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FACULTY OF COMMERCE

DEPARTMENT OF ACCOUNTING

An analysis of the funding gap in the human capital development matrix in

Zimbabwe

By

GURIRA CANDACE

Registration Number: R13789J

This project proposal is presented in partial fulfilment of the Bachelor of Commerce

Honours Degree in Accounting.

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ZIMBABWE

APPROVAL FORM

The undersigned certify that they have supervised the student Candace Gurira's dissertation
**“An analysis of the Funding Gap in the Human Capital Development Matrix in
Zimbabwe”** submitted in partial fulfilment of the requirements of Bachelor of Commerce
Accounting Honours Degree at Midlands State University.

.....

SUPERVISOR

.....

DATE

.....

CHAIRPERSON

.....

DATE

.....

EXTERNAL EXAMINER

.....

DATE

RELEASE FORM

NAME OF STUDENT : CANDACE GURIRA

DISSERTATION TITLE : AN ANALYSIS OF THE FUNDING GAP IN
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DEDICATION

I dedicate this piece of work to my biological and spiritual parents, sister Cassandra and my daughters Nicole and Natasha.

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ABSTRACT

The study is an analysis of the funding gap in the human capital development matrix in Zimbabwe. The research was motivated by failure of Zimbabwe Manpower Development Fund to pay industrial attachment for university students and also to equip institutions of higher learning with modern equipment due to lack of funding. The objectives of the study were to establish the existence of the funding policy, assess the adequacy of the personnel to engage industry in debt collection Literature was reviewed from authoritative authors, which was related to the research topic. This research looked at the funding policies applied by other countries in the Sub-Saharan Africa such as Botswana, Tanzania, South Africa and Zambia. The researcher adopted the descriptive research design, and questionnaires and interviews were used as the main data collection instruments. Data was presented in tables and charts. Major research findings revealed that the major source of funding for ZIMDEF was not sufficient to meet the training needs of Zimbabwe. There is need for the Fund to augment it 1% training levy given the current economic situation in Zimbabwe. To bridge the funding gap, the Fund must consider donor funding for capital projects and acquisition of modern equipment, should also ensure that each department is housed with relevant people.

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CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter deals with a brief background of the study and outlines the problem statement. The research objectives, research questions and justification of study are also given. The chapter will end by giving the limitation, delimitation and definition of terms together with the chapter summary.

1.1 Background of the study

In Zimbabwe according to the Manpower Planning and Development Act Chapter 28:02 of 1996, the human capital development matrix is designed in such a way that eligible employers are mandated to contribute 1% of their gross wage bill to Zimbabwe Manpower Development Fund (ZIMDEF). ZIMDEF was created as a private public partnership. At the time of its establishment, the economy lacked highly skilled indigenous human capital as the majority had migrated abroad after attainment of independence in 1980 (Shizha and Kariwo, 2011). The private sector and Government then formed a partnership in which the private sector would provide funding for the development of human capital development and the Government would be responsible for the training. The Government Relations Report Issues 536 – 560 highlighted that this agreement then led to the promulgation of the Manpower Planning and Development Act and consequently the establishment of the Zimbabwe Manpower Development Fund.

Zimbabwe Manpower Development Fund falls under the Ministry of Higher and Tertiary Education & Science and Technology Development. The Fund was established in terms of

section 23 of the Manpower Planning and Development Act 36 of 1984 now revised Manpower Planning and Development Act chapter 28:02 of 1996. The Fund's broad mandate is to finance the development of critical skilled human capital in Zimbabwe through the collection, management and disbursement of 1% Manpower Training Levy. The levy is collected from eligible employers as outlined in Statutory Instruments 74 and 392 of 1999 and its disbursement is done in terms of the Manpower Planning and Development Act, Chapter 28:02. The levy rate in Zimbabwe is pegged at 1% of the employers gross wage bill and is payable monthly.

Since its establishment in 1984 the Fund has been financing training needs in the country as advised by the National Manpower Advisory Council. Human resource development is vital for the socioeconomic development needs of a country. Tesfagiorgis (1993) is of the opinion that human resource is so critical that many experts argue that education is a precondition for economic development. It is so vital that there is need for it to be administered by the Government of any economy (Tefagiorgis, 1993). This is also supported by Zewede (2010) who indicated that the most important dimension of human capital development in any country must clearly rely on institutionalized Government action. Shizha and Kariwo (2011) are of the opinion that the Government has failed to reap the maximum benefits of human capital development due to inadequate funding from the private sector.

Zimbabwe is currently operating under harsh economic conditions, this has been evidenced by the deindustrialisation which has taken place (Chinamasa 2014). The OEDC development Centre (2013) is of the opinion that the Zimbabwean economy has faced a decade long economic instability which has resulted in the country facing high levels of unemployment

and company closures. Most firms in Zimbabwe are facing financial and viability challenges which have led to a drop in industrial capacity utilisation.

Despite the economic conditions, the Fund is still expected to finance critical human capital development in Zimbabwe. ZIMDEF Annual Report (2013) showed that the Fund was not able to pay industrial attachment allowances to university students and had not been able to equip institution of higher learning with modern equipment. This means that the Fund is failing to meet its mandate. The training levy is currently being collected from eligible employees in the formal sector and not from those in the informal sector. According to Zimbabwe National Statistics Agency (2011) most of the 5.4 million Zimbabweans worked in the informal sector with only 11% (606 000) in the formal sector. On this basis, ZIMDEF currently is not able to collect adequate training levy to fulfil its human capital development mandate. This research attempts to identify why there has been a funding gap in the human capital development matrix in Zimbabwe.

1.2 Problem Statement

ZIMDEF fund the human capital development in Zimbabwe through the 1% training levy collected from eligible employers in the formal sector. The sector has been severely affected by deindustrialisation. The deindustrialisation has shifted employers from the formal sector to the informal sector which does not pay any training levy. The economic environment directly affected the revenue base for ZIMDEF, which had spiral effects to the funding of human capital development in the country. The few employers excluding the Government have either downsized their operations through retrenchment or are not paying employee salaries, let alone payment of levy to ZIMDEF. Thus ZIMDEF has to find other means of supplementing the 1% training levy in order to meet its mandate. This research intends to

identify why ZIMDEF is failing to acquire the modern equipment for institutions of higher learning, there by analysing the funding gap in the human development matrix.

1.3 Main Research Objectives

The main objective of this study is to identify ways of augmenting the 1% training levy being collected and administered by ZIMDEF.

- To identify funding means employed by other countries for human capital development
- To examine the relationship between funding of human capital development and economic growth.
- To analyse the funding mechanisms employed by ZIMDEF
- Identify funding challenges faced by other countries
- Establish the best practices in funding operations.
- By use of questionnaires, identify other means that the Fund can engage to boost its revenue base.

1.4 Main Research Question

What are the major causes of the funding gap in the human capital development matrix?

1.5 Sub Research Questions

This research will attempt to answer the following questions:

- What is the relationship between human capital development and economic growth?
- How are other countries in Africa funding their human capital development?
- How is ZIMDEF currently financing human capital development in Zimbabwe?

- What challenges are faced by other countries in financing human capital development?
- What are the best practices for funding operations?

1.6 Justification of the study

1.6.1 To the researcher

This research is in partial fulfilment of the Bachelor of Commerce Accounting Honours degree at Midlands State University.

1.6.2 To the Organisation

If the research findings are accepted by the Zimbabwe Manpower Development Fund, the findings and recommendations will assist the organisation in widening their revenue base to enable them to meet the training needs of Zimbabwe.

1.6.3 To the University

The research findings will assist both current and prospect students as reference material for those pursuing their studies.

1.7 Delimitation of the study

This research was carried out at ZIMDEF Head Office in Harare.

1.8 Limitation of study

1.8.1 Confidentiality

Due to the confidentiality of information, the researcher used triangulation to obtain data and information to gather sufficient and appropriate evidence.

1.8.2 Time

There was limited time to do the research since the researcher is a full time employee and a student at the same time. Extra time was dedicated to the research by working over weekends and after working hours.

1.8.3 Resources

The researcher encountered financial constraints through travelling and subsistence expenses. A tight budget was drawn up to make provisions for the research expenses. Telephone and electronic mail services were utilized to ease communication.

1.9 Definition of terms

1.9.1 Manpower development: www.adma_opco.com defines manpower development as a human capital function responsible for developing skills, knowledge and competence of the company's most important asset, its people in order to meet current and future business requirements.

1.9.2 Manpower training levy: Levy collected from employers by ZIMDEF for human capital development in Zimbabwe.

1.9.3 Deindustrialisation: The reduction in industrial capacity or activity in a country.

1.10 Assumption of study

The study was based on the following assumptions:

- Industry will not be fully operational during the period of study

- Zimbabwe Manpower Development Fund is a going concern and will be operational throughout the period of study.
- Respondents would provide unbiased information to enable a true assessment of the position.

1.11 Summary of chapter

This chapter introduced the area of study and gave a brief background of the study. It highlighted the research objectives, research questions including the problem statement. The delimitation, limitation and justification of study were also elaborated on. The next chapter will review literature by other authors in line with the research objectives.

CHAPTER TWO

2.0 Introduction

This chapter identifies, discuss and evaluate literature which relates to the funding gap in the human capital development matrix in Zimbabwe. It analysis the sources of funding which is implemented in Tanzania, Botswana, Nigeria, Namibia, the relationship between the human capital development and economic growth, funding challenges faced by other institutions and also the funding mechanisms employed by ZIMDEF.

2.1 The Financing of human capital development

Without the necessary funding it is impossible to sustain quality training, invest in new projects in order to better respond to the needs of industry (Dubois & Balgobin, 2010). www.unesco.org highlighted that technical and vocational education and training (TVET) is very expensive and governments are obliged to explore different sources of funding. It further went to show that if funding is in short supply, it is likely to create a mismatch between the training that the student receive and the needs of industry. According to Mbizvo (2001) the financing of TVET has been a limiting factor to the development and subsequently the supply of skilled manpower to the national economy. TVET is very expensive as it needs workshops

of reputable standards and also requires regular investment in new equipment, as well as the maintenance and repair of existing equipment (Dubios & Balgobin, 2010). Unesco (1996) identified that the methods of financing vocational training range from the levy system, private financing, public financing and international donor financing.

2.1.1 Levy system

Most countries in Africa have introduced the levy system as the major source of funding the human capital development. Durango (2000) identified that a levy – grant system was developed to compliment public funding of TVET. This system is based on the imposition of a levy on all employers based on the wage bill. Human development is so critical, it was necessary to introduce a tax generally levied on company payroll for the creation of training funds distinct from Government budget channels (Johanson, 2009). Initially training levy was introduced in Latin America, however these funds also exist in Africa, Asia and Europe. Different countries impose different levies.

2.1.1.1 The Namibian Structure

In Namibia, the Namibian training levy report (2014) shows that, the introduction of the vocational education and training levy was gazetted and came into effect on 01/04/2014. The purpose of the levy is to facilitate and encourage vocational education. The levy is collected by the Namibian Training Authority. The levy is imposed on the payroll of every employer with an annual payroll of N\$1million or more. The levy rate like Zimbabwe is pegged at 1% of the employers annual payroll and is payable on or before the 20th day of every month.

Vocational Education and Training Act Number 1 of 2008 stipulates that employer with a projected annual payroll of less than N\$1million do not need to register as a levy paying employer. This would have an effect like in Zimbabwe that in the event that the economy is not good and individuals are retrenched, there will be a funding gap in vocational education and training in Namibia.

2.1.1.2 The Nigerian Structure

In Nigeria, a fund was established in 1971 with a main thrust of stimulating human performance, improve productivity. www.sobanjointernational.com 20/08/2015,16:08 highlighted that manpower development in Nigeria is an essential ingredient needed in the growth of the economy in Nigeria. In Nigeria they collect 1% of the payroll plus an annual budget from Government for promoting employer based training via reimbursement (Johanson & Adams, 2004). Johanson & Adams (2004) also highlighted that the company coverage of the Nigerian scheme is restricted to firms with twenty five (25) or more workers.

2.1.1.3 The Botswana Structure

BTA (2008) shows that in Botswana a vocational training fund was established in 2008. The minister of labour and home affairs issued two instruments that year to introduce the levy / grant system for vocational training levy in Botswana. The effect of introducing the system in Botswana was to increase relevant training to the workforce which would increase efficient and thus translate to a productive industrial sector. BTA (2008) shows that the levy is collected by Botswana Unified Revenue Services through the value added tax returns. Thus unlike in Zimbabwe the vocational training levy in Botswana is a percentage of turnover.

Currently it is based on 0.2% of turnover where the turnover is between P250 000 and P2 billion and 0.05% of annual turnover in excess of P2 billion

2.1.1.4 The Tanzania Structure

The vocational education and training act chapter 82 of 2006 of the united republic of Tanzania mandates for the collection of a vocational training levy from employees in that country. It is based on 2% levy on companies with a minimum of four employees.

According to Johanson (2009) payroll levies are not appropriate in low income countries where the industrial base is limited and levy income generating capacity is weak. This indicates that most of the African countries would fail to finance human capital development as they rely mainly on the levy system for revenue collection.

www.siteresources.worldbank.org showed that levy success depends on a sufficiently wide economic base in the formal sector where there is a large tax base. Due to the limitations of payroll levies some countries have other means of financing their human capital development. According to www.unevoc.unesco.org 25/08/2015, 17:32 Zambia has about five ways of financing vocational education and training which are:

- Government provides funding to public TVET institutions through the relevant Ministries. Funds are used to subsidise training fees and for operational costs of TVET institutions.
- Charity and donors ensure funding for community-based and faith-based TVET providers. Those organisations subsidise TVET training for socio-economically disadvantaged learners
- Training fees are a significant source of funding for both public and private TVET providers. However, fees charged by private institutions are not regulated while

public TVET institutions need to seek approval for training fees from corresponding ministries.

- Industry provides funding for enterprise-based training allowing students to train directly at the workplace.
- Established under the TVET amendment Act No 11 of 2005, the TEVET Fund serves a source of funding for public and private providers. The Government provides funds for the Fund which are consequently awarded to pre-determined training programmes at public training institutions.

2.1.2 Private Financing

In private financing, institutions bear the full cost of training and they do not receive any government assistance. In this regard, the company's budget funds the full fees (Mbizvo, 2001) Private financing is mainly used in Lesotho and Uganda. A complementary measure is to encourage the growth of private training institutions with trainees paying full costs without commitment of public funds (Ziderman, 2003). Ziderman (2003) further highlighted that in many countries the lack of private training provision results from financial, institutional and other constraints holding back private provider development. Despite the important role that private training institutions can play in meeting growing demands for skills training, governments often treat these institutions with a degree of skepticism.

2.1.2.1 Measures for building up private training capacity

Ziderman (2003) identified four types of constraints that hold back the development of private training institutions which are namely financial constraints, fee policy issues, regulation and control of private training institutions and information gaps.

Financial constraints

The large majority of private training institutions in Africa offer courses in commercial and business occupations, with comparatively low capital costs and an adequate supply of instructors. Costs of technical and industrial courses are highly particularly for capital development (Ziderman, 2003)

Fee policies

Imposed tuition fee ceilings, while aimed at protecting trainees from exploitive activities by private training institutions may limit the ability of these institutions to enter new training markets especially those with high investment and recurrent costs (Ziderman, 2003)

Regulatory environment

Private training institutions are unlikely to flourish in an overly strict regulatory environment. Regulation is no doubt required against the possibility of dishonest practices, excessive advertising and low quality training. Regulations should be designed to encourage private training institutions to operate fairly and efficiently within a facilitating, regulatory environment (Ziderman, 2003)

Consumer information

Without reliable information, consumers are unable to make wise and informed choices. Relevant information on private training institutions is often lacking. Provision of updated information on the relevance of courses to labour market demands and job opportunities is also important (Ziderman, 2003)

The Tanzanian training authority neglected the development of private training capacity. However, it has achieved more success in cost sharing and income generation.

2.1.3 Public Financing

Public financing is justified as long as the trained workers can be absorbed in employment or in gainful self-employment and as long as training results in the improved welfare of the population Gasskov (2000). www.unevoc.unesco.org highlighted that public financing is provided through public revenue (government funds). When the state finances vocational training through public funds it is on the assumption that the ultimate responsibility for development of human resources for national development lies with the State (Unesco, 1996) showed that the major source of public funds is through government grants to vocational training institutions. Such a grant is called matching grant as it makes it obligatory for the potential recipient to raise some finances on its own. When the government finance vocational training institutions they control the volume of resources allocated to VET in accordance with the priorities of the social and economic sector (Ducci, 1991).

2.1.4 Donor Funds

In many developing countries the large amount of international aid has contributed to the setting up of a base of training capacity (Unesco, 1996). Thus donor would come in to finance human capital development. Mostly donors provide financial resources for capital costs and it's limited for short periods (Herschbach, 1993). In Zimbabwe donors can come in to finance the capital structures or assets required by institutions of higher learning. Donors can come in to invest in the modern equipment required by industry. Bennell et al (2009) shows that the World Bank support for vocational education fell by almost 20% in early 1980's and most donors also reduced their funding significantly.

www.unevoc.unesco.org listed the following advantages and disadvantages of donor funding aimed at vocational education.

Advantages

- Donor assistance helps to set up vocational training institutions
- In some of the low income countries, but for donor support, it may not be possible to create infrastructure required for vocational education.
- Donor assistance facilitates transfer of latest productive technology to low income countries which can stimulate economic growth.
- Donors provide technical assistance from countries which have been successful in vocational training.

Disadvantages

- Vocational education system require long term support as they take long periods to mature. Donor assistance is generally short term and sometimes for a few years. Donor agencies generally do not make long term commitments.
- Donor agencies like to fund capital expenditure as it is easier to calculate and measure. Capital investments such as newly constructed buildings are visible and proof of the contributions made by the donor and therefore said to have greater impact.

Source <http://www.unevoc.unesco.org>

2.2 The relationship between human capital development and economic growth.

The OECD development Centre in the Economic outlook for Southeast Asia, China and India 2014 identified that highly skilled workers are critical to the development of innovation driven industries. Rouda and Kusy (1995) is of the view that training and development is the

acquisition of knowledge, competencies and skills and adopting behaviors that improve performance in current jobs. Thus education and training are sound investments for the individuals, employer and the economy (Johanson and Adams, 2004). Oladeji and Adebayo (1996) opined that human resources are a critical variable in the growth process and worth of development. www.arrforum.org 20/08/15, 18:30 highlighted that technical and vocational education and training (TVET) emerged as one of the most effective human resource development strategies that African countries needed to embrace in order to train and modernize their technical workforce for rapid industrialization and national development. This is also supported by Ijaiya and Ijaiya (2004) who highlighted that for any nation to develop economically, there is need to improve the nations human capital by investing heavily on education www.unilorin.edu.ng 24/08/2015, 06:48.

2.2.1 Human Capital Development: Determinants and Importance

Human capital usually focuses on education as inputs to economic production. According to Appleton and Teal (1998), human resources capital is a broad concept which identifies human characteristics which can be acquired and increase income. Human capital development refers to the process of acquiring and increasing the number of people who have the skill, education and experience which are critical for the economic and the political development of a country Jhingan (2004).

Importance of human capital development

According to Dessus (2001), the importance of human capital to economic development depends on the quality of schooling, the educational infrastructure, the initial endowment in human capital. While discussing the importance of human capital development, Burnette, et

al (1995) saw it as a sound economic investment. This indicates that there is a strong link between human capital development and economic growth. Which shows that investing in human capital development would contribute to the economic situation of a country. www.unilorin.edu.org further reiterate that investing in human capital complements investment in physical capital and the benefits derive from both is highest where macroeconomic policy is sound. No country can achieve sustainable economic growth and development without substantial development of its human capital (Adenuga & Out, 2002). Of all the contributory factors to economic growth and development, human resources stands out as the major factor that determines the manner in which all other factors should be combined and utilized to spur the development process (Ojo, Oladunmi & Bamidele, 1997). The findings of Babatunde & Adefabi (2005) revealed that there is relationship between human capital development and economic growth. Odusola (1998) highlighted that in Nigeria the relationship between human capital development and economic growth is weak although positive. Nevertheless the studies of Bratti et al (2004), Mustaf et al (2005) found a positive relationship between human capital development and economic growth. www.macrothink.org 24/08/15 8:47, highlighted that the economic rationale for development and investing in human capital derives from the belief that human capital plays a key role in economic growth and development.

2.3 Funding mechanisms employed by ZIMDEF

ZIMDEF revenue is mainly from two main sources which is the levy system and investment. The researcher observed that these two sources bring in the vast of income which is used to finance human capital development. There are however other ways in which the fund obtains revenue but these other sources are not too significant as there is not much to say about the revenue obtained from these sources. These other sources include bank interest, sale of tender documents, interest earned on staff loans and rental income. There are merits and demerits for

having multiple sources of revenue within an organisation. Stimpson and Smith (2015) identified the following merits and demerits.

Merits

- It leads to higher total revenue for the business.
- It is a form of diversification, so other incomes could be used at times when one of the business's operations is struggling.

Demerits

- Each activity needs to be managed and controlled and this makes more work.
- A large number of activities can result in a business losing focus and being less likely to make a success of its central and original business activity.
- Accounts need to be kept separate so that each activity's performance can be measured and monitored.

2.3.1 Levy system

The fund collects 1% training levy from eligible employers in Zimbabwe. The levy system is the main source of revenue for the fund making up 90% of the total revenue. Head office has a total of six thousand one hundred and fifty six (6156) eligible employers in their database of which not all of which are complying. The monthly revenue target was budgeted at two million seven hundred dollars (\$2,700,000.00) which the fund is failing to surpass. Of all the revenue collected per month thirty seven percent is from complying employers and the balance is collected from clients who are battling to clear their old debt.

Merits

- Strengthens the private public partnership.

- Enables the government to fill the skill requirement of the industry.
- Those who benefit from the system pay for it.

Demerits

- Employers can manipulate figures.
- If employers do not declare their wage bill on a monthly basis, the fund will over or under state their debtors figure
- Greatly affected by the economic situation

2.3.2 Investment

The fund invests mainly in money market securities. www.finra.org highlighted that money market securities are considered a good place to invest funds that are needed in a shorter time period usually one year or less. Money market instruments include banker's acceptances, certificate of deposit and commercial paper. Madura (2008) showed that the value of money market securities is measured as the present value of the principal payment to be paid at maturity. The discount rate used to discount the money market security is the required rate of return by investors which includes a risk premium if the security is risky. ZIMDEF invests mainly in bank acceptance and negotiable certificate of deposit. The fund has never invested in the capital market as the money is needed in a short period.

Money Market Price Movements

The market price of money market securities (P_m) should equal the present value of their future cash flows (Madura, 2008). Money markets do not make periodic interest payments, their cash flows are in the form of one lump-sum payment of principal. According to Madura (2008) the money market price can be determined as follows:

$$P_m = \text{Par}/(1+k)^n$$

Where

Par = par value or principal amount to be provided at maturity

k = required rate of return by investors

n = time to maturity

Risk of Money Market Securities

When investing in money market securities there is a risk that the return on investment will be less anticipated and also the forces that influence price movements cannot be perfectly anticipated so future money market prices cannot be perfectly anticipated (Madura, 2008)

2.3.2.1 Bank Acceptance

Gungwu and Yongnian (2012) defined a bank acceptance as a promised future payment accepted and guaranteed by a bank. This definition is also supported by www.investopedia.com defined a bank acceptance as a short term debt instrument issued by a firm that is guaranteed by a commercial bank. They are issued by firms as part of a commercial transaction. Banker's acceptances are traded at a discount from face value on the secondary market, which can be an advantage because the banker's acceptance does not need to be held until maturity.

2.3.2.2 Negotiable Certificate of Deposit

www.fbnambia.co.na defined a negotiable certificate of deposit as a savings instrument issued by a bank which investors considers to be a low risk and low interest security.

2.3.3 Administration Fees

The fund earns five hundred dollars (\$500.00) per every investment above two hundred and fifty thousand dollars (\$250 000.00). Not all banks pay this administration fee. Some banks will have a high rate of return and yet do not offer the administration fee therefore the fund will have to choose between the administration fee and a higher rate of return. According to Mobius (2007) administration fees are stated as an annualized rate based on average daily net assets.

2.4 Funding challenges faced by other institutions

Durango (2002) observed that there are many problems and challenges related to the collection, management and disbursement of levy funds. The private sector views the training levy as just another tax.

2.5 Summary

This chapter reviewed literature on the funding mechanisms employed by ZIMDEF, funding challenges faced by other institution, the relationship between human capital development and economic growth and the funding mechanisms employed by other countries.

CHAPTER THREE

Research Methodology

3.0 Introduction

This chapter embraces the research methods used by the researcher in gathering information for this research. Research methodology is defined on the business directory.com as the process used to collect information and data for the purpose of making business decisions. The purpose of research methodology as described by Haralambos and Halborn (1991:55) is being concerned with both the detailed research method through which data are collected and the more general philosophies upon which the collection and analysis of data are based. In this chapter the researcher will present the research design, population, sample, data collection instruments, data sources and the summary.

3.1 Research Design

Research designs are grouped in accordance to the purpose of the research that is descriptive or explanatory. For the purpose of this study the researcher used the descriptive research design as it allowed the collection of both qualitative and quantitative information. Parahoo (1997:142) defines a research design as a plan that describes how, when and where data are to be collected and analysed. This is also supported by Burns and Grove (2009:195) who defined a research design as a blueprint for conducting a study with maximum control over factors that may interfere with the validity of the findings. On the other hand Busha & Harter (1980:36) defined a research design as a planned arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research with economy of procedure. In essence it is a series of guidepost to keep one in the right direction and to obtain answers to research questions and control variance. Research design is therefore a logical and systematic plan prepared for conducting a research study. It can be compared to the blue print used by an architect before the construction of a building commences.

3.1.1 Descriptive Research

Descriptive research design is a scientific method which involves observing and describing the behaviour of a subject influencing it in any way. It involves the collection of data from members of a population in order to test hypothesis or answer questions concerning the current status of the subjects of the study (McNabb, 2000). It is a powerful method of obtaining data immediately and spontaneously. According to Singh (1996), the descriptive survey research seeks to describe a field of problem by utilising questionnaires and interviews. When using a descriptive method a small group or sample of respondents is selected from the population. The respondents were asked a variety of questions regarding

their demographic and lifestyle characteristics, awareness, expectations and views with regard to the funding gap in the human capital development matrix.

Advantages of descriptive research

- It enables observations of the population delimited by the research.
- It is qualitative in nature
- It is a practical way to investigate problems of the past, current trends and it provides information which helps the researcher to make rational decisions.

Disadvantages of Descriptive Research

- It is highly susceptible to response errors that stem from social interaction on interview of respondent.
- It can be speculative.

Justification of the use of Descriptive Research Design

The researcher adopted the descriptive research design because there was need to gain an understanding of the factors currently causing a funding gap in the human capital development matrix in Zimbabwe within ZIMDEF. Descriptive research involves both quantitative and qualitative data, its implementation resulted in better knowledge being gained.

3.2 Population

Burns and Bush (1998:358) defined target population as “the entire group under study as defined by research objectives.” Cooper (2003:179) also defined it as the total collection of elements about which we wish to make some inferences. This means it is the total number of elements, subjects or group of people that one can investigate. Bets and Khan (1993:15)

defined it as any group of individuals that have one or more characteristics in common that are of interest to the researcher. In line with this definition, Maholtra (2005) suggested that all the aggregate elements should be sharing some common set of characteristics relevant to the study at hand. In this study the target population consist of one hundred (100) people. This is the total number of permanent employees that are employed at ZIMDEF headquarters.

Table 3.1 Target Population

Number of Subjects	Target Group
3	Senior Management
5	Middle Management
20	Supervisors
72	General Staff

3.3 Sample

For this research, the researcher used a sample of forty percent (40%) of the total population. The respondents were selected at random across all levels of management. The forty percent was regarded by the researcher to be a representative of the population. To select the sample the researcher used judgemental and stratified random sampling methods.

According to Jackowicz (1982) a sample is a presentation of part or portion of a given target population used in the collection of information to what all are like. Brewerton and Milward (2001) states that “a sample is a set of individuals selected from a population and intended to represent the population under study.” Sampling is based on the theory of probability and inductive reasoning. Probability is the chance or likelihood of an event happening or taking

place. There should be sampling procedures used by a researcher to come up with a sample from a population. Saunders et al. (1997:124) defined sampling procedures as those ranges of methods that enable the researcher to reduce the amount of data that the researcher needs to collect by considering only data from a subgroup rather than all possible case. There are two sampling procedures, the probability and non-probability procedures (Saunders et al, 1997). Probability sampling procedure is a procedure used when the chance of each being selected from the population is known and is usually equal for all cases. Non-probability sampling procedure is a procedure used when the chance of each case being selected is not known and it is impossible to answer research questions or objectives that require the researcher to make statistics inferences about the characteristics of the population.

Advantages of Sampling

- Very accurate
- Economical in nature
- Reliable
- Less time consuming

Disadvantages of Sampling

- Samples can be inadequate.
- Errors can occur in the data collection process.

3.3.1 Sampling Methods

Marketing research authorities Dillon (1994), Malhotra (2005), Kent (1993) and Parasuraman (1991) agree that a sample is subgroup of the elements of the population selected for participation in a study. This should be representative of the population in order to draw accurate information and conclusions about the population.

3.3.1.1 Stratified Random Sampling.

Stratified random sampling involves the separation of the defined target population into different groups called strata and the selecting of samples from each stratum (Kothari, 2004). The researcher grouped the target population into categories according to their level of management in the organisation. The goal in stratifying is to minimise the variability or skewness within each stratum and maximise the differences between strata. In some way, stratified random sampling can be compared to segmentation of the defined target population into smaller or more homogeneous sets of elements. To ensure that the sample maintains the required precision of the total population, representative samples must be drawn from each of the smaller population groups. In brief stratified sampling results in more reliable and detailed information (Kothari, 2004).

Advantages of stratified random sampling

- Ensures a representation of each sub group in the population.
- The cost of the survey may be reduced by using convenient groupings.

Disadvantages of using stratified random sampling.

- Only works effectively in a heterogeneous population.
- At times it is difficult to draw clear boundaries of each strata.

3.3.1.2 Judgemental Sampling

A researcher uses judgemental sampling to identify representative samples. This sampling method is usually associated with a variety of obvious and not so obvious biases. A selection of population members who are good prospects for accurate information is done.

Advantages of judgemental sampling

- Accuracy of information is guaranteed

- Time wasters are eliminated from the research.

Disadvantages of judgemental sampling

- There could be bias from the researcher resulting in other people with more relevant responses being left out.
- The sample chosen may not be a true representation of the population under study.

3.4 Data Sources

Data was obtained from primary and secondary sources. Primary data was collected specifically for the research questionnaires and interviews.

Advantages of primary data

- Primary sources of data generally provide specific data
- It is of current nature.

Disadvantage of primary data

- It is expensive and time consuming to gather information.

Secondary Sources of data

Leedy (1980:187) defines secondary data as that data which already exists and is collected for some other uses than the one for which the research wants to now use it. It is obtained from financial statements, audit reports, accounting manuals and the internet.

Advantages of secondary data

It is readily available at very low costs and it saves research time and effort thus the research study will be easier to complete.

Disadvantages of secondary data

- In some situations the data does not exist.
- Data available will not be relevant for the needs and requirements of the problems under review.

3.5 Research instruments

Oppenheim (1996) refers to this phenomenon of more research instruments in the collection of data as “triangulation”. Under this phenomenon it is assumed that the weakness of one research instrument is overridden by the strength of other instruments. In order to increase the validity and reliability in the collection of data, the researcher used interviews and questionnaires to collect information from respondents.

3.5.1 Questionnaires

The researcher used closed ended questions as they enabled the respondents to respond to the questionnaires within a limited space of time. Also the closed ended questions made it easy for the respondents to quickly accept and analyse the questionnaires. Respondents’ perceptions were captured on a five Likert scale which gives a wider range of answers which assisted in drawing up relevant conclusions. The Likert scale used allowed respondents to rate their answers on a scale ranging from 1 to 5. According to Cooper (2003:67) a questionnaire is “a written document in survey research that has set of questions given to the respondents.” Thus a questionnaire suggests a compilation of question items on a particular subject of concern which elicit responses and provide a lot of information on the initial concern. Respondents are expected to read instructions, read questions and indicate responses as would be directed by the questionnaires. Harper (1980) argued that questionnaires should be formulated that they enable on to have a detailed picture of the course under the study.

Questionnaires were chosen by the researcher as it is believed to be common place instruments for data observation beyond the physical reach of the observer. The questionnaire enlists the respondents' anonymity and privacy, this encourages candidates to respond on sensitive issues like managerial incompetency. The researcher delivered and collected self-administered questionnaires to the respondents to get high retention. The questionnaire was made up of questions which were meant to analyse the funding gap in human capital development in Zimbabwe.

Advantages of questionnaires

- Data provided was easy to analyse and interpret within a limited period of time and provided greater uniformity across measurement situations compared to the interviews where respondents reacted exactly the same to a question.
- They proved to be cheaper, faster and gave the researcher the capacity of capturing high volumes of data within a short space of time.
- They also gave the respondent time to think about their answers before responding.

Disadvantages of questionnaires

- Suffered a major drawback resulting from lack of personal communication between the researcher and the respondent. Generally people express themselves better orally than in writing.
- Lack of communication between the researcher and the respondent resulted in misinterpretation of questions.

3.5.2 Interviews

Borg and Gall (1979) defined an interview as a face to face meeting between the interviewer and the interviewee. Aaker (2003) alludes that an interview is a structured and systematic method whereby a researcher collects information directly from the informants. Hence an interview is a direct method of gathering information through a face to face segment of questions and answers. Interviews are used to get in depth information and also cross validate the questionnaires results. The interview was held in the office and the researcher took down notes and ensured maximum cooperation.

Advantages of interviews

- The interview enabled the interviewer (researcher) to obtain immediate feedback from the respondent.
- The researcher had the opportunity to further probe some questions which were not clarified.
- Non-verbal responses were observed and taken note of.
- The researcher had the opportunity to persuade the respondents to provide answers of questions that might have been avoided based on confidentiality.
- The face to face interaction with the respondents gave the researcher the opportunity to arouse the initial interest of the respondents and thereby increasing the rate of participating and continuing rapport.

Disadvantages of interviews

- Confidential information was at times not clearly revealed due to fear of victimisation.
- The interviews were time consuming.

- The interviews were held during working hours of which some of the respondents were either busy or answered in a manner that they just wanted to get over with the whole interview.

3.6 Summary

In this chapter, the researcher discussed the research design, population, sampling procedure techniques and sample size that was used. The researcher also highlighted on the data collection instrument and data sources before giving the chapter summary.

CHAPTER FOUR

Data Presentation and analysis of findings

4.0 Introduction

This chapter presents, analyse and discuss the findings of the study using the research methods established in Chapter three. The research analysis the funding gap in the human capital development matrix in Zimbabwe. In analysing these findings, various analytical tools were used such as tables, graphs and charts. The research findings are based on the results

from questionnaire and interviews. This chapter will start with data presentation and data analysis will follow.

4.1 DATA PRESENTATION

Forty questionnaires were distributed to ZIMDEF employees. The members of staff were divided into Accounting, Administration, Auditing, Inspectorate and Purchasing. All the questionnaires were responded to. Interviews were also carried out. The researcher conducted ten interviews.

4.1.1 Response rate

Questionnaires

Table 4.1 below indicates the questionnaires issued and returned by respondents. All the questionnaires were successfully completed and returned within one week.

Table 4.1 Questionnaire response rate

Number of dispatched questionnaires	Number of returned questionnaires	Response rate
40	40	100%

The questionnaires prepared were distributed to a target sample of forty employees. As tabulated above the response rate achieved was 100%. This necessitated the portrayal of best results. The information which follows was extracted from the responses obtained from the interviews conducted.

Table 4.2 Interview response rate

Category of employee	Target	Respondents	% Responded	% Not Responded	Total
Senior Management	2	2	100	0	100
Middle Management	3	3	100	0	100
Supervisors	3	3	100	0	100
General Staff	2	2	100	0	100
Total	10	10	100	0	100

The response rate for interviews was 10/10 (100%). A 100% response rate evidence that the sample was representative and the results are assumed valid and reliable.

4.2 Data Presentation and Data Analysis.

4.2.1 Occupational Position

This question was aimed at helping the researcher to ensure that all the employees of the Fund were represented in the sample chosen. The figure below shows that 60% of the participants were general staff from the various departments within the Fund. 20% were supervisors, 13% were middle management and 7% were senior management.

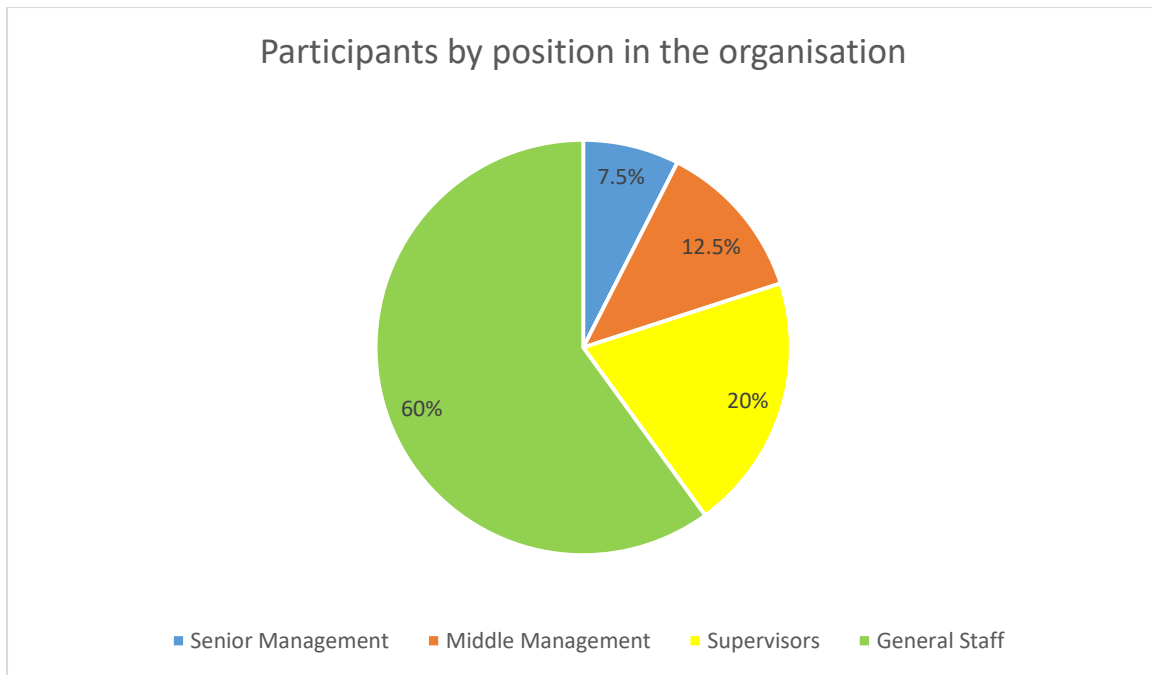


Fig 4.1 Participants by position in the organisation.

4.2.2 Length of Service in the Fund.

This question was meant to authenticate the representativeness of the sample in terms of knowledge and experience of the operations of Zimbabwe Manpower Development Fund.

The objective of the question was to provide evidence that the sample was a true descriptive of the population in terms of work experience. The figure and table below shows that the 15/40 (37.5%) of the respondents had 10 – 15 years’ experience, 12/40 (30%) had above 15 years of experience, 8/40 (20%) had 5 – 10 years’ experience and 5/40 (12.5%) had less than 5 years’ experience. This was indicative that the population was represented by individuals who had knowledge about the organisation.

Table 4.3 Length of Service

Range	>than 5 years	5 – 10 years	10-15 years	Above 15 years	Total
Response	5	8	15	12	40

Responses as a % of total	12.5%	20%	37.5%	30%	100%
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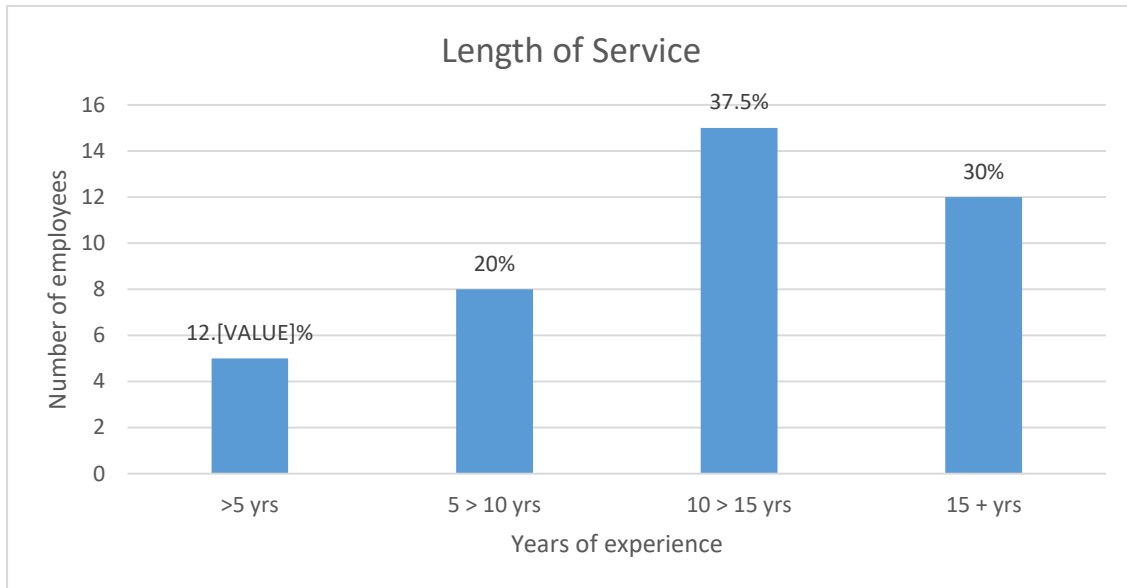


Fig 4.2 Length of Service

4.2.3 Qualifications of the respondents

The objective of this question was to provide evidence that the outcomes of the survey were grounded on both work experience and academic knowledge of the respondents. Table 4.4 below highlights the number of respondents with a particular qualification.

Table 4.4 Respondents qualifications.

Qualification	National Diploma	Higher National Diploma	First Degree	Master's Degree	Other	Total
Response	3	7	20	10	0	40

Responses as a % of Total	7.5%	17.5%	50%	25%	0%	100%
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Table 4.4 above indicates that the majority of the respondents hold a first degree. 20/40 (50%) have a first degree, 10/40 (25%) hold a masters' degree, 7/40 (17.5%) hold a higher national diploma and 3/40 (7.5%) hold a national diploma.

Table 4.5 Respondents qualification and experience

Qualification	Work Experience				
	>5 years	5 – 10 years	10 – 15years	Above 15years	Total
National Diploma	0	0	1	2	
HND	3	1	1	2	
First Degree	5	2	13	0	
Masters Degree	1	2	4	3	
Other	0	0	0	0	
Total	9	5	19	7	40

From table 4.5 above the following findings can be drawn;

9/40 (22.5%) of the employees with qualifications were in the working experience range of less than five years, 5/40 (12.5%) were in the range 5 – 10 years, 19/40 (47.5%) were in the range 10 - 15 years, 7/40 (17.5%) were in the range 15 years and above.

The range of 10 – 15 years had the highest number of employees with qualification.

Therefore the sample was representative of experienced and knowledgeable employees.

4.3 Establishing the existence of a funding policy within the Fund

4.3.1 The levy system is the major source of funding for ZIMDEF

This question was meant to establish whether the levy system was the major source of funding for the Fund. Table 4.6 below tabulates the results of the survey.

Table 4.6 Levy system is the major source of funding for ZIMDEF

Likert Rating Scale	Strongly Agree	Agree	Disagree	Not Sure	Total
Responses	10	30	0	0	40
% of responses	25%	75%	0%	0%	100%

The objective of asking this question was to establish whether the Fund had more than one major source of funding. 30/40 (75%) of the respondents agreed to the fact that the levy system is the major source of funding the ZIMDEF. 10/40 (25%) strongly agreed to this question. No respondent disagreed to this question.

4.3.2 The Manpower Planning and Development Act is the funding policy for ZIMDEF.

This question was aimed at establishing whether the Fund had an funding policy in place. Table 4.7 below shows that 36/40 (90%) of the respondents agree that the Manpower Planning and Development Act is the funding policy of the Fund. 4/40 (10%) of the respondents were not sure whether the Fund had a funding policy in place. the interviews held showed that 95% knew that the Manpower Planning and Development Act was the current funding policy of the Fund.

Table 4.7 Funding policy

Likert Rating Scale	Strongly Agree	Agree	Disagree	Not Sure	Total
Responses	18	18	0	4	40
% of total	45%	45%	0%	10%	

4.3.3 The Manpower Planning and Development Act is readily available to all staff.

As the majority had agreed that the Manpower Planning and Development Act is the funding policy of the Fund, this question meant to establish whether the Fund made sure that all its employees had access to the Act. Table 4.8 below indicate that 40/40 (100%) agreed that all employees have access to the Manpower Planning and Development Act Chapter 28:02. 62.5% strongly agreed and 37.5% agreed.

Table 4.8 Availability of the Manpower Planning and Development Act to staff members.

Likert Rating Scale	Strongly Agree	Agree	Disagree	Not Sure	Total
Responses	25	15	0	0	40
% of total	62.5%	37.5%	0%	0%	100%

4.4 Testing of the statement of the problem

4.4.1 Payroll levies are not appropriate in low income countries.

This question was asked with the aim of assessing whether there is any difference in payroll levy collection between high and low income countries. 30/40 (75%) were not sure, 6/40 (15%) agreed and 4/40 (10%) strongly agreed. Figure 4.3 below is a diagrammatic presentation of the findings.

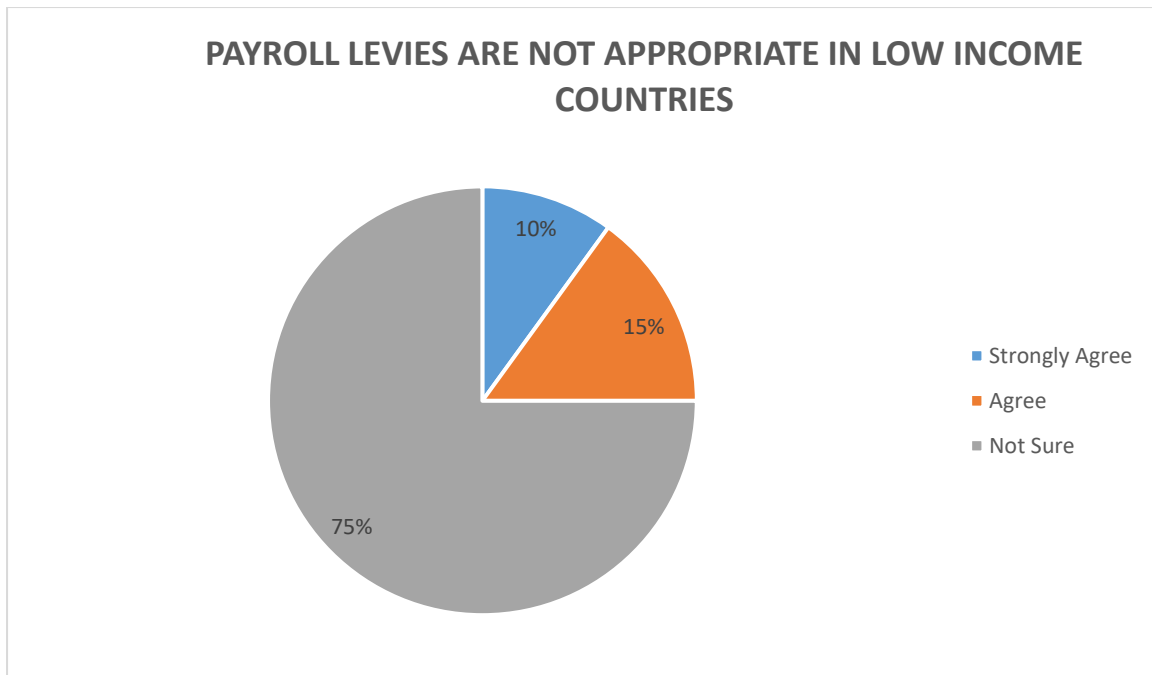


Fig 4.3 Payroll levies are not appropriate in low income countries

4.4.2 The current source of funding is sufficient to meet the training needs of Zimbabwe and sustain ZIMDEF.

The aim of this question was to establish whether the current sources of funding were sufficient to meet the training needs of the country. If they are not then there is empirical evidence that there is a funding gap within the Fund. Table 4.8 below is a presentation of the results.

Table 4.9 Sufficient of current source of funding

Likert Rating Scale	Strongly Agree	Agree	Disagree	Strongly Disagree	Not Sure	Total

Responses	0	5	7	25	3	40
% of total	0%	12.5%	17.5%	62.5%	7.5%	100%

The above table shows that the majority which is 62.5% strongly disagree, 17.5% disagree, 7.5% where not sure and only 12.5% agree that the current source of funding that is employed by the Fund is sufficient to meet the training needs of the country. The results in the above table are shown diagrammatically in figure 4.4 below.

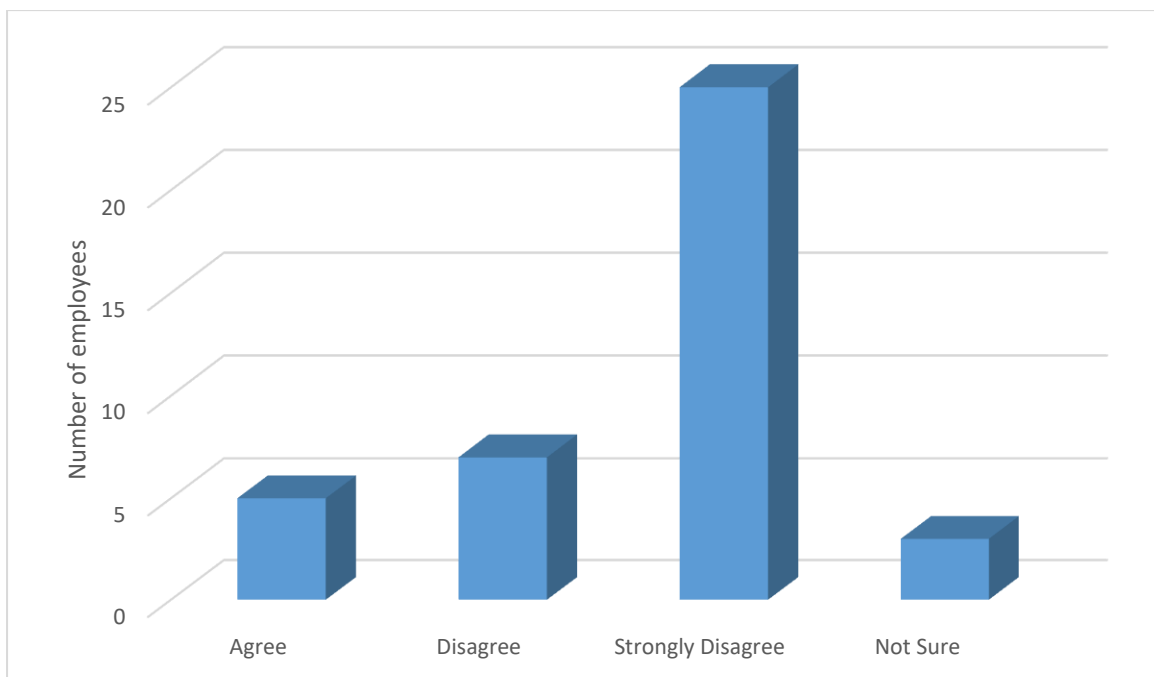


Fig 4.4 Sufficiency of current source of funding

4.4.3 Currently ZIMDEF is failing to pay industrial attachment for university students.

The objective of this question was to show that the Fund is currently failing to pay the industrial attachment for university students. Industrial attachments are essential to equip students with the real life situation. The results showed that 36/40 (90%) of the respondents agreed while only 4/40 (10%) were not sure if university students were paid by the Fund.

Figure 4.5 below is a diagrammatic presentation of the results.

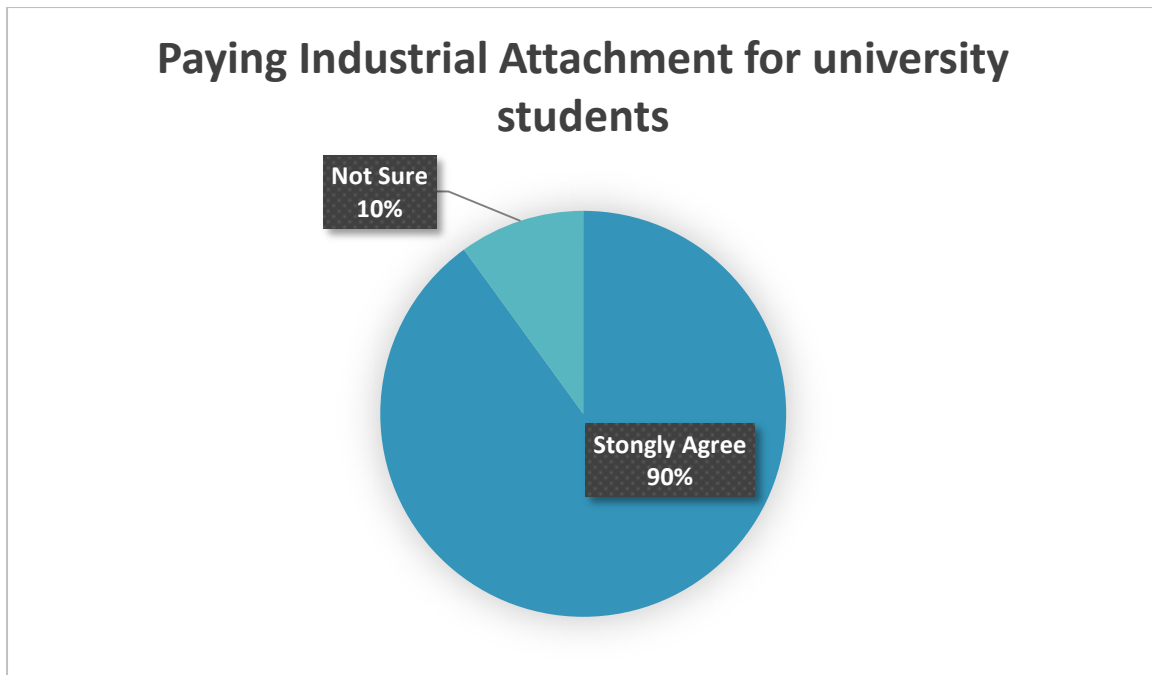


Fig 4.5 Currently ZIMDEF is failing to pay industrial attachment for university students.

4.4.4 In a deindustrialized economy, it is essential to have multiple sources of revenue.

Since the majority of the respondents had strongly disagreed that the current sources of funding were sufficient to meet the Funds mandate, the researcher considering the current economic situation wanted to establish whether it was necessary for the Fund to employ other sources of revenue generation. The objective of this question was to establish whether it is necessary to have multiple sources of funding than just relying on one major source. No respondent disagreed to this position. Thus 40/40 (100%) of the respondents agreed that the Fund should have multiple sources of funding.

4.4.5 Industry should continue funding critical human capital development in Zimbabwe.

The objective of this question was to assess whether the few companies which are operational should continue to fund critical human capital development. 40/40 (100%) of the respondents strongly agreed that the financing of critical human capital should be the sole responsibility of the industry.

4.4.6 Human Capital Development is essential for economic growth.

This question was asked with the objective of assessing whether there was a relationship between human capital development and economic growth. Table 4.10 below shows that 30/40 (75%) of the respondents agree, 5/40 (25%) disagree and 5/40 (25%) were not sure.

Table 4.10 Human Capital Development is essential for economic growth.

Likert Rating Scale	Strongly Agree	Agree	Disagree	Strongly Disagree	Not Sure	Total
Responses	20	10	5	0	5	40
% of total	50%	25%	12.5%	0%	12.5%	100%

4.4.7 The Inspectorate and Debt departments are the sole sections responsible for revenue collection in ZIMDEF.

The collection of revenue should be the responsibility of each and every employee. The objective of this question was to assess whether the other members of the organisation knew that they contributed something towards revenue collection and that it is not the sole responsibility of the departments that meet the industry. Table 4.11 below shows that 40/40 (100%) of the respondents agree that the collection of revenue is the sole responsibility of the levy and debt departments. From the interviews held it revealed that the Government (Ministry of Higher and Tertiary Education Science and Technology) also assisted the Fund

by engaging problematic debtors at a higher level. This in turn contributed towards the revenue base of the Fund.

Table 4.11 Levy and Debt departments are the sole sections responsible for revenue collection.

Likert Rating Scale	Strongly Agree	Agree	Disagree	Strongly Disagree	Not Sure	Total
Responses	30	10	0	0	0	40
% of total	75%	25%	0%	0%	0%	100%

4.4.8 Other Sources of funding which ZIMDEF can implement

This question was asked with the aim of identifying any other measure that the Fund can implement in order to augment its 1% training levy. This in turn would bridge the funding gap in the human capital development matrix. Table 4.11 revealed that 25/40 (62.5%) of the respondents strongly agree that there are other sources of funding which ZIMDEF can implement, 10/40 (25%) agree while 5/40 (12.5%) where not sure.

The interviews carried out showed that the other means of funding that the Fund can implement included long term investment, charging market based rentals for buildings owed by the Fund and also sale of property. Figure 4.6 below is a diagrammatic presentation of the various means of augmenting the 1% which were mentioned in the interviews carried out.

Table 4.12 Other sources of funding to augment the 1% training levy

Likert Rating Scale	Strongly Agree	Agree	Disagree	Strongly Disagree	Not Sure	Total
Responses	25	10	0	0	5	40
% of total	62.5%	25%	0%	0%	12.5%	100%

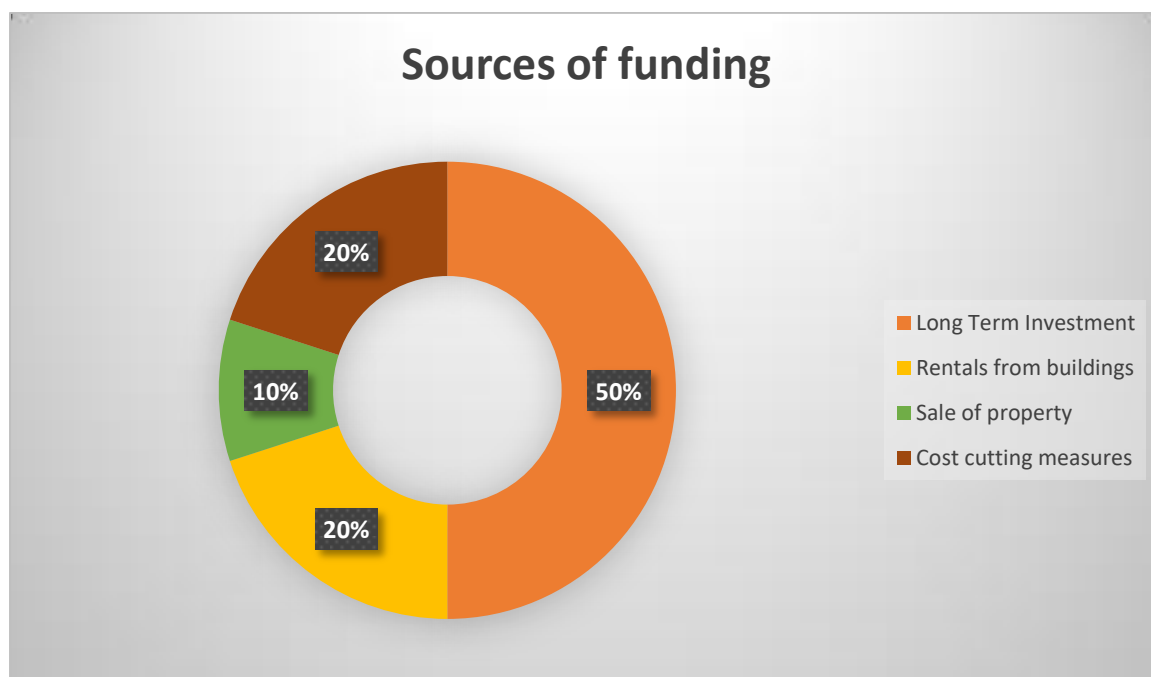


Fig 4.6 Other sources of financing

4.5 Assessing the adequacy of personnel

4.5.1 ZIMDEF has competent staff responsible for the collection of training levy

The objective of this question was to find out if the Fund had competent and well trained staff to engage industry and collect training levy. This question helped the researcher see that the funding gap is a result of other factors other than the training needs of the employees. Figure 4.7 below show that 37% disagree, 33% strongly disagree, 25% agree and 5% strongly agree with the point that the Fund has competent staff which is responsible for the collection of training levy.

From the interviews made, those that disagreed highlighted that the staff is well educated and trained but not in the collection of training levy. They also highlighted that the majority of the employees had marketing and human resource qualifications yet they are placed in an accounting environment to which their knowledge is minimum.

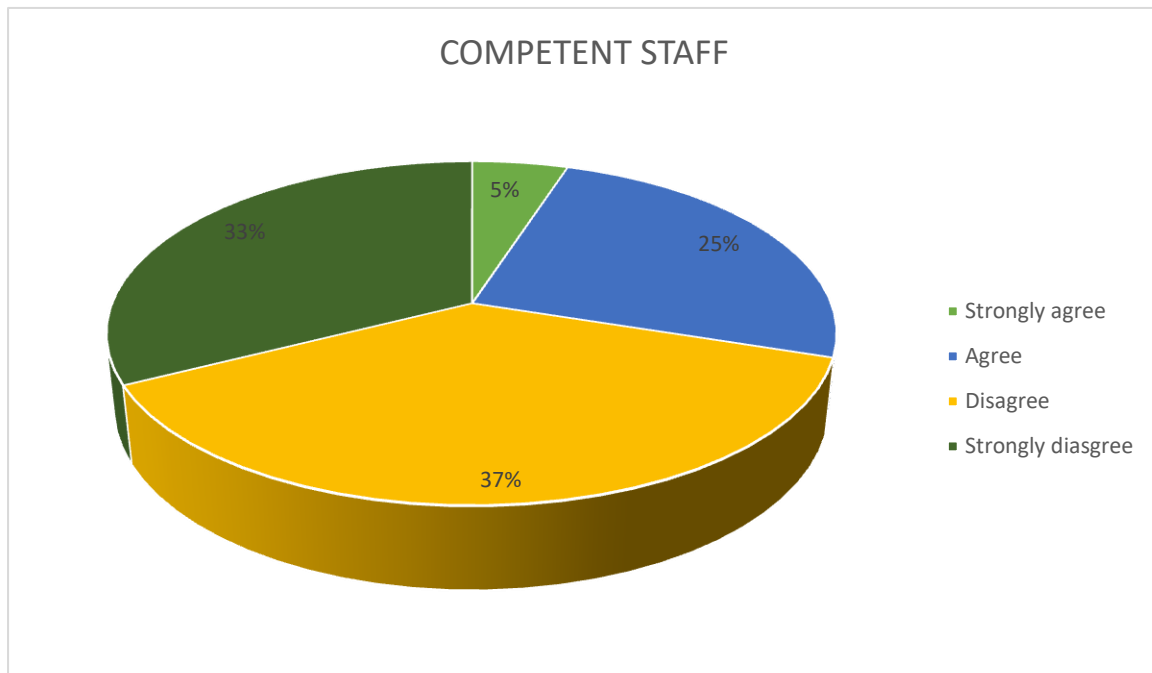


Figure 4.7 ZIMDEF has competent staff responsible for the collection of training levy.

4.5.2 New personnel is inducted in applying the Manpower Planning and Development Act.

As the majority of personnel in the Levy and Debt section are not of an accounting discipline, there is need for them to be inducted in applying the Manpower Planning and Development Act as it is the funding policy of the Fund. The objective of this question was to show that everyone in the Fund was inducted in applying the Manpower Planning and Development Act. The results of this question showed that 40/40 (100%) of the respondents agree that all new personnel were inducted in applying the Manpower Planning and Development Act.

From the interviews conducted it also revealed that the majority new of Manpower Planning and Development Act and were given a copy of it during the induction period.

4.6 Summary

This chapter looked at the survey findings, presentation and analysis of survey results as well as interpretation of the results. The next chapter will look at the research findings, conclusions and recommendations.

Summary, Major findings, Conclusions and Recommendations

5.0 Introduction

This chapter focuses on the summary of the preceding four chapters, summary of major findings, conclusion, recommendations, and areas for further research and summary.

5.1 Chapter Summary

Chapter one focused on the research problem, analysis of the funding gap in the human capital development matrix in Zimbabwe a case study of Zimbabwe Manpower Development Fund. This chapter covered a brief background of the study and outlines the problem statement. The research objectives, research questions and justification of study were also given. The chapter ended by giving the limitation, delimitation and definition of terms together with the chapter summary.

Chapter two focused on the review of relevant literature from other countries in the Sub Saharan Africa like Tanzania, Botswana, Nigeria, Namibia and South Africa learning from their experiences on the financing of human capital development. Literature from authoritative sources, which related to the research topic, was reviewed. Some of the authors who contributed to the literature were Mbizvo(201:13) who highlighted that the financing of vocational education has been a limiting factor to the development and subsequently the supply of skilled manpower to the national economy.

Chapter three concentrated on how the research was carried out in order to attain the objectives of the study. It looked on the descriptive research methodology applied by the researcher to collect data. It also focused on the research design, research instruments and data collection procedures. It also touched on the merits and demerits of the research techniques employed.

Chapter four focused on the presentation, analysis and interpretation of research findings collected through questionnaires and interviews. The research findings were presented using tables, bar graphs and pie charts. Major findings were drawn and are stated below.

5.2 Major findings

- There is a funding gap in the human capital development matrix in Zimbabwe.
- The current major source of funding for ZIMDEF affected the meeting of the organisations mandate.
- There is need for the Fund to augment its 1% training levy for it to be able to meet the demands of the economy.
- Financing of vocational training ranges from payroll levy to different cost sharing schemes combined with external financing.
- Firms are shifting from the formal sector to the informal sector which does not pay any training levy.
- The Fund has adequate personnel, however, the personnel are placed in irrelevant departments.
- The Fund has a funding policy in place which is readily available to all employees.
- Currently Zimbabwe Manpower Development Fund is not paying industrial attachment for university students.

5.3 Conclusion

The research study was very effective as it enabled the researcher to explore on the funding gap within the human capital development matrix in Zimbabwe. From the questionnaires distributed and the face to face interviews conducted, it was found that the funding gap is a result of over reliance on the 1% training levy collection. Authors of different literature highlighted that the financing of human capital development is so critical that there is need for it to be controlled by the Government. The majority of the employees agreed that there is need for the Fund to augment it training levy to better meet the demands of economy in human capital development.

5.4 Recommendations

- Each department in the Fund should be equipped with individual with the relevant skill, experience and relevant education.
- ZIMDEF to educate their workforce that the collection of revenue in an organisation is not for individual but for each and every other person in the Fund.
- The Fund to put in place cost saving measures to reduce their expenditure.
- Consider reducing the amount paid to polytechnic students on attachment in order to accommodate university students.
- Pay the industrial attachment for university students and not polytechnic students since a degree is considered to be of higher value than the diploma and higher diploma.
- Consider the amendment of the Act to incorporate non-governmental organisations in the payment of training levy since they are also beneficiaries of the trained workforce.
- Consider donor funding for the equipment of institutions of higher learning with modern equipment.

- Ensure that enterprises that contribute have a say in how the money is spent.

5.5 Areas for further research

This research looked at the funding gap in the human capital development matrix. It has opened up other potential areas of research. The research did not look at the scope of ZIMDEF funding which seem to have changed from its inception. It is also proposed that future research be carried out on the effectiveness of project management in bridging the funding gap.

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Appendix 1

Cover Letter

Midlands State University

P Bag 9055

Senga rd

Gweru

9 April 2015

The Chief Executive Officer

Zimbabwe Manpower Development Fund
18572 Off Mother Patrick & Rotten Row
Harare

Dear Sir

Ref: Authority to conduct research

Your authority is hereby sought to allow the undersigned to conduct a research within the Fund on an analysis of the funding gap in the human capital development matrix in Zimbabwe.

The research is being undertaken in partial fulfilment of the Bachelor of Commerce Honours Degree in Accounting which I'm undertaking with the Midlands State University. The Fund is assured that all the information provided will be treated as confidential and will be used for academic purposes only.

For any further information on this research work, I refer you to my supervisor Mr Mvura.

Thank you for your cooperation

Gurira Candace.

Registration Number R13789J

Student – Bachelor of Commerce Honours Degree in Accounting

Midlands State University

Appendix 11

QUESTIONNAIRE

Guideline for completion of this questionnaire.

Please tick the appropriate box

Legibly inscribe your comments where applicable.

1. What is your occupational position?

Top Management	<input type="checkbox"/>	Middle management	<input type="checkbox"/>
Supervisor	<input type="checkbox"/>	General Staff	<input type="checkbox"/>

2. For how long have you been employed by ZIMDEF (years)?

Above 15	<input type="checkbox"/>	10-15	<input type="checkbox"/>
5-10	<input type="checkbox"/>	less than 5	<input type="checkbox"/>

3. State your highest qualification.

Masters	<input type="checkbox"/>	First degree	<input type="checkbox"/>
Higher National Diploma	<input type="checkbox"/>	National diploma	<input type="checkbox"/>

For the questions which follow, please tick your response in the appropriate box.

Strongly agree	Agree	Disagree	Strongly Disagree		Not Sure		
1	2	3	4		5		
1	The levy system is the major source of funding for ZIMDEF?	1	2	3	4	5	
2	The Manpower Planning and Development Act is the funding policy for ZIMDEF.	1	2	3	4	5	
3	The Manpower Planning and Development Act is readily available to all staff.	1	2	3	4	5	
4	Payroll levies are not appropriate in low income countries	1	2	3	4	5	
5	The current sources of funding are sufficient to meet the training needs of Zimbabwe and sustain ZIMDEF	1	2	3	4	5	
6	In a deindustrialised economy, it is essential to have multiple sources of revenue.	1	2	3	4	5	
7	Industry should continue funding critical human capital development in Zimbabwe	1	2	3	4	5	
8	Human capital development is essential for economic growth	1	2	3	4	5	
9	The levy and debt departments are the sole sections responsible for revenue collection in ZIMDEF	1	2	3	4	5	
10	ZIMDEF has competent staff responsible for the collection of training levy	1	2	3	4	5	
11	New personnel is inducted in applying the Manpower Planning and Development Act	1	2	3	4	5	
12	Currently ZIMDEF is not paying industrial attachment for university students	1	2	3	4	5	
13	There are other sources of funding which the fund can implement to augment its 1% training levy.	1	2	3	4	5	

Thank you.

Appendix 111

Interview schedule.

1. What is the current funding policy of ZIMDEF?
2. Is the current funding policy assisting the Fund in meeting its objective?
3. Is the personnel available adequately trained and suitably qualified for the collection of training levy?
4. How does the Government (Ministry) assist the Fund in the collection of training levy?
5. Why is it that the Fund is failing to equip institutions of higher learning with modern equipment?
6. Should ZIMDEF continue financing apprenticeship given the current economic situation?
7. What strategy is ZIMDEF employing in trying to create new money?

