

BINDURA UNIVERSITY OF SCIENCE EDUCATION

FACULTY OF COMMERCE



DEPARTMENT OF ACCOUNTING

**AN INVESTIGATION OF THE FACTORS THAT AFFECT THE GROWTH OF SMES IN
ZIMBABWE. A CASE STUDY OF MUPEDZANHAMO MARKET IN
HARARE.**

BY B192146B

**Submitted to the faculty of commerce in partial fulfillment for the bachelor of accountancy
honors degree at Bindura University of Science Education.**

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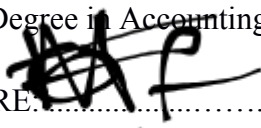
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I, B192146B, hereby declare that this research report is the result of my original work, except as noted in the acknowledgment, references, and comments made in the report's body, and that it has not been submitted in whole or in part for another degree from another university.

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DEDICATION

This dissertation is dedicated to the following individuals who have been a source of inspiration, motivation, and support throughout my academic journey. To my parents who instilled in me the value of education and encouraged me to pursue my dreams. To my sister, who has been my constant companion, cheering me on and celebrating my successes, and finally, to my Best Friend, who has been my rock, offering love, support, and encouragement every step of the way. Thank you all for your unwavering support and encouragement. This dissertation would not have been possible without you.

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ABSTRACT

This research is entitled An Investigation of factors that Affect the growth of SMEs in Zimbabwe. A case study of Mupedzanhamo market in Harare explored the challenges faced by SMEs in Mupedzanhamo market which in turn affect their overall growth. Using a mixed-methods approach, the research investigated the challenges faced by SMEs and the strategies they adopt to overcome those challenges. The quantitative component involved a survey questionnaire administered to 100 SME operators in Mupedzanhamo market, while the qualitative component included in-depth interviews with 10 business owners, market managers, and other representatives. The findings indicated factors such as access to finance, years of experience in the sector, and technological limitations significantly impact SME growth. These results highlight the importance of addressing financial constraints, promoting industry expertise, and facilitating technological adoption to foster SME growth and sustainability in the market. Additionally, the identification of challenges such as limited access to finance, infrastructure deficiencies, and regulatory hurdles sheds light on the barriers hindering SME development in the context of Mupedzanhamo Market. The research left recommendations for SMEs to invest in the development of human capital through vocational training, mentorship programs, and entrepreneurship education. By enhancing the skills and knowledge of SME operators and employees, this can improve productivity, innovation, and adaptability, driving sustainable business growth. The policy makers were recommended to prioritize initiatives aimed at improving SMEs' access to finance, including the expansion of microfinance institutions and the development of government-backed loan schemes with favorable terms and conditions. Also, Investments in infrastructure development are essential to address the challenges posed by infrastructure deficiencies in Mupedzanhamo Market.

KEYWORDS: SMEs, Mupedzanhamo Market, Growth, Internal Factors, External Factors, Challenges, Strategies and Informal Market.

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LIST OF ABBREVIATIONS

SMEs	Small and Medium Enterprises
GEM	Global Entrepreneurship Monitor
GDP	Gross Domestic Product
ERP	Enterprise Resource Planning
CRM	Customer Relationship Management
ROSCA	Rotating Savings and Credit Association
RBV	Resource Based View

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CHAPTER I

INTRODUCTION

1.1 Introduction

Receiving long-term finance has been one of the most serious issues facing Zimbabwe's Small and Medium-sized Enterprises (SMEs) in the current economic landscape.

For any country to be economically prosperous, Small and Medium Enterprises (SMEs) must expand and thrive. SMEs have become an important sector in Zimbabwe, making a major contribution to the creation of jobs, the reduction of poverty, and general economic expansion. Mupedzanhamo Market in Harare is a notable center for many informal businesses in Zimbabwe, among the many SMEs that operate there. As a result, it offers a special case study for examining the variables influencing SMEs' expansion in Zimbabwe.

The research's first chapter offers a thorough synopsis, laying the groundwork for the second phase. By stressing the knowledge gaps and the need for more study, it refreshes the body of existing literature on the subject and establishes the research's worldwide context. Subsequently, the chapter delves into the local setting, scrutinizing the issue statement and study aims in detail. The precise problem that the study seeks to solve is described in the problem statement. The study's importance is examined, with an emphasis on the possible effects it might have on the area. This chapter also covers the study's limitations and scope delimitations.

1.2 Background of the Study

SMEs, or small and medium-sized enterprises, are the backbone of many economies worldwide, including those in developing nations like Zimbabwe. The economy of Zimbabwe has always been unstable and unpredictable, which makes it challenging for SMEs to thrive. SMEs have been called the backbone of emerging economies because they are willing to actively participate

in international markets and make a significant contribution to the GDP of the country despite these obstacles.

It is often believed that SMEs make up between 40% and 60% of a nation's GDP and account for about 70% of all jobs in that nation. The fact that SMEs make up 98% of businesses in Zimbabwe and employ 65% of the workforce illustrates the significance of SMEs in that nation.

In many nations, small and medium-sized enterprises (SMEs) are acknowledged as significant forces behind economic expansion, the creation of jobs, and the eradication of poverty (Acs & Szerb, 2017). SMEs have become an important sector in Zimbabwe, making a major contribution to both the creation of jobs and the country's overall economic development (Chigunta et al., 2005).

The World Bank reports that SMEs make up a significant share of the business environment in Zimbabwe, especially in cities like Harare (World Bank, 2019). Particularly for underprivileged groups like women and young people, they offer chances for self-employment, income generation, and economic empowerment (Chetsanga & Vengesayi, 2015).

Mupedzanhamo Market in Harare is a prime example of a bustling center for small and medium-sized enterprises in the unofficial economy. It is a thriving marketplace with a variety of companies operating there, such as shops, craftspeople, and vendors (Mungai & Mutsau, 2019). Mupedzanhamo Market is a perfect case study for examining the variables influencing the expansion of SMEs in Zimbabwe because of its size, diversity, and economic importance.

The growth of SMEs in Zimbabwe is driven by various factors. These include entrepreneurial activities, access to finance, market opportunities, supportive policies, and technological advancements (Chitsike, 2018; Nyamwanza et al., 2020). However, SMEs also face numerous challenges that hinder their growth and sustainability. These challenges can include limited access to finance, inadequate infrastructure, regulatory barriers, and a lack of business skills and knowledge (Chigunta et al., 2005; Mungai & Mutsau, 2019). Even though it's crucial to comprehend the variables driving SME expansion in Zimbabwe, there isn't much thorough research on the subject, especially when it comes to Mupedzanhamo Market. The majority of research that has been done on SMEs in Zimbabwe thus far has tended to focus on the sector as a

whole rather than on the unique dynamics and difficulties that SMEs in certain markets or industries confront.

Consequently, the purpose of this study is to close this knowledge gap by thoroughly examining the variables influencing the expansion of SMEs in Zimbabwe, with a particular emphasis on Harare's Mupedzanhamo Market. Policymakers, government organizations, and other stakeholders may create focused interventions and policies to assist the expansion and sustainability of SMEs in Zimbabwe by having a better understanding of these aspects.

1.3 Statement of the problem

SMEs are not growing.

1.4 Purpose of the study

The primary purpose of this study is to investigate the factors that affect the growth of Small and Medium Enterprises (SMEs) in Zimbabwe, with a specific focus on Mupedzanhamo Market in Harare.

1.5 Research objectives

The following are the study's objectives:

- i. To determine the major variables affecting the expansion of small and medium-sized businesses (SMEs) in Zimbabwe, with particular emphasis on the Mupedzanhamo Market in Harare
- ii. To investigate the difficulties SMEs in the Mupedzanhamo Market encounter.
- iii. Examining the tactics used by SMEs to get over the obstacles they encounter.
- iv. To offer suggestions, based on the study's findings, to stakeholders and legislators on how to encourage the expansion of SMEs in Zimbabwe.

1.6 Research questions

- i. What are the external and internal variables affecting SMEs' growth?
- ii. What difficulties do SMEs in Zimbabwe face?

- iii. What typical approaches do SMEs take to get past obstacles and promote expansion?
- iv. In what crucial areas can stakeholders and policymakers step in to help Zimbabwe's SME sector grow?

1.6 Significance of the study

1.6.1 Informing policy and decision-making

The study's conclusions and suggestions can offer government organizations, legislators, and other parties with an interest in the growth of SMEs in Zimbabwe insightful information. Policymakers can develop focused interventions and policies to foster an environment that is conducive to the growth of SMEs by having a thorough grasp of the factors impacting SME growth and the difficulties that SMEs in Mupedzanhamo Market confront. As a result, encouraging SME growth and economic development may require more strategic planning and more effective decision-making.

1.6.2 Economic Importance of SMEs in Zimbabwe

Due to their significant contribution to GDP and employment creation, SMEs are essential to Zimbabwe's economy. SMEs are crucial to Zimbabwe's efforts to combat poverty. Manuere and Gwangwava (2014) assert that they play a crucial role in improving household incomes and producing jobs, especially for young people, both of which are essential to reducing poverty and inequality in the country.

SMEs are essential to generating jobs, advancing economic expansion, and reducing poverty. The sustained development and expansion of SMEs in the Mupedzanhamo Market can be achieved by comprehending the elements that contribute to SME growth and devising solutions to overcome obstacles. This can therefore lead to more chances for employment, the creation of income, and general economic prosperity for both the nation and the local community.

1.6.3 Enhancing support mechanisms

The study can potentially enhance the current SME support systems in Zimbabwe. The study can offer suggestions on effectively handling the unique issues that SMEs in Mupedzanhamo Market confront, such as infrastructure constraints, regulatory hurdles, and financing accessibility. This

may result in the creation of specialized funding possibilities, capacity-building projects, and support programs that are suited to the particular requirements of SMEs in the market.

1.6.4 Contribution to Academic Literature

The study can encourage more research and academic conversations on SME growth and development by contributing to the body of knowledge already available, especially in the context of Zimbabwe's informal markets. The study can be used as a reference for upcoming research projects and add to the body of knowledge already available on SME development in Zimbabwe.

1.7 Study assumptions

The following are the study's underlying assumptions:

1. Mupedzanhamo Market SMEs function in a comparable regulatory and economic framework.
2. The information gathered from Mupedzanhamo Market SMEs is precise and inclusive.
3. Mupedzanhamo Market SMEs are open to taking part and giving truthful answers.
4. The study's conclusions and suggestions apply to other SMEs in Zimbabwe that are comparable.
5. The study's data analysis strategy and research technique are suitable.

1.8 Scope delimitations of the study

1.8.1 Geographical Scope

The study primarily focuses on SMEs that are present in Harare, Zimbabwe's Mupedzanhamo Market. It's possible that the conclusions and findings won't immediately apply to SMEs in other Zimbabwean markets or regions or in other nations.

1.8.2 Sample size and representativeness

The sample size and representativeness of the SMEs polled or interviewed may be limitations of the study. The study may only contain a small number of SMEs, which may not accurately reflect the diversity and range of SMEs in Mupedzanhamo Market due to resource and time restrictions.

1.8.3 Enterprise Size

The study's focus will be on Zimbabwe's small and medium-sized enterprises, as defined by the country's legal and policy frameworks. Larger companies or micro businesses are not covered in this study.

1.8.4 Time

The study is being carried out between 2010 and 2023, and the conditions, difficulties, and growth factors that are unique to that period may be reflected in the data gathered and examined. The study might not take into consideration changes that take place in the market or the larger economic environment after the data is collected.

1.9 Limitations of the study

1.9.1 Response Bias

Response bias could affect the study's conclusions because participants might give answers that are socially acceptable or only answer some questions. The reliability and accuracy of the data gathered may be impacted by this bias. The researcher used a peer review procedure to lessen this.

1.9.2 Confidentiality Fears and Hesitation to Participate

Participants in the study presented a problem since they believed the researcher was affiliated with the government or another investigative body. To overcome this restriction, the researcher informed the participants that the study was wholly academic and would not be utilized in any manner against them. Moreover, the guarantee of privacy added to their sense of comfort.

1.9.3 Limited Time and Resources

The study may have been completed in a constrained amount of time, which could have reduced the breadth of the data gathering and analysis. To address this constraint, the investigator scheduled encounters with the participant during the weekends and after work hours.

1.10 Definition of terms

1.10.1 SMEs or small and medium-sized businesses

SMEs are defined by Zimbabwe's SME policy framework as businesses with 1–75 employees and an annual turnover of \$1 million.

1.10.2 Mupedzanhamo Market

An unofficial market called Mupedzanhamo Market is situated in Harare, Zimbabwe. It is well-known for its thriving trade operations, where a variety of sellers offer a broad selection of commodities, such as apparel, accessories, home goods, and culinary items.

1.10.4 Growth

Growth in the context of SMEs is the development or expansion of a company in terms of several metrics like sales income, market share, profitability, workforce size, or geographic reach. It denotes a progressive expansion of the SME's reach, influence, or size.

1.10.4 Internal Factors

The traits, assets, and capacities that a SMEs possesses and that impact its expansion are known as internal factors. These variables could include marketing tactics, organizational structure, managerial experience, financial resources, and the caliber of the goods and services offered.

1.10.5 External Factors

Conditions, forces, and other elements outside of an SME's control that may have an impact on its expansion are known as external factors. Economic conditions, market demand, competition, industry rules, governmental laws, financing availability, infrastructure, and sociocultural aspects are a few examples of these variables.

1.10.6 Challenges

The term Challenges describes the impediments, issues, or issues that SMEs run across while trying to expand. These obstacles could take many different forms, such as restricted financial resources, insufficient managerial abilities, competitive markets, subpar infrastructure, legal restrictions, insufficient market knowledge, and hurdles in growing a business.

1.10.7 Strategies

SMEs utilize strategies, which are planned actions, methods, or tactics, to accomplish their growth goals. These tactics could include things like financial management tactics, human resource tactics, innovation tactics, expansion or diversification tactics, and marketing and sales tactics.

1.10.7 Informal Market

A component of the economy that functions outside of official regulatory frameworks and may include unlicensed or unregistered firms is referred to as an informal market. Informal markets frequently provide chances for employment and revenue generation for people and small enterprises, and they are distinguished by flexible operating procedures and minimal government control.

1.11 Project outline

This study includes an introduction, a literature review, a methodology, a suggested framework design, predicted outcomes, and a conclusion with recommendations.

1.12 Summary

An overview of the research on the expansion of SMEs in Mupedzanhamo Market is given in Chapter 1. It starts with background material that establishes the framework by underlining the importance of SMEs in the Zimbabwean economy and providing background information about Mupedzanhamo Market, an informal market in Harare, Zimbabwe. The research challenge, which is the necessity to comprehend the variables impacting SME growth in this particular market, is then identified by the chapter. The study's goals are stated; these include analyzing the internal and external variables that impact SME growth, determining the obstacles to growth that SMEs encounter in the Mupedzanhamo Market, and investigating the tactics SMEs use to promote growth. The study's justification is presented, highlighting the possible advantages for researchers, entrepreneurs, and policymakers of comprehending SME growth dynamics in this particular setting. The study's guiding research questions are developed. These inquiries might center on the major variables impacting the expansion of SMEs, the difficulties that they encounter, and the approaches they use. An overview of the research framework is given at the end of the chapter, along with a list of the themes and next chapters. In general, Chapter 1 introduces the research problem, objectives, and significance, setting the scene for the study. It makes the study's setting evident and demonstrates the necessity of looking at the expansion of SMEs in Mupedzanhamo Market. The literature analysis and summary of the many categories and concepts of SME finance, financial constraints, and their consequences on the economy will be covered in Chapter 2.

CHAPTER II

LITERATURE REVIEW

2.1 Introduction

In many nations, small and medium-sized enterprises (SMEs) are key players in economic growth, innovation, and employment creation (Acs & Szerb, 2009; Storey, 2011). In order to create an environment that is conducive to the growth of SMEs, policymakers, researchers, and practitioners must have a thorough understanding of the elements that drive SME growth. A lively hub for SMEs, Mupedzanhamo Market is an informal market in Harare, Zimbabwe. As such, it provides an excellent setting for examining the dynamics of SME growth.

The purpose of the literature review is to provide a thorough analysis of the ideas, empirical research, and scholarly works that have been written about SME growth, with a particular emphasis on Mupedzanhamo Market. This chapter attempts to build a theoretical framework and identify the important elements that influence the growth of SMEs in the market by examining and synthesizing the existing research.

Numerous elements that support the expansion of SMEs have been found in earlier study.

Research has indicated the significance of entrepreneurial competencies and aptitudes, such as proficiency in management and inventiveness (Coad et al., 2014; Rauch et al., 2009). Since a lack of funds can impede investment, expansion, and innovation, access to financing has also been identified as a significant issue affecting the growth of SMEs (Beck et al., 2014; Beck & Demirgüç-Kunt, 2006).

Furthermore, it has been discovered that market factors, such as demand dynamics and the competitive environment, have a major impact on SME growth (Audretsch et al., 2019; Davidsson et al., 2010). Studies showing the advantages of social capital and inter-firm interactions for SME growth have brought networking and collaboration to light as significant determinants (Bosma et al., 2012; Uzzi, 1996).

Even though the literature has extensively studied these aspects, more context-specific study is still required to fully understand the dynamics of SME growth in Mupedzanhamo Market. Studies that have already been done frequently concentrate on formal markets or other contexts, ignoring the special traits and difficulties that SMEs operating in unofficial marketplaces like Mupedzanhamo face (Fatoki & Garwe, 2010; Welter et al., 2016). In order to close this gap, studies that particularly target SME growth in informal marketplaces or comparable environments are examined in this review of the literature. This review will provide important insights for the upcoming chapters, leading the analysis of SME growth in Mupedzanhamo Market and influencing the research objectives by evaluating the body of current knowledge and pointing out any gaps or limits.

2.2 Conceptual framework

In Zimbabwe, the expansion and sustainability of small and medium-sized businesses (SMEs) have drawn a lot of attention and significance. SMEs are the backbone of the nation's economy and are essential to economic growth, employment creation, and the fight against poverty. Nevertheless, a lot of obstacles prevent these businesses from reaching their full potential.

With a particular emphasis on Harare's Mupedzanhamo Market, this conceptual framework seeks to investigate the several elements that either directly or indirectly influence the expansion of SMEs in Zimbabwe. The study will explore the crucial elements that determine whether SMEs in the market succeed or fail and pinpoint the underlying causes affecting their rate of expansion.

Through examining the particular case of Mupedzanhamo Market, which is well-known for having a thriving and dynamic SME sector, we hope to increase our comprehension of the opportunities and difficulties encountered by these kinds of businesses. The distinct features of the market and the larger Zimbabwean context will be clarified by this study, which could have an effect on the expansion of SMEs.

A thorough analysis of the expansion of SMEs must take into account a number of factors that are likely to be significant. This research will concentrate on both external and internal variables. Organizational structure, managerial prowess, financial means, and entrepreneurial qualities are examples of internal influences. The state of the market, governmental regulations, new developments in technology, and socioeconomic issues are examples of external influences.

We can learn more about the potential and difficulties faced by SMEs in Zimbabwe by looking at these variables, especially in light of the Mupedzanhamo market. In order to promote the development of SME growth, this research will offer a thorough understanding of the factors impacting this growth, which will aid in the design of successful strategies and policy suggestions.

The conceptual framework will incorporate case studies unique to Zimbabwe and the body of knowledge already available on SMEs and the variables influencing their expansion. Additionally, it will provide pertinent ideas and models that shed light on the difficulties associated with SME expansion in developing nations, particularly in the informal sector. The results of this study will add to the body of knowledge already available on SMEs in Zimbabwe and offer useful insights for decision-makers in the public sector, private sector, and other interested parties who support and encourage the growth of SMEs. Finding successful tactics and initiatives that can support and promote the expansion of SMEs in Zimbabwe, especially in Mupedzanhamo Market, is the ultimate objective.

2.2.1 Factors affecting the growth of smes in mupedzanhamo market

i. Internal factors

a. Managerial capabilities and entrepreneurial skills

The knowledge, abilities, and competences that SMEs' owners and managers possess that allow them to successfully and efficiently manage different facets of the organization are referred to as managerial capabilities. These skills are crucial for maintaining competitive advantage and promoting growth. Strategic management, financial management, marketing and sales, operations management, human resource management, and leadership and communication are some essential elements of managerial competencies. Zahra and Covin (1995) assert that managerial competencies support the expansion and success of SMEs by being crucial for efficiently allocating opportunities and resources. Bruton et al. (2010) discovered that having excellent managerial abilities had a beneficial impact on the survival and growth of SMEs in their study on SMEs in emerging nations.

The special combination of aptitudes and traits that allow managers or owners of small and medium-sized enterprises (SMEs) to recognize, generate, and seize chances for expansion and innovation is known as entrepreneurial talents. These abilities are frequently essential for managing the complex and unpredictable commercial world. Entrepreneurial abilities are essential for spotting and seizing opportunities, and they propel the expansion and productivity of SMEs, claim Shane and Venkataraman (2000). Identifying opportunities, being creative and innovative, taking calculated risks and making decisions, being resilient and adaptable, networking and forming relationships are some essential entrepreneurship abilities.

b. Innovation and product/service quality

The process of introducing new concepts, technology, goods, services, or business models that enhance the consumer experience or provide value is referred to as innovation. Through fostering differentiation, enhancing competitiveness, and addressing changing customer needs, it plays a crucial role in propelling the growth of SMEs. The Global Entrepreneurship Monitor (GEM) report (2020) states that innovation plays a major role in the success of SMEs by giving them the ability to break into new markets, boost sales, and obtain a competitive edge. Product or service innovation, process innovation, technology innovation, and organizational innovation are important facets of innovation. Coad et al. (2014) discovered that innovative SMEs expand at a faster rate than non-innovative SMEs in a study on the connection between innovation and company growth. Quality of product or service refers to the features, qualities, and effectiveness of what SMEs have to offer. Providing excellent goods and services is crucial for retaining customers and encouraging positive word-of-mouth, both of which support the expansion of

SMEs. According to a study by Parasuraman et al. (1988), customers' perceptions of excellent service quality significantly influence their level of satisfaction and loyalty to small and medium-sized enterprises (SMEs). Conformance to standards, dependability and longevity, performance and functionality, and customer service and support are the essential components of a high-quality product or service. Product quality has a major impact on customer satisfaction and repurchase intentions, which in turn affects the growth and profitability of SMEs (Rust et al., 1996).

c. Financial management and resource allocation

The allocation of resources and financial management play a crucial role in the development and sustainability of SMEs in Mupedzanhamo Market. The term financial management describes how a SME strategically plans, allocates, and uses its financial resources. Ensuring the availability of funds, maximizing cash flow, and making well-informed decisions regarding investments and expenses all depend on effective financial management techniques. It was discovered that sound cash flow management and financial planning have a favorable impact on the expansion and profitability of SMEs in a study by Kim et al. (2017) on the effects of financial management practices on SME performance. Financial analysis and reporting, cash flow management, financial planning and budgeting, and risk management are important facets of financial management. For SMEs to experience growth and financial sustainability, Ooghe and De Prijcker (2008) contend that appropriate financial management techniques, such as budgeting and financial analysis, are critica

Within a small and medium-sized enterprise (SME), resource allocation refers to the strategic use and distribution of different resources, such as human, financial, and physical resources. Allocating resources effectively guarantees that they be used to their full potential in order to support growth objectives and optimize returns. Grover et al. (2020) conducted a study on the practices of resource allocation in SMEs and discovered that effective resource allocation has a beneficial effect on the growth and performance of SMEs. Investment choices, the distribution of human resources, the management of physical resources, prioritizing, and trade-offs are all important components of resource allocation. Effective resource allocation is essential for SMEs to attain sustainable growth and competitive advantage, especially in areas like investment decisions and human resource management, claim Lumpkin and Dess (2001).

ii. External Factors

a. Market conditions and Demand dynamics

An SME's ability to expand and succeed can be strongly impacted by the market and industry conditions in which it works. The opportunities and problems faced by SMEs can be influenced by various factors, including but not limited to market demand, industry laws, competition, and technical improvements. To stay competitive and spot development possibilities, SMEs must comprehend market dynamics and adjust to industry trends.

To determine client needs, create goods or services that address those needs, and gain market share, SMEs must have a thorough understanding of market demand. Market demand is influenced by variables like shifting customer preferences, new trends, and changes in purchasing patterns. For instance, SMEs now have a great chance to grow their consumer base and sales channels because to the growth of e-commerce (Chen et al., 2019). An industry's competitive environment can significantly affect the growth prospects of a small and medium-sized enterprise. Profit margins may be squeezed by fierce competition, and SMEs may find it difficult to set themselves apart. However, SMEs may be able to increase their market share in a less competitive market. For instance, Coad et al. (2016) discovered that SMEs operating in more competitive contexts saw greater growth rates in their study on the effect of competition on SME growth.

New opportunities for SMEs can arise from industry disruption caused by technological improvements. Using new technologies can increase productivity, boost the caliber of goods and services, and open up new markets. For instance, SMEs may now access customers online and through mobile apps thanks to the widespread use of mobile devices and the Internet.

b. Economic Factors

An SME's success can be impacted by a variety of economic factors, including macroeconomic ones like GDP growth, interest rates, inflation rates, and consumer spending trends. A strong economy can boost demand, boost consumer spending power, and open up business prospects. On the other hand, a recession or downturn in the economy may lead to a decline in consumer demand and a rise in cost pressures for SMEs.

SMEs may be impacted by a nation's Gross Domestic Product (GDP), which indicates the general rate of economic growth. SMEs frequently see increases in consumer spending, company investment, and demand for their goods and services during times of robust economic expansion. In Udechukwu et al. (2016)'s study on the effects of economic growth on SMEs in Nigeria, for instance, they discovered a favorable correlation between GDP growth and SME performance.

SMEs may be impacted by inflation in a number of ways. Inflation is the rate at which prices of goods and services rise over time. Increased input costs and declining consumer purchasing power can have a negative effect on SMEs' profitability due to high inflation. Conversely, modest inflation can boost consumer spending and open doors for small and medium-sized enterprises (SMEs) that provide good value for the money. A nation's high inflation rate may result in lower consumer spending and more cost pressure on SMEs, making it harder for them to stay profitable.

SMEs' borrowing costs are impacted by interest rates, which are determined by central banks. The cost of capital can be decreased by lower interest rates, which can help SMEs finance investments in new machinery, expansion, and R&D. On the other hand, increased interest rates may make borrowing more expensive and make it harder for SMEs to get funding for expansion plans. Small and medium-sized enterprises (SMEs) can benefit from cheap lending rates by using them to expand their operations, invest in new technology, or enter new markets.

Economic factors including income levels, job rates, and consumer confidence affect consumer buying patterns and behavior. SMEs may be impacted by shifts in consumer spending, especially if they are in customer-facing industries. For instance, consumers may cut back on discretionary spending during recessions, which can affect SMEs in the travel, leisure, and luxury goods industries. Increased consumer confidence and discretionary spending may result in stronger sales for SMEs as the economy recovers.

Changes in exchange rates can have an impact on SMEs that trade internationally or that depend on imported materials. Export goods may become more costly and less competitive in overseas markets due to a strong home currency. On the other hand, a weak home currency may help

exporters but drive up the price of imported machinery or raw materials for small and medium-sized businesses.

c. Government regulations and Policies

Laws, rules, and guidelines set by the government to control many facets of society, including corporate operations, are referred to as government regulations and policies. In addition to addressing social and environmental issues, these rules and policies are intended to safeguard the public interest, maintain fair competition, and advance economic stability. Value-added taxes (VAT), income taxes, corporation taxes, and customs tariffs are a few examples of the tax policies that affect SMEs. Tax rates and other incentives may affect SMEs' cost structures, profitability, and investment choices. For instance, tax policy modifications that reduce corporation tax rates might give SMEs more money for expansion and reinvestment (KPMG, 2019).

The expenses and methods of human resource management used by SMEs are impacted by labor law rules, such as those of employment contracts, minimum salary standards, and working hour limits. Adherence to labor regulations is crucial to guarantee equitable employment practices and prevent legal complications.

Health and safety laws are enforced by governments to safeguard employees and customers. For SMEs to preserve customer confidence and provide a safe working environment, compliance with these requirements is essential. For instance, in order to guarantee the quality and safety of their products, SMEs in the food industry are required to adhere to hygiene and safety laws. Organization for Science and Health, 2017. food security.

To control and lessen the negative environmental effects of corporate operations, governments pass environmental rules. Regulations pertaining to pollution prevention, waste management, and sustainable practices must be followed by SMEs. Long-term prosperity and reputation can be enhanced by implementing sustainable practices and complying with environmental standards. SMEs that operate in sectors like manufacturing or energy generation that have a significant environmental impact could be subject to harsher laws requiring them to use cleaner technologies or cut emissions.

Governments impose rules and policies on trade that may have an impact on SMEs involved in global commerce. Trade agreements, import/export regulations, and tariffs influence how SMEs can access markets and compete in the market. For instance, SMEs' capacity to export may be impacted by modifications to trade laws, such as the use of tariffs or the negotiating of free trade agreements. World Trade Organization. (n.d.). Understanding the WTO. Retrieved from <https://www.wto.org/>

d. Technological advancement and digitalization

Digitalization and technological innovation have significantly changed how SMEs work and affected many elements of business operations. The process of adopting and incorporating digital technologies into corporate operations, goods, and services is known as digitalization. It gives SMEs the ability to expand into new areas, increase client experiences, increase efficiency, and streamline processes. E-commerce platforms have grown in popularity as a result of the retail industry's digital revolution, giving SMEs the ability to reach customers worldwide and run around the clock (Deloitte, 2020).

SMEs can use cloud computing to access software applications, data storage, and computer resources online. Without having to make large investments in hardware or IT infrastructure, it offers SMEs flexibility, cost-efficiency, and scalability so they can concentrate on their core business. Cloud-based platforms, including Microsoft Azure and Amazon Web Services (AWS), can be used by SMEs to run apps, host websites, and store data (Gartner, 2021). Online marketplaces and e-commerce platforms have given SMEs the chance to grow their clientele and penetrate new markets. In order to connect and interact with clients, SMEs now need to establish an online presence through websites, social media, and online advertising. Businesses can sell goods internationally using platforms like Shopify, Etsy, or Amazon, giving them access to a larger consumer base.

For SMEs, automation and AI technologies have the potential to increase productivity, lower costs, and improve operational efficiency. By automating processes like data entry, customer service, and inventory management, SMEs can concentrate on higher-value work. SMEs can use

virtual assistants or chatbots to respond to consumer questions and offer prompt, effective support (PwC, 2019).

iii. Challenges and Constraints

a. Financial Constraints

For SMEs, obtaining finance can be a major difficulty. They frequently have trouble finding money for operations, growth, or innovation in their businesses. Investments in technology, marketing, hiring new employees, and research and development may be hampered by budgetary restrictions. Due to a lack of collateral or a short credit history, SMEs may have trouble getting bank loans, which makes it difficult for them to finance their operations (World Bank Group, 2020).

b. Limited Resources

Small and medium-sized businesses usually have limited infrastructure, technology, and labor resources. Their inability to scale their operations, compete with larger businesses, or make the necessary investments in systems and technologies can all be hampered by their lack of resources. Budgetary restrictions may make it difficult for SMEs to recruit and retain qualified staff, which will hinder their ability to implement expansion initiatives successfully (Entrepreneur, n.d.).

c. Regulatory Compliance

SMEs frequently encounter difficulties navigating intricate and dynamic regulatory environments. For SMEs, adhering to legal requirements, tax duties, health and safety rules, and data protection laws can be expensive and time-consuming, taking them away from their primary business operations. Small business teams may find it difficult to maintain compliance and stay current on rules if they have to devote a lot of resources (Small Business Administration, n.d.).

d. Market Competition

SMEs frequently compete fiercely in markets that are controlled by bigger companies. SMEs may find it difficult to stand out from the competition, draw in clients, and increase their market share due to a lack of distribution channels, marketing funds, and brand awareness. SMEs may find it difficult to compete with larger rivals on price or marketing reach; in order to stand out, they may need to employ creative approaches or adopt specialized positioning (Forbes, 2020).

e. Technological Barriers

For SMEs, keeping up with the quickly changing technologies can be difficult. Their competitiveness, customer experience, and operational efficiency may suffer from their inability to adopt new technology due to a lack of IT competence, financial limitations, and antipathy to change. Due to financial constraints or a lack of technical know-how, SMEs may find it difficult to integrate and operate complex systems like customer relationship management (CRM) and enterprise resource planning (ERP) (CIO, 2020).

2.2.2 Strategies adopted by SMEs to overcome challenges and foster growth

i. Collaboration and networking

Mupedzanhamo Market SMEs frequently organize cooperative networks or associations to exchange resources, expertise, and assistance. Together, they can overcome budgetary limitations, bargain for better prices from suppliers, and take on shared difficulties. These tactics entail collaborating with other companies, exchanging information and resources, and working together to overcome shared obstacles. Below are some explanations of examples of cooperation.

Cooperative Buying:

In Mupedzanhamo Market, small and medium-sized enterprises frequently work together to buy products or raw materials in bulk. They can save money by negotiating better pricing with suppliers and placing larger orders when they pool their resources. Mupedzanhamo Market is one of the informal markets where this cooperative buying strategy has been seen in action (Mujaju & Dube, 2019).

Information Sharing:

SMEs in Mupedzanhamo Market participate in unofficial networks for exchanging information. They share information about consumer preferences, supplier dependability, and market trends. They may maintain their competitiveness and make wise business decisions as a result. Information exchange among SMEs in Mupedzanhamo Market is crucial, according to a study on Zimbabwe's informal sector (Mawere & Mawere, 2017).

Collaborative Marketing Initiatives:

To increase their consumer base, SMEs in Mupedzanhamo Market frequently work together on marketing initiatives. They might collaborate to market their goods or services on social

networking sites, take part in regional exhibitions or events, or both. Marketing initiatives that are collaborative in nature aid in raising awareness and drawing in more customers. The cooperative marketing initiatives of SMEs in Mupedzanhamo Market are highlighted in a case study on Zimbabwe's unorganized sector (Mujuru, 2018).

Resource Sharing

SMEs at Mupedzanhamo Market pool resources like equipment, storage spaces, and stall space. For example, during peak hours, small-scale apparel dealers could temporarily share premises in order to meet the increased demand from customers. This method of pooling resources optimizes resource usage while lowering expenses (Mujuru, 2018).

Advocacy and Collective Action:

To speak up for their shared interests and work together to overcome obstacles, SMEs in Mupedzanhamo Market frequently organize into organizations or cooperatives. These groups communicate with legislators, local government officials, and other pertinent parties to express their concerns and get support for changes to the infrastructure, financing availability, or regulations.

ii. Unofficial credit structures

SMEs in Mupedzanhamo Market rely on informal loan channels because they have limited access to conventional banking institutions. They form connections with reliable wholesalers or suppliers who give them things on credit. This aids in their ability to overcome financial obstacles and sustain a consistent flow of goods. The agreements and procedures that people or companies use to get financial resources outside of the conventional formal banking channels are referred to as informal credit systems. These systems are common in a number of settings, such as Mupedzanhamo Market, where formal credit choices could be scarce. These situations include

Trusted Suppliers and Wholesalers

SMEs in Mupedzanhamo Market frequently build ties with reliable wholesalers or suppliers that give them goods on credit. These suppliers give credit because they know and trust the SMEs. The SMEs accept goods without making payments right away and pay for them at a later date or within a given time frame.

Rotating Savings and Credit Associations (ROSCAs)

ROSCAs are popular unofficial credit systems in which a number of people or companies make regular contributions of a predetermined sum of money. Next, one group member receives the combined monies on a rotating basis. Through this mechanism, SMEs in Mupedzanhamo Market can periodically access lump sum sums of money to suit their operational demands.

Friends and Family

In order to get over financial obstacles, SMEs frequently rely on financial assistance from friends or family. These unofficial lenders provide money or offer cash to the company on the basis of mutual trust and personal ties. This type of unofficial loan may not require official documentation and has variable conditions for repayment.

Trade Credit

Another unofficial credit kind that is frequently utilized at Mupedzanhamo Market is trade credit. It happens when SMEs buy products or supplies from vendors who let them postpone payment. This arrangement gives SMEs working capital so they can sell the goods and make money before paying off the debt.

Informal money lenders

SMEs occasionally take out loans from unofficial moneylenders outside the official banking system. Although these lenders provide fast access to money, their interest rates are frequently higher than those of official institutions. When there are no formal loan options accessible to them or when they need cash flow quickly, SMEs in Mupedzanhamo Market may resort to informal moneylenders.

iii. Adaptability and Flexibility

Mupedzanhamo Market SMEs exhibit a great degree of flexibility and adaptability. They react fast to shifting conditions, consumer preferences, and market trends. This enables them to modify their product lines, pricing schemes, and corporate procedures in order to maintain their competitiveness. The ability to modify, adapt, or shift one's tactics, approaches, or actions in

response to novel situations or obstacles is referred to as adaptability. It entails accepting change, having an open mind, and picking up new skills and situational adaptations fast (Bryant & Kazan, 2012). Individuals and organizations can survive and prosper in changing situations when they possess adaptability.

The ability to alter plans, procedures, or structures to account for evolving requirements or circumstances is referred to as flexibility. It entails being adaptable, nimble, and sensitive to changing conditions (Cascio & Boudreau, 2010). Being flexible enables people and organizations to modify their methods, plans, and assets in order to take advantage of new opportunities or deal with unforeseen difficulties.

Resilience, or the capacity to overcome hardship and setbacks, is influenced by adaptability and flexibility. Individuals and organizations that possess resilience are capable of handling obstacles, learning from mistakes, and modifying their approaches to suit evolving circumstances (Kaplan et al., 2018). Resilience is mostly characterized by adaptability and flexibility, which help people and organizations deal with uncertainty and prosper in the face of hardship.

iv. Utilizing Social Media and Technology

The ability to alter plans, procedures, or structures to account for evolving requirements or circumstances is referred to as flexibility. It entails being adaptable, nimble, and sensitive to changing conditions (Cascio & Boudreau, 2010). Being flexible enables people and organizations to modify their methods, plans, and assets in order to take advantage of new opportunities or deal with unforeseen difficulties.

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v. Government Support and Advocacy

SMEs in Mupedzanhamo Market take part in advocacy campaigns to bring the government's attention to their needs and difficulties. They take part in cooperatives or business associations that promote legal changes, better financing options, and better infrastructure to support the expansion and sustainability of small and medium-sized enterprises.

2.3 Theoretical framework

The resource-based view, institutional theory, entrepreneurial theory, and network theory are just a few of the theories that form the theoretical basis of this research study. These complimentary frameworks offer a strong lens through which to examine the major variables affecting Zimbabwe's small and medium-sized enterprise (SMEs) growth.

2.3.1 Resource-based view

According to Barney (1991) and Wernerfelt (1984), the RBV asserts that a firm's distinct combination of tangible and intangible resources determines both its performance and its competitive advantage. According to the Resource-Based View (RBV) paradigm, a firm's competitive advantage and performance are primarily determined by its resources and capabilities. Physical assets, such as buildings and machinery, intangible assets, such as patents and brand recognition, human capital, such as knowledge and skills, and organizational capabilities, such as effective procedures and a creative culture, are examples of resources (Barney, 1991). RBV theory has multiple applications in the Mupedzanhamo business.

a. Identification of Key Resources

According to RBV theory, in order for a company to obtain a competitive edge, it must recognize and capitalize on its distinctive resources. The SMEs who operate in Mupedzanhamo Market must evaluate their resources, including their physical infrastructure, location, reputation, supplier ties, and market knowledge.

b. Resource Heterogeneity and Inimitability

According to RBV theory, valued, uncommon, hard to duplicate, or unique resources have a higher chance of delivering long-term competitive advantage. SMEs in the Mupedzanhamo Market must pinpoint assets that set them apart from rivals and are difficult to duplicate. A competitive edge can come from, for instance, having solid supplier ties or specific understanding of local customer preferences.

c. Resource Complementarity

The Resource-Based View (RBV) thesis states that companies can increase their competitive advantage through complementary resource combination and utilization. Mupedzanhamo Market SMEs stand to gain by determining how their skills and resources might complement one another. For example, creating a distinctive client experience could involve fusing a powerful online presence with a well-thought-out physical store layout and customer support.

d. Resource Constraints and Resource Acquisition

The RBV theory recognizes that SMEs frequently experience resource limitations, such as a lack of managerial experience or financial resources. It implies that businesses should deliberately produce, acquire, or gain access to resources that are essential to their expansion. In order to get over resource constraints, SMEs in the Mupedzanhamo Market may need to look for ways to increase funding, enhance access to technology, or form partnerships.

e. Dynamic Capabilities and Adaptation:

Dynamic capabilities are a firm's ability to adjust, modify, and rearrange its resources and capabilities in response to market conditions. RBV theory acknowledges the significance of these capabilities. Mupedzanhamo Market SMEs should evaluate their capacity to adjust to shifting consumer tastes, industry changes, and legal obligations. This could entail creativity, ongoing education, and the capacity to grasp new chances.

SMEs can learn about their resource strengths, shortcomings, and growth possibilities by putting the RBV theory to use. By addressing resource restrictions, leveraging their unique resources strategically, and adapting to market dynamics, they can improve their prospects of achieving sustainable growth.

2.2.3 Institutional theory

According to the Institutional Theory (DiMaggio & Powell, 1983; Scott, 1995), organizational structures, practices, and behaviors are shaped by the institutional environment. A sociological viewpoint known as institutional theory concentrates on how formal and informal norms, structures, and regulations affect the behavior of individuals and groups. It looks at how organizations influence and direct behaviors, interactions, and actions within a certain social

context. According to institutional theory, organizations both affect and adhere to the institutional environment in which they function.

a. Regulatory and Legal Constraints

According to institutional theory, SMEs are a part of a larger institutional environment that is defined by rules, laws, and official government policies. These institutional elements, which can include onerous rules, expensive compliance expenses, or convoluted bureaucratic procedures, can hinder the expansion of SMEs. These institutional barriers may be difficult for SMEs to overcome, which would limit their ability to grow.

b. Norms and Expectations

The impact of societal norms and expectations on organizational behavior is emphasized by institutional theory. SMEs that operate in particular communities or industries could experience pressure to follow set customs or norms. These conventions may restrict SMEs' capacity or inclination to innovate, grow, or embrace novel business strategies. For instance, when SMEs try to implement new technologies or business strategies, they could encounter opposition or mistrust.

c. Legitimacy and Stakeholder Pressures

The significance of legitimacy—the belief that an organization's behaviors and organizational structures are proper and acceptable given its institutional setting—is emphasized by institutional theory. SMEs may experience pressure to adopt socially acceptable norms or practices from a variety of stakeholders, including local communities, suppliers, investors, and customers. Breaking from these standards puts them at danger of losing credibility and support, which hinders their ability to expand.

d. Access to Resources and Networks

According to institutional theory, organizations can obtain resources by virtue of their networks and affiliations with other institutions. SMEs may find it difficult to obtain vital resources like funding, expertise, or partnerships that are necessary for expansion if they are not affiliated with renowned or powerful organizations or do not have a strong network. Networks and connections within institutions can give SMEs credibility and access to resources.

Recognizing the institutional forces, norms, and limits that affect SMEs' growth requires an

understanding of the institutional framework in which they operate. SMEs can strategically position themselves, establish credibility, and look for growth possibilities within their institutional environment by identifying and navigating institutional influences. This could entail interacting with pertinent organizations, creating networks, adjusting to shifting social norms, or promoting laws and regulations that will help.

2.2.4 Entrepreneurship theory

The study of entrepreneurship theory looks at how innovation, opportunity recognition, and entrepreneurial conduct contribute to the expansion of businesses. This theory can be applied to evaluate how SME owners' entrepreneurial traits, approaches, and behaviors affect their growth paths in Zimbabwe (Shane & Venkataraman, 2000). The study of entrepreneurship theory is to comprehend the procedures, attitudes, and traits connected to entrepreneurial endeavors. It looks at how people find and seize opportunities, add value, and take calculated risks to launch and expand new businesses.

a. Opportunity Recognition and Innovation

The discovery and exploitation of opportunities is emphasized by entrepreneurship theory as a critical factor in the expansion of ventures. If SMEs are unable to recognize or effectively exploit novel business prospects or inventive business models, they may find it difficult to expand. SMEs can improve their growth prospects by using entrepreneurial principles, such as identifying unmet requirements in the market, creating novel goods or services, or implementing cutting-edge technologies. Venkataraman, S. and Shane, S. (2000).

b. Risk-taking and Proactiveness

According to entrepreneurial theory, chasing new opportunities proactively and taking measured risks are frequently necessary for growth. SMEs that avoid taking risks or are hesitant to move proactively may find it difficult to expand. Small and medium-sized enterprises (SMEs) can overcome growth constraints by adopting an entrepreneurial attitude, which includes being prepared to experiment, make strategic investments, and expand into new areas. G. T. Lumpkin and G. G. Dess (1996).

c. Resource Acquisition and Networks

The notion of entrepreneurship emphasizes the significance of obtaining resources and utilizing networks to propel the expansion of ventures. Resource limitations could prevent SMEs from achieving their goals of expansion. Applying entrepreneurial principles can help acquire resources and spur growth. These include actively pursuing funds, forming strategic alliances or partnerships, and reaching out to networks for support and information. Zimmer, C., and H. E. Aldrich (1986).

d. Human Capital and Entrepreneurial Orientation

The notion of entrepreneurship emphasizes how human capital propels venture growth. Lack of knowledgeable and enterprising staff may hinder SMEs' ability to expand. SME growth can be facilitated by cultivating an entrepreneurial culture, creating a learning environment, and drawing and keeping talented people. Lumpkin, G. T., Rauch, A., Wiklund, J., & Frese, M. (2009).

SMEs can embrace entrepreneurial strategies, attitudes, and mindsets that improve their capacity to recognize opportunities, take calculated risks, obtain resources, and make use of networks by putting entrepreneurship theory to use. By using these steps, SMEs may overcome growth obstacles and promote sustainable growth.

2.2.5 Network theory

The relevance of relationships and social networks to the expansion of businesses is emphasized by network theory. Understanding how relationships, cooperation, and knowledge-sharing affect growth can be gained by examining the network dynamics among SMEs, suppliers, consumers, and other stakeholders in Zimbabwe (Granovetter, 1985).

a. Information and Knowledge Exchange

The significance of knowledge and information flow within a network is emphasized by network theory. If SMEs are unable to obtain important data, market insights, or technological know-how, they may encounter obstacles to their expansion. SMEs can gain access to common knowledge and resources through active participation in networks, such as company clusters, industry associations, or cooperative partnerships. This empowers them to make well-informed decisions and spur growth.

b. Access to Resources and Opportunities

According to network theory, SMEs can gain access to vital resources and opportunities through networks. Resource limitations could prevent SMEs from reaching their full potential for growth. By interacting with networks, SMEs can discover possible suppliers or customers, obtain funding, take advantage of social ties, and investigate joint partnerships. These network-based resources have the potential to help SMEs expand. In 1992, Granovetter, M.

c. Social Capital and Trust

According to network theory, social capital and trust play a crucial role in promoting communication and cooperation among members of a network. Building connections and earning confidence with suppliers, customers, and other stakeholders can be difficult for SMEs. SMEs can create social capital, trust, and a positive reputation by actively engaging in networks. These actions can result in more possibilities, recommendations, and collaboration, all of which can promote growth. B. Uzzi (1997).

d. Network Position and Influence

According to network theory, a network's capacity for growth can be influenced by a SME's position within it. SMEs may have easier access to opportunities, resources, and information when they hold important positions in networks. Through the strategic placement within powerful networks or the creation of strategic alliances, SMEs can broaden their audience, become more visible, and access benefits that can accelerate their growth.

2.3 Research gap

Any economy's growth depends heavily on small and medium-sized businesses (SMEs), and Zimbabwe is no exception, with SMEs making up a sizable portion of the country's GDP. The many variables that affect SMEs' growth in this setting are not well understood, despite the industry recognition of SMEs' critical role in promoting economic progress. Prior studies have mostly concentrated on the effects of government policy (Mhazo et al., 2020) and financial access (Fatoki, 2014). Nevertheless, the intricacy of the difficulties SMEs in Zimbabwe encounter is not adequately captured by these research.

2.3.1 Limited research on both macroeconomic and microeconomic factors

Studies that give a complete picture by holistically combining macroeconomic and microeconomic aspects are particularly lacking. The relationship between macroeconomic and microeconomic issues and how they affect the growth of SMEs requires more investigation.

2.3.2 Limited research on the impact of foreign regulation on SMEs

Although Taruvinga and Visser (2016) investigated the effects of microfinance on the expansion of SMEs, there is a deficiency in the incorporation of external factors, including foreign exchange controls, which have a specific influence on SMEs in Zimbabwe. The impact of foreign laws on SMEs requires more investigation.

2.3.3 Limited research on the impact of cultural influences on SMEs

Although cultural impacts on entrepreneurship are well known (Dzisi, 2008), little is known about how specifically they affect the strategic direction and operational efficacy of SMEs in Zimbabwe. The effect of cultural factors on the expansion of SMEs requires more investigation.

2.3.4 Lack of studies on the impact of Socio-political dynamics on SMEs

The impact of socio-political factors on the expansion of SMEs, such as bureaucratic inefficiencies and corruption, requires more research (Chirisa et al., 2017).

2.3.5 Limited Research on Technology Adoption

While the use of technology has been acknowledged (Mano et al., 2012), little study has been done to assess how Zimbabwean SMEs are using technology to gain a competitive edge. Thus, more investigation is required to look at how technology adoption affects the expansion of SMEs.

2.3.6 Limited research on environmental sustainability

Similarly, there is a dearth of research on environmental sustainability strategies that might be important for the expansion and survival of these businesses in Zimbabwe. More investigation is required into how environmental sustainability affects the expansion of SMEs.

Future research should concentrate on developing an integrative model that takes into account both internal managerial talents and external environmental variables in light of these shortcomings. Such thorough studies will give policymakers a more nuanced understanding of the factors that actually influence the expansion of SMEs in Zimbabwe, enabling them to devise targeted interventions that could improve the performance of this industry and its contribution to the country's development.

2.4 Summary

This chapter examined the variables affecting SMEs' expansion in Zimbabwe. In order to clarify the research variables and their connections, a conceptual framework was created. The chapter then went over the obstacles and limitations SMEs face as well as the methods they use to get over some of those obstacles. The hypotheses pertaining to the elements influencing the expansion of SMEs were examined by the theoretical framework. The research methods used in this study are described in the following chapter.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Introduction

This chapter's primary subjects are the research strategy and methodology used to examine the factors impacting SMEs' expansion in Zimbabwe. This chapter presents the methods used for gathering and analyzing data as well as the rationale behind the methods chosen. To do this, a mixed-methods approach integrating quantitative and qualitative research methodologies was employed. This chapter also covers the ethical considerations that were made during the research process. Obtaining participants' informed consent and maintaining participant confidentiality are two of these concerns. It also outlines the benefits and limitations of the chosen research designs

and procedures, as well as the steps taken to ensure the reliability and validity of the study's findings.

3.2 Research Design

This study used a sequential exploratory mixed-methods research design. With this method, quantitative data were first gathered and analyzed, and then qualitative data were gathered and analyzed. The sequential design made it possible to use quantitative data to help with the qualitative data collecting participant selection process and to give a more comprehensive picture of the research challenge.

Using a survey questionnaire, quantitative data were gathered and analyzed as part of the study's first phase. The purpose of the questionnaire was to gather information about the difficulties and business performance of SMEs. Using a stratified random sample technique, a total of 100 respondents were chosen, and information was gathered using both offline and online surveys. Frequencies, percentages, and means were among the descriptive statistics used to assess the data that was gathered.

Comprehensive interviews with market traders, market management, and authorities were conducted during the second phase of the study. The purpose of conducting the interviews was to have a more comprehensive and nuanced knowledge of the obstacles that SMEs encounter and the variables that affect their expansion. Thematic analysis was used to examine the information gathered from the interviews.

The results of the combined quantitative and qualitative data analysis were then interpreted to merge the two research phases. This made it possible to have a more thorough grasp of the variables influencing the expansion of SMEs in the Mupedzanhamo market.

All things considered, this study's sequential exploratory mixed-methods design was suitable since it made it possible to gather both quantitative and qualitative data, which led to a more thorough and nuanced comprehension of the research problem. Additionally, it made it possible to integrate the two kinds of data, which led to a more thorough understanding of the variables influencing the expansion of SMEs.

3.3 Target Population

The target audience for the study included a number of SMEs involved in the Mupedzanhamo market in Harare, such as market traders, managers, and other stakeholders. Most of Mupedzanhamo's markets are handled by small-scale sellers from different parts of Harare and the neighboring environs. This demographic was chosen because it satisfied the study's criteria and was believed to be the most qualified to provide information that could address the study's research questions.

3.4 Sample and Sampling Procedures

The study's sample consisted of small and medium-sized enterprises (SMEs) that are active in the Mupedzanhamo market in Harare. In order to select study participants for the qualitative section, purposive selection was used, while stratified random sampling was used to select the sample for the quantitative section. Using stratified random selection, a sample of one hundred participants was selected in the first phase from a list of active traders in the Mupedzanhamo market that was provided by the market administrators. The sample size was determined with a 95% confidence level and a 5% margin of error using Rao Soft's sample size calculator. Online and offline surveys were used to collect data, and phone numbers of the selected SMEs were contacted.

For the qualitative phase, a purposeful sampling technique was utilized to choose a group of highly skilled operators and dealers from the Mupedzanhamo market. The participants were chosen on the basis of their knowledge and experience with the Mupedzanhamo market. The sampling technique allowed for the identification of people who had relevant information and insights into the study problem.

The study's sampling strategies were appropriate since they allowed for the selection of participants with pertinent expertise and experience for the study's qualitative phase as well as a representative sample of SMEs doing business in the Mupedzanhamo market. The sample size was determined using a reliable sample size calculator, and participants were selected according to their qualifications and suitability for the research issue.

3.5 Research instruments

Research instruments are tools or procedures used to collect and analyze data for a project. The study's objectives, questions, and methodology will all influence the choice of research instruments, as will the available funds, time, and experience. It is recommended that the research instruments be reliable, valid, and ethically sound. Saunders et al. (2006). For the quantitative part of the study, a questionnaire was used, and for the qualitative part, a semi-structured interview guide.

3.5.1 Questionnaire

The questionnaire's goal was to compile data on the factors affecting SMEs' growth in Zimbabwe. The questionnaire was used in the study's quantitative component, which involved surveying a sample of 100 SME operators in the Mupedzanhamo market. Five sections comprised the questionnaire: company and demographic details; challenges faced by SMEs; availability and utilization of resources; business environment and support systems; and suggestions and plans.

a) Demographic and business characteristics

This component included the business owner's age, gender, and educational background. The business attributes included years of operation, number of employees, and business industry.

b) Challenges faced by SMEs.

This section included a variety of operating obstacles, including market, infrastructure, technology, and financing access. It also covered the tactics used to deal with these difficulties.

c) Access to and utilisation of resources

The use of technology, business development services, and financial resources was covered in this section. Perceptions regarding the usefulness and accessibility of these resources were also included.

d) Business environment and support mechanisms

Perceptions on the general business environment and regulatory framework were the focus of this section. This section also contained the opinions and experiences of the assistance that the government and other stakeholders provide.

e) Future plans and recommendations

Plans for the company's further expansion and development were mentioned, along with recommendations for enhancing the environment that fosters SMEs' growth and support.

3.5.2 Semi Structured Interview Guide.

Ten SME owners and managers were interviewed in-depth for the study's qualitative component using a semi-structured interview guide. Topics like background data, difficulties faced by SMEs, growth-influencing factors, stakeholder roles, and recommendations for the future were all covered in the interview guide.

a. Background information

This covered broad details about the SME, such as the industry it operates in, the number of workers, and the number of years it has been in business, as well as the interviewee's position within the company.

b. Challenges faced by SMEs.

This section contains details on the main difficulties and roadblocks that arise when running the company, along with the tactics used to get beyond them.

c. Factors affecting SME growth.

This section covered the elements thought to help small businesses grow and thrive as well as those thought to go in the way of their efforts.

d. The role of stakeholders

Information about viewpoints and experiences regarding the support that SMEs receive from the government and other stakeholders was gathered for this section. Additionally, data regarding recommendations for enhancing the environment that supports and facilitates SMEs was gathered.

e. Future outlook and recommendations.

Plans and goals for the expansion and development of SMEs in the future were included in this. It also contained suggestions on how stakeholders and legislators should encourage the expansion of SMEs.

3.6 Data Analysis

In accordance with the advice of Cresswell & Cresswell (2018), this study used a mixed-method approach, combining quantitative and qualitative data analysis. It may be possible to gain a better

understanding of the factors driving the expansion of small and medium-sized businesses in the Mupedzanhamo market by integrating many data sources and analytical methods.

3.6.1 Qualitative Data Analysis

The qualitative information gathered from the in-depth interviews was examined using thematic analysis. Brown and Clarke (2006). Codes were applied to the transcripts following a careful analysis to identify recurring themes and patterns. These codes were then grouped into broader themes related to the objectives of the study. The analysis process involved the following steps

- i. **Acquaintance with the information.** To familiarize herself with the subject, the researcher went over the interview transcripts very carefully.
- ii. **The first generation of code.** Initial codes were allocated to pertinent transcript segments in order to distinguish significant data aspects.
- iii. **Looking for themes.** The primary patterns and linkages found in the data were then captured by grouping the original codes into more comprehensive keys.
- iv. **Going over and improving the themes.** To make sure the themes correctly reflected the facts, they were examined and improved.
- v. **Giving topics names and definitions.** The final themes were given names that were descriptive and well-defined.
- vi. **Compiling the document.** In order to meet the goals of the study, the thematic analysis's results were arranged and presented logically.

3.6.2 Quantitative Data Analysis

As suggested by Saunders, Lewis, and Thornhill (2016), statistical software (such as SPSS/R) was used to analyse the quantitative data from the. To enumerate the features of SMEs, descriptive statistics including frequencies, means, and standard deviations were used. The links between the different determinants and SME growth were investigated using inferential statistics, such as regression analysis and correlation. Quantitative research on the growth and performance of SMEs frequently include both descriptive and inferential statistics (Ayandibu and Houghton 2017, Hyder and Lussier 2016).

3.7 Ethical considerations

This study adhered to the set ethical principles and protocols to guarantee that the research was carried out ethically.

3.7.1 Informed Consent

Before the researcher conducted the interviews and distributed the survey, each participant provided the researcher with their informed consent. Each participant received a thorough information document outlining the study's objectives, the voluntary nature of participation, and their option to end it at any time without facing consequences (Saunders et al., 2016). Participants had to fill out a consent form indicating they intended to participate in the study (Bryman, 2016).

3.7.2 Confidentiality and Anonymity

Throughout the study, the researcher made sure that the participants' privacy and confidentiality were maintained. Participants' replies were kept anonymous during data analysis and reporting, and all personally identifiable information was kept private (Bryman, 2016; Saunders et al., 2016). In order to preserve the participants' identities during the finding's presentation, pseudonyms were employed.

3.7.3 Data storage and protection

The study's data was securely stored on a password-protected computer and in a locked cabinet. It also included transcripts, recordings, and survey responses. After the study is over, the data will be retained for a defined period of time before being removed. & associates Saunders (2016).

3.7.4 Minimization of Harm

The researcher ensured that there was no physical, psychological, or emotional harm done to the study participants. The interview and survey questions were designed to be non-intrusive and with the participants' welfare in mind (Bryman, 2016). The study's participants were informed that they might stop at any moment or choose not to respond to any questions that caused them discomfort.

3.7.5 Researcher Objectivity

Throughout the study, the researcher upheld a high standard of neutrality to prevent any potential biases or undue influence on the participants' responses. The investigator recognised any

personal or professional relationships with the subjects and implemented measures to mitigate their influence on the study procedure. Bryman, 2016.

3.8 Summary

This chapter provides an overview of the research methods employed in this study, including the research design, data collection techniques, sampling tactics, and data processing protocols. Using a mixed-method approach allowed for a thorough knowledge of the factors impacting the growth of SMEs in Harare's Mupedzanhamo market. The forthcoming chapter will contain the investigation's findings.

CHAPTER IV

DATA PRESENTATION, ANALYSIS, AND DISCUSSION

4.0 Introduction

This chapter presents the key findings that emerged from the data collection and analysis conducted as part of this research study on small and medium enterprises (SMEs) in the Mupedzanhamo market. The chapter is structured to provide a comprehensive overview of

both the qualitative and quantitative insights gained through the mixed-methods approach adopted for this investigation.

4.1 Questionnaire response rate

According to Table 4.1, the data collection tools used in the study included questionnaires and interview guides. A total of 100 questionnaires were distributed, of which 95 were completed and returned, resulting in a 95% response rate. Additionally, 10 interview guides were sent out, and all 10 were completed and returned, achieving a 100% response rate.

Table 4. 1 Research Instrument Response Rate

Data collection tool	Total sent	Total completed and returned	Percentage Response rate
Questionnaire	100	95	95%
Interview guides	10	10	100%

4.2 Demographic characteristics of respondents

4.2.1 Age

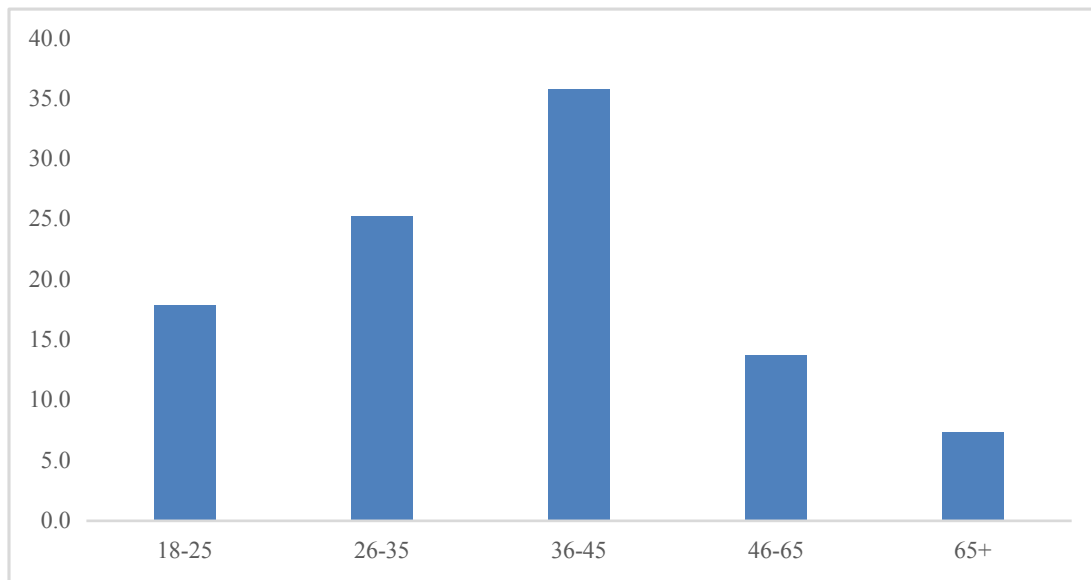


Figure 4. 1 Age of respondents

The age distribution of the respondents shown in figure 4.1 reveals that out of the 95 surveyed SME operators, 17 (17.9%) are aged 18-25, 24 (25.3%) are aged 26-35, 34 (35.8%) are aged 36-45, 13 (13.7%) are aged 46-65, and 7 (7.4%) are aged 65 and above. This data shows that the majority of the SME operators fall within the 26-45 age range, indicating that middle-aged adults are the most active in running businesses at the Mupedzanhamo Market. This age distribution highlights the significant involvement of young and middle-aged individuals in entrepreneurial activities within the market.

4.2.2 Gender

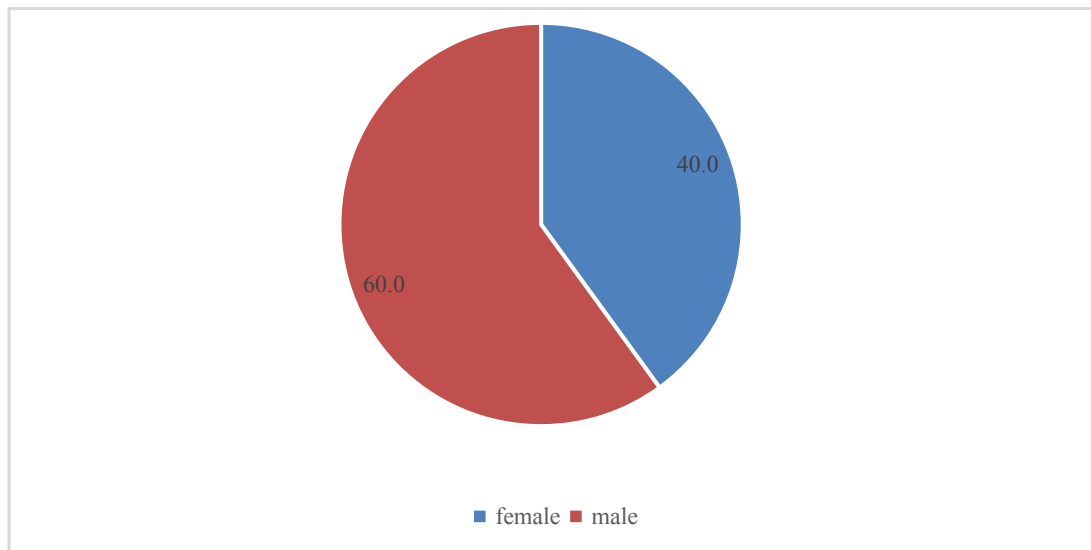


Figure 4. 2 Gender distribution of respondents

The results presented in figure 4.2 shows that 38 respondents (40.0%) were female, and 57 respondents (60.0%) were male. This distribution shows a higher representation of males compared to females among the SME operators in the Mupedzanhamo Market. The gender disparity might reflect broader socio-economic trends and cultural factors affecting business ownership and participation in the market.

4.2.3 Educational Qualifications

Table 4. 2 Education qualifications of respondents

Educational Qualification	Frequency	Percent	Valid Percent	Cumulative Percent
Other	7	7.4	7.4	7.4
primary	14	14.7	14.7	22.1
secondary	45	47.4	47.4	69.5
tertiary	29	30.5	30.5	100.0
Total	95	100.0	100.0	

The findings of the study in Table 4.2 shows that the educational qualifications of the 95 respondents are varied, with 7 individuals (7.4%) having other forms of education, 14 (14.7%) having primary education, 45 (47.4%) having secondary education, and 29 (30.5%) having tertiary education. This data indicates that nearly half of the SME operators have a secondary education, making it the most common educational level among the respondents. Additionally, a significant portion, almost one-third, have attained tertiary education, reflecting a relatively high level of educational attainment within the group.

4.2.4 Sector Distribution for SMEs

Table 4. 3 Sector distribution of SMEs

Sector	Frequency	Percent	Valid Percent	Cumulative Percent
Retail	29	30.5	30.5	30.5
Wholesale	45	47.4	47.4	77.9
Service	14	14.7	14.7	92.6
Production	7	7.4	7.4	100.0
Total	95	100.0	100.0	

The sector distribution of the 95 respondents shows that 29 individuals (30.5%) are engaged in retail, 45 (47.4%) in wholesale, 14 (14.7%) in service, and 7 (7.4%) in production. Wholesale is the most represented sector among the SME operators, followed by retail. The service and production sectors have smaller representations, comprising 14.7% and 7.4% of the respondents, respectively. The cumulative percentage indicates that by the time we account for those in the wholesale sector, we have covered 77.9% of the respondents, with

the total reaching 100% at production. This distribution highlights the predominance of wholesale and retail sectors in the Mupedzanhamo Market.

4.2.5 Descriptive characteristics

Table 4. 4 Description of descriptive variables

Variable	Min	Max	Mean	St. Deviation
Annual Income from business	1250.0	19500	5223.12	113.1961
Annual Income from other sources	500.0	5500	3450.61	21.3341
Number of employees	1.0	7	2.41	
Year of current business	0.5	12	3.22	1.935
Years of experience in sector	2.0	21	5.12	1.394

The annual income from business ranges from a minimum of \$1,250 to a maximum of \$19,500, with a mean income of \$5,223.12 and a standard deviation of 113.1961, indicating some variability in business earnings among the respondents. The annual income from other sources varies between \$500 and \$5,500, with an average of \$3,450.61 and a standard deviation of \$21.3341, suggesting additional sources of income that supplement business earnings. The number of employees in the businesses ranges from 1 to 7, with a mean of 2.41 employees, highlighting the small scale of these enterprises. The number of years in the current business spans from 0.5 to 12 years, with an average of 3.22 years and a standard deviation of 1.935, reflecting the varied durations of business operation among respondents. The years of experience in the sector range from 2 to 21 years, with a mean of 5.12 years and a standard deviation of 1.394, indicating a diverse level of sector-specific experience among the business operators in the Mupedzanhamo Market.

4.3 Factors influencing the growth of Small and Medium Enterprises (SMEs)

4.3.1 Model Summary

Table 4. 5 Model summary for multi linear regression

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.781	0.691	0.541	3.650

The model summary for the regression analysis on the factors affecting business growth provides key statistics that help to understand the model's performance. The value of R is 0.781, indicating a strong positive correlation between the independent variables (such as income, educational level, use of technology, access to credit, years of experience in business, and years of experience in the sector) and the dependent variable (business growth). This suggests that as the independent variables increase, business growth tends to increase as well. The R Square value is 0.691, meaning that approximately 69.1% of the variability in business growth can be explained by the independent variables in the model. This indicates a good fit of the model to the data, suggesting that the selected factors are significant predictors of business growth.

4.3.2 Regression Output

The regression analysis output indicates that several variables significantly affect business growth among SMEs in the study, while others do not. The significant variables include Annual Income from Business ($p = 0.003$), Annual Income from Other Sources ($p = 0.031$), Access to Credit ($p = 0.002$), Years of Experience in the Sector ($p = 0.001$), Years of Experience in Business ($p = 0.001$), and Access to Market Facilities ($p = 0.035$). Variables such as Gender, Age, Number of Employees, and Education were found to be non-significant in this model.

Table 4. 6 Regression output for factors affecting SMEs growth

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	9.127	6.670		3.706	0.287
Annual Income from business	7.929	14.579	0.064	0.735	0.003**
Annual Income from other sources	2.331	1.945	0.562	2.412	0.031**
Gender (1)	4.221	2.439	1.419	1.597	0.463

Age	12.179	9.034	1.584	0.871	0.463
Access to credit (1)	7.891	5.910	1.409	1.184	0.002**
Number of employees	3.429	3.998	0.080	0.961	0.340
Years of experience in sector	7.419	4.230	1.239	0.861	0.001**
Years of experience in business	2.263	3.986	0.078	0.880	0.001**
Access to market facilities (1)	2.319	0.921	0.569	1.561	0.035**
Education	1.670	7.806	0.102	1.239	0.217
Dependent variable (Business growth)					

**significant at 95% confidence level

Annual income from business is a significant predictor of business growth, with a coefficient (B) of 7.929 and a p-value of 0.003. This indicates that as the annual income from business increases, so does the business growth. One respondent mentioned, *"The steady increase in my annual income has allowed me to reinvest in my business, leading to expansion and better market presence."* This finding aligns with Kaplan et al. (2018), who highlighted the crucial role of business income in reinvestment and growth.

Annual income from other sources also significantly affects business growth, with a coefficient (B) of 2.331 and a p-value of 0.031. This suggests that additional income sources provide financial stability and flexibility for business operations. A respondent noted, *"Having another income stream has been a lifeline, especially during tough business periods, ensuring I can keep my operations running smoothly."* This concurs with the findings of Mujuru (2018), emphasizing the importance of diversified income for SME resilience.

Access to credit is a crucial factor for business growth, with a coefficient (B) of 7.891 and a p-value of 0.002. Easier access to credit facilities enables SMEs to invest in growth opportunities and manage cash flow effectively. One business owner stated, *"Securing a loan was a game-changer for my business, allowing me to purchase needed equipment and expand my services."* Mawere & Mawere (2017) support this, noting that access to credit is essential for SME expansion and sustainability.

The years of experience in the sector significantly impact business growth, with a coefficient (B) of 7.419 and a p-value of 0.001. More experience in the sector translates to better understanding and navigation of market dynamics. A respondent shared, *"My years of experience in this sector have given me insights and connections that are invaluable for business growth."* This finding is in line with Mujaju & Dube (2019), who found that industry-specific experience enhances business performance.

Years of experience in business also significantly influence growth, with a coefficient (B) of 2.263 and a p-value of 0.001. Experienced business owners are better equipped to handle challenges and seize opportunities. As one respondent remarked, *"Experience has taught me how to adapt to changes and make strategic decisions that drive growth."* Laudon & Traver (2020) similarly highlight the role of business acumen which is important in overcoming and navigating business issues adding to business performance which is important for business growth.

Access to market facilities also significantly impacted business growth ($p = 0.035$), with a Beta of 0.569. This suggests that businesses with better market access can attract more customers and generate higher sales. One entrepreneur noted, *"Having a stall in a busy market has significantly boosted my sales and visibility."* Kaplan et al. (2018) similarly point out that strategic market positioning is crucial for business success and growth.

4.3 Challenges faced by SMEs

Table 4. 7 Challenges faced by SMEs

Variable	Least Effect		Low Effect		Moderate Effect		High Effect		Greatest Effect		Mean Score
	N	%	N	%	N	%	N	%	N	%	
Inability to access Finance	6	(6.3)	11	(11.6)	17	(17.9)	26	(27.4)	35	(36.8)	3.8
High Operating Costs	7	(7.4)	13	(13.7)	21	(22.1)	26	(27.4)	28	(29.5)	3.6
Competition	6	(6.3)	11	(11.6)	21	(22.1)	31	(32.6)	26	(27.4)	3.6
Regulatory and Compliance Issues	14	(14.7)	18	(18.9)	28	(29.5)	19	(20.0)	16	(16.8)	3.1

Infrastructure Deficiencies	6 (6.3)	11 (11.6)	17 (17.9)	26 (27.4)	35 (36.8)	3.8
Limited Market Access	7 (7.4)	13 (13.7)	21 (22.1)	26 (27.4)	28 (29.5)	3.6
Technological Limitations	14 (14.7)	26 (27.4)	29 (30.5)	16 (16.8)	10 (10.5)	2.8

The challenge with the highest mean score is the inability to access finance, with a mean score of 3.8. This issue affects SMEs significantly, with 36.8% of respondents indicating it has the greatest effect and 27.4% indicating a high effect. One participant explained, *"Without adequate financing, I cannot purchase enough stock to meet customer demand."* This finding is supported by Kaplan et al. (2018), who emphasize the critical role of financial access in SME growth and sustainability. Similarly, Mujuru (2018) highlights that financial constraints severely limit business expansion and innovation.

Infrastructure deficiencies also have a high mean score of 3.8, indicating their significant impact on SMEs. About 36.8% of respondents cited infrastructure issues as having the greatest effect, and 27.4% as having a high effect. A business owner commented, *"Frequent power outages and poor road conditions make it difficult to run my business smoothly."* Mawere and Mawere (2017) note that inadequate infrastructure is a common barrier that hinders operational efficiency and increases costs for SMEs.

High operating costs, with a mean score of 3.6, are a major challenge for SMEs, with 29.5% of respondents indicating the greatest effect and 27.4% indicating a high effect. One respondent mentioned, *"The high cost of rent and utilities eats into my profits, making it hard to sustain the business."* Mujaju and Dube (2019) discuss how high operational expenses can significantly strain SMEs, limiting their ability to invest in growth opportunities.

Competition also has a mean score of 3.6, reflecting its significant impact. Approximately 32.6% of respondents cited high effect, and 27.4% cited the greatest effect. A participant stated, *"The market is saturated with similar businesses, making it hard to attract and retain customers."* This challenge aligns with Laudon and Traver (2020), who highlight that intense competition can pressure SMEs to constantly innovate and differentiate their offerings to remain competitive.

Limited market access, with a mean score of 3.6, poses a substantial challenge. About 29.5% of respondents noted the greatest effect, and 27.4% noted a high effect. One entrepreneur shared, *"Reaching a broader customer base is difficult due to the limited market reach and poor marketing channels."* Kaplan et al. (2018) emphasize that market access is crucial for business growth, enabling SMEs to expand their customer base and increase sales.

Technological limitations were rated as the least challenging, with a mean score of 2.8. A business owner commented, *"While technology could enhance efficiency, limited resources and expertise hinder our adoption of technological solutions."* This observation resonates with the insights of Laudon and Traver (2020), who discuss the digital divide among SMEs and the importance of addressing technological barriers to foster innovation and growth.

4.4 Strategies employed by SMEs to overcome the challenges they face.

Table 4. 8 Strategies employed by SMEs to overcome challenges

Strategy	Frequency	Percentages
Seeking alternative financing options such as microfinance institutions	67	70.5
Negotiating better terms with suppliers to reduce costs	33	34.7
Differentiating products and services through unique value propositions	52	54.7
Staying informed about regulatory changes and compliance requirements	31	32.6
Collaborating with local authorities to improve infrastructure	27	28.4
Expanding into online and digital markets	49	51.6
Leveraging affordable and scalable technology solutions	37	38.9

Seeking Alternative Financing Options

Many SME operators in Mupedzanhamo Market opt for alternative financing options such as microfinance institutions, as indicated by a significant frequency of 67 respondents (70.5%). One respondent highlighted, *"Microfinance loans have been a lifeline for my business, providing much-needed capital for inventory expansion."* This strategy resonates with the findings of

Mujuru (2018), who emphasizes the role of microfinance in bridging the financing gap for SMEs and supporting their growth and sustainability.

Negotiating Better Terms with Suppliers

Negotiating better terms with suppliers emerged as a common strategy, with 33 respondents (34.7%) employing this approach to reduce costs. A business owner mentioned, **"By negotiating discounts and favorable payment terms with our suppliers, we've been able to improve our profit margins."** This strategy aligns with the observations of Laudon and Traver (2020), who discuss the importance of cost-saving measures for SME profitability and competitiveness.

Differentiating Products and Services

Differentiating products and services through unique value propositions is a popular strategy among SME operators, with 52 respondents (54.7%) implementing this approach. One respondent stated, *"We focus on offering personalized services and niche products to stand out from competitors and attract loyal customers."* This finding is supported by Kaplan et al. (2018), who highlight the significance of differentiation in building brand identity and gaining a competitive edge in the market.

Staying Informed about Regulatory Changes

Staying informed about regulatory changes and compliance requirements is considered essential by 31 respondents (32.6%). A business owner noted, *"Regularly monitoring regulatory updates helps us avoid penalties and ensure compliance, which is crucial for business continuity."* This strategy aligns with the insights of Mujaju and Dube (2019), who stress the importance of regulatory compliance in mitigating legal risks and maintaining business operations.

Collaborating with Local Authorities

Collaborating with local authorities to improve infrastructure is a strategy adopted by 27 respondents (28.4%). A participant mentioned, *"By partnering with local authorities, we've advocated for better road networks and waste management systems, which has enhanced the overall business environment."* This finding resonates with Mawere and Mawere (2017), who

discuss the benefits of public-private partnerships in addressing infrastructure challenges and fostering economic development.

Expanding into Online and Digital Markets

Expanding into online and digital markets is a strategy embraced by 49 respondents (51.6%). One business owner stated, *"Establishing an online presence has enabled us to reach a wider audience and tap into new markets beyond our physical location."* This strategy is in line with the observations of Laudon and Traver (2020), who emphasize the importance of digitalization in expanding market reach and driving business growth.

Leveraging Affordable and Scalable Technology Solutions

Leveraging affordable and scalable technology solutions is a strategy employed by 37 respondents (38.9%). A respondent highlighted, *"Investing in cloud-based software and automation tools has improved our operational efficiency and reduced overhead costs."* This strategy aligns with the insights of Mujuru (2018), who discusses the transformative impact of technology adoption on SME productivity and competitiveness.

4.5 Recommendations for policymakers and stakeholders to support SME growth in Zimbabwe, based on the findings of the study.

Policymakers should prioritize the development of microfinance institutions and government-backed loan schemes to provide SMEs with more accessible and affordable credit options. Financial institutions should be encouraged to design loan products specifically tailored to the needs of SMEs, featuring reasonable interest rates and minimal collateral requirements. This approach would alleviate the financial constraints faced by many SMEs, enabling them to invest in growth and development initiatives.

Investing in local infrastructure is crucial for creating a conducive environment for SME growth. Policymakers should focus on improving the reliability of essential services such as electricity, water supply, and transportation networks. Establishing public-private partnerships can help fund and maintain these critical infrastructure projects. By ensuring SMEs have access to reliable infrastructure, their operational efficiency and overall productivity can be significantly enhanced.

Simplifying the business registration and licensing processes is essential to reduce bureaucratic hurdles for SMEs. Policymakers should implement a one-stop-shop approach for all regulatory and compliance requirements, making it easier for SMEs to navigate the regulatory environment. Streamlining these processes would not only save time and resources for SMEs but also encourage more entrepreneurs to formalize their businesses, fostering a more vibrant and competitive business landscape.

Supporting SMEs in accessing new markets and embracing digital transformation is vital for their growth. Policymakers should facilitate SME participation in local and international trade fairs, providing them with opportunities to expand their market reach. Additionally, offering training on digital marketing strategies and incentives for adopting e-commerce platforms can help SMEs leverage the power of technology to increase their competitiveness and customer base.

Human capital development is a key driver of SME success. Policymakers should implement vocational training and continuous education programs tailored to the specific needs of SME employees, enhancing their skills and productivity. Developing mentorship programs that connect experienced business owners with new entrepreneurs can foster knowledge sharing and best practices. By investing in the development of human capital, SMEs can build a more skilled workforce, driving innovation and business growth.

4.6 Chapter Summary

In this study investigating the growth factors and challenges faced by Small and Medium Enterprises (SMEs) in Mupedzanhamo Market, Harare, a comprehensive analysis was conducted to identify key determinants influencing SME growth. Through a combination of quantitative data collection methods and thematic analysis, significant findings emerged. The study revealed that factors such as access to finance, infrastructure deficiencies, limited market access, and technological limitations pose significant challenges to SMEs. However, SMEs employ various strategies, including seeking alternative financing options, negotiating better terms with suppliers, and expanding into online markets, to overcome these challenges and drive business growth. Recommendations were provided for policymakers and stakeholders to support SME growth in Zimbabwe, emphasizing the importance of enhancing access to finance, improving infrastructure,

streamlining regulatory processes, promoting digital transformation, and investing in human capital development. This study contributes to the existing literature on SME development by providing insights into the specific challenges and strategies relevant to the context of Mupedzanhamo Market, while also offering practical recommendations for fostering a conducive environment for SME growth and sustainability in Zimbabwe.

CHAPTER V

SUMMARY CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The previous chapter laid the foundation by focusing on the presentation and discussion of research findings. This chapter focuses on the summary conclusion and recommendations of the study. It contains the recommendations for further study as well as the chapter summary which concludes the chapter.

5.2 Summary

The study identified several key factors influencing the growth of Small and Medium Enterprises (SMEs) in Mupedzanhamo Market, Harare. Through regression analysis, it was found that factors such as access to finance, years of experience in the sector, and technological limitations significantly impact SME growth. The results highlight the critical role of financial resources, industry experience, and technological adaptation in driving business growth. These findings contribute to a deeper understanding of the determinants of SME growth in the specific context of Mupedzanhamo Market, providing valuable insights for policymakers and stakeholders aiming to support SME development in Zimbabwe.

The study revealed a range of challenges faced by SMEs operating in Mupedzanhamo Market, Harare. Thematic analysis of survey data identified obstacles such as limited access to finance, infrastructure deficiencies, regulatory and compliance issues, and high operating costs as significant challenges hindering SME growth. These findings shed light on the multifaceted nature of challenges confronting SMEs in the market, underscoring the need for targeted interventions and policy support to address these obstacles and create a conducive environment for SME development.

In response to the challenges they face, SMEs in Mupedzanhamo Market employ various strategies to mitigate these obstacles and foster business growth. Thematic analysis revealed that seeking alternative financing options, negotiating better terms with suppliers, differentiating products and services, and expanding into online and digital markets are among the most commonly employed strategies. These findings highlight the adaptive nature of SMEs in navigating challenges and leveraging opportunities to drive growth. The identified strategies offer practical insights for SME operators, policymakers, and other stakeholders seeking to support SME development and resilience in Zimbabwe.

5.3 Conclusion

In conclusion, this study provides valuable insights into the growth factors, challenges, and strategies employed by Small and Medium Enterprises (SMEs) in Mupedzanhamo Market, Harare. The findings underscore the complex interplay of factors influencing SME growth, with access to finance, years of experience in the sector, and technological limitations emerging as significant determinants. These results highlight the importance of addressing financial constraints, promoting industry expertise, and facilitating technological adoption to foster SME growth and sustainability in the market. Additionally, the identification of challenges such as limited access to finance, infrastructure deficiencies, and regulatory hurdles sheds light on the barriers hindering SME development in the context of Mupedzanhamo Market.

Moreover, the study reveals the adaptive strategies employed by SMEs to mitigate these challenges and drive business growth. Strategies such as seeking alternative financing options, negotiating better terms with suppliers, and expanding into online markets demonstrate the resilience and innovation of SME operators in responding to market dynamics. These findings offer practical insights for policymakers and stakeholders aiming to support SME development in Zimbabwe, emphasizing the importance of targeted interventions to address specific challenges and promote a conducive business environment for SMEs.

Overall, this study contributes to the existing literature on SME development by providing empirical evidence on the factors influencing SME growth, the challenges faced by SMEs, and the strategies employed to overcome these obstacles. By understanding the unique context of Mupedzanhamo Market and the experiences of SME operators within it, policymakers and

stakeholders can formulate targeted policies and initiatives to support SME growth, foster entrepreneurship, and contribute to economic development in Zimbabwe. Moving forward, further research and collaboration are needed to implement and evaluate effective interventions that promote sustainable SME growth and resilience in the market.

5.4 Recommendations

Based on the findings of this study, several recommendations can be proposed to support the growth and sustainability of Small and Medium Enterprises (SMEs) in Mupedzanhamo Market, Harare:

Policymakers should prioritize initiatives aimed at improving SMEs' access to finance, including the expansion of microfinance institutions and the development of government-backed loan schemes with favorable terms and conditions. Additionally, efforts should be made to promote financial literacy among SME operators to facilitate informed decision-making regarding financial management and investment.

Investments in infrastructure development are essential to address the challenges posed by infrastructure deficiencies in Mupedzanhamo Market. Collaborative efforts between local authorities and SMEs should be encouraged to improve road networks, water supply, electricity, and waste management systems, enhancing the overall business environment and operational efficiency.

Regulatory reforms should be implemented to simplify bureaucratic procedures and reduce the administrative burden on SMEs. This includes the establishment of a one-stop-shop for business registration and licensing, as well as regular updates and communication regarding regulatory changes to ensure compliance and minimize legal risks.

Policymakers and stakeholders should support SMEs in embracing digital transformation by providing training and capacity-building programs on digital marketing, e-commerce platforms, and affordable technology solutions. This will enable SMEs to expand their market reach, improve operational efficiency, and remain competitive in an increasingly digitalized business landscape.

Efforts should be made to invest in the development of human capital within SMEs through vocational training, mentorship programs, and entrepreneurship education. By enhancing the skills and knowledge of SME operators and employees, SMEs can improve productivity, innovation, and adaptability, driving sustainable business growth.

Measures should be taken to improve SMEs' access to local and international markets through initiatives such as trade fairs, business networking events, and export promotion programs. This will enable SMEs to diversify their customer base, increase sales opportunities, and mitigate the risks associated with market concentration.

By implementing these recommendations, policymakers, and stakeholders can create a supportive ecosystem for SME development in Mupedzanhamo Market, fostering entrepreneurship, job creation, and economic growth in Zimbabwe. These recommendations align with the identified challenges and strategies identified in the study, offering practical solutions to address the needs and aspirations of SME operators in the market.

5.4.1 Recommendation for further research

For future studies, exploring the longitudinal effects of the recommended interventions on SME growth and sustainability in Mupedzanhamo Market, Harare is recommended. Long-term research efforts could investigate the implementation and effectiveness of specific policy measures aimed at enhancing access to finance, improving infrastructure, streamlining regulatory processes, promoting digital transformation, and investing in human capital development. Additionally, comparative studies across different markets and regions within Zimbabwe could provide valuable insights into the contextual factors influencing SME performance and the scalability of interventions. Moreover, qualitative research approaches, such as case studies and in-depth interviews, could offer a deeper understanding of the lived experiences of SME operators and the intricacies of their business strategies and challenges. By building upon the findings of this study and addressing the gaps in existing literature, future research endeavors can contribute to the development of evidence-based policies and practices that support SME growth and resilience in Zimbabwe.

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APPENDICES

APPENDIX I

QUESTIONNAIRE

Disclaimer / Informed Consent.

My name is B192146B, I am studying towards my Bachelor of Accounting Honors Degree with Bindura University of Science Education. I am carrying out a study entitled An investigation of the factors that affect the growth of SMEs in Zimbabwe. A case study of Mupedzanhamo market in Harare, in partial fulfillment of the requirement for accreditation with the degree. The information provided in this questionnaire is solely for this academic study. All information you provide in this questionnaire will be kept confidential and will only be used for this research study. Your responses will not be shared with any third parties and will be used solely to analyze the results of this research. Participation in this questionnaire is entirely voluntary, and you have the right to withdraw at any time without penalty or prejudice. By completing this questionnaire, you acknowledge that you have read this disclaimer and understand that your participation is strictly voluntary and that confidentiality will be observed.

Questionnaire: Factors Affecting SME Growth in Mupedzanhamo Market, Harare

Thank you for participating in our study on the factors affecting the growth of Small and Medium Enterprises (SMEs) in Mupedzanhamo Market, Harare. Your input is valuable in understanding the challenges and opportunities faced by SME operators in the market. Please take a few moments to answer the following questions honestly and to the best of your knowledge.

Section 1: Demographic Information

1. Gender:
 - Male
 - Female
2. Age:
 - 18-25 years
 - 26-35 years
 - 36-45 years
 - 46-65 years
 - 65+ years

3. Educational Qualification:

- Other
- Primary
- Secondary
- Tertiary

4. Sector of Business:

- Retail
- Wholesale
- Service
- Production

5. **Annual Revenue from Business:**

Please specify the approximate annual revenue generated by your business.

USD\$.

6. **Annual Revenue from Other Sources:**

Please specify the approximate annual revenue generated from other sources (excluding your business).

USD\$.

7. **Number of Employees:**

Please indicate the number of employees currently working in your SME.

..... employees

8. **Access to Market:**

Please describe the extent of your access to local and international markets for your products/services.

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9. **Access to Credit:**

Please describe your experience and ease of access to credit facilities for your SME.

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Section 2: Factors Affecting business growth

1. Please rate the following factors based on their impact on the growth of your SME, using a Likert scale from 1 to 5, where 1 indicates "Least Effect" and 5 indicates "Greatest Effect."

Factor	Least Effect	Low Effect	Moderate Effect	High Effect	Greatest Effect
Inability to access finance					
High operating costs					
Competition					
Regulatory and compliance issues					
Infrastructure deficiencies					
Limited market access					
Technological limitations					

Section 3: Challenges Faced by SMEs

1. Please rate the challenges faced by SMEs in Mupedzanhamo Market based on their impact on your business, using a scale from 1 to 5, where 1 indicates "Least Effect" and 5 indicates "Greatest Effect."

Challenge	Least Effect	Low Effect	Moderate Effect	High Effect	Greatest Effect
Inability to access finance					
High operating costs					
Competition					
Regulatory and compliance issues					
Infrastructure deficiencies					
Limited market access					
Technoloical limitations					

Section 4: Recommendations for Increasing Effectiveness of Strategies

1. How do you suggest we can further enhance the effectiveness of the strategies employed by SMEs to overcome challenges in Mupedzanhamo Market? Please provide your insights and recommendations below.

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APPENDIX II

INTERVIEW GUIDE

INTERVIEW GUIDE QUESTIONS

1. What are the external and internal variables affecting SMEs' growth?
2. What difficulties do SMEs in Zimbabwe face?
3. What typical approaches do SMEs take to get past obstacles and promote expansion?
4. In what crucial areas can stakeholders and policymakers step in to help Zimbabwe's SME sector grow?