

An Evaluation of the Policies Instituted By the Government of Zimbabwe in Promoting Survival and Growth of SMEs: The Case of Glenview Area 8 SMEs

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Abstract: The main objective of this study is to evaluate the policies instituted by the government of Zimbabwe in promoting the survival and growth of SMEs using a case of SMEs in Glen View Area 8. This was done with a view to draw up strategies aimed at improving the contribution of SMEs to Zimbabwe's GDP. The research used a qualitative research design, a random sample was chosen to which a survey questionnaire was administered to collect data. Interviews were also conducted with personnel from the Ministry of Small and Medium Enterprises and Harare City Council Department of Health and Social Services. Findings indicated that little had been done by government in addressing SME concerns and accord priority to the SMEs so that they are enabled to contribute to the betterment of the economy. Challenges found to be facing SMEs were issues such as capital availability, difficulties in procuring raw materials, low technological capabilities, and difficulties in securing permits and licences. The study recommended that SMEs are a significant sector that should otherwise be contributing significantly to the economy and recommended that government should prioritise SMEs by establishing finance schemes, training programmes and encourage clustering.

Keywords: GDP (Gross Domestic Product), IDP (Industrial Development Policy), ZIMASSET (Zimbabwe Agenda for Sustainable Socio-Economic Transformation).

1. INTRODUCTION

Mugano (2012) noted that Zimbabwe experienced growth of Small and Medium Enterprises (SMEs) after the collapse of the formal economy. It is against this background that a Ministry was put in place to support SMEs. According to Business Council of Zimbabwe, SMEs have in the past been experiencing different challenges to their growth and survival that include limited access and high cost of finance, lack of proper and adequate infrastructure, use of old technology, information asymmetry, lack of marketing skills and market knowledge and also inadequate management and entrepreneurial skills. According to Federico et al (2012) social skills are complemented by policies oriented to enlarge and develop SMEs.

Ekpenyong (1997) argues that the problems bedevilling the SMEs in Zimbabwe are multifaceted. Reason et al (2002) reiterated that in the Czech the government implemented policies that were aimed at increasing support for SMEs. The Zimbabwean government came up with various support measures to support SMEs among them were the liberalization policy, preferential purchasing policies of the Central Purchasing Agency, the deliberate policy to have market stalls in all urban centres, intention to legalise street vending at designated areas and even establishment of green markets in high densities of Harare (IEE 2010). The results on the ground are not reflective of a winning situation and stakeholders are more comfortable to referring to them as the, 'informal sector', although SMEs could be the answer to Zimbabwe's