



2026 HALF YEAR BUSINESS ENVIRONMENT INSIGHTS



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CZI INDUSTRIAL AND ECONOMIC RESEARCH

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ABOUT THE CZI HALF YEAR BUSINESS AND ECONOMIC ENVIRONMENT INSIGHTS

This report is a product of CZI Industrial and Economic Research. It is produced as part of the CZI Half Year Business Environment Insights series. The CZI Half Year Business Environment Insights is a semi-annual publication of CZI's reading of Zimbabwe's business operating environment. It combines macroeconomic developments with evidence from firms to identify emerging market conditions, business performance trends, risks and expectations. The publication series aims to inform the market and policymakers about industrial developments and performance, tracking the policy environment and its impact on business.

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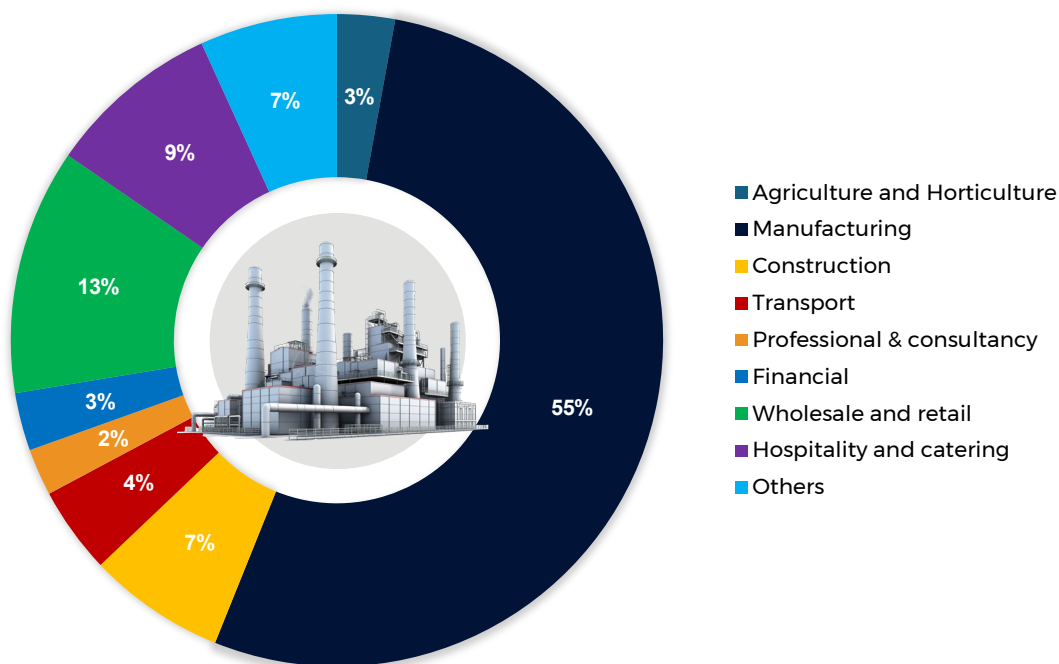
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METHODOLOGY

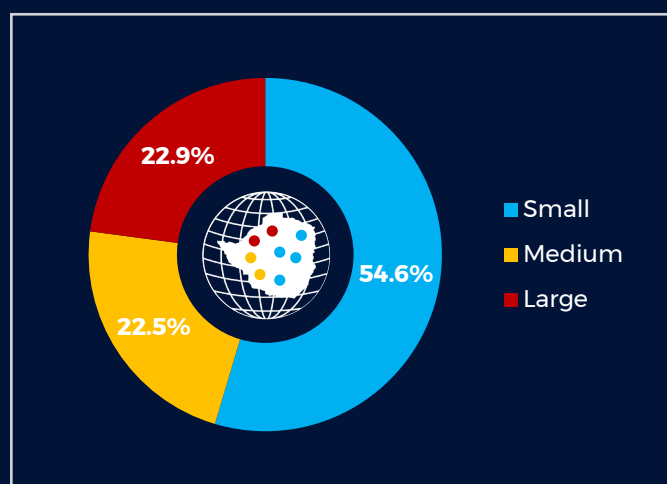
The CZI 2026 Half Year Business and Economic Environment Insights largely draws from primary data. This data is drawn from a survey of 541 randomly selected businesses across various sectors in different geographic locations across Zimbabwe. These included both members and non-members of CZI. The profile of respondents by sector (Figure 1) generally shows a wider representation of sectors, although the manufacturing sector dominates the sample, accounting for about 53% of the respondents. The other "category also includes ICT, real estate, healthcare as well as marketing. The dominance of the manufacturing sector among the respondents generally reflects the dominance of the sector among CZI membership.

Figure 1: Sample distribution by sector



The sample also included firms of different sizes, although the informal sector was not included. The Small and Medium Enterprises Act [Chapter 24:12] classifies enterprises into small if they have turnover of a maximum of US\$500,000 per annum. Medium sized firms are those whose turnover exceeds US\$500,000 but does not exceed US\$1 million per annum, with only enterprises whose turnover is above US\$1 million considered large. Although the small firms, whose turnover is below US\$500,000 per annum constituted the bulk of the sample at about 55%, medium and large-scale firms were also significantly represented in the sample (Figure 2). The dominance of small-scale firms in the sample reflects the nature of the Zimbabwe business landscape.

Figure 2: Sample distribution by size



1 | ECONOMIC CONTEXT AND EXPECTATIONS



The results of the survey need to be contextualised with developments at the macro level, which are expected to have played a role in shaping the performance patterns. The economic context under which firms were operating can best be understood using secondary data as follows:

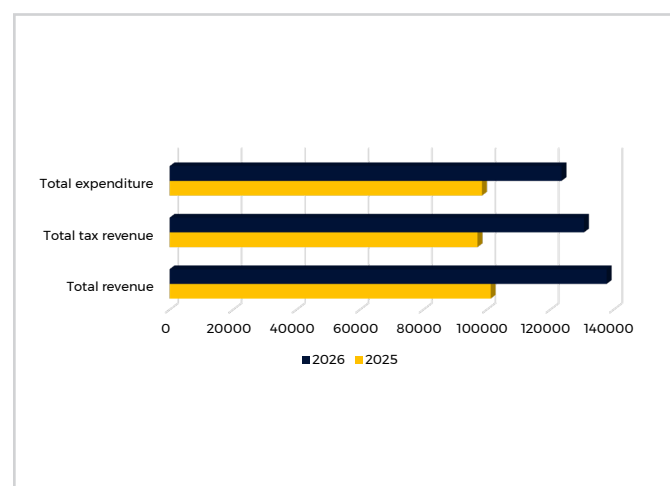
1.1 Revenue generation capacity increased significantly during first half of 2026

Although less than 50% of the expected revenues for 2026 had been collected by end of June 2026, the revenue generation capacity of the economy in 2026 is quite higher than the 2025 level. Total revenue collected during the first half of 2026 is 36% higher than the levels collected in 2025 (Figure 3). Similarly, by taking out non-tax revenues, the tax revenue realized during the first half of 2026 is 35% higher than the revenue realized over a similar period in 2025. This generally speaks to either a growing economy in 2026, or a reflection of the new revenue enhancing measures under the 2026 National Budget.

The increase in the revenue generating capacity of the economy during the first half of 2026 was also met by a corresponding increase in the spending capacity. Total expenditure during the

first half of 2026 increased by 25% compared to the same period in 2025. Given that a large portion of government expenditure is goods and services provided by businesses, it is also expected that this will be reflected by positive business performance.

Figure 3: Both revenue and expenditure increased in first half 2026 compared to 2025



Source: 2026 Mid-Term Budget Review

1.2. Industry profitability as reflected by tax payments increased

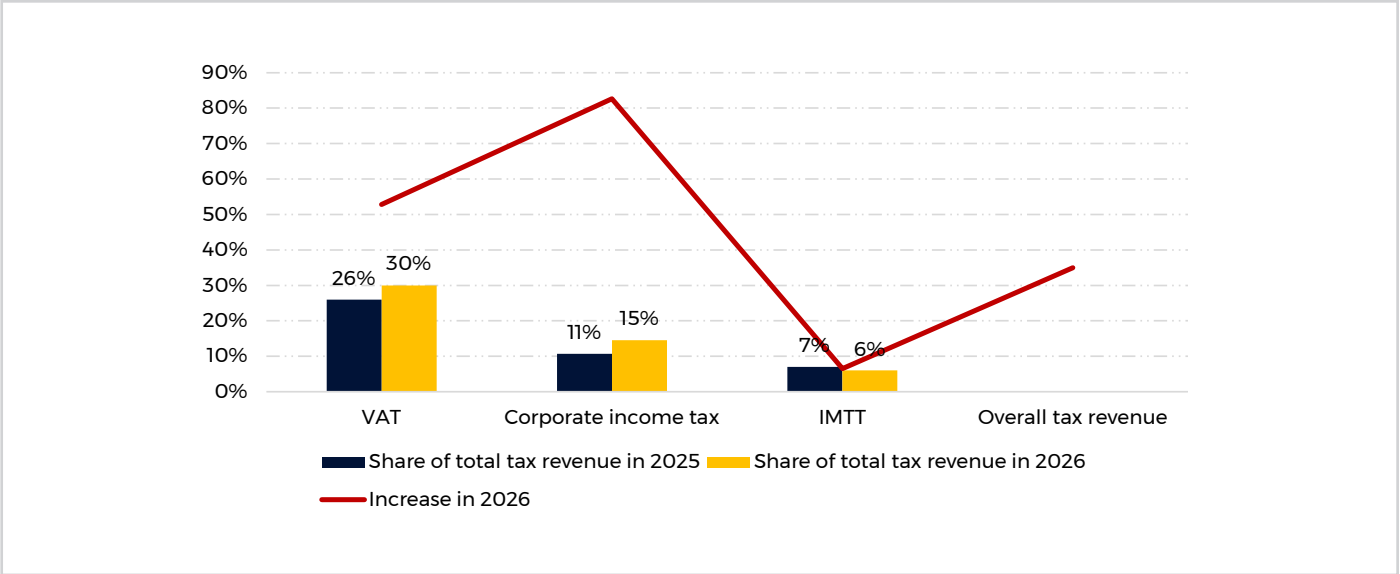
During the first half of 2026, government collected about ZiG18.9 billion from corporate income tax. This was an increase of about 83% compared to ZiG10.4 billion collected over the same period in 2025 (Figure 2). The increase in collection saw the total share of corporate tax income in total tax revenue increasing from 10.7% in 2025 to 14.5% in 2026. The increase in corporate income tax collection is consistent with improved business profitability due to improvements in the operating environment, which is now allowing business to become more profitable. This also underlines the critical role that stability brings to the economy; business performance improves while government also benefits from collecting more tax revenues.

In the 2026 National Budget, the VAT rate increased from 15% to 15.5%. The 2026 National Budget designated the IMTT as a tax-deductible

expense for purposes of corporate income tax computation. In addition, the IMTT rate on ZiG-denominated transactions was reduced from 2% to 1.5% to promote use of local currency, while IMTT on foreign currency transactions was maintained at 2%. The increase in VAT was largely regarded as a compensatory mechanism for the expected loss in IMTT revenue due to the measures.

Tax collections show that VAT collected during the first half of 2026 increased by 53% compared to the collection over the same period in 2025, well above the general increase in tax revenue (Figure 4). IMTT on the other hand increased by 7% compared to the same period in 2025. Since ZiG inflation has generally been in single digit levels below 5% in 2026, this means that IMTT collections increased in real terms despite the adjustments made to the taxation regime. This is consistent with an improvement in the general business transactions during the first half of 2026.

Figure 4: Tax head comparison: First half 2026 Vs 2025



Source: 2026 Mid-Term Budget Review



1.3 Business performance affected by geopolitical tensions in the Middle East

The Middle East conflict, which escalated significantly in late 2025 and persisted into the second quarter of 2026, created a volatile global economic environment with notable implications

for Zimbabwe. As a net importer of essential commodities, Zimbabwe remains highly vulnerable to cost-push inflationary pressures arising from regional instability. The primary transmission channel was the energy sector, where rising Brent crude oil prices increased domestic production and distribution costs.

A survey by CZI¹ established that the conflict had negative implications for business, which is also expected to play a role in first-half business performance. The survey established that:



Energy-driven inflation is the dominant transmission channel, with 99% of firms affected by fuel cost increases, reinforcing Zimbabwe's structural vulnerability as a net importer.



Cost pressures were now embedded across the entire value chain, as production, transport, logistics, insurance, and inputs were all simultaneously rising.



Supply chain fragility was intensifying, with disruption rates increasing from 56% to 68%, indicating worsening logistical inefficiencies.



Price stickiness was delaying customer relief, as 55% of firms were unlikely to reduce prices immediately after conflict resolution.



Recovery was expected to be slow and uneven, with nearly half of firms anticipating 5 to 7+ months for normalization suggesting some level of structural rather than temporary damage.



¹Full details are available from a CZI publication "Tracking Iran Israel USA Conflict: Firm Level Impact in Zimbabwe, Second edition 02 April 2026"

2 | FIRM CHARACTERISTICS AND LEADERSHIP

2.1 Scale matters: How big are Zimbabwe businesses?

When firms grow larger, they often benefit from several advantages which enhance their competitiveness. These include:



Economies of scale, which enhances their competitiveness because of lower average costs due to bulk purchasing, specialized labor, and more efficient production.



Market power advantages, which can see them negotiating better terms with suppliers and distributors.



Enhanced access to finance, as bigger firms are seen as less risky, making it easier to secure credit and investment.



Innovation capacity, as they have more resources for R&D, technology adoption, and process improvements.



Resilience, as resources render them greater ability to withstand shocks (currency volatility, demand fluctuations).

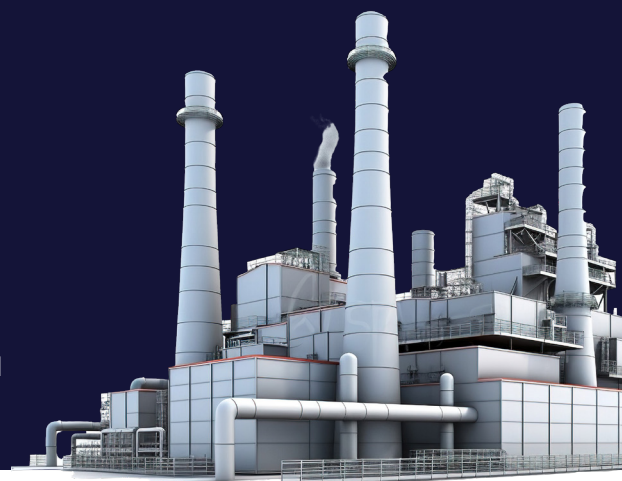
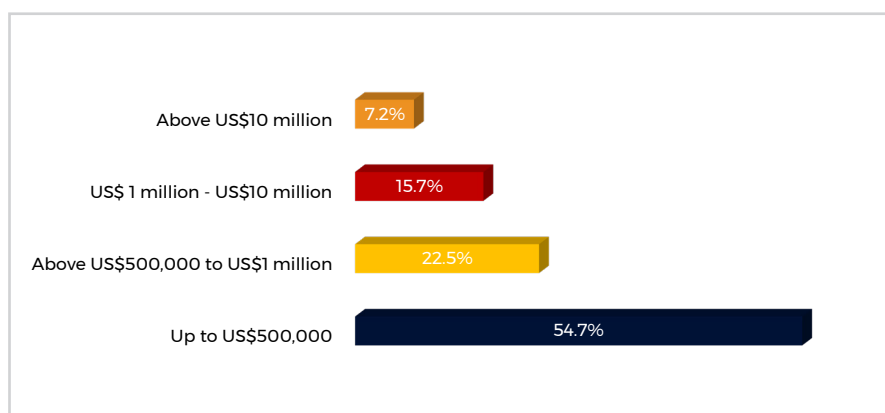


Figure 5: Revenue distribution among businesses in Zimbabwe

The distribution of firms by annual revenue indicates that the industry is predominantly characterised by small firms operating at relatively low revenue levels. About 55% of firms have annual revenues of up to US\$500,000, while a further 23% have revenues between US\$500,000 and US\$1 million. Only 23% of the respondents have revenues above US\$1million (Figure 5).



This picture generally means that the Zimbabwe ecosystem is heavily skewed toward micro and small businesses. Thus, there are limited scale advantages overall, with most firms likely facing high unit costs, weaker bargaining power, and constrained access to finance. This makes the economy vulnerable to import competition for both goods and services.

Zimbabwe also has a thin layer of medium scale enterprises, with only 23% falling into this category. This could signal structural barriers towards scaling up (regulation, finance, infrastructure), as the natural expectation is that firms should gradually grow into medium scale rather than being satisfied with their low tier status.

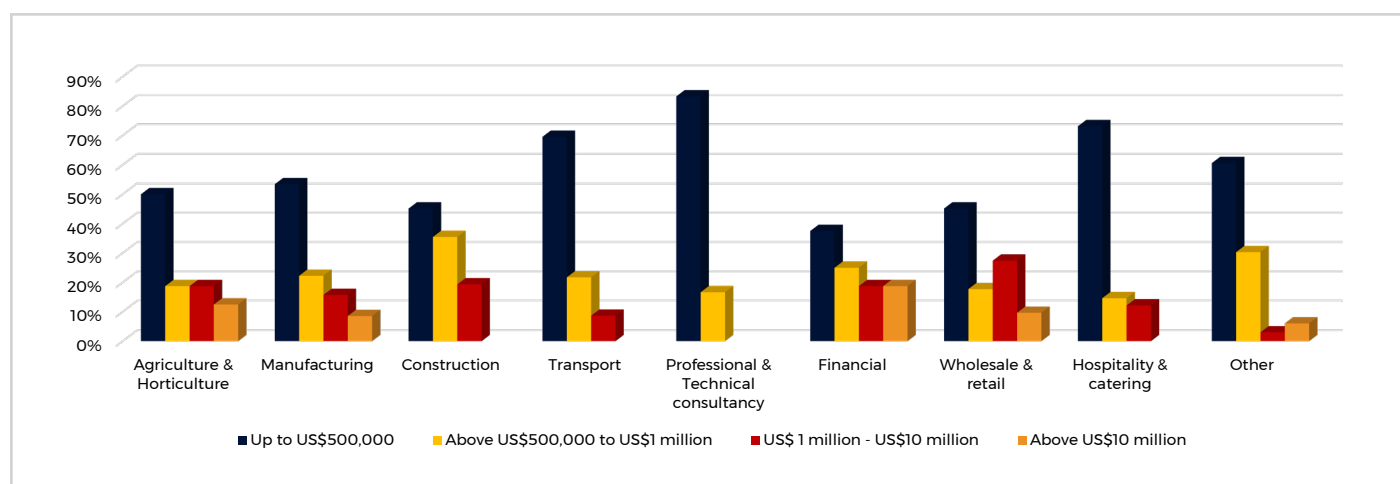
The presence of large-scale firms, however, also means that competition within the Zimbabwe business landscape can also tend to be disproportionate. The 23% large firm space is likely to capture some advantages which the rest can fail

to access, including better margins, stronger export capacity, access to finance and more resilience. They may also dominate supply chains, leaving smaller firms dependent on them.

The policy implication from the structure of the landscape is that support mechanisms should focus on helping SMEs transition into the medium tier (e.g., financing instruments, cluster development, digital adoption). Large firms can be leveraged as anchors for supplier development programs as well as anchors for value chain inclusiveness.

A focus on sectoral distribution shows that across all sectors, small-scale firms dominate (Figure 6). However, the professional and technical consultancy sector is largely a small-scale firm sector, with only a few medium-scale ones. The financial services sector has the highest proportion of very large-scale firms.

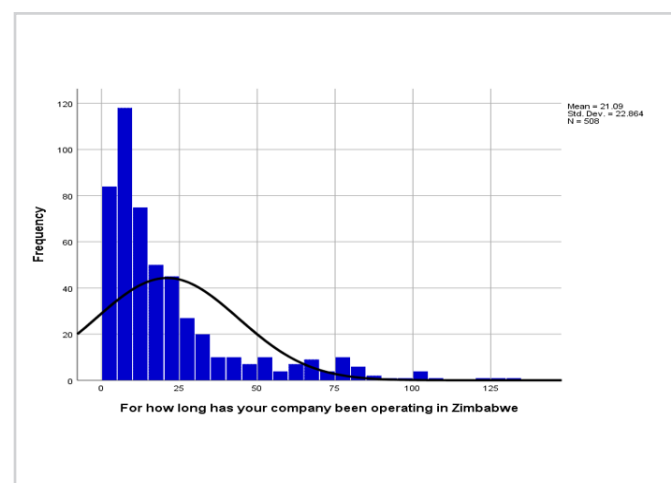
Figure 4: Tax head comparison: First half 2026 Vs 2025



2.2 Experience in business: How old are Zimbabwean firm operations?

The age distribution of companies operating in Zimbabwe exhibits a strongly positively skewed pattern with a mean operating age of 21 years and a median age of 13 years and a modal operating age of 5-10 years (Figure 7). Most of the businesses are concentrated at the lower end of the distribution. However, a long right-hand tail highlights the presence of a small subset of long-established companies operating for 50, 75, or over 100 years. This heavy concentration of firms in the under-20-year range highlights that most active businesses are relatively young, coexisting alongside a small minority of legacy organizations.

Figure 7: High concentration of young firms in the business landscape



The dominance of relatively young firms in the Zimbabwe business landscape has some critical implications, which include the following:



Younger firms are often more agile, willing to adopt new technologies, and quicker to pivot in response to market shocks. Thus, they are more suited to the current operating environment as they were established in it.



Younger firms tend to have a higher innovation potential compared to older firms, as they tend to experiment with new business models, products, and digital tools.



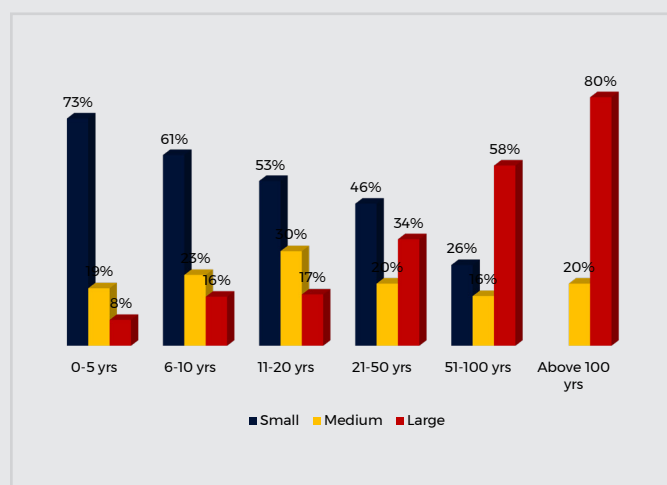
Entrepreneurial dynamism is high among the business landscape, as a large share of firms under 20 years signal active entrepreneurship and entry into markets, which is healthy for competition.



Younger firms tend to have a higher mortality risk, with many not surviving beyond 5–10 years. Depending on their scale of operation, the 22% who are 0–5 years are at a high risk of not being able to survive.

However, the presence of older firms also has some advantages. Long-established firms carry deep knowledge of local markets, regulatory cycles, and customer relationships. They often enjoy stronger reputations and brand loyalty, and being able to survive decades of volatility could suggest robust governance, diversified operations, or strong capital bases. This is confirmed by the survey results, which show that organisational longevity is associated with an increased likelihood of operating on a larger scale. Small organisations are more prevalent among younger organisations, accounting for 73% of organisations aged 0–5 years and 61% of those aged 6–10 years (Figure 8). Their representation gradually declines with organisational age. This suggests that younger organisations are more likely to operate on a smaller scale, while some organisations expand as they become more established.

Figure 8: Age is positively correlated with size in the business landscape

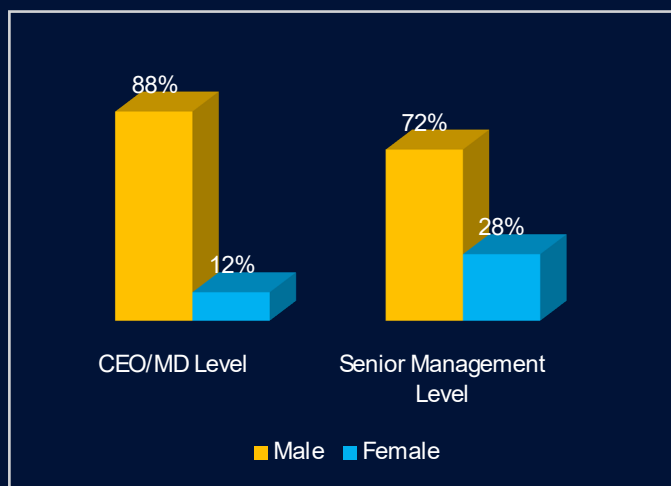


2.3 Is corporate leadership still maledominated?

Corporate leadership of most organisations is still maledominated. About 88% of the businesses are organisations that have males occupying the top ranked position as a Chief Executive Officer or a Managing Director while only 12% were female led (Figure 9). This highlights the continued gender imbalance in top-level corporate leadership and underscores the need for greater efforts to promote gender equality and women's participation in leadership positions.

On average, women constitute only 28% of senior management positions, with men accounting for the remaining 72%. This indicates that women remain underrepresented in senior management and decision-making positions within most organisations. There is need for continued efforts to strengthen women's access to leadership opportunities and promote more inclusive representation in organisational decision-making.

Figure 9: Top ranked positions for most organisations are male dominated

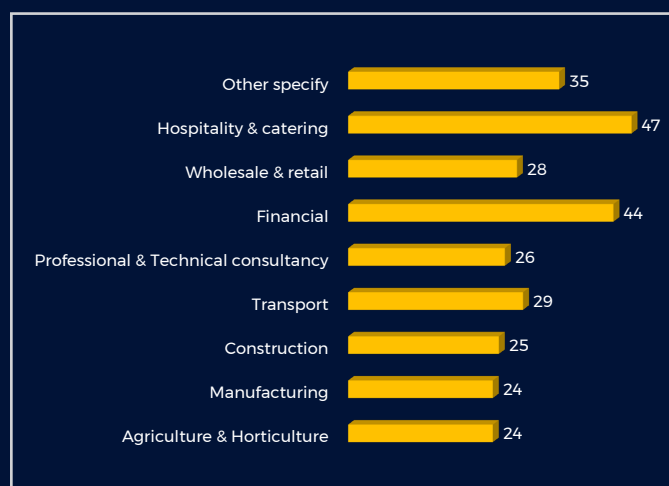


This distribution has some implications, which include the following:

- Leadership teams are not well diversified, which also implies that they might fail to make more balanced decisions, which are all inclusive.
- The results also reflect market misalignment, as women tend to dominate as consumers and hence as a major economic force. This means that representation at leadership level may fail to create fast responsiveness to market needs.
- Gender diversity is increasingly seen as a marker of good governance, attracting investors and partners. This distribution does not reflect a good picture within this context.

In terms of sectoral distribution, there is considerable variation in the representation of women in senior management across sectors. Hospitality and catering has the highest representation at 47%, with the financial sector following at 44% (Figure 10). This reflects the sector's traditionally lower barriers to entry, stronger reliance on service orientation, and cultural acceptance of women in customer-facing roles. In contrast, female representation is considerably lower in agriculture and manufacturing at 24%, with the construction sector closely following at 25%. These sectors are capital-intensive, physically demanding, and historically male-dominated. Structural barriers (land ownership patterns, access to finance, cultural norms) likely limit women's advancement in these sectors.

Figure 10: Female representation in senior management by sector



3 | BUSINESS PERFORMANCE PULSE

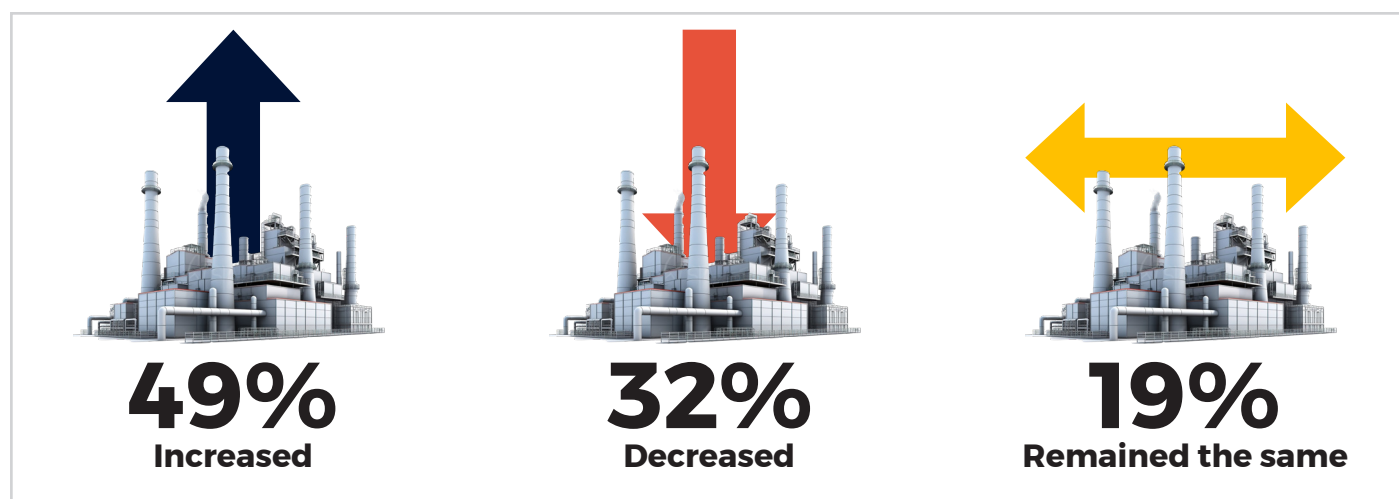
3.1 Did Zimbabwean businesses grow in the first half of 2026?

Businesses reported an improvement in trading volumes during the first half of 2026 compared with the corresponding period of 2025. Specifically, 49% of firms saw their trading volumes increased (Figure 11). This suggests a broadly positive trend in real business or production activity given a falling inflation compared to the same period in 2025. This increase may reflect stronger demand conditions, improved capacity utilisation, or other

factors supporting higher levels of output during the period.

In contrast, 32% of firms recorded a decline in trading volumes, indicating that the growth by some firms was not without challenges that constrained production activity. The remaining 19% of firms recorded no changes in their trading volumes compared with the first half of 2025. The findings point to a net positive movement in trading volumes and production activity, with the proportion of firms reporting an increase substantially exceeding those reporting a decline.

Figure 11: A larger proportion of firms report an increase in trading volumes

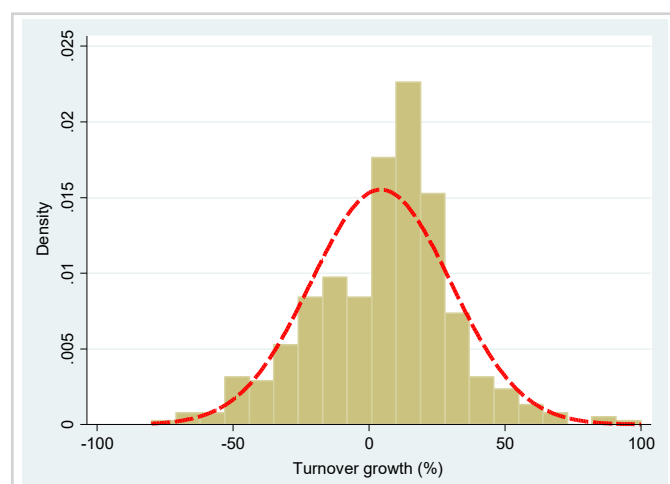


The findings on turnover growth further indicate that a majority of firms experienced an increase in turnover during the first half of 2026 compared with the corresponding period of 2025. The average turnover growth was 4.4%, although the results varied considerably, ranging from a decline of 80% to a maximum increase of 100% (Figure 12). The distribution of firms is clearly skewed towards positive turnover growth: 66% of the firms registered an increase in turnover, while the remaining 34% experienced a decline over the period. These results suggest that, despite substantial variation across firms, the first half of 2026 was characterised by a generally positive performance in turnover compared with the same period of the previous year.

Given the greater price stability observed in the first half of 2026, the increase in turnover appears to reflect genuine growth in business activity rather than merely the effect of higher prices. This interpretation is further supported by the reported growth in trading volumes, which points to an expansion in the actual quantity of goods and

services traded. The combination of relatively low inflation, increased turnover, and higher trading volumes therefore suggests that firms experienced real growth in economic activity during the first half of 2026.

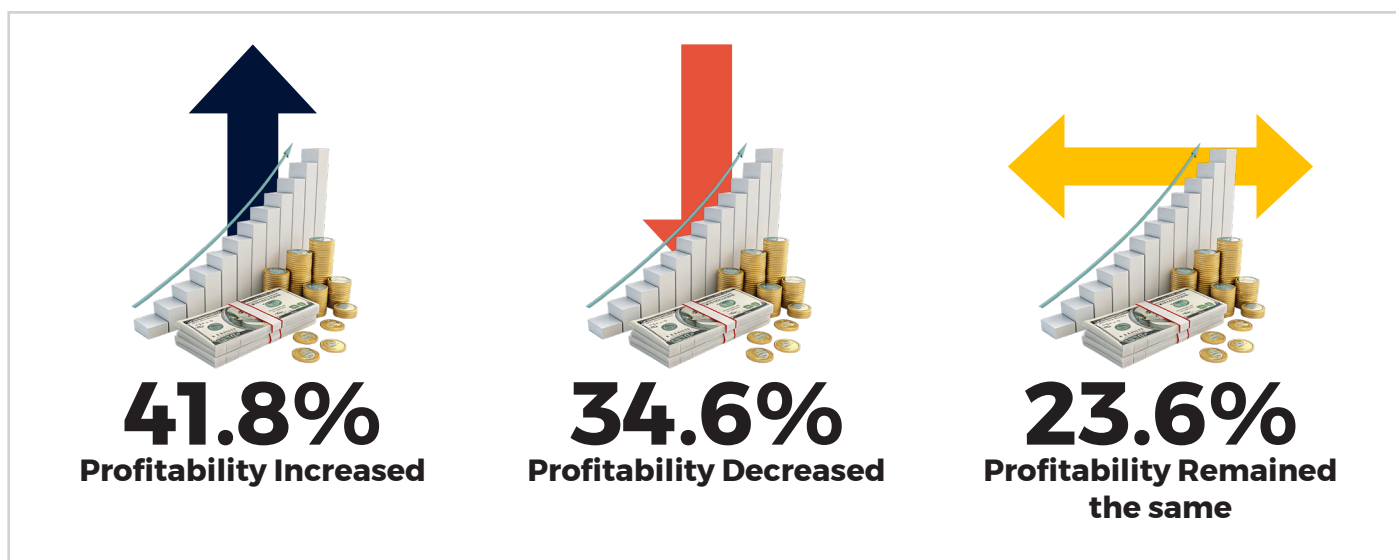
Figure 12: Most firms reported an increase in turnover



3.2 Are margins squeezed or strengthening?

The findings indicate a mixed but broadly positive picture of firms' profitability performance during the first half of 2026. Profitability increased for 42% of firms, representing the largest share of respondents (Figure 13). In contrast, 35% of firms reported a decline in profitability, highlighting that a considerable number of businesses continued to face pressures affecting their margins and overall performance. Meanwhile, 24% of firms indicated that their profitability remained unchanged, suggesting relatively stable conditions for nearly one-quarter of the firms surveyed. The results point to a moderately favourable profitability outlook. However, the relatively large proportion of firms reporting reduced profitability is a cause of concern, as this may be an indication that challenges remain in the business sector.

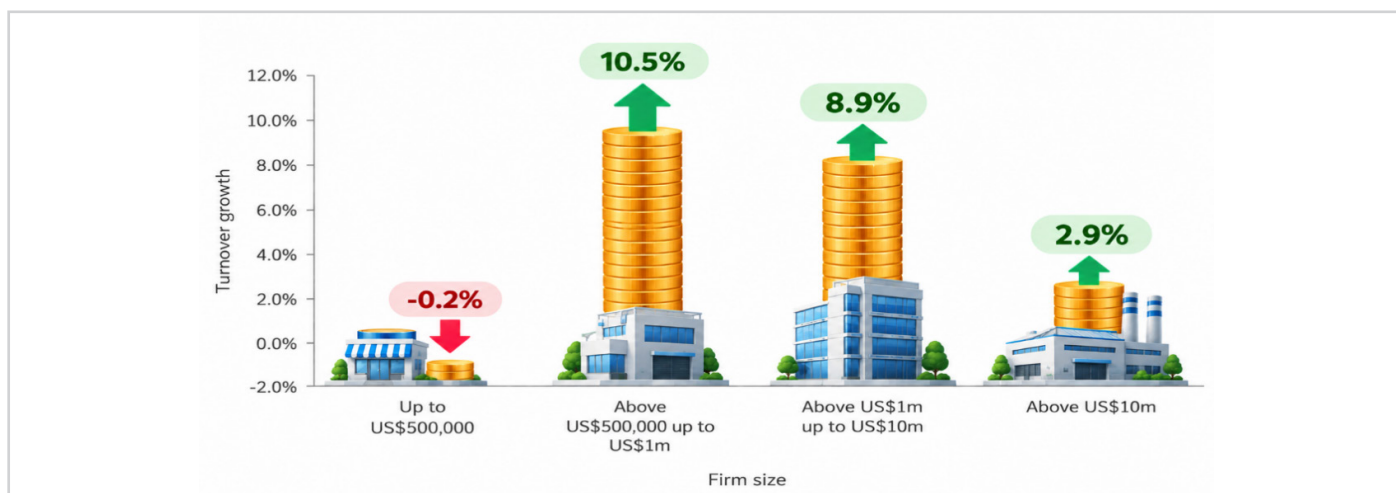
Figure 13: More firms reported improved margins



3.3 Does size matter in influencing firm performance?

Medium-sized and large-scale firms performed better than small scale firms, with large scale firms having a slender advantage. Firms with annual turnover above US\$500,000 and up to US\$1 million (medium sized) recorded an average turnover growth of 10.5%, while large scale firms (turnover above US\$1 million) registering an average growth of 11.8% (Figure 14). The small-scale firms, with turnover of up to US\$500,000, registered negative growth of 0.2%, generally showing that some level of scale may be required to generate significant returns.

Figure 14: Small scale firms recorded a decline in turnover unlike larger scale firms



A further disaggregation of large-scale firms shows that the largest firms, with turnover exceeding US\$10 million, recorded more modest growth of 2.9%, while firms with turnover between US\$1-10 million are expanding faster at 8.9%. The comparatively lower growth recorded by the largest firms should, however, may not obviously imply weak performance. Larger firms generally operate from a substantially higher turnover base, meaning that achieving the same percentage increase as a smaller or medium-sized firm would require a considerably larger absolute increase in sales and overall business activity. For example, a 2.9% increase on a large turnover base can translate into a substantial increase in the absolute value of turnover.

Moreover, large firms are often more mature businesses with established market positions, significant customer bases, developed distribution networks, and relatively high levels of market penetration. These characteristics can naturally limit the scope for very rapid percentage growth compared with medium-sized firms that are still expanding their markets, increasing their customer base, developing new products, or scaling up their operations. Medium-sized firms, therefore, can be expected to record higher percentage growth as they have greater room for expansion and are able

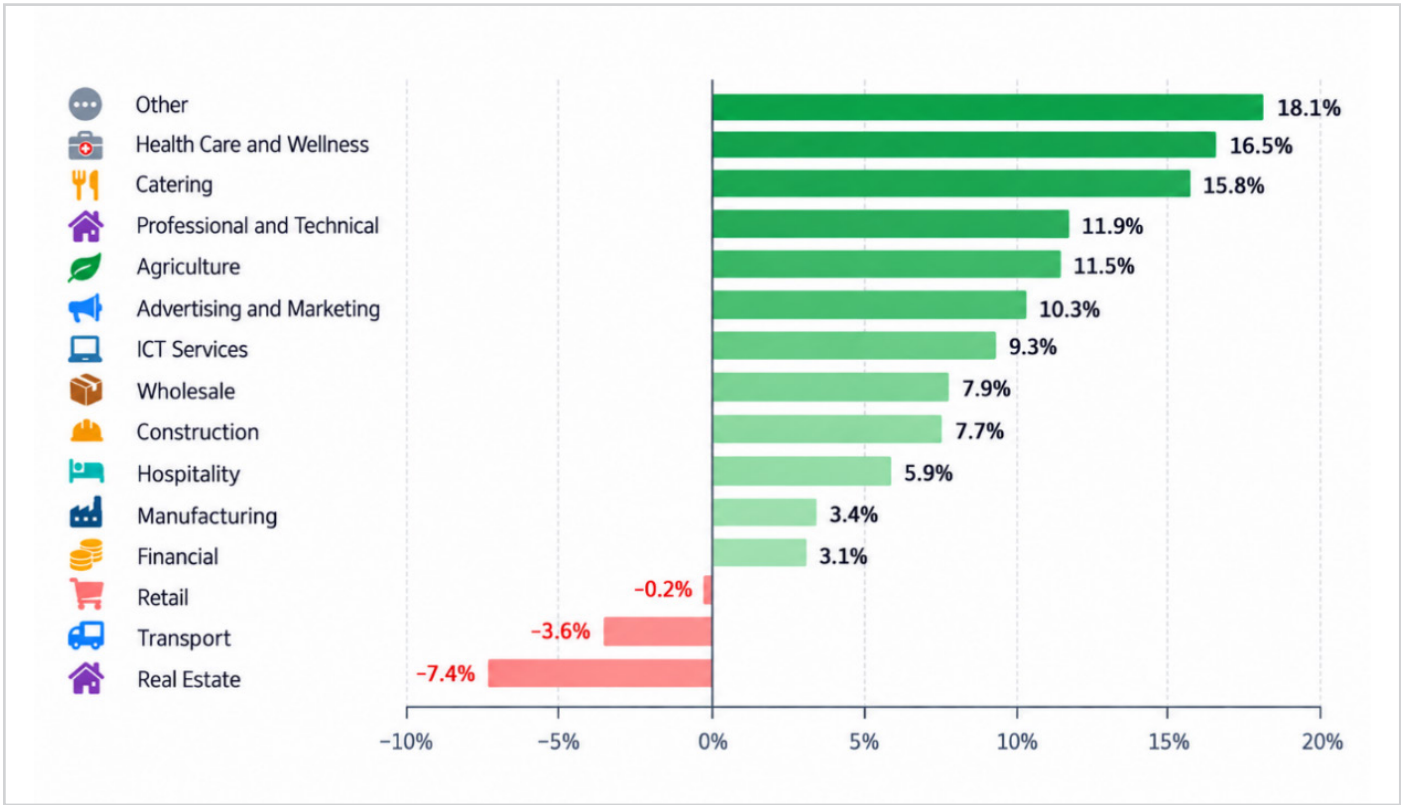
to grow from a relatively smaller base.

3.4 Which sectors are leading the way?

Turnover performance varies substantially across sectors, with service-oriented sectors recording the strongest growth during the first half of 2026 (Figure 15). These results highlight particularly strong demand and activity across a range of service-based activities. Strong turnover growth was also recorded in the real sector with agriculture (11.5%), construction (7.7%), and manufacturing (3.4%) registering growth. Taken together, the performance of these sectors indicates broad-based growth, particularly among businesses providing services and activities linked to consumer and business demand.

Significant declines were recorded in transport (-3.6%) and real estate (-7.4%). Overall, the results reveal a clear divergence in sectoral performance: while most sectors experienced positive turnover growth, the strongest gains were concentrated in service-oriented activities, whereas transport and real estate faced notable contractions. This contrast suggests that differences in demand conditions and sector-specific operating environments may have played an important role in shaping overall turnover performance.

Figure 15: The services-oriented sectors lead in turnover growth



4 | OPERATIONAL CHALLENGES AND ENABLERS

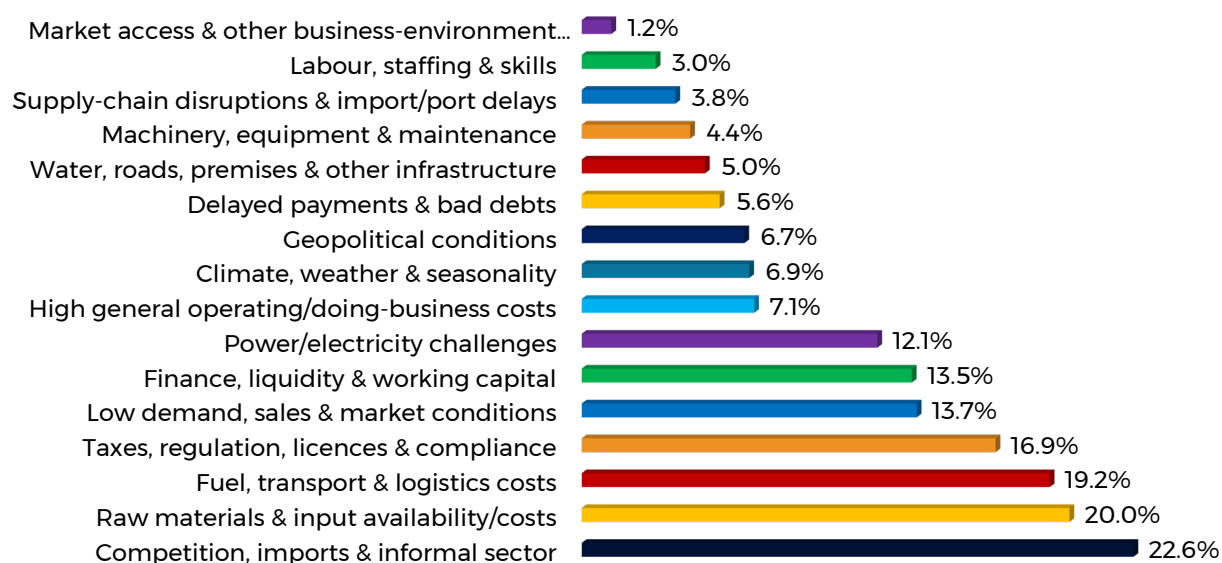
4.1 Obstacles undermining business performance in the first half of 2026

Businesses are increasingly facing company-specific rather than uniformly cross-cutting challenges. The most cited challenge was reported by less than a quarter of companies. This suggests that, although businesses continue to face significant constraints, there is no single dominant challenge affecting the majority of firms across the economy. This is unlike the previous years when instability and power outages used to dominate. The nature and intensity of the constraints appear to vary according to firms' sectors, business models, input requirements, markets and operating environments. This represents a shift from broad-based constraints that tend to affect businesses across sectors, towards a more differentiated business environment in which

firms are experiencing distinct combinations of operational, market and cost pressures.

Among the challenges that were reported most frequently, competition from imports and the informal sector (22.6%) ranked first, highlighting continued pressure on formal businesses from cheaper imported, Chinese, smuggled and informal-sector products (Figure 16). Fuel, transport and logistics costs (19.2%) remained prominent, reflecting external shocks from ongoing geopolitical conflicts, which have disrupted global energy supplies and shipping routes, increasing fuel and freight costs. Delayed payments and bad debts, mainly due to late payments from customers, government and contractors, insurance claim delays, and defaults by debtors, also constitute a significant challenge (5.6%).

Figure 16 Competition from imports and informal sector now the major challenge



4.2 Factors driving resilience and growth in the first half of 2026

The factors driving business resilience and growth in the first half of 2026 can be grouped into two broad categories: system-level enablers and firm-level enablers.

- System-level enablers refer to the wider economic, policy and operating environment that supports business resilience, including macroeconomic stability, access to foreign currency, infrastructure conditions, regulatory

improvements and demand conditions.

- Firm-level enablers, on the other hand, relate to actions and capabilities within individual businesses, including cost management, market diversification, export expansion, technology adoption, product innovation, investment and management decisions.

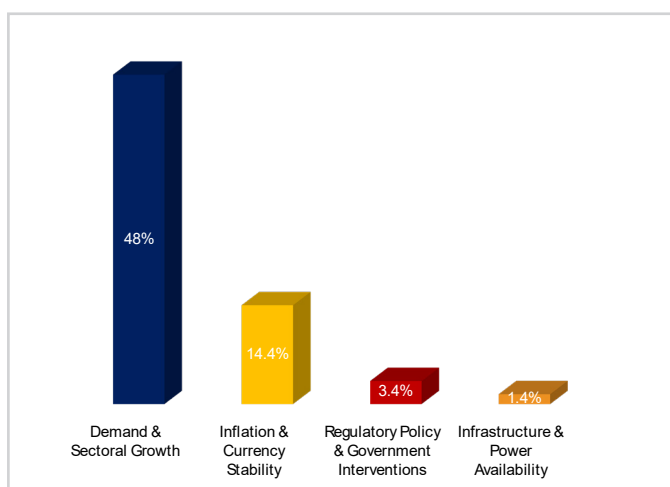
This classification provides a basis for assessing whether resilience is being supported primarily by improvements in the broader business environment or by firms' own strategies and adaptive responses.

The key difference between survival and growth is the ability to combine cost discipline with market responsiveness. While surviving firms focus on controlling costs and protecting margins, growing firms go further by targeting stronger demand, improving products, retaining customers and adapting through competitive pricing and innovation.

4.2.1 System-level enablers

Demand and sectoral growth were the strongest system-level enablers of business resilience and growth during the first half of 2026, a view shared by almost half of the firms (48%) (Figure 17). This suggests that favourable market demand, growth in key sectors such as agriculture, mining, construction and tourism, and increased customer activity provided businesses with opportunities to maintain sales and expand despite the broader operating environment. Inflation and currency stability followed at 14.4%, indicating that relatively stable exchange rates, improved ZIG/USD liquidity and a lower-inflation environment supported business planning, pricing and day-to-day operations.

Figure 17: Demand & sectorial growth are the main factors driving resilience and growth



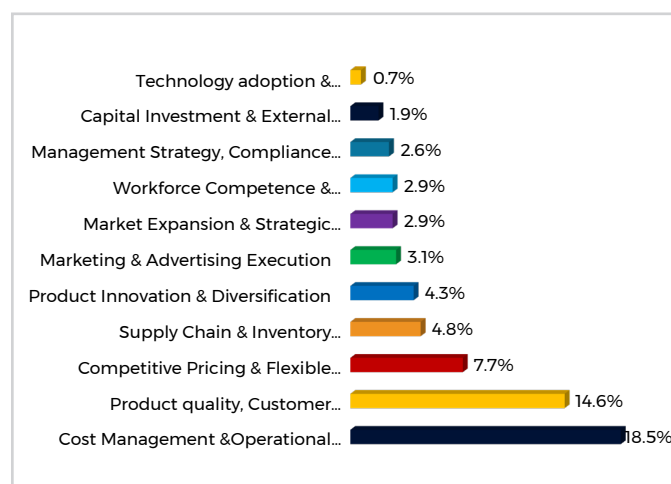
Regulatory and government interventions were also important, with businesses benefiting from measures such as duty relief, improved tendering processes, digitalisation of title deeds and

streamlined import licensing. Infrastructure and power availability was the least cited system-level enabler, although improvements in electricity reliability, reduced load shedding and access to gas and municipal utilities provided some businesses with greater operational stability.

4.2.2 Firm-level Enablers

At firm level, cost management and operational efficiency were the leading enablers, identified by 18.5% of firms (Figure 18). This suggests that businesses are actively responding to the operating environment by controlling costs, improving efficiency and making better use of available resources to sustain operations and protect margins. Product quality, customer retention and brand loyalty come second (14.6%), highlighting the importance of maintaining quality and strong customer relationships in supporting repeat business and sustaining demand.

Figure 18: Cost management and operational efficiency the most common firm level enabler



Other firm-level strategies included competitive pricing and flexible payment terms (7.7%), supply chain and inventory management (4.8%), and product innovation and diversification (4.3%). These findings indicate that firms are also strengthening resilience through pricing strategies, better management of stock and supplies, and adapting their product offerings to changing market conditions.

5 | ADAPTIVE STRATEGIES

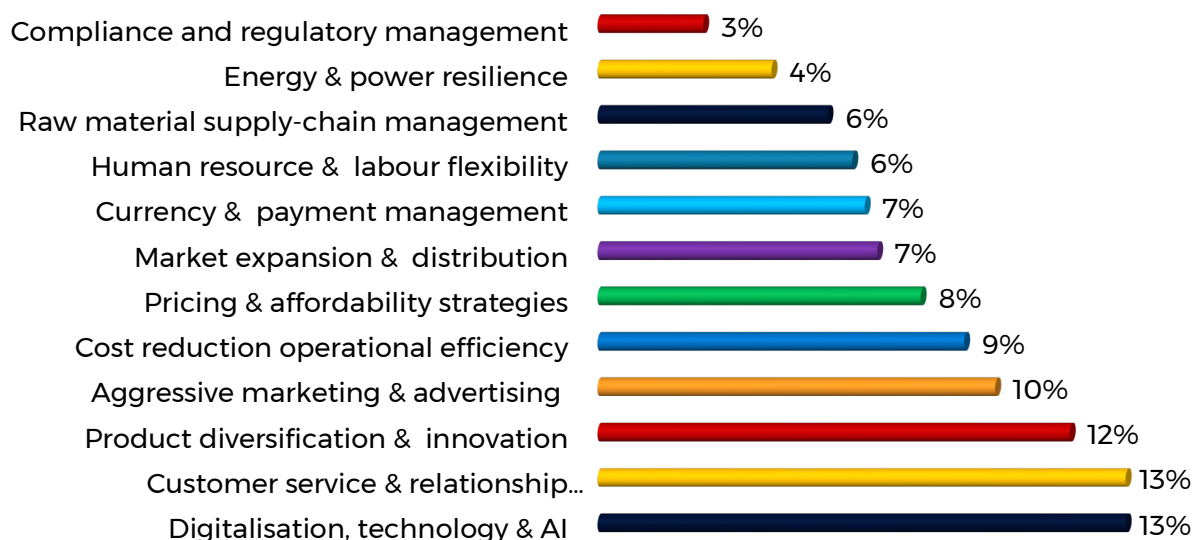
Firms are adopting a range of strategies to cope with the Zimbabwean operating environment. In response to these challenges, firms are employing a combination of cost containment, market expansion, technological adoption, product innovation and stronger customer engagement. The most frequently cited strategies were digitalisation and technology adoption and strengthening customer service and relationships, each accounting for 13% of responses (Figure 19). This shows that firms see resilience as tied to both internal efficiency gains and external relationship building. This dual focus dominance suggests firms are not only trying to cut costs but also to differentiate through customer loyalty and digital competitiveness.

Product diversification and innovation (12%), marketing and advertising (10%) are also common adaptive strategies. This highlights a proactive stance as firms are not just defending against shocks but actively seeking new revenue streams and brand visibility. Expansion into new markets/distribution channels (7%) complements this, showing firms are hedging against domestic volatility by broadening their reach.

Cost reduction/efficiency (9%) and pricing/affordability strategies (8%) remain important, but they rank below innovation and customer engagement. This could indicate that while firms are conscious of operational discipline, they recognize that growth and adaptability matter more than austerity alone in Zimbabwe's volatile environment. Firms are also adopting pricing and affordability strategies (8%) and expanding into new markets and distribution channels (7%) to maintain and grow their customer base.

Another notable strategy includes currency and payment management (7%), mainly the use of USD and dual pricing, tighter credit control and upfront payments. Human resources and labour flexibility (6%), including greater use of contract and casual workers is also a common strategy. This signals that firms are cautious about long-term commitments, preferring variable labour costs to cope with uncertainty. Though smaller in share (4%), investment in solar and alternative energy is also critical. It reflects firms' recognition that energy reliability is a binding constraint on production, and they are willing to invest to mitigate it.

Figure 19: Adaptive Strategies by firms to copy with the operating environment



6 | EMPLOYMENT GAINS EMERGE AS INVESTMENT RECOVERY REMAINS UNEVEN

The first half of 2026 delivered positive but uneven employment and investment outcomes. Firms created more permanent jobs than they shed, while capital expenditure reached a substantial aggregate value. However, employment gains were concentrated in a few sectors, casualisation remained high, and two-thirds of firms made no new investment. The emerging picture is one of selective expansion rather than a broad-based investment and employment boom.

6.1 Employment Recovery Gains Momentum Despite High Casualisation

On average, firms created three (3) permanent jobs and retrenched one (1) employee during the first half of 2026 (Table 1), producing a net gain of two (2) jobs per firm. New permanent jobs

were equivalent to 9% of the existing permanent workforce, compared with a 4% retrenchment rate, producing net employment growth of 5%. This is a positive signal that firms are cautiously expanding their workforce despite challenges.

The improvement remains qualified by the structure of employment. The average casualisation rate stood at 30%, meaning almost one-third of workers were employed on non-permanent terms. This means that nearly one-third of the workforce lacks job security, indicating that while firms are hiring, they are doing so in a way that limits long-term commitments. Labour demand is recovering, but the durability and quality of that recovery remain constrained by firms' continued reliance on flexible labour.

Table 1: Overall employment dynamics

Indicator	Average
New permanent jobs created	3
Permanent employees retrenched	1
New permanent jobs created as % of permanent employees	9%
Retrenchments as % of permanent employees	4%
Net employment growth	5%
Casualisation rate	30%

6.2 A Two-Speed Labour Market: Services Expand While Trade Sheds Jobs

Employment growth was concentrated in a few sectors rather than being broad-based across the economy. Transport recorded the strongest net employment growth at 16%, followed closely by Hospitality and Catering (14%), Other Services (11%), and Construction (10%) (Table 2). The financial sector also posted a solid 9% net increase, while Professional and Technical Consultancies recorded 7% growth. In contrast, Wholesale and Retail was the only sector to experience a net employment decline (-1%), reflecting the pressures faced by trade-oriented businesses, including weak demand, thin profit margins, competition from the informal sector, and the influx of smuggled imports.

Productive sectors registered moderate employment growth. Manufacturing recorded 4%

net employment growth, while Agriculture and Horticulture recorded 2%. Although these figures were lower than those achieved by the fastest-growing service sectors, they remain significant given the larger employment base and strategic importance of these sectors to economic activity and value addition.

The findings also point to a growing reliance on non-permanent forms of employment. Construction exhibited the highest level of casualisation at 42%, followed by Hospitality and Catering (38%), Manufacturing (31%), and Agriculture and Horticulture (28%). By comparison, the Financial sector had the lowest incidence of casual labour at 15%, suggesting greater employment stability. This pattern indicates that while several sectors are creating jobs, a significant proportion of new opportunities are increasingly being generated through less secure employment arrangements.

Table 2: Employment dynamics by sector

	New jobs per permanent staff	Retrenchments per permanent staff	Net employment	Casualisation
Agriculture and Horticulture	4%	2%	2%	28%
Manufacturing	8%	4%	4%	31%
Construction	11%	1%	10%	42%
Transport	22%	6%	16%	26%
Professional and Technical consultancy	11%	4%	7%	27%
Financial	10%	0%	9%	15%
Wholesale and Retail	5%	6%	-1%	27%
Hospitality and Catering	16%	2%	14%	38%
Other specify	12%	1%	11%	28%

Firm size confirms the scale effect. Large firms created six permanent jobs on average and recorded the strongest net employment growth, at 7% (Table 3). Medium firms created two jobs and achieved 5% net growth, while small firms created one job and recorded 4% net growth. Large firms were therefore the primary employers by headcount. Medium firms had the lowest casualisation rate at 25%, compared with 32% for both small and large firms. The pattern shows that large firms are the main drivers of employment growth, creating more jobs in absolute terms and achieving the highest net growth, which underscores their role as anchors of the labour market. However, their casualisation rate of 32%, which is similar to small firms, suggests that while they expand headcount, they rely heavily on non-permanent contracts, limiting job security. Medium firms, though creating fewer jobs overall, stand out with the lowest casualisation rate, indicating they provide relatively more stable employment. Thus, large firms contribute most to job creation but with higher precarity, while medium firms offer fewer jobs but of better quality.

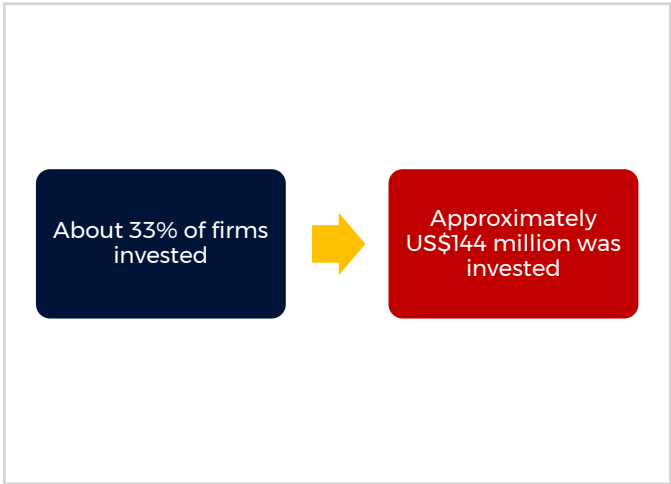
Table 3: Employment dynamics by firm size

Firm size	New jobs per permanent staff	Retrenchments per permanent staff	Net employment	Casualisation
Small	10%	5%	4%	32%
Medium	7%	2%	5%	25%
Large	8%	2%	7%	32%

6.3 Business confidence has recovered faster than broad-based investment

Investment confidence remained the exception rather than the rule. Only 33% of firms invested in machinery or other assets during the first half of 2026, while 67% made no capital commitment (Figure 20). Nevertheless, the firms that did invest reported a combined outlay of US\$143,729,169. This is a meaningful injection of productive capital, but it was concentrated in a minority of firms rather than signalling economy-wide retooling.

Figure 20: Significant investments were carried out in the first half of 2026

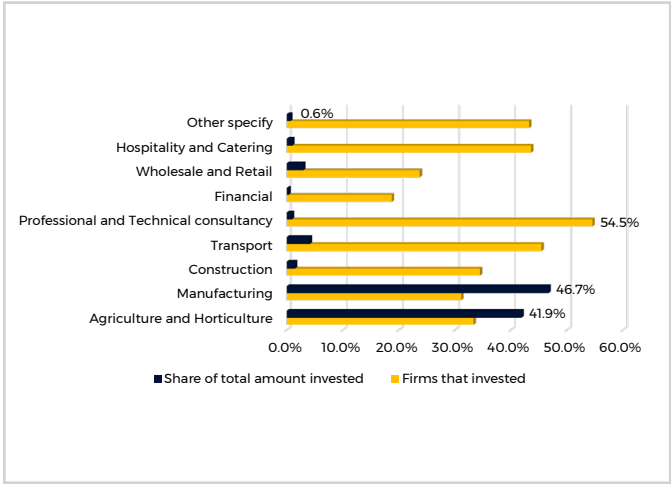


Investment participation and investment value tell different stories. The highest proportions of firms investing were recorded in professional and technical consultancy (54.5%), transport (45.5%), and hospitality and catering (43.6%), (Figure 21). These figures show broad participation within selected service sectors. By contrast, the value of investment was overwhelmingly concentrated in production: manufacturing accounted for 46.7% of total reported investment, while agriculture and horticulture accounted for 41.9%. Together, the two sectors contributed 88.6% of the total.

Manufacturing’s share was equivalent to approximately US\$67.15 million, making it the largest identified sectoral investor by value. Agriculture and horticulture contributed approximately US\$60.21 million. Only 31% of manufacturers and 33% of agricultural firms invested, but the projects undertaken were large.

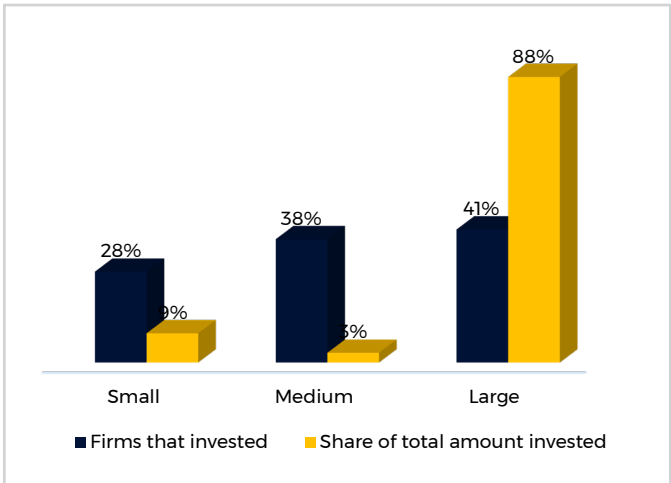
Conversely, professional services and hospitality had high participation rates but accounted for only 0.92% and 0.94% of investment value, respectively.

Figure 21: Investment participation and value distribution by sector



Firm size produced an equally clear concentration. Large firms had the highest investment participation rate (41%) and accounted for 88% of the total amount invested (Figure 22). Medium firms recorded 38% participation but only 3% of investment value, while small firms recorded 28% participation and 9% of value. The pattern indicates that balance-sheet strength, established cash flows and access to finance remain decisive in converting confidence into large capital projects.

Figure 22: Investment participation and value distribution by firm size



6.4 Growth Is Not Yet a Single Virtuous Cycle

The relationship between turnover, employment and investment varied considerably across sectors. Professional and Technical Consultancies showed relatively balanced growth: turnover rose by 12%, new jobs were equivalent to 11% of permanent employment, net employment grew by 7%, and the sector accounted for 0.9% of total investment value (Table 4). Hospitality and Catering also recorded gains in turnover (9%), new job creation (16%) and net employment (14%), while accounting for 1.0% of investment value. Its employment gains therefore appear to have required relatively little capital investment.

Transport followed a different pattern. Turnover declined by 1%, yet new jobs were equivalent to 22% of permanent employment, net employment rose by 16%, and the sector accounted for 4.1% of investment value. Firms may have been expanding

capacity ahead of expected demand, although the figures alone do not establish why hiring increased while turnover fell.

Agriculture and Horticulture and Manufacturing together accounted for 88.6% of total investment value, at 41.9% and 46.7% respectively, but recorded net employment growth of only 2% and 4%. This may reflect investment in equipment or other activities whose employment benefits take longer to emerge.

Wholesale and Retail showed the weakest employment outcome. Despite 2% turnover growth and a 2.9% share of investment value, net employment fell by 1%. Overall, higher turnover and investment did not consistently coincide with stronger employment growth. The differences point to the need to assess each sector's investment and hiring patterns separately.

Table 4: Turnover, employment and investment outcomes by sector

	Turnover change	New jobs / permanent staff	Net employment	Share of total investment
Agriculture and Horticulture	11%	4%	2%	41.9%
Manufacturing	4%	8%	4%	46.7%
Construction	8%	11%	10%	1.5%
Transport	-1%	22%	16%	4.1%
Professional and Technical consultancy	12%	11%	7%	0.9%
Financial	4%	10%	9%	0.3%
Wholesale and Retail	2%	5%	-1%	2.9%
Hospitality and Catering	9%	16%	14%	1.0%
Other specify	11%	12%	11%	0.6%

7 | CURRENCY, DOLLARISATION AND FOREIGN CURRENCY MARKET FUNCTIONING



7.1 The business environment is becoming more dollarised

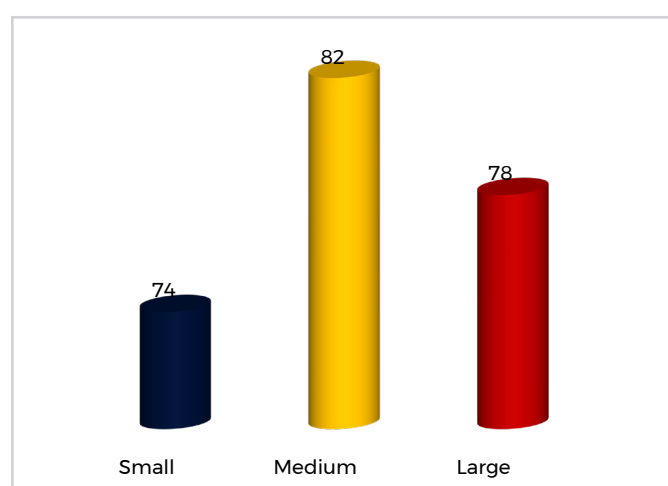
The level of dollarisation, measured by the proportion of business sales or turnover settled in US dollars relative to total sales, remains high and has increased significantly. Firms reported that, on average, 77.0% of their sales/turnover were settled in US dollars during the first half of 2026, compared with 63.5% during the first half of 2024. This represents an increase of 13.5 percentage points over a two year period.

On average, dollarisation of sales is about 77.0%

The US dollar remains the dominant settlement currency for business activity, despite efforts to promote greater use of the ZiG. Confidence in, and reliance on, the US dollar remain deeply embedded in business transactions, particularly in pricing and settlement. Consequently, there remains a substantial gap between the current currency composition of business transactions and the objective of transitioning to a monocurrency regime. Addressing this gap will require continued efforts to strengthen confidence in the local currency, maintain exchange rate and price stability, improve the availability and efficiency of formal foreign-exchange markets, and create conditions that encourage businesses to increasingly transact in ZiG.

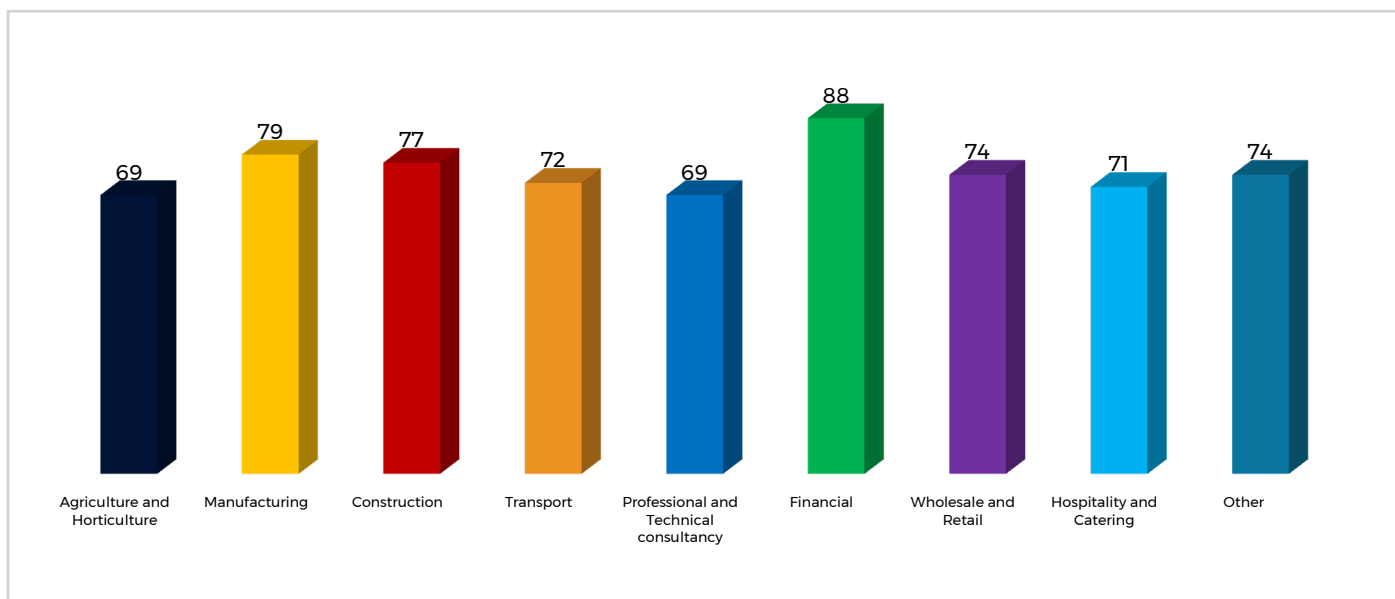
Analysis by size of the firm reveals that all firms despite their sizes, recorded most of their sales/turnover in USD. About 78% of sales or invoices for large firms were settled in USD in the first half of 2026. Medium sized firms also transacted mostly using the USD as indicated by the percentage of sales/turnover at around 82% (Figure 23).

Figure 23: Dollarisation is high across all business sizes



Further analysis by sector highlights that the financial and the manufacturing sector tops in terms of settling transactions in USD as reflected by the proportion of their sales of about 88% and 79% respectively (Figure 24). However, the agriculture & horticulture and the professional & technical consultancy sector recorded a lower proportion (69%) of sales that were settled in USD as compared to other sectors in the first half of 2026.

Figure 24: Across all sectors above 60% of their sales were settled in USD



7.2 Sources of Businesses' foreign currency requirements

The data shows that firms in Zimbabwe overwhelmingly rely on domestic USD sales (84%) as their primary source of foreign currency, underscoring the importance of local market transactions in sustaining liquidity. Formal channels such as banks and the interbank market (10%) play only a minor role, while export proceeds (3%) and the parallel market (2%) are negligible. This highlights limited integration with external markets and weak export-driven forex inflows. This pattern suggests that businesses are largely self-funding their foreign currency needs through domestic demand, rather than depending on institutional or external sources, which both reflects resilience but also exposes them to risks of domestic demand fluctuations and policy shifts in currency regulation.



An analysis of the sources of foreign currency by sector indicates that domestic sales denominated and settled in US dollars were the dominant source of foreign currency across sectors (Figure 26). The professional & technical consultancy sector recorded the highest reliance on domestic USD sales, with 89% of their foreign currency, being sourced through domestic sales settled in US dollars. This highlights the continued importance of domestic USD transactions as a key source of foreign currency across business sectors.

Figure 25: About 84% of foreign currency by business is generated from domestic sales

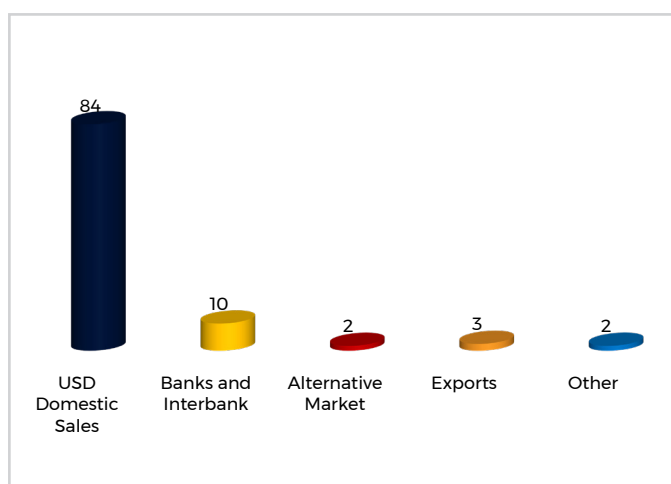
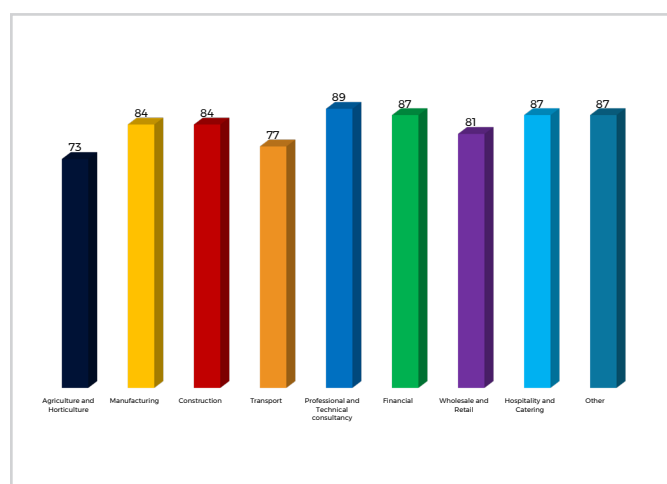


Figure 26: Across all the sectors, USD domestic sales is the major forex source (%)



8 | TECHNOLOGY, SUSTAINABILITY & BUSINESS TRANSFORMATION

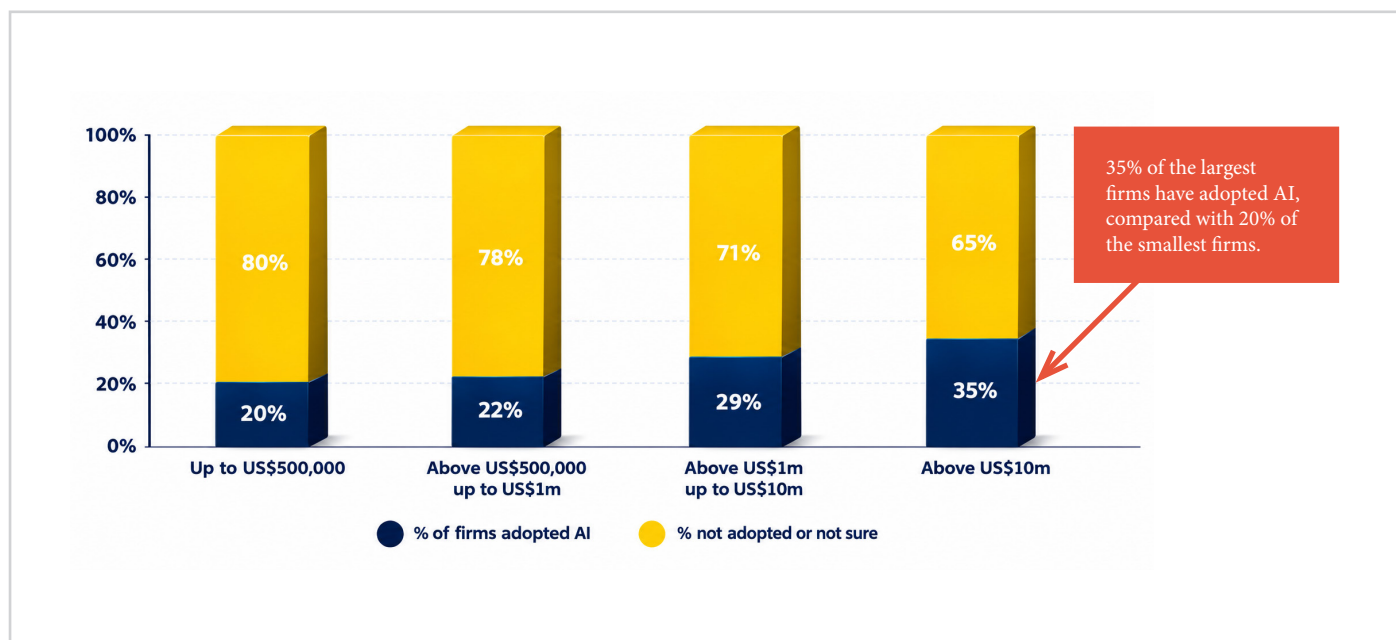
8.1 Which businesses are adopting AI?

AI adoption among businesses remains relatively low, with only 22.6% of firms reporting that they have adopted artificial intelligence (AI). This suggests that, despite the growing importance of AI in improving productivity, efficiency, decision-making, and competitiveness, adoption is still at an early stage across much of the business community. Most firms have either not yet adopted AI or remain uncertain about its use, pointing to potential barriers such as limited financial resources, a lack of technical skills and expertise, inadequate digital infrastructure, and uncertainty about the benefits of AI. The relatively low overall adoption rate therefore highlights significant scope for further uptake as businesses become more familiar with AI technologies and their potential applications.

AI adoption is positively associated with firm size,

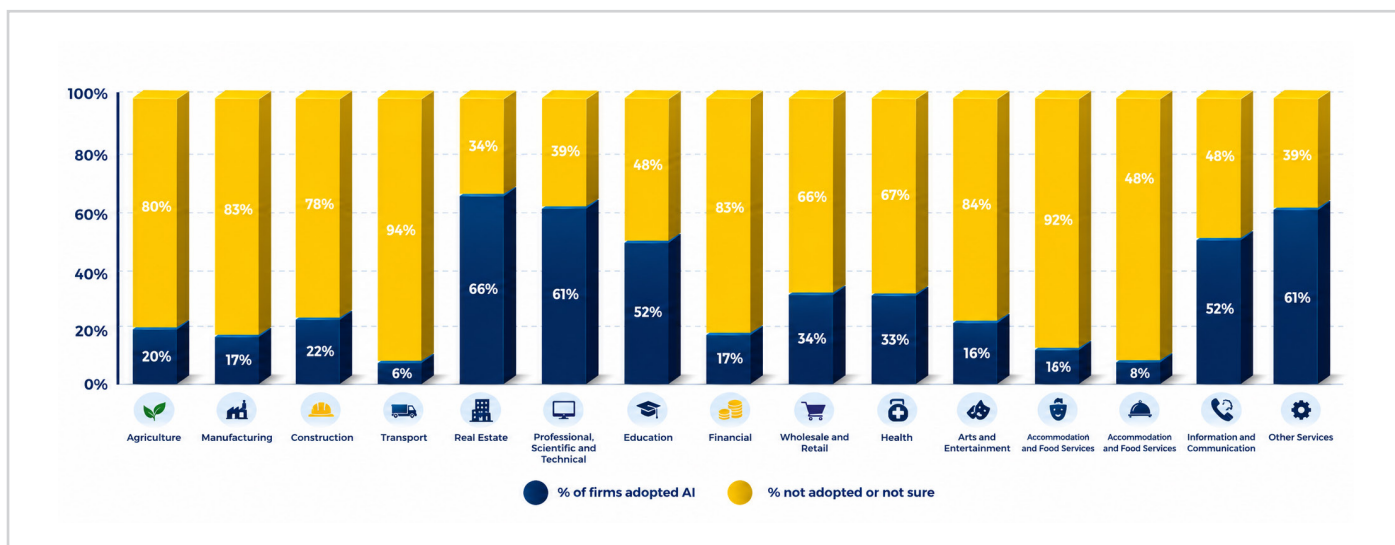
indicating that larger businesses are more likely to have the resources and capabilities needed to implement AI (Figure 27). Among firms with turnover of up to US\$500,000, only 20% have adopted AI, compared with 22% of firms with turnover above US\$500,000 and up to US\$1 million. Adoption rises further to 29% among firms with turnover above US\$1 million and up to US\$10 million, reaching 35% among the largest firms with turnover above US\$10 million. The pattern points to a clear size effect: as firms become larger, AI adoption becomes more prevalent. Larger firms may have greater financial capacity, access to skilled personnel, stronger digital capabilities, and more opportunities to invest in and integrate AI into their operations. The findings suggest that smaller firms are at greater risk of lagging in AI adoption, highlighting the importance of measures that can improve their access to technology, skills, finance, and technical support.

Figure 27: AI adoption increases with firm size



AI adoption varies considerably across sectors, with professional and technical services recording the highest adoption rate at 77%, followed by real estate at 60%. Adoption is also relatively strong in financial services (53%), ICT Services (50%), advertising and marketing (50%), and other sectors (55%). By contrast, adoption remains more limited in retail (33%), hospitality (22%), construction (23%), agriculture (20%), manufacturing (17%), and wholesale (17%). Transport records particularly low adoption at just 5%, while catering reports no AI adoption among firms surveyed. The results indicate a significant variation in AI uptake across sectors, with knowledge-intensive and professional activities generally showing higher adoption, while several traditional and consumer-facing sectors continue to lag (Figure 28).

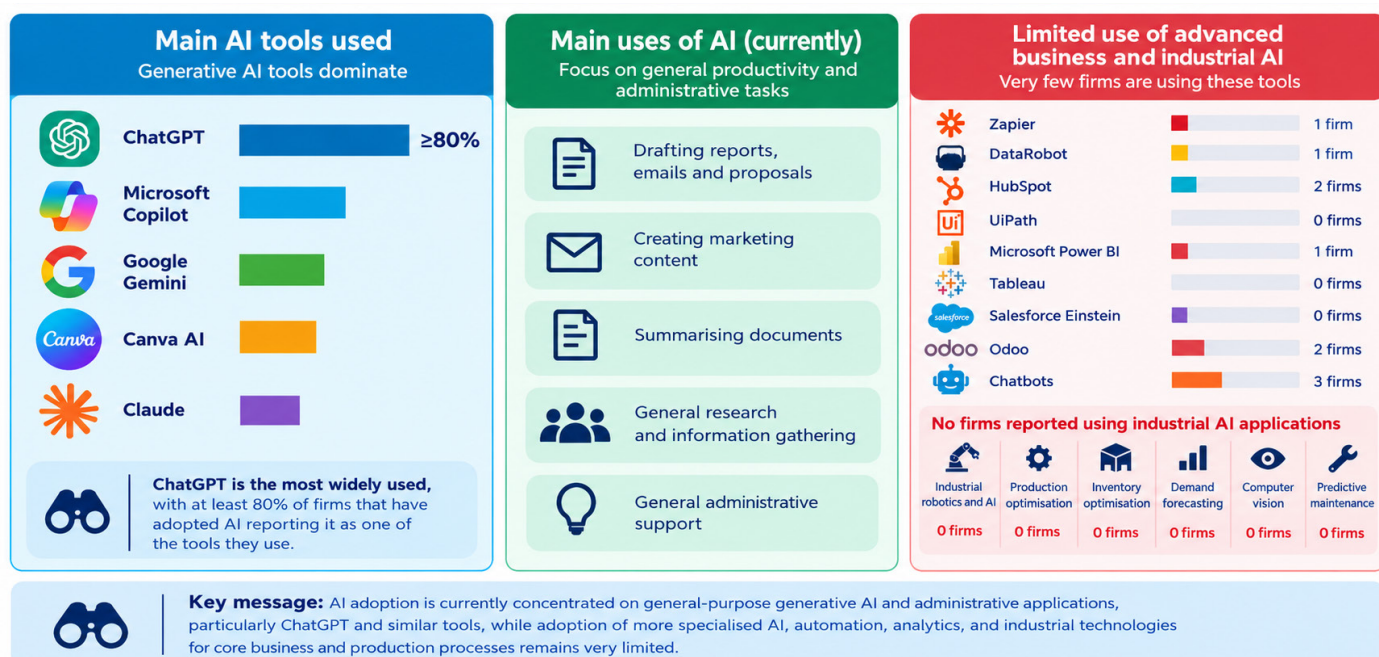
Figure 28: Professional and technical services and real estate lead in AI adoption



8.2 Which AI tools are being utilised by the few adopters?

The major AI tools used by adopting firms include generative AI platforms such as ChatGPT, Microsoft Copilot, Google Gemini, Canva AI, and Claude. Among these, ChatGPT is by far the most widely used, with at least 80% of firms that have adopted AI reporting it as one of the tools they use. However, the use of these technologies remains largely focused on general-purpose productivity and administrative tasks, including drafting reports, emails and proposals, creating marketing content, and summarising documents. More advanced business and industrial AI applications remain largely absent. There is limited evidence of firms using tools such as Microsoft Power Automate, Zapier, DataRobot, HubSpot, UiPath, Microsoft Power BI, Tableau, Salesforce Einstein, and specialised manufacturing and industrial AI solutions. In particular, no firm reported using industrial AI applications such as industrial robotics, production optimisation, inventory optimisation, demand forecasting, computer vision, or predictive maintenance. The findings generally suggest that AI adoption is currently concentrated on general-purpose generative AI and administrative applications, particularly ChatGPT and similar tools, while adoption of more specialised AI, automation, analytics, and industrial technologies for core business and production processes remains very limited (Figure 29).

Figure 29: Adopted AI tools are currently concentrated on general-purpose AI



8.3 Are AI-adopting firms reporting measurable performance benefits?

The responses from the AI adopting firms indicate that AI is already generating a largely positive impact on business performance, particularly through improvements in efficiency, productivity, speed, and cost reduction. A recurring theme is that AI has reduced the time required to complete tasks, eased administrative workloads, accelerated report writing and decision-making, and enabled faster responses to customers and enquiries. Firms also report improvements in marketing, customer engagement, data analysis, forecasting, communication, and access to new markets, with some firms noting increased sales and the ability to reach new customer groups. In operational and production activities, AI has contributed to higher output, improved product quality, reduced errors and wastage, better production planning, reduced downtime, and more effective stock control. Some firms also reported benefits in areas such as fault diagnosis, fraud detection, financial modelling, and workplace safety. However, the responses also reveal that the impact is not yet universal or fully realised: a few firms reported low or no impact, while others indicated that AI adoption is still at an early stage or that they lack sufficient knowledge and understanding of technology, particularly industrial AI.

While firms using AI report a range of positive benefits, these findings should be interpreted with caution, as they are largely based on firms’ perceptions and qualitative assessments rather than quantitative measurements of the actual impact of AI adoption. Although respondents report improvements in efficiency, productivity, cost savings, service delivery, and decision-making,

the magnitude and economic significance of these impacts have not yet been quantitatively established. Further analysis is therefore required to measure the actual effects of AI adoption on key business outcomes, such as productivity, costs, sales, profitability, employment, and output, among AI-adopting firms.

8.4 What barriers are slowing AI uptake?

The challenges reported by firms can be grouped into several key themes (Figure 30). Financial and investment constraints emerge as a major barrier, with firms citing high implementation and software costs, limited budgets, cash-flow difficulties, and the substantial capital investment required for technology upgrades and AI-enabled equipment. Skills, knowledge and AI literacy gaps are also prominent, including limited technical expertise, inadequate training, shortages of personnel with the necessary skills, and low awareness of available AI technologies. Digital infrastructure and technology readiness present another significant barrier to adoption, particularly unreliable electricity and internet connectivity, poor data systems, non-digital data, expensive IT equipment, and outdated machinery that cannot readily support AI integration. Business relevance and organisational readiness also matter, as some firms consider AI unsuitable for their industry, have no immediate business need for it, are still exploring how to integrate it into existing systems, or face resistance to change among employees. Finally, risk, governance and uncertainty remain important concerns, including uncertainty about returns on investment, data privacy and confidentiality, AI governance, ethical issues, and uncertainty about the extent to which AI may replace existing manual processes.

Figure 30: Several barriers prohibit firms from adopting AI

Financial and Investment Constraints	Skills, Knowledge and AI Literacy Gaps	Digital Infrastructure and Technology Readiness	Business Relevance and Organisational Readiness	Risk, Governance and Uncertainty
High implementation and software costs	Limited technical expertise	Unreliable internet connectivity	AI seen as not relevant or suitable for the industry	Data privacy and confidentiality concerns
Limited budgets	Inadequate training	Unreliable electricity supply	No immediate business need	Ethical issues
Cash-flow difficulties	Shortage of skilled personnel	Poor data systems and non-digital data	Challenges integrating AI with existing systems	Lack of clear regulations and governance
Substantial capital investment required	Low awareness of available AI technologies	Expensive IT equipment	Resistance to change among employees	Uncertainty about returns on investment
Cost of technology upgrades and AI-enabled equipment	Lack of experience in implementing AI	Outdated machinery and systems	Still exploring how to use AI	Concerns about job displacement
	Limited understanding of how to use AI effectively	Limited access to suitable digital infrastructure	Unclear business case or how to start	Potential risks and unreliability of AI outputs

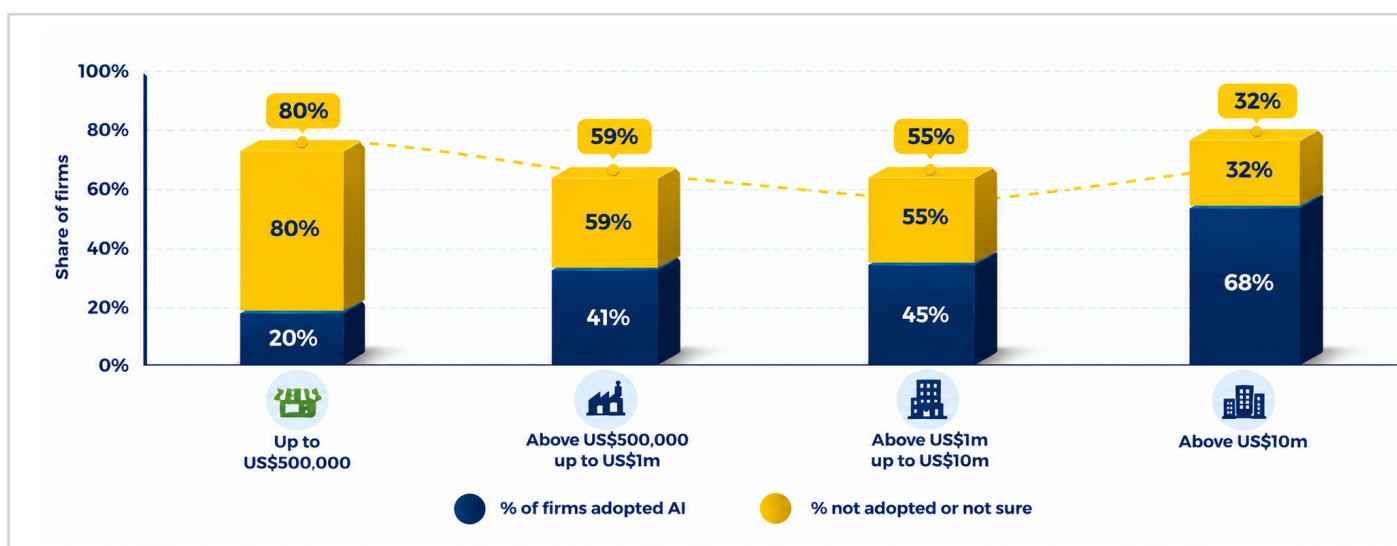
8.5 Are businesses embedding sustainability into strategy?

Sustainability integration remains relatively limited among firms, with about 40% of businesses reporting that they incorporate sustainability considerations into their operations. This indicates that while a significant proportion of firms are beginning to recognise the importance of environmental, social, and broader sustainability considerations, the majority have yet to fully embed these issues into their day-to-day business activities. The findings suggest that sustainability is becoming increasingly relevant to business decision-making, but its integration is still at an early stage across much of the business community.

The extent of sustainability integration increases consistently with firm size, revealing a clear positive relationship between business scale and

the adoption of sustainability practices (Figure 31). Only 35.5% of firms with turnover of up to US\$500,000 reported integrating sustainability into their operations, compared with 41.1% of firms with turnover above US\$500,000 and up to US\$1 million and 45.3% of firms with turnover above US\$1 million and up to US\$10 million. Among the largest firms, with turnover above US\$10 million, the proportion rises sharply to 68.4%. This suggests that larger firms are considerably more likely to embed sustainability into their operations, potentially reflecting their greater financial resources, organisational capacity, and ability to invest in sustainability-related initiatives. Overall, the results point to a significant sustainability integration gap between smaller and larger firms, with smaller businesses requiring greater support and capacity to incorporate sustainability into their operations.

Figure 31: Sustainability integration increases with firm size

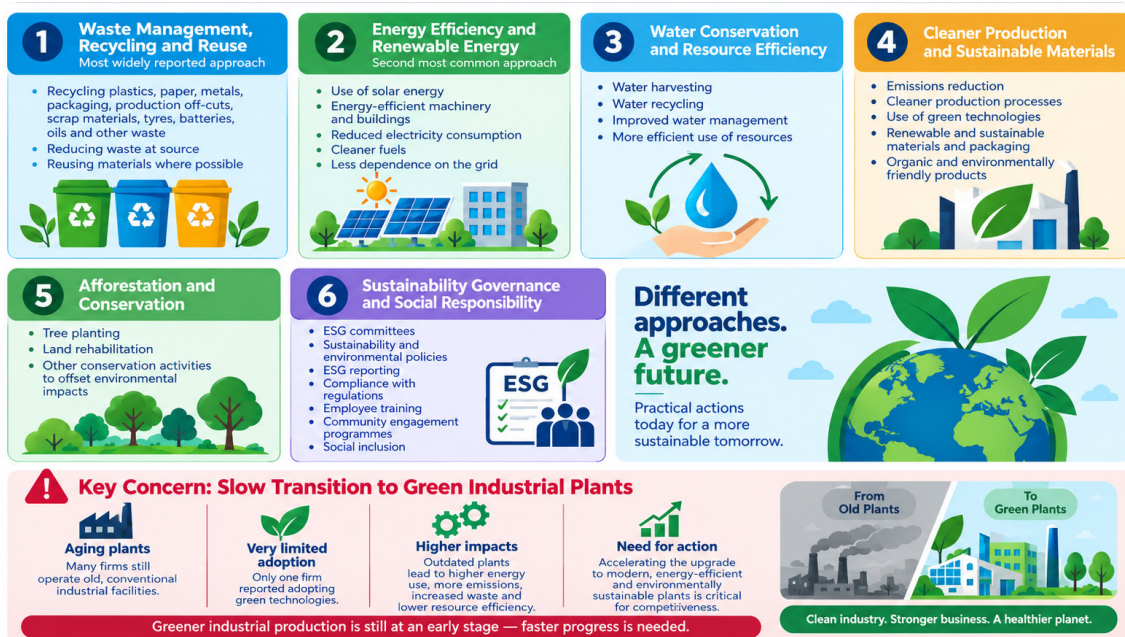


8.6 How is sustainability integrated by firms?

Firms are integrating sustainability through a range of practical environmental, operational, and governance-related measures, with waste management, recycling, and reuse emerging as the most widely reported approaches (Figure 32). Many firms report recycling plastics, paper, metals, packaging, production of cuts, scrap materials, tyres, batteries, oils, and other waste, while others focus on reducing waste at source and reusing materials where possible. Energy efficiency and the transition to cleaner and renewable energy form the second major approach, with firms reporting the use of solar energy, energy-efficient machinery and buildings, reduced electricity consumption, cleaner fuels, and efforts to reduce dependence on the grid. Water conservation and resource efficiency are also prominent, including water harvesting, water recycling, improved water management, and more efficient use of resources.

A further group of firms is integrating sustainability through emissions reduction, cleaner production, and environmentally friendly products and materials, including the adoption of green technologies, renewable materials, sustainable packaging, organic products, and more efficient production processes. Afforestation, land rehabilitation, and other conservation activities also feature prominently, particularly among firms seeking to offset environmental impacts and protect natural resources. In addition, some firms are moving beyond operational measures towards formal sustainability governance and social responsibility, including ESG committees, sustainability and environmental policies, ESG reporting, compliance with environmental regulations, employee training, community engagement, and social inclusion.

Figure 32: How firms are integrating sustainability



The main concern, however, is the slow transition from ageing and conventional industrial plants to modern, cleaner, and more environmentally sustainable production facilities. Although many firms report adopting individual sustainability practices, such as recycling, waste reduction, energy efficiency, and the use of solar energy, there appears to be very limited adoption of green technologies at the plant and production-system level. This is particularly concerning for industrial firms, where outdated machinery and production facilities can contribute to higher energy consumption, greater emissions, increased waste, and lower resource efficiency. The survey results reinforce this concern, as only one firm explicitly reported adopting green technologies, suggesting that the shift

towards greener industrial production remains at a very early stage. Accelerating the replacement or upgrading of ageing industrial plants with modern, energy-efficient and environmentally sustainable technologies will therefore be critical for improving resource efficiency, reducing environmental impacts, and strengthening the long-term competitiveness of firms.



8 | BUSINESS OUTLOOK: FIRMS BET ON RECOVERY

9.1 Enterprise Confidence Surges Ahead of the Economy

Firm-level sentiment for the remainder of 2026 remained strongly positive. More than three-quarters of respondents (77%) expected their businesses to improve, compared with 18% who anticipated no change and only 5% who expected performance to worsen. The balance of sentiment therefore points decisively towards business expansion rather than stagnation.

Investment behaviour provides further evidence of this confidence. Firms that invested were considerably more optimistic than non-investors, with 85% expecting improved performance, compared to 73% among firms that did not invest (Table 5). At the same time, investors were less likely to expect either stable conditions (12% versus 22%) or deterioration (3% versus 6%). This suggests that investment is both an expression of confidence in future market conditions and a mechanism through which firms position themselves to capture anticipated growth opportunities.

Table 5: Company forecast for the remainder of 2026

Forecast	All firms	Firms that invested	Firms that did not invest
Improve	77%	85%	73%
Worsen	5%	3%	6%
Remain the same	18%	12%	22%

The optimism is underpinned by four broad drivers:

- stronger demand and customer growth;
- seasonal increases in activity associated with the festive period, summer, agriculture, tourism and school calendars;
- market expansion through new customers, contracts and geographic reach;
- investments in productive capacity, including machinery, equipment, automation and new product lines.

Supporting these firm-level growth strategies is a relatively stable macroeconomic environment, particularly exchange rate and price stability, which has improved businesses' ability to plan, budget and make investment decisions with greater confidence.

Collectively, these findings indicate that business confidence is being driven not only by expectations of continued economic stability, but also by tangible growth opportunities at the firm level.

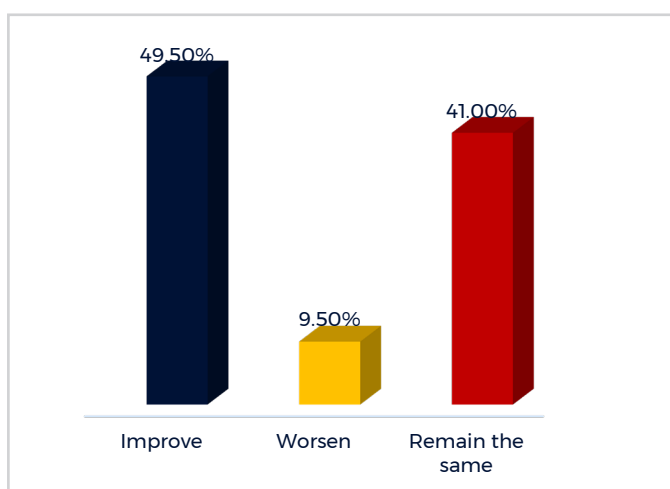
Many respondents cited stronger order books, expanding customer bases, new business contracts and ongoing market development initiatives, suggesting that a significant share of the optimism is rooted in factors within management's control and visible improvements in business activity.

The factors underpinning more cautious outlooks were equally consistent. Firms expecting conditions to remain unchanged or deteriorate are worried about high operating costs, fuel price volatility, weak consumer purchasing power, competition from informal and smuggled products, policy inconsistency, and limited access to working capital. External and regional developments were viewed as both risks and opportunities. While some respondents highlighted the potential benefits of improved regional economic activity, investment flows and market opportunities, others expressed concern about the potential impact of global instability on costs, supply chains and broader business confidence.

9.2 Businesses Expect Stability and Gradual Economic Improvement

At the macroeconomic level, sentiment remained positive but considerably more measured than at the firm level. Nearly half of respondents (49.5%) expected Zimbabwe's economic environment to improve over the remainder of 2026, while 41.0% anticipated no significant change with only 9.5% expecting conditions to worsen (Figure 33). The dominant expectation, therefore, is one of continued stability and gradual progress rather than rapid economic acceleration, reflecting a business community that is increasingly confident in the economy's resilience but remains cautious about the pace of recovery and growth.

Figure 33: Macroeconomic forecast for the remainder of 2026



The expectation of improvement was primarily driven by currency, exchange rate and inflation stability, which respondents viewed as critical for restoring the ability to price products, prepare budgets and plan business operations with greater certainty. Respondents also pointed to continued momentum in mining, agriculture and infrastructure development, as well as improvements in power availability and easing fuel prices, as important factors supporting economic activity and business confidence.

At the same time, persistent concerns around high operating costs, weak policy implementation, liquidity constraints, taxation and infrastructure shortcomings help explain why 41.0% of respondents expected the economic environment to remain broadly unchanged rather than improve. The qualitative evidence therefore points to an economy that has largely stabilised but has yet to deliver broad-based improvements across the business landscape.

While stability itself represents a significant achievement, particularly after periods of heightened volatility, its ability to translate into stronger economic growth remains constrained by structural challenges. Continued momentum in mining and agriculture is providing important support to economic activity, while infrastructure and utility services remain both potential enablers of future growth and ongoing constraints on business performance. The prevailing outlook is therefore one of stability with modest progress, rather than a rapid or broad-based economic expansion.

10 | CONCLUSION

The first half of 2026 paints a picture of cautious optimism for Zimbabwean industry. Firms reported growth in trading volumes and turnover, supported by relative price stability, stronger domestic demand, and improved revenue generation capacity at the macro level. Corporate tax collections surged, reflecting higher profitability, while employment expanded modestly, led by large firms. These developments highlight resilience and adaptability in the face of persistent challenges, with businesses actively pursuing strategies such as digitalisation, customer engagement, product diversification, and energy investments to sustain operations.

The survey results suggest that firms are not only surviving but are positioning themselves for longer-term competitiveness, even as external shocks, particularly energy price volatility from geopolitical tensions, continue to weigh on costs and supply chains. However, this improvement remains qualified by structural vulnerabilities.

High casualisation rates, limited export-driven foreign currency inflows, and uneven sectoral performance underscore fragility in the business ecosystem. Small firms, which dominate the landscape, continue to struggle with negative turnover growth, constrained access to finance, and exposure to import competition, while medium firms emerge as a potential “sweet spot” for both growth and decent work. Gender imbalances in leadership and persistent operational challenges, ranging from competition with the informal sector to rising logistics costs, further highlight areas where inclusive and supportive policy interventions are needed.

Overall, the first half of 2026 demonstrates that while Zimbabwean firms are resilient and innovative, their growth trajectory will depend heavily on targeted reforms that strengthen stability, competitiveness, and inclusiveness across the industrial landscape. If the ongoing regulatory reform process gets completed during the remainder of 2026, the momentum into 2027 would even be greater.





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