

An Assessment on the Challenges of International Trade: The Case Study of Zimbabwe

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Abstract: Zimbabwe as a developing nation is still performing towards a positive trade balance for the past decade. Importation and exportation are the defining financial transactions of international trade. Zimbabwe is known as a net-importer, in the view of the fact that imports are more than exports. To observe the challenges faced in this trade business is of great importance to determine the country's development path. The study seeks to analyze the challenges faced by various industrial sectors in Zimbabwe over the years from 1980 to 2021, paying particular attention to the periodic trends. Main exports for Zimbabwe remain primary products which are unprocessed, while the country imports finished products that have been value added. The study also explores the relationship between the trade balance components, being imports and exports. Using trading volumes, exports and imports, as dependent variables, an ordinary least squares regression, the study employed a trend analysis and a statistical analysis to attain its study objectives. Political instability, trade facilitation, inflation and gross fixed capital formation were suggested to be the dependent variables and their impact on trade volumes, exports and imports were analyzed. A sample of certain sectors of the economy that were also considered in the study include the manufacturing industries and mining industry. The questionnaires that were administered show the impact of economic instability to the challenges faced in the international business.

Keywords: challenges, international, trade, business, economy, trade, profit, balance, Zimbabwe

1. Introduction

This proposal is going to cover the introduction, Background to the study, and Problem Statement, Aims of the study, Research Objectives, Research questions, and Significance of the Study. It is also going to covers the Delimitation, and Limitations.

1.1 Research Background

There are various keys to the success of a business and one of them is the ability to trade internationally and participants on regularly try draw ways of how to tackle the challenge of remaining competitive while growing the business by going global. International business can be an attractive and lucrative business proposition, and international business, across both developed and emerging markets, offers a wealth of new opportunities. It is of utmost importance to recognize that organizations need to improve their game in order to engage effectively with their clients, who themselves are established in the global businesses. According to Cheung, and Qiang (1997) doing business at an international scale refers to an enterprise directly do business to integrate global resources in order to achieve the business objectives. Hence, conducting business at an international scale will have an impact to the business, home country and host country.

In international trade, one important function is to give countries access to resources that cannot be found domestically. However, at a national level Zimbabwe, has a set of rules for fair trade between companies, states, and individuals. There is a high amount of interest in promoting the welfare of each domestic party. Historically, international affairs have been handled much differently. Colonization and the exploitation of other country's resources have been a common trait of the past few centuries.

In addition to accessing resources in other countries, globalization has also been used to circumvent the

established fair trade and labor laws in developed countries. If a manufacturer were to pay ten dollars an hour to a factory worker for example in the United States, they might be able to find labor in a less-developed country, where there are more relaxed or no labor laws, for a tenth of that amount. This cheap labor might take the form of a poor farmer, a single mother, or even a young child (Elsbeth 2004). This also means that globalization is not only affecting those who work for low wages in less-developed countries, but it is also affecting domestic labor in the United States by outsourcing available jobs.

This thesis will focus on Zimbabwe and how international trading has contributed to its poor current situation. Ultimately, globalization in Zimbabwe has been a means to funnel more wealth to already developed nations while sacrificing local economies and living conditions. It has put Zimbabwe into large amounts of debt, threatening its existence as a truly independent nation, and thrown the country's infrastructure into a tailspin that it has yet to recover from.

1.1.1 Research objectives,

The main objectives of the study are;

- To identify the challenges faced by Zimbabwe in international trade.
- To assess the challenges in comparison to other developed countries.
- To find out the strategies and recommendations that can be used by Zimbabwe to curb the challenges faced in the trading at international level.

1.1.2 Research content/organization of study,

This thesis is going to be divided into five chapters that are; Chapter one which is the introduction, Chapter two thus the literature review, Chapter three thus the methodology, chapter 4 thus the data analysis and findings and Chapter five which is recommendations and conclusion.

1.1.3 Problem Statement

There are many barriers faced by countries when going

international such as lack of finance, lack of knowledge about the local market, managerial skills and other barriers. Therefore, there is need to assess the challenges faced by Zimbabwe in international trading.

1.2 Research Methodology

Research tool: this thesis is going to use both qualitative and quantitative research method tools. There is also going to be a **Research Design, Sampling Strategy, Data Analysis and Ethical Considerations**

1.3 Features and innovations of this study Significance of the study

The study is of significance to the following:

i) To the Researcher

The researcher benefits intellectually through conducting the research and reading various textbooks, online articles and peer reviewed journals as he will be gathering information for compilation of the research project.

ii) To Zimbabwe

This study is important because it assess the internationalization of companies in emerging markets and the impact that internationalization process has on the performance of those companies. This study will be important not only to Zimbabwe but to all those countries that would like to venture into international trade as they will be equipped with the necessary knowledge for the exercise.

iii) To The Zhejiang University of Science and Technology

The University should benefit from increased literature for academic purposes in the library after the completion of this research. Other researchers will have access to results of this study which should assist them in future researches to build up their arguments as they compile their literature reviews.

1.4 Limitations of study

The following are some of the limitations of the study;

- The research will be limited to Zimbabwe as a case study
- The research encourages other researchers intending to carry out a study along these lines to consider using other data collection methods and to include more international organizations in their case studies.
- The research will use electronic ways as means of data collection

1.5 Summary

This Proposal has highlighted the overview of the dissertation with an emphasis on the various sections of the study.

2. Literature Review

2.1 Introduction

This chapter reviews the various literatures that have been written concerning global challenges faced by various countries while conducting business at an international scale.

2.2 The Concept of Global business (internationalisation)

Globalisation of organization is a concept that is increasing in the modern world with many organizations in developed and developing world embracing the opportunity to go international. Exports and imports have increased in importance to the economy and it is important for companies to invest. There has been increase networking of suppliers, consumers, technology developers and researchers creating a higher degree of interdependence. Costs, competitive advantages, politics and changing markets are the reasons behind these networks. Masum, and Fernandez (2008), are of the view that globalisation of business is the process of availing good and services to markets that are outside the country of origin or the country where the good are manufactured or the location of the company. This process is possible through the use of technology and effective communication which are advanced today and allow the labour and technology to be flexible and stretch across countries (Bell and Crick, 2004). Companies go international in the bid to compete for resources that are limited and depend on the global economy to provide them with the necessary market for their products. International scale organizations must be in a position to deal with the rules and regulations that have been put in place in foreign countries that they operate in addition to showing the ability to deal with the fluctuation of the currency and the conflicting policies (Bell, and Crick, 2004).

2.3 Theories of internationalization

There are many theories that describe the going of a business to international. However, not all theories are applicable to the case of internationalization of organization but they complement each other in enabling one understand internationalization of firms as has been put forward by Masum, and Fernandez, (2008). There is the **The Uppsala Internationalization Process Model (U-Model)** / The Nordic incremental school put forward the U model. This theory puts its focus on four aspects that a firm should encounter as it internationalizes. These include the knowledge of the market and commitment, commitment to making decisions, current activities that are divided into stages and change aspects (Wagner, 2009). There is also the **Network theory**: Network theory argues that today's modern organizations do not exhibit incremental process of internationalization but rather, they internationalize faster through the help of the resources of networks partners (Mitgwe, 2006). Another theory is the **International Entrepreneur Theory (IET)**: This theory is about the trend and behaviour observed internationally concerning entrepreneurship with a major focus on how companies discover, enact, analyse and exploit opportunities in the production of goods and services.

2.4 factors that influence Countries (Zimbabwe included) to trade on international scale

Countries go global for various reasons that vary from one organization to another. Some believe that the global economy offers better economic value than the local economy. These factors include; Profit, Opportunity, Band wagon effect, Global Markets, shifting cost priorities, Technology has gone global and saturated home market

2.5 Strategies that can be used by countries such as zimbabwe when trading at an international scale

The strategies are the Export strategy, International strategy, Franchising, Licensing and Joint ventures

2.6 Challenges facing international business as a whole

As the prospect of international business looms, there are challenges faced which include the following; Globalization, Strategic Choices for International Business choice, Culture and the Costs of Doing Business, Masculinity vs. femininity, religion, Lack of financial support, Administration inertia or difficulties, Competing priorities, Non recognition of work done abroad, Lack of reliable and comprehensive information, Lack of opportunities, Lack of understanding of what is involved and Insufficiently trained or qualified staff

2.7 Challenges facing Zimbabwe in international trade

<ul style="list-style-type: none"> • The history of Capitalism in Zimbabwe • Poverty in Zimbabwe • Debt in Zimbabwe • Disease and Healthcare • Competition • Political instability • Lack of currency 	<ul style="list-style-type: none"> • Indigenous Religions • Environmental Problems in Zimbabwe • Effects on the Population • The Changing Globe scape • Technology. • The telecommunications revolution • Lack of unity
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2.9 Chapter Summary

This chapter reviews the various literatures that have been written concerning global challenges faced by various countries while conducting business at an international scale. The chapter explains the various theories of internationalization, motives for internationalization in emerging markets, the strategies that are used, the process and the benefits that firms gain from internationalization.

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