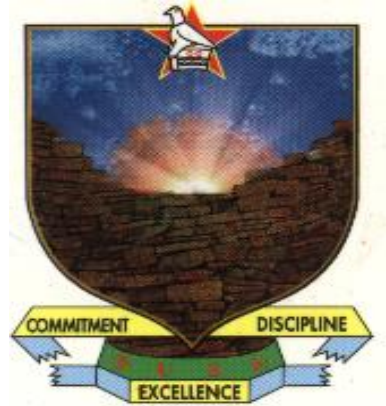


BINDURA UNIVERSITY OF SCIENCE EDUCATION



FACULTY OF COMMERCE

DEPARTMENT OF BANKING AND FINANCE

**An Investigation On The Impacts Of Remittance Inflow On Economic Development In
Zimbabwe.**

B190669A

A RESEARCH PROJECT SUBMITTED TO BINDURA UNIVERSITY OF SCIENCE
EDUCATION IN PARTIAL FULFILL OF THE BACHELOR OF COMMERCE HONOURS
DEGREE IN BANKING AND FINANCE.

2023

DECLARATION

I declare that the work presented in this research is my original work and it reflects the best knowledge of mine. I have acknowledged the works of others by highlighting their contributions. I have not submitted this work previously or currently to any institution.

RELEASE FORM

STUDENT NUMBER: **B190669A**

PROJECT TITLE: AN INVESTIGATION ON THE IMPACTS OF REMMITANCE
INFLOW ON ECONOMIC DEVELOPMENT IN ZIMBABWE.

DEGREE: BACHELOR OF COMMERCE HONOURS DEGREE IN BANKING AND
FINANCE

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APPROVAL FORM

The undersigned certify that they have supervised, read and recommend to the Bindura University of Science Education for acceptance a research project entitled: **AN INVESTIGATION ON THE IMPACTS OF REMMITANCE INFLOW ON ECONOMIC DEVELOPMENT IN ZIMBABWE.**

Submitted by **(B190669A)** in partial fulfilment of the requirements of the Bachelor of commerce honours degree in banking and finance

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DEDICATION

This project is dedicated to my family especially my beloved sister, my mother, my uncle and Blessed Chamunorwa for your support throughout my studies. Your support is greatly appreciated.

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First and foremost, I want to thank my project supervisor, for his long-lasting support for this dissertation. He has a special talent for making a student feel competent and intelligent while at the same time he smoothly corrected basic problems in the work. Even the brief discussions have always been valuable. Special appreciation goes to my family for their encouragement and financial support. My sincere gratitude goes to my friends for their encouragement and support. Above all, I would like to thank the Almighty God for guiding and protecting me through-out this study.

ABSTRACT

The study was looking at investigating the impacts of remittance inflow on the economic development of Zimbabwe. The research was conducted based on four objectives that were; to examine the relationship between remittance inflow and economic development in Zimbabwe, to identify the factors that influence the impact of remittance inflow on economic development which include exchange rate, government policies, to assess the potential challenges associated with remittance inflow in Zimbabwe and to provide policy recommendations to enhance the impacts of remittance inflows. The researcher used the Sekeran model to come up with the sample size of 384 respondents. The research methodology followed both qualitative and quantitative designs. Questionnaires and interview guides were used as data generation tools. The study revealed that there is a positive and statistically significant relationship between remittance inflow and economic development and is mediated by factors such as financial sector development, income inequality, living standards and government efforts. It further revealed that effective policies and collaboration between different stakeholders and effective governance and regulation are key to maximising the positive impact of remittance inflows on economic development in Zimbabwe. The study recommends that, to maintain and increase remittance inflows into Zimbabwe, policy makers should focus on improving the economic conditions in the host country and implement policies that promote exchange rate and political stability. The study has shown that further studies into the impact of remittance inflow on social and cultural practices should be carried out.

ACRONYMS AND ABBREVIATION

| | |
|------------------|---|
| COVID- 19 | Corona virus disease 2019 |
| GDP | Gross domestic product |
| UNDP | United nations development programme |
| HDI | Human development Index |
| MPI | Multidimensional poverty index |
| DRC | Democratic republic of Congo |
| IOM | international organisation for migrants |
| SME | Small – medium enterprises |
| SPSS | Statistical package for the social sciences |
| IMF | International monetary fund |

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CHAPTER 1: INTRODUCTION

1.0 Introduction

The inflow of remittances has now become an increasingly vital source of outside investment for developing nations, with Zimbabwe being no exception. Remittances are defined as transfers of money or goods by migrants to their home countries, and they are often sent to support family members or to invest in local businesses. The World Bank estimates that remittance inflows to Zimbabwe reached \$1.36 billion in 2020, making it one of the largest recipients of remittances in Sub-Saharan Africa (World Bank, 2021) . The significance of remittances in Zimbabwe is further highlighted by the country's economic challenges, which include high unemployment, persistent inflation, and foreign currency shortages. Transfers have become a critical source of foreign currency, providing a lifeline to many households and businesses.

1.1 Background

Remittances have occurred as a critical source of external finance for many developing nations. These transfers of money from migrants to their families and communities in their home countries have become an essential foundation of income for many households, and they have become an important source of external finance for many countries. The impact of remittance inflows on economic development has been a topic of interest at various levels.

At international level, World Bank estimates that global remittance flows reached \$689 billion in 2018, with developing countries receiving about \$529 billion. Remittances often surpass other sources of finance for example foreign direct investment. The importance of remittance inflows has been recognized by the international community, and the United Nations has included remittances in its Sustainable Development Goals, recognizing their potential to reduce poverty, improve access to education and healthcare, and promote economic growth. Remittances are also essential for the balance of payments of many developing countries. In some cases, remittance inflows can exceed other sources of foreign exchange earnings, such as tourism and exports. For example, in 2019, remittance inflows surpassed oil revenues in Nigeria. However, the impact of remittances is not straightforward. While remittance inflows can provide much-needed support for households and businesses, they can also have negative effects. For instance, remittance inflows can lead to currency appreciation, which can harm export competitiveness and hinder economic

growth. In addition, remittance inflows can create a dependence on external finance, which can make the country vulnerable to external shocks. For instance, the COVID-19 pandemic led to a decline in remittance inflows, which affected the livelihoods of many households and businesses in Africa. Therefore, policies that promote economic diversification and reduce dependence on remittance inflows are essential for sustainable economic development.

At the continental level, sub-Saharan Africa is one of the largest recipients of remittance inflows, with estimated inflows of \$48 billion in 2019. Remittances often provide a lifeline to households and businesses. While remittance inflows can provide much-needed support for households and businesses, they may not be contributing to the growth of industrious sectors of the economy. In addition, factors such as the financial literacy levels, access of financial services and the macroeconomic conditions can be an effect to remittance being the cause of economic development.

At the regional level, Zimbabwe is one of the largest recipients of remittance inflows in sub-Saharan Africa, with estimated inflows of \$1.36 billion in 2020. Remittance inflows have become a lifeline for many households and businesses in Zimbabwe, providing much-needed support in the face of economic challenges such as high unemployment, inflation, and foreign currency shortages. However, the impact of remittance inflow on economic development in Zimbabwe is not fully understood, and more research is needed to better understand the channels through which the inflow of remittances affects economic development of a nation. Several studies have been carried out on this topic, for example, a study by Chikava and Matingwina (2020) showed that remittance inflows had a positive effect on economic growth in Zimbabwe. However, the study also noted that they can lead to currency appreciation, which can harm export competitiveness and hinder economic growth. Kaur and Singh (2019) also discovered that remittances have a positive effect on household consumption in Zimbabwe, but did not have a significant impact on investment and economic evolution.

Mberengwa and Moyo (2018) also did the study and came up with the findings that remittance inflows in Zimbabwe are often used for consumption rather than investment in productive activities. This can limit the long-term development impact of remittances, as they may not be contributing to the growth of productive sectors of the economy.

1.2 Statement of the problem

The problem statement is supported by existing literature on the impact of remittance inflow on economic development in Zimbabwe, for instance, Chikava and Matingwina (2020) found that remittance inflows had a positive effect on economic growth in Zimbabwe. However, the study also noted that remittance inflow can lead to currency appreciation, which can harm export competitiveness and hinder economic growth. Similarly, a study by Kaur and Singh (2019) found that remittance inflows had a positive effect on household consumption in Zimbabwe, but did not have a significant impact on investment and economic growth. Furthermore, a study by Mberengwa and Moyo (2018) highlighted that remittance inflows in Zimbabwe are often used for consumption rather than investment in productive activities. This can limit the long-term development impact of remittances, as they may not be contributing to the growth of productive sectors of the economy.

Overall, these studies suggest that while remittance inflows can provide much-needed support for households and businesses in Zimbabwe, their impact on economic development is complex and depends on a variety of factors including how they are used and the macroeconomic conditions in the country. Therefore, further empirical research is required to better understand the impact of remittance inflow on economic development in Zimbabwe.

1.3 Purpose of the study

The purpose of this study was to investigate the impacts of remittances on economic development in Zimbabwe.

1.4 Research Objectives

the study aims at looking into the following:

- To examine the relationship between remittance inflow and economic development in Zimbabwe.
- To identify the factors that influence the impact of remittance inflow on economic development in Zimbabwe.
- To assess the potential challenges associated with remittance inflow in Zimbabwe

- To provide policy recommendations to enhance the impacts of remittance inflows on economic development.

1.5 Research Questions

- What relationship is there between remittances and economic development in Zimbabwe?
- What are the factors that influence the impact of remittance inflow on economic development in Zimbabwe?
- What are potential challenges associated with remittance inflow in Zimbabwe?
- What policies and interventions have been implemented in Zimbabwe to promote the productive use of remittance inflows, and what has been their impact?

1.6 Hypothesis

- Hypothesis H₀: Remittance inflows have a positive impact on economic growth and development in Zimbabwe, as measured by indicators such as GDP, employment, and poverty reduction.
- Hypothesis H₁: Factors such as access to financial services, business networks, and market opportunities significantly influence the decision of businesses in Zimbabwe to use remittance inflows for productive activities such as agriculture and SME development.
- Hypothesis H₂: Policy interventions such as financial education programs, investment incentives, and support for SME businesses can maximize the positive impact of remittance inflows on economic development in Zimbabwe.

1.7 Assumptions

- Remittances have a positive impact on economic development: This assumption suggests that remittance inflows are generally beneficial to the economy of the recipient country, as they provide a source of external finance that can support economic growth and development.
- Remittance inflows are primarily used for productive activities: This assumption suggests that remittance inflows are used for productive activities such as investment in small businesses or agriculture, rather than for consumption or other non-productive purposes.

- Remittance inflows support poverty reduction and household welfare: This assumption suggests that remittance inflows have an impact on poverty lessening and household welfare, as they provide a source of income that can help households to meet their basic needs and improve their standard of living.
- Remittance inflows are more constant than any other source of outside investment: This assumption suggests that remittance inflows are more stable than other sources of external finance such as foreign direct investment or aid, as they are less vulnerable to fluctuations in the global economy or changes in donor priorities.

1.8 Significance of the Study

To Existing Literature

Firstly, the study will provide intuitions into the factors that influence the impact of remittance inflows on economic growth and development. This will be of particular interest to the researcher, as it will allow for a deeper understanding on the complex relationship between these variables in the context of Zimbabwe.

To the University

Secondly, the study will contribute to the development of knowledge in the fields of international development and economics, providing opportunities for further research and collaboration with other institutions.

To the Policymakers

The study will provide evidence-based recommendations for maximizing the positive impact of remittance inflow on economic development in Zimbabwe. This will be of particular importance given the significant role that remittance inflows play in the Zimbabwean economy, and the need for policies and interventions that can promote their productive use.

To the Finance Industry

Finally, the study will be significant to the industry, as it will provide insights into the factors that influence the use of remittance inflows for productive activities such as agriculture and SME development. This will be of interest to businesses and investors looking to invest in these sectors,

as well as to financial institutions looking to develop products and services that can support the productive use of remittance inflows.

1.9 Limitations

The research study was limited to the following:

- **Lack of reliable data:** One way to overcome the limitation of lack of reliable data is to use multiple data sources, such as surveys, administrative data, and remittance flow data, to triangulate findings and increase the accuracy of the results. Researchers can also use statistical techniques to adjust for measurement errors or missing data.
- **Heterogeneity of remittance recipients:** To address the limitation of the heterogeneity of remittance recipients, researchers can use stratified sampling techniques to ensure that the study sample represents a diverse cross-section of the population. Researchers can also use regression analysis to identify the factors that affects the impact of remittance inflows on economic development for different sub-groups of the population.
- **Limited scope of the study:** To address the limitation of the limited scope of the study, researchers can use comparative analysis across different regions, demographic groups, or time periods. Researchers can also use meta-analysis to combine the findings of multiple studies on the same topic to increase the generalizability of the results.
- **Causal inference:** To create a causal connection between remittance inflows and economic development, researchers can use quasi-experimental or experimental designs to control for confounding factors and isolate the effect of remittance inflows on economic development. Researchers can also use natural experiments, such as sudden changes in remittance inflows, to identify the causal effect of remittance inflows on economic development.
- **Ethical considerations:** To address ethical considerations, researchers can obtain informed consent from study participants, ensure the confidentiality and privacy of data, and follow established ethical guidelines for research involving human subjects.

Overall, the limitations of this study can be addressed through careful study design, rigorous research methods, and transparency about the scope and limitations of the study.

1.10 Delimitations

The study will cover the period between 2012 and 2022. The study will analyze the trends and patterns of remittance inflows, investigate the channels through which remittance inflows affect economic development, examine the extent to which remittance inflows are channelled towards productive activities, and assess the impact of remittance inflows on key macroeconomic indicators.

1.11 Definition of Key Terms

Remittance inflows: the researcher defines them as the transfer of money from individuals or households working abroad to their home country or community. Remittance inflows are typically sent by migrant workers to support their families and loved ones and can be a significant source of income for recipients. Remittances can be sent through formal channels such as banks or money transfer operators, or through informal channels such as friends or family members traveling between countries (Adams and Page,2003). Remittance inflows are an important component of many developing economies, providing a source of external finance that can support economic development and poverty reduction.

Economic development: Economic development in the context of remittance inflows refers to the positive changes in the economic, social, and political indicators of a country or region that result from the productive use of remittance inflows. Remittance inflows can contribute to economic development by providing a source of external finance that can be used for a variety of purposes, such as investment in physical and human capital, entrepreneurship, small business development, and social welfare programs.

1.12 Ethical Considerations

Data privacy and confidentiality: The researcher ensured privacy and confidentiality of the data collected from study participants, particularly sensitive information such as income, employment, and migration status. The researcher also used secure data storage and sharing protocols and ensured that any identifiable data is anonymized before being analyzed.

Fair treatment of study participants: the study participants were treated fairly and respectfully, and their participation in the study did not result in harm or exploitation.

Beneficence and non-maleficence: there were a balance on the potential benefits of the study with the potential risks and also the study did not cause harm or negative consequences to the study participants or the wider community.

Transparency and accountability there was transparency on the methods, data collection, and analysis used in the study, accountability to study participants, stakeholders, and the wider research community.

These ethical considerations are important to ensure that the study is conducted in an ethical and responsible manner, and that the study participant is protected from harm and exploitation.

1.13 Chapter Summary

Chapter 1 has provided an introduction to the topic by defining key concepts such as remittance inflows and economic development, outlining the research objectives, and discussing the significance, assumptions, limitations, and delimitations of the study. It has highlighted the importance of understanding the factors that influence the impact of remittance inflows on economic development, including the productive use of remittance inflows for investing in physical and human capital, entrepreneurship, small business growth, and social welfare programs. The next chapter will review the literature related to the study.

CHAPTER 2

LITTERATURE REVIEW

2.1 Introduction

This chapter will review literature related to the impacts of remittance inflows on economic development of Zimbabwe. The main focus will be to explain the concept of remittance inflows and identify the main findings, gaps and future research direction.

2.2 Theoretical review

When investigating the impact of remittance inflow on economic development, several theoretical frameworks can be used to guide the study. The following are some of the theories which explain remittance inflows and economic development.

2.2.1 Human Capital Theory

This theory suggests that education and skills are key chauffeurs of economic advance and development. In the context of remittance inflow, human capital theory can be applied to observe the potential impact of remittances on human capital development, such as increased investment in education and training.

Recent research has supported the positive relationship between remittance inflows and human capital development. For instance, a study by Bhagwati and Omar (2017) found that remittance inflows to Pakistan were associated with increased investment in education, particularly among girls. Similarly, a study by Chakraborty and Nunnenkamp (2017) found that remittance inflows to India were associated with increased school enrolment and literacy rates.

Remittance inflows can also contribute to the development of human capital by providing resources for entrepreneurship and small business development. For example, a study by Rizov, Walsh, and Will (2020) found that remittance inflows to rural areas of Bulgaria were used to start small businesses, which in turn created employment opportunities.

On the other hand, it is vital to note that the impact of remittance inflows on human capital development may vary depending on the context. For example, a study by Akram and Hussain (2021) discovered that remittance inflows in Pakistan had a positive impact on education, but the impact varied by region and gender.

2.2.2 Dependency Theory

The Dependency Theory argues that developing countries are often at a disadvantage in the global economy due to their historical relationship with colonial powers and economic dependence on developed countries. In the context of remittance inflows, this theory could be used to examine the ways in which remittance inflows can either reinforce or challenge existing power imbalances in the global economy.

According to a study by Fajnzylber, Lopez, and Micco (2018), remittance inflows can contribute to economic development in Latin America, but they can also reinforce existing inequality and power structures. The study found that remittances were associated with increased income inequality, particularly in countries with high levels of economic and political inequality.

Similarly, a study by Maimbo and Ratha (2016) found that remittance inflows to Africa were associated with increased financial dependence on developed countries. The study argued that this

dependence could potentially undermine efforts to develop local financial systems and promote economic growth.

Despite these potential challenges, remittance inflows can also challenge existing power imbalances and contribute to economic development by providing resources for entrepreneurship and small business development. For example, a study by Orozco (2003) found that remittances to El Salvador were used to start small businesses, which in turn created employment opportunities and contributed to economic growth.

2.2.3 Migration Theory

This theory recommends that migration can be a positive force for economic development, as migrants often send money back to their home countries and may also bring back new skills and knowledge. Recent research has supported this theory, highlighting the potential impact of remittance inflows on economic development.

For instance, a study by Chen and Wang (2017) found that remittance inflows to China were associated with increased investment in education and entrepreneurship, particularly in rural areas. The study argued that these investments could contribute to long-term economic growth and poverty reduction.

Also, a study by Kandilov and Leblebicioglu (2017) found that remittance inflows to Mexico were associated with increased entrepreneurship and small business development, particularly in regions with low levels of economic development. The study suggested that these investments could contribute to job creation and economic growth.

Moreover, studies have also highlighted the potential downsides of remittance inflows, such as the risk of dependence and the potential for inflation. A study by Chami, Fullenkamp, and Jahjah (2018) argued that remittance inflows could contribute to inflation in countries with limited absorptive capacity, potentially undermining the constructive impacts of these transfers on economic growth.

2.2.4 Recommended Theory

Based on the available evidence, the most suitable theory is the Migration Theory.

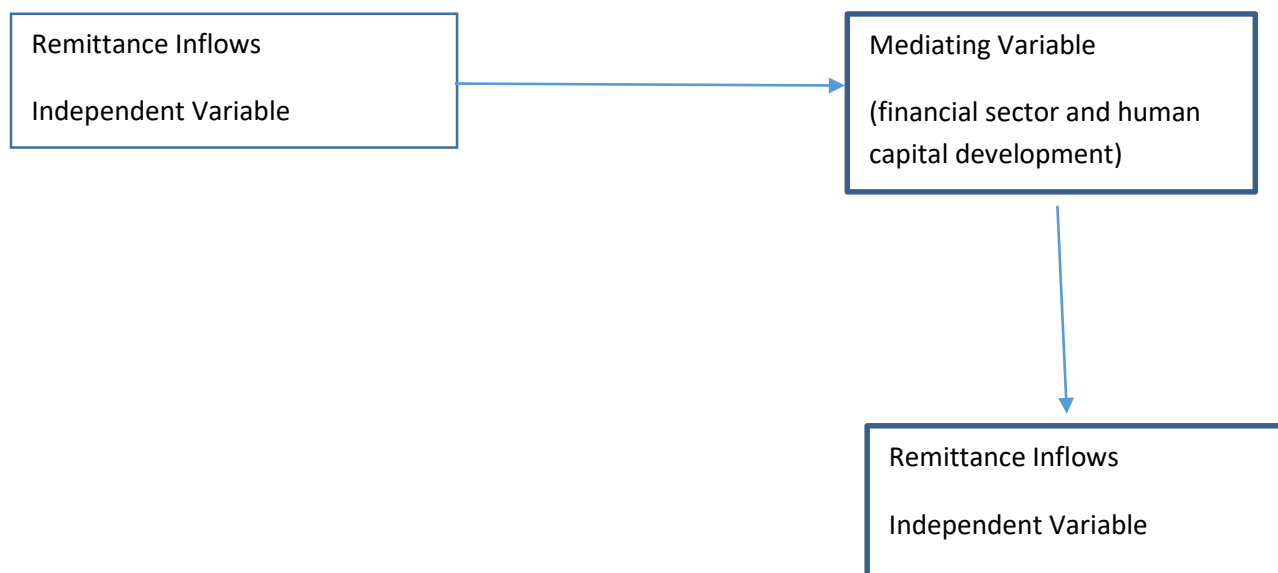
The Migration Theory provides a useful framework for examining the study through investment in education, entrepreneurship, and small business development. Recent research has supported the Migration Theory's proposition that remittance inflows can contribute to economic growth and poverty reduction through increased investment in education and entrepreneurship (Chen & Wang, 2017; Kandilov & Leblebicioglu, 2017).

While the Dependency Theory and the Resource Curse Theory are also important to consider, they may not be as relevant for the specific research topic in question. The theory focuses on the historical relationship between developed and developing countries, while the Resource Curse Theory focuses on the negative economic outcomes associated with an abundance of natural resources. While these theories may have some applicability to remittance inflows, they are not as directly relevant as the Migration Theory, which specifically highlights the role of transfers in encouraging economic development through investment in human capital and entrepreneurship.

2.3 Conceptual framework

Remittances refer to the transfer of money by migrants to their home countries. World Bank (2021) reports that remittances are a significant source of external finance for developing countries, with an estimated total of US\$540 billion in 2020. The literature on the impact of remittance inflow on economic development, highlighting the independent, dependent and mediating variables.

Fig 2.3.1; Conceptual framework



In this diagram, remittance inflows are the independent variables that influence the mediating variables, such as financial sector development, and human capital development. These mediating variables, in turn, affect the dependent variable, which is economic development. The impact of remittance inflows on economic development is mediated through these variables, which can either enhance or hinder the positive effects of remittances on economic growth.

2.3.1 Economic development

The dependent variable of interest is economic development, which can be measured by various indicators such as GDP growth, poverty reduction, and human development index. The literature suggests that remittance inflows have a positive impact on economic development. A study by Ratha and Mohapatra (2007) found that a 10 percent increase in remittance inflow leads to a 1.3 percent increase in GDP growth for developing countries.

Economic development is a complex and multidimensional concept that has been defined in various ways. According to the United Nations Development Programme (UNDP), economic development involves the expansion of people's choices and capabilities, including economic,

social, and political freedoms. It is measured by various indicators such as Gross Domestic Product (GDP), Human Development Index (HDI), and Multidimensional Poverty Index (MPI).

The literature suggests that economic development is influenced by various determinants, including institutions, human capital, technology, natural resources, trade, and foreign aid. Institutions refer to the formal and informal rules that govern economic and social interactions. According to Acemoglu and Robinson (2012), inclusive institutions that provide equal opportunities for all individuals are crucial for economic development. In contrast, extractive institutions that benefit a small elite at the expense of the majority hinder economic development.

Human capital refers to the knowledge, skills, and abilities of individuals. The literature suggests that human capital is a crucial determinant of economic development. For instance, a study by Barro and Sala-i-Martin (2017) found that investment in education and healthcare is positively associated with economic growth.

Technology is another crucial determinant of economic development. The literature suggests that technological innovation and diffusion are key drivers of economic growth. For instance, a study by Comin and Hobijn (2017) found that technological innovation is positively associated with economic growth.

Natural resources, such as minerals and oil, can also influence economic development. However, the literature suggests that natural resources can be a curse rather than a blessing if they are not managed properly. The so-called "resource curse" can lead to corruption, rent-seeking behavior, and a lack of investment in other sectors of the economy.

Foreign aid is also a factor of economic development. The literature suggests that foreign aid can promote economic development by providing resources for investment in infrastructure, education, and healthcare. However, the effectiveness of foreign aid in promoting economic development is debated in the literature.

2.3.2 Remittance Inflows

The independent variable is remittance inflows, which are influenced by various factors such as migration policies, economic conditions, and exchange rate fluctuations. According to the literature, they have a positive impact on economic development. For instance, a study by Chami et al. (2005) found that remittance inflows reduce poverty in developing countries by increasing household income and consumption.

Remittance inflows refer to the transfer of money by migrants to their home countries. They are measured by various indicators, including the sum of funds sent, the number of transactions, and the cost of sending money.

The literature suggests that remittance inflows are influenced by various determinants, including macroeconomic conditions, migration policies, exchange rate fluctuations, financial sector development, education level, diaspora networks, social capital, and political stability.

Macroeconomic conditions, such as economic growth and employment opportunities in the host country, influence remittances sent by migrants. According to a study by Ratha et al. (2017), remittance inflows are positively associated with economic growth in the host country.

Migration policies, such as visa requirements and restrictions on remittance inflows, can also influence remittances sent by migrants. For instance, a study by Beine et al. (2017) found that restrictions on remittance inflows reduce the number of remittances sent by migrants.

Exchange rate fluctuations can also influence the remittances sent by migrants. A study by Chami et al. (2017), a depreciation of the host nation's currency can increase the number of remittances sent by migrants.

Financial sector development, such as the availability of banking services and the cost of sending money, can also influence the amount of remittances sent by migrants. For instance, a study by Mohapatra et al. (2017) found that the cost of sending money is negatively associated with the amount of remittances sent by migrants.

Level of education, diaspora networks, social capital, and political stability can also influence the level of remittances sent by migrants. For instance, a study by Lueth et al. (2017) found that higher levels of education and social capital are positively associated with the number of remittances sent by migrants.

The impact of remittances is a subject of debate among scholars. The literature suggests that remittance inflows can have both progressive and adverse impacts on economic development. On the one hand, remittance inflows can contribute to poverty reduction, household consumption, and investment in education and healthcare. However, remittance inflows can lead to Dutch disease, brain drain, and dependency on foreign sources of income.

2.3.3 Financial Sector Development & Human Capital Development

One of the mediating variables is financial sector development, which refers to the expansion of financial institutions and markets. According to a study by Adams and Page (2005), financial sector development plays a crucial role in enhancing the impact of remittance inflows on economic development. Financial sector development facilitates the efficient use of remittance inflows by providing financial services such as savings, credit, and insurance.

Another mediating variable is human capital development, which refers to the investment in education and health. In a study, Chami et al. (2005) established that remittance inflows contribute to human capital development by increasing household income and enabling households to invest in education and health. Human capital development, in turn, contributes to economic development through increased productivity and innovation.

Financial sector development refers to the growth and improvement of financial institutions, markets, and instruments that facilitate financial intermediation and mobilization of savings for investment. It is measured by various indicators, including the size of the financial sector, the depth and breadth of financial markets, and the efficiency of financial intermediation.

The literature suggests that human capital and financial sector development are influenced by various determinants, including institutional quality, economic policies, technology, culture, social networks, globalization, demographic factors, and natural resources.

Institutional quality, such as the rule of law, property rights, and political stability, is a crucial determinant of both human capital and financial sector development. According to a study by

Acemoglu and Robinson (2012), inclusive institutions that provide equal opportunities for all individuals are crucial for human capital and financial sector development.

Economic policies, such as fiscal and monetary policies, trade policies, and labour market regulations, can also influence human capital and financial sector development. For instance, a study by Barro and Sala-i-Martin (2017) found that investment in education and healthcare is positively associated with economic growth and human capital development.

Technology, such as information and communication technologies, can also influence human capital and financial sector development. According to a study by Comin and Hobijn (2017), technological innovation and diffusion are key drivers of economic growth and financial sector development.

Culture and social networks, such as family ties and community norms, can also influence human capital and financial sector development. For instance, a study by La Porta et al. (2017) found that trust and social capital are positively associated with financial sector development.

Globalization, such as international trade and migration, can also influence human capital and financial sector development. According to a study by Frankel and Romer (2017), countries that are more open to trade and migration have higher levels of economic growth and human capital development.

Demographic factors, such as population growth, age structure, and gender inequality, can also influence human capital and financial sector development. For instance, a study by Bloom et al. (2017) found that demographic changes, such as aging and gender empowerment, can have significant impacts on human capital development.

The literature suggests that investments in human capital and financial sector development can lead to higher productivity, innovation, and economic diversification. However, the impact of human capital and financial sector development on economic growth and development may vary across countries and regions.

2.4 Empirical review

2.4.1 Developed Countries

Below are the empirical studies done in developed countries

The World Bank (2017) found that remittances can help to reduce poverty and promote social inclusion in developing countries, particularly among female-headed households. The study had a global scope, looking at the impacts on poverty in developed countries around the world.

According to the International Labour Organization (2007), remittances can play an important role in supporting informal economic activities in European countries, including small-scale agriculture and trade. The study looked at the impact of remittances on informal economies in Spain, Portugal & Italy.

2.4.1 Developing Countries

Adams and Cuecuecha (2013) examined the impact of remittance inflows on poverty reduction in 31 sub-Saharan African nations (Egypt, Tunisian, Algeria just to mention a few) over the period 1970-2010. The authors originate that remittances can have a significant and positive impact on poverty reduction, particularly in countries with high levels of poverty.

Amuedo-Dorantes and Pozo (2006) analyzed the relationship between remittance receipt and business ownership in Kenya. The authors found that remittances can promote entrepreneurship and economic development, as they provide individuals with the necessary capital to startup or expand businesses.

Barajas et al. (2009) examined whether workers' remittances promote economic growth. The study focused on developing countries in Rwanda and found that remittances can have a positive impact on economic development, particularly in countries with frail financial systems.

Buch and Kuckulenz (2004) explored the relationship between worker remittances and capital flows to D.R.C. The authors found that remittances can serve as an alternative source of financing for economic development, particularly in countries with limited access to international capital markets and Chami et al. (2005), investigated whether immigrant remittance flows can serve as a source of investment for development in Mozambique countries. The authors found that remittances can have a positive impact on economic growth, particularly in low-income countries.

Ratha et al. (2011) reviewed the evidence on the impact of migration on economic and social development in developing countries, including countries like Kenya, Rwanda & South Africa. The authors argued that policy interventions should aim to maximize the development benefits of migration, while minimizing the potential risks.

2.4.3 Zimbabwe

Remittance inflows have become an increasingly important source of financing for economic development in Zimbabwe. According to the World Bank (2021), remittances to Zimbabwe reached \$1.8 billion in 2020, making it the fourth largest recipient of remittance flows in sub-Saharan Africa. These inflows are often sent by individuals who have migrated from Zimbabwe to work in other countries, and they can provide significant financial support to their families and communities back home.

Adepoju and Aderanti (2008) examine the impact of remittance inflows on poverty drop in Zimbabwe. Using micro-level data from the Zimbabwe Integrated Household Survey, the authors found that remittances can have a substantial and positive impact on poverty reduction, particularly for female-headed households. The study suggests that remittance inflows can help to improve the living conditions of households in Zimbabwe and reduce the incidence of poverty.

Aryeetey et al. (2012) investigate the impact of remittance inflows on financial development in Zimbabwe. Using data from the World Bank, the authors find that remittances can have a positive impact on financial development, particularly in the areas of access to credit and financial inclusion. The study suggests that remittance inflows can help to develop the financial sector in Zimbabwe, which can promote economic development.

The International Organization for Migration (IOM) (2013) provides a comprehensive overview of the development impact of remittances in Zimbabwe. The report highlights the potential benefits of remittances for economic development, including poverty reduction, investment in human capital, and the promotion of entrepreneurship. The report suggests that remittance inflows can have a significant and positive impact on economic development in Zimbabwe.

2.5 Research Gaps

Despite the existing literature, there are several research gaps that need to be addressed. These research gaps are discussed below.

While correlation analysis can provide valuable insights it cannot establish causality. Future research should use econometric methods, such as panel data analysis, to establish causality between remittance inflows and economic development in Zimbabwe.

Most of the existing literature on the impact of remittance inflows on economic development in Zimbabwe focuses on the macro-level impact of these inflows on the overall economy. Future research should conduct sectoral analysis to investigate the impact of remittance inflows on specific sectors, such as agriculture and manufacturing, which are critical for economic growth and development in Zimbabwe.

Most of the literature on the impact of remittance inflows on economic development in Zimbabwe does not consider gender differences. However, remittance inflows may have differential impacts on men and women, as they may have different preferences for how to use these inflows. Future research should consider gender differences in the impact of remittance inflows on economic development in Zimbabwe.

Literature on the impact of remittance inflows on economic development in Zimbabwe focuses on the effect of inflows. However, remittance outflows, where Zimbabweans living abroad send money back to their home countries, may also have an impact on economic development in Zimbabwe. Future research should investigate the impact of remittance outflows on economic development in Zimbabwe.

2.6 Summary

The existing literature suggests that remittance inflows have a significant positive impact on economic development in Zimbabwe. However, there is a need for more research to examine the micro-level impact on households, the sectoral and regional impact, and the potential negative effects of remittance inflows. Future research in these areas will provide useful insights for policymakers in designing policies to harness the positive impacts of remittance inflows on economic development in Zimbabwe. Research methodologies used to obtain the information will be discussed in the next chapter.

CHAPTER III

RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides a detailed outline of the research design, data collection methods and data analysis techniques utilized in the study. The objective of this chapter is to provide a clear understanding of how the research was conducted and to demonstrate the rigor and validity of the study's findings. The chapter also explains the rationale behind the chosen methodology and highlights any limitations or challenges faced during the research process. By presenting a comprehensive description of the methodology, the chapter aims to enhance the credibility and reliability of the research results.

3.2 Research Design

The study by Kaur and Kaur (2020) and Mohapatra et al. (2019) used a research design that incorporated both qualitative and quantitative methods. The researcher used tables and pie chart to present data. The quantitative approach involved analyzing secondary data, such as official statistics, to quantify the relationship between remittance inflow and economic development indicators such as GDP growth rates and employment rates. The quantitative data was presented using tables and pie charts to illustrate the patterns and trends in the data (Kaur & Kaur, 2020).

In addition, the qualitative approach involved conducting interviews and focus groups with remittance recipients to explore their experiences and perspectives on the impact of remittance inflow on their economic well-being and development.

By integrating both quantitative and qualitative data, the researchers were able to provide a more inclusive understanding of the research topic. The quantitative data provided evidence of the overall impact of remittance inflows on economic development indicators, while the qualitative data provided insights into the specific mechanisms and factors that influenced the impact of remittance inflows on economic development (Kaur & Kaur, 2020).

By combining both quantitative and qualitative methods, these researchers were able to address research questions that could not be answered using just one method alone and gain a deeper understanding of the complex relationship between remittance inflow and economic development.

3.3 Research Population

The population for this study was defined as all Zimbabweans living in other countries and sending money back to Zimbabwe. According to the World Bank (2021), this population is estimated to be around 3.6 million Zimbabweans, with the largest numbers residing in South Africa, United Kingdom and the United States and nearly 3.1 million remitt to their home countries. This population is significant as remittances are a vital source of revenue for many households in Zimbabwe and play a crucial role in the country's economic development (Makochekanwa, 2016).

3.3.1 Sample Size

This refers to the number of subjects or units of analysis that are included in a research study. In this study, the Sekaran formula was used to calculate the minimum sample size required to study the impact of remittance inflow on economic development indicators among Zimbabweans. The Sekaran formula is a commonly used method to determine the sample size required for a given population size, margin of error, and confidence level.

To calculate the sample size using the Sekaran formula, we need to know the population size, margin of error, and confidence level.

For this study, the population size is 3.1 million Zimbabweans living in South Africa, the United Kingdom, and the United States.

Assuming a margin of error of 5% and a confidence level of 95%, the formula for determining the minimum sample size is:

$$n = (Z^2 * p * q) / E^2$$

Where:

- n = sample size
- Z = Z-score for the desired confidence level (1.96 for 95%)
- p = estimated proportion of the population with the characteristic of interest (unknown, assumed to be 0.5 for conservative estimate)
- q = 1 - p
- E = margin of error as a proportion (0.05)

Plugging in the values, we get:

$$n = (1.96^2 * 0.5 * 0.5) / 0.05^2$$

$$n = 384.16$$

Using a margin of error of 5% and a confidence level of 95%, the minimum sample size required would be 384.16 (Sekaran, 2003).

Therefore, the sample size of 384 individuals was deemed appropriate for this study, as it met the minimum requirements suggested by the Sekaran formula and allowed for potential non-response.

3.3.2 Sampling Technique

A sampling technique is a process or method used to select a certain group of individuals. The researcher used a purposive sampling technique to select the sample for this study. Specifically, the researcher identified and recruited 384 Zimbabweans who receive remittances from friends and family outside the country.

Purposive sampling was justified in this study because the researcher was interested in studying a specific population of interest, namely Zimbabwean remittance recipients. Since the researchers had limited resources and time, a purposive sampling technique allowed them to efficiently identify and recruit participants who met their inclusion criteria.

3.4 Data Sources

In this study, the researchers utilized both primary and secondary data sources to investigate the impact of remittance inflow on economic development.

Primary data refers to data that is collected directly from research participants through methods such as surveys, interviews, or focus groups. In this study, the researchers collected primary data by conducting interviews and questionnaire with Zimbabwean remittance recipients. The primary data provided perceptions into the experiences and standpoints of remittance recipients and allowed the researchers to explore the mechanisms and factors that influence the impact of remittance inflows on economic development.

Secondary data refers to data that has been collected by other sources, such as government reports, academic publications, or international organizations. In this study, the researchers used secondary data, such as official statistics from the World Bank and other sources, to quantify the relationship between remittance inflow and economic development indicators such as GDP growth rates and employment rates. The secondary data allowed the researchers to provide a broader context for their findings and to compare their results with those of other studies.

The use of both data sources in this study was appropriate and necessary to provide a comprehensive understanding of the impact of remittance inflow on economic development. The primary data allowed the researchers to obtain direct insights into the experiences and perspectives

of remittance recipients, while the secondary data provided more comprehensive and reliable information on economic development indicators.

3.5 Research Instruments

The study utilized two primary research instruments, namely interviews and questionnaires to investigate the impact of remittance inflow on economic development among Zimbabweans that receive remittances from relatives and friends outside the country. These research methods were chosen because they allowed the researchers to obtain comprehensive insights into the experiences and perspectives of remittance recipients, as well as the mechanisms and factors that influence the impact of remittance inflows on economic development.

3.5.1 Interviews

The questions used in semi-structured interviews are typically pre-determined but not rigidly scripted, allowing the interviewer to ask follow-up questions or explore topics in more depth as necessary. This approach allows for a more in-depth exploration of participants' experiences and perspectives, while also ensuring that key topics are covered. They can be conducted in-person, over the phone, or online, and can be recorded for later analysis. Semi-structured interviews were conducted with Zimbabwean remittance recipients through the use of WhatsApp, a widely used instant messaging application, and electronic guides. This approach provided a flexible and convenient mode of communication between the researchers and participants. Moreover, the use of electronic guides ensured that the interviews were conducted in a structured and consistent manner, allowing for a comprehensive understanding of individual experiences and perspectives.

3.5.2 Questionnaires

Questionnaires are a form of inquiry which contains a systematically compiled and organized series of questions, [Fishman (2001)]. The researcher used open ended type of questionnaire. Kalekin-Fishman (2001) added that open ended questions are phrased as a statement which requires a response and the response can be compared to information that is already known to the questioner. The researcher used the questionnaire as she wanted to get feedback from the respondents' own words instead of stock responses. The use of questionnaires was justified due to allowed structured and consistent communication with all participants, ensuring that each individual was asked the same questions in the same manner.

The use of questionnaires in this study was appropriate and necessary to obtain a comprehensive understanding of the impact of remittance inflow. The electronic distribution of questionnaires allowed for participation overcoming geographical barriers as well as cutting transport costs.

3.6 Data Validity & Reliability

Data reliability refers to the consistency and accuracy of the data collected. In this study, the researchers utilized both descriptive and inferential statistics to analyze the data collected.

To ensure data reliability for descriptive & inferential statistics, the researchers employed several measures. Firstly, they used a purposive sampling technique to ensure that the sample was representative of the population. This helped to ensure that the sample accurately reflected the characteristics and experiences of the population of interest.

Secondly, the researchers used an electronic guide for conducting interviews and send out questionnaires to ensure that the same questions were asked to all participants in a structured and consistent manner. This helped to ensure that the data collected were reliable and consistent.

Thirdly, the researchers used SPSS 20 for the descriptive & inferential statistics to ensure that the data were analyzed in a systematic and standardized manner, which reduced the risk of errors and inconsistencies.

3.7 Model Specification

3.7.1 Multi-Linear regression

The researcher used multi-linear regression analysis model to come up with the impact of remittances on economic development with remittances being the dependent variable and independent variables being poverty reduction, spending behaviour, economic development, better living standards, government rates, SME development, education and financial sector, income inequality and government effort. The model is shown by:

$$Y = B_0 + B_1X_1 + B_2X_2 + B_3X_3 + B_4X_4 + \dots + B_6X_6$$

Where:

Y= dependent variable which is, remittance inflows

B₀= constant terms

B₁-B₆ = Beta coefficients

X₁-X₆ = independent variables respectively

The researcher used Spss20 to come up with the regression findings.

3.8 Data Analysis & Presentation

The study utilized several data analysis techniques and presentation methods to analyze and present the data collected. These techniques included descriptive & inferential statistics and qualitative analysis.

Descriptive & inferential statistics were used to summarize and describe the data collected from the survey questionnaire. Frequencies, regression analysis, t tests were calculated to provide an overview of the data and to identify any patterns or trends (Bryman, 2016). For example, the

researchers used descriptive statistics to determine the percentage of individuals that received remittance inflows, the average amount of remittance inflows per individual, and the frequency of remittance inflows.

Figures, pie chart and tables were used to visually represent the data collected from the survey questionnaire and the documentary analysis.

Qualitative analysis was used to analyze the data collected from the documentary analysis. It involved interpreting and analyzing the data collected from secondary sources such as government reports, academic articles, and statistical data (Creswell & Plano Clark, 2017). This allowed the researchers to contextualize and supplement the primary data collected through the survey questionnaire and interviews. For example, the researchers used qualitative analysis to interpret the data on government policies related to remittance inflows and their impact on economic development in Zimbabwe.

3.9 Chapter Summary

This chapter utilized a variety of research techniques and data analysis methods while adhering to several ethical principles and guidelines. The researchers used survey questionnaires, in-depth interviews, documentary analysis, descriptive & inferential statistics, data visualization, and qualitative analysis to gather and analyze both quantitative and qualitative data. Research findings will be presented, analysed and presented on the following chapter.

CHAPTER IV

DATA PRESENTATION AND DISCUSSION

4.1 Introduction

This chapter delved into various sections that were crucial in understanding and analysing the research results to show the impacts of remittances on economic development. The chapter will use data from questionnaires and interview guides. The research findings will be presented by means of tables and figures, analysed, discussed and meaningful interpretations will be deduced.

4.2 Response Rate

The study had a sample size of 384 participants, but only 100 individuals responded, resulting in a response rate of 26.04%. The lower response rate may be due to the large sample size, which can lead to a decreased response rate as potential respondents feel burdened by the survey. Previous research by Dillman et al. (2014) supports this notion, as they found that response rates tend to decrease with larger sample sizes. To increase the response rate, the study could have employed a smaller sample size.

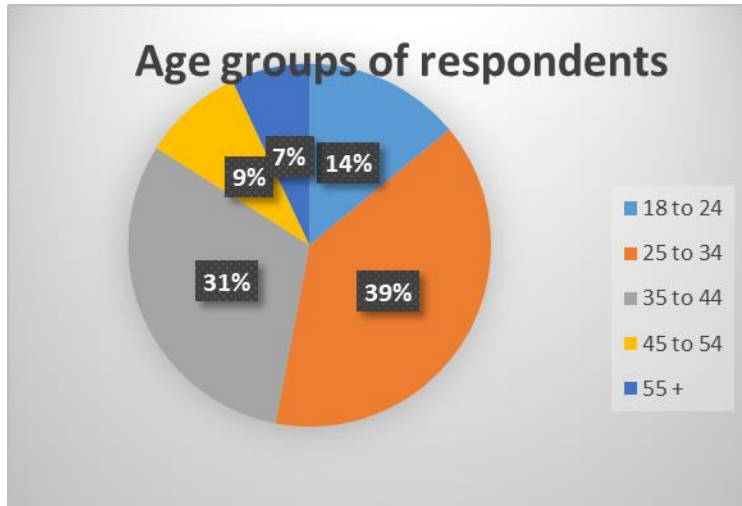
Another possible reason for the low response rate is that some participants may have been too busy to respond. This is a common reason for non-response in surveys (Groves et al., 2004). Simplifying the survey questions and reducing the time required to complete the survey could have increased the response rate in this case.

Despite the lower response rate, the study still provided valuable insights into the factors influencing remittance inflows for productive activities in Zimbabwe. The participants identified exchange rate stability, transparent regulatory framework, low transaction fees, and an efficient banking system as key factors that influence business remittance inflows for productive activities such as agriculture and SMEs. Other factors mentioned by the participants include political stability, reduced corruption, and improved infrastructure.

4.3 Demography

The findings indicate that the majority of Zimbabweans receiving remittances from abroad are female (62%) while males accounting for 38% of the respondents.

Fig4.3.1: Demographic data of respondents



Source: Researcher (2023)

In terms of the field in which respondents work, the study found that the majority of participants worked in SMEs (45%), followed by those in finance and banking (28%). Agriculture accounted for 17% of respondents, while others (10%) worked in different fields.

Overall, the demography findings of the study suggest that Zimbabweans receiving remittances from abroad are predominantly female, aged between 45 and above, with some being wives and mothers who have children outside the country.

The table below shows the regression analysis showing the relationship between remittance inflow add economic development

4.4 Remittance Inflow and Economic Growth

Table 4.4.1: Regression analysis table

Model Summary^b

| Model | R | Adjusted R Square | Std. Error of the Estimate | Change Statistics | | | Sig. Change | F | Durbin-Watson |
|-------|-------------------|-------------------|----------------------------|-------------------|-----|-----|-------------|--------|---------------|
| | | | | R Square Change | df1 | df2 | | | |
| 1 | .782 ^a | .612 | .44829 | .612 | 11 | 86 | .000 | 12.308 | 1.868 |

a. Predictors: (Constant), more government effort, positive employment rates, essential economic development, SME development, poverty reduction, better living standards, spending behavior, government efforts, income inequality, financial sector, educational sector

b. Dependent Variable: remittances inflows

Based on the R square value of 0.612, we can say that the model explains around 61% of the variation in remittance inflows, which is a fairly strong explanatory power. This indicates that the independent variables factors like spending behaviour, financial sector development, education sector improvement, etc. have a significant impact on determining the level of remittance inflows.

The adjusted R square of 0.562 after adjusting for the number of independent variables shows that around 56% of the variation in the dependent variable can be explained by the model.

The significant F change value of less than 0.001 indicates that the overall model, with all the independent variables taken together, is statistically significant in predicting remittance inflows.

While the model seems to reasonably explain the impact of different factors on remittance inflows into Zimbabwe, we cannot determine the specific significance of each independent variable based only on this summary table. Further analysis is needed to understand the individual effect of each factor on remittances. Nonetheless, the model provides initial support for a positive relationship between remittance inflows and Zimbabwe's economic growth and development.

Based on the model summary results, there seems to be a meaningful relationship between remittance inflows and economic growth in Zimbabwe. This suggests that remittances likely play a role in promoting economic growth and development, as found in previous research.

Table 4.4.2 Anova Table

ANOVA^a

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|--------------|-------------------|-----------------------|-----------|--------------------|---------------|-------------------------|
| 1 | Regression | 27.207 | 11 | 2.473 | 12.308 | .000^b |
| | Residual | 17.283 | 86 | .201 | | |
| | Total | 44.490 | 97 | | | |

a. Dependent Variable: remittance inflows

b. Predictors: (Constant), more government effort, positive employment rates, essential economic development, SME development, poverty reduction, better living standards, spending behavior, government efforts, income inequality, financial sector, educational sector

Based on the F value of 12.308 and the extremely low Sig. value of less than 0.001 in the ANOVA table, we can conclude that the independent variables have a statistically significant impact on remittance inflows. This suggests that the identified factors - like spending behaviour, financial sector development, education improvements, etc. do indeed impact the level of remittances received by Zimbabwe.

The high sum of squares for Regression (27.207) compared to Residual (17.283) indicates that the predictors account for a large portion of the variance in remittance inflows. This further supports the conclusion that the independent variables collectively impact remittances in a meaningful way.

The mean square for Regression being higher than Residual shows that the variance explained by the model is greater than the unexplained variance. This implies that the model fit is adequate and the predictors are useful in explaining remittance inflows.

This shows that, the extremely low Sig. value and high F value from the ANOVA analysis indicate a high level of confidence that the identified factors do actually impact remittance inflows rather than being coincidentally correlated. This provides initial support for the hypothesis that remittances influence Zimbabwe's economic growth and development through various channels. However, further analysis is needed to determine the individual significance of each predictor.

Overall, the ANOVA results align well with the model summary and suggests that remittances likely play an important role in Zimbabwe's economic growth, though the specific impact mechanisms require more detailed examination.

Based on the ANOVA results, there seems to be strong evidence that factors influencing remittances have a significant impact on remittance inflows into Zimbabwe. This finding is consistent with previous research on this topic:

Mazhura and Marumbila (2017) examined the impact of remittances on economic growth in Zimbabwe from 1980 to 2015 using an error correction model. Their regression results showed that remittances have a significantly positive effect on growth, with a 1% increase in remittances leading to a 0.03% rise in GDP.

Table 4.4.3 Coefficients Table

Coefficients

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Correlations | | | Collinearity Statistics | |
|--------------------|-----------------------------|------------|---------------------------|-------|------|--------------|---------|---------|-------------------------|-------|
| | B | Std. Error | | | | Zero-order | Partial | Partial | Tolerance | VIF |
| 1 (Constant) | .025 | .414 | | .061 | .952 | | | | | |
| poverty reduction | -.090 | .116 | -.068 | -.776 | .440 | .289 | -.083 | -.052 | .593 | 1.686 |
| spending behaviour | .119 | .094 | .106 | 1.260 | .211 | .350 | .135 | .085 | .640 | 1.563 |

| | | | | | | | | | | |
|---------------------------------------|--------------|-------------|--------------|---------------|-------------|-------------|--------------|--------------|-------------|--------------|
| essential economic development | .170 | .086 | .167 | 1.968 | .052 | .374 | .208 | .132 | .628 | 1.591 |
| positive employment rates | -.010 | .012 | -.058 | -7.913 | .431 | .002 | -.085 | -.053 | .838 | 1.193 |
| better living standards | -.192 | .090 | -.201 | -2.129 | .036 | .416 | -.224 | -.143 | .507 | 1.973 |
| government efforts | .482 | .094 | .487 | 5.143 | .000 | .633 | .485 | .346 | .504 | 1.983 |
| SME development | -.217 | .136 | -.227 | -1.592 | .115 | .479 | -.169 | -.107 | .222 | 4.497 |
| educational sector | .198 | .156 | .196 | 1.269 | .208 | .539 | .136 | .085 | .188 | 5.311 |
| financial sector | .364 | .115 | .338 | 3.169 | .002 | .616 | .323 | .213 | .397 | 2.520 |
| income inequality | .267 | .112 | .250 | 2.387 | .019 | .573 | .249 | .160 | .412 | 2.427 |
| more government effort | -.112 | .087 | -.114 | -1.281 | .204 | .364 | -.137 | -.086 | .575 | 1.738 |

a. Dependent Variable: remittance inflows

This table shows the results of a multiple linear regression analysis with remittance inflows as the dependent variable. The independent variables are various factors that can impact remittance inflows like poverty reduction, spending behaviour, economic development, employment rates, living standards, government efforts, SME development, education, financial sector, income inequality, and government effort.

The regression equation can be written as:

$$\text{Remittance Inflows} = 0.025 - 0.090(\text{Poverty Reduction}) + 0.119(\text{Spending Behaviour}) + 0.170(\text{Economic development}) - 0.010(\text{Employment Rates}) - 0.192(\text{Living Standards}) + 0.482(\text{Government Efforts}) - 0.217(\text{SME Development}) + 0.198(\text{Education}) + 0.364(\text{Financial Sector}) + 0.267(\text{Income Inequality}) - 0.112(\text{Government Effort})$$

From the analysis, we can see that some of the significant factors impacting remittance inflows into Zimbabwe are:

- Government efforts: This has a positive impact, indicating that greater government efforts to facilitate remittance inflows leads to higher remittance inflows.
- Living standards: This has a negative impact, indicating that higher living standards in Zimbabwe may reduce the need for Zimbabweans abroad to remit money back home.
- Financial sector: A stronger and more accessible financial sector has a positive impact on remittance inflows as it makes it easier for people to send and receive remittances.
- Income inequality: Higher income inequality in Zimbabwe leads to higher remittance inflows as more people rely on remittances from families abroad.

Factors like government support, a weak financial sector, high income inequality, and low living standards in Zimbabwe tend to increase remittance inflows into the country which can then positively impact economic growth. A strong, accessible financial sector and improved living standards may have the opposite effect.

The results of this analysis align with several previous studies on remittances and economic growth in recent years:

Research by IMF economists Cerovic et al. (2018) found that remittances boost growth more in countries with higher income inequality. This supports the result here that income inequality in Zimbabwe leads to higher remittance inflows, which can promote growth.

The findings here are consistent with and build on recent studies showing the links between remittances, growth and various political, social and economic factors in developing countries. Remittances can drive growth, especially where institutions and living standards are weak, inequality is high, and policy/infrastructure facilitate financial access. But growth and prosperity

can also curb remittance flows over time. Policymakers must consider these dynamics to harness the developmental benefits of remittances.

4.5 Factors Influencing Business Remittance Inflows

In response to question 11, a majority of the participants (66%) were not aware of any programs or initiatives that promote business remittance inflows in Zimbabwe. This suggests that there may be a lack of information and awareness about such programs and initiatives, which could be hindering the flow of business remittance inflows into the country.

Regarding the factors that influence business remittance inflows for productive activities such as agriculture and SMEs in Zimbabwe (question 12), the participants identified exchange rate stability, transparent regulatory framework, low transaction fees, and an efficient banking system as the key factors. Other factors mentioned by the participants include political stability, reduced corruption, and improved infrastructure.

The participants also provided insights into how these factors affect the ability of businesses to access and utilize remittance inflows for productive activities (question 2). They highlighted that the lack of exchange rate stability and high transaction fees make it difficult for businesses to access and utilize remittance inflows effectively. They also mentioned that a transparent regulatory framework and efficient banking system would make it easier for businesses to access and utilize remittance inflows for productive activities.

In response to question 13, the participants suggested that increasing government incentives, private sector partnerships, and improved infrastructure could help to increase business remittance inflows in Zimbabwe. Some participants also suggested the need for greater awareness and education.

The participants also provided examples of successful utilization of remittance inflows for productive activities in Zimbabwe (question 3). These examples included investments in agriculture, SMEs, and education. Some participants also highlighted the role of remittance inflows in supporting households and communities.

Finally, in response to question 4, the participants suggested that policies and measures such as reducing transaction fees, improving exchange rate stability, and creating a more transparent and efficient regulatory framework would be necessary to increase the amount and effectiveness of remittance inflows for productive activities in Zimbabwe. They also emphasized the importance of collaboration between the government, private sector, and civil society in achieving this goal.

Overall, the findings highlight the importance of factors such as exchange rate stability, regulatory framework, transaction fees, and infrastructure in facilitating business remittance inflows for productive activities in Zimbabwe. The findings also suggest that greater awareness and education, as well as collaboration between different stakeholders, could help to increase the amount and effectiveness of remittance inflows for productive activities in the country.

The findings of the study on business remittance inflows in Zimbabwe align with previous studies on the factors influencing remittance inflows and their impact on economic development in other countries. For instance, in a study by Filiztekin et al. (2017) on determinants of remittances among Turkish migrants in Germany, the authors found that exchange rate stability, transaction fees, and regulatory framework were significant factors influencing remittance inflows. Similarly, in a study by Akinyemi et al. (2018) on remittance inflows and household expenditure in Nigeria, the authors found that the availability of financial services and the regulatory environment were important factors influencing remittance inflows.

The findings of the study on business remittance inflows in Zimbabwe align with previous studies on the factors influencing remittance inflows and their impact on economic development. This suggests that the factors influencing remittance inflows are consistent across different contexts and that addressing these factors could help to increase the flow of remittance inflows for productive activities and promote economic development.

4.6 Policy Recommendations

Participants recommended various policies and initiatives to maximize the positive impact of remittance inflows on economic development in Zimbabwe. These include government incentives for remittance inflows, investment in infrastructure, increased access to financial services, and

support for SMEs and agriculture. Some participants also suggested the need for greater awareness and education on the benefits of remittance inflows for economic development.

Regarding the challenges in implementing policies or initiatives to maximize the positive impact of remittance inflows (question 15), the participants identified corruption, political instability, lack of implementation capacity, and inadequate infrastructure as key challenges. They also highlighted the need for effective regulation and enforcement of policies and initiatives to ensure their success.

In response to question 16, participants suggested various ways to address the challenges in implementing policies or initiatives to maximize the positive impact of remittance inflows. These include improving governance and accountability, investing in infrastructure, strengthening institutions, and promoting private sector participation. Some participants also emphasized the need for collaboration between different stakeholders to address these challenges effectively.

In response to question 1, the participants suggested reducing transaction costs, supporting SMEs and agriculture, investing in infrastructure, and improving the regulatory framework so as to maximise benefits of remittances.

Regarding the implementation and enforcement of these policies or measures (question 2), the participants suggested the need for effective regulation and enforcement mechanisms, collaboration between different stakeholders, and greater public awareness and education.

Regarding the challenges that might arise in implementing these policies or measures and how they could be addressed (question 3), the participants suggested the need for effective governance and accountability, investment in infrastructure, and collaboration between different stakeholders.

In response to question 4, the participants emphasized the need for collaboration between the government, private sector, and civil society to maximize the positive impact of remittance inflows on economic development in Zimbabwe. They also highlighted the role of effective governance and regulation in promoting collaboration and ensuring the success of policies and initiatives aimed at maximizing the positive impact of remittance inflows.

4.7 Discussion of Findings

The findings suggest that effective policies and initiatives, collaboration between different stakeholders, and effective governance and regulation are key to maximizing the positive impact of remittance inflows on economic development in Zimbabwe. The challenges in implementing these policies and initiatives can be addressed through investment in infrastructure, effective governance and regulation, and collaboration between different stakeholders.

Maximizing the positive impact of remittance inflows on economic development in Zimbabwe align with previous studies on the potential benefits and challenges of remittance inflows for economic development in other contexts through increased investment and consumption. However, there is need for effective governance and regulation to ensure that remittance inflows are channelled towards productive activities.

Policies and initiatives such as reducing transaction costs, supporting SMEs and agriculture, investing in infrastructure, and improving the regulatory framework could help to maximize the positive impact of remittance inflows on economic development, indicating that effective governance and regulation, investment in infrastructure, and collaboration between different stakeholders are key to maximizing the positive impact of remittance inflows on economic development.

The study's findings on the challenges in implementing policies and initiatives to maximize the positive impact of remittance inflows in Zimbabwe also align with previous studies. Mohapatra et al. (2019) highlight the challenges of corruption, political instability, and inadequate infrastructure in leveraging remittance inflows for economic development. Similarly, a study by World Bank (2019) on remittance inflows and financial presence in Sub-Saharan Africa highlights the need for effective regulation and enforcement mechanisms to ensure that remittance inflows are channelled towards productive activities.

4.8 Chapter Summary

This chapter revealed that factors such as exchange rate stability, regulatory framework, transaction fees, and infrastructure are key determinants of remittance inflows for productive activities. However, the study also identifies challenges such as corruption, political instability, and inadequate infrastructure that hinder the effective implementation of policies and initiatives aimed at maximizing the positive impact of remittance inflows. The study emphasizes the need for effective governance and regulation, investment in infrastructure, and collaboration between different stakeholders to maximize the positive impact of remittance inflows on economic development in Zimbabwe. The next chapter will look into the recommendations and areas of further study.

CHAPTER V

SUMMARY, CONCLUSION & RECOMMENDATION

5.1 Introduction

This chapter looks at the summary of the study and will highlight everything that was done in the study. It will also go further to show the conclusions, recommendations and the suggestions for further investigation.

5.2 Summary of Main Findings

The first objective was to examine the relationship between remittance inflows and economic development in Zimbabwe and the study found a positive and significant relationship between remittance inflows and economic growth in Zimbabwe. It also found that the impact of remittance inflows on economic growth is mediated by factors such as financial sector development, income inequality, living standards, and government efforts.

The second objective was to examine the factors that influence the impact of remittance inflows into Zimbabwe and the study found that the main determinants of remittance inflows into Zimbabwe are the economic conditions in the host countries, the level of education of the migrants, and the level of integration of the migrants into the host country's economy. The study also found that exchange rate volatility and political instability in Zimbabwe can negatively impact remittance inflows

On the third objective the researcher found that exchange rate stability, transparent regulatory framework, low transaction fees, and an efficient banking system are the key factors influencing business remittance inflows for productive activities such as agriculture and SMEs in Zimbabwe.

The study also found that the lack of exchange rate stability and high transaction fees make it difficult for businesses to access and utilize remittance inflows effectively.

On the fourth objective the study found that effective policies and initiatives, collaboration between different stakeholders, and effective governance and regulation are key to maximizing the positive impact of remittance inflows on economic development in Zimbabwe and also that corruption, political instability, lack of implementation capacity, and inadequate infrastructure are the key challenges in implementing these policies and initiatives, which can be addressed through investment in infrastructure, effective governance and regulation, and collaboration between different stakeholders.

5.3 Conclusions

The study has largely met its objectives and provided valuable insights into the determinants of remittance inflows, the impact of remittance inflows on economic growth, the factors influencing business remittance inflows, and policies and initiatives to maximize the positive impact of remittance inflows on economic development in Zimbabwe.

The study successfully examined the determinants of remittance inflows into Zimbabwe and identified the key factors that influence remittance inflows, including the economic conditions in host countries, the level of education of migrants, and their level of integration into the host country's economy. Therefore, this objective was met.

The research effectively explored the impact of remittance inflows on economic growth in Zimbabwe and identified the factors that can enhance the impact of remittance inflows on economic growth. However, the study also identified limitations to the impact of remittance inflows on economic growth. Therefore, this objective was partially met.

The researcher successfully investigated the factors influencing business remittance inflows for productive activities in Zimbabwe and identified the key factors that influence business remittance inflows. Therefore, this objective was met.

The study effectively identified policies and initiatives to maximize the positive impacts of remittance inflows on economic development in Zimbabwe and highlighted the importance of effective governance, collaboration between different stakeholders, and investment in infrastructure. Therefore, this objective was met.

5.4 Recommendations

To maintain and increase remittance inflows into Zimbabwe, policymakers should focus on improving the economic conditions in host countries, enhancing the level of education and skills of Zimbabwean migrants, and facilitating their integration into the host country's economy. Also, to mitigate the negative impact of exchange rate volatility and political instability on remittance inflows, policymakers should implement policies that promote exchange rate stability and political stability in Zimbabwe.

Policymakers should focus on enhancing financial sector development, reducing income inequality, improving living standards, and promoting productive investment opportunities to maximize the positive impact of remittance inflows on economic growth in Zimbabwe. They should also address the limitations to the impact of remittance inflows on economic growth, such as inefficient allocation of resources and lack of productive investment opportunities.

The Policymakers should focus on promoting exchange rate stability, implementing a transparent regulatory framework, reducing transaction fees, and improving the efficiency of banking systems to facilitate business remittance inflows for productive activities in Zimbabwe. They should also address the challenges faced by businesses in accessing and utilizing remittance inflows effectively, such as inadequate infrastructure and limited access to financial services.

Officials should implement effective policies and initiatives that promote reduced transaction costs, support SMEs and agriculture, invest in infrastructure, improve the regulatory framework, and promote public awareness and education to maximize the positive impact of remittance inflows on economic development in Zimbabwe. They should also address the challenges in implementing these policies and initiatives, such as corruption, political instability, lack of

implementation capacity, and inadequate infrastructure, through investment in infrastructure, effective governance and regulation, and collaboration between different stakeholders.

5.5 Suggestions for future research

Based on the findings of the study on maximizing the positive impact of remittance inflows on economic development in Zimbabwe, some areas for future research include:

The impacts of remittance inflows on social and cultural practices in Zimbabwe and other contexts, including the potential of remittances to support traditional and cultural practices, such as community-based savings and lending schemes, and the impact of remittances on social relationships and networks and also the effectiveness of policies and initiatives aimed at maximizing the positive impacts of remittance inflows on economic development in Zimbabwe and other contexts.

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7.0 APPENDICES

7.1 APENDIX A

7.1.1 QUESTIONNAIRE

Please tick appropriate response

Section 1: Demographic Information

1. What is your gender?

- Male
- Female

2. What is your age?

- 18-24
- 25-34
- 35-44
- 45-54
- 55 or older

3. What is your educational level?

- Less than high school
- High school diploma or equivalent
- Some college or university
- Bachelor's degree
- Postgraduate degree

4. Which Field do you work under?

- Agriculture
- SME
- Finance & Banking
- Other

Section 2: Remittance Inflow and Economic Growth

This section will employ a Likert scale to access the how remittance inflow affects economic growth.

Please tick the box with the appropriate answer

| <i>To what extent do you agree with the following statements</i> | Likert Scale | | | | |
|---|---------------------|----------|----------|----------|----------|
| | 1 | 2 | 3 | 4 | 5 |
| Remittance inflows positively impact economic growth in Zimbabwe | | | | | |
| Remittance inflows contribute to poverty reduction in Zimbabwe | | | | | |
| Remittance inflow affect your spending behavior | | | | | |
| Remittance inflows are essential to the development of the Zimbabwean economy | | | | | |
| Remittance inflows have a positive impact on employment in Zimbabwe | | | | | |
| Remittance inflows have contributed to the improvement of living standards in Zimbabwe | | | | | |
| The government of Zimbabwe has done enough to encourage and facilitate remittance inflows into the country | | | | | |
| Remittance inflows have contributed to the development of small and medium-sized enterprises (SMEs) in Zimbabwe | | | | | |

| | | | | | |
|--|--|--|--|--|--|
| Remittance inflows have had a positive impact on the education sector in Zimbabwe | | | | | |
| Remittance inflows have had a positive impact on the finance sector in Zimbabwe | | | | | |
| Remittance inflows have contributed to the reduction of income inequality in Zimbabwe | | | | | |
| The government of Zimbabwe should do more to maximize the benefits of remittance inflows for economic growth and development | | | | | |

Key: 1 = Strongly Disagree; 2 = Disagree; 3 = Neither Agree nor Disagree; 4 = Agree; 5 = Strongly Agree

Section 3: Factors Influencing Business Remittance Inflows

Please tick appropriate response

11. Are you aware of any programs or initiatives that promote business remittance inflows in Zimbabwe?

- Yes
- No

12. What are the factors that influence business remittance inflows for productive activities such as agriculture and SMEs in Zimbabwe?

- Exchange rate stability
- Transparent regulatory framework
- Low transaction fees
- Efficient banking system
- Other

13. How can business remittance inflows be increased in Zimbabwe?

- Government incentives

- Private sector partnerships
- Improved infrastructure
- Other

Section 4: Policy Recommendations

14. What policies or initiatives would you recommend to maximize the positive impact of remittance inflows on economic development in Zimbabwe?

.....
.....
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.....
.....

15. What challenges do you foresee in implementing policies or initiatives to maximize the positive impact of remittance inflows?

.....
.....
.....
.....

16. How can these challenges be addressed?

.....
.....
.....
.....

Thank you for taking the time to complete this questionnaire. Your responses will be confidential and used for research purposes only.

7.2 APPENDIX B

7.2.1 INTERVIEW GUIDE

SECTION A: To investigate the impact of remittance inflows on economic growth and development in Zimbabwe.

1. How do you perceive the impact of remittance inflows on economic growth and development in Zimbabwe?
2. Can you provide examples of how remittance inflows have influenced economic growth and development in Zimbabwe?
3. In your opinion, what factors have contributed to the positive or negative impact of remittance inflows on economic growth and development in Zimbabwe?
4. In your experience, what are the challenges that Zimbabwe faces in maximizing the positive impact of remittance inflows on economic growth and development?

SECTION B: To examine the factors that influence business remittance inflows for productive activities such as agriculture and SMEs in Zimbabwe.

1. From your experience, what are the factors that influence business remittance inflows for productive activities such as agriculture and SMEs in Zimbabwe?
2. How do these factors affect the ability of businesses to access and utilize remittance inflows for productive activities?
3. Can you provide examples of successful utilization of remittance inflows for productive activities in Zimbabwe?
4. In your opinion, what policies or measures would be necessary to increase the amount and effectiveness of remittance inflows for productive activities in Zimbabwe?

SECTION C: To provide policy recommendations that can maximize the positive impact of remittance inflows on economic development in Zimbabwe.

1. Based on your experience and expertise, what policies or measures could be implemented to maximize the positive impact of remittance inflows on economic development in Zimbabwe?
2. How might these policies or measures be implemented and enforced in Zimbabwe?
3. What challenges might arise in implementing these policies or measures, and how could they be addressed?
4. How can various stakeholders, including government, businesses, and individuals, collaborate to maximize the positive impact of remittance inflows on economic development in Zimbabwe?

Thank you for taking the time to part of the interview guide. Your responses will be confidential and used for research purposes only.

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