The Role of e-commerce in Resuscitating the Economy of Zimbabwe

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Abstract
The purpose of this research was to investigate the role that can be played by e-commerce in resuscitating the economy of Zimbabwe. In undertaking the research, the researcher used a sample of sixty respondents from whom data were extracted through a survey method. The sample included economists, information technology students, lecturers and other university students. Additionally, the researchers also investigated the potential factors that may hinder the successful full implementation and adoption of e-commerce in Zimbabwe. In conducting this research, the researcher used questionnaires, documentary reviews and interviews as data gathering tools. A randomly selected sample space of sixty respondents was used to acquire data. Finally, recommendations on the way forward are suggested. The economy of Zimbabwe has been dwindling since the land reform’s inception, hence the need to find solutions to boost or resuscitate it, which was the rationale behind this research. Amongst the chief factors that may hinder the full adoption of e-commerce in Zimbabwe, as cited by respondents, is security of online transactions.

Keywords
e-commerce, Economy, Resuscitating Economy, Role of e-commerce

I Introduction
Zimbabwe experienced a grave economic downturn for the decade ending 2008, but the situation improved a bit after the country adopted a multi-currency system and abandoned its own currency in March 2009. According to the [33], the cumulative decline in economic output soared above forty-five (45) per cent. Led by a strong growth in mining, agriculture and services, of one hundred and seven per cent (107 %), thirty-five per cent (35 %) and fifty-one per cent (51 %) respectively and a recovery of domestic demand and government consumption, the gross domestic product (GDP) grew by 20.1 per cent for the two years ending 2011 [33]. Notwithstanding the robust economic rebound experienced in the period 2009 to 2011, GDP growth has moderated to 4.4 per cent in 2012 and slowed to an estimated 1.8 per cent in 2013, diminished by the sluggish performance of key sectors of the economy [33]. The World Bank [33] also has it that the agricultural sector performance contracted by 1.3 per cent in 2013 as the production of maize and cotton declined owing to adverse weather conditions and subdued yields among other factors. The Zimbabwean economy also underperformed for the first half of the year 2014 [18]. The International Monetary Fund also painted a depressed economic viewpoint for Zimbabwe for the year 2014 [37]. Generally, the economy of Zimbabwe has been dwindling and not performing well recently. The government of Zimbabwe adopted an economic blueprint, ZIM ASSET, which will help it run the country for the five years ending 2018, in an attempt to achieve an augmented trajectory of economic recovery. However, due to globalization of markets, there is a rising need to do business internationally and enable customers to do business all day and night every day of the week.

A. Definition of Terms
E-commerce stands for Electronic Commerce and generally refers to the buying and selling of goods online, using the Internet or any other electronic means. As defined by [31], e-commerce is a process that describes the buying, selling, transferring, or exchanging products, services or information through computer networks, mainly the Internet. Electronic commerce can also be defined as the use of telecommunication networks for the distribution of business information, conducting business transactions and maintaining of business relationships. Alternatively, e-commerce in its broadest sense can be defined as the use of information and communication technologies in undertaking any commercial transaction or activity. E-commerce is basically the buying and selling of products and services by businesses and consumers through an electronic medium, without using any paper documents. E-commerce is widely considered as the buying and selling of products over the Internet, but any transaction that is completed solely through electronic means can be considered e-commerce. E-commerce is alternatively defined as the sale or purchase of goods or services conducted over computer networks by methods specifically designed for the purpose of receiving or replacing of order [34]. The [4] defines e-commerce as business conducted through the use of computers, telephones, fax machines, barcode reader, credit cards, automated teller machines or other electronic appliances whether or not using the Internet, without the exchange of paper-based documents. Economy on the other hand, refers to the state of a country or region in terms of the production and consumption of goods and services and supply of the money. Investor Word Inc. (ND) defines economy as activities related to the production and distribution of goods and services in a particular geographic region. The ordering of goods or services is done electronically, the payment and the ultimate delivery of the goods or services do not necessarily have to be done online [34]. An electronic transaction can be between individuals, enterprises, households, governments, other public and/or private organizations. E-transactions are inclusive of orders made over the web, electronic data exchange and/or extranet. Normally, exceptions are transactions made by fax, manually typed emailed and telephone calls [34].

B. Problem Definition
Zimbabwe still faces a number of economic challenges including a large external debt and insufficient formal employment. The economy continues to dwindle and it has underperformed in the first half of the year 2014, failing to meet the government’s growth forecasts. The rising informalisation of the economy coupled with growing deindustrialisation has seen the economy performing dismally. However, other countries that have adopted and implemented e-commerce have reaped several benefits such as enjoying cheaper products, convenience of buying products and services 24/7[22; 15;19]. The researcher seeks to investigate
the role that can be played by e-commerce in resuscitating this dwindling economy of Zimbabwe.

**C. Objectives**
1. To investigate the role that e-commerce can play in the resuscitation of the economy of Zimbabwe;
2. To evaluate how ready is Zimbabwe to adopt and fully implement e-commerce;
3. To investigate the possible hindrances that may affect full adoption of e-commerce in Zimbabwe.

**D. Research Questions**
1. What role can electronic commerce play in resuscitating the economy of Zimbabwe?
2. To what extent is Zimbabwe prepared to fully adopt and implement e-commerce?
3. What are the particular factors affecting the full adoption of e-commerce in Zimbabwe?

**II. Literature Survey**

The period 2000 to 2008 has been a period of unprecedented economic downturn and political crisis in Zimbabwe. The country suffered an untold inflation which soared as high as two hundred and thirty-one million per cent in July 2008, as cited in the Zimbabwe Mid-Term Monetary Policy of 2012 [27]. The resultant effect was a massive degeneration in all sectors of the economy and a high brain drain. The country’s economy shrank by 40 per cent in the eight years ending 2008 [3]. Since the introduction of a multi-currency system in 2009, combined with the setting up of an inclusive government, the country’s economy started registering some improvement, though the economy’s performance still leaves a lot to be desired.

The Government of Zimbabwe identified ICT as one of the pillars for economic turn-around; with an enormous potential to support and stimulate the economy to greater performances, and as a supporting unit in services to all the other sectors of the economy [27]. The private sector and the government have already massively invested in the ICT sector, with such investments including a terrestrial link and optic fibre cable en-route to the undersea cable in the Indian Ocean [27]. This optic fibre has an effect of improved Internet connection speeds, hence enabling such technologies as e-commerce in which customers require fast processing and transmission speeds.

ICT as a wholesbecoming the forerunner and epicentre of global social and economic transformation, apart from being a strategic resource and basis of every economic activity [27]. Electronic commerce in particular, creates new trade opportunities both globally and locally, thereby widening an organisation’s sphere of influence and potentially generating a wider customer base. Electronic commerce thus helps reduce the trading gap between developed and developing nations.

In addition to boosting consumption because of the convenience of online shopping, e-commerce also narrows the purchasing gap between urban and rural areas. According to Li (2014), e-commerce empowers people to have access to the same offerings online whether they are in first-tier cities or fourth-tier cities; and online retail plays a progressively key role in generating jobs, which is also important to a country’s economy [15]. China’s economy, for example, is estimated to grow by 5.48 per cent by the year 2020 owing to e-commerce [15].

Electronic commerce, through the use of mobile phones, can help developing countries in a number of ways and these are categorised below by sectors. According to [34], the most popular ICT in developing countries and one which is developing rapidly in Africa and Asia is the proliferation of mobile phone. These mobile devices are increasingly being used for m-commerce and m-banking, and entrepreneurs are using the devices for calling and texting services and to acquire locally relevant information [34]. Through the use of phones, rural farmers have been able to engage in mobile money services, enabling them to create saving accounts, earn interest on deposits and access a variety of credit and insurance products [34].

Agriculture – through the use of mobile phones and m-commerce, farmers in developing countries can increase their commercial potential. Farmers who use m-commerce benefit by accessing agricultural information concerning stock piles, prices, data visibility for value chain efficiency and the ability to tap into new and existing markets [34]. This kind of information helps farmers reduce the risk of under-selling, and under or over-supplying their produce in a given market. In its study, the World Bank shows that access to price information by farmers has helped increase farming income by 24 per cent [34]. Gains of up to 57 per cent and price reductions of around 4 per cent were realized and enjoyed by sellers and consumers respectively [34].

Fisheries – E-commerce sites may also be used to convey information regarding weather conditions and diseases, issuing early warning signs, mitigating the risk of losses arising from such bad weather conditions and disease outbreaks, hence benefitting the fish farmers [34].

**III. Methodsof Research**

A survey study was used in undertaking this research. The researcher used questionnaires, interviews and documentary review as methods of research.

**A. Questionnaires**

These were used as they have the advantages of maintaining respondents’ anonymity and moreover, respondents can always respond to the questionnaires at their own free time. The questionnaires were administered to a sample of academics, economic specialists and students drawn from two universities in Zimbabwe. Sixty questionnaires were issued and all were returned.

**B. Interviews**

The researcher interviewed a number of people on their views on what role can e-commerce play in resuscitating the Zimbabwean economy. The researcher interviewed a sample of, drawn across the country, ten economic experts, ten academics, and ten Information Technology experts as well as 30 university students. The sample of respondents was carefully selected from those groups assumed to have knowledge of e-commerce and the economy. An organised set of questions was used for the interviews.

**C. Documentary Review**

The researcher reviewed journals, textbooks, conference proceedings, websites, and blogs in gathering data for the purposes of this research.

**D. Focus Group Discussions**

As postulated by [1], focus groups can unearth a wealth of detailed information and deep insight. The same authors define a focus group as a small group comprising six to ten people led by a skilled moderator. Focus groups were also used to extract data from
economists and other experts on the subject matter. The researcher acted as the moderator in the focus group discussions.

E. Sample Space
A sample space of sixty respondents was used to acquire data. The respondents were randomly selected from a pool of academics, university students and economic experts across Zimbabwe. Their views and opinions were extracted as part of data gathering. These groups of selected respondents were assumed by the researcher to have knowledge of e-commerce and the economy.

IV. Presentation and Discussion of Findings
In this section, the researcher presents and discusses the findings of this study.

A. Presentation of Findings

![Role of E-commerce in Zimbabwe's Economy Resuscitation](image)

The disintermediation of the supply chain brought about by e-commerce means companies can eliminate costly sales agents, thus reducing costs. This may lead to reduced prices.

V. Recommendations
The researcher recommends the full adoption of e-commerce which would evidently go a long way in resuscitating the economy of Zimbabwe. E-commerce should be adopted and encouraged in all the sectors of the economy and production; such that one can do virtually any transaction from wherever they are as long as they are connected. Zimbabwe is endowed with several mineral resources; however, many a times the Zimbabwean people have complained that those resources have not been fetching favourable prices. If those resources are sold online, the country can get customers from across the world and favourable prices will likely be fetched as a result of potential customers competing against themselves. Moreover, the e-commerce solutions should be highly secure as to raise customer confidence in such systems.

Besides the full adoption of electronic commerce as a way of reviving the economy, the Government of Zimbabwe together with other responsible organizations should work round the clock and combat the endemic corruption which has so much devastated the...
economy and the nation. Unless a serious stance is taken against those implicated in corruption, especially top government brass, all efforts to revive the economy and save the country from the current economic quagmire in which the nation currently is will most likely be a wild-goose chase.

Corruption is considered one of the world’s greatest challenges and is a major obstacle to sustainable development, with an uneven impact on poor communities and corrosive on the very fabric of society [32]. It is therefore imperative to eradicate corruption for the good of the world in general and Zimbabwe in particular. Zimbabwe is amongst the world’s top five most corrupt countries [30] and this is a real cause for grave concern, fuelling the need to come up with ways of combating this evil deed. The situation is further exacerbated by the fact that even the law enforcers themselves (ZRP) have been cited as one of the most corrupt in the region [17]. According to Transparency International corruption rankings for the year 2013, Zimbabwe ranked one of the most corrupt Southern African countries, being second to Angola [12]. As the Zimbabwe Government pursues an innovative course of augmented economic growth and wealth creation for the five years ending December 2018, corruption is one of the major hurdles facing the government in its implementation of its economic blueprint, ZIM ASSET. Therefore, there is need to deal with corruption as to ensure accelerated economic resuscitation through electronic commerce.

Moreover, the country should avoid ill-conceived economic policies and rebrand itself so that it can attract foreign direct investment (FDI). The country has been accused of lack of the rule of law; hence some potential foreign investors have been deterred as a result.

In summary, the study has conspicuously revealed that electronic commerce can play a noteworthy and momentous role in resuscitating the economy of Zimbabwe. However, there are also other issues that need to be addressed with urgency and seriousness if such hypothesized benefits of e-commerce are to be fully reaped and enjoyed. At the epicentre of such issues is corruption and security.

References


