



## Research Article

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## Community Share Ownership Trusts and Economic Empowerment: A Case Study of Rural Communities in Zimbabwe

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**Abstract:** This study focused on the economic empowerment challenges and opportunities of rural communities in Zimbabwe through the Community Share Ownership Trusts (CSOTs) initiative. Pragmatic research methodology was used to collect data from two CSOT officials, six traditional leaders, and six executives of Multinational Corporations (MNCs) that contributed to CSOTs. Data were collected from the aforementioned key informants through interviews, structured questionnaire and observations. Results show that after several amendments and the 2018 repeal of the Indigenization and Economic Empowerment, the majority of CSOTs were no longer functional or were underfunded. Hence, the recipient rural communities remained impoverished, a sign that the model was futile. Given that the CSOTs initiative had failed to deliver economic empowerment to recipient rural communities, this study proposed a model that emphasises rural community participation in the value chains of MNCs.

**Keywords:** Rural Community, Community Share Ownership Trust, Economic Empowerment, Multinational Companies.

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## INTRODUCTION

The government of Zimbabwe (GoZ) established the Community Share Ownership Trust (CSOTs) in March 2010 through Chapter 14:33 of the Indigenization and Economic Empowerment (IEE) Act, and Statutory Instrument (SI) 21. The IEE model required Multinational Companies (MNCs) and other non-indigenous companies to cede at least 51 percent of their shareholding to indigenous Zimbabweans, with the community owning 10 percent of the 51 percent shareholding (Nechena & Kurebwa, 2018; Matsa & Masimbiti, 2014). The 10 % shareholding was meant to economically transform rural communities in a positive way. At the time of its inception, CSOT economic empowerment initiative was not a new phenomenon, both developed and developing countries including India and South Africa had implemented and produced different outcomes. Although the CSOTs in Zimbabwe was backed by a legal framework, it suffered serious loopholes in so far as legal enforcement was concerned. Overall, more than a decade after its inception, the majority of natural resource-rich rural communities in Zimbabwe remain impoverished. Instead of bringing economic empowerment, the concerned rural communities suffered substantial environmental degradation as a result of the operations of the MNCs. This paper illuminates the pitfalls of CSOTs as model of empowering rural communities and propose a

reengineered model that places emphasis on community participation on value chains of MNCs as opposed to waiting for charity contributions from the same. The paper provides a background, a synthesis of the reviewed empirical literature, the methodology used, and discussion of key findings, conclusions, implications and recommendations.

## BACKGROUND

The CSOTs economic empowerment initiative was introduced by the Government of Zimbabwe via SI 21 of 2010 under the Indigenisation and Economic Empowerment Act Chapter 14:33 of 2007. The Act together with the relevant SI, required eligible businesses to earmark at least 10% of their shareholding to CSOTs in order to economically empower rural communities where the MNCs extracted natural resources. At the early stages of its inception, 61 CSOTs were registered throughout the country, with sixty (60) in rural areas and one (1) in an urban area, Harare. Since their inception in 2011, CSOTs became the foremost subject of economic debate on various socioeconomic platforms such as talk shows, political gatherings, parliamentary debates and social gatherings in rural areas gifted with natural resources. The economic empowerment that was expected from the operationalization of CSOTs heightened rural folks' interest in this economic model as evidenced by the