BINDURA UNIVERSITY OF SCIENCE EDUCATION

FACULTY OF COMMERCE

DEPARTMENT OF BANKING AND FINANCE

EVALUATION ON THE IMPACT OF DEBT FIANCE ON THE GROWTH OF SMALL TO MEDIUM ENTERPRISES (SMEs) IN HARARE, ZIMBABWE.

BY

B1953596

A DISSERTATION SUBMITTED IN PARTIAL FULMENT OF THE REQUIREMENT OF THE BACHELOR OF BUSINESS STUDIES HONOURS DEGREE IN BANKNG AND FINANCE OF BINDURA UNIVERSITY OF SCIENCE EDUCATION. FACULTY OF COMMERCE JUNE 2023

APPROVAL FORM

The undersigned certify that they have read and recommended to the Department of Banking and Finance, Bindura University of Science Education for acceptance; a project titled, **" Evaluation on the impact of debt finance on the growth of small to medium enterprises (SMEs) in Harare, Zimbabwe,"**submitted by B1953996 in partial fulfillment of the requirement of the Bachelor of Banking and Finance.

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Date

RELEASE FORM

REGESTRATION NUMBER : **B1953596**

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DEDICATION

To my parents who have supported and motivated me through my academic career-from first grade to this year of my final year at the university- thank you.

I also want to express my gratitude to my other family members, friends, and classmates for their moral, spiritual, financial, and material support during my studies. All honors belong to the Almight Father.

ABSTRACT

This study was conducted to find out the relationship between debt finance and the growth of small and medium enterprises operating in Harare, Zimbabwe. The study was conducted to address the following specific objectives. To examine the nature of debt financing facilities offered to SMEs in Harare, to determine the level of growth of SMEs in Harare, to determine the relationship between debt financing facilities and growth of SMEs. The researcher used a cross sectional survey design to establish the relationship between the dependent and independent variables and to exhaust all areas in the research. A sample size of*40 SMEs in Harare was used. Questionnaires were used as one of the research instruments to collect primary data and interview were also used to collect primary data. Data pertaining to the usage to debt finance by SMES and growth of SMEs was conducted using descriptive statistics. Descriptive statistics was chosen to statistically illustrate the relationship between the variables. Researcher adopted the use of tables and pie chart to analyze the research findings and results are then discussed in line with the research objectives. The results indicated that bank loans, trade credit and bank overdraft facilities had an overall positive relationship with the business growth. The study concludes that debt financing facilities are relatively important for growth of small and medium enterprises. It also recommends the need

for government to revise the lending policies, terms and conditions, reduction of interest and lastly improve management of these small to medium enterprises to achieve business growth.

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TABLE OF CONTENTS

LIST OF TABLES

TABLES	TITLE	PAGE NUMBER

x

LIST OF FIGURES

FIGURES	TITLE	PAGE NUMBER

LIST OF APPENDICES

APENDIX   **CONTENT**   **PAGE NUMBER**

LIST OF ACRONYMS AND ABBREVIATION

SMEs- Small and Medium Enterprises

SMEDCO- small and Medium Development Corporation

ZIMRA- Zimbabwe Revenue Authority

CBD- Central Business District

CHAPTER ONE

INTRODUCTION

1.0 Introduction

The scenario provides deep insight into the background of the study, the problem statement, the research objectives, and the research questions. It continues by outlining the significance of the study, delimitations, and limitations and concludes by defining key terms used in the study. Borrowing rates for small to medium enterprises have been steadily rising over the past ten years. Several authors have emphasized the importance of financing through debt for the expansion of small and medium-sized businesses (SMEs).

In recognition of the many benefits associated with small to medium enterprises, both government and non-governmental organizations have worked hard to ensure their success. Despite their efforts and different political campaigns to end poverty endemic, these efforts have made it clear that accessing funding options available to small and medium enterprises is important. This study will investigate the connection between debt financing and the expansion of small and medium-sized businesses.

1.1 Background of the study

Small to medium-sized businesses (SMEs) are the subject of this study. Small to medium enterprises are defined for capital allowance purposes by the Zimbabwe investment authority, a body that regulates both domestic and foreign investment, and the Zimbabwe revenue authority (ZIMRA), as a small businesses employing between six to forty people, doing business annually between $ 50 000 to $500 000. They also have assets valued between $50 000 to$1 000 000.A

medium -sized business with a gross annual revenue of $1 000 000 to $2 000 000 and between 41 to 75 employees. These amounts were charged on the US dollar during the dollar regime and are now converted to RTGS dollars using the inter-bank rate. The SME Association of Zimbabwe which is a board in Zimbabwe also represents a constitution that governs the functioning of producing goods, ICT, financial services, agriculture, transport, and health sectors of the economy.

Surya, Menne et al (2021), argued that the expansion of small to medium enterprises is necessary to ensure sustainability, competitiveness, and economic development on a both local and global scale. The expansion of these small and medium- sized businesses is believed to be influenced by debt finance. Debt finance refers to the instruments that the lender extends to the borrower with the expectation that they will provide a compounded return. Dynarski(2021) asserts that debt financing might take the form of an unsecured or secured loan. As a result, several small and medium enterprises are failing to receive secured loans because they lack the necessary collateral security. Investors have the option of obtaining a bank loan, trade credit, or a bank overdraft.

Commercial banks and micro-finance organizations are two types of financial institutions that offer debt financing to investors. There are 18 commercial banks and building societies that are able to offer debt financing, according to the data provided by the Zimbabwe Investment Authority. In 2018, Zimnat took a big step forward by opening up access to trade credit insurance, which was also seen as a move that would help small and medium enterprises. On the other hand, interest is paid on the loaned funds when it is returned. According to Pollitt and Mercure(2018), interest will be added to the borrowed money, which will result in a greater financial burden than was initially anticipated. Additionally, according to Dev and Sengupta (2020), the amount of debt financing is anticipated to be inversely correlated with the level of interest rates. Thus, the total amount of borrowed money places a financial pressure on SMEs, who struggle to pay off their debts.

1.2 Statement of the problem

Small to medium enterprises operating in Harare mostly rely on loans from commercial banks, bank overdrafts, leasing facilities, and trade credit facilities to fund their operations. Depending on the requirements of the lender, these loans are obtained in a variety of quantities with varying terms of repayment. The amount of loan will be determined by the borrower's collateral security. According SEDCO (2004), over 60% of SMEs in Zimbabwe fail within the first year of operation,

25% fall within the first three years, and the remain15% are likely to survive. The drawbacks leading to the failure of these are business owners lack of collateral security,they are unable to obtain bank loans and are typically given very little advance money due to their high default risk. The loans they are given also have interest rate and frequently have shorter repayments terms. Therefore, the purpose of this study was to look at how debt financing affects the expansion of small and medium-sized businesses.

1.3 Research objectives

- To examine the types of debt financing options available to small and medium-sized businesses in Harare.
- To determine the degree of growth of small and medium-sized businesses operating in Harare.
- To determine the relationship between debt financing options and the expansion of small and medium-sized businesses.

1.4 Research questions

- What types of debt financing option are there in Harare for small and medium-sized businesses?
- What is the degree of growth of small and medium-sized businesses enterprises operating in Harare?
- What is the relationship between debt financing options and the expansion of small and medium-sized businesses?

1.5 Significance of the study

To the researcher

The research is done as part of the Bachelor of Commerce (Honour) Degree in Banking and Finance program. The research will be important for the researcher because the assessment of existing knowledge will improve skills and increase understanding in the learning environment. Through a review of the related literature, the study also offers a deeper knowledge of debt finance.

To Bindura University of Science Education

The study will add to the body of knowledge on SMEs and will pay particular attention to areas of SME financing where there is a dearth of literature. The research will be added to the university's library if the study is successful and the results are satisfactory.

To SMEs

If the suggestions are accepted, SMEs might put them into practice to make funding choices more effective. Managers could use the research to help financial decisions. This research could also help business improve their circumstances so they can overcome the difficulties with debt financing that were before mentioned in the issues.

To other researchers

The investigation will also be the first source of information to be investigated in future related articles and it will also help other scholars who will be discussing the same subject in their studies.

1.6 Research Assumptions

- Entrepreneurs are willing to access debt finance to finance their operations.
- Assume that all the small and medium enterprises are operating in Harare.
- All the selected interviews will be very responsive and cooperative.
- All the people questioned will respond with accurate true information.
- All the respondents will be representative of the sample.
- No other factors will affect the validity of the research in the course of the research.

1.7 Delimitation

The study will be carried out in Harare (2023). The particular area was chosen because it is within the researcher`s proximity, that is between the location of employment during attachment and the area of residence of the researcher hence it is convenient in terms of data collection.

1.8 Limitations of the study

- Participants may not be open to the disclosure of true value making the research biased.
- Some answers might be emotional and therefore distort the outcome.
- The time span spent on researching might not be enough to conclude trends and focuses.
- It might be difficult to conduct individual interviews with retail investors.

- Lack of understanding of the intended goals of the study.

1.9 Definition of terms

Financial debt

An external source of funding is one in which management borrows money to pay for operational expenses (Ahamed, 2021). Debt finance is another term for borrowing money while keeping ownership; it frequently entails onerous obligation and covenants in addition to payment.

Growth

It alludes to the development through time of the company's size, revenue, market share, and profitability.

Small and medium enterprises

According to Yemelyanov, Petrushka et al. (2020), it is a business with income, assets, or employee numbers that fall below a certain level. However, a practical definition of a SME for this study is any formal or informal business with 250 employees.

1.10 Chapter Summary

This chapter provides an overview of the proposed study, its history and introduction, a statement of the problem, its goals and hypotheses, as well as its boundaries, limitations, and definition of key words.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction.

The goal of this chapter is to shed light on the body of material that has already been written about loan financing and the expansion of SMEs in Harare. The review was also conducted to avoid possible duplication of data and to spell out any loopholes in the existing body of knowledge and the review is also aimed at developing testable assumptions.

2.1 Theoretical Framework

SMEs

A number of authors have a different view on what small to medium enterprises are, due to definitions of business by size varying as some focus on capital structure, and legal status while others focus on the number of employees being employed.

The definitions of small to medium firms differ by industry, according to the surveys by Taneo, Noya et al. (2022), and as a result, the manufacturing industry has a higher cut-off than small to medium enterprises within the service industry. According to Fatoki (2018), another author, small to medium enterprises is companies with a relatively limited market share that are run by owners informally and without a formalized management structure. The typical standard for SMEs is that there should be no more than 250 employees and Japan was one of the first countries to revise its definition in 1999 to reduce the criterion for SMEs in the service industry to 50 employees.

According to Nyoni and Bonga (2018), small to medium- sized business definitions lack general effectiveness, hence it is necessary to include features of these businesses in the definitions. According to Pedraza (2021), there are certain features that are observed when defining small to medium enterprises such as total assets owned by the enterprise being less than $100 million, the annual sales turnover is less than $10 million per annum, and lastly, the number of employees being less than 250.

When the research about SMEs was conducted, some authors excluded important factors when they formulate their definitions. Hooi (2006), supported by Abdullah(2000), failed to consider the sector in which the enterprise is operating, the country of enterprise, export levels as well as the gender of the entrepreneurial (2000), failed to consider the sector in which the enterprise is operating, country of enterprise, export levels as well as the gender of the entrepreneur. Financial institutions categorize businesses according to loan size and quantity of income in the bank, with those with low levels of income being classed as small, according to studies done by SING, BASUKI et al. (2021). This indicates that there is no worldwide definition of small to medium enterprises as argued by Hooi (2006).

Debt Finance

Debt finance is the borrowing of money from a third party with the promise to repay the borrowed money plus a certain rate of interest. Debt finance is an outside source in which management obtains funding from third parties to support operational costs for a corporation (Jefferson, 2011). Debt financing is another term for borrowing money while keeping ownership; it frequently includes a stringent set of conditions and covenants in addition to payment obligations. Debt financing is a crucial part of external funding for corporations that generate additional funds for financing their operations after incorporation, according to Block, Colombo et al (2018). Although Siano, Raimi (2020) claimed that family and friends can also issue debt financing, commercial banks are the most typical source of debt financing. Siano, Raimi et al (2020) claims that debt financing can be divided into two categories; short-term debt and long- term debt.

Long-term debt financing is typically secured for the purchase of fixed assets including real estate, equipment, construction, and vehicles. This kind of loan financing is long–term and it lasts for over a year. For daily operations like buying inventory and paying employees' paychecks, short

term debt is often obtained. Debt finance is a beneficial funding tool, especially for small and medium-sized businesses with a good credit history, according to a research released by Bakhtiari, Breunig et al (2020). However, the research goes on to say that small businesses should exercise caution before exposing their companies to credit financing options in order to avoid cash flow issues and limit flexibility.

Growth of SMEs

The growth of small to medium enterprises was used as the dependent variable within the research topic. Earlier studies had used this variable and produced significant and enormous results that were applied to a number of economies, such as Zimbabwe, where small to medium sized businesses make up the majority of employers. Molly (2011), Abor (2011)and Shigehiro(2014) all pay attention to the expansion of small and medium-sized businesses based on increases in profitability. However, this study will focus on the expansion of small to medium-sized businesses utilizing three growth sub-variables, namely an increase in sales volume increase, business expansion, and an improvement in profitability.

Sales volume increase

Sale volume increases depending on the number of units of a certain product being sold. Chaudhuri, Voorhees et al. (2019) argued that the increase in sales volume with other components held constant, an increase in sales volume translates to growth in profitability as measured by sales turnover. Sales volume act as the lifeblood for the successful growth of an enterprise hence for the purpose of the research growth of small and medium-sized businesses will mainly be focused on sales turnover generated by unit sold.

Business expansion

The growth of business relies upon expanding activities and possessing a greater part of the consumer mind with the product on market against those of rival firms. According to Sheth (2021), business expansion can be through expanding the physical size of properties owned by the enterprises, increasing distribution channels, and accompanying vigorous advertising strategies to build consumer awareness.

Profitability increase

The growth of small to medium enterprises can be measured in terms of generated profits. Ratios include the gross profit margin and net profit margin; can be utilized for evaluating growth in terms of profitability. Wellalage and Reddy (2020) recommended that if the levels of profits are high, then the company can retain a portion of the generated profits for reinvestment for growth purposes. These profits will be placed in reserves for financing growth. Jhally (2011), however, challenges this ideology as she outlines that small to medium enterprises located in rural areas cannot grow in this way as they struggle to generate profits to sustain the business.

2.2 Relevance of theoretical framework

Trade-off theory and pecking order theory are two ideas that explain debt and capital structure.

Trade-off theory

The trade-off approach states that the business determines its ideal level of debt by balancing the cost of debt and financing. According to the idea, debt has advantages such as tax deductions for interest payments and a decrease in the agent cost equity due to excess free cash flows (Mateev et al, 2013). The trade-off theory argument contends that businesses can shift the expense of debt financing to another taxpayer. The quantity of private debt exceeds the number of business that would have been chosen in the absence of taxes (Sorensen, 2015). However, the corporate income tax is offset by the interest deduction, reducing the tax distortion of the real investment.

Pecking order theory

The pecking order model is another name for the pecking order. It has to do with the capitalization structure of a corporation and the financial preferences of the manager. When a corporation requires external funding, Sheikh (2019) hypothesize that mangers prefer debt financing to external equity. According to the pecking order hypothesis, businesses finance their demands in a hierarchical manner by first using internal resources, then debt, and finally external equity (Myers 2009). Small business owners who adhere to the pecking order are able to meet their financial needs. Firstly, funds are gained from personal savings, next through short-term borrowing, and finally and this is where the most intrusion occurs with the addition of new equity investors. Businesses are more likely to finance themselves using savings before switching to bank loans in the future. It is also supported by the banking landing theory and this kind of hypothesis leads to the pecking order suggested by Myers (1984). Scholtens (1999) found that small to medium

business have asymmetric information because they lack a significant number of fixed assets that can be used as collateral to get debt financing. Small businesses have a lower capacity to produce enough retained earnings from internal sources to adequately support an increase in operations.

Bank loans

Bank loans frequently have fixed terms and provide quick, easy approach to obtain the needed finances. Bank loans may be interest only or capital repaid. For businesses that need to purchase real estate, commercial mortgage are commonly available. According to the loan's purpose, banks offer both short and long term loans. The borrower receives the principle amount from the lender, and according to Kyomuhendo (2014), they are required to repay it at a later time in regular installments of the same amount. Financial institutions charge interest, and each of these commitments becomes legally binding if the borrower signs a contract that imposes additional limitations known as loans covenants.

Types of bank loans:

- Secured loans
- Unsecured loans

Adaptable bank debts offer an unrivaled trade-off between tax shields and liquidation costs as highlighted by the trade-off theory. According to trade-off theory, small to medium- sized will only rely on a bank loan. This presumption illustrates the premise that small businesses avoid public debt because they lack access to markets where prices are reasonable. According to Mukundhan, Sahasranamam et al. (2019) theory, tax shelters are created by interest payments on various bank loans because those payments will be deducted from profits prior to pay corporate taxes. Due to their dominance in the financial systems, commercial banks have been a primary source of debt capital for small and medium- sized businesses. By enabling novel tactics like mobile banking to be used, the Zimbabwe government may play a significant role in creating an atmosphere that is favorable for lending and fostering competitiveness. According to Beck et al (2008), the amount of lending by commercial banks will depend on a number of variables, including the infrastructure of the financial industry, the legal and regulatory environment, as well as internal capacity constraints. Banks loans will go a long way towards assisting the expansion

of small and medium-sized businesses since the money obtained will be utilized to buy productive assets that ensure higher output levels and act as tax shields.

Trade credit

Trade credit develops when a supplier does not demand prompt payments for batches of items ordered. Given that the installments must be paid within a year, this debt financing is short-term, Kakuru (2002). According to Kyomulendo(2014), the concept of trade credit needs to be grasped along with its scope. Utilizing trade credit effectively necessitates careful preparation in order to avoid incurring extra expenses by giving up cash discounts. The cash flows and liquidity position of the business both improve as a result of trade credit. In accordance with the pecking order principle, small businesses frequently prefer to finance themselves internally if the sum is smaller than the investment intended. Trade credit is a type of debt financing that result in an increase in inventory, which helps business expansion by allowing for higher production levels, which in turn increases the amount of goods that can be sold.

Bank Overdraft

Bank overdraft plays a major role in providing small to medium enterprises with adequate finance at a very low cost as no interest is charged. Bank overdrafts allow businesses to benefit from cash discount when buying inventory items, increasing the profit margin and allowing the company to grow through capital investment. In his study on the pecking order theory, Myers (1984) found that although enterprises frequently use cash credit as their first choice for funding their everyday operations, they also place a high level of reliance on the banking system, as seen by the use of bank overdraft facilities. It is also utilized by less successful and self-sufficient businesses in an effort to enhance working capital since they are unable to secure enough working capital. According to HUSSEN (2022), banks have been reducing their overdraft option, which has suggested a lack of cash flow. Numerous small to medium-sized businesses have struggled to survive and grow as a result of these cash flow difficulties.

2.3 An investigation of financing options in other countries.

Lauro and Ponlawat (2011), assert that the majority of Brazilian businesses rely on their own savings and do not seek loans: rather, they associate with partners while some others are bank financed; however, the data supporting this option is unclear. Brazil is considering 13 different financing options for upcoming projects. Of these 30% will come from bank loans and 40% will come from government agencies (Lauro and Ponlawat2011). Observation and trends indicate more; even personal funding and banks are preferred as a source of finance, consequently, as a matter of confirmation of such trends, a massive 90% of them are said to prefer employing debt financing over forgoing future shares of their companies, which is more evidence of these tendencies that even personal funding and banks are preferred as a source of finance. Since earlier data was verified to indicate 80% of businesses prefer debt financing over equity financing, reliable information can be given about Brazilians' preference for debt.

 Even after being informed about other financial sources and their advantages and disadvantages, banks are still the first funding option that comes to most business owners' minds in Thailand. This is surprising because businesses are also using debt financing as the first option, followed by personal savings. In Thailand, 70% of business prefers debt financing to equity financing, and the majority of the cases score as difficult to obtain fund from risk investors. As a result, there are good opportunities for businesses to act as brokers for investors, as 70% of interviews indicated that they would use such current services (Laura and Ponlawat, 2011)

2.4 Chapter Summary

The analyzed research demonstrate that debt financing significantly affects small to medium-sized business growth , which is the primary goal of operating a business. According to research conducted worldwide, debt financing is essential for any company since any attempt to manage debt financing improperly puts the firm's survival in jeopardy. The majority of studies however concentrated on debt financing in relation to the profitability of small to medium-sized businesses.

CHAPTER 3

RESEARCH METHODOLOGY

3.0 Introduction

The research technique for this study is briefly described in this section. Research is defined by J. Mishra and Alok, (2022) as the science and philosophy of all research, which includes all the methods and techniques used to obtain data. As a result, this chapter provides information on the information-gathering techniques used by the researcher. It highlights the major research design approaches, which are survey population, sampling design, and sample size and data collection sources used. It also gives an insight into how the procedures for obtaining necessary information were carried out and how different instruments were used.

3.1 Research Methodology

 According to Creswell (2012), of research methods that shows the transition from a number of assumptions to a thorough data collection strategy, investigation, and understanding that can be qualitative, quantitative, or mixed. The relation objective calls for a quantitative approach, while the other objectives call a qualitative approach, leaving only the mixed method as an option. It also enables   data triangulation, which ensures the legitimacy and dependability of gathered data. In support of this, Kumar (2011) argued that while data gathered through the completion of open-ended questions is qualitative, data gathered through the collection of numerical data requires a quantitative .Creswell (2012) supports the hybrid approach since it is based on the idea of flexibility.

3.2 Research design

According t0 Kock, Berbekova et al.(2021), the complete process utilized by the researcher to combine the many elements of a study in a cohesive and logical manner, assuring that they will effectively address the topic, is known as the research design. According to Goure (2011), research design is the overall strategy used by the researchers to integrate the many study components in a logical and cogent manner, so ensuring that the research topic will be successfully addressed. According to Johnson, Taylor et al. 2022, is the overarching plan for tying conceptual research issues to the use of empirical data. A research design, according to Abbot and Mackinney (2012), is a plan for carrying out study with the greatest amount of control over variables that can compromise the validity of the results. Actually, the research methods span from descriptive to analytical. According to Weathington et al. (2012), a descriptive study both summarizes already-known facts and aids in the discovery of new ones.

Descriptive designs employ research instruments like surveys and interviews. In order to find the answers to the questions being investigated, descriptive research uses both qualitative and quantitative data (Bax, 2013). Descriptive research offers a range of answers to the problem being investigated since it enables the researcher to draw conclusions from various forms of data, including personal experience and observations. (Hall, 2014). Descriptive has the drawbacks of not statically establishing the research problem. The failure to gather sensitive data, according to Torres, Nadeau et al. (2022), is a significant flaw in descriptive research. For instance, the responded may decide not to share confidential information if interviews are being used.

China implemented qualitative data analysis through the use of questionnaires to collect research data on the population enterprises that rely on borrowed capital, according to Xiang (2015). Since the study's primary objective was to assess the effects of loan financing in SMEs in Harare, a descriptive technique was used by the researcher. Osazefua Imhanzenobe (2020) used a descriptive survey design in the USA when he looked into how long-term loan capital affected profitability.

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3.3 Population and Sampling

Targeted population

According to Supena, Darmuki et al (2021), the study's targeted population is the group on which it aims to find basic information and draw conclusions. The number of people the researcher needs to gather enough data for study is known as the targeted population (Annum, 2014). A population, according to Chaturvedi (2010), is a collection of people or responses to a particular group of objects who share specific traits and provide the necessity for research. Shu, Kumar et al.(2023)used the criterion of a firm employing 10-250 employees working either in the education or finance sectors to drive their survey population of 2500 firms. Because they do not transfer ownership to the next generation and hire fewer than 10 employees, micro-businesses were not included in the study because they did not fit the criteria of SMEs. Only those who work for registered small to medium enterprises owners who operate in Harare, Zimbabwe, made up the survey population for this study.

Sampling technique

According to Creswell (2012), sampling is a method of choosing a subset of research population so that their opinions reflect those of the entire population .According to D. Fleetwood (2018), the sample is a procedure that involves picking out certain individuals to make calculations from them and gauge the traits of the overall population. There is no set size needed to conduct research, hence different sample size are employed. 50 businesses will serve as the sample size for the researchers' objectives. Using a combination of random and systematic selection, the company will be chosen.

Table3.1: Sample number per sector.

Business sector	Number in sample
Manufacturing	8
Retail	15
Agriculture	11
Transport	7
Tailoring	9
Total	**50**

 Source; Primary Data (2023)

3.4 Data collection methods

A research problem's solutions and the effectiveness of the study's' finding are determined by the process of collecting data from all relevant and appropriate sources. When determining which data gathering techniques to employ for a study, Ningrum and Simanjuntak (2022) advises that the researcher be aware that there are two types of data namely primary and secondary data. The tools used for data collection were selected based on the kind of data the researcher was looking for. Use questionnaires, interviews, and observations as the primary data collection tools, together with secondary data collecting techniques, to gather relevant information from the study.

3.4.1 Primary Data Collection Method

Primary data is a type of information that is gathered for research, interview, and experiments directly from the major sources. Primary data is primarily from the source which is where the data first appeared and is considered the best type to use in research.

3.4.1.1 Questionnaires

When conducting a normative survey, questionnaires are the main data collection tool used (Annum, 2014). These are set of questions designed to create data that is needed to achieve the objectives of the research. In addition, Annum (2014) defined questionnaires as written materials with the primary goal of information gathering that are constructed methodically and include questions specifically created for research informants. Because they may be used to collect data from a wide geographic area and give respondents the opportunity to freely express their findings without fear of repercussion, questionnaires were employed as a research tool. The questionnaire

method will enable the respondents to write down all the necessary facts and it will make the respondents feel more comfortable answering than participating in an interview. The questionnaires will be distributed by the researcher to the respondents in order to collect the raw data. They must be completed in a self–sufficient manner.

Justification for using the questionnaire

➢ The questionnaires allow the respondents to answer the question in their spare time, thus giving them time to think carefully.

➢ Questionnaires are cheap to put together and data is easy to interpret and anal yes.

➢ Close–ended questions are to be accompanied by feedback that is straight to the point and would not bore the respondents.

➢ Open-ended questionnaires will allow more information since the respondents will have the freedom of expressing their own opinions without any restrictions.

3.4.1.2 Interviews

The researcher also makes use of interview guides during the process of data collection and this was a consent form guide. According to Annum (2014), an interview is a conversation in which the interviewer asks the interviewee oral questions in an effort to elicit a response. The researcher can accurately comprehend comments ant interpret them thanks to the personal interview Kashivor, M (2022). Annum (2014) claims that there are several types of interviews, including focus interviews, structured interviews, and unstructured interviews. The interviewer's ability to pinpoint the demographic that was more pertinent to a certain field of research was made possible by the interviewee. The interviewee has the opportunity to clarify any points that they did not understand during the interview. Non-managerial employees in the finance department were among the respondents who were interviewed to get qualitative data because they would be able to provide accurate information that management would consider confidential. To gain a basic understanding of the function that credit finance plays in the expansion of small to medium enterprises, the management team was also questioned.

3.4.1.3 Observations

It is a research method in which the researcher looks at and explains the behavior of the topic. It is a way to gather relevant information and data by the view. Observation is an eye test followed by writing given on what the researcher is researching Abdullah, M et al..(2020). the researcher will visit related firms as part of data collection procedure to get preliminary information that will be compared to the information gathered through interviews and questionnaires.

3.4.1.4The likert scale

According to Vanerk (2012), the likert scale is the sum of replies for all likert items, which are typically displayed in a predetermined visual format, like horizon bars, which shows a sample scale. The respondents are expected to evaluate a statement using likert scale. According to Lamarca. (2011), a linker is a psychometric gauge of the research population's opinions, beliefs, and arrogance's. When reporting results using the likert scale, the values of each selected choice is added together and create a score line for each responded. The questionnaires for this study were created using a five-point likert scale with a range of I to 5. According to the table below, the researcher included five options for this study: strongly disagree, disagree, not sure, agree, and strongly agree.

Table 3.2 Likert scale

Strongly disagree	Disagree	Not sure	Agree	Strongly agree
1	2	3	4	5

Source: Fink (1995)

The advantages of the likert scale, according to Lamarca (2011), are that it can be easily understood because it is universal for survey collection, that responses are subjective to the computation of numerical data and can be easily quantified, and that answering questions is very simple because the likert scale does not require people to take a particular stance on a topic. The response provided in a likert scale also accommodates respondents' undecided feelings. It can be delivered in person and sent via email, the internet, or both. The likert scale is a less expensive, rapid, and efficient method of gathering data. The drawback of the likert scale is that it assumes that public opinion exist in a single-dimensional continuum within five to seven choices, whereas in practice, public

opinion actually in exists in a multidimensional continuum with more choices than seven, as indicated by the likert scale.

3.4.2 Secondary data collection

Data that has previously been gathered from important sources and made easily accessible to academics for use in their own research is referred to as secondary data. It is a category of information that has already been gathered by others for a different objective Abdullah, M et al. (2020).The study will collect secondary data using the documentary review process as presented below:

Document Review Technique

The study will review various documents as part of the data collection technology strategy. Data will be collected from past documents such as books, reports, and websites. The reason for using this method is to obtain archival information to support the raw data that should be collected in the field during the study.

3.5 Data reliability and validity

According to Goldsack, Coravos et al (2020) validity refers to the rate at which inferences drawn from a study are accurate and supported by measurement or the rate at which an instrument measures what it is designed to measure. The extent to which data gathering methods like interviews and questionnaires truly measure the characteristics they are intended to assess is known as validity. Hickman et al(2022). The instruments were reliable since they were linked to the study's goals through the questions that were asked. According to Kumar (2010), validity can be evaluated by examining the relationship between the study's goals and the questions that were answered. Data dependability is the degree to which the surveys and interviews used to collect the data can consistently yield the same results on several occasions (*Miller 2010 and Francis 2011).

The parallel form test which was borrowed from Kumar (2010), was used to assess the instruments' reliability, and it was found to be effective. Reliability refers to how well an instrument will perform in terms of measuring what is expected of it. (Suruci and MASLAKCI (2022). The use of consistent question wording and consistent interview tenor archived reliability. According to Kumar (2010), if the researcher uses consistent wording and tone, instruments can yield the same results. To determine the viability of the study and identify any errors made during the data

gathering procedure, a pilot study will be carried out. This can assist in identifying mistakes in potential problems like inadequate. This will make it easier to spot mistakes in potential problems like insufficient timing and varying variability of the variables to be defended. The SMEs that register will receive copies of the questionnaire. For the project, 50 copies of the questionnaires will be used. Therefore the results from this study will be more liable and can certainly be used as a source for further references.

3.6 Processing and Analysis

Qualitative data will be analyzed using mathematical and advanced methods so that the researcher can make sound presentations and conclusions. The 50 respondents' data will be analyzed and arranged in accordance with the study's goals. The information that will be collected will be organized into a working framework that will allow the researcher to change it. The data will be disclosed in a variety of process, including editing to discover missing space, system faults, and incomplete responses, deleting extraneous data, and fragmenting data with similar features. The data will also need to fit with the aims and research questions.

3.7 Research Ethics

Ethics refers to the moral code that guides the researcher while they conduct their research. All academic sources utilized in the research must be cited for the purpose of this study. The study's findings are only to be applied for academic purposes only. The researcher assured the participants that their responses would be kept confidential and that the study would be carried out ethically and professionally. The researcher also asked management for permission to conduct the investigation.

3.8 Chapter Summary

This chapter concentrated on the procedures employed to conduct this study. Additionally, it covers the study's design, data collection procedures, sample strategies, ethical considerations, and finally, the research techniques that will be used throughout the investigation.

CHAPTER FOUR

DATA PRESENTATION ANLYSIS AND INTERPRETATION

4.0 Introduction

The analysis, presentation and interpretation of study findings gained during data collecting utilizing questionnaires and interviews are the main topics of this chapter. Tables, bar graph and pie charts were used to show the data. The response rate and an analysis of the data gathered throughout the research are also included in this chapter.

4.1 Data presentation and analysis

Chapter four is about data presentation and discussion of research findings. Presentation and discussions were done in relation to the study objectives. The project's main goal was to determine the connection between debt financing and the expansion of Harare-based small and medium-sized business. Specific objectives includes establishing nature of credit financing facilities available to developing enterprises, determining level of growth associated with available debt finance and determining relationship between debt finance and growth of developing enterprises. The information received from secondary sources must be compared with the conclusions drawn through the study methods, such as interviews, questionnaires and observations.

The purpose of employing survey questions was to gather replies from multi-sector oral approach on a number of subjects. This was in addition to their obvious benefits, which were discussed in the preceding chapter. The study findings from the survey questionnaires and the interview were to be combined through personal interviews.

The targeted population was the owners and management of the small to medium enterprises operating in Harare. The secondary respondents were workers from various small to medium enterprises who have vast experience in accounting, debt finance and other field that contribute to

business expansion. The effect of debt financing on the expansion of small to medium- sized businesses operating in Harare, Zimbabwe, has been vividly illustrated using statistical tools such as, graphs and percentages.

Questionnaire Results

According to Saunders and Lewis (2012), the response was the frequency with which participants told the researcher their thoughts on the subjects that were addressed. The more respondents, the more the accurate and dependable the finding is in terms of reflecting the population.

Interviews and questionnaires were utilized as research instruments for this project. Respondents received 50 questionnaires in all, and 40 of them of the population sample were returned. This was likely made feasible by the curiosity that the research topic sparked in the minds of most respondents in the field of finance, accounting, and owners of small and medium-sized enterprises who had participated in the debt financing of the businesses. However, it can generally be said that the response obtained represents the population sample.

The table below provides an illustration of the percentage of respondents based on the sectors they were sent to.

Table 4.1 Questionnaire response rate

Operational sector	Questionnaire given	Completed questionnaire received	Percentage response
Manufacturing	8	4	50%
Retail	15	15	100%
Agriculture	11	11	100%
Transport	7	5	71%
Tailoring	9	5	56%
Total	**50**	**40**	**80**

Source: Primary Data

As shown in the table 4.1 the researcher distributed 50 questionnaires to the respondents, and 40 of them were returned, giving an overall response rate of 80%. Saunders and Lewis (2012) pinpointed that50% response rate is good, 60% and above considered better.

Interview success rate

Due to respondents from other two firms visited unavailable during the schedule time of the interviews, eight out of ten interviews that were scheduled to be conducted for the purpose of the research, eight were a success owing to the fact that respondents from the other two firms visited became unavailable for the scheduled timed of the interviews. The selection criteria of the interviews were two individuals from each small to medium enterprise operating in Harare in relation to the stated sectors. The overall success rate of the interviews was 80%.

Table 4.2 Respondents interviewed

Operational sector	Respondents chosen	Respondents interviewed	Success rate
Manufacturing	2	1	50%
Retail	2	2	100%
Agriculture	2	1	50%
Transport	2	2	100%
Tailoring	2	2	100%
Total	**10**	**8**	**80%**

Source: Primary Data

4.2 Analysis of questionnaire responses.

4.2.1 Demography of respondents.

The questionnaire required the respondents to indicate their gender. The questionnaires were given to both male and female of different sectors and the results are tabulated below.

Table4.3 Respondents distribution by gender

Gender

	Frequency	Percentage	Valid Percentage	Cumulative Percentage
Male	15	37.5	37.5	37.5
Valid Female	25	62.5	62.5	100
Total	40	100.0	100.0	

Source: Primary Data

The table above reveal that out of 40 respondents who took part in the research, 15/40 (37.5%) of them were male and 25/40(62.5%) of them were women, representing all business sector. Therefore, it is clear that the sample fairly represented each gender, and the results accurately matched the population as indicated by the distribution of males and females.

However, this is a clear indication that the majority of the population that is involved in the operation of small to medium enterprises is females. The implication of the results is that females have made progress towards improving the economy by operating small to medium enterprises.

Table 4.4 Respondents distribution by age

|		Frequency	Percentage	Valid Percentage	Cumulative Percentage
	20-30	10	25	25	25
	31-40	18	45	45	70
Valid	41-50	12	30	30	100
	Total	40	100	100	

Source: Primary Data

The distribution of the respondents is shown in the table according to age where the least age of the respondents was 20 years. It can be seen from the presentation that of the three age groups (20 to30 years, 31to 40 years and 41to 55 years) which participated in this research. 10 respondents belonged to the "20-30 years" age group representing 25% of the total respondents,18 and 18 of them indicated that they belonged to the "31-40 years" age group representing 45% of the respondents. Only 12 among the participants showed that they range in age from 41to 50 years representing30%. This shows that people between age of 31 to 40, are the people in Zimbabwe that are embracing innovation change through operating of small and medium-sized businesses.

4.2.2 Educational qualification of respondents

It was essential to consider the respondents' educational background because judgments from qualified respondents are more reliable and valid. Under the section for bio data respondents, the questionnaires ask respondents to specify their professionals' backgrounds. The researcher grouped the professional qualification into 4 categories which are a level, Diploma, Degree and Masters.

Fig. 1 Respondents educational qualification

Qualification of respondents
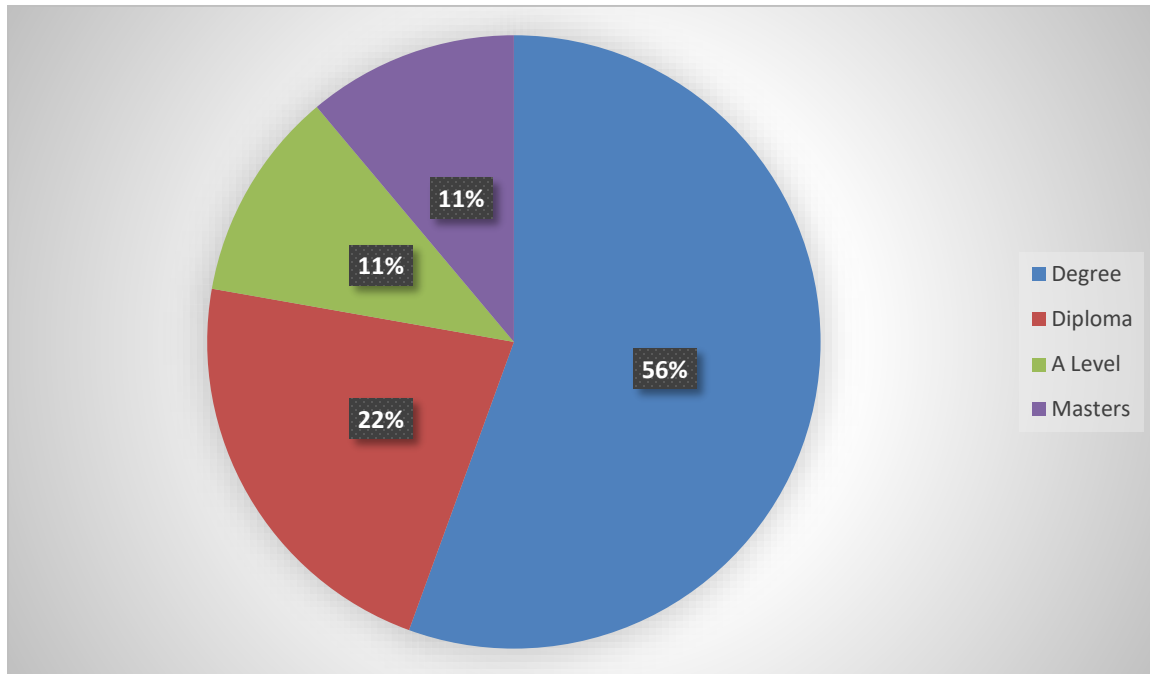
Source: Primary Data

The distribution of research participants by level of education is seen in the pie chart above. The vast majority of the respondents said they had degrees, followed by those with diploma and an A level, and then those with a master's degree. It became clear that highly educated people control practically all economic sectors and operate small to medium enterprises with the objective of advancing the economy. The fact that every respondent was qualified or educated further demonstrated the importance of responses to the investigation.

4.2.3 Working experience

When reviewing results, it is critical to take experience length into account. Longer working respondent will provide more accurate and valid data because they are more familiar with the organization. The respondents' job experience in the business sector might be indicated on the questionnaire.

Table 4.5 Distribution on work experience

Experience

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-2 years	10	25.0	25.0	25.0
	3-4 years	8	20.0	20.0	45.0
	5-6 years	7	17.5	17.5	62.5
	7 and more	15	37.5	37.5	100.0
	Total	40	100.0	100.0	

Source: Primary Data

From the total of 40 respondents who were issued with questionnaires as illustrated in the table above, 15 of them had experience of 7 and more years representing 37.5% of total respondents.7 of the respondents had been in business for between 5-6 years, representing 17.5% of the total respondents.8 respondents had experience of 3-4 years thus representing20% and lastly 10 had 1-2 years of experience in business representing 25%. The findings show that many people who worked in the management of small to medium enterprises had experience of at least 7 and more years.

4.3 Discussion and interpretation

Analyze the use of debt finance

The respondents were questioned about the type of debt financing they utilized to fund their business or the type of debt financing used by companies they work for, and their answers were based on three categories of debt financing that have already been mentioned. The questionnaires allowed the respondents to choose a particular debt type they used and either strongly agree or disagree with the supporting questions of that particular debt. Most of the respondents suggested that small to medium enterprises are financed with debt as they are all suitable when starting up a business and as well as for growth purposes. Responses were based on the 40 responded questionnaires that were received after being completed.

Table 4.6 Types of debt finance used

Type of debt	Responses number	Percentage
Bank loans	18	45%
Trade Credit	10	25%
Bank overdraft	12	30%
Overall	40	100%

Source: Primary data

Zimbabwe is well known for its struggling economy but there has been a positive reflection as to the availability of debt finance which is being provided to small and medium enterprises operating in Harare. The use of bank loans over trade credit facilities and overdraft was strongly favored by respondents in the transportation sector since Zimbabwe lacks sufficient local suppliers of locally produced auto mobiles, and bank loans are offered y a number of commercial banks. In the cases that a firm is not meeting the expected conditions that allow them to obtain bank loans, SMEDCO an organization that govern small to medium enterprises has also been helping some of these companies that are failing to obtain bank loans. SMEDCO is also taking a great role of representing these small to medium enterprises for them to get debt assistance and also proving them with their funding too. Respond in other sectors, that is manufacturing, agriculture and tailoring.

Analyze Growth of SMEs

Small to medium enterprises are growing as a result of the availability of debt facilities, according to responses from a variety of respondents and information gathered during the interviews. During the interviews, respondents mentioned a number of financial institutions that have been providing debt facilities, including commercial banks as the main providers. Respondents also mentioned the loan facilities launched by CABS, including the CABS SMEs loan facility and a CABS SME loan facility. CABS have CABS SMEs loan facility and as well as Agribank which has a loan facility for mainly small to medium enterprises that are into agriculture. NMB Bank provides a variety of products and services to support the growth of SMEs. These cover working capital funding, assets and capital expenditures, and investment possibilities. Loans, overdraft invoice discounting, leasing, order finance, contract farming, toll manufacturing, guarantees, and bonds are just few of the financing options.

Business owners and individual employees in Harare supported the usefulness of these bank loans since they help the companies to expand. One of the commercial banks indicated by respondents as offering bank overdraft to Harare small to medium firms through its SMEs business loans and overdraft facility is FBC bank. These overdrafts have helped to close some cash flow gaps while allowing profitability levels to rise quickly. A number of respondents regarded these overdrafts being useful and available especially to those in the transport sector where there is fast movement of cash and an overdraft can easily paid back.

4.4 Chapter Summary

The regression analysis study provides evidence that debt financing has a considerable impact on small to medium business growth. The analysis further indicates that terms and conditions given by the bank together with loan significantly had an effect on the growth of the business although the growth was being measured in terms of profitability. Only the loan size being offered had a negative effect on profitability.

The analysis indicated a positive relationship between business growth and trade credit a form of debt finance. Findings revealed that trade credit payment on stipulated time and qualification for trade credit where positively related to business growth while continuous use of trade credit was negatively related to debt.

Lastly, the analysis revealed that awareness of terms and conditions attached to overdraft facilities and qualification to receive bank overdraft had a positive effect on business growth measured in terms of increase in share market. On the contrary, continuous use of bank overdraft like the continuous use of trade credit was negatively related to business growth.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter starts with a research summary of chapter 4, followed by the conclusion and recommendations. The chapter concludes with a list of topics that need more investigation. After presenting and analyzing the data from the study on the effect of debt financing on SMEs operating in Harare, Zimbabwe, this chapter will concentrate on the overall research summary, conclusion reached in relation to the research questions, as well as suggestions made to local SMEs on the advantages of doing so.

5.1 Discussion/findings

The research's findings were presented in chapter 4 of this essay. The research's findings can be summed up as follows:

Objective 1: To examine the types of debt financing options available to small and medium-sized businesses in Harare

The majority of the respondents agreed, based on the results of chapter 4, that using debt facilities to finance business expansion has produced fruitful outcomes. This suggests that business operations such as increase in sales volume and increase in market share could be boosted by these debt facilities. The majority of respondents don't agree that the commercial banks' and SMEDCO's' loan sizes were adequate to finance various types of business growth. The owners of the enterprises in Harare concurred that their businesses had no sufficient capital and thus emphasized the vital role of credit facilities SMEs growth.

These findings are related to the financial theories that have been established to explain how businesses choose their capital structures, one of which is the pecking order theory. The findings demonstrated how businesses adhere to the pecking order theory when calculating their financial needs. According to Myers (1984), the hierarchy of capital utilization illustrates the pecking order. Internal capital is preferred first, followed by external (debt) capital. Overall, the business owners of these companies stressed that debt financing promotes business growth regardless of the industry.

Objective 2: To determine degree of growth of small and medium-sized businesses operating in Harare

 Chapter 4 demonstrates how majority of small to medium enterprises depend on debt facilities to help maintain the business, improve financial performance and also improved the business liquidity. The entrepreneurs in Harare highlighted that due to debt financing facilities their business had managed to increase sales volume, increase their market share as well as increasing their profitability giving a favorable correlation between debt financing and business expansion.

Objective 3; To determine the relationship between debt financing options and the growth of small and medium-businesses.

We deduced from chapter 4 data that there is a significant correlation between the expansion of the firms and the availability of loan financing. In Harare, a lot of respondents said that debt facilities has helped their business growth, and many of the response emphasized that trade credit facilities, in particular, allow for a rise in sales quantities. Some respondents agreed that bank overdrafts allowed profitability levels to rise rapidly and an increase in sales volume led to the increase in market share which where both achieved by the availability of the debt facilities.

According to the researcher's overall evaluation, debt financing aids in the expansion of small and medium-sized businesses. This is indicated by a very strong positive relationship and where respondents had used their one of the 3 types of debt but they overall supported debt to be having strong positive effect to growth. This implies that SMEs should utilize debt facilities to improve their return on capital and be able to expand different business operations.

5.2 Conclusion

Determining the impact of debt financing on the expansion of small to medium-sized businesses in Harare, Zimbabwe, was the study's main goal. The study's findings, which are detailed in this chapter, showed that debt financing significantly affects an enterprise's ability to grow. When a business is financed with debt, there are significant advantages that have developed, and in this study, they were noted as enhancing the business's liquidity situation. Increased liquidity made it simple to expand operations, resulting in more sales and a larger part of the market. Growth that is achieved by increased sales volume and increased market share would in the long run require physical expansion of the premises in which in the entrepreneur would be operating in.

Small to medium enterprises operating in Harare reported having problems on getting debt financing since several of their operations lacked the credit histories necessary to obtain loans from commercial banks. The majority of the SMEs noted that they had trouble of obtaining the various types of debt financing because they lacked sufficient books of accounts and valuable collateral to serve as security for their borrowing needs.

Finally, the study found a strong and favorable link between debt financing and the growth of small and medium-sized businesses, leading to the conclusion that debt financing is essential to the expansion of these businesses in Harare, Zimbabwe. The study findings showed that debt financing facilities enable small and medium enterprises improve on the performance thus leading to growth of the enterprises as a whole. From the analysis considered in the study, the dependent and independent variables are positively correlated; indicating variables implying that growth of SMEs rely on access to debt finance

5.3 Recommendations

The study found that one of the independent variables, bank loans, could provide a compelling explanation for firm growth as assessed by profitability. On the other side, an increase in sales volume can be used to gauge corporate growth. According to the analysis's findings, the government should implement policies that give small to medium enterprises more access to debt financing, such as by lowering interest rates on loans made to them.

Additionally, commercial banks should expand their credit capacity to accommodate more SMEs hat export their goods by increasing the amount of loans they offer to small and medium

enterprises. Banks should also concentrate on providing businesses loans to SMEs so that they may finance their demands for working capital. By enabling SMEs to create credit, commercial banks will significantly contribute to their growth. Commercial banks will play a significant role in the growth of SMEs by allowing them to create enough working capital, which will help them to have the necessary stocks to expand production, raise sales volume units, and increase market share.

Working capital needs are often financed weekly or monthly basis through temporary bank overdrafts. The bank overdraft must be made available to SMEs that can quickly, including businesses in the transportation sector because they get daily cash flow. However, over time, these have a detrimental effect on the company. Overusing bank overdrafts raises finance costs, which can have an impact on company's profitability and, ultimately, its ability to expand. In order to help SMEs that are unfamiliar with debt financing, the Zimbabwean government should collaborate with other financial institutions. The government must inform owners of SMEs that need to grow in order to give them more influence.

The government of Zimbabwe should partner with other financial institutions to provide credit assistance to SMEs with little knowledge of debt funding. In order to empower SMEs that are yet to grow, the government needs to educate owners of these businesses through the use of its parastatal SMEDCO and as well as encouraging SMEs to register with SMEDCO. This allows the enterprises to grow in different forms thus improving economic growth of the economy.

5.4 Suggestions for further research

The study's findings suggest that additional debt financing options that may have an impact on business expansion should be examined. Further investigation is required on the variables influencing the growth of small and medium-sized businesses, particularly in rural areas.

From the research findings of this study, there is also need for further research. Several areas need to be looked on. It is important to conduct research on specialized commercial banking solutions that can better serve the demands of the SME sector.

I highly urge further study of other non-financial components, such as management concerns, in order to facilitate the expansion of these businesses because access to cash but with ineffective management could also result in failure.

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APPENDICES

QUESTIONNAIRE

EVALUATING IMPACT OF DEBT FINANCE ON GROWTH OF SMALL TO MEDIUM ENTERPRISES [SMEs] IN WILLOWVALE, ZIMBABWE.

To the Respondent

This research questionnaire is prepared for the purpose of obtaining information on the role of debt finance on the growth of the small and medium enterprises. The questionnaire will only take 10-15 minutes of your time to complete and information obtained shall be treated with the greatest degree of confidentiality.

NB: If there is a question that you cannot answer it would be best to leave it blank to avoid inaccurate results.

SECTION A: Respondent's personal data

Please tick where appropriate

1. Gender: Female [   ]   Male [   ]

2. Group

Below 25 years   [   ]
    i.   31-35 years   [   ]
    ii. Above 36   [   ]

3. Highest level of education attained

A level   [   ]

Diploma   [   ]

Degree   [   ]

Other (please specify)……………….

4. State whether you are an employee or owner of enterprise

     i. Employee [   ]   Owner [   ]

5. Which sector does your business fall in?

Agriculture	Mechanics	Restaurant	Tailoring	Manufacturing

6. How long have you been in business?

     1-2 years   [   ]

     3-4 years   [   ]

     5-6 years   [   ]

     7 and more   [   ]

Section B: Evaluation of Debt finance on Willowvale's small to medium enterprises

You are requested to show the extent to which you agree or disagree on the financing options suggested for your business to grow.

Please tick appropriately: 1= strongly disagree, 2 =Disagree, 3= Not sure, 4= Agree, 5= Strongly agree, (indicate N/A were inapplicable).

	Statements	1	2	3	4	5
A	**Bank Loans**					
	I always use bank loans as source of capital					
	I can afford the terms and conditions given by the bank					

		1	2	3	4	5
	The loan period is enough					
B	**Trade Credit**					
	I always use trade credit					
	I am aware of the terms and conditions attached to the trade credit					
	I always qualify for trade credit					
	Without trade credit facilities capital would be small for business operations					
C	**Bank Overdraft**					
	I use bank overdraft to finance my business					
	I am aware of the terms attached on the bank overdraft					
	I have qualifications to be given a bank overdraft					

Section C: Evaluation of Growth of SMEs in Willowvale, Zimbabwe

Statements	1	2	3	4	**5**
My business is expanding due to debt finance					
Sales volume are increasing due to debt finance					
Profit levels are increasing due to debt finance					
Business physical size is expanding					
Market share is increasing due to debt finance					
The company has acquired more assets					

Section D: Evaluation of the relationship between debt finance and SME growth.

Statements	1	2	3	4	5
Credit facilities have assisted in expanding my business					
Trade credit contributed to sales volume increase					
Bank overdrafts lead to increase in profitability					
Bank loans helped to physically expand the business					

Thank you for your time in completing this questionnaire.

14%   **8**%   **2**%   **10**%
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