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**DEPARTMENT OF ACCOUNTING**

**TOPIC: THE ROLE OF SMEs IN POVERTY ALLEVIATION IN ZIMBABWE (A CASE STUDY OF HARARE PROVINCE).**

**BY**

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I Shamiso Mavura do hereby declare that this dissertation is my own original work and has not been copied or taken from any other source without acknowledgement.

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# DEDICATION

I dedicate this research to my beloved family; my father and mother- Mr. and Mrs. Mavura, my siblings Makanaka and Praise who all believed in my dreams and made immeasurable effort for me to reach this level.

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# ABSTRACT

The primary purpose of the study was to scientifically analyze the critical contributions made by small businesses to Zimbabwean economic development and poverty reduction. The study was primarily aimed at SMEs in Harare Province, with a sample of 50 registered SMEs employing at least 5 people employed. The researcher gave the responder a questionnaire, as well as telephone interviews and documentary analysis, and the material retrieved from it was correctly reviewed to prove that small enterprises and economic growth are favorably associated. According to the findings from the studied SMEs, the average revenue produced was over the food and basic poverty thresholds. Gender, degree of education, motivations for starting a business, initial money sources, and technology employed by business owners were discovered to have a significant impact on employment creation and profit margins. Furthermore, there is a considerable negative association between the presence of poverty, the proliferation of small businesses, and economic growth. As a result, the empirical conclusion verifies the link between small company, economic progress, and the incidence of poverty.

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# CHAPTER ONE

# 1.0 Introduction

The formation and effective performance of SMEs has been critical to many people throughout the world, including development economists, entrepreneurs, governments, financial institutions, and non-governmental organizations. SMEs play an important part in Zimbabwe's economic and social growth. They make significant contributions to the economy as intermediate and final producers of goods, contribute to diversity, and serve as incubators for aspiring entrepreneurs and industries, becoming key drivers of growth, employment, poverty reduction, wealth creation, and equitable income distribution. They are a hub for innovation; a fatherland of future industry and ways of conducting business, in addition to producing jobs and fostering social stability. Given this assumption, it is apparent that the informal sector has become critical to the country's growth. With all of this in mind, the researcher believed it was vital to investigate how SMEs may aid in poverty reduction in Harare, Zimbabwe. This chapter detailed the study's background, issue statement, research aims, research questions, and the importance of the research. The chapter also includes assumptions, delimitations, restrictions, and word definitions.

## 1.1 Background of the study

Through employment creation and poverty reduction, the SME sector contributes significantly to global economic development. There is a growing recognition that SMEs not only generate the majority of countries' GDP globally, but are also by far the largest employers inside economies. According to the World Trade Organization, SMEs account for more than 90% of the company population, 60-70% of employment, and 55% of GDP in industrialized nations (2016). People on the African continent are resorting to small official and informal businesses to supplement their income due to high unemployment rates. Since the foundation of the Small and Medium Enterprises Development Corporation (SMEDCO) in 1983 by an Act of Parliament to support SMEs, numerous SME development policies have been in place. There are two important ones, according to Nyathi et al (2018): National Micro, Small and Medium Enterprises Policy Framework (2014 - 2018) and Developmental SME Projects Intervention to Support Youth, Women, and Other Disadvantaged Groups. However, on November 15, 2019, another legislation, the Companies and Other Business Entities (Chapter 24:31), was gazette, and it went into force in February 2020.

Poverty is a societal disease because it limits human capacity for development and hampers economic progress. People in severe poverty face never-ending poverty traps due to factors such as poor government and corruption, violence, unemployment, geographic location, hunger, and a lack of access to basic education, clean water, and sanitation. Poverty fuels social vices such as crime (drug addiction, murder, and robbery) and lawlessness in Zimbabwe, a source of future conflict. Future economic growth will benefit areas where the rich are concentrated (Harare urban), ignoring millions, notably in Matabeleland North, Mashonaland Central, Mashonaland West, and Manicaland, where extreme poverty rates are high. Because poor households have low purchasing power, provinces with high rates of poverty find it difficult to attract investment or construct infrastructure. As infrastructure deteriorates due to population growth, rural-urban migration, particularly to Harare, is already causing concern. To solve this, the administration must implement efforts to reduce the country's extreme poverty.

Several concerns demand immediate action, including the large number of people living in extreme poverty (7 million, according to the World Bank), school dropout rates, premature deaths, and high levels of stress, which can lead to drug use and mental health problems. The disparity between those who have and those who have not is vast. Covid-19 exacerbated the situation. Recent food price spikes have left many people clutching at air. Prices for goods—including basics, life-saving prescriptions, and rentals—have risen considerably in the weeks running up to April 2022, with inflation reaching 72.7%. The family basket for a family of six increased from ZW$39 000 in May 2021 to ZW$72 967 in December and ZW$93 146 in April 2022, according to the Consumer Council of Zimbabwe (CCZ). The Zimbabwean currency (Zimdollar) continues to fall in value. In the country, over 95% of the population is unemployed. The condition of the nation's roadways is deplorable. As a result of power disruptions, the country has descended into the Middle Ages. It is critical to fix the alarming rate of infrastructure degradation. By March 2021, more than 41.2 percent of Sub-Saharan Africa's (over one billion-person) population was living in extreme poverty. Despite low pandemic death rates, the economic effect of Covid-19 shocks in Sub-Saharan Africa is substantial (The independent 2022). According to researchers, the formation of SMEs in Zimbabwe may drive economic growth and poverty alleviation (Njanike 2019).

## 1.2 Statement of problem

The COVID-19 epidemic has had a substantial impact on the SME sector. As a result, throughout the crisis, SMEs faced operational challenges as well as severe financial dangers (Omar et al., 2020). This poverty alleviation mechanism must be designed as an emergency in order to address some of the most pressing issues, particularly the socioeconomic issues confronting Zimbabwe's most vulnerable populations, such as the poor, widows, orphans, the disabled, the urban poor, and the urban displaced. The persons who are touched by the economic slump brought on by inadequate management and the consequent economic changes, such as the elderly, the impoverished in rural regions, and retrenched civil servants, among others. These folks demand immediate support. They should not be abandoned since their fate will be decided by Zimbabwe. In truth, poverty forces individuals to compromise on or totally forsake moral beliefs. Poverty has resulted in unhappiness, a lack of hope, opportunities for a happy life, something to live for, and disillusionment with morality because criminals live better than most people. In other words, corruption worsens poverty and destroys moral standards, whereas poverty is a source of corruption.

## 1.3 Research objectives

This research on SMEs role on poverty alleviation was guided by the following objectives:

* To identify the most restrictive obstacles to the development and expansion of SMEs.
* To assess the key function of SMEs in poverty reduction through job creation in Harare.
* To assess the efficiency of government initiatives in promoting the growth of the SMEs sector.
* To investigate the effect of business margins on poverty reduction.

## 1.4 Research questions

* What are the major constraints to SMEs development and growth?
* How does SMEs in Harare contribute to poverty alleviation through employment creation?
* How effective are government policies in improving the development of SMEs sector?
* How does profit margins impact poverty alleviation?

## 1.5 Significance of the research

The importance of this study is that it will provide light on the role of SMEs in poverty reduction in Africa, notably in Zimbabwe. The study outlines areas for innovation and business potential that SMEs may offer to the country. The importance of this research will benefit a variety of stakeholders, including the Ministry of SMEs in developing policies that encourage SMEs, as well as the Ministry of Economic Development in promoting, coordinating, and empowering economic activities carried out by SMEs. The outcomes of this research will aid academics and scholars, as well as expand information regarding the function of SMEs. Various categories of individuals will benefit in the following ways:

**Entrepreneurs**

The research is crucial for entrepreneurs because it will provide them with a thorough understanding of the role of SMEs in poverty reduction and growth. It will also highlight typical challenges encountered by SMEs and propose viable solutions to them, which would be of significant help to SMEs, resulting in inspiration and confidence boost.

**The researcher**

The study, according to the researcher, is for partial fulfillment of the criteria of the Bachelor of Accountancy Honors Degree provided by Bindura University of Science Education. It will broaden the researcher's understanding of SMEs. Furthermore, at the completion of this research, the researcher would have had a grasp of doing comprehensive research as well as engaging with individuals at various levels, offering a solid foundation for future job and interpersonal talents.

**To policy makers**

According to Sanchez (2013), small enterprises have contributed to the government's and the country's overall successful business development. This is because they contribute to income production and job creation. The research will provide information to the government that will be critical in the development of government policy. Furthermore, considering the importance of SMEs to the Zimbabwean economy, this research will be highly important to the Ministry of Economic Development since it gives essential information for the economic sector's progress.

**To the university**

This study will help other researchers and academics analyze and comprehend current literature on the role of SMEs in poverty reduction and economic growth. Furthermore, it will assist them in future study on this area. If the university so wishes, it may also use the study's findings to improve its academic programs as needed...

## 1.6 Assumptions

The researcher made the following assumptions in order to gather accurate, comprehensive, and reliable data:

* To receive full support for the research from the targeted population.
* The study period will be conducted in a stable economic environment.
* The proposed data will be gathered using research tools.
* To obtain maximum cooperation from respondents.
* The sample provided represents the entire population of the area being studied.
* The researcher must consider the information provided by the respondents to be accurate, complete, and relevant and to be able to rely on it when interpreting the data.

## 1.7 Delimitation of the research

The study focused on the role of SMEs in poverty reduction in Zimbabwe, specifically in Harare province. The study aims to analyze and give background information on these SMEs, particularly those that have been in operation for more than five years and have less than 100 workers. The SMEs targeted were those in the retail, service, and manufacturing sectors, allowing cross-case surveys to be used to assess the roles that the sector played in poverty reduction. Only SMEs that met the research's selection criteria were picked from a rather broad pool of candidates.

## 1.8 Limitations of the research

* **Insufficient resources:** the researcher faced resource limitations. She incurred some costs while conducting the research and used some of her own resources. The researcher asked friends, family, and relatives for help in order to resolve the situation at hand.
* **Unwillingness of respondents to answer:** the researcher encountered problems as some respondents were reluctant and too busy to answer the questionnaire. To lessen this, the researcher used online questionnaires and telephone.
* **Dynamic business environment:** the research concentrated on the requirements of the fundamental environment, but today's environment is so dynamic that the praises might not match the current environment as well as the environment of the future. In this instance, the researcher made an effort to finish the study on time to prevent the passage of time from superseding the recommendations.
* **Fear to disclose information by respondents:** thereis a high probability that some respondents did not provide true opinions during the interview as they regarded some of the information as sensitive. However, the researcher assured them that information was to be treated with uttermost confidentiality and was to be used for academic purposes only.
* **Covid-19 restrictions:** due to Covid-19 regulations, it was inevitable for the researcher to conduct face to face interviews.

## 1.9 Definition of terms

**SME-**Small and Medium Enterprise

**GDP**- Gross Domestic Product

**WTO**- World Trade Organization

**Poverty**- poverty is a state in which a person's or a group's resources, particularly their material resources, are insufficient to meet their bare necessities StudyDriver (2020).

## 1.10 Research outline

The study is divided into five chapters. The first chapter examined the introduction of the problem, the background of the research, the statement of the problem, the aims, the questions, the assumptions to the research, the relevance of the research, the delimitations, the constraints to the research, and the definition of words. The second chapter introduces the topic's literature, empirical data, and a framework for discussing the findings. The third chapter describes the study's research methodology. It investigates data collection methodologies, their rationale, as well as data processing and outlining. The fourth chapter examined data presentation, analysis, and interpretation. Chapter 5 offers results, study suggestions, and conclusions.

## 1.11 Chapter Summary

The chapter has placed the findings in its proper context by noting that gaps do exist and need inquiry. It has set the criteria within which the issue will be investigated, as well as the benefits that will arise from doing so. To that end, the chapter has gone into great length on the background information for the study, the explanation of the problem, the purpose, the objectives, the assumptions, the importance, the scope, and the definition of terms. The next chapter provides a review of the literature, with a focus on theoretical literature and other empirical studies to address the issue and accomplish the aims.

# CHAPTER TWO

# LITERATURE REVIEW

# 2.0 Introduction

Given Zimbabwe's volatile economy and growing unemployment, the importance of SMEs to the country's economic success cannot be overstated. SMEs are believed to be the most important method for solving Zimbabwe's challenges. The primary purpose is to investigate how SMEs contribute to poverty alleviation. A survey of the literature was conducted to identify academic perspectives on SME growth and the assessment of these features. Theories and real facts are used to explain the notions presented above.

## 2.1 Small and Medium Enterprises

### 2.1.1 Definitions

Depending on the context, small and medium-sized companies (SMEs) have a variety of classifications and uses. According to the data in the literature, there is no one definition of a SME that is recognized across all academic fields. According to Matamanda and Chidoko (2017), SMEs are businesses with less than 250 employees. SMEs are non-publicly responsible organizations that publish general-purpose financial statements. According to Mohamad, Mustapa, and Razak (2021), the debate over SMEs' contributions to economic development and progress is due to the vast range of definitions of what defines a SME. There is no commonly acknowledged comprehensive definition of SMEs in the literature. A number of characteristics are used to characterize the SME sector. Other authors have defined SMEs in their own books. As observed by Abor and Quartey (2010), writers' definitions of SMEs differ depending on the target audience (operational definition). Helmsing (1993) stated that there is no internationally agreed definition of a SME and noted that even within a single country, SME definitions may vary depending on the industry in which they operate. Weston and Copeland (1998) proposed that definitions of business size suffer from universal application since they are conceived in distinct circumstances. The number of employees, industry type, firm ownership, and turnover rates are only a few of the variables used to describe SMEs in the literature. Legal status and industrial procedures are also included in SME definitions (Abor et al., 2010). Internal revenue service (2021) normally categorizes enterprises based on their personnel count, yearly revenue, and total assets; nevertheless, the definition of SMEs varies by country and reporting body. Several governments and organizations have created their own rules for classifying SMEs based on income, assets, and manpower (Nyanga et al., 2013). Several definitions of SMEs exist across sectors and legal systems, according to Abor et al. (2010). Despite the fact that different definitions of SMEs exist, the three major general components of SMEs are the number of employees, degree of capital, and legal status.

#### 2.1.1.1 Number of Employees

Human capital is one of the most essential production determinants. The number of employees in an organization may be used to assess its size. An increase in workforce suggests that a company is growing (Zindiye, 2008). According to both national and international standards, the highest limit for small firms is 50 employees. Medium-sized enterprises might have as little as 50 employees or as many as 500, depending on the industry or sector. In Zimbabwe, the maximum number of employees authorized for a SME is 100.

#### 2.1.1.2 Capital Base

Capital is another essential component of production without which there can be no output. Although the capital requirements in both definitions vary, owing mostly to currency fluctuations, sufficient capital must always be given to assure output. Because different currencies are used in different countries, the quantity of capital required differs across borders, industries, and sectors. A firm cannot operate without assets in the form of current and fixed assets. The capital base constraint of $830,000 is the top limit.

#### 2.1.1.3 Registration

Based on their legal status, businesses are categorized as formal or informal. SMEs must be registered in order for the government to tax them and calculate their Gross Domestic Product (GDP). Formalizing a commercial organization may include government taxes and administrative costs, but the benefits include access to financial resources from lending institutions and help from government and donor programs. According to the SEDCO definition, SMEs must be registered under Chapter 190, which distinguishes them from unofficial sector enterprises. However, the Ministry of Small and Medium Enterprise Development's definition of a SME does not specify the registration criteria for SMEs in Zimbabwe. A SME is defined in Zimbabwe by the Small and Medium Enterprises Act (Chapter 24:12) as a legal business entity that meets the following criteria: autonomy (not being a subsidiary branch of or an associate of a large business organization), number of permanent employees, capitalization excluding fixed assets turnover, economic sector, and registration and licensing.

Since the Small and Medium Enterprises Development Corporation (SMEDCO) was founded in 1983 by a Parliamentary Act to encourage SMEs, many SME development strategies have been adopted. Two of the most important ones, according to Nyathi et al., are as follows: (2018).

#### 2.1.1.4 National Micro, Small and Medium Enterprises Policy Framework (2014 – 2018)

This policy promotes and maintains a favorable environment for the long-term growth and development of SMEs by ensuring the coordination of numerous policies, legislation, and programs at the national level that impact SMEs. Furthermore, it intends to provide an appropriate institutional structure that will help in the development, expansion, and graduation of SMEs from unofficial small- to medium-sized firms. Prioritization of finite public resources and coordination of resource mobilization approaches are required. Ensure market access, market growth, and export promotion; support value addition via the use of environmentally friendly technology (green economy); and ensure proper corporate governance and gender sensitivity.

#### 2.1.1.5 Developmental SME Projects Intervention to Support Youth, Women and Other disadvantaged groups

As a result of this government action, a SME development fund was established to assist the ambitions and endeavors of this critical business. Concessional financial assistance was one of the services provided by the SME Development Fund program. The Central Bank then provided appropriate incentives to institutions who accepted this National Developmental role, encouraging mainstream banks to participate in rural banking schemes.

### 2.1.2 The Companies and Other Business Entities (COBE) (Chapter 24:31)

After being gazette on November 15th, 2019, the Companies and Other Business Entities (Chapter 24:31) Act (The Act) went into force in February 2020. The Companies Act and the Private Business Corporations Act have been repealed. The Act aims to modernize commercial company legislation so that it meets international regulatory standards. Furthermore, the Act intends to introduce several new and modified applications of previously recognized concepts in the area of corporate law.

## 2.2 Poverty

McPherson (1996) defines firm growth in terms of employment as the yearly change in employment from the start of the business to the time of the survey, which includes the owner. Sales, employees, assets, earnings, and production may all be utilized as absolute and relative growth metrics for SMEs. According to Govori, sales and employment measures are commonly used as indicators of business growth (2013). Sales and employment figures, according to Govori (2013) and McPherson (1996), are preferred since most SMEs can easily acquire them. Despite their inability to keep reliable records, SMEs place a high importance on sales data as a metric of firm performance. Sales data, according to Olawale et al. (2010), is a superior tool to assess business growth. This is also supported by McPherson, who claims that in the absence of measurement errors, describing growth in terms of turnover and profits is more accurate than a labor-based definition. Barringer et al. (2005) advocate the use of sales data to assess growth, emphasizing that they give an accurate indicator of how a business is performing in contrast to its competitors. Some analysts believe that employment levels might be used to predict business growth. A corporation is said to be expanding if it steadily increases its ability to hire additional personnel.

Gupta, R (2018) recommend utilizing employment data rather than sales data to measure the development of SMEs since sales data might be influenced by inflation. While some scholars agree that increasing market share and production levels may be used to measure company performance, the problem with these two criteria is that they vary widely among industries, making comparisons difficult. According to Govori (2013), profit is not a good metric of development and advancement unless it is tracked across time. Raymund Galsin Macanas (2015) discovered that projecting business growth with employment data produces results equivalent to those achieved with sales data. Alhassan, S (2015) discovered similar results in a study of two industrial sectors in Ghana.

### 2.2.1 Definitions

The term poverty comes from the Old French poverté (modern French: pauvreté), which comes from the Latin pauperts, which comes from the word pauper (poor) (Md.Mohinuddin, 2022). Poverty can be defined in a variety of ways depending on the context. According to the United Nations, the underlying concept of poverty is a lack of alternatives and possibilities, which is a violation of human dignity. It signifies a fundamental incapacity to contribute meaningfully to society. It comprises not having enough money to appropriately clothe and feed a family, not having access to a school or clinic, not having land to produce one's own food on, not having a job to support oneself, or not having credit (Roser, Max, Ospina ,Esteban 2019). Poverty is defined by the World Bank as a significant lack of well-being with several aspects. Low wages and the inability to get basic products and services necessary for humane life are instances of this. Poverty is defined as having low levels of health and education, insufficient physical security, a lack of a voice, and a lack of possibilities to change one's status (Zon, Reijneveld, Mendes & Bultmann 2017).

"Poverty exists when one or more individuals fall short of economic wellbeing seen as constituting a tolerable minimum, either under some obsolete definition or by standards of a given society," Crossman, Ashely (2021) Poverty is defined broadly as the lack of happiness or abilities deemed desirable or helpful by society. As a result, a lack of happiness implies significantly lower human potential (Jessop, Reid & Solomon 2020). Although hunger, insufficient nourishment, physical weakness, disease, lack of shelter, wearing rags, and other traits are recognized as descriptions of the various elements of poverty, it should be remembered that human aptitude to do and be is not itself measured.

Poverty studies have shown that the most fundamental of these characteristics, a lack of assets, is shared by poor people and families. Understanding upward mobility, or the process of leaving poverty, involves a detailed examination of the poor's goods, according to Li, Y (2021). Landlessness is seen as a very dependable indication of rural poverty, as is a lack of human capital as a result of restricted healthcare and educational possibilities (Javed, 2022). The families that manage microenterprises "typically lack assets, especially marketable assets," according to Banerjee, Breza, Duflo & Kinnan (2019). Thinking at people's possessions, returns, or rather the productivity of those assets, and the volatility of those returns, according to the World Development Report 19 from 2000, can help one comprehend poverty in all of its expressions (World Bank, 2000).

Poverty is considered as a complicated issue, with consumption-based assessments supplemented by other welfare indicators such as household goods ownership and access to services such as education and healthcare (Wijekoon, Sabri & Paim 2021). According to the 2022 World Bank, the poor were those who fell below each nation's stated poverty level, and the poorest were those who made up the bottom half of that group. According to Jasmin, Marina & Soren (2021), the hard-core poor, who constitute around half of the poor and live on less than half of the poverty threshold, are the poorest of the poor.

### 2.2.2 Poverty Measurement

Poverty is typically measured by defining absolute or relative poverty levels, sometimes known as poverty lines. Poverty lines are lines that separate the rich from the destitute. They can be monetary, such as a certain amount of expenditure, or non-monetary, such as a certain level of reading.

Absolute poverty is defined as the amount of money necessary to satisfy needs such as food, clothes, and shelter. It is a situation characterized by a severe absence of basic human requirements (Roser, Ospina, Esteban 2019). Due to famine, illiteracy, disease, unclean circumstances, high infant mortality, and short life expectancy, the situation falls well short of any realistic criterion of human dignity. It is a steady state that exists everywhere and does not change throughout time (Boyce, 2022).

Relative poverty is a measure of income disparity that views poverty to be socially driven and dependent on social surroundings. This income discrepancy is measured using the Gini coefficient. If the Gini coefficient is between 0 and 1, there is no inequality. In other words, everyone would be paid the same. If the answer was 1, there would be enormous inequality. The proportion of the population having income less than a certain percentage of the median income is commonly used to calculate relative poverty (Jasmin, Marina & Soren 2022). Relative poverty more truly reflects the cost of equal opportunity and social engagement in a certain location and time period. Relative poverty, on the other hand, refers to situations that are reliant on the culture in which a person lives; as a result, it fluctuates among nations and through time (Boyce, 2022). Another popular alternative indicator is the prevalence of poverty (headcount index).

Poverty incidence (headcount index): This is the proportion of the population that is poor in terms of income or consumption, or the proportion of persons who cannot afford to buy a basic basket of goods.

### 2.2.3 Poverty Alleviation

SMEs are an increasingly important source of income for many Zimbabweans. According to the FinScope SME survey report (2012), SMEs are critical to the elimination of poverty for company owners and their employees (RBZ, 2014). Small and medium-sized companies (SMEs) provide employees and company owners with employment and business opportunities, boosting their living standards and decreasing poverty. Employment is one of the most important sources of income, according to the Human Development Index HDI basic requirements approach, suggesting that SMEs do, in fact, play a key role in development.

#### ****2.2.3.1 Developmental challenges****

**Extreme poverty rate increased steadily between 2011 and 2020, only declining in 2021**.

In 2011, the global poverty rate was 22%; it was expected to grow to 41% in 2021 and 40% in 2022. Despite the fact that it still mostly affects rural regions, poverty has become increasingly urbanized as a result of the relative speed with which it has expanded there. Zimbabwe's international poverty rate (PPP $1.90/person/day) was half that of Sub-Saharan Africa in 2011, but by 2019, it has caught up with the rest of the continent (42 percent). The Gini coefficient, a measure of inequality, has risen in the last 10 years, from 42 in 2011 to 50.3 in 2019—among the highest numbers ever recorded. (www.worldbank.org/en/country/zimbabwe/overview)

#### ****2.2.3.2 Human Capital****

**Poverty levels decreased, reflecting the bumper maize harvest of the 2021 season.**

Food security improved substantially between March and November 2021, with the percentage of the population experiencing severe or moderate food insecurity dropping from 61 percent to 38 percent. The fact that the rate of severe poverty in cities has not diminished suggests that, despite the economy's reopening and the removal of movement restrictions, periodic closures continue to have an influence on the jobs, earnings, and way of life of city dwellers. Social assistance programs have a limited impact due to their restricted reach and narrow emphasis on combating poverty. ([www.worldbank.org/en/country/zimbabwe/overview](http://www.worldbank.org/en/country/zimbabwe/overview))

## 2.3 Previous researches

**The role of small and medium enterprises and poverty in Pakistan: An Empirical analysis. (Sharafat, A., H. Rashid and M. A. Khan. 2014).**

Food security improved substantially between March and November 2021, with the percentage of the population experiencing severe or moderate food insecurity dropping from 61 percent to 38 percent. The fact that the rate of severe poverty in cities has not diminished suggests that, despite the economy's reopening and the removal of movement restrictions, periodic closures continue to have an influence on the jobs, earnings, and way of life of city dwellers. Social assistance programs have a limited impact due to their restricted reach and narrow emphasis on combating poverty. (www.worldbank.org/en/country/zimbabwe/overview)

**The Role of working women in Poverty Reduction (A case study of District Peshawar). The Dialogue (Haq, U. and A. Amin. 2017.)**

Haq and Amin (2014) explored how working women contribute to family income and their commitment to ending family poverty. The majority of respondents (56%) believe they have easy access to credit. Easy access to financing has contributed in the alleviation of poverty. Cultural, sociological, and economical impediments, according to around 35% of respondents, are the primary causes of women's lack of involvement. According to 33% of respondents, the worst working circumstances were the primary disincentive to women engaging. According to 29 percent of respondents, society should ensure women's rights, 21 percent stressed the necessity of proper educational facilities, 25 percent said it should provide women with work opportunities, and 20 percent said it should provide women with other amenities.

**Impact of SME’s on Economic Development of Asian countries(Malaysia, Indonesia, Singapore, Philippines, Thailand, India, China, Republic of Korea, Vietnam, Mongolia, Kazakhstan, Cambodia, Myanmar, United Arab Emirates, Oman, Qatar, and Saudi Arabia) by Sanusi, A.S.; Hamza (2018).**

Sanusi and Hamza looked into how SMEs affect economic growth. Their study, which covered the years 2008 to 2015, focused on Asian nations, specifically Malaysia, Indonesia, Singapore, the Philippines, Thailand, India, China, Republic of Korea, Vietnam, Mongolia, Kazakhstan, Cambodia, Myanmar, United Arab Emirates, Oman, Qatar, and Saudi Arabia. 49 nations made up the study's total population, and convenience sampling yielded a sample size of 17 with a total of 136 observations. The expansion of the SME served as both an independent and a dependent variable, with the dependent variables being the GDP, FDI, unemployment, and exports. Descriptive statistics, the Pearson correlation coefficient, and an analysis of multiple linear regressions were used in the study to draw conclusions. The results demonstrated that while SME's have a favorable and large impact on export and unemployment, they have a negative and significant impact on the gross domestic product and foreign direct investment.

**Impact of Small & Medium Enterprises on Poverty: A Case Study of Khanewal District Pakistan. Journal of Economics and Sustainable Development (Awan, A. G., I. Sharif, N. Nadeem and A. Iqbal. 2015).**

Awan et al. studied the contribution of SMEs to Pakistani poverty alleviation in 2015. The Khanewal district served as the site of this study. Data gathered indicated that small and medium-sized businesses dedicated to lowering poverty and unemployment were outstanding. The findings indicated that SMEs had a significant impact on respondents' income levels and that there was a link between SMEs and participation in poverty.

**Role of Small & Medium Enterprises in Poverty Eradication in Nigeria. European Journal of Research and Reflection in Management Sciences (John-Akamelu, C. and U. Muogbo. 2018).**

John-Akamelu and Muogbo (2018) evaluated the contribution of small and medium-sized businesses to the reduction of poverty in Nigeria. The study demonstrated that, if used by such manufacturers, a successful growth plan should increase to large-scale capital intensity. The study suggested that financial institutions lend money to SMEs at low interest rates in order to promote their growth.

**Leader gender and firm investment in innovation. Gender Management. (Reutzel CR, Collins JD, Belsito CA. 2018)**

According to Reutzel's research, women-run businesses spend less in innovation than men-run businesses because they are thought to be less ethical and equitable in their distribution of wealth.

**Linking organizational innovation, firm growth and firm size. Manag (Corsi C, Prencipe A, Capriotti A. 2019)**

The size of the company has a significant impact on how innovative activity is organized. According to Corsi et al., large companies encounter resistance when it comes to integrating and accepting innovations, whereas small companies, which tend to be flexible, can adapt innovations to organizational changes to increase their effectiveness.

**THE ROLE OF SMES DEVELOPMENT ON POVERTY ALLEVIATION IN NIGERIA. (Solomon Akpoviroro Kowo, Olusegun Adeleke Oba Adenuga, Olalekan Owotutu Sabitu; 2019)**

The overall conclusion of this study focused on the success and contribution of SMEs in reducing poverty in the state. It was found that small and medium-sized businesses served as pillars of a country, including Nigeria, by acting as a source of employment, a training ground, and a means of utilizing local resources. Furthermore, as suggested by the various authors whose works were cited in chapter two of the research studies, the problems of the industry were also identified as managerial/technical problems, inadequate and improper use of funds, commercial and infrastructural problems, and instability in government policy. Further investigation revealed that these issues were significant contributors to industry failure and, more significantly, managerial capability, which includes the general ideality, assets, and drive available to entrepreneurs. In other words, small and medium-sized businesses with inferior managerial capabilities were blamed for their low production and inefficiency.

**The Effect of Small Scale Enterprises on Poverty Reduction in Nigeria. (Ololade Tolulope Ibi-Oluwatoba, Abiodun Thomas Ogundele, Olaoye Claudius Awoniyi, Isaac Olaitan Okeya; 2020)**

The study focused on the effect of small and medium-scale enterprises on poverty alleviation in Nigeria. Their conclusion indicated a significant relationship between Nigeria’s SMEs and poverty reduction. In order to solve the problem of poverty, the study recommended microfinance banks to provide loans and overdrafts to SMEs.

## 2.4 Gap Analysis

Even though there have been numerous surveys on the impact of SMEs in reducing poverty, the majority of them have been conducted outside of Zimbabwe. The survey is distinctive since it examined a Zimbabwean organization's internal system using the results of earlier studies. The instance presents a realistic and truthful picture of local systems.

## 2.5 Chapter Summary

The Chapter focused on literature review from various authors and writers on the role of SMEs in poverty alleviation. It highlighted the various techniques that are employed to determine the level of poverty, impact of SMEs in poverty alleviation, SMEs growth and development. The chapter leads us to another vital chapter where the methodology used in this research project is clearly outlined.

# CHAPTER THREE

# RESEARCH METHODOLOGY

# 3.0 Introduction

Research methodology is a conceptual framework within which the manner of research planning, organization, and execution which focuses on to ensure scientific adherence. It assists researchers in defining their constraints and resources, identifying their preconceptions and concerns, and communicating their outlook on research progress. This chapter primarily focuses on study design and rationale, as well as an investigation of the equipment utilized, sample strategies, and data collecting, processing, and analysis methodologies. The chapter summary is also included, as are aspects of reliability and validity.

## 3.1 Research Design

The systematic strategy of data collection and assessment by the researcher necessary to answer research questions is referred to as research design. It's also a plan for reaching study goals and addressing research inquiries (Cooper and Schindler 2011). This study's research strategy included quantitative and qualitative methodologies. Quantitative research seeks to answer closed-ended questions such as who, what, when, where, and how many. In contrast, qualitative research tries to address issues that often revolve on open-ended survey questions such as why and how something is happening. (2021, Harish K Thakur) Using data from surveys, the quantitative technique was utilized to quantify frequencies in order to characterize existing contexts and investigate the roles of SMEs in poverty reduction. To explain events and convey conclusions gained from interviews and documentary analysis, the qualitative technique was applied. Both methodologies provided the researcher with insight information that would be used to develop solutions to study concerns.

### 3.1.1 Research Design and Justification

A well-liked instrument for assessing attitudes and trends is research design. Even on a small scale, such as local government or small firms, judging opinion with professionally organized research may profoundly impact policy. The researcher utilized the aforementioned design to better precisely portray the problem, explain concepts, obtain explanations, develop an understanding, and reject unrealistic thoughts. In general, this design requires a good grasp of the theoretical components encompassing the role of SMEs in poverty reduction.

It was impossible for the researcher to survey the role of SMEs in poverty reduction in Zimbabwe since SMEs are spread throughout the country, thus Harare province was chosen as the principal base to represent the entire country. Harare was chosen as the instance because it has more SMEs in terms of numbers, labor, and size than the rest of the country.

## 3.2 Population, Size and Sampling Design

**Research population**

According to McCombes, S. (2019), a study or survey population is a specific large or relatively limited group of people about whom you wish to learn more. Cooper and Schindler (2011) define survey population as a whole collection of components for which the researcher aims to make suggestions. This study's research sample was made up of persons with extensive experience in the SME sector. These people were chosen from two groups: SMEs owners and SMEs workers. According to the research subject, the population of this study was made up of SMEs in Harare Province. Registered SMEs were studied, including 25 from the Makoni district of Chitungwiza and 25 from the Harare CBD. It also targeted SMEs with a functioning employment force of 100 people. The target population and population size are depicted in the table below.

Table 1: Target population and the population size

|  |  |
| --- | --- |
| **Description** | **Population size** |
| **SMEs Owners:** Makoni  Harare CBD | 25  25 |
| **SMEs Employees:** Makoni  Harare CBD | 50  50 |
| **Total** | **150** |

Source: Primary Data

## 3.3 Sampling techniques

A sample is a subset of the whole. As a result, sampling may be defined as a list of all elements chosen from the population (Saunders et al 2009). The researcher was able to derive findings from the surveyed sample that were applicable to the entire population. In terms of sample size, a bigger size was favored, and it was mostly determined by estimations of the general population's quality and features. There are two types of sampling methods: probability sampling and non-probability sampling.

### 3.3.1 Probability sampling

It is a random sampling method, which refers to any approach in which each member of the population has an equal chance of being chosen for the sample. For example, if you had a population list, or "sampling frame," you might choose each individual whose position on the list corresponded to the generated random number. This is a basic random sampling approach.

Another method would be to use a systematic random sample strategy to choose, say, every tenth or hundredth individual in the sampling frame. Stratified sampling, as opposed to random sampling, separates the population into groups based on shared features. Client groups, for example, might be formed depending on how frequently or how much money they spend with you. Then, using a simple or systematic random sampling approach, persons from each category are picked. This helps ensuring that the final sample contains members from all demographic groups easy.

### 3.3.2 Non-probability sampling

Is a more selective approach in which not every member of the population has an equal chance of being chosen for the sample. For example, if a survey of all website visits is conducted on a Saturday morning, only weekend customers are eligible to participate. Alternatively, the researcher could only send surveys to clients with whom she has a close relationship, disregarding those with whom she is unfamiliar. As a result, the sample may contain some errors, indicating that it is not representative of the population. Although ideal, probability-based approaches need access to a critical and sometimes elusive population list.

However, in this study, the researcher used both strategies. To select persons capable of supplying meaningful data, deliberate judgment sampling was used. Simple random sampling was also employed to pick supplier representatives.

### 3.3.3 Data Sources and Type

The researcher used both primary and secondary information to derive conclusions. A descriptive case study research strategy was used to focus on the on the methodical disclosure of hidden components of the situation. This research strategy is expected to plan and direct the gathering, examination, and interpretation of facts that are observed. This strategy greatly assisted the researcher in collecting primary and secondary data.

### 3.3.4 Data collection methods

Data is a collection of objects, figure, facts and events gathered from different sources. Data collection is therefore is a systematic process of gathering measurements or observations. It also allows the researcher to gain first-hand knowledge and original insights about the research problem at hand. Questionnaires, interviews and documentary analysis were used to collect data.

### 3.3.5 Types of data

To derive survey results, the researcher used primary and secondary data. Primary data is raw data that is collected from the original source whilst secondary data is refined analyzed data (Phellas et al 2011).

### 3.3.6 Primary data

**Advantages of primary data**

* It helped the researcher resolve specific research issues.
* Better accuracy since data was directly collected from a given population.
* It allowed the researcher to have a higher level of control over the research design; research method and how information was gathered.
* It was a great source of latest and up-to-date information as the researcher directly collected it in real-time.
* The researcher was the owner of the information she collected and typically is not disclosed to others. Therefore information could remain hidden from other potential and current competitors.

**Disadvantages of primary data**

* It was very expensive to obtain since the researcher had to follow the whole research procedure that is organizing materials, process etc.
* It was time-consuming since much time was needed to run the research from the beginning to the end.
* It had a lot of limits that is, it was limited to a specific number of participants, time, place etc.
* It was not always possible in the sense that many researches were just too large to be performed by a student.

### 3.3.7 Secondary data

It is data collected already for another purpose by someone else but has some relevance to the research needs at hand. Therefore it is referred to second-hand information. It is data that provides valuable interpretations and analysis based on primary sources.

**Advantages of secondary data**

* It was easy to access, due to the use of internet the researcher managed to get much information by just clicking a mouse in front of the computer.
* Since it is absolutely free for use or at very low costs, it saved not only the researcher’s money but also efforts as compared to primary research.
* It was time-saving such that the researcher could find a credible source of information in no time by having a few Google searches.
* The researcher managed to generate new insights and understandings from reanalyzing old data.
* It used a larger sample size as compared to primary data hence the final inference became more straightforward.
* Longitudinal analysis since studies were performed spanning over a large period of time thereby helping the researcher determine different trends.
* It could be performed by anyone even those who are not familiar with the different types of qualitative and quantitative methods of research.

**Disadvantages of secondary data**

* It was not specific to the researchers’ needs since it was collected in the past for another reason hence might be unreliable for use.
* There was lack of control over data quality by the researcher since some sources of information may be questionable.
* There was biasness as data was collect in favor of the person who gathered it thereby may not cover the researcher’s requirements.
* It might be outdated since it is collected in the past.
* It was not proprietary information.

### 3.3.8 Data collection Instruments

These are tools used by the researcher to collect data. In this study the researcher used questionnaires, interviews and documentary analysis to collect data.

### 3.3.9 Questionnaire

This is a data collection instrument which consists of printed questions by the researcher when carrying out their research. It is developed by persons who will have conducted the fieldwork survey, and the data is insitu or raw when it is collected. Respondents complete a questionnaire that is sent to them by mail, sent online, or given to them in person. ([Survey Research | Definition, Examples & Methods (scribbr.com)](https://www.scribbr.com/methodology/survey-research/)

### 3.3.10 Questionnaire design

The questionnaire used by researcher consisted of both open and close ended questions. Closed-ended questions were used for statistical significance. Open ended questions were used in order to collect more complex information and explore people’s thoughts and behavior with regards to SMEs role in reducing poverty in Zimbabwe specifically Harare province.

### Advantages of the questionnaire

* It was cost saving as online questionnaires were also used meaning no labor, paper, printing, or postage expenses.
* Scalability-it was simple for the researcher to ramp up the targeted population through use of a link to the questionnaire which was executed through an automated email.
* The online questionnaire provided anonymity to the respondents thereby putting them at ease to such an extent that they disclosed some of the sensitive issues to the researcher.
* Through the use of the online questionnaire, the researcher boosted her overall response rates since it allowed flexibility for respondents over where and when to complete their questionnaire.

**Disadvantages of the questionnaire**

* It was marred by low respond rates from other reluctant respondents.
* Due to Covid-19 regulations, the researcher unfortunately could not handle face to face questionnaires as wished hence only online questionnaires and partly over the phone questionnaires were used.
* There was no control of the questionnaire as answers were received but from unintended individuals. Some senior managers delegated junior staff even attaches to respond the questionnaire on their behalf.
* There were different interpretations of the same question by various recipients thereby leading to skewed results.
* Some respondents skipped questions they did not fancy answering thereby affecting the validity of the researcher’s results.
* It was difficult for the researcher to convey feelings and emotions with an online questionnaire unlike it would have been with a face-to-face questionnaire hence a lot of useful data was lost.

### 3.3.11 Interviews

An interview as according to Kahn and Cannel 1957, cited in Saunders et al (2007) is a purposeful discussion between two or more people. Interviews are the most effective for qualitative research. They help one to explain better, understand and explore research subjects’ opinions, experiences, behavior and phenomenon. There are several types of interviews that is phone, face-to-face and online (e.g. Google hangout, Skype etc.)

**Advantages of interviews**

* The interviews assisted the researcher obtain qualitative and in-depth information.
* It helped the researcher gather useful information through body language and facial expressions of the respondents hence also assisting her in understanding their personal beliefs, opinions and values.
* Interviews assisted the researcher in establishing good rapport with the respondents. This made the latter feel comfortable and engaged in the process leading to generation of good responses.

**Disadvantages of interviews**

* It was time consuming as the researcher needed to collect responses, code, organize them and analyze them for the final research purpose.
* Biased data was also collected by the researcher
* It was very stressful and intimidating to the researcher since she did not have the necessary skills for the position, some responses from other unfriendly respondents left her feeling anxious.
* Very generic questions and answers were experienced by the researcher since some respondents were afraid to disclose anything associated with bias or sensitive information.

### 3.3.12 Documentary analysis

Documentary research refers to the utilization of outside sources, such as documents, to support the viewpoint or argument in a written academic work. It entails gathering, documenting, evaluating, and interpreting data from secondary sources, such as books, magazines, newspapers, journals, and government publications. The information collected was presented in the form of graphs, tables, charts, percentages and this was made clear with explanations of the findings.

**Advantages of documentary analysis**

* The researcher obtained some of the information needed for her research from sources which were readily available on the internet.
* It was less expensive as compared to the other methods applied.
* The researcher obtained some of the information from secondary sources in the university library.

**Disadvantages of documentary analysis**

* Some of the information obtained by the researcher was biased hence did not meet her needs.
* Work documented by some authors was influenced by personal biases and prejudices hence lacked credibility.

## 3.4 Data presentation

Crossman (2021) states that data can often be presented in chart form, by means of diagrams, graphs and tables. He gives examples of charts as being bar charts, pie charts, break-even charts and Grant charts. The researcher therefore used tables, graphs and commentaries to present research results from respondents. This permitted the researcher to search for patterns and deduce their underlying meanings in relation to the issue.

## 3.5 Reliability and validity of data

Reliability and validity are concepts used to evaluate the quality of a research by indicating how well a technique, method or test measures something. Reliability measures the consistency of results produced when the research is repeated under the same circumstances (Middleton 2022). Since objectivity entails absence of bias judgments, one should therefore direct effort at eliminating bias when selecting the research instruments. Validity measures the accuracy of results. It is assessed by checking the correspondence of results to established theories and other measures of the same concept.

Validity of research findings means the defensibility of the conclusions made by the researcher from the data collected by the instrument. The validity of the instrument depends greatly on the investigated topic or area therefore researchers should choose instruments that are likely to produce valid conclusions about the perceptions, characteristics, views and attitudes of the respondents. To test the reliability and validity of the questionnaire in data gathering, a pilot survey was carried out. It aimed at establishing an approximate time to be taken to complete a questionnaire as well as ensuring that questions were well structured. A random sample of five suppliers and purchasing staff was selected.

## 3.6 Data analysis

Data analysis involves reducing mount up data into a manageable size, developing summaries, looking for patterns and applying statistical analysis (Cooper and Schindler 2011). Various methods were used to collect data and recorded on summarized sheets. Any irrelevant data and errors observed were removed. Facts considered to be useful were presented and analyzed in accordance with the methods used that is questionnaires, interviews and documentary analysis. Different sources were turned to and contrasting and complimentary facts were noted. Charts, graphs, tables and percentages with explanatory material amounting to the results were used for presentation and analysis of data.

## 3.7 Chapter summary

The chapter provided the background on how the research was conducted. Concepts of reliability and validity were discussed in detail and instruments used were analyzed. Data collection procedures that is sampling of respondents, distribution and collection of questionnaires, the advantages and disadvantages of research instruments used were also explained in this chapter. The next chapter will focus on data presentation, analysis and interpretation.

# CHAPTER FOUR

# DATA PRESENTATION ANALYSIS AND INTERPRETATION

# 4.0 Introduction

The chapter examines data presentation, analysis, and evaluation based on data acquired from a specific demographic. It also incorporates descriptive data analysis in order to generate patterns and other important concerns under research. The preceding chapters' research goals served as a template for data presentation. In measuring the role of SMEs in poverty reduction, four fundamental values were used: revenue generation in relation to profit margins; entrepreneurs' sources of discretionary income; income production in the form of pay and wages for employees; and employment creation

## 4.1 Response rate

Response rate assisted the researcher in evaluating the validity of the research findings, these response rates are clearly illustrated in Table 2 below. An average of 98% response rate is shown in the table thereby warranting the validity of the research findings. Response rate obtained was sufficient enough to persuade the researcher to draw interpretations from them.

Table 2: Summary of response rates

|  |  |  |  |
| --- | --- | --- | --- |
| **Description** | **Issued** | **Returned** | **% Response rate** |
| Harare CBD SMEs Employees Questionnaires | 50 | 48 | 96 |
| Makoni SMEs Employees Questionnaires | 50 | 47 | 94 |
| Harare CBD SMEs Owners Questionnaires | 25 | 25 | 100 |
| Makoni SMEs Owners Questionnaires | 25 | 25 | 100 |
| **Total and average %** | **150** | **145** | **98** |

(Source: Primary Data)

## 4.2 Distribution on Gender respondents

Figure 1 below shows the gender distribution for all participants.

Figure 1: Gender distribution

(Source: Primary Data)

According to the findings, males made up 84% of the respondents, while females made up 16%. Because there are more men in the SME sector, this implies a marginal gender female disparity. This is consistent with the empirical research in Chapter 2 by Reutzel (2018), which claims that women-run firms invest less in innovation than men-run enterprises because they are seen to be less ethical and equal in their wealth distribution.

## 4.3 Source of Disposable income

The examination of SMEs' contribution in poverty reduction began with their position as a source of disposable income. According to Table 3, 62% of respondents chose small companies as their major source of income. 60% of those who said small enterprises were their biggest source of income were SMEs owners, while 63% were SMEs workers.

Table 3: Sources of Income Ranking

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Primary Sources of Income** | **SMEs Owners** | | **SMEs Employees** | | **Total** | |
|  | **Number** | **%** | **Number** | **%** | **Number** | **%** |
| SME | 30 | 60 | 60 | 63 | 90 | 62 |
| Alternative employment | 16 | 32 | 10 | 11 | 26 | 18 |
| Transfers from relatives | 4 | 8 | 25 | 26 | 29 | 20 |
| **Total** | **50** | **100** | **95** | **100** | **145** | **100** |

(Source: Primary Data)

Table 4 emphasizes the importance of small company revenue by showing that the majority of respondents, 82%, did not work in any other occupation. This suggests that their sole source of revenue was a tiny company. This conclusion is similarly related to the findings on the owners' motivation for launching small firms. Table 4 shows that push variables predominate over pull factors, implying a higher chance of income ranking from these formulations.

Table 4: Respondents with other Occupations’ Number and Percentage

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **SMEs Owners** | | **SMEs Employees** | | **Total** | |
|  | **Number** | **%** | **Number** | **%** | **Number** | **%** |
| No other employment | 36 | 72 | 83 | 88 | 119 | 82 |
| Salary-based work | 8 | 16 | 0 | 0 | 8 | 6 |
| Other businesses | 6 | 12 | 12 | 12 | 18 | 12 |
| **Total** | **50** | **100** | **95** | **100** | **145** | **100** |

(Source: Primary Data)

To see if poverty may be alleviated by revenue from small enterprises, we examined respondents' opinions of their level of life who listed small businesses as their sole source of income. Table 5 clearly displays the outcomes of this exercise. Of those who regarded SMEs to be their sole source of income, 53% reported an improvement in their level of life, 10% reported a deterioration in standard of living, and 37% reported no change.

Table 5: Perceptions of Respondents on Living Standard Relative to income

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Living Standard** | **SMEs Owners** | | **SMEs Employees** | | **Total** | |
|  | **Number** | **%** | **Number** | **%** | **Number** | **%** |
| Preferable | 31 | 62 | 46 | 48 | 77 | 53 |
| Poor | 5 | 10 | 9 | 9 | 14 | 10 |
| Comparable | 14 | 28 | 40 | 42 | 54 | 37 |
| **Total** | **50** | **100** | **95** | **100** | **145** | **100** |

(Source: Primary Data)

These results acted as a basis for further exploration as well as provided an understanding on the potential of businesses to alleviate poverty through perceptions from SME owners.

## 4.4 Employment Creation

Table 6: Employment Growth and Average Number of Employees

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **SME** | **Perception** | **Number of employees at commencement** | **Number of employees at time of research** | **Average change** | **Growth %** |
| Harare CBD | 48 | 3 | 4 | 1 | 33% |
| Makoni | 47 | 3 | 5 | 2 | 67% |
| **Overall** | **95** | **6** | **9** | **1.5** | **48%** |

(Source: Primary Data)

Small enterprises are acknowledged to have a significant influence in job growth in emerging nations. Apart from being a measure of his or her economic growth, employment growth may act as a sign of an entrepreneur's success and the success of the organization as a whole. According to Callen (2020), employment is a suitable measure for determining the size of an organization since it is above all human beings who are organized.

According to the statistics in Table 6 above, job growth occurred inside SMEs, resulting in an overall yearly employment increase of 48% during an average period of 6 years in operation. As a result, this study evaluated small enterprises' capacity to produce job opportunities. Two inferences may be taken from the aforementioned results:

Greater employment development potential is linked with larger SME business enterprises; yet, the SME company sector as a whole has limited room to grow and hire more workers.

## 4.5 Generating Income for Employees

This study focused on the wages of persons employed by SMEs in order to acquire an understanding of how employees generate revenue. 95 percent of those polled answered to the question on their earnings and pay. The compensation levels varied based on the size of the company. According to Table 7, Harare CBD SMEs offered higher pay of around US$ 420.00 per month than Makoni's SMEs, which offered US$ 390 00 per month.

These findings matched with those of Lin S, Sohail F, and Yurdagul E (2021), who found that big enterprises in developing and developed nations provided more non-wage benefits and higher pay than small firms, even when differences in education, experience, and industry were taken into account. According to Escobari, Seyal, and Dabbin (2021), there are poor levels of employment quality in the small business sector due to an analysis of social protection, salary, working conditions, human resource development, and organization in this sector.

Table 7: Small Businesses Employees’ Monthly Salaries in US$

|  |  |  |  |
| --- | --- | --- | --- |
| **Salary and Wages** | **Harare CBD(No=25)** | **Makoni( No=25)** | **Total( No=50)** |
| Mean salaries and wages | 308.00 | 270.00 | 289.00 |
| Maximum | 420.00 | 390.00 | 405.00 |
| Minimum | 195.00 | 150.00 | 173.00 |

(Source: Primary Data)

## 4.6 Profitability Trends and Margins

Because a considerable majority of SMEs owners were not active in other income-generating activities, the projected profit margins provide a more accurate depiction of the questioned entrepreneurs' disposable income. Respondents were also asked to remark on their profitability trends from the beginning of their company to the time of the survey. Profits varied between US$ 1800.00 and US$ 9 000.00 monthly, with an average of US$ 5 400.00 in Harare CBD and a range of US$ 3 750.00 to US$ 8 960.00 per month in Makoni, as shown in Table 8.

Table 8: Monthly Profit Margins (US$)

|  |  |  |  |
| --- | --- | --- | --- |
| **Profit margin** | **Harare CBD(No=25)** | **Makoni (No=25)** | **Total (No=50)** |
| Average Profit | 5 400.00 | 5 455.00 | **5 248.00** |
| Maximum | 9 000.00 | 8 960.00 | **8 980.00** |
| Minimum | 1 800.00 | 1 950.00 | **1 875.00** |

(Source: Primary Data)

The aggregate average profit margin for both SMEs was calculated to be $5,248.00 per month. Two conclusions may be derived from these findings on the role of SMEs in poverty alleviation: a high number of enterprises under study earned revenue above poverty limits; and the majority of the owners, 72%, were not engaged in other income-generating activities.

Table 9 shows entrepreneurs' comments after being asked to remark on their companies' profit patterns from the beginning to the completion of the research project. The findings revealed that there were no significant differences in findings dependent on the size of the business for 70% of respondents who made greater profit over time.

Table 9: Trends in Business Profitability Perceptions

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Profitability** | **Harare CBD** | | **Makoni** | | **Total** | |
|  | **Number** | **%** | **Number** | **%** | **Number** | **%** |
| More profitable | 18 | 72 | 17 | 68 | 35 | 70 |
| Less profitable | 2 | 8 | 5 | 20 | 7 | 14 |
| No change | 5 | 20 | 3 | 12 | 8 | 16 |
| **Total** | **25** | **100** | **25** | **100** | **50** | **100** |

(Source: Primary Data)

In contrast to 12% of Makoni SMEs, 20% of Harare CBD SMEs indicated no changes in profitability. With 30% of respondents reporting dropping or static earnings, the combination of "reduced profitability" and "no changes in profitability" suggests that the majority of small businesses are less likely to attain rising profitability. As a result, in this case, SMEs' failure to generate profitability appears to limit their ability to alleviate poverty even more.

The link between profit trends and employment growth is calculated in Table 10, and profit trends are cross-tabulated with statistics on employment growth. According to the statistics, just 49% of enterprises that expected increased profitability reported job growth, while 42% saw no increase in employment.

Table 10: Trends in profitability compared to employment expansion

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | No expansion | | Expansion | | Recession | | Total |
|  | Number | % | Number | % | Number | % |  |
| Greater profit | 20 | 57 | 11 | 31 | 4 | 11 | 35 |
| Lower revenue | 2 | 29 | 4 | 57 | 1 | 14 | 7 |
| No change | 4 | 50 | 3 | 38 | 1 | 13 | 8 |
| **Total** | **26** |  | **18** |  | **6** |  | **50** |

(Source: Primary Data)

## 4.7 Socio-economic variables impacting SMEs' contributions to reducing poverty

A number of important variables affecting small firms' profit margins were found. Gender, education, reasons for beginning a firm, initial funding sources, and technology are a few of these variables.

### 4.7.1 Small business owners' gender

Recent empirical research on SMEs have included a gender perspective by identifying some gender-specific traits of entrepreneurs. Gender difficulties have an impact on the success of small businesses as well as how they pick business prospects, according to Zastempowski and Cyfert (2021). Gender implications were assessed in this study by comparing the earnings earned by various small businesses to the federal poverty level. Table 11 shows an examination of profits created by company owner gender.

When asked how they thought their businesses fared, 85% of male entrepreneurs said they were more successful than 56% of female entrepreneurs. These findings imply that male-owned enterprises have a higher potential for profit than female-owned businesses.

Table 11 : Business Performance Perceptions by Gender

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Male** | | **Female** | | **Total** | |
|  | **No** | **%** | **No** | **%** | **No** | **%** |
| Supplementary | 29 | 85 | 9 | 56 | 38 | 76 |
| Lower profit | 4 | 12 | 5 | 31 | 9 | 18 |
| No modifications | 1 | 3 | 2 | 13 | 3 | 6 |
| **Total** | **34** | **100** | **16** | **100** | **50** | **100** |

(Source: Primary Data)

The primary component underlying profit generation was discovered to be education. A majority of 58% of men and women, as shown in Table 12, had only finished secondary education.

Table 12: SME Owners' degree of education

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Male** | | **Female** | | **Total** | |
|  | **No** | **%** | **No** | **%** | **No** | **%** |
| Zero formal education | 6 | 18 | 2 | 13 | 8 | 16 |
| Primary level | 14 | 41 | 7 | 44 | 21 | 42 |
| Secondary level | 9 | 26 | 3 | 19 | 12 | 24 |
| Certificate level | 2 | 6 | 1 | 6 | 3 | 6 |
| Diploma level | 2 | 6 | 3 | 19 | 5 | 10 |
| Degree and above | 1 | 3 | 0 | 0 | 1 | 2 |
| **Total** | **34** | **100** | **16** | **100** | **50** | **100** |

(Source: Primary Data)

However, the table reveals that 26% of male entrepreneurs, as opposed to 9% of female entrepreneurs, had finished the secondary level.

## 4.8 Business owners' education and training

Education is widely acknowledged to be critical to the development of entrepreneurialism and business abilities. According to Table 13, the majority of business owners with higher-level educations have successfully completed longer-term training programs. The data also show that firms owned by entrepreneurs who finished training programs lasting more than a year outperformed businesses owned by entrepreneurs who completed programs lasting just a year or less.

Table 13: Average monthly profits of businesses owned by people with higher education and the length of time it took them to complete their training

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Monthly Average profit (US $)** | **Number of businesses** | **% of firms** |
| **Not more than a year** | 3 200.00 | 2 | 10 |
| **1 year** | 5 000.00 | 4 | 19 |
| **Greater than 1 year** | 9 000.00 | 15 | 71 |
| **Total** | **17 200.00** | **21** | **100** |

(Source: Primary Data)

## 4.9 The Reasons Why Small Businesses Are Started

People's requirements vary, which influences their priorities and driving factors when starting a firm. Push and pull factors are the two classification groups for the causes of starting a business. Push factors emerge when a business owner is unable to satisfy his or her fundamental expectations, such as job loss, unemployment, a lack of suitable revenue sources, and so on. Pull factors, on the other hand, are incentives that inspire entrepreneurs to start their own businesses. Profits or increasing income, variety, expansion, and so forth are examples of such motivations. It was hypothesized that the founding aims of a corporation might influence how the firm functions, which could then influence how lucrative the company is.

Table 14: Owners' reasons for starting their companies in relation to monthly average profits (US $)

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Average revenue** | **Number of businesses** | **%** |
| Push factors | 5 000.00 | 33 | 66 |
| Pull factors | 7 200.00 | 17 | 34 |
| **Total** | **12 200.00** | **50** | **100** |

(Source: Primary Data)

This discovery has significant consequences for the future success of small businesses. Small businesses driven by profit motives, on the other hand, are significantly more adaptable to their environment and market opportunities than enterprises that enter saturated markets due to a lack of better options, making intentional policy intervention to assist firm-level expansion even more difficult. According to Guttentag (2019), indiscriminately supporting SMEs will not result in significant company growth, but neglecting them entirely may overlook potential high achievers within their ranks. Businesses driven by pull forces produce more money than those driven by push factors, according to Table 14.

## 4.10 Important Initial Capital Sources

Starting a firm involves both financial resources and industry understanding. Financial resources must be easily available for the establishment and operation of a firm. Entrepreneurs often begin with the least costly sources of finance before progressing to more expensive ones as needed. Obviously, the sorts of opportunities pursued by entrepreneurs are determined by the perceived availability of cash to invest in a firm.

Table 15: Sources of the initial funding

|  |  |  |
| --- | --- | --- |
| **Income source** | **Amount of SMEs** | **%** |
| Individual Savings | **27** | **54** |
| Friend or family loans | **11** | **22** |
| Making money from other companies | **2** | **4** |
| Banks | **5** | **10** |
| A microfinance organization | **5** | **10** |
| **Total** | **50** | **100** |

(Source: Primary Data

The strategy chosen to obtain the initial funding has an influence on the profitability of a small business. The approach utilized to get the initial round of funding influences entrepreneurs' aggressiveness and may also reflect a certain amount of business awareness. According to the poll, 80% of the enterprises received capital from personal or family resources, loans from friends, or earnings from other businesses. Only 20% of SMEs obtained money from banks or other microfinance groups.

## 4.11 Social-economic issues affecting the creation of jobs

In this context, the researcher evaluated two parameters to determine how well SMEs can generate jobs:

1. Employment levels, concentrating on socioeconomic factors driving businesses to hire more employees(6-10 employees) or less employees (between 1 and 5 employees); and
2. Growth in employment, with a focus on whether businesses were able to hire more people over time.

## 4.12 Business owners' gender

The poll also examines if there is a link between the gender of business owners and job creation. Employment growth and gender variables were cross-tabulated to accomplish this. According to Table 16, just 44% of female-owned firms had 6 to 10 employees, but 62% of male-owned businesses had the same number of employees, implying that male-owned businesses had a stronger potential to grow employment levels than female-owned enterprises.

Table 16: Employment rates for companies by owner gender (percent and number of firms)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Ownership type** | **1-5 employees** | | **6-10 employees** | | **Total** | |
|  | **No.** | **%** | **No.** | **%** | **No.** | **%** |
| Owned by men | 13 | 38 | 21 | 62 | **34** | **68** |
| Owned by women | 9 | 56 | 7 | 44 | **16** | **32** |
| **Overall** | **22** |  | **28** |  | **50** | **100** |

**(**Source: Primary data**)**

According to Table 17, the majority of businesses with a male or female owner reported no increase in employment, however the proportion of male-owned businesses (56% of which did not grow) was just under 75% female-owned. In the growth category, male-owned businesses made up 44% of all businesses, which is slightly more than the 25% owned by women.

Table 17: Employment Development by Owners' Gender (number and % of businesses)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Ownership type** | Inactivity or decline | | Growth | | Total | |
|  | Number | % | Number | % | Number | % |
| Owned by men | 19 | 56 | 15 | 44 | **34** | **68** |
| Owned by women | 12 | 75 | 4 | 25 | **16** | **32** |
| **Overall** | **31** |  | **19** |  | **50** | **100** |

(Source: Primary Data)

## 4.13 Motivations of Owners in Starting a Business

The influence of owners’ motivations for establishing their businesses on firm employment levels was investigated in the research. Table 18 illustrates the results and from these results, push factors were the major driving forces among owners of firms employing 1-5 employees that is 56% while a fair percentage 56% of the owners of firms 6-10 employees were governed by pull factors.

Table 18: Comparison between business owners' driving forces and employment levels

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Initiative** | **1-5 Employees** | | **6-10 Employees** | | **Total** | |
|  | **Number** | **%** | **Number** | **%** | **Number** | **%** |
| Pull factors | 7 | 44 | 9 | 56 | 16 | 32 |
| Push factors | 19 | 56 | 15 | 14 | 4 | 64 |
| **Total** | **50** | **100** | **63** | **100** | **50** | **100** |

(Source: Primary Data)

It was also interesting to learn how firm growth in employment was driven by motivations. Figure 2 demonstrates that the majority of the respondent businesses, 69% of which were driven by pull forces, were successful in registering an increase in employment over time. 76 percent of the companies that indicated push factors at the time also reported decreased or stagnating employment.

Figure 2: A comparison of business owners' driving forces and employment growth (number and percentage of businesses)

## 4.14 Chapter Summary

This chapter discussed on data presentation, analysis and interpretation of data that was collected from respondents. Additionally, it addressed the demographic details of the respondents and a descriptive analysis of the data using the survey's first chapter's objectives as a reference. The following chapter focuses on the summary of research findings by the researcher, her recommendations and conclusions with respect to the research.

# CHAPTER FIVE

# SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

# 5.0 I**ntroduction**

The primary goal of the study was to analyze the role of SMEs in poverty reduction in Zimbabwe, specifically in Harare province. As a result, SMEs were unquestionably recognized as the primary source of poverty reduction in Zimbabwe. The chapter includes a summary of the research findings, a conclusion, and recommendations to improve the existing performance of SMEs.

## 5.1 Summary of research findings

The researcher was able to extract the following conclusions from the issue at hand: SMEs were identified as the primary sources of disposable income, resulting in an increase in the standard of living for many respondents. Second, SMEs aided in job generation, however this was impacted by gender. The majority of SMEs that resulted in job growth were the result of pull forces, whilst those that did not result in job growth or declined over time were the result of push factors. SMEs were the income producers in terms of profit margins, albeit this was impacted by the gender of the owners. Education and experience were cited as major elements to explain gender variations in profit-generating performance. SMEs were also identified as revenue producers in terms of salaries and wages, with salaries provided to employees above the poverty level for both food and basic necessities. Higher salaries were positively associated to the size of the business. The impact of SMEs to poverty reduction was also influenced by socioeconomic characteristics such as the gender of the owners. Many male-owned enterprises outperformed female-owned businesses in terms of earnings.

### 5.1.1 Research Conclusions

I. A small firm with limited capital can make items for home use utilizing labor-intensive technologies.

II. As seen by the preceding instances, SMEs play an important role in the development and expansion of many economies.

III. The global prosperity is dependent on SMEs. The development of the SME sector will help the government execute Vision 2030 and compete in a competitive, dynamic, and demanding global context.

IV. SMEs are the largest employers and wealth creators overall. SMEs serve to alleviate poverty by creating money and jobs, which aids in the battle against illness. SMEs are critical to the development of entrepreneurial capabilities, particularly indigenous technology, as well as the achievement of national economic goals such as job creation and poverty reduction. Because their labor intensity is substantially higher than that of large enterprises, SMEs have a considerable potential to assist Zimbabwe in achieving its 2030 Vision.

V. Primary industries rely heavily on SMEs as major dealers and service providers. SMEs also produce completed items and provide services. SMEs have jointly contributed to the growth of the manufacturing, services, and agriculture sectors, as well as ICT services, in terms of production, value addition, employment, and exports. Papadopoulos, Baltas, and Balta (2020).

VI. VI. SMEs also ensure access to infrastructure facilities as a result of their presence, the stimulation of economic activities such as suppliers of various goods and distributive trades for goods produced and or required by the SMEs as a result of rural urban migration, and the improvement of living standards for SMEs employees, their dependents, and those who are directly or indirectly connected to them.

VII. SMEs are critical for poverty reduction since they regularly recruit low-wage and underprivileged persons and are sometimes the only source of employment in rural and impoverished areas. (2019, the DISC Initiative).

VIII. The long-term economic benefits of SMEs, such as increased incomes, a bigger GDP, and more employment opportunities SMEs' growth promotes economic growth, and SMEs' growth influences overall economic growth. As a result, economic growth and SME expansion have a mutually reinforcing relationship.

In Zimbabwe, SMEs account for the vast majority of businesses and job opportunities. The SME sector also contributes the most to GDP.

## 5.2 Recommendations

The researcher recommends the following based on the significant role of SMEs in poverty alleviation:

a) Policies to promote the growth of SMEs

The business climate must be advantageous for all enterprises, large and small. Low entry and exit barriers, clearly defined property rights, and effective contract enforcement characterize a business climate that is favorable to competition and private commercial activities (Arouni 2022).

a) Entrepreneurial training

The government should establish a special institution to aid in the training of entrepreneurs. This will be extremely beneficial to them because it will provide them with the necessary abilities, resulting in increased SMEs performance.

b) Look for donors/foreign aid.

The government should seek outside support to help the SME sector. It should also put aside some funds in its budget for the SME industry. The central bank should also develop recommendations to assist other commercial banks in developing loan policies that benefit SMEs.

c) Digital transformation

Government policies should focus on strengthening SMEs' labor capabilities, assisting SMEs in adopting ICT, and preparing them for the digital transformation. They should also ensure that SMEs are included in their national plan and that a functioning and inclusive federal innovation system is permitted. Guo et al. (2020) observed that SMEs benefit from the use of digital technology in surviving and dealing with the pandemic's consequences. Their findings emphasize the importance of information technology in supporting SMEs in addressing the challenges posed by the COVID-19 scenario.

f) Create a data bank.

The government may establish a data bank in collaboration with small and medium-sized firms. This bank will be responsible for informing potential and future investors about the availability of production elements and market possibilities that are now available in the economy.

g) Industrial Protection

To promote indigenous entrepreneurs, the government should safeguard the manufacturing industry by banning imports of similar commodities and charging tariffs on them. Furthermore, recognizing small-scale enterprises as a basis for industrialization will aid in obtaining the maximum levels of output, efficiency, and total independence in the near future.

g) Improving the efficiency of poverty-reduction organizations

To combat corruption and improve institutional accountability and integrity, the government must raise the efficacy of anti-poverty groups. h) Public Awareness Campaign

In rural regions, an effective and efficient education and awareness campaign on the benefits of small-scale companies as a method of gaining self-sufficiency and boosting living standards is essential.

I Youth training improvement

Every local government region requires well-equipped acquisition centers to increase youth training and reduce unemployment by teaching them skills like as weaving and carpentry, among other things.

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# APPENDICES

Appendix 1

**BINDURA UNIVERSITY OF SCIENCE EDUCATION**



**FACULTY OF COMMERCE**

Dear sir/madam

I am a fourth year student doing Bachelors of Accountancy Honors Degree at Bindura of Science Education. I would love to carry out a research at your business center on “**The role of SMEs to poverty alleviation in Zimbabwe”**. I am kindly requesting you to complete questionnaires attached to this letter with highest honesty. The information you will deliver will be handled with uttermost confidentiality and will be used for academic purposes only.

Please for confidentiality purposes you are instructed not to write your name on the questionnaires. You can also answer as many questions as possible and if you feel that you do not have answers for some questions, you are free to leave them. I sincerely hope that you will take part in this study and your willingness and corporation is greatly valued.

Yours faithfully

Shamiso Mavura

**Appendix A: SMEs Owners Questionnaire**

**Please indicate by ticking the correct box given or by giving brief answers where applicable.**

**Date ………………………………….**

**Place………………………………….**

**Section A: Demographic information**

**Q1.What is your Gender?**

* Male
* Female

**Q2. What is the highest qualification you have?**

* No formal education
* Primary level
* Secondary Level
* Certificate Level
* Diploma Level
* Degree and above

**Q3. How long have you owned the SME?**

* Less than 2years
* Less than 3years
* Less than 4years
* 4years and above

**Section B: Information subsection 1**

**Q4. What is your main source of income?**

* SME
* Employment elsewhere
* Family remittances

**Q5. Is there any other way you use to sustain yourself?**

* No other occupation
* Salaried employment
* Other alternative businesses

**Q6. How do you rate the standard of living you are enjoying today since the establishment of your SME?**

* Better
* Worse
* Same

**Q7.**

1. State the number of employees you initially started with?

…………………………………………………………

1. At the present moment how many employees do you have?

………………………………………………………….

**Q8. How do you rate your business profitability?**

* More profitable
* Less profitable
* No change

**Section C: Information section 2**

**Q9. What motivated you to start your SME?**

* Push
* Pull
* Other. Specify ………………………………

**Q10. After secondary education, how long did it took you to attain your certificate?**

* Less than 1 year
* 1 year
* More than 1 year

**Q11. What is your average profit per month?**

………………………………………

**Q12. What was the source of income when you started the SME?**

* Personal savings
* Friend/ family loan
* Profit from other business
* Bank loan
* Microfinance institution

**Q13. How long have you been operating?**

* Less than 5 years
* 5 to 10 years
* More than 10 years

**Q14. What does your SME specializes in?**

* Carpentry
* Shoemaking
* Welding
* Basketry
* Drink-making
* Brickmaking
* Steelworks
* Clothing
* Other. Specify ………………………………….

**Q15.**

1. Do you have employees with tertiary or professional qualifications including apprenticeship training?

* Yes
* No

1. If employees are not trained how do they acquire the necessary skills to perform their duties?

…………………………………………………………………………………………

………………………………………………………………………………………… **Q16**.

1. Over the years has there been an increase an increase in your firms’ output?

* Yes
* No

1. Give reasons

…………………………………………………………………………………………

…………………………………………………………………………………………

…………………………………………………………………………………………

**Q17**. How can the linkages between SMEs and other sectors be strengthened?

…………………………………………………………………………………………

…………………………………………………………………………………………

…………………………………………………………………………………………

**Q18. What are the main problems you are facing in your operations?**

* Access to technology
* Access to loans
* Infrastructure
* Other. Specify

………………………………………………………………………………..

**THANK YOU FOR YOUR COOPERATION**

Appendix 2

**BINDURA UNIVERSITY OF SCIENCE EDUCATION**



**FACULTY OF COMMERCE**

Dear sir/madam

I am a fourth year student doing Bachelors of Accountancy Honors Degree at Bindura of Science Education. I would love to carry out a research at your business center on “**The role of SMEs to poverty alleviation in Zimbabwe”**. I am kindly requesting you to complete questionnaires attached to this letter with highest honesty. The information you will deliver will be handled with uttermost confidentiality and will be used for academic purposes only.

Please for confidentiality purposes you are instructed not to write your name on the questionnaires. You can also answer as many questions as possible and if you feel that you do not have answers for some questions, you are free to leave them. I sincerely hope that you will take part in this study and your willingness and corporation is greatly valued.

Yours faithfully

Shamiso Mavura

**Appendix B: Questionnaire for SME workers**

**Please indicate by ticking the correct box given or by giving brief answers where applicable.**

**Q1.What is your Gender?**

* Male
* Female

**Q2. What is the highest qualification you have?**

* No formal education
* Primary level
* Secondary Level
* Certificate Level
* Diploma Level
* Degree and above

**Q3. How long have you worked in your company?**

* Less than 2years
* Less than 3years
* Less than 4years
* Less than 5years
* 5years and above

**Section B: Information subsection 1**

**Q4. What is your main source of income?**

* SME
* Employment elsewhere
* Family remittances

**Q5. Is there any other way you use to sustain yourself?**

* No other occupation
* Salaried employment
* Other alternative businesses

**Q6. How do you rate the standard of living you are enjoying today since the establishment of your SME?**

* Better
* Worse
* Same

**Q7.**

1. How much do you earn per month?

…………………………………………………………

**Q8. Since you joined the SME, do you foresee it growing bigger?**

* Yes
* No
* If No explain……………………………………………………………….

……………………………………………………………………………..

……………………………………………………………………………..

**Q9. How do you usually communicate with your customers?**

* Telephone
* Electronic mail
* Postal services
* Fax
* Other means. Please specify ………………………………

**Q10. If your organization is to grow what do you think should be done?**

**………………………………………………………………………………..**

**………………………………………………………………………………..**

**THANK YOU FOR YOUR COOPERATION**

Appendix 3

**C. Interview guide for SMEs Owners**

1. What is your position in your company?
2. Can you please briefly summarize your qualifications and experience in relation to your occupation.
3. Which range of products do you specialize in?
4. How has the government assisted you in your operations?
5. What sort of assistance do you expect to get from government and Town Council?
6. Has the private sector assisted you in your operations?
7. What are the main hindrances to your operations?
8. What can be done to improve your operations?
9. How are you surviving the harsh economic conditions in the country?
10. Which factors are contributing to the decline of the SME?