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OWNERSHIP STRUCTURE OF THE
MANUFACTURING ENTERPRISES IN ZIMBABWE

BRIEF DOCUMENTATION
OF
DATA COMPUTERIZATION

VOLUME I

BY

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ZIMBABWE INSTITUTE OF DEVELOPMENT STUDIES

Introduction

This section of the report discusses the way in which the computerization of company ownership data was carried out using DBase III.

This is more a description of the structure of data in the data base. It is not an instruction to the use of DBase III. Detailed operational instructions for DBase III are available in the DBase II manual.

THE OWNERSHIP STRUCTURE OF THE MANUFACTURING SECTOR IN ZIMBABWE

TERMS OF REFERENCE:

The terms of reference of this project are:

- a) to generate systematic information on the ownership and directorship of all manufacturing corporations in Zimbabwe.
- b) to examine the company law in Zimbabwe with the view to recommend revisions particularly on those sections of the law which affect the disclosure of company information.

This section of the report seeks to brief the Ministry of Industry and Technology on the system adopted for the computerized handling of company information in accordance with the first item in the terms of reference. The report explains the organisation of data in the computerized data base created by the project and explains approaches to the utilization and manipulation of the data base. The data used is largely from the Registrar of companies and, the Zimbabwe Stock Exchange, and transfer secretaries such as Sagit Trust, Peat Marwich etc.

The project has gathered information on 667 manufacturing companies. Of these, 391 firms are registered in Harare, and 276 firms are registered in Bulawayo. The data collected comprises:

- a) Company Names
- b) Company Directorships
- c) Shareholder Breakdowns
- d) Product Ranges
- e) Information on issued share capital

Computerization of Company Information

All the company information gathered has been computerized using a data base management programme, D Base III. D Base III, currently the most powerful data base management programme after its update, D Base III-Plus, is a relatively simple programmable software package with a wide range of capabilities. Using this programme one can, among other functions,

1. Create new files on any available company
2. Input information on additional companies
3. Update existing company information
4. Retrieve company information in accordance with specific conditions, e.g. all companies whose directors are of a certain nationality percentage of shareholding by foreign nationalities
5. Calculate percentages, do mathematical analysis of company data, or count the number of companies meeting certain desired conditions.
6. Create reports on companies according to specific conditions for purposes of meetings or scheduled summaries of the status of the ownership structure, or in response to management questions.
7. Automatically call to the screen or to the printer, any company in the data base for urgent viewing etc.

Summary of the Content of the Current Data Base

The current data base contains, some 5000 records on the 667 companies for which information was collected. These are mainly those manufacturing enterprises listed in the CZI Buyer's Guide for 1986/7, and those companies listed with the Central Statistics Office. Purely distributive companies are omitted from the data base except where there is

reason to believe that a company has some foreign connections. Also excluded from the data base is the whole metals subsector. This exclusion is for reason of the unavailability of data. The data collected indicates that a significant number of companies are subsidiaries of foreign companies. These subsidiaries may not be listed in the current edition of "Who Owns Whom", making it difficult, in the absence of evidence beyond similarities of names to connect these companies with foreign parenthood. Non-manufacturing companies in this category have also been excluded from the record but can easily be added to the list using D Base III, once their exact ownership status has been determined. Editions can also be made as and when to time ownership of a company, hitherto disguised, has been established.

Structures of Company Data in the Present Data Base

Information on each company has been broken down to 17 categories (fields) and is recognized by these fields in the data base files. Some of these categories are briefly explained below:

Company Name: We have entered in the program the name by which the company is registered. This has been done for each of the 667 companies. Information about a company can be viewed by calling a company to the screen by its name using D Base III commands.

Director: This record keeps the names of all the directors of a company. The record shows these names, the nationality of each director and details of the company for which the person is director. In the program one can call for viewing, all the directors of a given nationality, all the directors of companies with a certain

level of foreign ownership, details of the companies whose directors are of a certain nationality, etc.

Shareholder: The record "shareholder" shows the number of shares held by a particular individual or nominee shareholder. By calling the screen one can record "shareholder" to view the names of shareholders and the number of shares they hold for any defined company. It is also possible to call the name of a shareholder and view the details of a company where that person holds shares. We have also shown in the record the nationality of each and every shareholder entered in the computer. With easy mathematical manipulations the program can show, for example, the number of shareholders belonging to a certain nationality, the percentage of shares they hold in a company or the number of shares meeting a given criteria e.g. all shareholders with shares below 50 etc.

Ownership: The variable "ownership" shows whether a company is foreign or locally owned. We have programmed into the computer ownership codes for:

- a) Foreign ownership defined as 51-100% shareholding by foreigners.
- b) Local ownership; defined as 51-100% shareholding by Zimbabwe nationals.

We have also coded other ownership structures such that one can tell, for example, the number of shares held by local authority, the number of shares held by Government, and the number of shares held by individuals. To provide further details on ownership we have inserted codes representing calibrated levels of foreign or local ownership for each of 667 companies. These were introduced

to the Ministry through demonstrations on the program.

Percentage: This variable further details the level of ownership. It shows the percent of company capital held by a specific shareholder.

Subsector: Subsector indicates the sectorial classification of the company recorded. We have seven subsectors analysed in the manufacturing sector. These were chosen and are structured according to the standard CSO presentation.

Capital Employed: Capital employed stands for the capital assets of a company as derived by conventional accounting methods. This includes items like Fixed Assets, Land and Building, and Plant and Machinery. Independent records exist in the program for these items for some companies.

It is possible therefore to view from the record the capital employed for each company with a given value of fixed assets, the directors of companies with a given value of plant and machinery etc. For companies whose data on these items is presently omitted, the program enables, as mentioned earlier addition of such information in the data base as the data become available.

Turnover: This is a static record of the sales of a company. Like any other data in this program this record can be updated to reflect current figures as they are received. Here it is possible to sum the sales of companies in a given subsector or companies meeting any other criterion, e.g. companies with a given level of Pre-Tax Profits.

Dividends: This is a record of the dividends paid out. Like many other records in the program the information embedded in this record is static and can be updated at any time. Valuable information can be derived by analysing this variable with respect to other information in the records, e.g. one can calculate the dividends to capital ratio, dividends to sales etc. for companies meeting certain criteria. One can also view details of companies with certain levels of dividend payments.

General: Various other data are given in this program including company product range, Pre-Tax Profits where possible etc. We have not been able, however to obtain data on fixed capital formation and on employment. We have designed the program so that these fields can be added as soon as information on them is available.

It should be noted that the program as designed is only able to keep static records and not historical data. For this reason trend analysis is not possible in the record provided. Trend analysis on any other statistical analysis can be achieved by data conversion to a statistical package.

Ownership and Control: Listed companies are identified with reference to the number of shares issued. The presentation illustrates the incidence of monopolistic ownership patterns, cross-holdings of investment and the concealment of financial interests through the extensive use of nominee companies. An attempt has been made to construct as comprehensive and up-to-date compilation as possible. Of the 667 companies listed 374 (56%) are foreign owned, British

shareholders have (179); South Africans have (131); Swiss have (27); Germany (15); Italian (10); Portuguese (7); Americans (5). The remaining 293 companies have a domestic ownership ranging from 50%-100%. This is as far as the data indicates.

Description of Variable names used in the Data Base

The names of records described above do not appear in full in the data base. Rather some acronyms have been made up to suit the space limitation in the computer programme. These acronyms (representing FIELDS) are listed and described below:

FIELD	Description
COMPNAME	Company Name
OWNERSHIP	Foreign or Domestic owned
SHOLDER	Name of Shareholder
DIRECTOR	Company Director
NATIONALITY	Nationality of Shareholder or Director
PERCENTAGE	% age shares held
PRODUCTS	Products made by the company
SUBSECTOR	Industrial Subsector
EMPLOYED	Capital Employed
TURNOVER	Company's Turnover/Sales
PTP	Pre-Tax Profits
DIVIDEND	Dividends paid
FAS	Fixed Assets
LANDBUILD	Land and Building
PLANTMACH	Plant and Machinery
EMPLOYMENT	Number of employees
FIXCAPFORM	Fixed Capital Formation

Subsector Codes

Industries in the data base are grouped into subsectors to enable analysis of information on a subsectorial basis when necessary.

To enable such analysis information on the subsectors is represented by codes in the data base. These codes are explained below:

<u>Subsector</u>	<u>Code</u>
Chemicals and Petroleum Products	1
Transport and Equipment	2
Foodstuffs and Stockfeeds	3
Clothing and Footwear	4
Textiles and Ginning	5
Minerals and Non-metallic Products	6
Metals and Metal Working Industries	7
Printing and Publishing	8
Wood and Furniture	9
Other Manufacturing	10

TABLE VIII

COUNT OF DIRECTORS BY SECTOR

<u>SUBSECTOR</u>	<u>NO. OF DIRECTORS</u>
CHEMICALS & PETROLEUM PRODUCTS	272
TRANSPORT & EQUIPMENT	264
FOODSTUFFS & STOCKFEEDS*	173
CLOTHING & FOOTWEAR**	293
MINERALS & NON-METALLIC PRODUCT	190
METALS AND METAL WORKING PRODUCTS***	155
PRINTING AND PUBLISHING	31
WOOD & FURNITURE	104

RATIO OF FOREIGN DIRECTORS TO LOCAL DIRECTORS

<u>SUBSECTOR</u>	<u>FOREIGN</u>	<u>LOCAL</u>
CHEMICALS & PETROLEUM PRODUCT	147	125
TRANSPORT & EQUIPMENT	122	142
FOODSTUFFS & STOCKFEEDS	95	78
CLOTHING & FOOTWEAR*	101	192
MINERALS & NON-METALLIC PRODUCTS	100	90
METALS & METAL WORKING PRODUCTS	58	97
PRINTING & PUBLISHING	13	18
WOOD & FURNITURE	61	43

* NOTE: The Foodstuffs & Stockfeeds subsector includes the Drink & Tobacco subsector.

** Textiles & Training Subsector is also included in the clothing & footwear subsector.

*** This area was not extensively surveyed because similar work had been done by Dr. Colin Stoneman and the information was handed to the Ministry of Industry and Technology.