Basing on the above sentiments, the challenges faced by the industrialists determine the source of the raw materials and this will ultimately determine the expected deliverables since some raw materials like timber can be sourced from local indigenous trees.

Some of the industries like grinding mills use locally sourced inputs which do not contribute much to the industrialisation when compared to capital goods. Lack of capital goods is one major constraint that has hampered industrial growth and this is as a result of the small linkage between the resources within the area and expected industrialization activities. Resource based theorists argue that the development of economic growth lies in the way natural resources are being exploited (Manyanhaire et al, 2009) and thus the lack of locally sourced resources is correlated to the level of industrial stagnancy at Nemamwa Growth Point.

One respondent argued that the problems being faced by the centre point back to the physical siting of the growth point which lies very close to Masvingo town. Mbiba (1995) alluded to the same fact and resultantly the centre suffers from stiff competition from other firms offering the same commodities in Masvingo town.

Revenue

The data on the annual revenue obtained by the industries at Nemamwa Growth Point is shown in Table 6

Table 6: Annual Revenue Obtained by Industries at Nemamwa Growth Point

| Type of Industry | <\$5000 | >\$5000 | >\$10000 |
|-----------------------|---------|---------|----------|
| Welding | 4 | | |
| Sewing | 4 | | |
| Carpentry | 2 | | |
| Grinding mills | 5 | | |
| Brick moulding | 13 | | |
| Crafting | 7 | | |
| General dealer | 9 | 2 | |
| Butchery | 1 | 1 | 1 |
| Bottle store | 1 | 2 | |
| Auto repairs | 1 | | 1 |
| Tyre repairs | 1 | | |
| Chalets | | | 1 |
| Saloon | 3 | | |
| Barber | 2 | | |
| Total | 52 | 5 | 3 |

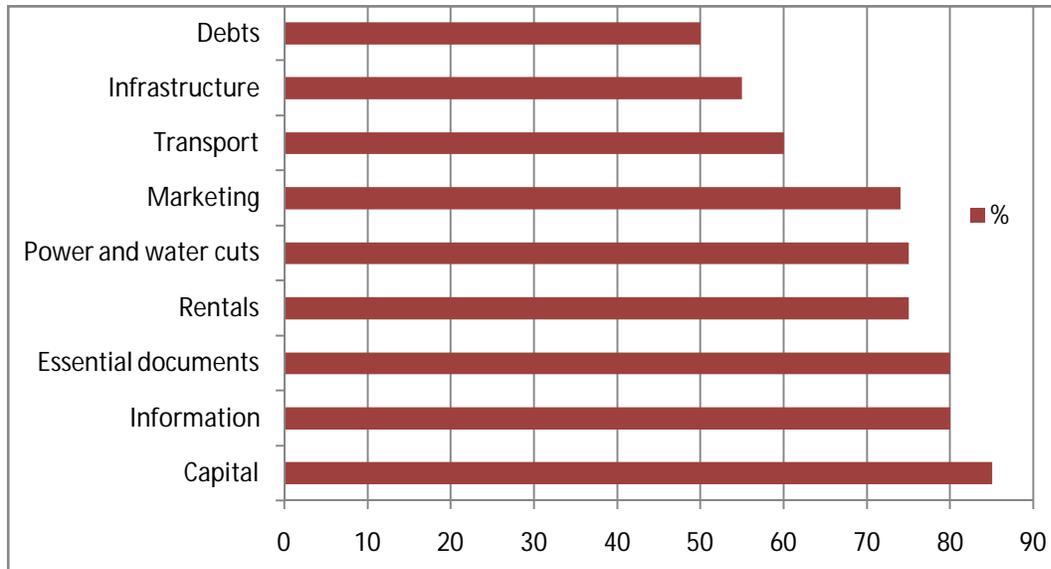
Source: Survey data 2012

Table 6 clearly shows that most industries accumulated annual revenue of less than \$5000 and this is as a result of low capital investment and stiff competition from the neighbouring Masvingo town. A respondent from the Ministry of Small and Medium Enterprise Development alluded to the fact that firms in the same industry enjoy different turnover depending on the level of growth of the operation. This is evidenced by the 3 butcheries at Nemamwa Growth Point which fall under different revenue categories and this can be attributed to a number of factors chief among them being the lack of capital and borrowing powers.

CHALLENGES FACED BY INDUSTRIALISTS AND THEIR EFFECTS

The bulk of the industrialists at Nemamwa Growth Point faced a plethora of challenges (Figure 1).

Figure 1: Challenges Faced by Industrialists at Nemamwa Growth Point



Lack of Capital

The lack of capital investment was cited as the most outstanding challenge that was being faced by the industrialists at Nemamwa Growth Point. Amongst the 85% who face the challenge of lacking capital, 80% of them operate informally. Most of the industrialists cited that they had faced immense difficulties in trying to access funding from Micro-King and other financial institutions and complained about unfair treatment compared to their urban counterparts who received preferential treatment. Chambers (1989) asserts that the rural populace is usually left out in developmental issues because of the ever increasing rate of urban bias. One respondent argued that the loans that they had received from Micro-King and Small Enterprises Development Corporation (SEDCO) were inadequate to sustain their business ventures. Another

respondent cited that he ended up diversifying from being an auto electrician alone into selling fuel (blend or diesel) ordering 5 litres per day so as to get \$1 profit to boost his capital basis. From this it can be concluded that lack of capital is another challenge faced by industrialists at Nemamwa Growth point.

Information

The research showed that 80% of the industrialists cited lack of information as one of the major challenge. Lack of information on the market status and proper entrepreneurial skills had hampered their success since most industrialists proved to be ignorant about the process of acquiring loans from the lending institutions. One respondent mentioned that the officials from the Ministry of Small and Medium Enterprise Development had dumped them from the time they last visited the centre with the intention of forming clusters and associations which was to be the basis for knowledge exchange within the relevant industries. However, the official from the Ministry alluded that they were not in a rightful position to assist the industrialists since they were also facing financial challenges. This situation end up causing “rural tourism”. Chambers (1989) argues that the idea of “rural tourism” poses a great threat to the industrialisation process since a gap is always evident between the industrialists and responsible authorities who have less time to learn and understand the challenges being faced on the ground. This has led to irrelevant top-down solutions which do not address the problems being faced by the industrialists thereby resulting in industrial discontinuities.

Essential Documents

The research revealed that lack of essential documents is another problem faced by industrialists. Lack of title deeds and relevant company certificates were cited as some of the major challenges. The bulk of the industrialists cited that they were ignorant about the process of company registration and some complained that the process was rather expensive and would take long to complete due to the bureaucratic systems by the relevant registry department which in turn makes the process monotonous. The bulk of the industrialists had opted to operate without the essential documents but this has deprived them of many benefits such as the failure to compete

for formal tenders in government or bigger organisations as these documents are tools for identification.

From the research it was deduced that 80% of the respondents cited that lack of title deeds is one of their challenge and this hinders them from accessing funds from financial institutions since they do not have adequate collateral security.

Infrastructure

It was revealed that 58% of the industrialists lack proper infrastructure (working space and machinery). This was mainly caused by the lack of capital to purchase adequate land from the RDC and inadequate funding to purchase new machinery since most of their machinery was obsolete. A key informant from the Ministry of Small and Medium Enterprise Development acknowledged that lack of working space was a threat to the entrepreneurial development. The informant further explained that as a responsible ministry they are trying to boost industrialisation through lobbying for the provision of adequate working space for the industrialists. With reference to the Small and Medium Enterprise bill, the local authority must provide working space through the Public Private Partnership policy, Build Operate and Transfer (B.O.T) policy and Rent to buy agreements (lease with an option to purchase).

According to the B.O.T policy the council can give a private entity land to build structures at no cost, operate on it for an agreed period and then pass it on to the council which will then lease it to other enterprises thereby acquiring rentals which will eventually cover the initial cost of the piece of land. The Small and Medium Enterprise bill also states that the ministry should be actively involved in the lobbying for working space which will in turn be used to build factory shells and market shells. All these policies seem to be good on paper than in proper practice since they have not produced any fruit result and this can be attributed to the harsh economic environment the country went through during the last decade.

Rentals

The research found out that 75% of the industrialists cited high rentals as one of their challenges and this hinders industrial growth because the rentals are unaffordable for small businesses

which should pay rentals to multiple stakeholders. The rentals are mainly for the operating licenses, water and electricity bills which are paid to the multiple stakeholders on a monthly basis. These rentals were consuming much of their small profit margins. Most industrialists had resolved not to pay the rentals and this has led to the confiscation of property by debt collectors sent by the responsible authorities resulting in non-competitiveness of most enterprises at the centre.

All these rentals end up consuming much of the gained profits. This mentioned scenario necessitates a point in business where capital expenditure exceeds income generated and this leads to liquidation thus contributing to the ever increasing rate of industrial decline at Nemamwa Growth Point. An official from the RDC argued that the industrialists are partly to blame since they fail to pay up the rentals in time thus leading to the accumulation of huge bills through penalty fees and interest. This is mainly caused by lack of operating capital and low income from the enterprises which cannot sustain high rentals.

Water and Power Cuts

75% of the industrialists alluded to the fact that power and water cuts had become a threat to their operations. From observation 95% of the industrialists use electricity and 100% need water hence there is an ever increasing demand for power and water supplies. Power cuts seemed to be the greatest impediment to the business operations since the supplies are rather erratic due to the massive load shedding exercises. Most of the businesses at the centre were failing to perform and efforts to negotiate with the responsible authority (ZESA) had proved fruitless since power outages are now more of a national concern. An official from the RDC argued that the inadequate power supply has led also to water cuts since the pumping units are electrical powered. The above problems are posing a great threat to the survival and performance of the enterprises at the centre.

Marketing

As obtained from the research 74% of the industrialists have marketing challenges. An official from the Ministry of Small and Medium Enterprises Development argued that industrialists suffer huge transport costs and other risks and uncertainties as raw materials are transported from

different sources to the growth point. These costs are often covered by placing a mark-up on the goods thus the price of the commodity goes up as compared to those of neighbouring urban centres thus the market continues to shrink due to expensive products. In addition, manufactured products from the centre are of low quality due to lack of advanced technological skills. This has restricted their entrant into regional markets where competition is high.

Transport

It was revealed from the study that 60% of the industrialists had transport problems. Table 5 clearly shows that the bulk of the raw materials used by industries are sourced outside Nemamwa and this contributes to the high transport costs. High transport costs lead to high total production costs thus contributing to a higher unit price which is usually beyond the reach of the centre's market. This poses a great threat to the survival of the industries at the centre since customers would then prefer to buy cheaper products in Masvingo, the nearest urban centre thus contributing to industrial decay. Moreso, an official from the Ministry of Small and Medium Enterprises argued that the other reason why the industrialists suffer the challenge of high transport costs is that they work as individuals. So instead of sharing costs as a cluster they tend to suffer the costs as individuals. Working as a group can reduce costs through ordering in bulk hence enjoying discounts.

Debts

50% of the industrialists cited the problem of debts they had incurred in a bid to boost their production capacities. Most of the industrialists had no collateral security and thus they had resorted to various local money lenders which charge 45% interest per annum compared to legalised financial institutions which offer lower interest rates of around 20%. This has left most of industrialists in huge perpetual debts since the local lending institutions were milking from their businesses.

CONCLUSION

The research sought to investigate the experiences of industrialization at Nemamwa Growth Point since its inception. The research found that a number of industries have developed at the

Growth Point. These can be grouped into three sectors namely, manufacturing, retailing and service provision. These industries had different years of inception. However, the industries are failing to trigger development since they are failing to utilize local raw materials so as to create linkages between the resources in the hinterland and the activities at Nemamwa. Thus it was obtained that there is a minimal linkage between local resources and existing industries. It was also revealed that most of the industries employ few people. As a result there is massive rural-urban migration as people strive to find employment and better conditions that suit their qualifications. This has led to the increased gap between the core and the periphery. The research also revealed that the established industries face a plethora of challenges chief among them being the lack of capital investments, infrastructure, marketing, transport and essential documents such as certificates of incorporation and title deeds. These challenges pose a great threat to the industrialisation process at Nemamwa Growth Point. The study recommends that the government should support industrial growth at Nemamwa through the introduction of tax holidays, infrastructural development, targeted funding and sitting of industrial hubs near the growth point.

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