

# **Challenges Faced by the Mary Mount Catholic Parish in Establishing a Business Incubation Centre in Rushinga, Mashonaland Province, Zimbabwe**

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**ABSTRACT:** The Rushinga Mary Mount Roman Catholic Parish attempted to establish a Business Incubation Centre in response to increasing levels of unemployment and in line with the Catholic Social Teachings. This initiative met some challenges namely financial constraints, lack of physical space, and unavailability of qualified staff, lack of infrastructure such as electricity, roads and telephone connection.

## **1.0 Introduction**

This study sought to investigate the challenges faced by Non-Profit Organisations in the promotion of entrepreneurship and Small and Medium Enterprises (SMEs) with special reference to the Rushinga Roman Catholic Church Parish in Mashonaland Central Province, Zimbabwe. This parish attempted to establish a business incubation center in response in response to increasing unemployment and in the line with the Catholic Social Teachings. According to a paper prepared by the International Labour Organisation (2000) unemployment rates in some Southern African countries are as high as 20 per cent of the total economically active population. The African Capacity Building Foundation (2011) goes on to estimate total youth unemployment rates at over 20 per cent despite representing 45 per cent of the total labour force. One of the African Development Bank working paper series (2011) argues that Africa is not creating jobs at a rate fast enough to absorb the 10-12 million young people entering its labour markets each year. With increasing unemployment and with no prospect of industrial growth in a near future, business incubation is increasingly seen as an important tool to unleash human ingenuity, enable competitive enterprises and create sustainable jobs because individuals have no choice except the creation of their own businesses.

Establishing a business incubation centre in Rushinga is part of the Catholic Church's history and social teaching. Successive popes wrote various encyclical letters tackling social issues of their time. (De Santana 1977) For instance, in 1891 Pope Leo XIII wrote the Encyclical letter **Rerum Novarum** tackling the social transformations brought by the industrial revolution. He upheld the dignity of human work and laid down the basic principle that people are more important than property and everyone has a right to the basic necessities of life and a just wage ([www.catholicsocialteaching.org.uk](http://www.catholicsocialteaching.org.uk)). Forty years later, Pius XI in a letter entitled **Quadragesimo Anno** upheld the principles of subsidiarity i.e. decision-making should be brought to the lowest levels in the hierarchy. Pope Paul VI promoted this social agenda through education, while Pope John XXIII was a proponent of health care. Pope John XXIII also advocated for labour issues. He argued that workers have a right to have their say in and make their own contribution to the efficient running and development of the enterprises in which they are employed. Pope Benedict XVI argued that one of the fundamental norms of the state must be the pursuit of justice so that each person is guaranteed a just place in the society and that the aim of a just social order is to guarantee everyone. (Thomas & Williams 2009:47)

In Zimbabwe, Non Profit Catholic Organizations such as Caritas articulate a mandate based on the social teaching of the Church, which focuses on the dignity of the human person. Caritas work on behalf of the poor manifests God's love for all of creation. This work includes integral development, emergency relief, advocacy, peace building, respect for human rights and support for proper stewardship of the planet's environment and resources.

## **2.0 Research Problem**

Zimbabwe has come out of a protracted period of economic instability. However, poverty levels and unemployment remain high. The challenge for the Government of Zimbabwe and its partners is to find workable and lasting solutions the problems of poverty and unemployment. One of the suggested solutions is the promotion of entrepreneurship and Small and Medium-Sized Enterprises. It is response to this call that the Rushinga Roman Catholic Parish in Mashonaland Central attempted to establish a business incubation centre. What challenges did the parish face in this endeavour?

## **3.0 Literature Review**

Small and Medium-Sized enterprises can contribute significantly to the economy of a country through providing sources of income to families and creating employment. The African Capacity Building Foundation (2011) estimates total youth unemployment rates continent wide at over 20 per cent despite youths representing 45 per cent of the total labour force. According to a working paper of the African Development Bank (2011) Africa is not creating jobs at a rate fast enough to absorb the 10-12 million young people leaving the education system and entering its labour markets each year. Hence, the impetus has turned towards the promotion of entrepreneurship and small businesses by government and private institutions.

One of means of promoting entrepreneurship and SMEs is the establishment of Business Incubation Centers. Business incubation is the process of supporting the development and

scaling of growth-oriented, early stage enterprises which are weaned off once a certain milestone (growth or profitability) is reached. (Khalil & Olafsen 2010) By providing these firms with a building with common facilities such as communication and secretarial services, the centre aims at improving their chances of growth and rate of survival. Business Incubation Centers also provide managerial support and back-up services in addition to business skills, infrastructure, market linkage, financing, and people connectivity constraints, and expose entrepreneurs to information and communication technologies (ICTs). The aim of business incubation is the provision of essential services in a central location for a limited time period with the intention of growing young and small businesses.

According to Khalil and Olafsen (2010), there are four main types of business incubation models: the first is the university-based, the second is government-owned, the third type is non-governmental/non-profit entities such as the one being assessed in this paper and the fourth are private sector entities. They have also studied some of the challenges that business incubation centers face. One of these is financial. For the purposes of sustainability, it is advisable for the business incubation center especially when it is a Non-Profit Organisation to engage in some kind of cost recovery mechanisms from the incubates. There are several ways in which this can be done. The first is cost recovery through charging an outright fee for the service. The pitfalls of such an arrangement however are that, firstly, they strain the businesses in the incubator and, secondly, when pegged economically, these fees cannot cover the incubators total costs. The second way to ensure cost recovery is to charge some kind of commission otherwise known as royalty. This system is dependent on the profitability of the incubatee and would still place the young business under strain. Both systems face the challenge of incubatees that fail (Khalil and Olafsen, 2010).

A second challenge that business incubators face is finding and retaining talented staff. The impact of disruptions associated with a high management level staff turnover is more severe for a business incubator due to the extra-ordinary level of trust required to keep the business running well. Khalil and Olafsen (2010) suggest some solutions to the challenges Business Incubation Centers face. The first step is to engage in a feasibility study prior to setting up a business incubator. This will help to determine whether the necessary resources are accessible. The founders of the Business Incubation Center must also ensure that their managers have the relevant skills. It is critical that the Business Incubation Center be set up and run in a business-like manner regardless of whether it belongs to a non-profit organisation. The selection of incubatees must be based on local market needs and the core objectives of the business incubator. Khalil and Olafsen (2010) also suggest that proportions have implications for solving problems faced by Business Incubation Center. They propose that the optimum size of the physical space for the operations of a Business Incubation Center is 2000m<sup>2</sup> and the optimum number of incubatees should range from 20 to 30. Moraru and Rusei (2012) cite the example of the Soroca Municipal Council in Moldova which provided incubator space of 1700m<sup>2</sup> for 17 companies. These two examples suggest that each company must be allocated 100m<sup>2</sup> business space within the business incubator. The final solution is to seek greater investment and private sector involvement.

## **4.0 Research Methodology**

### **4.1. Research Design**

The researcher used a case study approach because case studies are in-depth investigation of an issue at a specific instance and location. The Rushinga Roman Catholic Parish fulfils this criterion. Moreover, this design allowed the researcher to collect empirical data from only one or a small number of cases. Moreover, the case study approach allowed participant observation and qualitative data collection methods. Furthermore, the case study approach allowed the researcher to consider a complex research question within an environment rich with contextual variables including real life events. Moreover, case studies allowed the applicability of a variety of data collection tools will allowed the study to be enriched by many different sources and types of data.

### **4.2. Data Collection and Analysis**

#### **4.2.1 Primary Data Collection**

##### ***a) Interviews***

Interviews were used in this study because they enable the interviewer to establish rapport with the respondent and to observe body language while listening. This has the advantage of getting additional data from tacit processes. Moreover, more complex questions can be asked while the interviews proceeds. The key informants were the two Parish Priests from The Rushinga Roman Catholic Parish and technocrats in the Small and Medium Enterprises (SMEs) sector. Workers in the Non-Profit sector were also interviewed. An interview guide with open ended questions was drafted and used. This allowed the researcher to control the direction of the discussion while providing some level of flexibility to adapt to responses as a heterogeneous pool of respondents was approached. Additional data was collected by interviewing several respondents from organisations such as the Ministry of Small and Medium Enterprises and Cooperative Development (MSMECD), The Zimbabwe Catholic Bishops Conference (ZCBC), The Small Enterprises Development Cooperative (SEDCO). Where direct involved was not possible owing to travelling constraints telephone interviews were conducted.

The number of respondents to the interviews is distributed as follows:

<b>Interviewed</b>	<b>Number</b>
Parish Priests	2
Respondent from SEDCO	1
Respondent from MSMECD	2
Respondent from MP SLSW	1
Respondent from ZCBC	1
Entrepreneurs and Small business owners	9
Locals	4
<b>Total</b>	<b>21</b>

***b) Focus Group Discussions***

Data from community members and local business people was gathered using Focus Group Discussions. Two Focus Group Discussions were held with locals at Mary Mount Parish and business owners and entrepreneurs at Chimanda Growth Point. Through the guidance of a Focus Group Discussion guide, the two groups spoke about whether community members would be interested in making use of a Business Incubation Center, what challenges they are facing with running their own businesses and what services they felt any potential business incubator should provide and how these services should be delivered was conducted.

***c) Participant Observation***

Participant observation also played a part in the study while pictures were taken to document interesting phenomena.

***4.2.2 Secondary data collection***

Secondary data came in the form of information generated from the literature review. The study also looked at records of the administrative structures of the Mission as well as existing income generating projects. It also reviewed policy documents the Mission Hospital which provides a model of a Non-Profit Organisation whose services are not charged commercially. Data was also sourced from the mission statement of the Small Enterprise Development Corporation (SEDCO) and the policy of the Ministry of Small and Medium Enterprises and Cooperative Development.

### **4.2.3 Data Analysis**

Given the various characteristics of the different options of data analysis techniques, the study made use of pattern matching. This technique was the most suitable because it can be used for qualitative data analysis. The technique was used along coding various data into themes. Information collected was reviewed and organized into themes derived from the literature.

## **5.0 Findings**

In its attempt to establish a Business Incubation Centre, the Mary Mount Roman Parish faced four challenges, namely: inadequate financial means, lack of physical space,

### **5.1. Finances**

Finally, the problem of inadequate financial resources presents a cross cutting issue in the establishment of a Business Incubation Center. As has already been noted, Mary Mount Mission does not have readily available finances for the establishment of a Business Incubation Center. It has embarked on several income generating projects to supplement traditional sources of funding but as it is, these cover the day to day expenses of the Parish and are not generating extra. Given that the Parish has not registered a company or a Private Voluntary Organisation, it is not eligible to apply for loans from SEDCO and other official commercial lending institutions. This extends to the problem of micro finance for the individual businesses within the Business Incubation Center. Where will this micro-finance come from? Ideally it should be one of the services offered by the Incubation Center but will not be possible immediately.

### **5.2 Physical Business Space**

The data collection exercise proved that while Mary Mount Parish has space for the establishment of a business incubation center in the form of several empty buildings, there is no single space that covers the 2000m<sup>2</sup> recommended by Khalil and Olafsen (2010) for a Business Incubation Centre or the 100m<sup>2</sup> per business suggested by Moraru and Rusei (2012). In its current state, the Parish can only accommodate two businesses in the hall. Even if the Parish were to go on and allocate one business in each of the available classrooms and two in the hall, that would still only come to 9 businesses which falls far short of the recommended optimum of 20 to 30 businesses per incubation center (Khalil and Olafsen, 2010).

### **5.3 Unavailability of Qualified Staff**

A second challenge facing the establishment of a Business Incubation Center at Mary Mount Parish would be the unavailability of secretarial services. All of the staff employed by the Parish and the hospital already have dedicated duties and responsibilities.

### **5.4 Infrastructure**

The lack of a landline connection also means that fax services are not available, similarly the lack of office machinery such as photocopiers and scanners does not create a suitable service environment for the establishment of a Business Incubation Center. The nearby Bopoma Business Center does not have these services either.

Moreover, even though the existing gravel road is well serviced, it is difficult to navigate during the rainy season due to the many small rivers that need to be crossed between Chimanda and Mary Mount. This is worsened by the fact that the bridges that cross these rivers are very low and sometimes collapse.

Mary Mount Parish also faces the challenge of erratic electricity. At the time of the study, the Parish had been without electricity for over three months due to a technical fault.

### **5.5 Business Counseling**

A fifth constraint facing the establishment of a Business Incubation Center at Mary Mount Parish is the lack of local technical expertise for the provision of business counseling and training. The Parish Priests readily acknowledged that they do not have technical expertise necessary to mentor businesses or even run a Business Incubation Center. Entrepreneurs and SME owners interviewed during the Focus Group Discussion readily acknowledged that they lack the technical skills to manage their businesses more effectively, to help their businesses grow and in particular financial management skills.

### **6.0 Conclusion**

The Mary Mount Catholic Parish faced five challenges in its attempt to establish a business incubator, namely, (1) financial problems owing to the lack of costs recovery mechanics; (2) the exiguity of physical space given the high numbers of entrepreneurs who wished to be incubated; (3) the unavailability of local expert support services; (4) the bad quality of infrastructure including telephone, electricity supply and roads; and (5) the lack of training and counseling owing to the lack of expertise. Some of the solutions would be to register the parish as a Private Voluntary Organisation which will allow the Parish to apply for loans from banks and to be exempted from taxes. Concerning space the Business Incubation Center may choose to ignore the suggested space requirements per individual business and instead allocate space in an optimal manner without violating official regulations. Alternatively, the Parish could begin by trying to source the necessary funds to build a Business Incubation Center. The Parish may need to expand its solar power system although this may require additional funding from both local and international partners. The Parish is in critical need of the technical expertise necessary for the establishment of a Business Incubation Center. A Trainer of Trainers (ToT) programme like the one provided by the Ministry of Small and Medium Enterprises would be suitable. The incubation center can use the Rushinga hospital as benchmark. The hospital provides an example of a semi-autonomous entity where the infrastructure was built by the church and the employees are paid by the government.

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