

Midlands State University



FACULTY OF ARTS

DEPARTMENT OF DEVELOPMENT STUDIES

**IMPACT OF SMALL AND MEDIUM SCALE ENTERPRISES (SMEs) IN
PROMOTING SUSTAINABLE LIVELIHOODS FOR THE YOUTHS IN BINDURA
URBAN**

BY

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Approval form

The undersigned certify that they have supervised the student Chigudu Clarette’s dissertation entitled: **Impact of Small and Medium Scale Enterprises (SMEs) in promoting sustainable livelihoods for the youths in Bindura Urban**, submitted in partial fulfilment of the requirements for the Bachelor of the Arts in Development Studies Honours Degree at Midlands State University.

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DECLARATION

I Chigudu. C, declare that all material contained in this dissertation is my own work and has not been written for me, in whole or part by any other persons. This document and /or part of thereof have not been submitted to any institution for fulfillment of a degree.

Signed.....

Date.....

Abstract

In Zimbabwe, the unemployment rate has grown to high levels prompting the youths to resort to the informal sector through SMES as a means of livelihood. This study sought to assess the impact of SMEs in promoting sustainable livelihoods for the youths in Bindura Urban. The mixed research methodology was employed. The study revealed that there are various opportunities such as income, enterprenual skills exchange and low cost labour production that could promote sustainable livelihoods for the youths. It also revealed major barriers to growth of operations which included among others, technology, poor infrastructure, inaccessibility of financial capital, market competition and affordability of registration and operating licenses. The implications are that such barriers would defeat the purpose for which the SMES where set to achieve, that is, reduce the effects of unemployment and promoting sustainable livelihoods. The study provided possible solutions which may be adopted. These include improving loan accessibility through removal of bottlenecks and restructuring of loan requirements by SEDCO and banks, affordable registration fees, a reduction in tariffs for the acquisition of operating licenses, enlargement of market share for the SMEs, expansion of operating premises for SMEs by the responsible authority and government sponsored collateral security for the SMEs. The study recommended further research in other provincial urban centers as the findings may not be used to generalise the situation obtaining in other nine provinces of the country.

Key terms

Youth, SMEs, sustainable livelihoods, youth entrepreneurs, Bindura Urban.

DEDICATION

I dedicate this work to my dear parents Dr. Daniel Chigudu and Mrs. Choiceworth Chireya, loving sisters Clarrion and Blessing Chigudu, dear brother Kundai Chigudu and my beloved friends Alan Mutiwaringa and Ngwarai Sithole who were my pillars of strength and support all the way. I LOVE YOU AND GOD BLESS YOU ALL.

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Abbreviations and Acronyms

G.D.P-	Gross Domestic Product
LSE-	Large Scale Enterprises
MSMED-	Ministry of Small and Medium Enterprise Development
MSU-	Midlands State University
SEDCO-	Small and Medium Scale Enterprise Development
SME-	Small and Medium Scale Enterprise

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Chapter 1

PROBLEM AND ITS SETTING

1.0 Introduction

The chapter focuses on the background or problem and its setting. Other sub-topics to be covered are as follows: definition of key terms, background of SMEs, statement of problem, significance of study, justification of study, research objectives, limitations and delimitations.

1.1 Background of the study

The dawn of the economic hardships in Zimbabwe led to the birth and expansion of SMEs as a panacea to the high employment rates, poverty and other economic problems that struck the country. Notably from the years 2000 to 2009 the Zimbabwean economy took a nose dive which led to the closure of many companies particularly LSEs on a daily basis leaving the majority of the population with no or low sources of income and avenues of survival to sustain their day to day lives. Helmsing and Kolstee (1993) highlighted that most independent African nations did not value SMEs as they viewed them as ‘inferior’, ‘unproductive’ and ‘incompatible’ with contemporary industrial development. Despite the fact that SMEs had already been in existence in Zimbabwe though they were largely marginalized as they could not compete with LSEs due to lack of funding, government support, technical expertise among other drawbacks, the sector saw a rampant increase in the number of entrepreneurs engaging in SMEs for survival.

1.2 Background of SMEs

The role of the SMEs in development has increasingly concerned both policymakers and economists since Boserup's (1970) seminal work, in terms of both the effect of modernisation on youth economic activity and the potential contributions they can make. The position of the youth and their status in any society is an index of its civilisation. Youths are essentially important in as far as development is concerned. No country can achieve its potential without adequately investing in and developing the capabilities of the youth. In the interest of long term development it is necessary to facilitate their empowerment.

Although the existence of SMEs extend to pre-colonial period, they were so severe after independence and more so, after the year 2000. Chidoko et al (2011) argues that a notable change in the entrepreneurship in the form of SMEs can be traced back to the period when the GoZ adopted the neo-liberalization concept in the form of Economic Structural Adjustment Programmes (ESAPS) which were adopted by the GoZ in the 1990s. The contribution of SMEs to economic growth in many African countries including Zimbabwe was rather insignificant. In the view of Helmsing (1991) only a few registered small scale enterprises were recognised and qualified for financial assistance from the governments. However, it later came to the attention of the GoZ in the early periods of 1984 that SMEs had a somewhat important role to play in as far as the country's economic development was concerned. This led to the setting of a responsible organization which is SEDCO to fund, support, supervise and monitor the existence and operation of SMEs and later the support ministry known as the Ministry of Small and Medium Enterprises in 2002. According to The Reserve Bank of Zimbabwe (2009) the GoZ came to appreciate that Zimbabwe's industrial growth is largely dependent on the informal sector and more significantly SMEs.

1.3 Scope of Study

Bindura is found in Mashonaland Central Province of Zimbabwe and it is located about 89km north-east of Harare. The town has a population of 44 033 people (ZimStats 2012). Geographically its sphere of influence outspreads to areas that include Mt Darwin, Mvurwi, and Shamva and is therefore the heart and central business centre of Mashonaland Central.

The study specifically targeted the youths operating in the Durawall industrial site in Bindura Urban district as supported by various institutions in undertaking SMEs.

1.4 Statement of the Problem

According to ZIMSTATS 2012, Zimbabwe's population is currently estimated at 13 million, with youths constituting close to 60%. In a speech at the launch of the Zimbabwe Decent Work Program, Honorable Kasukuwere (2013) indicated that "youths constitute an estimated 54% of the total labour force which is not formally employed but engaged in the informal sector. Furthermore, while the education system churns out over 300 000 young people into the labour

market annually, less than 10% of these are absorbed into formal employment. The rest have to find their way into the informal sector where they have to run their own enterprises for survival.” This emphasized the plight of unemployment that has rocked the nation of which youths are not an exception.

In Mashonaland Central, particularly Bindura, agriculture and mining comprise a central element of the livelihood portfolios of a large majority of the people in the province. According to the Ministry of Youths Development, Indigenisation and Economic Empowerment, Indigenisation Annual Report 2014, 60% of the youths in Zimbabwe depend on agriculture and Mashonaland Central is largely agro-based dominated by A1 and A2 farms. The agricultural sector faced with severe ecological, economic, social and political constraints seems to provide people with fewer opportunities to escape poverty although the sector’s contribution is imperative to local development and national growth. This has resulted in increased livelihood stress especially in the area under study due to high dependence on rain-fed agriculture, limited irrigation and natural resources in general.

In the mining sector, Bindura urban has been backed by two major mining companies namely Freda Rebecca Gold mine and Trojan Nickel mine. Due to the decrease in the global price of nickel, Trojan mine saw the retrenchment of about 50% employees in 2007 and later closed in 2008. This fueled the unemployment rate in the town.

In the face of such severe constraints to livelihood, self-employment in small scale businesses presents a constructive option for income generation. In the community of Bindura Urban, a high percentage of 67% small-scale businesses that cater for local needs, are controlled or owned by the youths (SEDCO Report 2004). It is against this background that this study sought to assess the impact of SMEs in promoting sustainable livelihoods for the youths in Bindura Urban.

1.5 Definition of key terms

SMEs - Small income generating units owned and managed by entrepreneurs who work in it themselves, from which they derive their livelihood, which employ very few people if any,

mainly relying on family members and using very little capital. In the Zimbabwean context SMEs have been defined and determined by the number of employees, annual turnover and asset base. According to the MSMED in the SMEs Act, SMEs are recognized and classified as SMEs if they meet the number of employees, asset base and the legal structure for an enterprise as shown in fig. 1 below;

Table 1. Title: Classification of Micro, Small and Medium Enterprises.

Sector or sub-sector of Economy	Size or class	Maximum number of fulltime employees	Maximum total annual turnover	Maximum gross value of immovable assets
Manufacturing	Medium	75	1000 000	1000 000
	Small	40	500 000	500 000
	Micro	5	30 000	30 000
Services	Medium	75	1000 000	500 000
	Small	30	500 000	250 000
	Micro	5	30 000	10 000

Source: Adopted from SMEs ACT: Section 2

In this study, a workable definition of an SME is any enterprise, formal or informal, with between 4 – 20 workers. This is because most SMEs predominantly emerge on a family basis and later incorporate other external people through their employment creation nature.

Youth-A youth can be referred to, according to the 2013 Zimbabwe’s Constitution, as any person between the age of 18 and 35.

Livelihood- Chambers and Conway (1992) propounded that the term livelihood describes the capabilities, capital (human, social, productive/economic, natural) and activities needed to sustain life. A livelihood is considered sustainable when it can respond and recover from abrupt shocks, and can maintain or improve its capacities and capital without undermining the natural resource base. The survival of humankind depends primarily on both availability of productive resources and the ability to use them sustainably and economically to improve the quality of people’s life. Livelihood is a sustainability function of culture but cannot be achieved without the requisite resources and an enabling environment. According to Moser (2008) sustainable livelihood approach probably, is the best known analytical framework to incorporate many of the

common concepts of asset, capabilities and entitlements in assessing local people's livelihoods and vulnerability.

1.6 Significance of the Study

The enormous contribution of SMEs to the social and economic advancement and development of any locality cannot be over-emphasized. In Bindura Urban, small scale enterprises dominate and thus make significant contributions to the development and growth of the youth in the district. To this end, any study based on the performance and growth of SMEs in the area does present some significance.

Firstly, since small scale enterprises feature prominently in Bindura Urban, a deeper understanding of how these enterprises evolve and grow could go a long way in providing a youth perspective in the generation of a national industrial plan for these enterprises that could possibly cater for larger enterprises as well. This is because, the study provided crucial insights into possible or feasible desirable patterns of growth to these SMEs. The outcome of the research contributed in uncovering youth specific policies and programmes that can facilitate the growth of SMEs. This might be beneficial to bodies and institutions whose work pivot on the youths in the SME sector in particular and the informal sector in general.

To the youths engaging in SMEs, the study also identified and analyzed in its own operational context, the operational challenges that militate against growth of SMEs and how these affect the lives of the youths in the community under research which also made it possible for the researcher to suggest recommendations that can be implemented for the growth and sustainability of those SMEs. This could therefore go a long way to enable the drafting of development initiatives and possible programmes from both the private and public sectors in a bid to fill in the gaps and hence promoting the growth of sustainable SMEs.

To the researcher, the research played a crucial role in bringing about a deeper understanding of SMEs and their contribution towards bringing about sustainable livelihoods which is hoped to bolster the researcher's career as a development practitioner .To MSU, this research was also

poised to expand the general knowledge base for further research into the area of youths empowerment, SMEs and their impact in promoting sustainable livelihoods in Zimbabwe.

1.7 Research Aim

The overall aim of the research was to assess the impact of SMEs in promoting sustainable livelihoods of the youths living in Bindura Urban area.

1.8 Research Objectives:

The specific objectives are to:

- Assess the impact of SMEs on the socio economic status of the youths in Bindura Urban
- Assess the sustainability of operations of SMEs for the youths in Bindura.
- Identify challenges facing the growth of SMEs in Bindura
- Suggest recommendations for effective SME growth that foster sustainable livelihoods in Bindura

1.9 Limitations of the study

The busy working schedules of the youth entrepreneurs in Durawall made it impossible for the researcher to use questionnaires for data collection as no one was willing to leave their work and create time to fill the questioners. To circumvent this challenge the researcher resorted to guided in-depth interviews as a way of collecting data.

Lack of sufficient resources such as time deterred the researcher's ability to assess the impact of all the SMEs which involved the youths hence only 15 interviews were carried out and one focus group discussion was done. This was so because the researcher only got a few free week days (school days) to be absent from school and to rush to the field. Also limited financial and transport resources were another challenge faced by researcher. Despite the limitations the research collected a significant percentage level of data by increasing the sample size than originally planned.

2.0 Delimitations of the study

The study was delimited to all SMEs in the small urban center of Bindura, Zimbabwe. The population of the study comprised of the responsible institutions that is the MSMED, SEDCO and most significantly the owners of the management and owners of the SMEs. Due the significance attached to the growth of the economy, in terms of employment creation, income generation and the provisions of basic commodities for the owners, only those SMEs with youth entrepreneurs were purposively selected for the evaluation.

2.1 Ethical considerations

According to Cohen and Manion (2007) interviews have an ethical dimension; they concern interpersonal interaction and produce information about the human condition. Richards and Schwartz (2002) considered ethical issues which arise when planning and carrying out qualitative research and supplied two considerations appropriate to this research: misrepresentation and identification of the participants by self or others.

In conducting the research, as well as in reporting research findings, the researcher therefore fulfilled several obligations in order to meet universally accepted ethical standards. First, the research study was conducted in a way that the chance for misleading results was minimised. The researcher complied with the following principles, which aimed at protecting the dignity and privacy of every individual who, in the course of the research, were requested to provide personal or commercially valuable information about themselves or others:

Before an individual became a participant of the research, they were notified of:

- The aims, methods and anticipated benefits of the research;
- Their right to abstain from participation in the research and their right to terminate at any time their participation; and
- The confidential nature of their responses.

Participation was as per individual consent No pressure or inducement of any kind was applied to encourage an individual to participate in the research.

The identity of individuals from whom data was obtained in the course of the research was not taken. Interviewed participants were only given code names and number by the researcher in a bid to avoid the mixing and republication of data.

2.2 Chapter Breakdown

The study comprises of the following chapters:

- Chapter 1: Introduction and Background Of the study
- Chapter 2: Literature Review
- Chapter 3: Research Design and Methodology
- Chapter 4: Data Presentation, Analysis and Discussion of Findings
- Chapter 5: Summary, Conclusions, Recommendations

2.3 Chapter summary

The chapter presented an in-depth overview of the background of the study. A discussion of the statement of problem, significance and justification of the study was done. Research aim and objectives were outlined as well as the limitations and delimitations of the study. Key terms in the research were defined.

Chapter 2

LITERATURE REVIEW

2. Introduction

This chapter's main focus is on discussing relevant literature that has been presented by other scholars from around the globe down to Zimbabwe as a nation on SMEs. The chapter also looked at the theoretical framework guiding the research under study paying particular attention to issues such as the nexus between SMEs and the sustainable livelihood approach

2.1 Literature Review

Evidence through published and unpublished findings on issues relating to the marginalization of the youths and their livelihood activities has been produced, which include James-Wilson (2008) on youth livelihood development guide, USAID (2005) on Youth, Microfinance and Conflict but very little exists on the impacts of small scale enterprises on the youth particularly in Bindura Urban district. The purpose of literature reviewed was to critic the various concepts and theoretical outcomes postulated by different scholars concerning the impacts of SMEs in bringing about sustainable development.

Abaka and Mayer (1994) in their report on small-scale enterprises observed that the small enterprises are major creators of employment due to their labor-intensive technologies. They also noted that SMEs give birth to new entrepreneurs, drive towards rural development, and use technologies that are user-friendly and readily available for them.

Studies on industrial development of different countries have shown that small and microenterprises constitute an integral part of the over-all industrial sector and play an active and significant role in the growth and development of these countries. UNDP (2000) postulated that SMEs have taken a centre stage in the social and economic development of many nations. In countries such as China and India, Balassa (1982) observed that SMEs have led to economic expansion which in turn has resulted in employment creation, poverty reduction, and expansion of the domestic market and widening of the tax base. In a research by Altbach (1998) under the Ministry of International Trade and Industry (Japan) 2000 a national total of 6.53 million private companies in 1994 SMEs accounted for nearly 6.47 million or 99% and of the 54.16 million people employed nation-wide, 41.42 million or 76.5% were employed by SMEs.

Radaev, (2001) and Surdej, (2000) argued that in the likes of Poland and Russia SMEs have emerged as an important force in economic and industrial growth. The Polish economy in the 1990s had experienced an economic boom owing to the quality and quantity of the SME sector. In 1997 SMEs in Poland accounted for 62% of the employment sector compared to 72% average of the EU countries.

According to Duff et al (2000), the SME sector has been the engine for growth in most if not all the economies of Asia. Duff et al (2000) found out that generally SMEs account for over 85% of the total number of manufacturing establishments in Asia and make a significant contribution to its economic development, in addition to income and employment generation. In Indonesia, 88% of the total enterprises are SMEs and account for 32% of employment in the manufacturing sector.

SMEs are an important source of export revenues in some developing economies. Duff et al (2000) observed that SMEs contribute a larger share of manufactured exports in more industrialized East Asian economies with 56% in Chinese Taipei, more than 40% in China and in India 31.5% than the less industrialized African economies such as Tanzania and Malawi which have less than 1%. From these observations the research will seek to identify the loopholes associated with the poor performance in as far as exports are concerned by the entrepreneurs involved in SMEs in Bindura Urban show that policies for the promotion of SME export potential and SME exports must be targeted.

SMEs contribute significantly to employment generation and output growth of different countries of which Ghana is not an exception. Sited in Bhasin and Akpalus (2001:6), when launching a new financial package titled “Smile” in 1997, Dr. K. Duffuor, the governor of Bank of Ghana stated, “As long as we neglect the small business sector we will always have problem of unemployment as well as underdeveloped nontraditional sector and we shall always remain a dependent economy and vision 2020 will remain a dream”

In a research carried out by Inkoun (2003) using Ghana as a case study, it was observed that SMEs performance cannot be separated from entrepreneurial skills of the proprietor. He found out that proprietors with business related qualifications tended to survive by 30% more than non-qualified proprietors. In the context of development it is therefore prudent to acknowledge that

through these SMEs life skills and expert knowledge can be maintained and enhanced through participating or engaging in SME activities which in turn contributes to the sustainability of their enterprises. This can be supported by the research findings of Cok-Hamilton (2014) in role of SMEs in the Caribbean economy which included workforce skills upgrading and innovation and technology changes.

The dynamic role of SMEs in developing countries as engines through which the growth objectives of developing countries can be achieved has long been recognised. Daniels et al (1992); Fisseha & McPherson, (1991); Gallagher & Robson, (1995) argued that it is estimated that SMEs employ 22% of the adult population in developing countries. Parker et al, (1994) observed that the sector employs about 15.5% and 14.09% of the labour force in Ghana and Malawi respectively and these countries have experienced higher employment growth than micro and large scale enterprises (5% in Ghana and 11% in Malawi). Kayanula and Quartey, (2000) also reported that in Ghana, the sector's output as a percentage of GDP accounted for 6% of GDP1 in 1998.

It can be derived from these research outcomes that in terms of poverty eradication through SMEs a large population in developing countries has acquired sustainable livelihoods following their engagement in SME activities. SMEs have largely backed the economic, social and industrial development of most countries both in developing and developed economies, capitalist and transitional economies. It against this existing literature that this research sort to evaluate the contribution that SMEs have made and are making in promoting sustainable livelihoods for the youths in particularly in Bindura.

2.2 Theoretical framework

Any authentic research is backed by a theory. Social inequality is an unconsciously evolved device by which societies ensure that the most qualified persons conscientiously fill the most important positions. Davis and Moore (1945) in an article that first articulated the functionalist theory summarized this position. They argue that the inequalities in power, wealth or prestige are related to functional needs of society and that some roles are more vital than others; that some entail more important societal functions and require more expertise and training. The Davis and

Moore hypothesis argues that inequality in this view is inevitable and in no society can all roles be of equal importance.

Talcott Parsons (1951) version of the functionalist theory takes a somewhat different slant. He argues that those qualities, possessions, and performances that are functionally important, that is, meet survival needs are reflected in cultural values of society because values represent definition of what is good and what is bad. According to Turner (1986: 141) in Lindsey, (1997) those who revealed these valued attributes are given more power, wealth and prestige.

Karl Marx (1959) also argued that social structure rooted in economic production and class relation always shaped social action and even culture. This is the reason why peasant economies of the Middle Ages gave rise to strong communities and religious faith while the industrial capitalist economies of the modern era bred individualism. In the view of Marx, there is room for social action, but it is never free from the influence of previous actions and above all social structure. Marx wrote that men make their own history, but they do not make it under circumstances chosen by themselves, rather under circumstances directly encountered, given and transmitted from the past (Turner, 1986:141 in Lindsey, 1997).

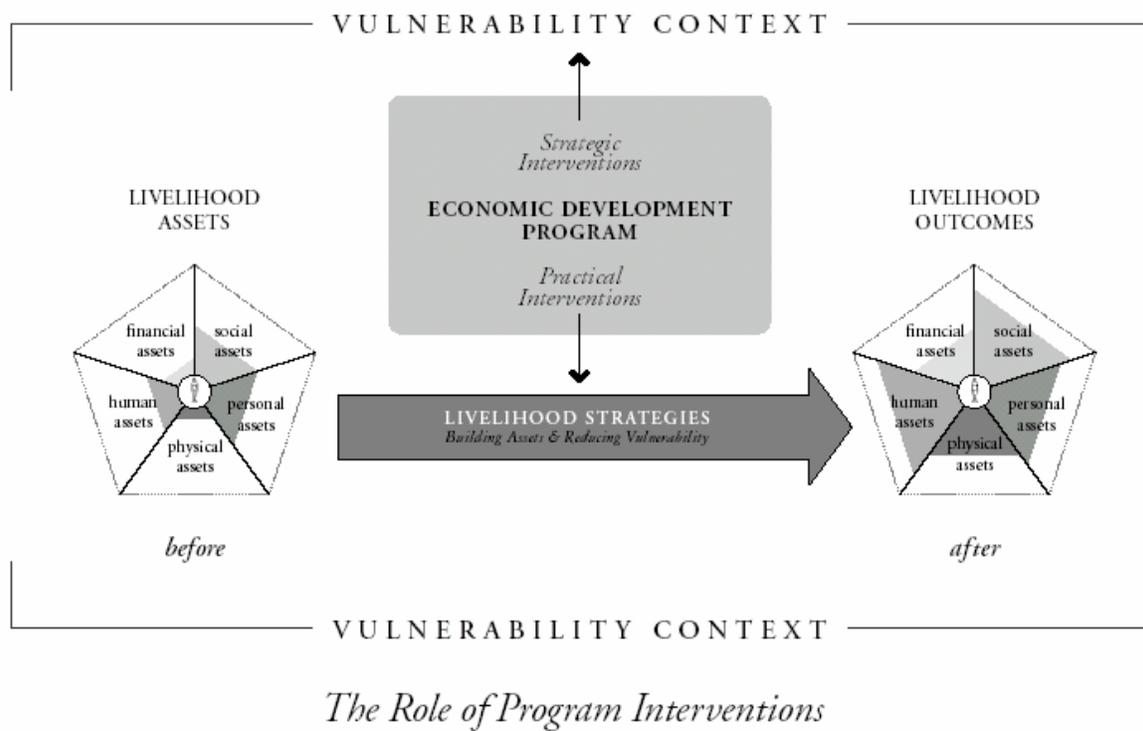
Relating the above theory to the study, the youth all over the world and Bindura Urban in particular are lagging behind their counterparts in terms of power, wealth and prestige. The reason behind this is that the youth are not given the chance to gain adequate talent training, resources, capital and technology that will enable them to assume statuses of high command for meeting the survival requisites of the society and hence found it prudent to explore the livelihood pathways of operating as small scale enterprises hence the growth and development of SMEs.

2.3 Sustainable Livelihood Approach

This research was an attempt to understand concepts of SMEs as a livelihood pathway. The major thrust being the evaluation of the SMEs impact in terms of promoting sustainable livelihoods of the youth and in doing so adopted the concept of Sustainable Livelihoods Approach by Ian Scoones (1998). Conceptually the research was grounded on the investigation of the impact of SMEs in promoting sustainable livelihoods for the youths in Bindura. As shown in the diagram below (Fig 1.) relating to this research, it was observed that the youths in Bindura lagged behind in terms of development as they had little or no livelihood strategies despite the

fact that they had livelihood assets such as limited financial assets, human assets, physical assets, personal assets and social assets but they still remained vulnerable as they could not cope with the livelihood stresses of notably unemployment and poverty. The program interventions (economic development program) that then became available for the youths in Bindura focusing on this particular research were the SMEs which became the livelihood strategy to curb the prevailing economic and social stresses. As illustrated in the diagram it was anticipated that livelihood assets increased as a result of the youths' engagement in SMEs.

Fig 2. Title: Sustainable Livelihood Approach



Source: Department for International Development (1999). Sustainable Livelihoods Guidance Sheet: Introduction.

2.4 Chapter summary

The chapter focused on discussing the extant literature on the role of SMEs and also the theoretical framework that influenced the research. Emphasis was put on the concepts that guided the research.

Chapter 3

RESEARCH METHOD

3.0 Introduction

Any meaningful research must be backed by a research methodology. The chapter focuses on the research method that the researcher adopted for the research. Data collection tools and the sampling techniques are indicated. The target population and the sample size are outlined in the chapter

3.1 Research Methodology

According to Silverton (2010:330), a methodology section is used to explain why the researcher chose certain methods and data to compare and or use in the research study. Thomas (2009) argues that, a methodology section is not simply the presentation of the methods to be used in research, rather it is a discussion of such methods but more importantly, why the researcher opted to use them. As Creswell and Clark (2011) put it, the complexities of our research problems call for answers beyond simple numbers in a quantitative sense or words in a qualitative sense and that a combination of both approaches provide the most complete analysis of problems. Mixed methods research provide a better understanding of problems than one. Arthur et al, (2012) argued that the convergence of two or more methods could enhance the strength and the validity of research findings. One of the most important dimensions of mixed methods is whether the different methods involved are of relatively equal weight or whether one is more dominant than the other (Lewin & Somekh, 2012). In view of the above, this study took a form of a mixed method approach but more prominently a qualitative approach.

3.2 Research design

A case study research strategy was employed in this study. The distinctive need for a case study arises out of the need to understand complex phenomena (Yin, 2003:2). According to Yin (2003:2), the case study method allows investigators to retain the holistic and meaningful characteristics of real-life events-as individual life cycles, organizational and managerial processes, international relations, and the maturation of industries. Wisker (2008) provides an emphasis that one of the advantages of using case study methodology and methods is that an in-depth situation can be fully explored. Leedy and Ormrod (2010) suggest that in a case study, the

researcher collects extensive data on individuals, programs, or events on which the investigation is focused. Leedy and Ormrod (2010) note that the researcher also records details about the context surrounding the case. This includes information about the physical environment and any historical, economic and social factors that have a bearing on the situation. Zainal (2007) notes that researchers were becoming more concerned about the limitations of quantitative methods in providing holistic and in-depth explanations of the social problems within questions. Yet, through a case study method, a researcher can go beyond the quantitative statistical results and understating behavioral conditions through the individual's perspective. Where both quantitative and qualitative data are included(mixed method), case study helps to explain both the process and outcome of a phenomenon through complete observation, reconstruction and analysis of the problem under investigation (Zunail 2007).

3.3 Sampling Method

It is necessary to obtain information from specific target groups due to time and economic constraints therefore purposive sampling was conducted for this research. In this case, sampling was confined to a specific group of people who could provide the desired information that is the youths in the Durawall. Two major types of purposive sampling are judgment sampling and quota sampling (Sekeran and Bougie 2011). In quota sampling, it ensures that certain groups are adequately represented in the study through the assignment of a quota. The quota for each subgroup is generally based on the total numbers of each group in the population. Judgmental sampling was adopted in this study. Sekeran and Bougie (2011), highlighted that, judgmental sampling is used when a limited number of people have the information that is sought.

Since desired participants that is the youths and the MSMED were 'hidden' within the research population ,the researcher used the snowball sampling which is non-probability sampling, whereby respondents were randomly selected and later additional sampling units were selected based on referral processes (Panneerselvam 2009). It is also called chain referral sampling, whereby participants were already known by the two officials from the MSMED who accompanied the researcher into the Durawall as they work directly with the entrepreneurs in the that area. This sampling method is used to locate 'hidden populations', that is, groups not easily accessible to researchers through other sampling methods.

3.4 Sampling Population

Population is the entire set of objects or people which is the focus of the research and about which the researcher wants to determine some characteristics. Bless et al (2011) highlighted that a sample is the subset of the whole population which is actually investigated by a researcher and whose characteristics will generalise to the entire population. An aggregate of all cases that conform to some designated set of criteria, as people, events, places, time or things is the population. According to Blaikie (2010), sample constitutes a selection of elements (members or units) from a population and may be used to make statements about the whole population. The researcher used purposive sampling to select participants from a target population of 80 SMEs that involved youths. The aim of adopting this method was intended for the researcher to identify specific target for the research since it was grounded on the youths unlike other methods which are diverse and inclusive of multi characteristics such as cultures, ages and backgrounds. 8 SMEs (10% of the 80 SMEs that involved youth entrepreneurs) for the survey were selected which became the sample size. 15 interviewees were randomly selected and 21 participants for the FGD from the sample size.

3.5 Data collection instruments and sources

According to Mooley (2002) case study researchers typically begin a study using only one method of data collection and will add others as the situation warrants it. The advantage derived from this process is that it can enhance the validity of the case study findings through triangulation. Due to the nature of the case study research, the researcher generated large amounts of data from multiple sources. The study used primarily use in-depth interviews, which were more of a guided conversation rather than structured questions. Yin, (2003:89) emphasized that although the researcher pursued a consistent line of enquiry, the actual stream of questions in a case study interview became fluid rather than rigid. Focus group discussion was another primary source while documentary analysis was the secondary data source used. In this study, validity and reliability was ensured by means of triangulation of data as various methods for data collection were used.

3.5.1 In-depth interviews

Kahn and Cannell (1957:149) describe interviewing as “a conversation with a purpose”. When conducting these interviews, the researcher explored a few general topics to help uncover the participants’ views but otherwise respected how they framed and structured their responses. The in-depth interviews were an opportunity for the researcher to generate data based on a “one on one” approach. The advantage of these in-depth interviews was that the researcher managed to collect firsthand information from the participants and chief contributors in SMEs and hence contributed in reaching the intended research outcomes.

The interviews were done between the 24th and the 26th of August 2015 with the researcher interviewing the respondents face-to-face so as to gather high return unlike through other means such as telephone or postal research (Frankfort-Nachmias and Nachmias, 1996). 15 interviews were done to youths in the Durawall industrial site. In-depth interviews became the most appropriate data collection tool as compared to questionnaires as the respondents found it better to be asked question while working instead of filling in questionnaires.

The researcher managed to go an extra mile in data collection through interviewing the chief informants who have the legal and institutional mandate to monitor, supervise and assist in the operations of SMEs in Bindura Urban area. Specifically the informants were from Bindura Town Council, Small Enterprise Development Corporation (SEDCO) and MSMED. These players could not be removed out of the equation in as far as the research was concerned about the impact of SMEs in promoting sustainable livelihoods as they offer the conducive environment for the operations of the SMEs through projects, operating plant as well as financial assistance. These informants were crucial in the research as they provided data regarding to the policy framework guiding SME operations.

3.5.2 Focus Group Discussion (FGD)

The researcher finally carried a focused group discussion after interviews had been carried out. Powell (1996: 499) defines a focus group as “a group of individuals selected and assembled by researchers to discuss and comment on, from personal experience, the topic that is the subject of the research”. The aim of this FGD was to try and gather information direct from the respondents through their life experiences. FGD gave room for the researcher to know the operational trends of the respondents through the various explanations given during the discussion. The researcher

used a cell phone to record the discussion which had a total duration of 25 minutes. Participants were randomly selected from the sample frame with the help of the 2 officials from MSMED with the positions of Cooperative Development Officer and the Technical Services Officer. The group comprised of 21 participants, 17 being males and 4 being females. The major topics discussed were the social and economic impacts of SMEs in improving the livelihoods of the youths, how best can SMEs be assisted for purposes of sustainability, and what challenges are the youths facing and how best could they be solved or minimised?

3.5.3 Documentary sources/ Archival records (secondary sources)

The third method of data collection was the analysis of documentary sources and archival records. As Yin (2003) put it, this often takes the form of computer files and records. This may also include service records, organizational records, survey data and even personal records. The research made use of relevant documentary sources about the youths in Bindura as well as about SMEs which were sourced from relevant institutions concerned with SMEs. Among these was the SME Act from SEDCO, Organizational Brochure from MSMED and July 2015 Memo from Director of Housing and Community Services to the Town Clerk. An analysis of these documents played a crucial role in elaborating about the youths and SMEs in Bindura.

3.4 Limitations of the study

As noted by De Vos et al (2011) potential limitations are often numerous even in the most carefully planned research study and it is important that they be listed in the project. Also, although problems are never completely eliminated from any study in the research profession, researchers make an attempt to spell out the various means by which they try to limit problems. In this study, some of the research participants were not willing to divulge the information about their life experiences for example on challenges they face. Their argument was that, a lot of researchers had come before asking them to air out the operational challenges they face and promising them that positive changes would be implemented but in actual fact little or nothing had been done to address those previously mentioned challenges but rather their situation was getting worse. To this end, the researcher notified the participants that the aim of the research was strictly academic. The inadequate records on financial in flows and out flows by the youth

entrepreneurs had an impact on the findings especially on the issue concerning their monthly and yearly average incomes which would entail the growth and duration of their SMEs.

There was also the possibility for false and pretentious responses gathered when respondents only wanted to satisfy the researcher. Presumed fear of political investigations hindered effective cooperation by respondents particularly FGD participants and the researcher also had to be extra careful with the types of questions to be asked. This made it difficult for the researcher to get adequate information particularly about the government. Despite these, the researcher successfully carried out the research using hard work and commitment.

3.5 Chapter Summary

The chapter emphasized on the research methodology adopted by the researcher that is the research approach, target population, and the sample size. Sampling techniques used were also outlined. The chapter also highlighted the data collection tools used and the justification for the use in the research under study

Chapter 4

DATA PRESENTATION, FINDINGS AND DISCUSSION

4.1 Introduction

The following chapter focuses on presenting, analyzing and discussing data gathered from the survey through in-depth interviews on the youth entrepreneurs, key informants and the responses from the FGD. Yin (2003:109) describes data analysis as consisting of examining, categorizing, tabulating, testing or combining both quantitative and qualitative evidence to address the initial proposition of a study. Computer-assisted routines with packaged software like non-numerical unstructured data indexing, and theorizing or computer assisted qualitative data analysis software have become increasingly used (Yin, 2003:110). The software enables coding and categorizing large amounts of narrative text especially collected from historic documents or from open-ended interviews. Themes were created from the guided in-depth interviews and the open FGD held; and responses were grouped into those themes. Quotes or direct citations were used to provide the qualitative nature of the responses gathered. In data presentation, the chapter categorized the data about the SMEs and the youth entrepreneurs as follows;

- Profile of the respondents (youths engaging in SMEs)
- Socio- economic status of the entrepreneurs (benefits and achievements from the businesses)
- Growth and sustainability (sources of raw materials, market and consumers, level of expansion, technology)
- Operational challenges (competition, loans, capital)
- Recommendations.

This chapter seeks to provide the gathered data for the research objectives formulated in Chapter 1 section 1.6 which reads;

1. Assess the impact of SMEs to socio-economic status of the youths in Bindura Urban
2. Assess the sustainability of operation of SMEs for the youths in Bindura.
3. Identify challenges facing the growth of SMEs in Bindura

4. Suggest recommendations for effective SME growth that foster sustainable livelihoods in Bindura.

4.1 Profile of youths entrepreneurs

4.1.1 Gender Composition

From the research carried out in the Durawall, it can be noted that most SMEs were male dominated comprising 69% (25 out of the 36 respondents) of the sample population while women comprised 31% (11 out of the 36 respondents). Men seemed to occupy the labour intensive activities such as carpentry and welding while women were largely concentrated in light activities such as sewing (dress making) and hairdressing. According to the gender theory of biology and practicality by Murdock in Haralambos and Helborn (2004), males and females differences in physical strength are a cause of the differences in roles. This is to say that tasks undertaken by men are those that demand more physical strength while women are confined to less strenuous tasks. To this end, the gender composition of the participants in the research can also be justified by this theory. There has been evidence on previous researches by scholars such as Pedersen, (1998) and Helmsing, (1993) who observed that SMEs are largely dominated by men as compared to women.

4.1.2 Level of education of the youths entrepreneurs

From the research undertaken in the Durawall industrial site in Bindura town, it was observed that a large number of the youth entrepreneurs had at least attained some form of formal education that is among primary, secondary and tertiary education. 27% (4 out of 36 respondents), 53% (8 out of 36 respondents) and 20% (3 out of 36 respondents) attained primary, secondary and tertiary education respectively.

The majority of the youth entrepreneurs had no formal technical education. Notably, only 3 participants from the research interviewees had acquired technical know-how on the field that they were involved in leaving the rest as lacking formal technical education but gaining experience from emulating others, being taught by their parents, friends and relatives and also through self motivation. As part of the research objectives, the researcher aimed at assessing the sustainability of the SMEs of the youths. It can be noted that the level of education has a positive correlation with the sustainability of the SMEs since the entrepreneurs who have higher educational training standards had the capacity to grow the business and the ability to sustain

themselves in the face of shocks such as economic meltdown, market failures among other challenges. This supports the definition of sustainable livelihoods which was the basis of analysis in this particular research. However it is a misrepresentation of facts to ignore the recognisable and successful operations of those entrepreneurs who have not attained technical education in their field of operation.

4.2 Socio-economic status of the youth entrepreneurs.

The major aim of the research was to assess the impact of SMEs in promoting sustainable livelihoods for the youths in Bindura. Therefore this theme focuses on the positive contributions of SMEs to the survival or livelihoods of the youth entrepreneurs.

4.2.1 Income

SMEs have emerged to be one of the income generating projects especially for the informally employed youths in Bindura. From the research done in the Durawall industrial area of Bindura town, it was observed that the least average income per month that an SME can get was US\$200 and the highest average income recorded by some SMEs was US\$800. These incomes have gone a long way in enabling the youth entrepreneurs to earn a living and to attain the basic needs to survive the prevailing economic hardships in the country.

From the FGD held respondent A remarked *'hapana hedu mari yakawanda yatirikumbowana kubva mumabasa emaoko aya yakaita sekuti tikangatovaka imba asi kuti tingorojawo mutaundi, topfeka nekudya asi zvinhu zvikuru mari yacho haitokwani.* (We are not really getting a lot of money from our operations such that we could build houses but we are only managing to rent in town, eat and dress ourselves. Respondent B from the survey also elaborated on the benefits that the entrepreneurs get from their operations. The respondent indicated that the income that they would get from their products and services would also be used to acquire more assets especially machines. The respondent reported that they had started their dressmaking business in 2008 with only two sewing machines that were manual but then they have since acquired 8 more machines that are user friendly since they use electricity and increase production within a short period of time. However the respondent alluded to obstacles such as the erratic availability of electricity at any given time owing to the load shadings in Zimbabwe.

Respondent C highlighted that the ability to have moved a child from a local primary school to a boarding school was due to affordability the school fees as a result of the proceeds from the enterprise. According to Chambers and Conway (1992) the term livelihood describes the capabilities, capital (human, social, productive/economic, natural) and activities needed to sustain life. It can therefore be noted that SMEs, as also observed by James-Wilson (2008) contribute to creating self-sustenance to a good number of people around the world. According to one informant from MSMED, given the necessary assistance SMEs can go a long way in bringing about sustainability and stability within Bindura and the nation at large.

4.2.2 Employment creation

The major problem that formed the basis or statement of the problem for this particular research was the issue of unemployment that has fallen upon the youths in Zimbabwe particularly those in Bindura Urban. It was noted that formal employment has not been catering for the large population of the youths and this has necessitated the involvement into self or informal employment whereby the youths start their own small scale business as a group of friends or family members. From the 80 SMEs involved youths entrepreneurs, it was observed that each SME had at least 4 youth employees who might have either started working from the first day of the operations of that particular SME or might have been injected in the long run. This gave an estimate total of 320 jobs with 66.3% being male and 33.7% being female. These variations in gender composition can be attributed to the theory of biology and practicality discussed in the demography of the entrepreneurs as shown in the table below.

Table 2: Employment statistics

SME Activity	Male employees	Female employees	Total
Carpentry	102	20	122
Welding	51	8	59
Hairdressing	4	25	29
Dressmaking	20	27	47
Mechanics	25	4	29
Food services	10	24	34
Total	212	108	320

Source: Raw data (2015)

According to one key informant from Bindura Town Council a total number of 618 SMEs has been registered under the local authority and it therefore meant that 13% of the jobs were occupied by the youths in the Durawall. One can argue that the percentage was relatively low to emphasize the contribution of SMEs in job creation but it still cannot be ignored that having been crippled with a number of operational challenges, SMEs had managed to swallow that number of youths into full time employees. This contribution of these SMEs to the creation of jobs to the unemployed youths in Bindura could not be ignored as it was important in revealing that SMEs had better prospects in as far economic growth was concerned had it not been for the hindrances that they still face.

4.2.3 Labour

From the survey carried out, it was noted that most SMEs are labour intensive in that the owners of the business provide the labour for their business. This was because, to most of them it was not necessary for them to hire outside expertise but instead specialize in their fields of operation and thereby enhancing maximum production yet reducing the expense of employing outside labour. One interviewee remarked that *“mari yekubhadhara umwe mushandi inobvepi, anotovamushandi ndiwe uye ndosaka ndichibata semhuru kana shamwari togadzira zvinhu zvedu mari yatinowana totowana kurarama nekuenderera mberinebasa pane kubhara mushandi”* (where do we get the money to pay for hired labour, instead we are the labourers and it is one reason why we operate as family or friends to make our products, earn from them and produce more rather hiring labour). This is supported by the research findings of scholars such as Abaka and Mayer (1994) who argued that SMEs give the owner the opportunity to maximize profit without necessarily hiring labour and also to bring about sustainability of the SMEs as skilled labour is retained within the business.

Another respondent highlighted that it was an advantage for the entrepreneurs to provide their own labour as this allowed them to exchange entrepreneurship skills as well as creating room for more innovative ideas. This is supported by the research findings of Cok-Hamilton (2014) in role of SMEs in the Caribbean economy which included workforce skills upgrading and innovation and technology changes. As evidenced by interviewee products (plate 4.1 below) and this attributed to the quality of products and skills that he gained from learning from other entrepreneurs who operated in the same premises.

Fig 4.1: Carpentry in the Durawall



Source: Raw Data

4.3.1 Growth and sustainability of the SMEs

The rate of expansion for the SMEs could be elaborated in terms of its number of employees, annual turnover and the asset base. From the survey it was observed that a lot of SMEs have been operating for quite a long period of time which ranged from 4 to 12 years but output had not been tallying with years of operation as expected. One interviewee who was in the carpentry sector reported, following the question on the firm's output over the years, that of course when they started their operation they would earn themselves a living as they would really make profits from their operations but that has since changed with the economic meltdown which has also impacted on their operations and hence incomes are now deteriorating and failing to outmatch the input or capital that would have been injected.

An interviewee in the dressmaking sector reported that income or annual turnover varied from year to year depending on the seasons of those years. Further from January to August the income levels were higher as they supply school uniforms for the new entrants or winter uniforms. Following this, the interviewee said '*kana iyoyo nguva yema uniform yatopfuura totoziva kuti nhamo iya yekungomirira varimi kuti vatenge zvinhu zvedu yatanga*' (if the period of selling uniforms is past, then we know that problem of waiting for farmers to buy our products would have started.)

4.3.2 Sources of raw materials

Out of the 15 interviews carried out, 60% (9 out of 15) of the SMEs sourced raw materials from around Bindura, 26.7% (4 out of 15) from Harare and 13.3% (2 out of 15) from other surrounding areas. Most of these SMEs were into manufacturing business and the LSEs that supplied them included PG, Mashco and Savva. The major arguments put forward by the entrepreneurs concerning the source of raw material was that getting the materials in Bindura was an advantage to them as the transport costs were minimal as compared to sourcing from any other areas. To this end it was discovered that sourcing raw materials locally enhanced their pricing that is they would not over charge their products to cover up for sourcing costs such as transport and hence affordable prices would lure customers. One interviewee emphasized on the issue of time as it was better to get raw materials in Bindura than to spend the whole day traveling to and from Harare. Further their suppliers were large scale and recognized companies which guaranteed them quality products and hence the business would go on.

On the other hand it was observed that despite the availability of quality raw materials in Bindura, not all SMEs could still afford to purchase them because of limited financial resources. Instead one respondent highlighted that *“hongu kana une mari yako unotenga mumashop anenge ana PG nana Mashco asikana zvakatooma kutongotengawo masecond hand but manje anotikangansa paquality yezvinhuzvedu.* (Yes if you have your money you can buy the raw materials from shops like PG and Mashco but if you can't afford you then buy second hand materials which therefore compromises the quality of our products).

4.3.3 Technology

Technology is one of the major modes of production as it increases efficiency and effectiveness. Most SMEs in the Durawall mainly focused on manufacturing for example steelworks, carpentry and clothing just to mention a few. From the FGD it was noted that the business operators acknowledged that improved technology goes a long way in increasing their production had it been made easily accessible for them. An example pointed out by one respondent was that there was the Common Facility Centre under the MSMED which was located along the Trojan mine road (about 17km from the Durawall premises). According to one key informant from the

MSMED, the ministry had assisted the SMEs by providing machines in the field of carpentry, joinery and fabrication at the Common Facility Center which was intended to benefit both the ministry and the SMEs in the sense that SMEs get the services and the ministry gets money from the service charges. The facility center had sophisticated machinery that was donated by India to Zimbabwe in a bid to help the SMEs. The issue was that of cause technology was there but the SMEs did not have the capacity to transport their raw materials to the Common facility centre and back to the operating premises as it was actually expensive for them. To that end they would resort to their manual, labour intensive machines and produce what they can within the same period of time that they were supposed to go to the facility centre.

Despite the issue of the Common Facility Centre, one interview highlighted that improved technology is readily available in the shops but the entrepreneurs cannot afford to buy them. He gave an example of BOSCH welding products such as metal grinders which are of high quality and easy to use but very expensive for small scale operators like the SMEs, they could not afford to purchase them since they do not have the money. This meant that production for these SMEs remained constant because of the limited access to improved technology

4.4 Challenges faced by the SMEs

The study managed to expose various challenges that SMEs were facing during their operations. It was an issue of concerns by the youth entrepreneurs that if these challenges were to be addressed it would go a long way in smoothening their operations and hence guarantee them growth and sustainability.

4.4.1 Registration or operating license.

Before any operations, it was observed that the SMEs were mandated to register with the local authority which in this particular research was Bindura Town Council. However from the FGD and interviews held it was noted that the youths were facing challenges in registering with council so as to get an operating license. This was so because Council charged a fee which the entrepreneurs perceive to be very high considering the low returns that they were getting from their businesses due to the prevailing economic turbulence.

According to one key informant from Bindura town council, the other challenge was that the registration procedure has been deemed longer as the SMEs needed to register with MSMED which would then notify the Council which would then offer the operating license to the entrepreneurs upon payment of US\$128. This made it possible for the entrepreneurs to opt for the shorter way which was to simply start their business and operate without registering anywhere. Following on the question on what the local authority has been doing to assist the operation of SMEs, interviewee 4 remarked that *“instead of council to assist us in our operation, it actually wants money from us, where do I get US\$128 when it’s almost half of my monthly profits , I can’t afford. After all these premises are ours, we built them on our own and Durawall is a home industry so why should we pay to council for an operating license.”*

It can be noted that the challenge of obtaining an operating license has in actual fact deterred the growth of the informal sector yet it plays a crucial role in bringing about economic growth and improves the livelihoods of the local people. The local authority could possibly restructure its licensing protocol and try to accommodate the SMEs considering the returns that they get from their businesses.

4.4.2 Financial input

Finance forms the backbone for any fruitful business whether small scale or large scale business. The unavailability or lack of sufficient financial base has hindered the growth and operations of SMEs in Bindura Urban. The youths in the area who have been swallowed by the informal sector as a livelihood pathway have been lagging behind full operation due to financial constraints.

To begin with, there was the issue of capital that was raised by the respondents from the FGD. The major complaint that was put forward by the youth entrepreneurs was that lack of capital was really depriving them of their operations. One respondent who was into carpentry highlighted that they needed startup capital to purchase quality raw materials which would also entail quality products which would compete with other large scale business such as TN and Colorsales. The respondent pointed out that the entrepreneurs end up just taking the locally available cheap raw material so that they just make products that they would sale so as to earn a living but the disadvantage would be that the prices for those products would also be cheap

hence low returns. From this challenge it therefore means that the element of growth and sustainability is undermined as the entrepreneurs tend to operate on a “hand to mouth” or subsistence form of a business.

Another financial constraint was in the inaccessibility of loans that is from banks, SEDCO and even the government directly. Following the interview question on the accessibility of loans, it was received from interviewee 6 that the major reason behind the failure of the entrepreneurs to access loans was the issue of failure to meet the loan requirements. Notably that the entrepreneurs do not have the collateral security which is the major requirement by both SEDCO and the banks. This meant that in the event of failure to repay the loan one had to guarantee the loan givers collateral security most in the form of assets that have equivalent value to the loan that would have been taken. On the part of SEDCO, the entrepreneurs highlighted that the issue of a bankable business plan make loans inaccessible this is so because they argued that the income that they get from their operations are better used from the pocket than to bank them because they are too little to even cover for the bank charges or service maintenance. According to UNCTAD (2001) SMEs are regarded by creditors and investors as high-risk borrowers due to insufficient assets, low capitalization, vulnerability to market fluctuations and high mortality rate. Thus, the requirements by SEDCO remains a challenge for most of the youth entrepreneurs to meet hence they remain operating at small scale which they can afford.

Adding on the challenges encountered when trying to access loans, when the researcher sought to know what the government had done to assist the operations of the SMEs, the response by one of the respondents was “*aaaaaaa amai rubatsiro rwakambouya asi rwaipiwa vanhu vaiita zvemusangano, saka isu taibva tanzi muri veMDC saka pakadaro taiwana sei rubatsiro rwacho.*”(Indeed the government offered assistance but the allocation criteria was partisan yet we were alleged to be supporters of the MDC political party hence we could not benefit from the assistance). It was further highlighted that indeed the government can offer funds to us for example through the Kurera Youths Fund which came through the Ministry of youths but the problem arose when the funding protocol fails to accommodate the targeted beneficiaries which are the youths. The funding tends to benefit the elite thereby undermining the right for the youths to start or grow in their own business.

4.4.3 Competition

Any business is bound to face competition especially when it comes to the selling of finished products. The major competitors that were indicated by most SMEs were the LSE, other SMEs and the importers of finished goods from neighboring countries such as South Africa, Botswana and Zambia.

One interviewee in the dressmaking sector remarked *“tinotokuvara nevamwe vedu vakungobvawo kumba vosvika vosona zvimasuit zvavo wozviti kana \$6 ini ndichiiti \$15 manje customer inobva yangoendaka kwe\$6 ikoko* (we are disadvantaged by some entrepreneurs who are not skilled who can produce suits and price them at \$6 yet I produce the same suit and price it at \$15 and eventually the customers opt for the \$6 one). To this end it was noted that despite the entrepreneurs effort to produce quality products they face competition from their counter producers who produce poor quality products and price them cheaply yet that forces the quality producers to lower their prices too so as to lure customers. Another interviewee complained that crossboarders are also competitors as they import cheap and poor quality finished products and snatch their customers. The remark was *“zvakafricanan nemazuva ano emacrossboarder anoenda kunotenga hembe dzakacheapa kunana Zambia uko,anouya nesuit isina kupenderwa yotonzi \$20 ini yangu yakasonwa zvakakwana yonzi \$30 inotengwa nani?*(it is just like these days when crossboarders are going to countries such as Zambia to get cheap stuff, they bring suits without hemming and sell them at \$20 yet mine, a completed suit will be going for \$30,who will buy it?). This was a challenge in that it meant the prices of the SMEs were had to be somewhat uniform despite the differences in the quality and yet sources and costs of raw materials differ.

4.4.4 Infrastructure

Infrastructure can be referred to as the fundamental facilities and systems serving a country, city or area, such as transport, communication, power plants, water and sanitation. According to Bowen et al (2009) infrastructure, as it relates to the provision of access roads, adequate power, water, and sewerage and telecommunication services poses a serious challenge to small businesses. From the survey, it was denoted that inadequate infrastructure was one of the major operational challenges that hindered the growth and sustainability of SMEs. More specifically the youth entrepreneurs highlighted that electricity or power shortages had been negatively impacted on the production of most SMEs as most of their machines largely depend on

electricity. Responded 6 in the FGD remarked “*tatambudzika nenhau yemagetsi iyi, nzvimbo yekuti tishande 12 hours pazuva tinokwanisa kungoshanda 6 hours chete chikonzero iri nhau yekuti magetsi acho kunenge kusina* (we are really facing challenges because of the unavailability of electricity, instead of us working for 12 hours a day we are only managing to work for 6 hours because there will be no electricity).

It was evident that the operating premises for the enterprises indeed needed to be improved so as to create a conducive operating environment. It was noted that the Durawall premises had about 102 stands but the registered SMEs who were operating their amounted to 152 and this automatically meant that some SMEs were actually sharing a stand. This became a challenge as the total number of SMEs far exceeded the carrying capacity of the premises and hence there was a great need for more operating premises for the SMEs. According to the entrepreneurs, there was need for the responsible authority that is town council to make efforts to improve the infrastructure in the Durawall since it collects money from them through rates and operating licenses.

4.5 Chapter summary

The chapter has elaborated on the impact of SMEs on the lives of the youths. The major factor pointed out was that SMEs have contributed in terms of finance, labour, skill exchange and employment creation. Factors associated with the growth and sustainability of SMEs were also presented and analyzed. On the last note, the chapter focused on the challenges that militate against the growth and operations of SMEs. The following chapter seeks to summarize, conclude and suggest possible recommendations to the challenges identified.

Chapter 5

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction.

The general aim of the research was to assess the impact of SMEs in promoting sustainable livelihoods for the youths in Bindura Urban. It was observed that indeed SMEs have a notable contribution in bringing about sustainable livelihoods but however a number of challenges were identified that hinder the growth and operations of these SMEs. This chapter focuses on presenting the summary and conclusions of the research. The commendations that can go a long way in smoothening and enhancing sustainability of the SMEs in developing economies which Zimbabwe is part of particularly focusing on Bindura Urban.

5.2 Summary

The research was carried out in Bindura urban particularly in the Durawall industrial site. Eight SMEs (10% of the 80 SMES that had youths as entrepreneurs) were surveyed for the assessment of the impact or contribution of SMEs in promoting sustainable livelihoods for the youths.

It was observed that the SME activities in Bindura Urban varied from manufacturing to services. Manufacturing activities included carpentry, steelworks dressmaking while services included mechanics and hairdressing. It was learnt from the survey that indeed SMEs played a crucial role in improving the livelihoods of the youths in Bindura as some notable life achievements that fall within the framework of “sustainable livelihoods” were indicated by the entrepreneurs who solely depended on SMEs as a livelihood pathway. These achievements included monthly incomes that would go a long way in enhancing subsistence living for the youths and their families, friends and relatives, employment to a total number of 320 youths in Bindura specifically in the Durawall, cheap and readily available labour and also skill transfer that enhances the human capital hence a basic ingredient for economic development.

It was brought to light that SMEs had quite a number of stumbling blocks in their operation and these staggered the growth and sustainability of the SMEs. Among the identified militating factors were unaffordability and inaccessibility of improved technology to better the operations and enhance productivity, the inaccessibility of financial input from banks, SEDCO and even the government itself, competition from LSEs and cross borders, poor infrastructure at operating

premises, unaffordability of operating licenses leading to illegal operations hence minimal production and above all the general lack of adequate support from the local authority.

5.2 Conclusions

The study concludes that SMEs indeed contribute at large in promoting sustainable livelihoods for the youths in Bindura urban. This is so because of the benefits and prospects that come along with engagement of youths into SME activities. From the interviews and FGD held, most entrepreneurs acknowledged that they were surviving their day to day lives from their small scale business. They have managed to acquire the basic needs of their lives that the ILO (1976) have defined as food, clothing, housing, education and public transport. This is in support of the key research area and in agreement with the definition of sustainable livelihoods as propounded by Chambers & Conway, 1992. They have described livelihoods as the capabilities, capital (human, social, productive/economic, natural) and activities needed to sustain life.

There are various factors such as technology, raw materials and capital that are necessary for the development of the SMEs. Some of these are inadequate for the SMEs in Bindura. There is a great need for the provision of such necessities to ensure the growth and sustainability of operations for the SMEs. Finally, the research identified various challenges that were hindering maximum and productive operation of the SMEs in the area under study. These included, among others, the poor infrastructure at the operating premises, the inaccessibility of financial input and the bottlenecks in the registration and acquisition of operating licenses.

5.3 Recommendations

The successful operations, growth and sustainability of SMEs in Bindura urban require a number of strategies to guarantee that success. This section pays attention to the possible recommendations that can be implemented to deal with challenges head-on and ensure a smooth operation of SMEs and promote growth. These recommendations could also go a long way in mainstreaming SMEs into the national economy and hence ensuring economic stability at large.

- **Financial input**

The government of Zimbabwe must strive to provide security to the SMEs so that they can access the loans. On the part of SEDCO the loan requirements can be restructured and be made

favorable for SMEs taking into consideration specifically the actual incomes that the SMEs get maybe on a monthly basis.

- **Infrastructure**

It could be of paramount importance for the establishment of a dual linkage between the MSMED and the SMEs whereby the ministry tries to relocate the Common Facility Centre to an area that is in proximity to the Durawall so that the entrepreneurs can even carry their raw materials to and from their operating premises without necessarily needing transport. On the part of the ministry it can then be able to earn from the service charges and benefit as well.

In terms of electricity, the government of Zimbabwe must strive to source and donate generators or the installation of solar panels. The SMEs representative institutions such as town council and the MSMED could liaise with ZESA to, by any possible means, adjust its load shedding timetable to accommodate the operating hours of the SMEs as this might enable the SMEs to fully operate and hence increase productivity thus fostering growth of the SMEs.

On the part of the responsible authority that is the Bindura Town Council, it can make use of the peripheral unoccupied land to create more operating space SMEs and relocate them there. It also has to establish an effective waste management system that will be responsible for the environmental friendly waste disposing since the operating space is overcrowded.

- **Registration and operating license**

It could be more prudent of the responsible authority to make the registration procedure free of charge as well as the operating license and then engage the SMEs to ZIMRA through a meek and transparent manner so as to curb the challenge of registration.

- **Competition**

The ideal strategy that can be implemented to cartel this challenge is to expand the market share of the SMEs and reduce the overreliance on local markets as they are the major source of the unwanted competition.

5.4 Chapter summary

The chapter summarized the research findings as they were, also presented the researchers conclusion referring back to major aim and objectives of the study. Possible recommendations were put forward which can be implemented and can foster the development of the SMEs not only in Bindura but also in Zimbabwe and other developing economies.

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APPENDICES

APPENDIX 1: IN-DEPTH INTERVIEW GUIDE FOR THE ENTREPRENEURS

1. What level of education have you reached?
2. Where did you get the training related to the business activity that you are involved in?
3. For how long have you been operating?
4. What is your firm involved in?
5. Where do you source your raw materials?
6. How do you access the raw materials?
7. Has there been an increase in your firm's output over the years and how has this been achievable
8. Has your firm expanded (i.e. employees and capital base) over the years and why?
9. What is your average income per month specifically from this business?
10. Who are your competitors in the business (if you have any) and how do you succumb the competition?
11. Do you have access to new technology and how has this affected the development of your business?
12. Has your business helped in your life and do you have any tangible achievements?
13. Has financial input from the government, banks or SEDCO been accessible?
14. Do you get any assistance from the government?
15. If yes, what type of assistance do you get if not, what do you expect from the government?
16. How is the local government or council assisting in your operations?
17. What are the main problems you are facing in your operations?
18. What can be done to overcome these problems you just mentioned?

THANK YOU FOR YOUR COOPERATION

APPENDIX 2: TOPIC GUIDE FOR THE FOCUS GROUP DISCUSSION

1. How have SMEs changed your lives for the better?
2. What assistance do you get from the town council to improve your operations in Bindura?
3. Is it easy to register with the town council when you want to operate a business?
4. Has the government assisted you in your operations?
5. What sort of assistance do you expect to get from the government and town council?
6. What are the main hindrances in your operations?
7. What can be done to improve your operations?

THANK YOU FOR YOUR COOPERATION

APPENDIX 3: INTERVIEW GUIDE FOR THE TOWN COUNCIL AUTHORITIES

1. Approximately how many SMEs are registered with your council?
2. How can one register if they want to operate their SMEs?
3. What has been done to encourage the operations of SMEs in Bindura town?
4. How does the council benefit from the operations of SMEs?
5. How is the council assisting SMEs in their operations?
6. How do people particularly the youths in Bindura benefit from the activities of SMEs?
7. How have SMEs contributed in improving the livelihoods for the youths in Bindura?
8. What can be done to assist the operations of SMEs in Bindura?

THANK YOU FOR YOUR COOPERATION

APPENDIX 4: INTERVIEW GUIDE FOR SEDCO

1. How does your organization define a Small and Medium Scale Enterprise (SME)?
2. What are the requirements for SMEs to get loans?
3. What are the reasons for the failure of some SMEs to access loans
4. What have you done to assist the operations of SMEs in Bindura?
5. What do you think can be done to assist the youths engaging in SMEs in order to promote growth and sustainability?
6. Do you think SMEs can promote sustainable livelihoods for youths in small urban centers like Bindura?

THANK YOU FOR YOUR COOPERATION

APPENDIX 4: INTERVIEW GUIDE FOR MSMED

1. What is your role in SME development in places like Bindura?
2. How has your ministry assisted in the development of SMEs in small urban areas like Bindura?
3. Do SMEs have any impacts in improving the livelihoods of the youths in Bindura?
4. How can SMEs contribute meaningfully to sustainable development in urban areas like Bindura?
5. How can SMEs be integrated in the main stream economy?
6. How can the activities of SMEs be encouraged in small urban centers like Bindura?

THANK YOU FOR COOPERATION