What is Holding Back Zimbabwe's Economic Development?

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The concept of human capital holds an important place in the theory of economic growth. Economists commonly use education as a proxy for human capital. Others have started questioning the use of education as a measure of human capital. Research has shown that education is a weak predictor of job performance and economic contribution. The best predictor of job performance is general mental ability.

Empirical studies have shown that there is a positive link between a country's average general mental ability and various measures of economic activity, such as GDP growth. Nations with an above-average general mental ability such as Singapore, have demonstrated extraordinary expansion in their economic growth and productivity. A study conducted by Rindermann showed that societal advancement is typically attributed to the members that have outstanding general mental ability.

Individuals with high general mental ability have been shown to generate relatively more national income and are more innovative, with those that have the lowest levels of general mental ability being less influential on economic development. Although Zimbabwe has one of the highest literacy rates on the continent a recent study by IPC has revealed that Zimbabwe's average general mental ability is below the African average.

Zimbabwe is ranked 121/125 on the Global Talent Index (2019), number 116/157 on World Bank's Human Capital Index 2018, number 118/128 on the Intelligence Capital Index (2017). Furthermore, our quality of education ranks 69/128, and our attraction of skills from other countries is ranked 124/128. These statistics highlight that Zimbabwe has inadequate human capital and is currently unattractive to skilled personnel needed to drive economic development. The implication of this is that our nation is less likely to experience significant economic growth unless interventions to improve the quality of our human capital are put in place.

Firstly, organisations in Zimbabwe need to shift to a culture of meritocracy. Meritocracy has long been upheld as an important tenet of the success of developed economies. The concept is grounded in the belief that an economy should reward the most talented and innovative, regardless of gender, race and socioeconomic status. Meritocracy provides equal opportunity to all capable individuals without any form of discrimination. Individuals who rise to the top are supposed to be the most capable of driving organizational and economic performance.

Secondly, Zimbabwean organisations need to place the right people in critical positions. The general mental ability required varies from position to position. It is important for organisations to use comprehensive recruitment and selection criteria to ensure that they place the right candidates in their organisations as opposed to relying solely on interviews for selection. Holding other things constant, here are the predictive powers of each of the common selection criteria used by organisations as explained by Schmidt et al 2016;

General mental ability (intelligence/general mental ability) explains 65%, integrity tests explain 21%, structured interviews (i.e. standardized interviews) explain 34%, personality tests - conscientiousness explains 5%, reference checks explain 7%, biographical data explains 12%, job experience explains 6%, situational judgment tests explain 7%, assessment centres explain 13%, years of education explain 1%, ability-based emotional intelligence explains 5%, personality-based emotional intelligence explain 10%, work sample tests explain 11%, job knowledge tests explain 23% and age explains 0% of the variation in performance. The results show that general mental ability has the greatest predictive power of all selection criteria.

Thirdly, captains of industry and individuals leading public institutions need to have unwavering integrity and high moral upstanding. Better governance and integrity are associated with increased levels of productivity. One of the easily observable symptoms of low integrity is corruption.

Within a national or organisational context, corruption leads to inefficient use and misallocation of resources, which undermines productivity. In fact, the absence of corruption can well be regarded as a driver of productivity. Zimbabwe ranks 160/180 on the 2018 corruption perception index. Before the much-needed capital starts to flow into the country there is a need to deal with issues relating to poor corporate governance.

The first step to addressing this is through integrity testing at the recruitment stage. This assessment measures the candidate's ability to determine the difference between what is right and what is wrong given a situation. The integrity level determines the likelihood that someone will engage in unethical conduct to the detriment of an organisation or the nation at large.

Lastly, the nation needs to invest in early childhood development to ensure sustained economic growth. Stimulating children's development and helping them reach their full potential is beneficial to the long term success of the nation. Well-developed children become successful, productive adults who are better able to contribute to a society's economy and to initiate a cycle of positive effects as they become parents, and grandparents of the generations that follow.

Early child development is a powerful investment in the future, both socially and economically. Poor childhood development conditions such as exposure to poverty and stunting currently being driven by the current economic conditions are associated with long-term disadvantages to cognitive development, education, social adjustment and earnings in adulthood. Interventions in nutrition, health care, elementary and primary education have all been shown to improve children's cognitive and behavioural development.

There is an extensive body of work with strong evidence that those people that have a high general mental ability have the most relevant influence on economic development. High levels of general mental ability bring about more efficiencies, thus potentially producing higher productivity with the same amount of resources.

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