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## **Diversifying Zambia's Copperbelt economy with post-copper era in mind: lessons from the case study of the Black Country in England (UK)'s West Midlands**

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### **Abstract**

Most developing countries that are rich in natural resources and are dependent on such resources have generally experienced poor economic performance. A strategy that has been useful in improving the economic performance of such economies is economic diversification. However, employing successful economic diversification strategies has been a challenge for many African Countries. Zambia is one of the African countries that have not been successful in diversifying their economies. In its case, Zambia has not satisfactorily diversified its economy from copper mining. With the conditions in the Copperbelt region indicating that the era of copper mining in this region is fast approaching its end, it has become even more urgent to identify and implement measures for diversifying this regional economy in preparation for this eventuality. This paper sets out by discussing Zambia's economic diversification record at the national level since its independence in the early 1960s before it turns to discussing the diversification record of the Copperbelt region. The discussion reveals that on relative basis, Zambia's diversification record at the national level is better, although it still needs improvement, and that at the Copperbelt regional level the record is poor and urgently needs improvement because of the nature of conditions prevailing in the region. The paper then uses a case study of the Black Country region in the United Kingdom to extract lessons for diversifying the Copperbelt region from its success record in economic diversification that saved the region from the depression that followed the collapse of coal mining on which its economy had depended for a long time.

**Keywords:** Economic diversification, Economic Development, Mining industry.

### **1. Introduction**

The importance of economic diversification for developing countries endowed with respective rich natural resources may trace its roots to the 1940s when development economists like Raul Prebisch (1949) [35] voiced concern that the trend of poor economic performance of Developing Countries could, in one way or another, be related to their rich endowment of natural resources. While several theories have been developed over the years to try and prescribe strategies for dealing with this, diversifying the economies away from dependency on one (or few) natural resource(s) has been the preferable strategy for most researchers mostly on account of ease of implementation and sustainability (Efavi and Kuwornu, 2013, Tisdell, 1997) [11, 38]. In recent years, the subject of diversification has received renewed emphasis following extensive empirical evidence that those resource rich developing countries that had diversified their economies from earlier dominant natural resources performed better even in the face of such occurrences as volatility in prices of natural resources at the world level and global financial and economic crises (Papageorgiou and Spatafora, 2012) [32].

In the case of Zambia, copper mining has been its dominant natural resource on which the country has depended since independence in 1964 resulting in the economy being negatively affected each time there has been a shock to the copper mining industry. Of particular importance for Zambia is the Copperbelt Region, an urban area that started forming from the late 1920s when the first commercial mine was opened in 1928 in Luanshya, which is one of the many towns in the region. Zambia today is the second most urbanized country in Africa, after South Africa, with an urban population of 44 per cent of the estimated total population of thirteen million people in 2013.

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There are important reasons why there is urgent need, even more urgent than for the country as a whole, for identifying and implementing measures for diversifying the Copperbelt economy. These reasons are discussed later in the paper. However, a serious call to urgently consider ways for diversifying the Copperbelt urgently came from the then President of Zambia Patrick Mwanawasa, who in 2002 called upon economists in the country to organize a conference that would discuss how diversification of the Copperbelt economy could be done and be done as soon as possible. The result was the Economics Association of Zambia organized conference on the diversification of the Copperbelt at which the World Bank played a leading role in the deliberations (Economics Association of Zambia, 2002) <sup>[10]</sup>. A push factor for the 2002 Conference was the collapse of the copper mining industry that followed the collapse of copper price on the world market and the subsequent exit of Anglo-American Corporation from Zambia. Anglo-American Corporation was the largest mining company in Zambia. The recommendations of the conference were expected to be implemented within six months. However, to date no follow-up action has been done on this and no formal explanation has been given for this. Some observers have speculated that the failure to make a follow up was due to the fact that soon after the year 2002 the price of copper started to rise on the world market leading to the mining industry performing relatively well and turning the government's attention to finding ways of maximizing revenue from copper mining, an observation that was strengthened by the fact that the next country-wide workshop on mining after the 2002 organised by the Economics Association of Zambia was on how to maximize revenue from copper mining, held on 9<sup>th</sup> may in Kitwe in 2008. According to other observers (e.g. Zambia Civil Society, 2002) <sup>[43]</sup>, the implementation of the recommendations could not be implemented because they were not any different from what had been prescribed for diversifying the entire economy; so there was no added incentive from what was already there.

Partly because of the global financial and economic crisis that started towards the end of 2008 and hit Zambia negatively again because of its continued dependency dependence on copper mining, the School of Business of the Copperbelt University took advantage of the Education Partnership Agreement (EPA) Project with the British Council to propose a project that would study how the Copperbelt economy could best be diversified, with a clear view that such diversification was required to sustain this regional economy when copper would be out of the picture in the region. It is this EPA Project that financed the case study of the Black Country in the West Midlands of the United Kingdom that is discussed later.

The rest of this paper is structured as follows. Section Two gives a definition of economic diversification and outlines some of the most important determinants of this process. Section Three discusses Zambia's diversification record since its political independence in 1964. This section gives a background and context in which to discuss the proposal to urgently consider diversifying the Copperbelt economy. More precisely, the discussion of the economic diversification at the country level shows that although the country has not done as well as it should have done in this area, at least it has made some headway and continues to do so. This is in contrast with the Copperbelt Region.

Furthermore, discussing economic diversification at the country level has revealed that there is a coherent theory and conceptual framework that Zambia has been following notably because it is well integrated into the world economy as well as being a member of several African Economic Development Groupings that have agreed to work with such world economic development organizations as the World Bank/International Monetary Fund and various United Nations Organisations that have prescribed frameworks of diversification to consider (Ben Hammouda, *et al.*, 2006) <sup>[2]</sup>. By contrast, the Copperbelt as a region, does not have such privilege and hence lacks any coherent theoretical or conceptual frameworks in which to study its diversification. Section Four presents the reasons that justify the urgency of identifying and implementing the measures for diversifying the Copperbelt. A few of the reasons presented apply also to the need to diversify the economy as a whole in view of the impending post-copper era. In addition factors that would facilitate economic diversification in the Copperbelt Region have been presented.

Section Five discusses the case study made by Copperbelt University School of Business of the Black Country region of the West Midlands of England in the United Kingdom. The section starts with an introduction that gives a general description of the EPA Project as the source of finance for the research project and also describes the ground work that was done before the researchers undertook the study tour of the Black Country. Then the methodology that was used in the case study is described. Thereafter, results are discussed, followed by recommendations and conclusion of the paper. In making recommendations, reference is made to relevant issues in the policy of the Zambian government and discussed either as facilitating factors or aspects that would need improvement in view of the lessons learned from the Black Country case study.

## 2. Literature Review

### 2.1 Definition and Determinants of Economic Diversification

Economic diversification may be defined as expanding the range and diversity of products as a way of increasing employment level, economic growth, reduce poverty and improve the economic wellbeing of citizens in general and in the process spread the risk related to different types of shocks to the economy.

Diversification has two dimensions, namely domestic and external. The domestic dimension is the requirement that appropriate conditions in the domestic economy should be put in place to facilitate diversification that in this case would include increasing the number of sectors from which income is being generated. The external dimension is the international trade. Success in this dimension requires that the economy should be made globally competitive given the fact that all the countries in the world are fighting for the same market. Success factors would include making a country conducive for foreign investors to do business in and producing relatively cheap but high quality products for export. Broadening the range of export products is also part of success in this dimension. (Papageorgiou and Spatafora, 2012) <sup>[32]</sup>.

The Bank of Central African States (2007 p. 3), quoting the United Nation's Economic Commission for Africa's report on diversification in Africa (2006) presents the following five categories of variables as the key ones in affecting diversification process:

- **Physical factors:** investment, growth and human capital;
- **Public policies:** fiscal, commercial and industrial policies (owing to their impact on the strengthening of the industrial base);
- **Macroeconomic variables:** foreign exchange rates, inflation rates and trade balances;
- **Institutional variables:** governance, the investment environment and the security situation, (conflicts, etc.);
- **Access to markets:** the degree of openness to the trade of goods, services and capital (removal of tariff and non-tariff barriers), access to bank or market financing.”

## 2.2 Zambia's Economic Diversification Record

At independence in 1964, Zambia inherited an economy that was highly integrated both in the world economy and in the Southern African region (Turok, 1979) <sup>[39]</sup>. At the world level Zambia's economy was highly dependent on copper, making it an economy whose performance depended on how copper prices and demand were doing on the world market. At the regional level, Zambia got its independence at the time it was a member of the Federation of Rhodesia and Nyasaland, designed by the colonial masters, in which Zambia's (Northern Rhodesia's) assignment was to contribute labour and revenues from copper. The infrastructure, both social and physical, was developed accordingly with, for instance, Zimbabwe (then Southern Rhodesia) being given infrastructure befitting a settlement area that it was assigned to be. Zambia was thus affected accordingly. For instance, when exporting its goods as an independent nation, Zambia was dependent on the railway and road network that passed through Zimbabwe and was thus vulnerable to any negative occurrences in Zimbabwe (as happened in 1965 when Southern Rhodesia made a unilateral declaration of independence from Britain). Because of this integrative nature of the Zambian economy, Zambia's economic record in respect of economic diversification can be analysed in the framework of global economic development theories. We have taken this approach in this paper. Thus, the rest of the material in this section of the paper presents this analysis.

Since its early days as a politically independent country in the early 1960s, Zambia has expressed its awareness of the dangers of relying too much on copper which is a diminishing natural resource. Consequently, diversifying the economy away from copper was an intention that was even included in the First National Development Plan that ran from 1966 to 1971 (Zambia, Republic of, 1966; Dodge, 1977) <sup>[44, 9]</sup>. However, even on more recent years, there is still a call for the country to do much more in diversifying the economy. Among prominent reports giving this recommendation is that by Bonnick (1997) <sup>[4]</sup> and that by the World Bank (2011) <sup>[42]</sup>. The latter report discovered that, relative to other areas of economic activity, such as liberalizing the market, the country has done more poorly in diversifying the economy.

In order to show how Zambia has arrived at its current status in terms of economic diversification, it would be helpful to discuss the subject in terms of the economic development theories that have guided its development history. We do this in this subsection. When Zambia attained its independence in 1964 it employed policies that were informed by modernization theory. According to

modernization theory, the best way for a natural resource-rich country to develop was to use revenue from the dominant natural resource to develop a few sectors, notably infrastructure and manufacturing (Rosenstein-Rodan, 1943; Nurkse, 1953; Lewis, 1954; Hirschman, 1958) <sup>[36, 30, 22, 16]</sup>. In the case of Zambia whose dominant natural resource was copper, diversification focus was on social and physical infrastructure, agriculture and manufacturing (Zambia, Republic 1966) <sup>[44]</sup>.

As modernization was expected to be led by multinational companies, the Zambian government felt that the multinational companies were not doing much, especially in tax revenue. As a result, the country adopted policies that were in line with Dependency Theory. Dependency theory encouraged newly independent developing countries to nationalize major private companies so that the government could have more control over its economic affairs. Dependency theory also advocated import substitution industrialization whereby a number of products that the country used to import, such as major inputs for the manufacturing companies, could be produced locally (Prebisch, 1949) <sup>[35]</sup>. Since Dependency Theory prescribed that big enterprises should be set up domestically, the Government set up such enterprises and had to import machinery and spare parts for them from abroad (Turok, 1979) <sup>[39]</sup>. The Zambian Government effected nationalization from 1968 following the Mulungushi reforms (Zambia, Republic of, 1968) <sup>[48]</sup>. However, the privatization of the mines effected in 1969 following the Matero reforms (Zambia, Republic of, 1969) <sup>[49]</sup> was the climax of the implementation of the nationalization program (Fundanga and Mwaba, 1997) <sup>[14]</sup>.

The drastic drop in the price of copper on the world market and the sharp increase in the price of oil, which was a major input in most industries, that took place in the early- to- mid 1970s made it difficult for the government to sustain the import substituting companies. The government for the first time approached the IMF and the World Bank to borrow money to support its development programmes. As the IMF/World Bank saw that borrowing would not help improve the economy without applying certain conditions, they subjected the country to these conditions. Thus, the disillusionment with the Dependency Theory led the country to adopt policies that were in line with the neoliberal theory of development that guides the IMF/World Bank policies. The following have been the landmarks in the neoliberal framework since the early 1980s:

## 2.3 Washington Consensus (1980s)

This refers to the IMF and World Bank lending requirements, also popularly referred to as IMF/World Bank lending policies or conditionalities. These have two main strands: (i). Stabilization policies, which aim at attainment of macroeconomic stability by controlling inflation and reducing fiscal deficits; and (ii). Structural adjustment program, aimed at liberalizing domestic economies through privatization of public enterprises and deregulation of the economy.

## 2.4 New Institutional economics (1990s)

Institutional economics calls for use of non-price factors, collectively referred to as institutions, to be used along the price mechanism to coordinate the operations of the economy. Important to such factors or institutions are

rules/laws and regulations and their implementation. Transparency and good governance, as the condition for institutions to operate under, are seen as important incentives for people to engage in efficient production, just as price is also an important incentive for efficient production under price mechanism.

The resource curse thesis or discourse whose origin has been formally dated from 1995 following Sachs and Warner's seminal research-based publication (Sachs and Warner (1995)<sup>[37]</sup>, is a brand of institutional economics that posits that government dependence on one (or few) natural resource (s) kills governments desire to develop other avenues or sectors for creating revenue, makes government neglect improvement of institutions for collecting more revenue even from the dominant sector and neglect good governance. All this results in the inverse relationship between natural resource abundance and economic growth over time; a phenomenon also referred to as the resource curse.

Economic diversification has been found by many researchers of the resource curse discourse to be the least complicated and easiest strategy to sustain of all the strategies for preventing or moving out of the curse (e.g. Efavi and Kuwornu, 2013; Tisdell, 1997; Weinthal and Luong, 2006, Ben Hammouda, *et al.*, 2006; Noh, 2013)<sup>[11, 38, 41, 2, 29]</sup>. Other commonly prescribed strategies for dealing with the resource curse are: establishment of stabilization funds also referred to as natural resource funds (NRFs), and direct distribution of windfall revenues to the population.

It might be important to mention that some researchers (e.g. Kuwimb, 2010)<sup>[21]</sup> see the resource curse thesis and dependency theory as dealing with the same phenomenon but putting the responsibility or blame on different entities. According to these researchers, whereas dependency theory sees the long term poor economic performance by resource-rich developing countries that has been observed as due to exploitation by developed countries (the centers exploiting the periphery), resource curse thesis sees the same phenomenon as a result of the developing countries' failure to develop good domestic institutions. Thus looking at the resource curse positively, one would say that it encourages accountability and self reliance rather than blaming external forces. Looked at it negatively or through the eyes of a proponent of dependency theory, the resource curse thesis seeks to blame the victim of developed countries' exploitation. For us the authors of this paper, we take the positive evaluation of the resource curse given the fact that the Country under discussion (Zambian) had abandoned the dependency theory (in the early 1990s) as having failed in guiding it to sustained positive economic results.

### 2.5 Millennium Development Goals (2000s)

It is an undeniable fact that under the neoliberal framework of development developing countries, especially those in Africa, have enjoyed sustained economic growth for at least the past ten years after they had applied the IMF/World Bank led structural Adjustment programme. At the same time, it is acknowledged that neoliberal policies have resulted in increased poverty levels in developing countries, especially Africa (United Nations, NEPAD-OECD, 2010; Page, 2008)<sup>[40, 31]</sup>.

After reducing the impact of poverty, to some extent, through providing relief to highly indebted poor countries who had satisfied the completion point (HIPC), it became necessary to design a framework that would tackle poverty

in a multipronged way. This was after the realization that poverty was a multidimensional phenomenon. Thus the Millennium Development Goals framework was born in early 2000s (Bonfiglioli, Angelo, 2003)<sup>[3]</sup>. An important point about the Millennium Development Goals is that they were jointly developed by developed countries and developing countries in a mutually agreed way. More precisely, "the MDGs provide a framework for the entire UN system to work coherently toward a common end." (Bonfiglioli, Angelo, 2003)<sup>[3]</sup>. In summary, the following are the eight Millennium Development Goals:

To eradicate extreme poverty and hunger; to achieve universal primary education;

To promote gender equality and empower women; to reduce child mortality;

To improve maternal health;

To combat HIV/AIDS, malaria and other diseases;

To ensure environmental sustainability; and

To develop a global partnership for development.

By its broad nature, the MDGs emphasise diversification. In addition, all the signatories to the MDGs, which is all UN member countries, still have the freedom to follow specific approaches on various issues suggested by various multilateral organizations that are also UN members. With regard to economic diversification, for instance, a country may follow a given multilateral organisation's prescription or a combination of more than one multilateral organizations' prescriptions. For example, the following approaches by various institutions are directly relevant to diversification and suggest a certain pattern of issues to focus on.

- (i) New Partnership for Africa's Development (NEPAD): A pan-African initiative emphasizes "democratic governance, infrastructure development, education, poverty reduction, agriculture and environment." (Bonfiglioli, Angelo, 2003, P27)<sup>[3]</sup>.
- (ii) World Bank: The World Bank designed the Comprehensive Development Framework (CDF) that emphasized: social, structural, human, governance, environmental, economic and financial. This was implemented by using PRSP (Bonfiglioli, Angelo, 2003, P 30)<sup>[3]</sup>.

Thus, in the MDGs framework and in the frameworks of some individual economic development organizations, Zambia receives broad guidelines on economic diversification from which to choose its focus. Zambia's current diversification strategies are discussed in the next section. Zambia had to make its choice among these alternatives to economic diversification. Zambia's current economic diversification strategies are discussed in the next section.

### 2.6 The Current Economic Diversification Strategies Used In Zambia and Their Levels of Success

Since its independence in 1964, Zambia has had seven major themes in its diversification agenda which have been summarized, as presented below, by Professor Seshamani (Seshamani, 1991: Zambia After Copper: Prospects for Economic Diversification) quoted in Zambia Civil Society (2002, p. 12). Sector diversification: which seeks to reduce over dependence on copper mining. Export diversification: which seeks to promote production of a wide variety of non-traditional exports, where non-traditional exports normally

refers to minerals other than copper and agricultural crops other than the major ones namely maize, sugar, cotton and so on. Fresh rose flower export is an example of non-traditional exports. Resource use diversification: which seeks to increase local content of raw materials in the production of goods. Technological diversification: which seeks to use labour intensive technology rather than capital intensive one where labour intensive would be appropriate. Scale diversification: which seeks to reduce dominance of large-enterprise based production and promote micro-small- and medium- enterprise based production. Structural diversification: which seeks to strengthen the production structure by promoting activities with high degrees of internal backward and forward linkages. Regional

diversification: which seeks to take advantage of the comparative advantages of the different regions in the country in the economic development process so that efficiency can be maximised.

The two major ways of measuring economic diversification used in Zambia is the contribution of the sectors to the Gross Domestic Product (GDP) and export earnings, respectively. Going by these measures economic diversification in Zambia has not been very successful as there has been little change in the concentration of sector contribution (e.g. Ndulo and Mudenda, 2003).

In table 1 below, we give some explanation on the diversification process for the main sectors of the Zambian economy.

**Table 1:** GRZ Vision 2030 diversification strategies

Sector	Sector Vision	Government Targets/ Goals
Agriculture	An efficient, competitive, sustainable and export-led agriculture sector that assures food security and increased income by 2030	i. Increase agricultural productivity and land under cultivation by 2030; ii. Increase exports of agricultural and agro processed products by 2030; iv. Increase land under cultivation to 900,000 hectares by 2030; v. Increasing land under irrigation to 400,000 hectares by 2030; vi. Increase agricultural machinery, tractors per 100 hectares to 2 by 2030; vii. Increase livestock population to 6,000,000 by 2030; viii. Increase fish population to 300,000mt by 2030.
Tourism	Be a major tourism destination of choice with unique features by 2030	i. Develop, rehabilitate and maintain related infrastructure by 2030; ii. Diversify tourism products by 2030; and iii. Increase the participation of locals in the industry.
Manufacturing	Technology based and export focused manufacturing sector, which is dynamic and competitive with effective entities that add value to the locally abundant natural resources by 2030.	i. Develop a fully integrated rural based agro-based and light-manufacturing by 2030; ii. Increase the share of general manufacturing contribution to GDP to 36.12 by 2030; and iii. Increase Manufactures exports as a share of merchandise exports to 71 percent by 2030.
Infrastructure	A well developed and maintained socio-economic infrastructure by 2030	i. Develop and implement public private-partnerships; ii. Achieve affordable and efficient connectivity; iii. Increase GDP contribution.

Source: "Republic of Zambia Vision 2030" Lusaka, 2006

The Republic of Zambia vision 2030 clearly outlines that the main priority sectors that government wants to grow as an alternative to the mining industry. The four main industries include the agriculture sector, tourism industry, manufacturing industry and infrastructure development. As a possible economic diversification sector, the government of Zambia has also identified the energy sector because of Zambia's strategic position and the hydroelectric potential Zambia has.

### 2.7 Justification for Urgent Identification and Implementation of Measures for Diversifying the Copperbelt Economy and the Comparative Advantage to Facilitate the Process

The following are the push factors that indicate that there is need to quickly identify and implement measures for diversifying the Copperbelt economy as they indicate that the post-copper era in this region is fast approaching.

- Expanding human settlement into the copper mining areas implies that even if copper is not exhausted, it would not be possible to produce it. Serious conflicts have actually erupted sometimes between the two parties (e.g. Palmer, Hansungule and Feeney, 1998) [33].
- The government's decision to sell mine and government houses to the sitting tenants has contributed to the rapid increase in the population on the Copperbelt as those who are getting out of employment are not going anywhere but rather are being joined by new comers

who come in search of the glamorous life of the towns. Therefore, how to sustain their lives after copper should be thought about right now while copper related economic activities are sustaining them.

- Increased unemployment level. After closing the big employer, Zambia Consolidated Copper Mining Company, many people have been thrown onto the streets and the population is increasing. In time, those who are street kids will grow up and will not be able to meet their needs from street begging. They will need jobs or else might take to various vices.
- Copper forecast is that the life span of mines on the Copperbelt will end in a few years from now, even with very advanced technology.
- Effects of resource curse will get worse. Studies (e.g. Meller and Simpasa, 2011) [23] show that Zambia suffers from resource curse which in simple terms means that readily availability of revenue from copper has made the government too complacent to improve other ways of generating revenue, including designing efficient institutions for doing that. This also includes neglecting to design better ways of getting revenue from the copper industry. As a result, over the years the country's economic growth rate will be falling. Further neglect of designing efficient institutions might sooner or later deteriorate into widespread corruption and even social conflicts.

- The country's economy suffers each time there is an external shock to the copper industry (e.g. early-mid 1970s, late 1990s to early 2000s, 2008- 2009). Looking at countries in other regions, e.g. Europe, where the global financial and economic crisis has continued since 2008, there is a high chance that a prolonged shock to copper industry could take place any time. If that happened it would be disastrous to the Zambia economy and worse still to the Copperbelt regional economy.

The following are the factors that give the Copperbelt region a comparative advantage that would facilitate economic diversification in the region if appropriate measures for diversification were put in place.

- Good transport network
- Good industrial base
- Availability of energy, especially hydro electricity.
- Large internal consumer market
- Proximity to international market, especially Democratic Republic of Congo and Angola.

### 2.8 The Black Country (UK) Case Study

The Black Country Case Study is a result of the Education Partnership Agreement (EPA) signed between the British Council and the School of Business of the Copperbelt University based in Kitwe, Zambia, in 2009. The British Council funded the EPA Project through its Department for Business Innovation and Skills (BIS). The BIS, in turn, administered the Project through the University of Wolverhampton. The University of Wolverhampton, on its part, ran this Project through its Centre for International Development and Training (CIDT). The EPA Project was expected to be one of high economic development importance to the developing country that was home to the hosting institution of higher learning that would participate in the project. The funding for this Project was for eighteen months. However, the output of the project was expected to continue having impact even after this period.

The EPA Project proposal having come at the time when the Copperbelt University School of Business considered diversifying the Copperbelt regional economy a top priority, the School chose the area of diversification as its focus for the EPA Project. Consequently, the Agreement was signed under the name: "Learning from Economic Development Practices in the Black Country to Strengthen Entrepreneurship in Zambia's Copperbelt".

### 2.9 Justification of the Black Country Case Study

As there was no example in Zambia or the African continent, of a region threatened by the extinction of its dominant natural resource, that was carrying out a successful diversification program, it was found justifiable to use the Black Country as a Case for study because of its success record in this area, as obtained from extensive literature review (e.g. EPA Project Strategic Framework, 2010).

The Black Country is part of the West Midlands of England, United Kingdom. It comprises the City of Wolverhampton and the Metropolitan Boroughs of Dudley, Sandwell and Walsal. The Black Country is reputed to be a region that is the birth place of the industrial revolution with its dependence on coal mining, steel and related manufacturing activities. The name Black Country was

adopted because of the black smoke from coal that was characteristic of this area.

Discovery of more efficient energy sources in the world made commercial use of coal obsolete and hence the depression of the Black Country economy especially commencing in the early 1970s. However, the region has used its diversification program to make this region one of the most successful regions of the United Kingdom in terms of such economic measures as economic growth and employment. This success record justified use of this region as our case study. The case study went by the title: "Learning from Economic Development Practices in the Black Country to Strengthen Entrepreneurship in Zambia's Copperbelt".

### 2.10 Composition of the Research Team and Study Tour Period

After an induction workshop conducted by the University of Wolverhampton in November 2009 in Kitwe, Zambia, it was found necessary to have the following research team composition: Four lecturers from the Copperbelt University School of Business, two students from the Copperbelt University who had a focus on entrepreneurship in their Marketing degree programmes, two senior members of staff from two local authorities in the Copperbelt region, and two senior members of staff from two leading chambers of commerce and industry in the Copperbelt region. The study tour lasted two weeks, from 11<sup>th</sup> to 23<sup>rd</sup> April, 2010.

### 3. Research Methodology

The following aspects of the research process and approach were used in the Case Study under discussion.

#### 3.1 Research Design

The research design was a case study of exploratory nature based on inductive approach. An exploratory study, rather than an in-depth study was necessary because of the absence of previous studies on the subject. Thus, a wide range of issues needed to be explored and in the process depth was considerably sacrificed. Also, case study rather than a survey was necessary to give a focus to this only entity under study, the Black Country. With a case study, there was a sacrifice of the information that would have come from a pilot study for use in fine-tuning the instruments of data collection had we used a survey. However, the limited number of potential respondents could not allow pilot survey before the main study.

Finally, the inductive approach, as opposed to the deductive approach, was used as there was no existing information from related studies to help the researchers set out by stating hypotheses or conceptual framework to guide the study. Because of this, statements such as possible relationships among variables could only be made at the end of the research process (Patton 1990) [34].

#### 3.2 Sampling Method

Purposive, rather than random, sampling method was used. This was because of the small number of potential respondents who were knowledgeable on the subject of study.

#### 3.3 Types of data sought

The study sought to collect qualitative data. This was because it was necessary for the researchers to immerse

themselves into the process of creating data. Creating data in such case becomes a creative process of putting down data in such a logical way that it becomes meaningful and easy to communicate its interpretations to the readers. This way, the researchers were instrumental in the process of data collection (Hoepfl, 1997) [17]. Both primary and secondary data were collected. Primary data were collected through guided discussion and open-ended interviews while secondary data were obtained from published reports.

### 3.4 Data analysis technique

Only descriptive, with no supplementation by inferential, analysis was used. This is because a non-probabilistic method of data collection (purposive sampling) had been used. Non-probabilistic sampling does not permit use of such probability based statistical constructs as significance levels and confidence levels that are required for one to carry out such inferential tests as hypothesis testing.

### 3.5 Institutions visited

The research team visited the institutions presented below, all of which are active participants in the diversification process of the Black Country region.

- (a) University of Wolverhampton especially the following Departments:
  - i) Centre for International Development and Training (CIDT);
  - ii) School of Business, Department of Enterprise and Strategic Management;
  - iii) Institute for Innovation; (IIE).
- (b) Wolverhampton City Council.
- (c) Black Country Chamber of Commerce and Industry.
- (d) Black Country Consortium Limited.
- (e) Sandwell City Council –The Sandwell Partnership.

### 3.6 Lessons learned from the study tour

Below are the lessons that were learned from various institutions during the study tour.

#### 3.6.1 Government perspective

According to the EPA strategic Framework (2010) in recent years, the British Government has adopted as its approach to economic development focus on enterprise, innovation and skill. Its major purpose is to deal with the fast pace of globalization and technological change. Its strategy for achieving this has been the localization of activities and devolution of power, a process that has seen the creation of Regional Development Agencies in every region to be the eyes and ears of the government in respect of the requirements of local institutions in these regions. With this perspective, the government had sought to use the Black Country's comparative advantage (centrality, diversity, good transport network with the rest of the UK) to turn its economy round and become a "global centre where people come to do business" (EPA Strategic Framework P10). Thus, the vision of the government for the Black Country is not only local but rather extends to connecting it to the rest of the world as a competitive region. Accordingly, important pillars of the diversification process have been identified to be: Value added business, knowledge economy (education, skills and managerial enhancement), creating right spaces and connectivity.

Below we present research findings relating to the various organizations that are important in the economic diversification of the Black Country.

#### 3.6.2 Regarding the University

University of Wolverhampton, which is the only University in the Black Country:

- (i) Works with various partnerships in enterprise development. More precisely, the University sits on the Strategic Partnership Board for Black Country and West Midlands whose members include the business community, local authorities, chambers of commerce and industry, and other learning institutions including secondary schools. West Midlands refers to Birmingham City and areas surrounding it. The Strategic Partnership Board for Black Country and West Midlands sets direction for the area for enterprise development and economic diversification.
- (ii) Offers research, consultancy and business incubation services. Research and consultancy focuses on product development, process development and market research especially involving knowledge transfer programmes.

To carry out business incubation services, the University has a science park equipped with business incubation and growth facilities for start-ups. Providing knowledge transfer as a means of facilitating start-ups and diversification is done through the University's Institute for Innovation and Enterprise (IIE).

Finally, the University imparts various entrepreneurial skills at the University level through its entrepreneurship program, taught, as modules that are designed to cover practical aspects of business development.

#### 3.6.3 Regarding Local Authorities

Local authorities in the Black Country work together through the Black Country Consortium (BCC) which, among other things, helps consolidate the plans of individual local authorities and represents at the higher levels such needs of the local institutions as funding from the Central Government and the European Union.

#### 3.6.4 Regarding the Chambers of Commerce and Industry

The four chambers of commerce and industry in Wolverhampton and the three Boroughs have formed a regional Chamber that helps them work together as a team.

#### 3.6.5 Regarding Regional Development Agency

This is a government institution to which the regional local government organization and the regional chamber of commerce organization report their plans. The Regional Development Agency, in turn, reports to the higher echelons of the government.

### 4. Recommendations

Our recommendations relate both to measures that are currently unique to the Black Country and those that are used in Zambia, to suggest how the relevant Zambian institutions can help in speeding up the diversification of the Copperbelt economy in view of the impending post-copper era in the region.

#### 4.1 Global focus by the government

As the Zambian Government gets involved in the diversification of the Copperbelt economy, there is need to think globally and make the region a centre where people from everywhere in the world would like to come and do business.

#### 4.2 Localization/devolution of power

The decentralization process that the Zambian government has already started should be encouraged so that it can be done fully.

#### 4.3 Small enterprises as engine of diversification and growth

While big firms would have their role in the diversification of the Copperbelt region, it should be borne in mind that small enterprises will play a key role in this process because of their ability to quickly adapt to changing global demands. To this effect, the Micro-, Small-, and Medium- (MSMEs) program that the Zambian government has embarked on should be continued, with the government giving the support required, such as affordable interest rates. At the moment, although Zambia, by privatizing most companies, has declared the private sector the engine of growth and development, its policies favor big firms, this is in spite of the fact that the majority of enterprises (up to 88 per cent) are of the small scale type and are found in the informal sector (GRZ/ILO/IMF, 2012; Mwango, 2009)<sup>[15, 26]</sup>.

#### 4.4 Value addition, knowledge economy, improved technology, service sector

Because of the global dimension of the competition, it is imperative that the enterprises that would be involved in the diversification of the Copperbelt economy should produce goods and services that would find enough demand in the world market. This would require, for instance, processing of products beyond the first level that does not change much their status as raw materials. Products such as electronics that have a high demand in the world but can be produced by relatively small firms should also be accorded high priority.

#### 4.5 Human capital development

As Chulu (2009)<sup>[8]</sup> summarises, human capital development has been the most neglected aspect of entrepreneurship both in Zambia and the rest of the world. Aware of this potential danger, we recommend that the Copperbelt University, through the School of Business should take a leading role in imparting entrepreneurship skills. It is commendable that after the study tour of the Black Country the School of Business has modified its entrepreneurship program to make it more practical, had introduced the Entrepreneurship Centre that is open to all those who wish to start businesses or simply need some business related advice and is participating in the development of curricula designed to introduce entrepreneurship studies from primary to university level.

The University, represented by the School of Business should sit in meetings with other key stakeholders such as the Chambers of Commerce and Local Authorities, especially at the regional/provincial level.

#### 4.6 Coordination

The government should accord a high level of importance to the coordination of organizations involved in the

diversification activities. Vertical coordination would especially be important so that the needs of the people at the grass -root level would reach the central government and international organizations involved in economic development. To this effect, the government can consider formation of Regional Development Agencies in all the Provinces that would receive the requirements of other regional organizations such as the Regional Local Authority Organisation and the Regional Chamber of Commerce and Industry Organisation. In the meantime, District Coordinating Committees (DCCs) and Provincial Coordinating Committees (PCCs) that are already in existence in Zambia can act as District and Regional Development Agencies. At the moment there is concern that the DCCs and the PCCs are politicized because they are chaired by personnel that is perceived to be politically biased, e.g. the District Commissioner, in the case of a DCCs. In the long run, the ZDA can be transformed so that the regional ZDAs could be given power to coordinate the other economic development organizations in the region and report their requirement to the Central government and external economic development organizations.

#### 5. Conclusion

This paper set out by observing that both the Zambian economy as a whole and the Copperbelt region need to improve on their economic diversification record and that, on relative basis, the diversification of the economy as a whole is better and that the Copperbelt region needs urgent diversification in view of the impending post-copper era in the region. Having said that, the paper then focused on discussing how the Copperbelt region's economic diversification can be done and done as soon as possible. Important lessons for the diversification of the Copperbelt region were drawn from the case study made of the Black Country in the West Midlands of England in the United Kingdom. Because of the similarities in the comparative advantage of the Black Country and the Copperbelt region, chances are high that the Copperbelt region can also be successful in its pursuit of economic diversification. Furthermore, it is observed that a number of institutions and structures already exist that would only require some modification, based on the lessons learned from the Black Country case study, that would facilitate the process of diversifying the Copperbelt economy. The Copperbelt University should continue playing a leading role in imparting entrepreneurial skills through the entrepreneurship courses and the services of the Entrepreneurship Centre.

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