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MANAGEMENT SKILLS AND PERFOMAMNCE OF SMALL- SCALE ENTERPRISES IN MANICALAND AGRICULTURAL SHOWGROUNDS IN MUTARE, ZIMBABWE

BY

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A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF EXECUTIVE MASTER OF BUSINESS ADMINISTRATION IN THE COLLEGE OF BUSINESS, PEACE, LEADERSHIP AND GOVERNANCE
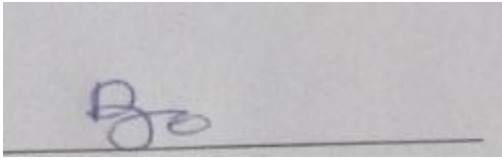
2020

Abstract

Most people have recognised the importance and significance of Small and Medium Enterprises (SMEs) leading to appreciation of entrepreneurship in economic development. This study sought to identify crucial business management skills that help SME's to survive by evaluating that correlation between business management skills and performance of SME's. In this study, 44 owner or managers of small- scale enterprises were used as research respondents out of 50 manufacturing owners or managers. The manufacturing SME's selected were welders, carpenters, and steel fabricators. Explorative design employed for this study. Semi-structured questionnaires were used as research instruments to collect data through face to face interviews. Qualitative data collection used through observations and closed questions. The study showed that there is a strong positive relationship between bookkeeping, marketing skill, planning skill and performance of SME's as the correlation obtained for the multiple regression was 0.71 and 50% of change in performance was explained by business management skills. The findings further revealed a strong positive significant relationship between demographic features of education and experience with performance of owner or manager. From the findings it can be concluded that education and experience have influence over individual performance. Results of the study are useful tool for policy makers such as ZIMRA and Ministry of Women Community Small and Medium Enterprises Development, business financial support institutions, and business stakeholders, government policy agencies in underlining a new way to consider future growth. Again, supporting entrepreneurs does not require education support systems only since they are other factors that influence performance, but it requires other supporting activities that helps organisations to run efficiently since 50% of change in performance is explained by other factors. Suggested area of further studies could be extended by focusing the research on relationship between entrepreneur characteristic and performance of SME's and effect of vocational training and practical short course on entrepreneurial attitude, factors affecting source of finance for manufacturing SME's as well as success of manufacturing SME's

Key Words: entrepreneurship, business management skills, performance, small business management, SME's

Declaration

I declare that this dissertation is my original work except where sources have been cited and acknowledged. The work has never been submitted, nor will it ever be submitted to another university for the award of a degree.

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Acknowledgement

Dedication

This dissertation is dedicated to my husband Simon Zonge for the love and unwavering support you gave me during my studies. Most importantly, the Lord Almighty, who strengthened me to get to this achievement

List of Acronyms and Abbreviations

SMEs   Small and Medium Enterprises

RBZ   Reserve Bank of Zimbabwe

GoZ   Government of Zimbabwe

GDP   Gross Domestic Product

MoSMED   Ministry of Small and Medium Enterprise

                        Development

SMEDCO   Small and Medium Enterprise Development

                        Corporation

ZIMRA   Zimbabwe Revenue Authority

Definition of Key Terms

Entrepreneurship: is the resource and process whereby individuals utilize opportunities in the market through the creation of new business firms.

Performance: is the ability of the organisation to meet organisational goals

Management skills are specialised technical knowledge that entrepreneurs should possess to perform their roles and these skills are acquired through learning and experience.

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CHAPTER 1 INTRODUCTION

1.1 Introduction

Small and Medium Enterprises (SMEs) have not been spared from the unprecedented challenges due to changing business political and economic environment. Globalisation has led to increase in competition, especially to SMEs in the host country. Karedza, Nyamazana & Makurumidze (2014) concluded that SMEs firms need to transform their mind set in order to succeed and graduate to becoming large corporations. Agbim (2013) realised that entrepreneurial success is associated with skills for planning and budgeting for market strategies that provide attractive range of products, skills to react quickly to environmental changes; skills to solve sales problems in order to maintain good customer relationships; skills to focus on product quality and to attract large market share and management expertise skills to attract competent employees. He noted that business management skills are significant to business success.

Many researchers have concluded that SMEs are an enzyme that enable the development of the economy (Gumel 2017& Sembiring 2016). SMEs play an integral role in the development of the economy especially in the developing countries (Halabi & Lussier 2014). They promote economic growth and increase country's competitiveness and wealth (Franco & Haase 2010). SMEs contribute to the developing of the economy through creation of employment, offering innovative products and services (entrepreneurship), enhance international trade by diversifying (Doen, 2011). Small businesses are further regarded as a backbone of the economy that stimulates recovery in the wake of recession (Simpson et al 2012).

1.2 Background of the Study

Ayyagari, Demirguc-Kunt, & Maksimovic (2011) estimated that 95% of the businesses are SMEs and contributing up to 60% of employment in private sector of the economy. According to Organisation for Economic Cooperation and Development (2017), in the member countries, SME's account for 63% of the total employment. Many authors have appreciated the contribution of SME's in different countries Amin & Sharif (2015) and Amin, Thurasamy, Aldakhil, & Kaswuri (2017) employment and over 50% of GDP in the economy. In Taiwan, 98% of firms are SMEs, contributing 76.9% to employment and 38% to GDP. In Thailand 99.6% of firms are SMEs, contributing, 69% to employment and 38.9% to the GDP. In Germany 99.7% of the total firm establishment are SMEs, contributing, 79% to employment and 49% to the GDP. Similarly, in China, 99%, of firms are SMEs, contributing to the tune of 75% to employment and 60% to GDP. In the Philippines, 99.6% of the total firms are SMEs, contributing 70% to employment and 32% to the GDP. In Finland, 99.8% of the enterprises are SMEs and contributing 64.4% of the employment. In Japan, SMEs account for 99.7% of all enterprises in the country and contributing 70% to employment, and more than 50% of all added value of manufacturing industry.

In Africa, 90% of the business operate as SMEs and offer more than 50% of employment as well as contributing 50% of the GDP, for example, the SMEs sector in South Africa comprises of 55% employment along with 22% of GDP, in Kenya SMEs contribute 18% of national GDP, while in Morocco the SMEs sector accounts for 93% of the industrial firms and 46% employment (Tinarwo, 2016).

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Zimbabwe as one of developing country in Africa cannot be spared from contribution of SME's to the economy, as SME's employ more than 60% of the country's work force and contribute about 50% of the country's GDP (Strassburg & Khumalo., 2012). SME's are known for their role in creating employment, breeding entrepreneurs, making new products and services available to consumers, contributing significantly to Gross Domestic Product (GDP) (Makate, 2014). Many authors have appreciated the importance of small- scale business in Zimbabwe. Nyoni & Bonga (2018) identified that SMEs occupy a central position in solving socio – economic problems such as unemployment and poverty, especially in developing countries, thus entrepreneurship has become source of livelihood in Zimbabwe. SME's have become a refuge where the majority Zimbabweans have found their means of survival (Nyathi, Nyoni, Nyoni & Bonga, 2017).

In Zimbabwe SMEs are indeed a means to many family survivals due to high levels of unemployment and continuous closure of companies as economic conditions continue to deteriorate (Mugozhi & Hlabiso, 2017). According to FinScope (2012) SME survey cited by the Reserve Bank of Zimbabwe [RBZ] (2014) SME sector has 2.8 million entrepreneurs of various sizes and employs 2.9 million people. Moreover, small scale business has been recognised as a feeder service to large- scale industries (Fabayo, 2009).

The Government of Zimbabwe has been making efforts to support the development of small business through the Ministry of Small to Medium Enterprise (MSME). In addition to the support by the government agencies, the private institution has also participated as the support system of small businesses through financial support, training and development, technological support, and market development services. The Zimbabwe Agenda for Sustainable Social and Economic Development

(ZIMASSET) was launched in 2013 with a view to drive economic development anchored to a larger extent on the growth of SMEs and beneficiation of local resources (Tinarwo, 2016) Public support systems are largely funded through budgetary allocation and donor funding. The table below summarises some of the support systems and infrastructure set up for SME sector.

Table 1.1 SME Support Systems.

Name	Service provided	Nature of institution
Ministry of Small and Medium Enterprise Cooperative Development	Policy formulation, facilitating linkages SME and LSE's skills and management training	Public
Small and Medium Enterprise Development Corporation	Skills and management training, credit and market information	Public
Confederation of Zimbabwean Industry (CZI)	Financial information and advocacy.	Association
Zimbabwe Trade	Trade promotion and development and training	Public
Indigenous Women's Organisation	Financial support information	NGO

Zimbabwe National Chamber of Commerce (ZNCC)	Market information and training.	Association
Zimbabwe Youth Council	Skills and management training information.	Private
EMPRETEC	Training	NGO
Zimbabwe Economic Policy and Research Analysis (ZEPARU)	Research	Public
National Chamber of SME	Representing SMEs	Association
SME Association of Zimbabwe	Market access information, training and representing SME's	NGO
Netherlands Development Organisation (SNV)	Research	Association
Zimbabwe Association of Microfinance	Advocacy research.	

Table 1.1: (Strassburg,2012, p.45)

Some authors have identified significance of business management skills to performance. Lekhanya (2016) opined that management skills considered to play a role in determining the growth of the small business. He identified management skills factors which are financial management skills and marketing management skills. Marketing is a very critical component for any business to survive, given the

harsh economic Zimbabwe climate (Kotler & Armstrong, 2010). According to Sithole, Sithole & Chirima (2018) sustainable businesses are the ones that employ decisive marketing strategies. It is universally accepted that efficient management is crucial for the success of any organisation (Nyoni & Bonga, 2018). The primary aim of bookkeeping is to offer financial information for decision making Karunananda & Jayamaha (2011), Bruce (2011) and Prihatni, Zulaihati &, Noviarini (2012).

City of Mutare is situated to the east coast near Mozambique Beira Development Corridor. The manufacturing sector in the city is characterised by a few large-scale enterprises mainly engaged in commercial timber production and a broader base of SME's. There are many small- scale business at Manicaland Showgrounds these includes tuckshop retailers, pre-schools, welders, steel and metal fabricators, furniture manufacturer, hardware retailers and food outlets. The furniture manufacturers dominating the largest population out of 87 business there are 40 furniture manufacturers, 7 welders and 3 steel fabricators. These small-scale businesses have played a great role in the business community, especially timber value addition and manufacturing SME's since there are the suppliers for furniture shops in Mutare.

Due to the melt down of the economy unemployment has skyrocketed (Mugozhi & Hlabiso, 2017). In Mutare just like in any other cities in Zimbabwe. As a result. residents find their best way of surviving through engaging in some one form of entrepreneurial activity or other. Of interest is the furniture manufacturing entrepreneurs at the Manicaland Agricultural Showgrounds. According to the Manicaland Agricultural Showgrounds Association database, the number of are manufacturing small business has been increasing in 2017 the number of

manufacturing small business increases by 23 new business, in 2018 they were 5 new business and in 2019 the new business were 9.

Looking at the Manicaland Agricultural Showgrounds activities there is much value addition to the product of timber, thereby leading to beneficiation. Timber is extracted from the forests and brought there by entrepreneurs who further process the wood into furniture and then aid some paint and spray to make it a finished attractive product with more value. Then the finished product can be sold outside the country in order to get foreign currency hence lead to creation of wealth in the economy and thereby economic development. It is against this background that SMEs has become of paramount to the economy. However, despite this thriving industry, there have been many dynamics in the industry with a lot of premature exists and shutdowns. Not many of these timber manufacturers have survived to become large enterprises. Many have remained characteristically small operating at subsistence level and growing very slowly

1.3 Problem Statement

Slow growth, premature exit and downsizing of small business has characterized many SMES. Small business started each year but there is large number of small business shuts down for various reasons (Karanja et al, 2013). They went on to propagate that small business face challenges in marketing, finance, accounting and management of people. Krajcovicova (2012) and Fatoki (2014) revealed that 75% of these SMEs fail within the first two years of operation. They agreed that the two authors were consistent that the main cause of high failure rate due to lack of managerial competencies among most entrepreneurs. Although the government of Zimbabwe has made efforts to enhance capacity of SME's most of them have fall of

expectations (Nyoni & Bonga (2018). According to the Chairman Manicaland Agricultural Show Society manufacturing SME's at Agricultural Showgrounds are increasingly in number however, they have remained the same and some of them not being able to pay rent to the Agricultural Show Society for the space they use.

This research seeks to understand the key talk about business management skills for SME's to succeed with focus on the possession or lack of these shills impacts business performance. The focus is on:

• Skills they possess

• Skills they lack.

• Support systems they need.

• To ascertain whether management skill, record keeping skill and marketing skill has impact on SME's performance

1.4 Research Objectives

The purpose of this study is to identify business management skills that lead to success of Entrepreneurs by evaluating that core relation between business management skills and performance of SME's

The specific objectives are:

1. Identifying the effects of education and experience on the performance of Small and Medium Enterprises as derived from the human capital theory.

2. Determining the relationship between marketing skills and performance of Small Medium Enterprises as pointed out by Sidek (2014).

3. Examining the relationship between planning and performance of Small and Medium Enterprises as emphasised by Yazeed & Rangim (2014).

4. Evaluating the relationship between record keeping skills and performance of Small and Medium Enterprises and this is according to (Muhyi, 2017).

5. Exploring challenges faced by Small and Medium Enterprises in acquiring skills (Karanja et al, 2013).

1.5 Research Questions

The research questions seek to answer the following questions:

1   What is the effect of education and experience of owner on the performance of Small and Medium Enterprises or managers?

2   What is the relationship between marketing skills and performance of Small Medium Enterprises?

3   What is the relationship between planning and performance of Small and Medium Enterprises?

4   How strong is the relationship between record keeping skills and performance of Small and Medium Enterprises?

5   Why Small and Medium Enterprises not acquiring business management skills?

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1.6 Hypothesis

H0: There is relationship between business management skills and performance of SME's.

H1: There is no relationship between business management skills and performance of SME.

The researcher has taken into consideration the following assumptions. The researcher assumes that business management skills is an independent variable that influences performance and holding constantly other factors that influences performance of SMEs.

1.7 Significance of the Study

To the SMEs

The study assists enterprises to improve management of the business. SMEs owner understands the necessary skills so that theyarre able to have an enterprise that perform well.

To Ministry of Women Community Small and Medium Enterprises Development

The research is needed by the ministry to make policies that suit SME's after finding that correlation between business management skills and performance of small- scale business. Upon seeking authority to conduct this research the ministry has requested that the research must be shared to the authorities.

To Africa University

The university is encouraged to do corporate social responsibility through holding some seminars with entrepreneurs for management training. Also, the study is significant as it expands the frontier of knowledge and becomes an educational material resource which is going to be used by other researchers in as far as bookkeeping of Mutare SMEs is concerned.

1.8 Delimitation of the Study

The study is confined itself in Mutare specifically focusing on SMEs in manufacturing industry. Taking Manicaland Agricultural Showgrounds manufacturing small businesses thus, made it possible to generalise the findings to all SMEs in Mutare. Other researches have been done relating failures to bookkeeping and lack of funding but there is no research has been done relating business management skills to failure of small business in different places of Zimbabwe, but this research will close the gap that has been left.

1.9 Limitation of the study

The use of sample might not make it possible to generalise the findings to the different sectors in which SME's operate and it might not be fair to generalise results to other geographical areas since owners and managers may have unique skills in the way they operate their business, different level of education and experience.

1.10 Summary

The chapter had pinpointed the need for the research by elaborating the problem, aim of the study and its relevance to interested parties. Then the area covered by the study was explained to make sure the topic is a researchable area which can be surveyed

CHAPTER 2 REVIEW OF RELATED LITERATURE

2.1 Introduction

In this chapter the empirical evidence and theoretical framework about the related study is going to be reviewed. Business management skills and performance of small- scale enterprises become a cause for concern at national level and global level therefore it is of paramount importance to look at different authors view about business management skills of SMEs in order to test the applicability of the literature in current scenario. Forth & Bryson (2018) pinpointed that returns are most apparent to SME's that invest in human resource management. Again, Peng et al affirm the important of management practices for productivity. The researcher wants to know the extent of business management skills and performance of SMEs in other countries. This was made possible through fully documenting of journal, books, articles and newspapers.

After examining the available literature, it become easier for the researcher to select the right research methodology thereby, focusing on the existing problem and then prove or deduce the theory. This helps to broaden the knowledge base of the research topic and in the end as well as enable contextualisation of the results and findings on completion of the research.

2. 2 Theoretical Framework

This section gives an overview of theories fundamental to entrepreneurship since business management skills fall under concept of entrepreneurship. Simpeh (2011)

identified entrepreneurship theories amongst them the researcher put interest on human capital entrepreneurship theory. Theories of interest were the two management theories: Iceberg theory and contingency theory.

2.2.1 Human Capital Theory

This theory was put forward by Schultz in 1961 and was further developed to date as evidenced by the sustainable livelihood approach theory, which also emphasizes on acquiring human assets. The theory is concerned with two factors education and experience. Human capital theory states that the more an individual progress with education the more skilled or competent one becomes. According to the sustainable livelihood approach, an individual should acquire human capital (education) to move away from the poverty datum line.

The theory pinpoints that knowledge, competences and skills are form of human capital. There is a substitution effect of human capital that is higher human capital means higher performance and low human capital means low performance. Masese & Dabale (2014) agree that entrepreneurship education has influence on beliefs, attitudes and intentions on entrepreneurship. Nevertheless, human capital cannot be transferred from one person to another.

Education factor has not always contributed to success of entrepreneurs because some entrepreneurs are not educated but continue to find their way out to success through experience in the industry. Although education is not always a success factor it is of paramount importance to enhance technical skill of financial accounting innovative and marketing skill.

2.2.3 Contingency theory

According to Islam & Hu (2012), contingency theory postulates that organisational solutions are comes after a fit or match between two or more factors. Because the best way if organising depends on the nature if environment in which the organisation in which it operates. Contingency theory eluded that when managers make decisions, they must consider the current situation and act on those aspects that are key to the situation. Thus, owners-managers should adapt to changes and take advantage of the changes in technology in orderto meet customer taste and preferences in order to perform well.

Contingency theory apply to small and medium enterprise since the owner is usually the manager. The manager should be able to study the environment and then make practical solutions to problems demanding solutions. With the current economic challenge of exchange rate fluctuation managers should change the plans in accordance to the situation for example there is need to review prices, and wages that meet the current period.

2.3 Relevance of Theoretical Framework to the study

The theoretical framework was useful to come up with the conceptual framework where the objectives were derived from. From the theoretical framework the dependent and independent variables were selected as shown in the figure below.

Figure. 2.1 Conceptual framework.

| Education and experience (Human capital theory) | → | Management skills
1. marketing skill (Sidek, 2014)
2. recordkeeping skilll (Muhyi, 2017).
3. Management skils (Yazeed & Rangim, 2014) | → | Performance
1. Customer satisfaction
2. Profitability
3. Turnover |

Source: Adopted from Schultz in 1961, Muhyi (2017), Yazeed & Rangim (2014) & Sidek (2014)

In Figure 2.1 above it is assumed that business management skills (recordkeeping skill, marketing skill and management skills are independent variables and the dependent variables can be denoted by either turnover, profitability or customer satisfaction is influenced by the independent variables. Performance is influenced by business management skill.

2.4 Management of small- scale enterprises

Management of small business cannot be discussed without including four managerial functions (Madya, 2015). According to Smit et al there are main four management functions which are planning, organizing, leading, and controlling. The fundamental model of managerial functions is depicted below.

Fig 2. 3: Fundamental management functions model
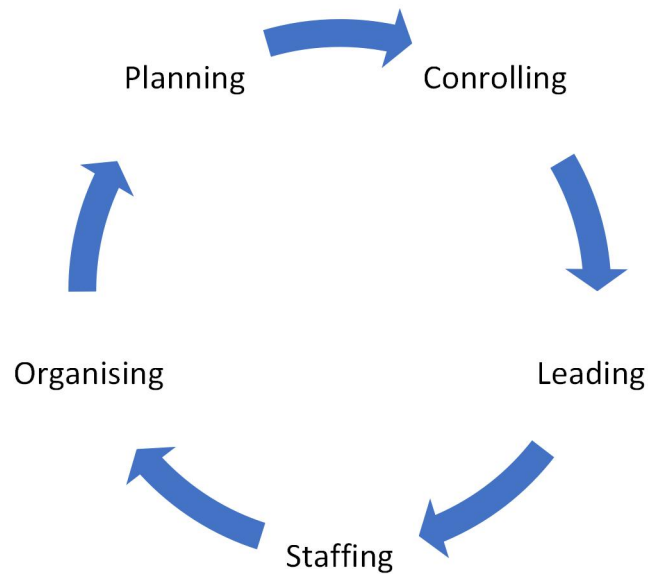
Source: (Madya 2015, p.68)

Thus, management is a process (not an event) of planning, controlling, organising, leading and staffing. Aquinas (2013) alluded that Henri Fayol (the father of management) proposed that all managers are required to perform five management functions in order to execute their day-to-day activities: planning, organizing, commanding, leading and controlling. Smit, Cronje, Brevis, T & Vrba 2011), describe management as, "the process of planning, organizing, leading, and controlling the scarce resources of the organization to achieve the organization's mission and goals as productively as possible". This definition touches on the four functions of management as spelt out by Fayol (1949), which are still being followed to date. Smit et al. (2011) clarify that these functions seemingly follow a sequential pattern, but however, they happen simultaneously. The four critical frameworks of management rest on planning, organising, leading and control, (Smit et al, 2011). These are discussed below.

2.4.1 Planning

Planning is the process that involves defining the organization's objectives or goals, establishing an overall strategy for achieving those goals, and developing a comprehensive hierarchy of plans to integrate and coordinate activities (Aquinas, 2013) . Planning has got an implication to deliberate strategies thus strategy as per plan by the leader backed up by control (Mintzberg, 2009). Also, according to him plan is amongst the 4 P's of strategies which are plan, ploy, perspective and pattern. This shoes that the ability of the small business to perform well depends with the owner or manager ability to plan and avoid surprise implementation. According to Aquinas (2013) the following steps are involved in planning:

Step 1: Establish a goal or set of goals: Planning begins with decision about what the organization or department wants to achieve. Identifying priorities and being specific about their aims are key factors in planning.

 Step 2: Define the present situations: The current state must be analysed considering the availability of resources and the goals to be achieved before drawing up the planning process.

Step 3: Identify the aids and barriers to the goals: Anticipating internal and external problems and opportunities likely to arise in the future is an essential part of planning.

Step 4: Develop a plan or set of actions for reaching the goals: It involves developing various alternative courses of action for reaching the desired goals, evaluating these alternatives, and choosing from among them the most suitable alternative for reaching the goal.

Relevance to small scale enterprise.

Planning provides the framework within which coordinating, motivating and controlling can be undertaken (Murugan, 2011). Planning forces an organisation to be proactive, and not reactive (Smit et al., 2011). Thus, planning is deciding in advance- what to do, when to do and how to do it. It bridges the gap from where the organisation is and where it wants to be. Planning is necessary to ensure proper utilization of human and non-human resources and helps in avoiding confusion, uncertainties, risks, wastages, defining objectives and standards to be achieved.

2.4.2 Leading

Leading is the ability to initiate action, guide, supervise activities and direct others (subordinates) in pursuit of a common goal (Aquinas, 2013). Leading is important because an individual must know how to influence workers in order to direct their efforts towards the achievement of company goals, (Hodgetts & Kuratko, 2004). Leading is critical to the organisation as people in the organisation are different. This difference emanates from characteristics such as values and beliefs, interest, personality, capabilities, skills or even attitudes thus making them highly unpredictable and complex Smit et al. (2011). It is therefore paramount that the entrepreneur is aware and capable to address all these issues coming from different people in order to be effective in motivating them to perform in their respective jobs. The knowledge and appreciation of these different characteristics of people by the manager enables him/her to accurately place an employee in the right role to effectively perform and resulting in higher productivity and profitability to the organisation.

Relevance to small scale enterprise

For owner or manager to perform the activities of commanding, coordinating, supervising, communicating and motivating one should possess certain quality of leadership skill.

2.4.3 Organising

Aquinas (2013) clearly defined organizing as a way in which work is arranged and allocated among members of the organization so that the goals of the organization can be efficiently achieved. According to him steps involved in organizing process are:

1. Assign tasks and responsibilities associated with individual jobs.

2. Dividing the total workload into activities that can logically and comfortably be performed by one person or group of individuals.

3. Combining the work of employees into units in a logical and efficient manner.

4. Delegating appropriate authority and power to an individual to discharge his duties.

5. Setting up a mechanism to coordinate the work of employees into a unified, harmonious whole.

It is the process of bringing together physical, financial and human resources and developing productive relationships amongst them for the achievement of organizational objectives. According to Henri Fayol, "To organize a business is to provide it with everything useful for its functioning i.e. raw materials, tools, capital and personnel. To organize a business involves determining and providing human and non-human resources to the organizational structure.

Relevance to small scale enterprise

Thus, a manager must know his subordinates and what they are capable of in order to organize the most valuable resource a company has, its employees. This is achieved

through management staffing the work division, setting up the training for the employees, acquiring resources and organizing the work group into a productive team. The manager must then go over the plans with the team, break assignments into units that one person can compete, link related jobs together in an understandable well- organized style and appoint the jobs to individuals. Given the above facts the manager should have organising skill to ensure the success of the organisation.

2.4.4 Controlling

It implies a measurement of accomplishment against the standards and correction of deviation if any to ensure achievement of organizational goals (Aquinas, 2013). The purpose of controlling is to ensure that everything occurs in conformities with the standards. An effective system of control helps to predict deviation before they occur. According to Theo Haimann, "Controlling is the process of checking whether or not proper progress is being made towards the objectives and goals and acting if necessary, to correct any deviation." Controlling process can be depicted by the diagram below.

Fig 2.4 Control process

Basic steps in the control process
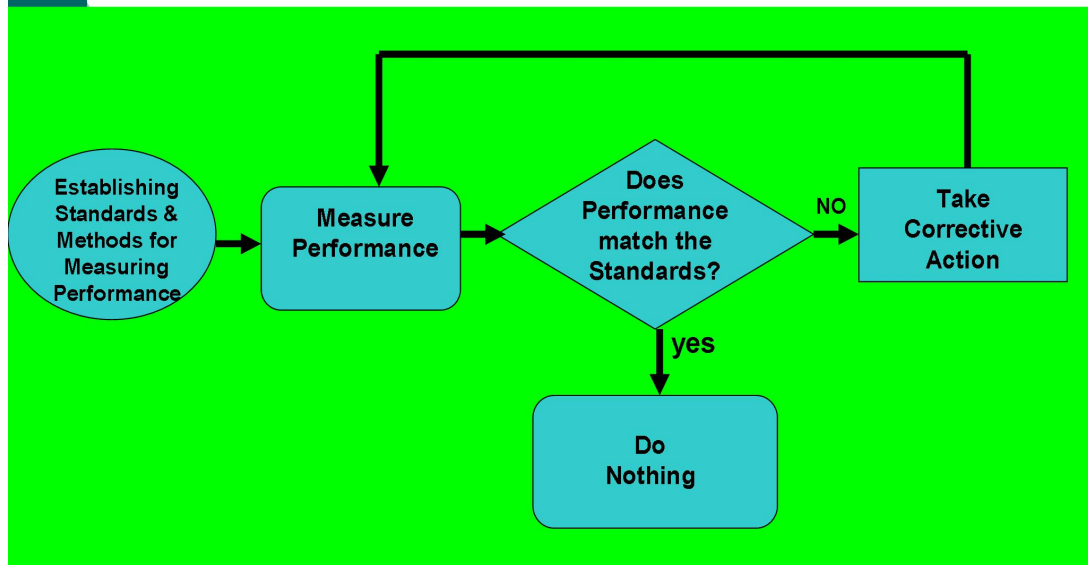
Source: Adapted from Aquinas 2013, p.46

The diagram above depicts that controlling is a process which starts by setting standards which needs to be achieved by an organisation and then go on to measure how the organisation is performing and ensure if performance is in line with the standards. If performance does not meet the expectations, then corrective action must be taken and measured again to see if they meet the goal. Likewise, SME's owners or managers should go through this rigorous process when managing their business to ensure that their operating according to what they plan, thus controlling skill is important to compliment planning skill.

Controlling does not only imply looking at the mechanical or procedural systems in the organisation. It also looks at the human resource element in terms of behaviour change that will suit the achievement of organisational goals, (Hodgetts & Kuratko, 2004). Controls help maintain or redirect actual behaviours and results in order to

maximize the outputs of individuals and work teams in an organisation (Hellriegel et al., 2004).

Relevance to small scale enterprises

Since organising the basic management function of establishing benchmark or standards against company actual performance and then take required corrective action if any. The owner/manager should revise their actions and check if they are meet standards if they are not meeting standards manager should be able to take corrective action. Thereby organising is a necessary skill to ensure success of the organisation. However, this depends on what the leader had observed that a favourable situation exists, and action should be taken to support and promote the position. Controlling depends on accurate, reliable and enforceable standards and on monitoring of performance by people, machines and processes.

2.5 Concept of entrepreneurship

Entrepreneurship is the process of creating something new with value by devoting the necessary time and effort, assuming the accompanying financial, psychic and social risks and receiving the resulting rewards of monetary and personal satisfaction and independence (Hisrich, Peters & Shepherd, 2008.). Guta, Vhudzi & Chazovachii (2013), also said, entrepreneurship involves the continuous ownership and direction of the business by the business operator. For present purposes entrepreneurship is the resource and process whereby individuals utilize opportunities in the market through the creation of new business firms.

2.5.1 Why entrepreneurship?

Livelihood should be able to recover from "stress and shocks" and at the same time at the same time acquiring assets into the future (Guta eta al, 2017). A central element in this "resilience" to stress and shocks is the diversification of elements that comprise "livelihood) Entrepreneurship has been found to be a livelihood that would transform depressed communities. Communities that have undergone stress due to persistent drought, unemployment and political instability need a diversified approach to broaden the opportunities and potentials of the depressed. The growth of SMEs is a critical ingredient in the sustainable development of developing economies (Mudavanhu, Bindu, Chigusiwa, & Muchabaiwa., 2011).

Recently most people began to realise that in as much as they are working for others, they are vulnerable because they are the expenses which can be minimised. This means that majority of people are close to the poverty datum line. Hence, sustainable livelihoods approach in recent years to promote poverty reduction. For people to move away from poverty they should move to be owners of the company and not employees so that they will not be vulnerable but they will be able to acquire financial assets, social assets, physical assets, natural assets and human assets as shown in the sustainable livelihoods framework below;

Fig 2.5: Sustainable Livelihood Framework

KEY
F = Financial capital
P = Physical capital
S = Social capital
H = Human capital
N = Natural capital
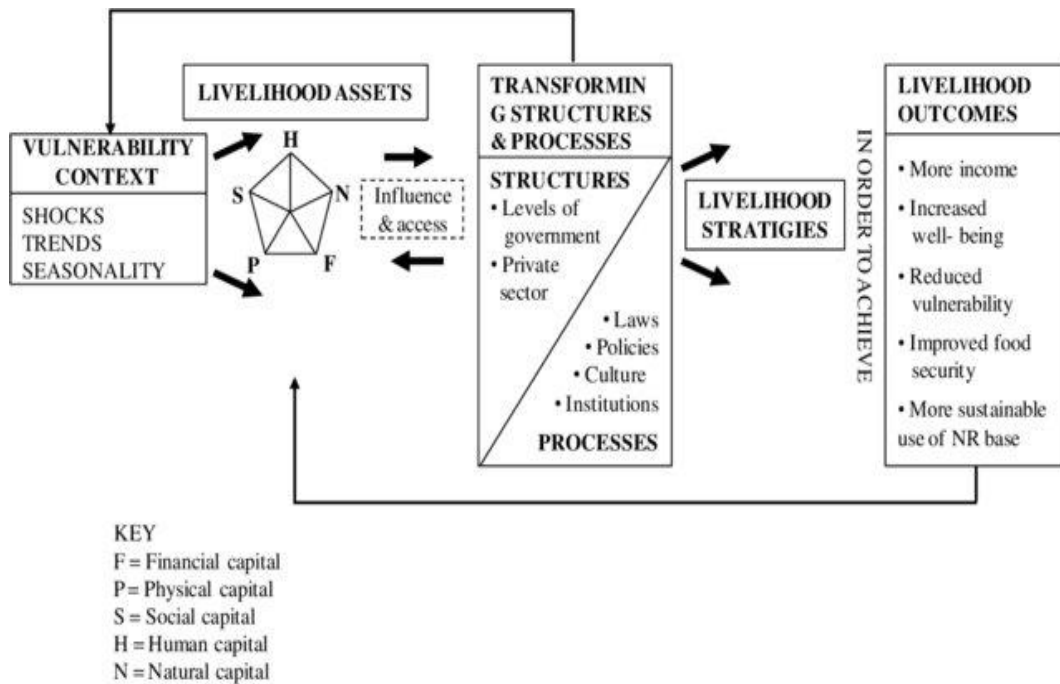
Source: (Sheheli 2012, p.45)

Above diagram depicts that people are vulnerable shocks, trends and seasonality. Hence, they must acquire assets which are in form of pentagon. People should acquire human capital which includes: healthy, nutrition, education and skills then seek natural capital such as land followed by social capital that is networks, after that physical capital such as roads can be acquired and lastly financial capital will acquired for example savings. Therefore, people should get into entrepreneurship to become successful.

Vulnerability context: People are exposed to risks that is likelihood occurrence of an event such as shocks, seasonality trend, p 45s and environmental changes. Therefore, in event of a vulnerability occur they should be able to use assets to cope with these risks. Hence entrepreneurship is the way to go.

Capital assets: People should be able to generate these assets before an occurrence of a vulnerability to avoid going below the poverty datum line. They should first acquire human assets which are health, nutrition, education, knowledge and skills, capacity to work and capacity to adopt. Then after that the next assets to be acquired is the natural resources such land, water and environmental services. It is high time to acquire financial assets in form of savings, pension, wages and remittances. Furthermore, physical assets will be acquired by controlling infrastructure which includes roads, vehicles and buildings. Finally, there is need for social assets through networking and connecting with others thereby making relations.

The human, social, financial, natural and physical could not manage to influence or allow them to access resilient and sustainable livelihood strategies that would give positive livelihood outcomes that bring intra and inter-generational equity so there is need to provide human, social, financial, natural and physical o the existing entrepreneurs to ensure their sustainable development (Guta et al, 2017)

2.5.2 SME's in Zimbabwe

Ayagrie et al (2009) posit, the definition still varies from country to country and even from bank to bank. Abor & Quartey (2010) supported that authors have different definitions of SMEs depending on the target group (operational definition). The definition of SMEs also varies from one country to another and between reporting entities. Dfferent countries and institutions set their own guidelines in defining SMEs based on sales, assets and headcount (Nyanga & Zaruma., 2013). Abor et al (2010) concludes that there are varying definitions of SMEs that vary across industries and jurisdictions. However, despite the varying definitions of SMEs, there are three

important generic elements of SMEs and these are the number of employees, level of capital and legal status.

In Zimbabwe, legally Small Enterprises Development Corporation (SEDCO) Amendment of 2011 Chapter 21 definition includes individual entrepreneurs (without any employees), micro-businesses (with 1 to 5 employees), as well as small-businesses (6 to 30/40 employees – depending on the sector) and medium-size businesses (31/41 to 75 employees). Also, SEDCO (2010) does not differentiate between Small and Medium enterprises and further defined it as a firm that has maximum annual sales of up to $830 000.

Reserve Bank of Zimbabwe (RBZ) Monetary Policy Statement (2013) is a definition describes SME's as business with asset base between $10000-$2000000, employ 2-20 people and annual turnover of $30000 -$5000000 Thus, the criterion to select SME's depends on one of the three factors.

Again, ZIMRA has its own definition of SME's for tax purposes and it defines SMEs in terms of employment, turnover and asset base as shown in the table below:

Table 2.1 ZIMRA SME Definition

Enterprise category	Employees	Annual Turnover	Asset value	Registration status
Small	10-40	50000-500000	5000-100000	Formally registered
Medium	41-75	100000-200000	100000-200000	Formally registered

Source: Tinarwo (2016) p 149

For the purpose of this study the definition of Small Enterprises Development Corporation (SEDCO) Amendment of 2011 in agreement with because the definition includes individual entrepreneurs (without any employees), micro-businesses (with 1 to 5 employees) (Finsope, 2012).

In Zimbabwe, the economic meltdown between 2000 and 2008 and the resultant increase in the level of unemployment has reinforced the importance of SME sector as an engine for economic recovery and expansion. Entrepreneurship has become source of livelihood in Zimbabwe (Chinembiri, 2011). Zimbabweans. The FinScope SME survey report (2012) also pointed out that SMEs play a critical role in poverty alleviation for the entrepreneurs and their employees (RBZ, 2014).

Every day in Zimbabwe and around the world, thousands of people are discovering that entrepreneurship is the best path to wealth creation and independence. According to statistics presented by the Finance Minister in his 2015 fiscal statement presentation, 55 443 jobs were lost after the closure of 4 610 companies between 2011 and 2014 alone (these are just the ones recorded). The tourism sector topped the list with 2 142 companies closing during this period with 18 413 jobs lost as a result. The manufacturing sector lost 9 978 jobs after 458 companies closed during the same period. The construction sector was not spared as 317 companies closed shop during that period causing a loss of 3 651 jobs while 368 companies in the agricultural sector shut down affecting 5 465 jobs (Zimbabwe Budget Statement, 2015).

It is against this background that people seek to start business embracing the concept of entrepreneurship in order to become sustainable.

2.5.3 Characteristics of an entrepreneur

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Barringer & Duane (2013) revealed that the word entrepreneur derives from the French words, "entre" which means "between" and "prendre" which means "to take". It is originally used to describe people who, "take on the risk" between buyers and sellers. The latest 2010 Global Entrepreneurship Monitor (GEM) covering 59 countries defined an entrepreneur as someone who started a new business during the year or who ran a business that was less than three and half years old and was still economically viable (Bohoney, 2011). An entrepreneur is someone who perceives an opportunity and creates an organization to pursue it. According to Nyoni, (2013) noted entrepreneurs have certain attributes. These include risk taking, innovation and creativity, vision, passion, and identification of business opportunities. Chiwara (2016) noted that, an entrepreneur is the individual who starts the business with the motive of making profit and assumes financial and business risk in the process. Lowe et al, (2013) described, risk as the likelihood of suffering harm, experiencing loss or danger

2.6 Management skills

There is no consensus on the term business management skills various authors have different terms meaning the same. Adcor, (2012), Fatoki (2014) and Sekeyewa (2009) agreed on the term management competence. According to Connice & Koorntz, (2010) management competence are clusters of converted abilities, knowledge, skills and commitment that enable an individual to respond effectively in any organisational situation. Again, management competence are management functions carried out smoothly and adaptively, involving ideas or people (Lloyd, 2010) . He went on to say business management skills are different from leadership skills

because business management skills can be learned and developed with enough training.

Yazeed & Ranjim (2014) conclude that much taxonomy of managerial skills are ambiguous to be useful, others cover similar skills, but different terms were used to describe them and there is no absolute set of skills (Yazeed & Rangim, 2014)

. (2014) and Reza et al. (2010) use the word entrepreneurial skills. Lekhanya (2016), Nkosi (2013) and Kusi et al (2015) used the term management skills and factors included were financial management skills and marketing management skills.

Business management skills is the ability to manage time and human capital successfully. The ability to prepare and interpret financial statements form the basis for business skills as well as communicating well. This is ability or capacity required through systematic deliberate and sustained effort (Madya, 2015).

Hayton (2015) a skill as the ability to do something effectively and involve a system of specific behaviour that help achieve an objective or standard of performance. Also agreed with Kartz on three dimension of managerial skills which are technical, human and conceptual skills. Olawale & Garwe (2010) defined management skills as the sets of knowledge, skills behaviour and attributes that can make the organisation more effective.

2.6.1 SME's Business management skills

According to Mubaiwa (2013) research, 785 of the respondents had not received any business or technical skills prior to CBZ youth fund and the youth felt deliberate skills training is necessary for the success of the business. This was consistent with the results of (Herwan, 2017) business management skills of small entrepreneurs in

the district of Cibeureum not comply with management standards there are still many elements of the business management skills that does not run properly though small entrepreneurs are best in human relations while having lowest accounting skill.

Also, Nyoni & Bonga (2018) in their 3E conceptual model mentioned that the success of SMEs in Zimbabwe largely depends on enterprise factors (technology, marketing and management skills. Karedza et al. 2014 highlighted that, the construction sector in Zimbabwe is, furthermore, experiencing problems such as a lack of appropriate management skills to run their business entities.

2.7 Performance

According to Sembring (2016), performance is the result of work that can be achieved by a person or group of people in the organization and a means of deciding in a process to achieve organizational goals. Efficiency with which a firm uses its assets from primary mode of business to generate returns). Performance is an indicator that can be enhanced by a person or group of people in the organization and is a mean of deciding in a process to achieve organizational goals (Madya, 2015). According to Adriana et al, (2010) performance indicator includes profitability, financial condition, results of products, the number of the customer, the number of sales, employee satisfaction, and compensation and motivation of employees. This is in consistent with Ahmad and Seet (2009) who outlined the goal approach as the accurate measure of SME performance. The goal approach states that performance is measured using financial and non-financial measure. Ardiana et al (2010) pinpointed financial indicators (profitability, financial condition, the number of the customer, the number of sales and compensation as well as non-financial indicators (employee satisfaction and motivation of employees).

The SME sector has attracted significant attention from policy makers in many countries, but still their performance has been weak. Rungani (2009) and Fatoki (2014), point out that SMEs encounter the highest rates of failure compared to large firms. SME failure is two folded, attributed to "failing to make a go for it" or "ceased to prevent further losses". Agyei-Mensah (2011) laments about the fact that, SME failure is higher in developing economies than in developed economies. Consistent with Agyei-Mensah (2011) assertion those SMEs in developing economies have a low success rate.

2.7.1 Measures of financial performance

Phihlela (2012) posited that the goal and system approach focus on meeting the internally-set targets. Chong (2008) asserted that SMEs need to adopt a hybrid approach where the financial and non-financial measures of performance are used against a predetermined goal and time frame.

After reviewing the literature on performance and appreciate the hybrid approach this study will look at two measures of performance that is financial and non-financial performance since it is evident that different organisation uses different performance measurement.

2.7.2 Non-financial performance.

Madya (2015) defines non-financial measures as a qualitative measure of performance not expressed in monetary units. Non-financial measures provide an indirect assessment of firm's intangible assets such human capital, customer satisfaction and loyalty which are determinants of high performance. The non-

financial measures are based on firm's goals, strategies and vision. These includes market share, customer satisfaction, employee growth and purchase orders as they are explained below:

- Customer satisfaction: the percentage total in the market share, firm's consumers/customers reported to be content with the firm and its products. Customer satisfaction is also defined as the feeling of pleasure or disappointment of a customer after acquiring a certain product or service (Kotler, 2009). SMEs should adopt the customer satisfaction measure because, satisfied customers become loyal customers and the firm gains from operating margins, increased market value and competitive edge. Consistent with the above argument is Rungani (2009) who indicates that positive customer satisfaction promotes repeated purchases and brand awareness.

- Employee growth: the continuous increase of employees within a firm. There is a positive relationship between the number of employees and performance, hence the more recruited workers the better the firm is performing (Nenzhelele, 2009). The non-financial measure of employee growth is an indicator that the specific SME is increasing productivity capacity.

- Market share: The percentage of sales, customers and returns earned by a firm from the total market or industry Nenzhelele (2009). The non-financial measure of market share indicates SME performance through market trend analysis. The SME management team needs to observe that, when market is growing faster than SME sales, then the firm is experiencing a decline in sales. This helps SME owner-managers or management to devote more

attention to the marketing strategy to gain ground with the market (Machirori, 2012).

- Delivery and purchase orders: the delivery of goods and services as promised on time, right quantity, right quality and right place. Customer complaints about delivery issues mean that the SME management need to adjust the distribution channel either shorten or diversify, to increase customer satisfaction. Decreases in purchase orders indicate the need to increase brand awareness and promotional activities.

2.7.3 Financial Performance

The subjective measure of an enterprise asset used to generate revenue. This is measuring firm's operations in monetary terms (Darrol (2013) indicates that financial measures of performance are attainable from the financial statements of the firm. Thus, it involves financial analysis ratio such as profitability ratio, (net profit margin, gross profit margin and sales margin), efficiency ratio (return on assets, return on equity (Wood & Sangster, 2015). For the purpose of this study financial measures to be explained includes profitability ratios and efficiency ratio (return on assets and return on equity).

- Sales growth: the increase in amount a firm gain from sales compared to a previous corresponding period. This performance measure indicates the ability of a firm to constantly meet, exceed and satisfy customers which are rewarded through increased sales. A decline in sales growth is an indication for SME management that price is high, or the price does not match the quality. Therefore, total quality management is to be adopted within the firm's operational strategy.

- Profitability growth: a combination of growth and profit attained by a firm. It is the economic profitability and growth of free cash flows aimed at attracting the financing community through shareholder value creation (Van Horne & Wachowicz, 2008). The excess of revenues over expenses in firm's business operations, over the financial period or the income accruing to a successful entrepreneur (Wood & Sangster, 2015). (The financial measure shows that for SME performance to be positive there is a need to weigh income accrued to expenses used. The balance between expenses and cash inflows should be maintained in such that cash inflows outweigh cash outflows.

- Return on equity (ROE): Is a measure of profit that calculates how much is earned in terms of profit a company generates from each unit of capital spent of shareholders' money. The higher the ROE the better because it means the SME is increasing its ability of utilising funds effectively without needing much capital, owner-managers have a sound financial management background and the SME is moving along with the current industry trends. The formula for ROE is:

Return on Equity = Net Income/Shareholder's Equity

- Return on assets (ROA): The efficiency with which the management team is using assets to generate earnings. The profitability percentage the firm is in relation to its total assets (Van Horne & Wachowicz, 2008). SME owners need to apply this measure because the catalytic benchmark tool for comparison between competing firms Machirori & Fatoki (2012). The formula for return on assets is as follows:

ROA= Net Profit After tax/ total assets

The study measures performance in terms of sales. Olawale et al. (2010) supports the use of sales data as more appropriate measure of business growth. This is in consistent with McPherson who argues that in the absence of measurement errors, defining growth in terms of turnover and profits is more accurate than a labour - based measurement. Barringer et al. (2005) concurs with the use of sales figures to measure growth and stresses that they are a precise barometer of how a firm is faring relative to its competitors.

2.7.4 Performance of SME''s in Zimbabwe.

According to Nyoni & Bonga (2018). The performance of the SMEs sector in Zimbabwe may be improved by prioritizing SMEs critical success factors (CSFs) as proposed in 3E model; for SMEs; 3E conceptual model depicts that the success of SMEs in Zimbabwe largely depends on enterprise factors (technology, marketing and management skills), environmental factors (social networks and government & financial support) and entrepreneurial factors (gender, age of owner, education level and availability of capital).The model guides entrepreneurs in shifting their attention from numerous & unnecessary factors and helps them focus on SMEs CSFs.   They on to say proposed model may be applicable in various country. The performance of their SMEs, entrepreneurs are strongly encouraged to apply the 3E model in their entrepreneurial endeavours. It is imperative to note that if the CSFs are not prioritized, SMEs in Zimbabwe will continue to fail (Azimzadeh et al, 2013). While the proposed framework.

Remi et al (2010) studied factors that influence small-scale enterprises performance and they included Gender, age, educational background and occupation as independent variables. Chittithaworn et al (2010) on the study of factors affecting

business success of SME"s in the manufacturing sector in Thailand concluded that SMEs characteristics, customer and market, ways of doing business, resources and finance and the external environment significantly affect performance. In addition, a study by Rosli, (2011) in Malaysia auto-parts making industry concluded that firm specific factors significantly influence SMEs performance.

2.8 Challenges facing SME's

Despite that SME's are the enzymes for economic development they are facing challenges in most developing countries. Though, considering economic situations in developing nations, there are several obstacles which restrict SME performance. These challenges include financial problems (Ecorys, 2012 and Martinez-Solano, 2011), high cost of hiring accounting professional and lack accounting technical skill (Maseko & Manyani, 2012), competition, marketing problems and non-conducive legal environment among others. The following sections discuss about these problems:

2.8.1 Financial problem

According to Agyei-Mensah (2011) SMEs are failing to access long term loans and when they do, SMEs are constrained by the exorbitant costs of these loans. This has seen the majority of SMEs dependent on equity finance which is not enough to grow and sustain them.

According to Turvey et al (2011), 7 C's of credit are capacity, capital, condition, character, collateral, capability and credit. Basu (2010) pinpointed that built upon legacy theories, lending policies emphasize the importance of a track record, personal credit history and social reference, which close doors to those minority

entrepreneurs engaging in highly promising yet risk-taking projects. Yang (2016) mentioned credit reputation and history of small business who want to start up as a limiting factor. From the above one can deduce that the credit granting criteria is concerned with purpose, security, ability to pay, current obligation to be met, history on repayment, owner funds to be contributed and cash available. This pose a constraint for small business when they want to finance the business as they cannot meet the requirements of the bank.

Turvey et al (2017) in their study observed that small farmers were trustworthy, but they do not have capacity, capital and collateral since they are poor. Collateral provided by SMEs when accessing funding is not sufficient to enable financial institutions to release funding. World Bank (2013) indicated that owners of SMEs lack collateral security in developing countries. This is supported by Rungani (2009) who states that SMEs commence their operation with zero or unacceptable collateral.

Traditionally banks are the common sources of finance although they have become risk averse on taking risk of entrepreneurs leading to introduction 7 C's of credit worthiness which are capacity, capital, condition, collateral, character, capability and credit which limit the opportunity of entrepreneurs to get funded. Then the mind of the entrepreneur's owners or managers should be shifted from traditional common source of finance and look up to other new options of funds. Various funding option includes personal savings, grants, family and friends, leasing and hire purchase, share issue, factoring, overdraft and trade credit.

Financing decision of debt and equity ratio for SME's is normally affected. Atherton (2012) concluded that the debt-equity ratio does not apply to entrepreneurs. Due to

unviability of debt owners when want to start a business should have more of owner's funds than relying on borrowing.

SME's owners or managers should look forward for funding options such as leasing and factoring. Nonetheless, the funding options depend on the networking skill of the owner-manager. (Rungani, 2009) and (Fatoki, 2014) . Studies conducted have observed that inability of owner-mangers in implementing proper financial management skills within the running of the business project is the major reason why SME fail not financial limitations. SME owners and managers have very limited financial management skills and inability to prepare financial statements affects the financial performance and risk profile of SMEs, according to (Fatoki, 2014; Van-Scheers, 2011). Hence it is very important for the owner-manager to develop financial management skill so that better financing decisions are made despite the economic constraint of shortage of cash to ensure performance of the business.

2.8.2 Marketing problem

Marketing is the process of creating value for the customers (Kotler and Armstrong 2011). According to Cooper & Schindler (2008), marketing is defined as a management function for identifying, anticipating and satisfying the requirements of customers profitably. Marketing is defined by the American Marketing Association as "the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large."

Marketing of products by SME's is very weak and some products are bought by chance (McVay, 2011). Rungani (2009) claims that, in South Africa SMEs fail because of asymmetric information regard to intelligence on market opportunities

and business cycles. A great business idea must go hand in hand with a great marketing strategy if the firm is to be successful.

Organizations have certain orientations to guide their marketing efforts. Kotler & Armstrong (2011) pinpointed that market orientations are concepts or philosophies under which an organization and carry out their marketing strategies. They went on to say that there are five concepts namely production concept, product concept, selling concept, marketing and societal marketing concept as shown in the diagram below

Fig 2.6 Marketing concepts

Source; Adopted from (Kotler & Armstrong 2011, p9-10)

Diagram above show five marketing concepts which an organisation can either chose to employ one of those. Thereby owners and managers should have skills to use the marketing concept that fit the current business. The five concepts are explained below:

Production oriented: The emphasis of most SME's concentrates on just producing products. SME manager concentrates on an efficient and effective production technique. The strategy implements productivity as the tool to drive sales figures up. Customers are to purchase a product because of low pricing.

Product oriented: SME manager continues to improve quality by assuming the customer will buy because of product quality. The strategy uses total quality management as the tool to drive sales figures up. Customers are to purchase a product because of high quality.

Marketing oriented: SME owner-manager first identify customer needs as the strategy implements the customer knows best philosophy and that customer satisfaction drives sales figures up. Customers purchase product because its tailor made to suit their requirements.

Sales oriented: SME manager focuses on selling skills through advertising rather than customer needs. The strategy uses brand awareness to drive sales figures up. Customers purchase product because of brand awareness and word of mouth referrals.

Social marketing oriented; Most SME owner-manager do not engage in corporate social responsibility because they lack resources. SME owner-manager who believes in this concept focuses on needs/wants of the target markets and delivering superior value which improves customers' and society's well-being.

Marketing is important for SME's because it creates revenue for the SME''s through the sale of goods and services. It also creates unity for the customers through value addition (Kotler, 2010). Small business face challenges in areas of marketing through lack of marketing information (Karanja et al, 2013).

2.8.3 Poor record keeping

Okwena, Okioma, & Osongo. (2011) note that, Peacock (2009) investigated the effects and causes of 1,000 proprietary company failures in South Australia within ten years and found that 4.6 percent of failures had inadequate or no accounting records. In support of that is Ademola, Olukotun & Ifedolapo (2012) who did a study on recordkeeping and performance of small business in Ijumu local government are of Kogi state reveals that, most (87%) of the small business owners interviewed had not kept proper written records.

Managers or owners of SMEs face many challenges in keeping adequate financial accounting records. For example, Bowen et al (2009) note that the perception of owners/managers of micro entities seems to be a main restrictive factor in the recording of business transactions. Mutambanengwe (2012) argues that, SMEs do not retain proper accounting records of their undertakings because of their setup. In addition to that they view, keeping accounts as a shear waste of resources (time, money and effort), and to leave no trace when government agencies come to investigate. Maseko & Manyani (2011) was in line with the above authors and alluded that little knowledge on accounting skill is the main cause behind failing to keep proper records.

2.8.4 Lack of managerial skill

Management skills are the key to improvement of SME performance (Aylin, A., Garengo, P., Cocca, P. & Bititi, U., 2013) . Furthermore, a lack of managerial, A large number if SME fail because they have lack managerial competencies and entrepreneurial skills hampers the growth of SMEs in developing economies (Makunike, 2012). According to the study conducted by Gombarume &

Mavhundutse 45% of the respondents felt that they had no requisite skills in management of business, while a further 15% were indifferent.

SMEs are often short of appropriate and adequate managerial and entrepreneurial kills, lack a strategic plan, business plan, succession plan and transparent operational systems (Madya, 2015). The Zimbabwean government faces an SME sector with businesspeople who have limited skills in the areas of business management and commercial farming (Chadamoyo & Dumbu 2012; Zindiye et al. 2012). ZEPARU (2011) in their list of problems encountered by SME's mentioned that small business face entrepreneurial, managerial, accounting and marketing skill deficiencies,

2.8.5 Non-conducive business environment.

Myles, (2010) postulated that components of the business environment impact on the innovative potential, growth and investment behaviour of SME. Macroeconomic and political stability, regulation, competition, corruption, availability of skilled labour, trade policy, access to finance and insurance. Naicker & Saungweme (2009) acknowledge that today's business environment is characterised by more volatility and uncertainty than ever before, with globalisation being the order of the day and a reality for all players on the domestic and international scene.

According to the study of Boman, Fields & Derera 2015), government of Zimbabwe efforts to assist SMEs were frustrated by natural factors such as droughts and floods, a poor macroeconomic environment characterized by high interest rates on loans, hyperinflation, a liquidity crunch, and a critical shortage of foreign currency, unfavourable exchange rates and shortages of commodities in shops. They went on to postulates that policies and strategies, to a larger extent, have not yielded

the required results, and largely not addressed the major challenges confronting SME's.

The macro environment is made up of four elements namely the political, economic, social, and technological (Kotler & Keller, 2012). Political, which at times is referred to as legal, consists of laws, government agencies, and pressure groups that influence or limit various organisations and individuals in a society (Kotler & Keller, 2012). Since the launch of Economic Structural Adjustment Programme (ESAP) in 1990, Zimbabwe has been marked with a precipitous economy that has resulted in an unsustainable business environment (Chirisa, Dumba. & Mukura 2012). This has caused a great challenge for businesses to navigate themselves out of the storm. One typical example is "Murambatsvina", an erratic policy by the government in trying to salvage the economy, saw the destruction of 700000 small businesses and enterprises throughout the country (Chirisa et al, 2012)

Studies conducted in South Africa acknowledge that, the main challenges to SME growth is the inflexible labour laws, stringent South African Revenue Services (SARS) and the Broad Based Black Economic Empowerment (BBBEE) inadequacies (Chimucheka, 2012). Labour regulations restrict SME growth because there is limited flexibility to adapt to ever changing business environment, competitive edge is lost and consequently the market value decreases (Smit et al., 2011). Darrol (2013) points out that red tape cost the economy about R75 billion yearly and 6% of turnover is spent on non-productive activities due to red tape, (Gombarume & Mavhundutse (2014) postulated that unstable macro-economic growth has hindered SME growth for example liquidity crunch which left SME struggling to overcome the effects of currency change or dollarization of the economy (Mambo, 2010) and political instability. They went on to opine that

cumbersome legal procedures and unattractive tax regimes militates against the operations of SME.

Market factor of competition are also an important factor for the growth of SME (Davidsson, Delmar & Wiklund, 2010). The growth of competition can hinder growth of firms in which means companies will not be able to grow (Doern, 2011).

2.9 Empirical evidence

Muhyi (2017) conducted a study that describes the elements of business management skills that are run at Cibeureum in Sukabumi City. The purpose for carrying the study was to identify and explain the extent of business management skills of small business entrepreneurs who perform production activities. Qualitative approach was used for the study and the results showed that the business management skills of small entrepreneurs in the district of Cibeureum not comply with management standards. It was also found that the best element is the human relations while the lowest is the accounting.

Lekhanya (2016) undertake a study on Small and Medium Enterprises business characteristics.in rural areas of Southern Kwazulu-Natal (KZN) province. Purpose of the study was to identify and discuss the various characteristics and the implications they have on survival and growth of rural enterprises. The study was conducted in (uMuziwabantu, Ubuhlebezwe, Sisonke, Zingolweni and uMzimkhulu) Southern Region of KZN province. In this study sample included 127 SME's owners/managers operating in the selected areas using a quota sampling method, with respondents completing a five-point Likert scale questionnaire with the assistance of an interviewer. Results shows that most of the employees within the business are unskilled, the business operations are run by using modern facilities,

business investment strategies are hindered by lack of capital and the local market is very small in selling rural products. Statistical analysis indicated that business characteristics are significant (p=.0000).

Hayton (3015) conducted a study in England, UK. The survey involved 2500 English SME's who have employees between 5 and 250 employees across all sectors of the economy. The study examined association between leadership and management skills as well as the implementation of management best practises and how these factors are related to business performance. Results confirmed that most important predictor of positive performance is entrepreneurial skills.

Sidek & Mohamad (2015) research on the potential influence of managerial competencies on small business growth particularly among microfinance participants Conducted a study on the potential influence of managerial competencies on small business growth, particularly among microfinance participants in Kelantan and Terengganu, Malaysia. They found out that all the managerial competency dimensions – technical, generic and conceptual skills – had positive and significant impacts on small business growth.

Fatoki (2014) carried out a quantitative research to investigates the impact managerial competencies (specifically owners' education, prior and related experience) on the performance of immigrant owned enterprises in South Africa. Results indicate that there is a relationship between owners' education and performance.

Olowu & Aliyu (2015) in their quantitative research examined the impact of managerial skills on Small Scale business performance n Bauchi state of Nigeria. The study found that managerial skills have significant impact on SSBs performance.

Moyo (2017) undertake a quantitative study Undertake a study to interrogate the management practices adopted by 10 SMEs in Gweru Zimbabwe. Failed to come up with significant results because 10 cases were not enough to generalise the findings. Although concluded that small businesses lack professional skills such as cash management, human resource management and management of products.

Yazeed & Rangim (2015) quantitative study investigates the effect of entrepreneurial skills on the performance of small and medium scale enterprises in Kaduna state. They investigated the effect of entrepreneurial skills on the performance of small and medium scale enterprises in Kaduna state by collecting primary data through questionnaire administration. The data was collected from a sample of 174 drawn from a population of 201 SMEs. Study employed stratified and simple random sampling technique in selecting the samples and the unit of analysis was the owner-managers representing each SME. Inferential statistics was used to analyse the data collected from the field with the aid of Statistical Package for Social Sciences (SPSS) version 20. Findings revealed that organizing and controlling skills have significant positive effect on the performance of SMEs in the state,

while planning skills has insignificant but positive effect on the performance of SMEs in the state.

Sambo, Gichira & Yusuf (2015) quantitative study determine the effect of entrepreneurial skills management (ESM) and funding on small and medium enterprises' performances at the local government level in northern Nigeria. The study found that though both ESM and funding have significant influence on the performances of SMEs, the influence ESM accounts for 39.0% while that of funding accounts for 42.8% of the variations in the performances of SMEs.

Blackburn, Hart & Wainwright (2015) quantitative research contributed to the understanding of the factors that affect performance of Small to Medium-sized Enterprise (SME) performance and particularly, growth in United Kingdom. The results suggest that size and age of enterprise dominate performance and are more important than strategy and the entrepreneurial characteristics of the owner. Having a business plan was also found to be important.

2.10 Summary

This chapter have looked on theories that were put forward by previous authors particularly management theories to come up with quantitative pre-test results as well as to find out methodologies that has been used by different authors who undertake studies related to business management skills and performance of SME's. In a nutshell has authors agree that there are skills needed to ensure success of the business.

CHAPTER 3 RESEARCH METHODOLOGY

3.1 Introduction

The chapter covers research methodology which involves choosing the type of data preferable for the study, data collection methods, sampling techniques and data analysis used to come up with the conclusion results. Researcher has chosen research methodology that suit the type of study taking into consideration the objectives which need to be answered and has noted that the questions includes how business management skills relate to performance, to verify the relationship strength.

3.2 Research philosophy

Babbie (2010) Positivism and Phenomenology are the two research processes that control literature, Saunders, Lewis & Thornhill (2009). The study utilised the positivism philosophy. Positivist research is scientific in approach. It aims to be objective and collects and uses numerical data (Saunders et al, 2009). Babbie (2010) add that a researcher who reflects the principles of positivism will most likely adopt the philosophical stance of the natural scientist.

3.3 Research Design

As the approach chosen by the researcher is mixed method research. The mixed method design has three designs which are convergent, explanatory sequential and exploratory sequential and transformative, embedded or multiphase research design (Creswell 2014). Research design appropriate for the study was explanatory it seeks to establish causal relationship between two variables that is management skills and

performance of SME's. According to Saunders et al, (2009) studies that establish causal relationships between variables may use explanatory design. Because the studies emphasise on problem or situation to explain the relationships between variables.

3.3.1 Quantitative versus Qualitative

Researcher selected mixed approach research to allow quantitative data and qualitative data to compliments each other. Dawson (2009) postulates that there is no better research between qualitative and quantitative research because each has its strength and weaknesses. Creswell (2014) pinpointed that researchers preferred mixed research on the assumption that different types of data provides a more complete understanding of research problem.

The purpose of this concurrent mixed methods study is to better understand a research problem by converging both quantitative and qualitative data. In this approach, questionnaire used to measure the relationship between the business management skills and performance. At the same time in the study, the SME's behaviour will be explored using documents and observation with manufacturing SME's at Manicaland Agricultural Showgrounds. Then quantitative results found described using qualitative text and supporting information about other authors who have studied in the same are.

Fig 3.1 Procedure for research methodology.

```
┌──────────────────┐   ┌──────────────┐   ┌──────────────┐         Intervention
│ QUANT            │   │ qual process │   │ QUANT        │
│                  │   │              │   │ Post-test    │         ┌──────────────┐
│ Pre-test data and│   │              │   │ data    &    │  ⇒      │ Interpretation│
│                  │   └──────────────┘   │ results      │         │              │
│ Results          │                      │              │         │              │
│                  │                      │              │         │              │
└──────────────────┘                      └──────────────┘         └──────────────┘

┌──────────────┐       ┌──────────────┐
│   ┌──────┐   │       │ ┌─────────┐  │
│   │ Qual │   │       │ │ Quant   │  │
│   └──────┘   │       │ └─────────┘  │
│ QUANT        │       │ QUAL         │
│              │       │              │
└──────────────┘       └──────────────┘
```
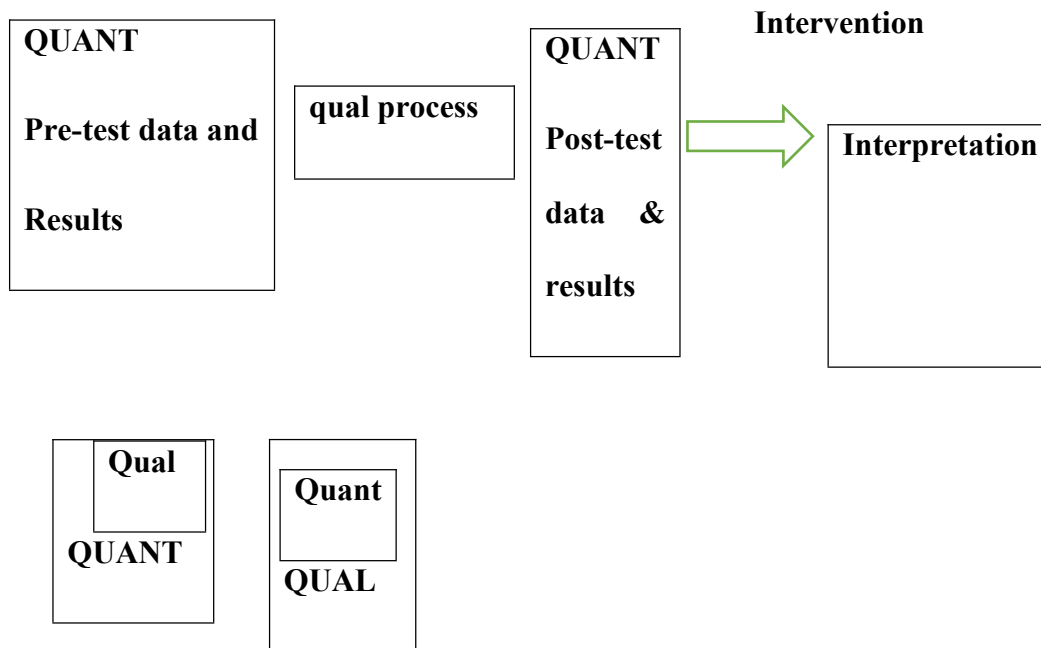
Source: Adopted from (Creswel, 2013, p.276)

The diagram above shows how the research was conducted. The researcher understands a problem by converging both quantitative (numeric) and qualitative (text or image) data. In this approach, structured questionnaire used to measure the relationship between the business management skills and performance of SME's. At the same time in the study the effect of business management skills to performance of SME's explored using documents and closed questions interviews. Then quantitative results obtained were analysed using qualitative text. According to Creswel, Plano Clark, Gutmann, & Hanson (2003), embedded means nest qualitative method in the process-collection an analysis of data.

3.4 Population and Sampling

Statistically population can be described as all potential observations of the variable which is being investigated and from where a sample is to be drawn for data analysis (Wegner, 2010). According to Saunders et al (2009), population refers to all cases or elements of a study. The target population for this study will be composed of owners and managers of manufacturing small businesses (carpenters, welders and steel fabricators at Manicaland Agricultural Showgrounds. These categories of respondents are seen having adequate information to reach insightful findings and conclusions pertaining to the study since one way or the other they are in involved in management of the organisation.

3.4.1 Population

According to the Showgrounds Small Scale Association there are 50 manufacturing SMEs at Manicaland Agricultural Showgrounds. The manufacturing sector was chosen to generalise the results to all industries in which SMEs participate.

3.4.2 Sample Size

Sample size of 44 has been selected. According to Saunders et al (2009), minimum sample size if the population is 50 is 44 at 95% confidence interval. The sample size is large enough to generalise findings because academic research has time constraint. After coming up with the minimum sample size then a sample frame was calculated using the formula below:

$$n^a = \frac{n \times 100}{re\%}$$

According to Saunders et al (2009) the above formula can be used as follows.

n^a is the actual sample size required?

n is the minimum (or adjusted minimum) sample size.

re% is the estimated response rate expressed as a percentage

In this case n^a=44×100/100%

=44

3.4.3 Sampling Design

Mixed method research uses hybrid sampling that is it includes both non-probability sampling and probability sampling. Systematic probability sampling technique preferred for the purpose of this study to give each of the SME a proportional chance of being selected and thereby ensure consistence. Non -probability sampling chosen is voluntary sampling. According to (Murairwa 2015), the respondents should volunteer to participate in the study to cater for ethical issues.

The respondents were selected systematically according to the alphabetical order of their name in the Chairman records The sampling technique chosen because geographical distance area was not big so the researcher managed to visit the workplace of the administrator for the Manicaland Show Society to get hold listed in the chairman 's records to come up with a sampling frame of 44 small enterprise at the Manicaland Showgrounds. Although, relying on database information misrepresent the sample size if the database is not reliable so the researcher curb that by using sample frame.

3.5 Data Collection Methods

Researcher preferred mixed method study which is a combination of both quantitative and qualitative research. Qualitative research used to make better understanding of efficiency and volatility where quantitative methods were not ideal

in answering certain question. In this manner qualitative approach used to infer cause or effect on quantitative phenomena in the study. Saunders et al (2009) argued that the two are compliments.

.5.1 Face to face interviews

Face to face interviews were employed to answer both open and closed questions to ensure all questions are answered, however this had a shortfall of limited time since owners of small businesses are always busy. To reduce the limitation the researcher made appointments with the owner and managers in order to avoid inconvenience. Face to face interviews promote clarity and expressing of feeling and emotion so that thee researcher understand participants thought on the topic. However, there is demerit as presence of the researcher may lead to biases as the face to face interactions are not always comfortable to every participant.

3.5.2 Documents

The researcher reviewed literature to come up with pre-tested quantitative data by authors who have studied earlier on the relationship of business management skills and performance of SME's. This secondary method supports the primary methods Documents reviewed were Manicaland Agricultural Show Society records, journals, newspapers and reports about SME's. Advantages of documents reviewing is written records gave enough evidence and the information was convenient to the researcher as the researcher reviewed the information at the comfort of the home. Documents data represent information that participants has given attention on it. On the other hand, there were some limitation on documents as some of the information were not easy to find due to confidentiality and some of information obtained were not useful for the study. Also, other documents were not authentic.

3.5.3 Observation

Observation was an important method which helps the researcher to collect qualitative data. The researcher observed if owners or managers record, how they market and manage their business, advantages of observation is that there is little chance for participants to lie since information obtained was first -hand information and information recorded as it occurs. Although this has a shortfall as some private information observed but cannot be reported and as the participants see someone at their workplace, they may change the way they run their business. Also, too much information may be obtained some not relevant.

3.5.4 Data Collection Tools

Structured questionnaire was a major tool used, notebook and pens were used to record information. Questionnaire constituted open and closed ended questions. The use of questionnaire preferred because it is less costly though it requires a lot of time. Structured refers to those questionnaires where interviewers physically meet respondents and ask the questions face to face. The structured questionnaire preferred because the site was within researcher community and it also help for clarity of question so that information required is obtained.

3.6 Analysis and organisation of data.

The data collected was first captured in the Statistical Package for Social Scientists (SPSS) and analysed though use of statistics, correlation and regression analysis. According to Mann (2011) measures such as the averages or mean and percentages to describe and analyse the data. Microsoft Excel 2010 was also used to present data by tables, graphs and pie charts. Inferential statistics such as simple linear regression used to predict numerical outcome using the following formula.

Formula for simple regression

$$\hat{Y} = \alpha\hat{} + \hat{\beta} X.$$

Where $\alpha\hat{}$ is a constant, such that when X=0, $\hat{Y} = \alpha\hat{}$

$$\alpha\hat{} = \bar{Y} - \hat{\beta}\bar{X} \text{ where } \bar{Y} = \frac{\Sigma Y}{n} \text{ and } \bar{X} = \frac{\Sigma X}{n}$$

$$\hat{\beta} = \frac{\Sigma xy}{\Sigma x^2} = \frac{\Sigma (X - \bar{X})(Y - \bar{Y})}{\Sigma (X - \bar{X})^2}$$

The strength of the relationship is going to be assessed using coefficient of determination. This tells us how well business management skills explain changes in our financial performance of manufacturing small scale enterprises. It also tells us how good a fit our regression line is.

Formula for coefficient of determination is stated below.

$$R^2 = \hat{\beta}^2 \left[\frac{\Sigma x^2}{\Sigma y^2}\right] \text{ or } \frac{total\ explained\ variable}{total\ variation} = \frac{\Sigma \overline{\hat{Y} - (Y)^2}}{\Sigma Y - (Y)^2}.$$

3.6.1 Hypothesis

Age of owner or manager and performance of SME's

H_0: There is relationship between experience and performance of SME.

H_1: There is no relationship between experience and performance of SME.

Years in business and performance of SME.

H_0: Age of business has significant influence on sales or turnover.

H_1: Age of business and sales has no significant relationship.

Education and performance of SME's

H_0: There is relationship between education and sales obtained.

H_1: There is no relationship between education and performance of SME's.

3.7 Ethical Consideration.

The researcher has observed research ethics throughout the research process. According to Saunders et al ethical consideration is important at each stages of research. Hence, ethical consideration has been considered as follows at every stage of research. When formulating of topic researcher considered that the research is useful and asked for permission to conduct research from relevant authority in this case Ministry of Women Affairs, Gender, Community, Small and Medium Enterprises. Also, researcher get clearance to study on the topic from Africa University Research Committee (AUREC).

 At designing of methodology stage, the researcher drafted a letter to participants informing them about the research as well as asking the participants to participate in the research voluntarily. Then when collecting data researcher attached the informed consent letter with the questionnaire to make sure each participant signed the informed consent before responding the questionnaire. After collection of data the researcher stored the collected data in locked drawers' and   used strong passwords on the computer storing collected data for the research. Finally, on analysing and reporting data names of the participants had not been recorded in the results recorded and the results used for academic purpose and not any other use.

3. 8 Summary

Chapter 3 explained how the study conducted in terms of research design, targeted population research instruments, sample size, sampling techniques, the data analysis as well as ethical consideration involved in research. Thus, explanatory research design was justified for this study using questionnaire to collect data from 44 owners or managers of manufacturing small business out of 50 manufacturing SME's through face to face interviews and observation. The data collected entered in SPSS version 24 analysed using statistics and texts. Most important to note is well methodology give clear understanding of the problem.

CHAPTER 4 DATA PRESENTATION, ANALYSIS AND INTEPRETATION

4.1 Introduction

This chapter discusses the analysis and interpretation of the research findings and linking them to the relevant literature discussed in Chapter Two. The chapter begins with the demographic characteristics of the respondents such as age, gender, educational level. Results are presented in the form of pie charts, graphs and tables. Overall, this chapter is guided by the research objectives.

4.2 Response rate

The researcher distributed 44 to owners or m questionnaires managers of SME's. Out of 44 questionnaires only 30 were answered representing a response rate of 68.18% which is an acceptable percentage. According to Saunders et al (2009) response rate between 50 to 92 % is acceptable to research that includes quantitative data.

4.3 Discussion and interpretation

This section looked at age, gender, marital status, education, life--time of business, position of respondent and type of business for small manufacturing at Manicaland Agricultural Showgrounds, management skills practised as well as challenges faced by SME's.

4.4 Demographic characteristics of respondents

4.4.1 Age group of respondents

Age of respondents analysed, and the researcher find out that distribution of age as distributed in the table below:

Table 4.1: Age of respondents

Respondent's age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-25	3	10.0	10.0	10.0
	26-40	18	60.0	60.0	70.0
	41-60	9	30.0	30.0	100.0
	Total	30	100.0	100.0	

The highest age category is between 26-40 years which has percentage of 60% this is because the active population is within this range and they are taking part into entrepreneurial activities.

4.4.2 Gender of respondents.

Table 4.2: Gender

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	1	3.3	3.3	3.3
	Male	29	96.7	96.7	100.0
	Total	30	100.0	100.0	

The research was keen to determine the gender distribution of the respondents. The frequency tabulation in Table 8 below was used by the researcher to present results of the gender distribution of the respondents.

Fig 4.1: Gender of respondents
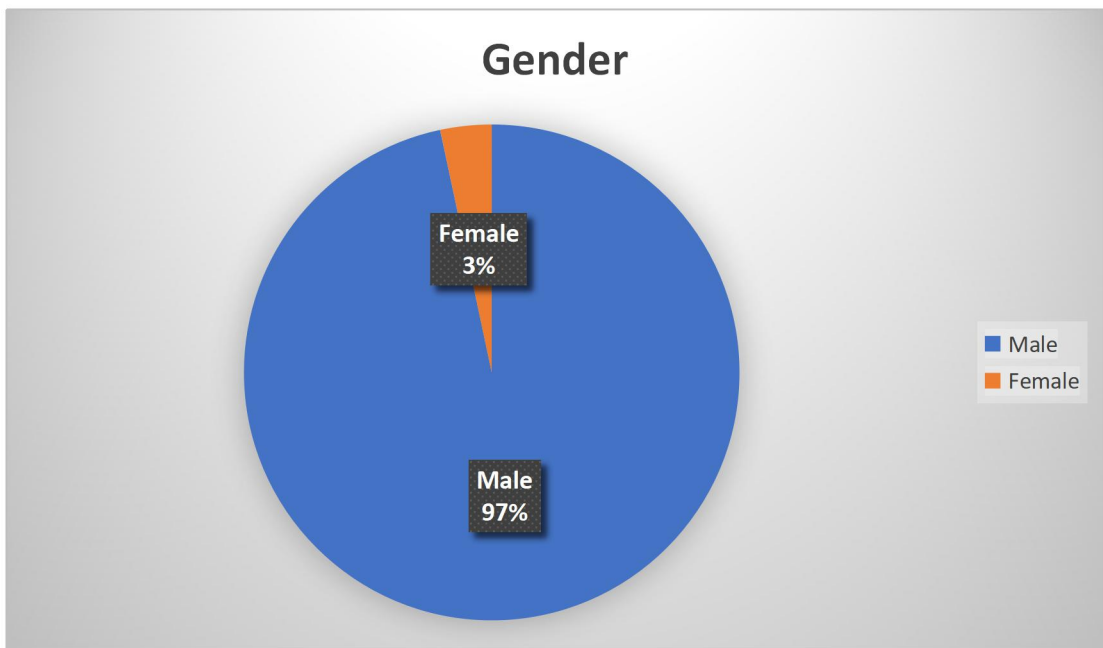
Source: Primary data

The pie chart above shows that 97% of respondents were male and only 3 % represent female which manufacturing SME's at Manicaland Agricultural Showground is dominated by male indicating a gender bias not in line with gender empowerment policies,

4.4.3 Marital status

Of signficance to note by the researcher is the marital status of the respondents. This is shown in the table below:

Table 4.3: Marital Status

Marital status

		Frequency	Percent	Valid Percent	Cumulative Percent
	Married	29	96.7	96.7	96.7
Valid	Single	1	3.3	3.3	100.0
	Total	30	100.0	100.0	

Fig 4.2: Marital Status Distribution for Respondents

Marital Status Distribution

■ Married ■ Single
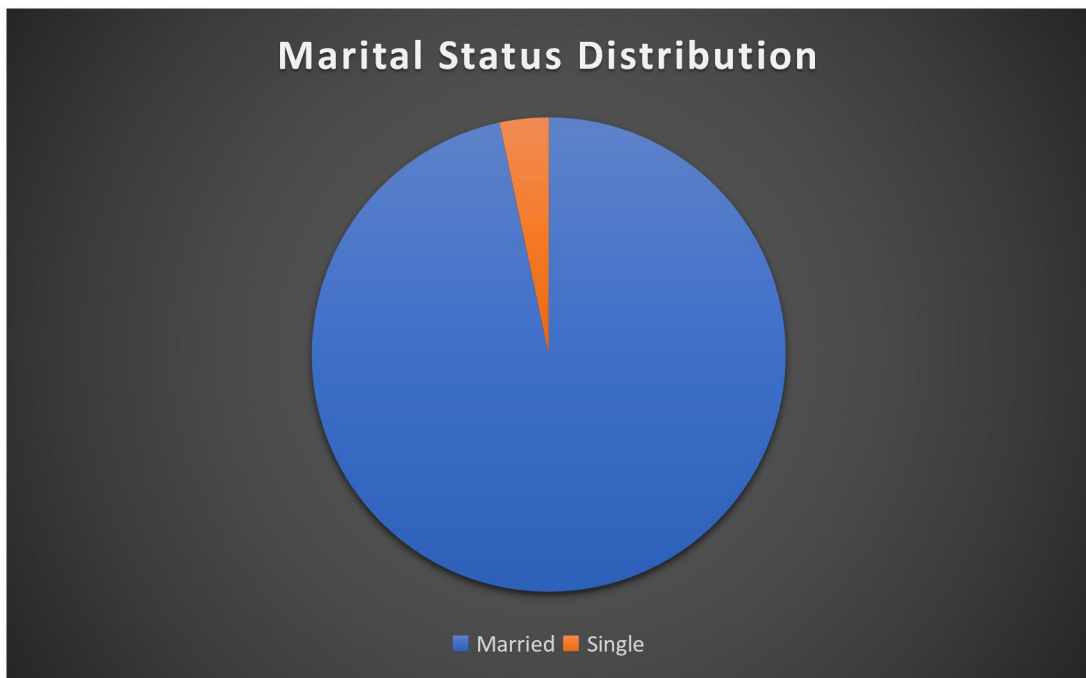
The above results show that 96.7% of manufacturing entrepreneurs are married probably telling that people engage into entrepreneurial activities to support their families.

4.4.4 Level of Education

Table 4.4: Level of education.

Level of education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	ZJC	1	3.3	3.3	3.3
	O Level	14	46.7	46.7	50.0
	A Level	2	6.7	6.7	56.7
	Certificate/Diploma	13	43.3	43.3	100.0
	Total	30	100.0	100.0	

Fig 4.3 Level of education.
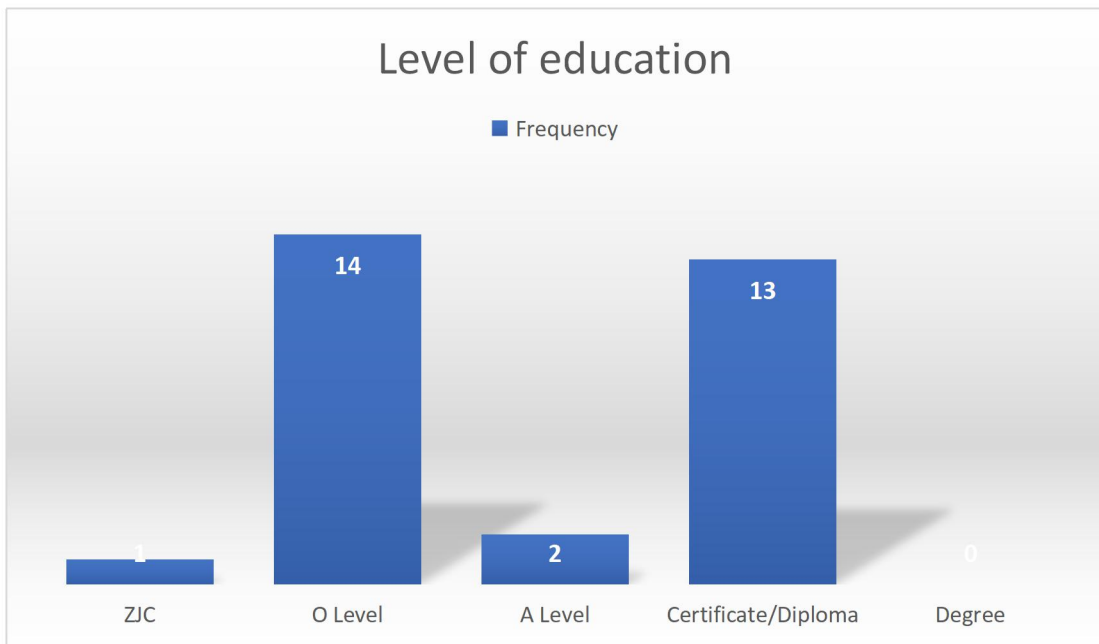
Generally, owners or managers have attained a certificate in carpentry and joinery, welding and steel craft if they are furniture manufacturers and steel fabrication course for metal fabricators and welders.

4.4.5 Position in business

Table 4.5: Position in business.

Position	Frequency	Percentage
Owner/Manager	29	97%
Manager	1	3%
Bookkeeper	0	0%
TOTAL	30	100%

Source: Primary data

Most manufacturing entrepreneurs are both owners and managers as denoted by the results of 97% lies within owner or manager. There are few managers represented by 3 % and there is no bookkeeper, this shows that entrepreneurs find it expensive to employ a bookkeeper.

4.4.6 Type of business

Table 4.6: Type of manufacturing business.

Type	Frequency	Percentage
Welders	7	23%
Steel fabricators	3	10%
Furniture	20	67%
TOTAL	30	100%

Source: Primary data

Manufacturing SME's at showground is concentrated with furniture manufacturing, thus furniture manufacturing is the main business. The welder has a better portion of 23% as compared to steel fabricators.

4.4.7 Experience in business

Fig4.4 Experience in business

Number of years
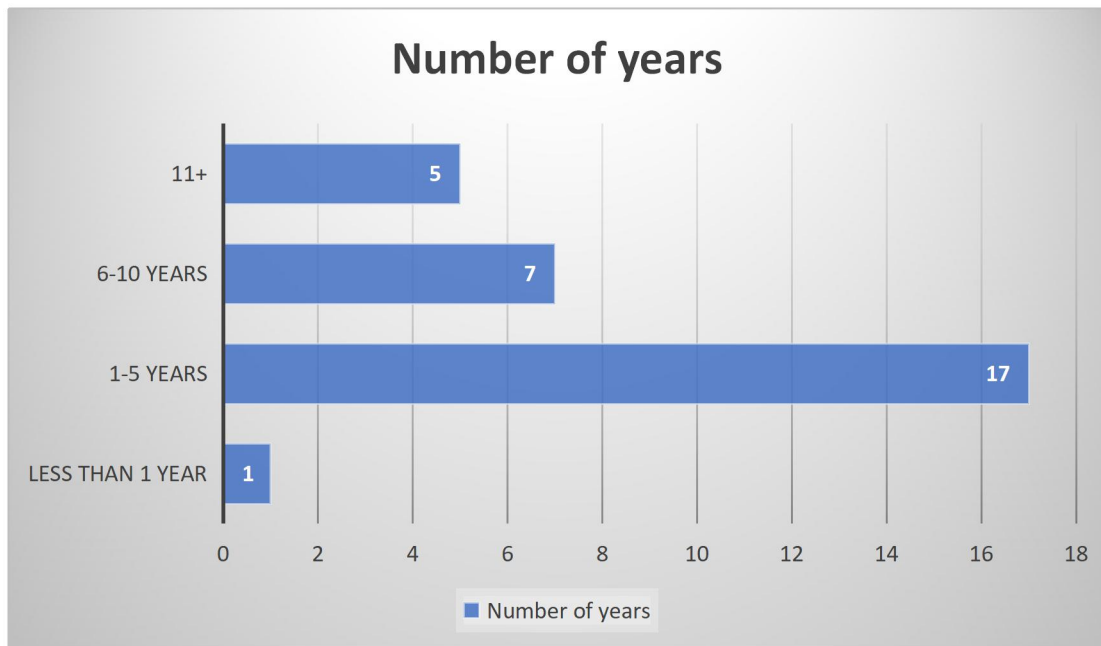
The largest population lies between 1-5 years which means SME'S survive up to 5 years most of them fail within that period if a small business managed to pass through 5 years it will be well established. These results agree with Fatoki (2014) who stated that most SME's shut down before they reach 5 years. Again, the Finscope survey (2012) reported that majority of owners who responded their business were 5 years and younger where 40% were in the start -up and 31% were in the growing phase.

4.5 Results from respondents
Table 4.8: Statistics

		Years in business	Respondent's age	Sales per year
N	Valid	30	30	30
	Missing	1	1	1
Mean		6.03	36.23	$65,500.0000
Median		5.00	35.00	$50,000.0000
Mode		2	28[a]	$20,000.00[a]

a. Multiple modes exist. The smallest value is shown

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Generally, from the above results it can be noted average life of business is 5 years using the median which means most SME's do not survive beyond 5 years, and average year of owners or managers is 35 years which means youth are engaging in entrepreneurial activities due to unemployment and important to note was that average yearly sales of SME's is ZWL $ 50 000.

4.5.1 Bookkeeping practise

Table 4.9: SME''s practising bookkeeping

Bookkeeping skill

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	11	36.7	36.7	36.7
	Yes	19	63.3	63.3	100.0
	Total	30	100.0	100.0	

About 63 %of manufacturing SME's at Manicaland Showgrounds practise record keeping. Whereas, 37% do not keep records they rely on their memory to remember all transactions. Of those who keep records they only keep receipts and invoices and hen hire professional accountants when ZIMRA requires their financial statements for taxing purpose thus, supporting Maseko & Manyani (2011)who stated that small business practise cash basis accounting system and keep their receipts to do bookkeeping for regulatory purposes.

4.5.2 Marketing concept employed.

Table 4.10 Marketing concept practised

Marketing concept

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Production concept	4	13.3	13.3	13.3
	Product concept	12	40.0	40.0	53.3
	Marketing concept	8	26.7	26.7	80.0
	Sales concept	5	16.7	16.7	96.7
	Societal concept	1	3.3	3.3	100.0
	Total	30	100.0	100.0	

Entrepreneurs at Manicaland Agricultural Showgrounds practise marketing. However, they differ in the type of marketing concept they employ. The highest percentage lies on product concept because most manufacturers are much concerned about the quality of product. Although this is against the new marketing concept as agreed by Kottler & Armstrong (2012) who opined that organisation should move away from just producing product which they think is of high quality but must first identify customer needs so as to produce product that meet the expectation of customers.

4.5.3 Management practise by owner and manager.

Table 4.11 Planning skill practising

Planning skill

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	11	36.7	36.7	36.7
	Yes	19	63.3	63.3	100.0
	Total	30	100.0	100.0	

4.5.4 Association between business management skills and performance

Table 4.12 Correlations between respondent's age and turnover

Respondent's age

		Respondent's age	Sales per year
Respondent's age	Pearson Correlation	1	.388[*]
	Sig. (2-tailed)		.034
	N	30	30
Sales per year	Pearson Correlation	.388[*]	1
	Sig. (2-tailed)	.034	
	N	30	30

Correlation is significant at the 0.05 level (2-tailed).

The results show that there is direct intermediate relationship between owner or manager years and turnover obtained by a company. This is evidenced by Pearson correlation(R) which is 0.388. Looking at p value of 0.34 there is overwhelming evidence to support the null hypothesis (H_0).

4.5.5 Relationship between experience and turnover.

Table 4.13: Correlation between experience in business and turnover.

Correlations

		Sales per year	Years in business
Sales per year	Pearson Correlation	1	.370[*]
	Sig. (2-tailed)		.044
	N	30	30
Years in business	Pearson Correlation	.370[*]	1
	Sig. (2-tailed)	.044	
	N	30	30

Correlation is significant at the 0.05 level (2-tailed)

b. Predictors: (Constant), Years in business

From the results above it can be noted that there is strong direct intermediate relationship between experience in managing business and turnover obtained by the company and there is strong evidence to support the null hypothesis.

4.5.6 Association between level of education and performance.

Table 4.14: Correlation between education and turnover

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.328ᵃ	.108	.076	$43,926.98088

a. Predictors: (Constant), Level of education

There is direct intermediate positive of 0.33 between level of education and sales turnover. Nevertheless, the evidence to support the null hypothesis is very weak since p value as denoted by sigma is above 5 % which is 0.53.

4.6 Assessing the relationship between management skills and performance.

4.6.1 Relationship between recordkeeping and turnover

Table 4.15 Correlation between record keeping skill and turnover.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.683ᵃ	.467	.447	$34,110.61176

a. Predictors: (Constant), Bookkeeping skill

There is strong direct relationship and turnover obtained in a company as denoted by Pearson correlation of 0.68. From the results it has been noted that most owners and managers practise bookkeeping through hiring professional accountants and bookkeeping system uses receipts and invoices. This means that owners and

68

managers lack bookkeeping skill, yet it is very crucial to the performance of the business.

4.6.2 Marketing concept and performance of the business.

Table 4.16: Relationship between marketing concept and sales turnover.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.402[a]	.162	.132	$42,752.85769

a. Predictors: (Constant), Marketing concept

Above results shows that there is direct intermediate positive relationship between marketing concept used by owners or managers and sales obtained in the company as denoted by Pearson correlation(R) of 0.4.

4.6.3 Management function practise and performance of the business

Table 4.17: Planning skill and performance of business.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.683[a]	.467	.447	$34,110.61176

a. Predictors: (Constant), Planning skill

The model summary above shows that there is significant positive relationship between planning skill as a management practise and turnover of the company. This is evidenced by Pearson correlation of 0.68. The results were in line with Yazeed & Rangim (2014) in stating the positive relationship but the results contradict in terms of significance since they found out the relationship is insignificant.

4.7: Regression model for performance and business management skills

Table 4.18 Coefficient for multiple regression model

	Coefficients					
Model	Unstandardized Coefficients		Standardized Coefficients		T	Sig.
	B	Std. Error	Beta			
1 (Constant)	18686.876	11239.652			1.663	.108
Marketing concept	5977.953	6192.989	.142		.965	.343
Bookkeeping skill	59248.473	13652.204	.637		4.340	.000

a. Dependent Variable: Sales per year

From the above results p>0.108 therefore there is overwhelming evidence to support the null hypothesis for the main aim of thee research which say there is a relationship between business management skill and performance of SME's. The results are almost the same with Mawutor (2016) who find p value of 0.05 and find it worth to state that there is a positive relationship between profitability as a performance indicator and managerial skills.

Given the above SPSS output the multiple regression model can be computed as follows:

$$\hat{Y} = \alpha\hat{\Box} + \hat{\beta}X.$$

$$\hat{Y} = 18686.88 + \hat{\beta}_1 5997.95 + \hat{\beta}_2 59248.47$$

Where $\hat{Y}$ = sales, $\hat{\beta}_1$ = marketing skill and $\hat{\beta}_2$ = record keeping skill and a constant of $18686.88 of sales whether no business management skills.

Table 4.19 Correlation between business management skills and performance.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.709[a]	.502	.467	$33,604.01859

a. Predictors: (Constant), Bookkeeping skill, Marketing concept

There is strong relationship between business management skills and performance of SME's as denoted by correlation of 0.7. These results are consistent with Olowu and Aliyu (2015) which found Pearson correlation of 0.78 which almost the same with the above results. R square of 50% tells that 50% of performance can be explained by business management skills, the remainder can be explained by other factors.

4.8 Challenges faced by SMEs

Table 4.20: Challenges that hinder performance

Challenges facing SME; s

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	High cost of hiring accountant	5	16.7	16.7	16.7
	Lack of funding	9	30.0	30.0	46.7
	Competition	5	16.7	16.7	63.3
	Load shedding of electricity	1	3.3	3.3	66.7
	Outdated equipment	4	13.3	13.3	80.0
	Poor marketing skills	6	20.0	20.0	100.0
	Total	30	100.0	100.0	

Fig 4.5: Challenges facing SME's
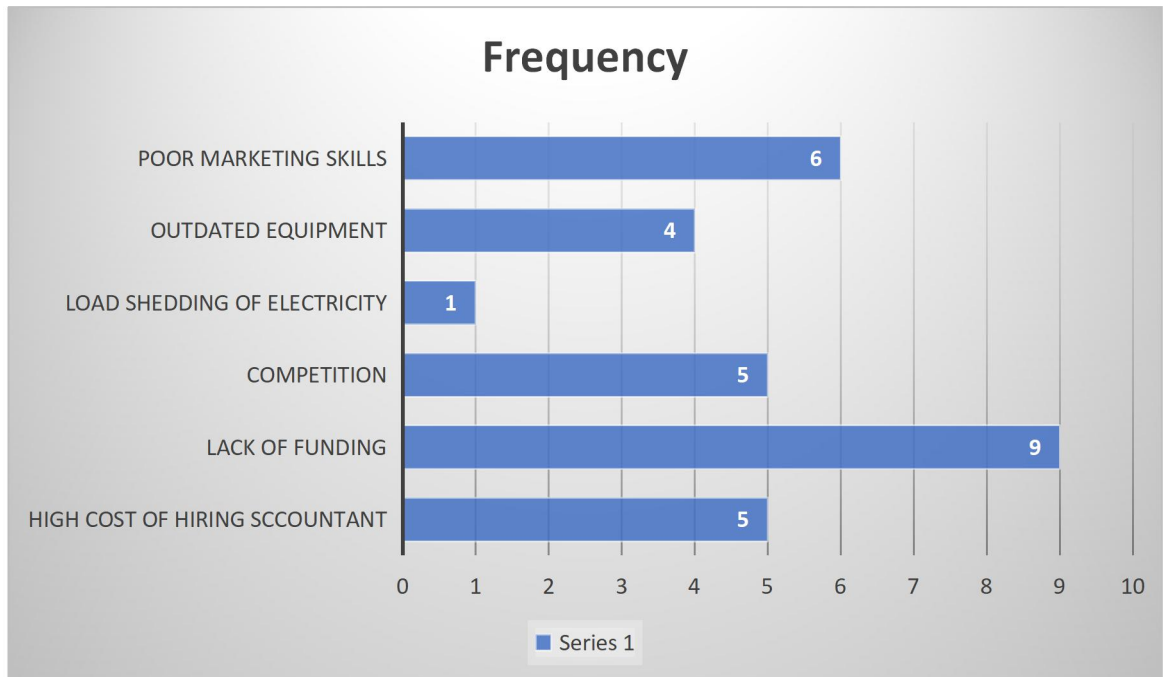
The above challenges are some of the challenges that hinders performance of SMEs at Manicaland Agricultural Showgrounds. Some of the challenges tally with Choruma, 2017, Nyoni & Bonga (2017), Bonga et al who identified poor marketing skills, lack of funding and faces high completion as characteristics of SME's in Zimbabwe. Olowu and Aliyu (2017), Ihua, (2009), Agbim, (2013) and Shehu, et al., (2013) found out that managerial skills are significant to performance of SME's their correlation was 0.7. Although the correlation for this study was lesser than 0.7 there was enough evidence to state a positive significant relationship between business management skills and performance. Since p value was greater than 1 %.

4.8 Summary

The study uses sales (dependent) as tangible measurement of performance. Independent variables examined firm age, experience of owner and education of owner. The results are acceptable because the variables used are almost the same as

in the study of Makate (2014) who mentioned that variables were drawn from Structure Conduct Performance (SCP) framework as put forward by Rossli (2011). He realised the importance of SCP framework on factors influencing performance. Furthermore, the study variables used were in line with 3 E conceptual model for critical success factors by Nyoni & Bonga (2018). They depicted that success of SMEs in Zimbabwe largely depends on enterprise factors (technology, marketing and management skills), environmental factors (social networks and government & financial support) and entrepreneurial factors (gender, age of owner, education level and availability of capital).

In this study there was positive relationship between firm age, experience of owner and education. The results fall within the range of Sembiring (2016) who found out a positive relationship between knowledge and skills to performance. He posited that the higher the knowledge and skills the better performance and qualified human resource tends to perform better than unqualified thus education and experience has significance to performance because as owners and managers get education knowledge increases and then they become skilled as they apply skills everyday thus experience. Hayton (2015) was against significant relationship between the level of education and the self-reported skills of his respondents but the significant relationship found to university level of education. In this study it was found that those owners and manager who had at least certificate in diploma whether it for carpentry performs better though they have not attained a degree.

Research concluded by testing causal link between marketing skill, record keeping skill and planning skill with sales. Significant positive results found making the results consistent to Sidek (2014) who concluded significant relationship between conceptual skills (which he named management, planning and budgeting as well as

marketing) and performance. Sambo et al (2015) and Olowu and Aliyu (2015) found supported a significant relationship between managerial skills and performance.

The data analysis included correlates of business management skills and performance of SME's through experience in business, age and education of owner or manager. Then business management skills analysed through technical skill of record keeping and marketing as well as conceptual skills particularly of human skills that is the ability to manage people by practising management functions.

CHAPTER 5 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the research summary, major conclusions and recommendations of the study. These are derived from the findings of the research project. The chapter also presents suggestions for further research.

5.2 Discussion

The study started by presenting chapter 1 which set out the background through highlighting events and capture literature that has triggered the researcher to study on business management skills and performance of small scale manufacturers, statement of the problem stated clearly as well as objective.

On chapter 2 the researcher reviewed elated literature on the topic under study from the documents such as journals, books and websites to find out what previous researcher say on the topic. Theories on business management skills and performance were identified for example the human capital theory.

Chapter 3 gives detailed methodology on how the study was carried out to test the theories that were available. Topics covered includes research design, data collection methods as well as data analysis tool used to make sense out of data collected.

Data collected from the structured questionnaire were presented, analysed and interpreted in chapter 4 and the relationship between business management skills were explored. From the results presented it was noted that there is a relationship between business management skill and performance of small- scale manufacturers. Although, owners and managers lack recordkeeping skill, marketing skill and

management skills and they are facing challenges in acquiring these skills due to lack of finance, lack of training, lack of updated technology and stringent policies from relevant authorities.

5.3 Conclusions

This section elaborates and concludes the study. The conclusions and recommendations of the research study were made with reference to the study objectives hence below are the conclusion for each objective:

5.3.1 Current business management skills practised by SMEs

From the results it has been noted that majority of SMEs possess management and marketing skill although they are not abreast with new trends in marketing such a digital marketing. On management most entrepreneurs perform all three functions of management which are organising, leading and controlling but they lack planning skill. Generally, it has been noted that SME's has lower bookkeeping skills most of them who keep records hire an accountant. The current business management skills for small-scale business owners and managers is characterised by poor planning, poor financial evaluation and insufficient marketing although they have the technical know- how of Capentry and welding they lack technical skills of marketing, recordkeeping and planning

5.3.2 Challenges faced by SME's

Manufacturing SME's faces challenges such as competition, lack of funding especially for capitalising in equipment needed in their manufacturing activities, unfriendly business environment, electricity has posed a threat to their business as they use machines that uses energy, lack of marketing information, lack of managerial skills, inadequate finance to enrol for business management skills and outdated technology thereby unable to use modern trends of marketing.

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5.2.3 Relationship between business management skills and performance of SME's

The results show that there is a positive relationship between business management and performance of SME's. This is evidenced by correlation figure between marketing skill and sales, recordkeeping and sales, education and sales, age of owner with sales as well as number of years in business and sales. Many authors emphasize on the significance of marketing articulating that for SME's to access international markets they should use of social media marketing , Makura & Nyoni (2017) while Nyoni & Bonga (2017b, c & g) recommend the use of neuro – marketing as a way of grabbing a huge customer base on the market.

5.3.4 Strategies to improve business management skills and performance

SME's have appreciated business management skills such as marketing skill, management skills and bookkeeping skill. Therefore, they are keen to learn on those areas so that they improve their business. Some has requested for seminars to learn on digital marketing as they may need to market their manufactured products at the same time meeting the new marketing trends. Makate (2014) suggested assistance that can be offered to SME's to improve their performance these includes: availing credit to the firms and training of entrepreneurs in areas like; small business management, bookkeeping and marketing.

Training workshops are important so as equip SME's with necessary skills then avoiding skills gap. Above all changing the mindset of entrepreneurs from traditional way of running a business to new way of running business. This is supported Kottler & Kottler (2010) who alluded that businesses should move away from concept of just providing product or services but move on to creating customer value in order to build profitable relationship with customers.

Marketing is significant to manufacturing owners of business owners or managers to gain competitive advantage. Marketing in the twenty first century has shifted to customer driven marketing approach where customers need to be involved from the first stage of product design in order to produce a product that satisfy customers. Hence it is important to know customer needs. Here is a look on the five top trends that are working currently.

Mobile marketing

In this era where everyone is using mobile phones it is wiser to employ mobile marketing strategies to engage those customers who do not want to see traditional advertisements such as the newspaper. This trend helps much to target geographic area and focus on those who are searching for specific mobile keys. An example of mobile marketing is one of Econet when it is marketing about insurance services to everyone who uses Econet line.

Social engagement

Social media is now a powerhouse therefore engaging customers in a smart strategy through this channel is a great way to reach prospective customers. This helps to target geographic area as well as responding to the enquiries and feedback by customers on social media. A good example is that of a client who bought burnt chicken and chip for Chicken Inn on Facebook and the staff at Chicken Inn quickly respond to the person and remedy the situation. Most organization now has Facebook page, twitter and Instagram to interact with their customers.

Email Marketing

 Email marketing gets message directly to the customers who have interest in products. This involves sending emails including well written and engaging content

and ensuring readers know the next step to take. However, the messages should be sent to customers who previously visited the page.

Content Importance

This means that the organization website, social media and any other written or video content that provide relevant to audience and valuable information. Hotels restaurants provide some photos and videos about their products. Likewise, the manufacturing owners or managers should have websites where they put videos of their products rather than improving the quality of products since most of them employ product concept.

Direct engagement

Lastly involving customers at their own kevel customers not organizations reaching customers only for example customers can call email, use social network to conduct some organizations and discuss valuable information.

Even if the marketers have abreast themselves with the above trends changes are happening they need to stay informed about the latest developments, be able to employ new technology to make decision fast and marketers should incorporate knowledge of these trends into their teaching and research. Companies may hire skilled workers who are able to meet the marketing trends so that the company become competitive.

Furthermore, of important to note is use of accounting software for small business. Software such Patriot accounting software has solution to small business record keeping responsibility despite that they do not know how to do record keeping. Non-accountants can find it fast and easy without any difficult since they are provided with all template information to put their information. Instead of using complex

accounting solutions. Also, Quickbooks can help small manufacturing owners to do bookkeeping although the need to be equipped with basics of bookkeeping first.

Modern bookkeeping when practiced would provide the necessary information that will critically affect major business decisions and facilitates effective monitoring the financial development or failure of the business. Okwena, et al (2011) say that the evaluation of financial consequences takes a big part in every decision that the owner will make. Without reliable financial information and accurate records, it will be intricate to project the impacts of a certain course or action. It must be noted that, profitability is revealed only with accurate records.

Moreover, planning poses a significance in the success of a business. Manufacturing owners or managers should make sure they have a business plan written. To be effective the entrepreneur must plan each step along the way to see their dreams of owning a business become a reality. Each year many businesses fail, and business owners see their dreams of success shattered and one important reason why such situations happen is that business owners did not plan carefully before they started to operate. They assume that they can learn as they go on with their business but find that problems get accumulated if not solved diligently. If these kinds of results are to be avoided, business plan must be formulated.

For business to be successful they should operate ethically starting from being honesty to themselves up to meeting the regulatory requirement. Accounting practise and bet management practise are important aspects in business ethics and integrity. Which means owners or managers should practise record despite the legal requirement of the relevant authorities. Management practices are the underlying foundation for organizational integrity whether it is commitment to good customer

service or fair employment practices. Being honest and transparent with finances is a basic expectation of shareholders, customers and employees. Careless accounting practices limit an organization's ability to operate with good financial management.

5.4 Implications

In summary, entrepreneurship is the window of opportunity for Zimbabwe as it creates jobs, increase GDP and increase standard of living so why not concerned about encouraging support SME's to have necessary skills to ensure success of business. Bearing in mind the unemployment rate most importantly is creation of jobs by SME's when they are growing. Creating new jobs is the number one need and therefore the number one benchmark for success.

Jobs create the ability for people to feed, house, clothe and educate their families. Jobs provide people with disposable income to inject into the economy. Jobs ultimately help broaden the tax base. Thus, jobs provide the means for the ordinary Zimbabwean to move forward and provide opportunity for their families. If SME owners and managers have necessary skills, they will perform well as well as growing successfully hence contributing to economic growth.

5.5 Recommendations

Taking into consideration the findings of this research, in order to enhance Manicaland Agricultural Showgrounds manufacturing SME's to have a sound business practises, the following recommendations were brought forward.

5.5.1 Education

The research study has highlighted the importance of human capital development. SME operators need to be capacitated with entrepreneurial skills, management capabilities, vocational and technical competencies. As such stakeholders like Mutare City Council, government and donor agencies need to develop tailor made skills -based training programs to equip SME operators and managers with appropriate business skills.

5.5.2 Government intervention

This can help improve access for finance as it is one of the major hindering aspects for SME's to acquire business skills through education since, they cannot afford to enrol for entrepreneurial courses. There is need for government to put in place favourable policies to encourage SMEs from both internal competition (from large corporate) and from external competition. For example, Zimbabwe Revenue Authority (ZIMRA) requires audited financial statement for tax purposes. This hinders small businesses reporting since it attracts more costs. Thereby ZIMRA must have reporting policy that suit small business. In Mutare, SMEs are weak because of very difficult business conditions, which include cumbersome official procedures and unattractive tax regimes.

5.5.4 Formation of SME's clubs and association

SMEs should form associations and clubs that represent their interests in national policy dialogues and pull financial resources for onward lending to members. Such important associations and clubs could partner governments and donors in developing policies and assistance programs to the SME sector.

5.5.5 Mentoring

Mentoring is an investment of time, energy and wisdom by a skilled individual into a person with potential and passion who wants to start or has started a business. Successful businesspeople like Strive Masiyiwa has a role to play by exploring the idea of being a mentor to build success for SME's. Mentoring can be given in form of money, idea and advice on how to run a successful business. Organisations like Nehemiah are very important in providing mentoring as they train entrepreneurs on basic skills needed in business and match them with mentors who will help them go through income statements, cashflow statements as well as marketing.

5.5.6 Changing of education system

Change the structure of key courses at secondary and tertiary level to include key practical principles of running a business. Have mock business competitions. Get kids to run a small business and train them using the practical rather than the theoretical. This has great impact to SME's since the new entrepreneurs will get inn business equipped with basic skills needed in business.

5.5.7 Changing the mindset of SME'S

Consultant should provide solutions to SME's by giving entrepreneurs structure for their business, wisdom from what they have experienced and insight into making their business successful. Above all consultants should instil practical skills of managing a small business need to be developed, especially the financial aspects like the basic difference between profit and cashflow.

5.5.8 Business planning

SME's owner or managers are encouraged to write up business plans. No one should run or start business without a business plan because business planning is critical

success factors for SME's in Zimbabwe (Nyoni & Bonga, 2018). The researcher has noted most manufacturing entrepreneurs at Manicaland Agricultural Showgrounds operate without business plans.

5.6 Suggestion for Further Research

For the future, this study could be extended by focusing the research on relationship between entrepreneur characteristic and performance of SME's and effect of vocational training and practical short course on entrepreneurial attitude, factors affecting source of finance for manufacturing SME's as well as success of manufacturing SME's

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APPENDICES

APPENDIX 1: Questionnaire Survey Instrument

Please put a tick (√) against the appropriate answer in the box provided. Where space is provided, write additional information needed if any.

1. Gender

Male ☐   Female ☐

2. Marital status

Single ☐   Married ☐   Divorced ☐

3. What is your age group?

18-25 years ☐   26-40 years ☐   41-60 years ☐   61-over ☐

4. What is your position in the business?

Owner

Manager ☐

Owner/manager ☐

Bookkeeper

5. Number of years in business.

less than 1yr	
1 – 5 yrs.	
6 – 10 yrs.	
11 years	

6.Level of education:

GCE O/A Level	
Certificate/Diploma	
Certificate/Diploma in bookkeeping/accounting	
Degree	

Other

(Specify)……………………………………….

7. Type of business

Welder	

Steel and metal fabricator	
	95
Furniture manufacturer	

Other

(Specify)…………………………………………

8.Do you perform following management functions.

Planning	
Organising	
Controlling	
Leading	

9.How do you market your products?

Making goods available	
Improving quality	
Identifying customer's needs first	
Giving to the society	
Advertising through media	

10. Do you record every transaction

YES ☐

NO ☐

11. Where do you write? …………………………………

12. When did you last update your books?...............................

13. How much did you sell yesterday? …………………………..

14. What determine you to bring new order for business?........................

15. What are the challenges you face when managing

business?...

....

....

....

....

16. What do you think should be done to solve the

challenge?...

....

....

....

17. What any other knowledge important to help you manage

business?...

....

....

....

APPENDIX 2: AUREC Approval Letter

AFRICA UNIVERSITY RESEARCH ETHICS COMMITTEE (AUREC)

Ref: AU1117/19   24 October, 2019

Progress Dhliwayo
Africa University
C/O CBPLG
Box 1320
MUTARE

RE: <u>BUSINESS MANAGEMENT SKILLS AND PERFORMANCE OF SMALL SCALE –
ENTERPRISES: A CASE OF SMES IN MANICALAND AGRICULTURAL
SHOWGROUNDS IN MUTARE, ZIMBABWE</u>

Thank you for the above titled proposal that you submitted to the Africa University Research Ethics Committee for review. Please be advised that AUREC has reviewed and approved your application to conduct the above research.

The approval is based on the following.
a) Research proposal
b) Questionnaires/interview guide
c) Informed consent form

AFRICA UNIVERSITY
RESEARCH ETHICS COMMITTEE (AUREC)

2 4 OCT 2019

APPROVED
P.O. BOX 1320, MUTARE, ZIMBABWE

- **APPROVAL NUMBER**   AURECAU1117/19
  This number should be used on all correspondences, consent forms, and appropriate documents.
- **AUREC MEETING DATE**   NA
- **APPROVAL DATE**   October 24, 2019
- **EXPIRATION DATE**   October 24, 2020
- **TYPE OF MEETING**   Expedited

After the expiration date this research may only continue upon renewal. For purposes of renewal, a progress report on a standard AUREC form should be submitted a month before expiration date.

- **SERIOUS ADVERSE EVENTS** All serious problems having to do with subject safety must be reported to AUREC within 3 working days on standard AUREC form.
- **MODIFICATIONS** Prior AUREC approval is required before implementing any changes in the proposal (including changes in the consent documents)
- **TERMINATION OF STUDY** Upon termination of the study a report has to be submitted to AUREC.

Yours Faithfully

MARY CHINZOU – A/AUREC ADMINISTRATOR
FOR CHAIRPERSON, <u>AFRICA UNIVERSITY RESEARCH ETHICS COMMITTEE</u>

APPENDIX 3: Approval Letter from Relevant Authorities.

All correspondence to be addressed to the
Provincial Head For individuals
GOVERNMENT COMPOSITE BUILDING
BLOCK B, FIRST FLOOR
Robert Mugabe Street
Telephone, 6679480379
CELL: 0775162573
Email: mrubaya22@gmail.com

ZIMBABWE

MINISTRY OF WOMEN, COMMUNITY
SMALL AND MEDIUM ENTERPRISES
DEVELOPMENT
MANICALAND PROVINCE
P.O.BOX 469
MUTARE

26 September 2019

To Whom It May Concern

RE: Authorization to Conduct a Research titled "Business Management Skills and Performance of Small Scale Enterprises: A Case of SME's at Manicaland Agricultural Showground"

The subject matter refers;

Please be advised that the bearer of this letter, Progress Dhliwayo ID 13-248458X13 has been granted authority to carry out a research on the aforementioned topic.

Please give her the necessary support.

Yours Faithfully

M. Rubaya

PROVINCIAL DEVELOPMENT OFFICER

APPENDIX 4: Urkund Report

Urkund Report - PROGRESS DHLIWAYO.docx (D65126703).pdf - Adobe Reader

File Edit View Window Help

Urkund Analysis Result

Analysed Document:	PROGRESS DHLIWAYO.docx (D65126703)
Submitted:	3/9/2020 4:00:00 PM
Submitted By:	djeranyama@africau.edu
Significance:	4 %

Sources included in the report:

final PhD Thesis - 2.docx (D42866169)
PRIYANKA SINGH.pdf (D38240422)