# THE ROLE OF MICROENTERPRISES IN POVERTY REDUCTION: A CASE OF THE CITY OF BULAWAYO

**A report on a research study presented to**

**The Department of Social Work**

**School of Human and Community Development**

**Faculty of Humanities**

**University of the Witwatersrand**

**In partial fulfilment of the requirements**

**For the degree Master of Arts in Social Work in the Field of Social Development**

**By**

**Pana Mnkandla**

**March, 2017**

# DECLARATION

I solemnly declare that this report was my own unaided work, no plagiarism whatsoever was done. Every source used has been referenced in this research report.

Signature:______________________________

Pana Mnkandla

Date:  15 March 2017

## ACKNOWLEDGEMENTS

I would like to give thanks to God for being the source of strength throughout the process of this research. I would also like to give gratitude to my supervisor, Dr Edmarie Pretorius who was abundantly helpful and offered guidance and support. Your patience with me cannot be matched. I would also like to thank the community of microenterprise owners from Empretec Zimbabwe and Self Help Development Foundation for their participation in the study. Special thanks to Lifneth Moyo Empretec Coordinator and Stella Mukombwe Self Help Regional Administrator who gave me access to their beneficiaries. I would also want to extend gratitude to the research assistant Nomcebo Bhala who helped me in conducting some of the interviews. To my friends, Lunganenkosini Dube and Ntombiyelanga Sibanda, no words can express my gratefulness. To my family, Mr and Mrs Mnkandla thank you for the love and support. God bless.

# ABSTRACT

Poverty is one of the biggest challenges that the global community is struggling with. In attempting to address poverty, there has been a tilt towards a microenterprise approach to social development mostly in the global South. The purpose of the study was to explore the role of microenterprises in poverty alleviation and how microenterprises can be optimised as a strategy for poverty alleviation. The primary aim of the study was to explore ways in which microenterprises are contributing to the reduction of household poverty in Bulawayo, Zimbabwe. This was a qualitative study and a multiple case study design was employed. A semi-structured interview schedule was used during interviews with nine participants who had either gone through entrepreneurship or technical skills training and two key informants were selected based on their expertise in enterprise development. Purposive sampling was used to select the participants and thematic analysis was applied to analyse the collected data from all participants. The major findings of this study were that microenterprises have a pivotal role in ensuring basic sustenance, for example basic needs like rent, food, health care and education. All the participants had received business training, however, there still is a disjuncture between business knowledge and application. Challenges that affected participants in the study included lack of machinery, access to credit and lack of a market for their products as indicated in the findings of the study. The participants expressed that microenterprises are a step towards breaking the poverty cycle. The main findings of this study are that microenterprises as a tool in poverty alleviation manages only to afford people basic sustenance, however, it cannot alone be the panacea for poverty reduction, hence it should be seen amongst other interventions in social development.

Keywords: poverty, microenterprises, microfinance, social development, economic development, Bulawayo

## Table of Contents

# LIST OF TABLES

# LIST OF ACRONYMS

| | |
|---|---|
| **ESAP** | Economic Structural Adjustment Programme |
| **ILO** | International labour organisation |
| **MSME** | Micro and Small to Medium Enterprises |
| **NGO** | Non-Government Organisation |
| **PISCES** | Programme for Investment in the Small Capital Enterprise Sector |
| **SADC** | Southern African Development Community |
| **SMME** | Ministry of Small Micro to Medium Enterprises |
| **UNDP** | United Nations Development Programme |
| **UNCTAD** | United Nations Conference on Trade and Development |
| **USAID** | United States Agency for International Development |
| **ZIMPREST** | Zimbabwe Programme for Economic and Social Transformation |
| **ZIMSTATS** | Zimbabwe National Statistical organisation |

# CHAPTER ONE

# INTRODUCTION TO THE STUDY

## 1.1 Introduction

For decades, microenterprises have been championed by many developmental partners and international multilateral organisations as a successful pro- poor strategy towards poverty alleviation in Zimbabwe. Therefore, Zimbabwe does have a strong bias towards the microenterprise sector through its blueprint policies like the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZIMASSET, 2013).

Substantial research has been done on microenterprises as one of the poverty alleviation strategies but the question of how these microenterprises have made a difference in terms of poverty alleviation remains an under-charted terrain. Saunyama (2013) and Ngundu (2010) however have done qualitative studies in Zimbabwe and the findings have demonstrated that microenterprises are indeed a sustainable way of reducing poverty. In Bulawayo, which is the industrial hub of the country, a significant number of strategic industries had closed down and only a few studies of late have been done on the role being played by microenterprises in the socio-economic transformation of the lives of people (Saungweme, Matsvai & Sakuhuni, 2014).

The study focused on the analysis of the role played by microenterprises in the fight against household poverty. The study centred on exploring the views of participants who were trained by two organisations Empretec Zimbabwe, and Self-help Development Foundation who are involved in running these enterprises in the city of Bulawayo. These participants were trained in record keeping, marketing, financial management and opportunity seeking with the expected outcomes being an improvement in the performance of their microenterprises that translate to more sales and profits. Training was seen as an enabler when it comes to the performance of these entities.

## 1.2. Statement of the problem and rationale for the study

Zimbabwe has reached global records in terms of poverty and unemployment with a majority of the poor making a living in the informal sector through small businesses and microenterprises. There is an agreement between entrepreneurship services providers in that the small, micro and medium enterprises play a key role in the development of the key sectors of the economy (Chimucheka & Mandipaka, 2015). Chimucheka et al., (2015) further argue that this sector is crucial for economic growth, employment creation and poverty alleviation. Thus microenterprises are seen to have the greatest advantage in terms of allowing the poor to tap into the mainstream economy and hence in a way alleviate the poverty that might otherwise limit them realising their full potential. In Zimbabwe, poverty is on the increase, and microenterprise training is implemented as a strategy to alleviate poverty, however, there is a need to investigate what was gained from the microenterprises that they are running. Thus, this is to establish whether microenterprises are really the lifeblood of the economy seeing that most of the poor are making their living out of the informal market.

The study was prompted by the need to understand how microenterprises can be leveraged towards household poverty reduction. The findings of the in depth social and scientific enquiry into the operation of microenterprises might enable policies makers to include the needs of microenterprises when developing policies which affect these entities.

According to Chimucheka et al (2015), there is agreement amongst researchers in terms of the role of Micro, Small to Medium Enterprises (MSMEs) play in economic development in Zimbabwe, employment creation and poverty reduction but the majority of the enterprises are failing. Thus, there is a need to investigate the causes of failure within the Zimbabwean MSMEs sector to identify the challenge and to find solutions to attempt to prevent the failures. Furthermore, it is important to understand whether these microenterprises are making a difference in the lives of the populace and to establish how to assist in getting these microenterprises past the stage of being survivalist businesses. The call for the government of Zimbabwe and developmental partners is to make them become more viable and sustainable businesses, which contribute to the economic growth of the country.

Mupedziswa and Gumbo (2001) make mention of the fact that the informal sector once seen as a sector for those who do not have much education has become a lifeline for many Zimbabweans. Thus, this research sought to explore and determine the role of microenterprises in poverty reduction within the city of Bulawayo, in Zimbabwe as contextualised within the social development paradigm.

### 1.3 An overview of the research methodology

The study was qualitative and explorative seeking to capture the views of the participants who run microenterprises. Fouche and Delport (2005), state that this approach of qualitative research aims to understand social life and the meaning that people attach to their experiences. Microenterprises have been championed as a means towards uplifting masses from poverty in the developing world for decades. The study focuses on the analysis of the role played by microenterprises in poverty alleviation involving beneficiaries who were are part of the enterprise program at Empretec Zimbabwe and Self-help. The study is primarily concerned about the role of microenterprises in poverty reduction, challenges being encountered by participants concerning the microenterprises and propositions on how the microenterprises can be optimised to be more effective as a strategy in poverty reduction. Purposive sampling was used to select the nine beneficiaries for the study who were then interviewed. Thematic content analysis was used to analyse the data and come up with the findings following a model suggested by Creswell (2014).

**1.4 Defining concepts**

a) Micro- enterprise

The term microenterprise is defined by Midgley (1995, p. 7) as “small businesses operated by poor people and supported by sponsoring organisations such as governments, faith-based organisations through technical advice and loans for start-ups”. In this context they will be considered in terms of the skills set that the owners of these microenterprises acquire that includes record keeping, networking and marketing. Thus the term seeks to capture how they are structured and the role actors involved in supporting them.

b) Poverty

Poverty in this study is looked at as defined by Bezuidenhout (2013, p. 321) “ as lack of income and productive resources to ensure sustainable livelihoods, hunger and malnutrition, ill health, limited or lack of access to education and other basic services, increased morbidity and from mortality from illness, homelessness and inadequate housing, unsafe environments and social discrimination and exclusion.”This definition seeks to capture the essence of lack of basic necessities in everyday life by a majority of the poor people. Thus the focus with reference to this study is how poverty can be reduced in order for the poor people to attain the minimum standard of living in Zimbabwe. This might be achieved through engaging in microenterprises, which have a ripple effect in reducing the extent of poverty through economic benefits.

c) Social development

Midgley (1995, p. 25) defines social development as a “process of planned changed designed to promote the well-being of a population as a whole in conjunction with a dynamic process of economic development”. Thus this definition conceives social development as an approach to social welfare that can posit as a tool towards poverty reduction. With reference to this study, social development is an approach that broadly looks at poverty alleviation, job creation and economic development. In this definition, social and economic development is linked together towards improvement of the lives of the poor.

**1.5 Significance of the study**

The study focused on establishing the significance of these enterprises in contributing to the well-being of households from the view of the beneficiaries. It was hoped that this study would bring in some evidence in terms of what are the positive trends in microenterprise development and give indications to how the scope of social development through the pursuit of microenterprises can be further developed. As the study primarily hinged on capturing the voices of the people, it was hoped that their views would help in casting a picture to shape future interventions and government policies targeting microenterprises.

The research findings would hopefully enhance the knowledge base and allow planners to identify policy gaps, which can assist in designing strategies to optimise these micro-enterprises so as to allow them to be more competitive and contribute to the social development of people in Zimbabwe. The study sought also to contribute to the theory base of microenterprises as a strategy of social development in Zimbabwe, because the majority of people make their living in this informal sector.

**1.6 Limitations of the study**

It is also important to highlight that participants may have given desirable answers thinking that they may be reported to their funders since the researcher worked for one of the organisations funding them. This was counteracted by using a research assistant who interviewed the participants. However, the confidentiality clauses read to the participants prior the interviews instilled confidence in them such that no information was distorted.

Credibility in qualitative research has always been problematic where researcher bias is bound to be there. Much of the findings of this study are based on the interpretation of data by the researcher. The background of the researcher might have influenced the interpretation of the data. To counter this, the transcripts were cross-checked with participants so as to have accurate information.

### 1.7 Organisation of the report

Chapter one contains the overview of the study. In chapter two the literature review and the theoretical framework, chapter three presents the research methodology. The analysis and presentation of the data are contained in chapter four. Chapter five has the main findings, conclusions and recommendations.

# CHAPTER 2

## LITERATURE REVIEW AND THEORETICAL FRAMEWORK UNDERPINNING THE STUDY

### 2.1 Introduction

This section will review literature surrounding developmental social work through the use of microenterprises as a poverty reduction strategy. Approaches to microenterprises and its origins will be reviewed in this chapter. The section will also review the literature on the major contribution of microenterprises within the broader social development paradigm looking at the strengths and weaknesses of the approach.

### 2.2 Theoretical framework underpinning the study

This study examined the role of microenterprises in development and sought to establish the links with poverty alleviation. The study utilised the enterprise approach and social development as a theoretical framework. Social development seeks to maximise the benefits to community members within the development process and thus the microenterprise approach is another avenue that seeks to achieve this noble goal. Midgley (2014) posits that the enterprise perspective focuses social development on the market arguing that involving people in markets is an effective way of achieving social development. Some other scholars like McPherson (1996) argue that microenterprise approach has more to do with promoting the idea of growth with equity. Mainly the ideas of growth with equity centres on the distribution of incomes against economic growth, which some scholars like him, argue should happen at the same time.

Saunyama (2014) argues that the advent of social development as an approach to social welfare service provision equips social welfare practitioners to devise policies and strategies that are sustainable. Social development hence is an approach that seeks to promote the welfare of populations through combining social and economic goals. Ngundu (2010) concurs with this argument as he points out that the aim of social development is to use social programmes in alleviating poverty by allowing the poor to participate in economic activities like microenterprises. Thus social work practitioners in a way have to acquire the set of skills that will enable them to deliver economic oriented projects.

In this theoretical framework, the focus is given to programmes such as microenterprise and microfinance that promote the participation of people in markets. The theory as argued by

Midgley (2014) promotes the idea that market activities in the poor communities enable people to be autonomous and self- driven. In this paradigm grass root market behaviours are promoted and this goes to show how microenterprises can promote social development. Wankel (2008) cited in Midgley (2014) further argues that the microenterprise approach can further social development through efforts like micro franchising. This encourages local people to target their local community members as a ready-made market. The impact of the microenterprise approach is revealed in the concepts which enlist social entrepreneurship, social business, social economy, philanthropic-capitalism and corporate social responsibility (Midgley, 2014). The mentioned concepts have all to do with social development that some scholars argue that these concepts offer an alternative that is not dependent on the state but about the individuals' aptitude and entrepreneurial mindset. The approach allows emphasis to be put on the importance of social investment to enhance the well-being of the society. In a way when poor people are allowed to participate in the market it is an empowerment drive as the generated incomes allow them to meet their basic needs, which are a core pillar in social development. It is also in this light that some scholars argue that governments should lower taxes, deregulate the economy, privatise services and adopt policies that will stimulate market participation (Midgley, 2014). Thus, at a policy level, governments should work to remove regulatory barriers that impede efforts of informal sector entrepreneurs and thus achieve market-friendly policies.

Katunga and Lombard (2013) in their study of the role of social entrepreneurship in meeting needs of the orphans and vulnerable children point out that the social development approach allows the merging of social interests with business practices to enhance the welfare of the beneficiaries. Thus, the social development approach does tap into the community's inner capabilities and leverage them towards advancing the welfare of the poor.

Lombard (2008) in her study findings of the role of social workers in development social work points out that many social workers realise the need for their involvement in economic development projects; however they is great anxiety and uncertainty about the competence and the specialised knowledge that social workers seem not to possess as it relates to their training. Midgley (1996) further posits that there are many social workers who believe that the economic development activities are not suited to casework. The biggest challenge is that social workers are not confident in working in an environment where there have less skills and experience. However, it should be noted that the developmental approach to social work indeed needs social workers to be part and parcel of this new paradigm under social development. Social developments focus is on alleviating poverty and hence that change is progressively realised as the approach enlists economic development to ensure sustainability. Lombard in Ngundu (2010) note that curbing a culture of dependence, creation of work and ensuring sustainable livelihoods is best tackled through the integration of economic and social development as a strategy to alleviate poverty. In a way, this in turn means there is a need to find the right balance between social and economic policies to deliver development benefits to the whole society to avoid the notion of distorted development.

Midgley (2008) further asserts that microenterprise development has a ripple effect on socio economic development, which in turn means incomes are raised and hence demand increases therefore stimulating economic development. In a way, the microenterprise approach has both social and economic benefits. Microenterprise approach hence fits in well in social development as it decisively reduces poverty by empowering the communities economically.

Thus, the microenterprise approach was most appropriately suited to this study as it allowed the researcher to interview different microenterprises and analyse their interaction with the market forces. Further on this approach enabled the researcher to look into the social benefits of the participating individuals and ultimately have a picture in terms of the contribution of this approach towards social development. Hence, participation becomes a key ingredient in this microenterprise development context. The next section will explore the importance of participation in social development.

## 2.3 Participation defined

The core value in participation has more to do with the involvement of communities, groups and individuals in the development process. Korten (1990) argues that participation has to do with people being in control of resources that will determine how they would shape the development process. It is at this level that government officials are brought to accountability as they interface with the people on the ground. However, achieving this is a challenge as people account to elected officials and not vice versa. Midgley (2014) notes that it is within the confines of this approach that we have seen an activist approach being fostered as people claim their space in the development context. This also has seen the coming up of social entrepreneurship and the social economy. In a way, social development is facilitated when people are given the liberty and responsibility to make decisions that influence their welfare as seen by organisations supporting their microenterprise initiatives to enhance their livelihoods.

Participatory community development decision making is by no means a subject that is agreeable to everyone. The culture of participation is now internationally widely accepted as it carries with it democratic influence (Davids, Theron, & Maphunye, 2005). On the other hand, the authors further argue that due to the lack of clarity and little agreement on what people-centeredness' entails has become a barrier when the communities are being consulted and involved in various projects that promote social development without a clearly defined process. At this point, the talking revolves around the understanding of who controls the participatory process which gives the balance between prerogatives of governments, non-governmental organisations weighed against the political rights of the citizens (Davids, Theron, & Maphunye, 2005).

Patel (2005) argues that participation in social development is embodied in the demand that the "People shall govern". People in social development projects hence should be given the prerogative to determine their direction in life. The active participation of citizens hence is a key pillar in social development.

Thus, microenterprises in this study mirror what community participation in social development is all about. Their role within a market context will be looked into as a tool for poverty alleviation. Thus, the enterprise approach as a theoretical framework is going to inform the study of the microenterprise and give room for it to be examined appropriately. It is clear from the community participatory approach that the involvement of people in the income generating projects and allowing them to be key stakeholders opens growth opportunities as ordinary citizens take charge of the developmental process. The next section links participation in social development and the context of poverty globally.

## 2.4 Poverty prevalence and microenterprise-Global overview

Poverty is still one of the major if not the major challenge that has a global impact. It is seen in most deprived communities through lack of clean water, food, nutrition and the failure to get medical attention. Bezuidenhout (2013, p. 321) defines poverty as "lack of income and productive resources to ensure sustainable livelihoods, hunger and malnutrition, ill health, limited or lack of access to education and other basic services, increased morbidity and from mortality from illness, homelessness and inadequate housing, unsafe environments and social discrimination and exclusion."

Poverty has become high on the global agenda and this is confirmed by the attention given to poverty in the Millennium and Sustainable Development Goals. It is stated by Lemanski

(2016) that the goal of member states of the United Nations was to halve the world poverty by 2015. Poverty is clearly linked to people, however, there seems to be a tendency to embrace more of an economic interpretation of poverty neglecting the social dimension of poverty. Thus, a concise definition of poverty and the poor is a necessity in terms of addressing global trends in poverty incidence. Poverty seems to be typified and conceptualised around differences in terms of living standards of certain individuals compared to others within the same society (Lemanski, 2016).

Global poverty seems to be on the decline based on the reports from the assessment of the Millennium Development Goals. According to The World Bank (2015), there was a significant decline in the population of the global poor. The first goal of halving the global poor by 2015 was met five years before the scheduled deadline. East Asia, Pacific and South Asia, in particular, were seen as having significant changes. In countries like China, millions were uplifted from the poverty trap. The global estimate of those who are extremely poor by 2012 was 900 million and those are people who live under a $1.90 per day (World Bank, 2015). Thus, a comparative analysis of these global trends revealed that poverty globally is declining. The evidence is that in 2011 the statistics reveal that 981 million were deemed as extremely poor which represented 14.1 % of the Global population. UNCTAD (2016) report also points out that they were 836 million people who were still in extreme poverty globally, which is a slight decline from the 2011 global poverty levels. Thus, this indicates that the percentage had fallen to 12%, a drop of around 145 million people.

Globally the trends in poverty alleviation seem to be on a positive trajectory, however, Africa seems to be trudging behind in terms of the move to alleviate poverty. The World Bank (2015) states that Sub-Saharan Africa has 23 % of all global poverty that is an extremely high figure compared to other regions in the world. All developing regions did manage to reach the goal of halving poverty by 2015 except for Africa. Thus, in the Sustainable Development goals era, Africa has a lot to address by the year 2030.To address this poverty gap microenterprises development has been adopted globally as a model that has the capacity to directly alleviate poverty in most poor countries.

The global picture about the rise of the microenterprise approach was located in Bangladesh as championed by the Grameen bank. Jurik (2005) states that the model was given prominence by Yunus the bank’s founder whose model was to give credit to the poor for business start-up purposes. Jurik (2005) further argues that this model was further improved and adopted from the global South to the global North. Thus, microfinance was developed to increase business credit to the poor in Africa, Bangladesh and Latin America. Thus, most countries in the global South had debts to the industrialised countries and this situation led to the poor countries failing to pay them of ultimately. The international financial regulators in the mould of IMF and World Bank put pressure on governments in the global South to cut down on spending and privatise national banks and industries. This approach resulted in massive job cuts and less money being spent on social programs by the governments leading to the dependence on the Non-governmental organisation in the development arena (Jurik 2005).

Microenterprises have been a means of livelihood for a lot of communities since time immemorial. However, as a methodology, Midgley (1995) notes that it is only recently that governments have taken the initiative to provide finance for these small businesses. The Non-profit organisations in the global South have been active in promoting this strategy as a poverty alleviation tool. The term "microenterprise" has been used to mean small businesses run by the poor with the support of sponsoring organisations (Midgley, 1995). At a conceptual level, Christy, Wenner, and Dassie (2000) note that development theories of economic growth have largely ignored what is called the microenterprise, most theories that seem to speak to this approach are not agreeable. They further argue that most theories on entrepreneurship emphasize on the individual competence, environmental factors and group factors. Traditional development theory tends to emphasize more on the deficits like capital but a microenterprise centred paradigm discusses what assets there are already and takes advantage of that (Christy et al., 2000). In a way, what seems necessary is an understanding at a conceptual level of what entrepreneurship is and its role in economic development.

In the Philippines since the 1960s, the government there has been promoting these microenterprises after the realisation that industrialization was not giving the intended results thus more focus was given to the microenterprise sector according to Reidy (cited in Midgley, 1995). Midgley (1995) further asserts that the governments in the developing world were constrained by resources to fund these microenterprises because of structural adjustment programmes that came into effect during that period.

McPherson (1996) states that for many decades policy makers have also had an interest in the role of microenterprises in development. However, he notes that the trend has been to overlook microenterprises in support of the larger industries, which employ more people. A growing number of scholars and policy makers have given attention to the growing enterprise's sector in a way reversing the bias in spending by governments towards larger scale industries. The proponents of these enterprise strategies according to McPherson (1996) support for microenterprises could speak much to the world banks notion that prioritises growth with equity. In a way, more equitable income distribution and economic growth can occur simultaneously.

Midgley (1995) states that many non-profit organisations championed the idea that when communities are going to be provided with external finance, that would lead to an improvement in their livelihoods. International donors such as USAID played a significant role in the promotion of micro-enterprises and microfinance. More so through Its Programme for Investment in the Small Capital Enterprise Sector (PISCES) (Midgley, 1995) specifically played an important role. Notably, the World Bank and other multilateral organisations have contributed much in supporting this approach through various media campaigns and through setting up research units to offer technical backstopping to implementing organisations. Christy et al (2000) state that microenterprise programmes have become of late a research concern for rural development in international development circles. The authors' further state that the basic premise of this approach is that microenterprises, which are those enterprises with less than ten employees, can have their productive activities financed leading to expansion of incomes and hence the escape from poverty promoted. According to Christy et al (2000), this strategy is championed due to its positive impact on income levels, employment generation and social development. In a way, there seems to be a convergence on proponents of this approach on the fact that evidence in favour of its promotion abounds. However, the evidence seems inconclusive though but governments, policy makers, and community members are interested in transplanting and expanding this methodology to cover more areas in the developing world. The next section seeks to contextualise poverty question in the Southern African Development Community.

### 2.4.1 Poverty question in the Southern African Development Community (SADC)

Sub-Saharan Africa seems to have the highest levels of poverty and unemployment in the world. Development seems to be lagging behind in housing, health, education and nutrition (UNDP, 2013). According to Jauch (2011), the Southern African region is characterised by high levels of unemployment, poverty and inequality. They are no countries that have significantly lowered the poverty rate in the region. In 2011, the Southern African Development Community(SADC) had more than 60% of the population lacking access to clean water,a third of the population still trapped in abject poverty and about 40% of the labour force still unemployed (Jauch, 2011).Thus, this paints a dark future for the region in terms of development. These trends call for a more focused approach to tackling poverty and lack of development in the different spheres of life. UNCTAD (2016) points out in a report on global poverty that in the Sub Saharan Africa and Southern Asia 80% of the population is still living in extreme poverty as they are still living on less than us$ 1.25 per day. However, this trend has been caused by the increase in population, which is not matched by the growing economies.

### 2.4.2 The Poverty question in Zimbabwe

Zimbabwe is a country that has undergone multiple phases of economic meltdown that has seen the rise of poverty especially in urban areas where the majority of citizens are flocking in search of jobs. Dhemba (1999) argues that post-colonial era has seen a lot of rural to urban migration as Zimbabwe became liberated. At independence, Zimbabwe inherited a country whose economy had seen the institutionalisation of poverty in both rural and urban settings. However, the country adopted a structural adjustment programme as a strategy in an attempt to deal with the poverty question and stimulate investment, (Dhemba 1999).

According to the Zimbabwe National Statistical Organisation (2013), government in post-independence concentrated on the nationalisation of industries, however, that also allowed private players to thrive. Attempts were made to address the poverty question through home grown solutions like growth with equity in 1981, The Zimbabwe National Transitional Development Plan and the first five-year development plan that ended in 1990.Thus, this historical background to the poverty question is interlinked with problems that the population is facing currently. In 2008, Zimbabwe witnessed an unprecedented macroeconomic decline which saw most firms facing viability challenges coupled with shortages of fuel and basic commodities.

These were the indicators towards a slide in the economy and the living standards of the population. Zimstats (2013) also notes that the nationwide picture of poverty shows that about 12% of the poor are found in the large cities namely Harare and Bulawayo. The vast numbers of those who are poor are domiciled in the rural areas. The Zimbabwe Poverty Analysis Survey (2012) also revealed that at a national level, 47% of the poor spent half their salaries on food per month with those in the non-poor category spending close to 31% on food. Thus, such a picture tends to mirror the depth of vulnerability as people end up with less money to invest in productive enterprises. Asset ownership also demonstrates that people in rural areas own less of the productive assets than their urban counterparts. That being said, there is a need to have sustainable means of alleviating poverty that has become institutionalised since the beginning of the economic meltdown in Zimbabwe. In order to address poverty-using microenterprises there is a need to look at the history of microenterprises as contextualised in social development.

### 2.5 Microenterprises defined, Historical background and Social development

The development landscape has been characterised by different interventions from governments and non-state actors in the drive to deliver programmes that will alleviate poverty, especially in the global south. Midgley (1995) states that the Neoliberal ideologies supported by the World Bank and IMF in the 1980s saw most governments being forced to cut down on labour in the formal sectors of the economy. This scenario saw a number of people losing their formal jobs and hence ending up without a means to earn money. Thus, most governments and development actors moved to offer credit in order to support the small businesses in the informal sector.

Microenterprises were championed as one intervention to support the poor so that they have a means of surviving. Midgley (1995, p. 7) defines microenterprises as "small businesses operated by poor people and supported by sponsoring organisations such as governments, faith-based organisations through technical advice and loans for start-ups". The core principles of this intervention are that it tends to combine economic activity with social intervention hence it is mostly associated with social development. Midgley (1995), further states that some experts, however, question what is the difference between a microenterprise and any other small business operated by the poor because most poor people are self-employed, and they have their own small individual or family run businesses. Midgley (1995) states that to address the issue of definition some experts define them by size however still there is no agreement as others say microenterprises should not have more than five members. In Bangladesh, these peer lending groups can have 25 members hence the fact that there is no consensus as to how many people constitute a microenterprise as there are variations across nations. Thus, the micro-financing model used seems to affect the nature and composition of the number of members in a microenterprise.

The other approach that is commonly used to distinguish a microenterprise from a small business is the role played by external factors. These may include technical assistance for start-ups as well as financial inclusion. Thus, a difference is made between any other small business and a microenterprise by considering the different elements aforementioned that define the space for these microenterprises (Midgley, 1995).

The promotion of microenterprises in the developing world has been articulated as a strategy that is pro-poor (Midgley, 1995). The message that microenterprises can help the poor to develop has gained prominence across the globe. Microenterprises thus are seen to have a critical role in poverty alleviation as spelt out in the sustainable development goals. According to Midgley (1995) within the developmental literature, there seems to be no agreement as to the extent played by microenterprises in poverty alleviation. However, Hulme and Mosley (1996) conducted studies, which indicated that incomes of households that engaged in microenterprises increased more rapidly than control groups thus indicating that these enterprises played a significant role in the livelihoods of the poor. Tadesse (2010) in a similar study found out those individuals in sole ownership of these microenterprises received increased income than a control group of cooperatives. This was attributed to the fact that individuals work harder because they have a strong sense of ownership than the control. Thus, conclusion can be made that households in microenterprises have a fair chance of getting incremental income.

The United Nations Development Programme (2013) states that microfinance and micro enterprises are no miracle solutions to eradicate extreme poverty, but experiences from South Asia show that microfinance and enterprises can deliver positive results when integrated with other economic and social programmes to lift the poor out of poverty. In a way, evidence around the role of the microenterprise approach supports that these microenterprises indeed lead to the social development of households and the communities at large. Midgley (1995) is advocating for the microenterprises not to be viewed in isolation but as part of the broader social development framework. Midgley (2014) states that the current thinking is that no single remedy will succeed in poverty alleviation but there is a need for an approach involving individuals, communities, markets and the government. Development is a complex process, the enterprise approach contributes to the development of individuals, but cannot deal with the whole gamut of problems which come with structural poverty.

The microenterprise approach as a social development strategy has been under serious scrutiny because it has been seen as a commercialised entity in the developing world. Some scholars believe that microfinance has more to do with profit maximisation for the micro lenders than helping the poor to come out of poverty. The United Nations (2013) highlights that the understanding of the very nature of the credit is another challenging point in the enterprise approach. The argument is that the credit worthiness of the borrower is first established hence the selective nature of the approach will leave out many of the poor people. This, in turn, becomes a practical problem for social development initiatives.

Midgley (2014) posits that as the problems that came with commercialisation became clear, the microenterprise was no longer seen as a quick solution to the poverty question in the global south. Midgley (2014) also indicates that microenterprises can remain as a solution to problems that are inherent in poverty only if the programmes are properly designed. According to Jurik (2005), some of the studies that enquired into the effectiveness of microenterprises were methodologically unsound or based on inaccurate data; therefore, if the microenterprise approach’s contribution to social development has to be determined its benefits and limitations should be more critically assessed. It is thus evident that inferences that microenterprises have led to the reduction of poverty cannot be made without rigorous research. However, some critics according to Midgley (2014) note that there was a shift especially in the developed countries from the perception that microfinance institutions were exploitative in nature to seeing them as cardinal in the development matrix. The United Nations(2013) states that institutions like the World Bank advocated for corrective action to be taken through policy and regulatory reform in order to make the financial markets to be more amenable to the poor. This was to be done through the subsidy-based direct credit programmes.

There is also another dimension to the enterprise approach contribution to social development. Evidence also suggests that microenterprise does contribute to poverty alleviation by raising the incomes of some poor people who establish small businesses. Key ingredients for the success would include technical assistance, credit, and education (Midgley, 2014). Thus, the key question revolves around the preparation of a conducive environment and the capacitating of the business operators. Further analysis reveals that the prospects of the poor are determined by the design of the microenterprise programmes. Poorly crafted programmes leave the poor worse off and heavily indebted. If the poor fail to pay off the loans, it can lead to their assets being seized by the lenders hence weakening their asset base which then defeats the whole purpose of the enterprise strategy. In lieu of this, education and experience become critical success points for these small business operators (Midgley, 2014).

The effectiveness of this approach has to be viewed as part of the many solutions to tackle poverty but cannot be the only way to help the poor as the poverty matrix is too complicated to warrant one single approach. Midgley (2014) posits that this approach should be seen as one of the many practice strategies among a whole repertoire of social development interventions. Midgley (2014) also notes that some other scholars advocate for an approach that combines micro lending and small business with community-based education, health and asset development programmes. This approach is broad based and attempts to include solutions to the broader problems that affect communities and the understanding seeks to limit the negative aspect of microfinancing that is viewed as championing a new orthodoxy that promotes a market-based approach to development as opposed to microfinance supporting social development (Midgley, 2014). Indiscriminate lending seems not to be a holistic approach hence the need for this paradigm shift in building a case for the poor (Midgley, 2014).

A study conducted by Basu (cited in Yunus,1997) on financial inclusion in India revealed that financial inclusion tends to have an indirect effect on poverty as more access to finance can boost productivity for most entrepreneurs coupled with dynamism and innovation which is at times absent in big firms. Thus, in order for the microcredit model to work efficiently, there is also a need, in theory, to look at the systems approach to financing, as this will allow all factors that affect financing to be looked into and come up with a more holistic financing model. The supply led credit theories to have their strengths; however, a systems approach will also help identify the gaps in microfinancing models (Yunus, 1997). It is important to integrate the component of microfinance in microenterprise development hence the following section will demonstrate the link between microenterprises and microfinance.

### 2.5.1 Microenterprises and microfinance link

Access to finance seems to underpin the concept of microenterprise development. Midgley (1995) makes a note in that microfinance and microenterprise are words used interchangeable to refer to enterprises that are externally funded hence the interchange between the two concepts. The United Nations Development Programme (2013) reports that microfinancing has the ability to economically empower individuals and microenterprises through empowering them to invest in growth sectors of the economy and the improvement of the human capital, nutrition and insurance schemes that help in asset protection. Thus, direct microfinancing to the poor seems to go beyond the economic benefits as it has the ability to increase political awareness, empowerment and community participation. In a way, microfinancing is a critical tool in social development as it is more effective than poverty alleviation strategies that are remedial in nature (United Nations Development Programme2013).

Morduch and Rutherford (2003) note that most organisations and governments recently have taken the bold step of promoting small businesses of the poor in order to raise their incomes. To achieve this, they have managed to provide credit for the poor to meet their investment costs and start-up capital. Morduch et al., (2003) posit that microfinance is the financial empowerment of the economically active poor through provision of microcredit as well as other productive assets. Thus, microfinance enhances the capacity of the poor towards entrepreneurship self-reliance and wealth creation. In terms of definition, a review of the literature reveals that microcredit and microfinance seem to share the same interpretation.

According to the United Nations Development Programme (2013), microfinance and microcredit emerged in the 1980s as a means to provide the poor with credit. The principle was treating the rural poor as customers and expecting regular, full payment with interest. In lieu of this history, microfinance emerged as a response to the continual failure of financial services to reach the poor. Amongst the reasons for failure to reach the poor is the insistence of collateral for credit, information asymmetry between lenders and borrowers, the high transactional costs of administering small loans. However, one should note that microcredit has come under serious criticism as findings indicate that the small loans are never used for the intended business financing by recipients but are spent on household consumption hence little clear and sustainable impact on poverty(UNDP, 2013).

Some authorities view microfinance as an extension of microcredit in the same light as it allows the poor to save. A review of the literature by Bateman (2010) has shown that some experts see microfinance as a tool that equips the poor to have enterprises that are viable whilst some view it as a liability. Bateman (2010) criticises the microenterprise and credit in that in practise promoting of this approach in the absence of formal employment has a problem in that the poor are being forced to sell to their community members where demand is very low. The attempt to engage the poor in these economic activities has manifestly failed to lift the poor from the poverty cycle. Further analysis of this scenario will reveal that the overarching problem in poor communities is not much of a lack of supply of the simple basic commodities but is in finding the customers to actually purchase the product or service. Thus, the limited spending power amongst the poor to access these products and services is the problem.

In Bangladesh, Yunus microcredit model got sentiments that the microenterprises had already flooded the market hence there was no reason to further his model. However, a counter argument for the continued multiplication of these enterprises stated that somehow and somewhere the new enterprises would generate demand and be able to fight competition. Bateman (2010) criticises this enterprise approach as he says it makes a fundamental economics mistake of thinking that supply will create its own demand. In a way, this argument spells out that the microcredit model addressed the wrong side of the poverty problem. It addresses the supply side of the equation, whilst not providing an additional source of income to purchase the expanded supply base Bateman (2010).Thus, this is the situation that leads to lack of profitability as far as the enterprises run by the poor are concerned.

Conservatists also view these microenterprises as wasting resources as the outcomes are not apparent. Thus, these projects are seen as having a low impact on the poor to warrant the investment by the governments due to their limited growth span. Hulme and Mosley (1996), however, argue that microenterprises have a significant impact on the poor. The micro investment that these microenterprises have for the poor leads to a positive change in the long run. In countries like India, Bangladesh and Uganda these microenterprises have had a positive impact in that it has opened opportunities for the poor and the socioeconomic conditions of the poor. Further analysis will reveal that the existence of these microenterprises has also provided the much-needed employment to many jobless poor as these enterprises expand and grow (Hulme & Mosley, 1996).

However, Hulme et al (1996) contend that microfinancing tends to benefit largely those who are above the poverty datum line than those who are under. “By implication, this means that access to finance does not necessarily cure poverty but it does reduce vulnerability. However, evaluative data seems to be incomplete and methodological issues abound”, (Christy et al., 2000, p. 333).The United Nations Development Programme (2013) states that microcredit in the hands of the poor, gives them the leeway to run microenterprises and also build their asset base. Access to credit hence allows the poor to have more options as they work their way out of poverty in a sustainable manner. Thus, this demonstrates that microenterprises can prove as a seed bed for economic growth especially targeting the poor.

There seems also to be a sympathetic relationship between microenterprise and microcredit or microfinance. The lending for the informal sector where most of the poor are operating in saw the popularisation of this approach in development, especially in the global South. Jurik (2005) states that the value of self-employment as a self-development approach was highly publicised in Kenya around the 1970s by the International Labour Organisation in Nairobi. Findings indicated that millions of urban dwellers did not have formal employment many of them, especially women were involved in informal economic activities, which were not registered, unregulated nor recorded in the mainstream economy. It was then after the ILO report that multilateral and bilateral organisations took an interest in providing technical and financial support to the enterprises run by the poor who were mostly women. Experts argued that giving credit to the poor was a way of stimulating economic activity hence promotes a bottom-up approach to social development (Midgley, 2014).

### 2.5.2 Microenterprise development in Zimbabwe

In Zimbabwe, Marunda and Marunda (2014) note that 81% of the working population is in the micro and small to the medium sector of the economy and employs 5.7 million people who are contributing immensely to the economy of the nation. The Small Enterprises Development Corporation Amendment (cited in Marunda & Marunda, 2014) states that individual entrepreneurs are those seen with zero employees, microenterprises as having one to five employees, small to medium as having six to seventy workers by definition.

Through the Economic Structural Adjustment Programmes (ESAP) in the early nineties, the economic environment became difficult for the working population. Characteristic of this environment was the failure to pay wages, retrenchments and increasing unemployment (Marunda & Marunda, 2014). Thus, after the collapse of the economy in 2008 in Zimbabwe, people were driven to self-employment as they tried to cope with life.

It is stated by Makumbe (2009), that the paralysis of the formal sector led to 50% of manufacturing firms having a decline in production volumes and more than 90% were unable to cover their operating costs thus making a loss. Mupedziswa and Gumbo (2001) confirmed that the informal sector that was once seen as a preserve of those that are not educated become a lifeline for many. It is a during this period that saw the government pitch the indigenous act that scared a lot of investors and created a situation where there was little direct foreign investment and job losses skyrocketed. Marunda and Marunda (2014), claim that the indigenisation policy translated to lack of direct investment that culminated in many job losses forcing many to join the informal sector.

Gombarume and Mavundutse (2014) contend that since 2008 general elections in Zimbabwe, the economy has not been stable due to political upheavals. This volatile situation has led many financial houses not to lend to micro and small enterprises. Therefore, the micro enterprises that really needed capital have been affected the most. On the backdrop of this, the Zimbabwe government has put in place a ministry that deals with the Micro and Small to Medium Enterprises (MSMEs).

Nyoni cited in Gombarume and Mavundutse (2014) opined that they are some benefits that have come with MSMEs and that are employment creation and poverty alleviation. Gombarume and Mavundutse (2014) further argue that in Zimbabwe, they have contributed to over 50% of the GDP. This highlights the positive role that these enterprises are playing in the economy.

### 2.5.3 Major constraints affecting Microenterprises in Zimbabwe

Muzari and Jambwa (2014) argue the following constraints affecting the competitiveness of microenterprises. Firstly, the lack of sustainable markets is cited as the major constraint. For rural agro-based enterprises mostly are affected by the seasonality of their businesses. Thus, this calls for a diversification of portfolios to another pocket of growth sectors. Secondly, availability of and access to micro credit hampers microenterprises. As a result, most of these enterprises end up relying on own personal savings as there are no alternative finance options to tap into. Thirdly, the financial exclusion of women-run enterprises that are seen as too small and making loan administration costly are unattractive to microfinance institutions.

Fourthly, the legal and regulatory framework that microenterprises find themselves dealing with further restrains their development. Kappor cited in (Muzari &Jambwa, 2012) states that the MSME sector is characterised by too much bureaucratic control that makes doing business cumbersome. He further argues that most of these problems date back to the colonial era, therefore the regulations and licensing of microenterprises should be done differently to promote an uncomplicated and straightforward process, especially when serving the poor.

A final critical constraint highlighted by Muzari and Jambwa (2014) is the lack of access to research, new developments and additional information services. MSMEs are not aware of the technological options and opportunities that can help them increase productivity and business income. This also refers to a lack of information about the operating environment, sources of advice and training courses to enhance their skills set. It can be argued that government, policy planners and developmental partners should advocate for easy access to information at an affordable cost to MSMEs to ensure that these enterprises become well integrated into the mainstream economy.

## 2.6 Government policy environment for MSMEs in Zimbabwe

Zimbabwe's informal sector since the colonial era has been exposed to restrictive macro policy frameworks. Mupedziswa and Gumbo (2001) note that the first phase of economic reforms was first faced in the 1990 in what was called the Economic Structural Adjustment programme (ESAP).The study established that the implementation of this economic strategy heightened gender inequalities and largely those involved in the informal sector were affected.

Chiripanhura and Makwavarara in Saunyama (2013) note that the macroeconomic policies from 1980-1990 were not favourable to the informal sector. These policies also included the National Economic Revival Plan (2003) and the Macro-economic Policy Framework (2004).These policies were restrictive to the growth of microenterprises.

It was in 2005 when the government initiated a disastrous exercise that was known as Operation Restore Order (Murambatsvina) which was meant to restore order in the informal sector by demolition of illegal trading places and shelters (Tibaijuka 2005).It should be noted that this exercise was carried out when the economy was declining soon after the chaotic land reform. Kamete (2009) also noted that the government insisted that the clean-up campaign was meant to clean the filth in the major cities. It should be noted that the filth involved the millions of Zimbabweans that were making a living in the informal sector and had their livelihoods affected. This exercise left more than 300 000 homeless and displaced people (Tibaijuka, 2005). The Minister in charge of Local Government remarked that the exercise was necessary to restore a semblance of order between the formal and the unregulated informal sector (Mbiriri, 2009). The justification by the government highlighted the policy implications and attitude of the government towards the micro and small enterprise sector, which employed millions of Zimbabweans then. The absurdity of these remarks is in that the government did not have a fallback plan but went on to decimate the informal sector that was the unofficial backbone of the country's economy. It should be noted that even after the exercise the informal sector continued to be the largest employer overtaking the industrial and commercial sectors of the economy.

However, Zimbabwe as a country has embraced the microenterprise sector as seen by the creation of a Ministry that champions this sector. MacPherson (1996) states that in countries like Zimbabwe support for these small businesses and microenterprises is a part of structural adjustment plans. He argues that much of the changes centre around policy changes that seek to create a level and fair playing field between the large-scale sector and the MSMEs. The government has also trained entrepreneurs in book-keeping, marketing and management as a policy prescription to try and support the MSMEs. The hostile attitude towards the informal sector still persists though as most of the policies are elitist and not pro poor including the current ZimAsset policy.

Daniels cited in Muzari et al., (2014) state that some regulations are making doing business challenging, i.e. licensing, zoning, labour and building regulations. However, many MSMEs do not operate in designated zones and this has led to serious friction between local authorities and owners of these microenterprises.

It is also imperative to state that due to the abovementioned factors, the operating environment has not been favourable for most of these businesses. Government case in point did what was dubbed "operation restore order", which saw many illegal structures and informal places of business being demolished resulting in a lot of these enterprises disappearing especially those who operated outside the prescribed zones.

Mbiriri (2009) argues that the government policies have not been supportive of the informal sector citing the examples of the National Economic Revival Plan of 2003, and the Microeconomic Policy of 2004 as some of the strategies that are too rigid and hampering microenterprises to operate effectively. These policies coupled with the operation restore order, led to the most serious economic operating environment leaving millions vulnerable. Thus, irrespective of constructing the MSME policy that by design is supposed to create a conducive environment for the informal sector to thrive, there is a need to consolidate the fragmented legislative arrangements, especially at local government level to facilitate uncomplicated ways of doing business.

It is clear that although some policies and procedures are in place, a lot still needs to be done to promote this sector and many solutions are yet to be found to deal with a myriad of factors, which are presently counterproductive to doing business with ease.

**2.7 Relevance of enterprise training to the study**

The impact of training on micro and small enterprise is worth noting. Kithae et al., (2013) state that the microenterprises of today have to develop mechanisms of coping with the dynamic environment and technologically volatile environment in order to remain competitive. Thus, training of the microenterprise owners tends to lead them to exhibiting the traits of an entrepreneur. The Empretec model seeks to equip the microenterprise owners with skills that will then be translated into business growth characterised by increased sales, quality products, well kept business records and customer loyalty. The United Nations Conference on Trade and Development (2014) reports that the Empretec trainings have a remarkable impact on the business. The UNCTAD report also highlights that after attending the Empretec training enterprises register and increase in terms of employment generation ranging from 15% to 18%. Participants in this study were trained in customer care, record keeping opportunity seeking, marketing, and financial management. These independent variables were expected to impact positively on the performance of the microenterprises under study. The enterprises under this study were given technical support in setting up their businesses with some being given starter kits to kick-start their ventures.

**2.8 Summary**

The literature reviewed in this chapter demonstrated that microenterprises indeed are a means for the poor to gain a living in as much as meeting their basic sustenance needs. More so, it is a strategy in social development that can be used to alleviate poverty for a majority of poor people who are economically excluded. The next chapter three will look into the research methodology employed in the research study.

# CHAPTER THREE

## RESEARCH METHODOLOGY

### 3.1 Introduction

This chapter describes the research methodology used in the study and making specific reference to the research approach and design. It also explains the study population, sampling frame and procedures, research instrumentation, including pretesting thereof. Methods of data collection and data analysis are discussed. The trustworthiness of the study and ethical principles considered during the study are described.

### 3.2 Research questions

The overarching research questions were the following:

1. How does the microenterprise strategy contribute to poverty reduction in Bulawayo, Zimbabwe?
2. What are the primary constraints that affect the implementation of micro enterprises as a poverty reduction strategy in Zimbabwe?
3. How can the implementation of the microenterprise strategy be improved to address the constraints and be more effective in Zimbabwe?

### 3.3 Primary aim(s) and secondary objectives

The primary aim of the study was to explore in which ways microenterprises are contributing to the reduction of household poverty in Bulawayo, Zimbabwe.

The secondary objectives of the study were

3.3.1 To explore perceptions of participants about the contribution of microenterprises to reduce household poverty.

3.3.2 To establish views of participants about challenges they experience when running their microenterprises.

3.3.3 To elicit participants’ views on how microenterprises can be optimised as a strategy for household poverty alleviation.

**3.4 Research type**

This study sought to explore how poverty a major socio economic variable could be reduced through the participation of people in microenterprises. Thus, the researcher employed applied research that is meant to find solutions to some of the challenges that affect viability of the microenterprises (Fouche & De Vos, 2005).

**3.5 Research approach**

For the purposes of this research, a qualitative approach that is exploratory in nature was employed. According to Babbie (2008, p.117), qualitative research involves the "construction of social reality and cultural meaning, focus on the interactive processes and events, dealing with few subjects, involving thematic analysis and the researcher is fully involved". Advantages of a qualitative research approach include the fact that it offers a richer and detailed deeper understanding to the researcher and allows for the interpretation of everyday human interaction. Qualitative researchers usually collect data in the field where the participants are and experiencing the problem. Thus, with this approach, the research utilised observation skills, and created conversations with the people who are key in a qualitative approach to research. Bryman (2004, p. 266) also states "qualitative research is a strategy that usually emphasises words rather than quantification in that collection and analysis of data". Thus, this approach was chosen as it provided the researcher with an opportunity to facilitate a process where the in-depth knowledge of the experiences and perceptions of the participants were obtained.

**3.6 Research design**

This is the critical part of the research as it outlines the manner in which the research will be undertaken. It is stated by Kothari (2004) that the research design is more of a blueprint for the investigation. It is an arrangement of conditions for collection and analysis of data in a manner that seeks to combine relevance to the research purpose and economy in procedure.

Yin (1994) looks at case studies as an empirical inquiry in which focus is on phenomena in its real-life context. Thus, the participants are to be engaged in the context of their day-to-day businesses. One of the major advantages of case studies according to Yin (1994) includes the fact that the examination of data is done within the context of its use that is where the activity is actually taking place.

There are also some criticisms about case studies and Yin (1994) refers to the possibility that it might lack systematic handling of data as it can easily allow sloppiness and bias to distort the data. It also contextualises data often collected from a small group of participants, therefore, there is no scientific basis for generalisation of the findings. It is also argued that it is likely to be time-consuming. A multiple case study design will provide a basis that will facilitate insight into the social world of participants.

Babbie (2007) states that a multiple case study is exploratory descriptive in nature and seeks to explore the phenomenon under study. From the interviews, a deeper understanding of the interplay of factors that comes with microenterprises and in which ways they contribute to poverty alleviation at household level was gained from the inner perspective of participants. This design explored the experiences of and constraints that are faced by the beneficiaries in running the microenterprises. In addition, it seeked to understand the natural setting under study and explored the reality. The experiences of individuals running microenterprises in their natural settings were explored by this design. Furthermore, it enabled probing during interviews to gain insight into whether beneficiaries perceived the strategy as assisting them to afford a better lifestyle. Yin (2004) also argues that if a part or all of the qualitative research study is the subject of replication a multiple case studies might be conducted. It involves the researcher choosing two or more similar cases in the design hence then the more similar the findings from the cases the more replication can be claimed.

**3.7 Population, Sample and Sampling Procedures**

It is important to have a population that will represent the unit of analysis for the study. Babbie (2007, p.328) states “a study population is the aggregation of elements from which the sample is actually taken”. This research utilised beneficiaries that had undergone entrepreneurship training at *Empretec* and that went for technical skills training with *Self Help Development Foundation* an organisation in the city of Bulawayo between the years 2011 and 2015.

*Empretec* is an organisation that is one of the leading authorities in entrepreneurship training and has capacitated a large number of microenterprises with business management skills to enrich their businesses. Self-help is also an organisation that offers technical skills training and has a strategic partnership with Empretec. Empretec offers a generic training to business start-ups. Those who want to start their businesses and trained by Empretec, went on to start their own businesses. Those who had businesses, but did not have the knowledge of how to achieve competitiveness in their own enterprises and went for skills training with Self Help were the population for the study. Empretec has trained approximately 3000 young men and women who are into various trades like catering, computer graphics, agriculture, food processing and entertainment.

Sampling according to Kothari (2004, p. 14), “is the selection of a subset of persons or things from a larger population”. The researcher selected nine participants who are beneficiaries that had attended the training and two key informants who are management members of the two Non-Governmental Organisations who wield much expertise in working with microenterprises. The nine participants selected had almost all of the characteristics and typical traits of the population. This type of sampling revolves around the researcher’s judgement and nine participants were chosen as they represented a data saturation point for the population.

The two key informants chosen were the programme coordinator from Empretec and the programme coordinator from Self Help Development Foundation. These two gave the insights from their respective organisations on how these organisations had contributed and supported these microenterprises.

Purposive sampling, a type of non-probability sampling was employed in this research design. Babbie and Mouton (2001) state that purposive sampling involves choosing participants who are easy to access and are readily available. Yin (2004) asserts that the role of purposive sampling is to involve those that will yield in-depth and the most relevant information. Purposive sampling also allows the researcher to use his/her judgement and specific criteria to select participants. Thus, participants were selected from the initial list of beneficiaries trained through Empretec and Self Help organisations totalling nine individuals chosen because they represented a data saturation point. It is also important to note that the participants contact details were solicited from Empretec Zimbabwe and Self Help Foundation.

This sample represented both genders, between 20 and 40 years of age who were trained by Empretec and Self Help Foundation within the period 2011 to 2015 and who still had operational enterprises to date. The types of microenterprises were purposively varied so that different economic growth sectors could be compared. These individuals were telephonically contacted to make an appointment with them. Thereafter, a visit was made to establish whether they were interested in being part of the study and the participant information sheet was discussed with them. It should be noted that one of the limitations of the study is the tendency for participants to give socially desirable answers and in an attempt to prevent this, the researcher assured the participants that their responses and identity will remain confidential and they were free to say out their views without fear of victimisation or harm. It is also important at this stage to state that the researcher worked at Empretec Zimbabwe during the period of the study as Programmes officer, who was one of the organisations whose beneficiaries took part in the study. There might also have been a conflict of interest from participants trained by Empretec when it came to the element of training which directly fell under the portfolio of the researcher. At Empretec Zimbabwe the researcher principally facilitates the implementation of Entrepreneurship training, business support services and counselling. In order to deal with the conflict of interest the research had to use a research assistant to interview the four beneficiaries who fell under the ambit of the researcher. The research assistant was oriented about the rationale for the study and trained to conduct the interviews using the interview schedule.

### 3.8 Research instruments

The research utilised two different semi-structured interview schedules, one for the beneficiaries group of participants and one for the key informants. The research instruments consisted mainly of open- ended questions that were predetermined. The questions allowed participants time to reflect and share their perceptions and experiences. Babbie (2007) states that semi-structured interviews permit exploration of topics and it helps to yield rich information that is not easily obtainable in any other way. The interview questions enabled rich information to be solicited from participants and allowed for probing of the experiences of the individuals running these enterprises.

The same set of questions was asked to all the participants so that consistency and uniformity could be achieved. This approach allowed the researcher to have ample space to probe, clarify and get a varied amount of information for further analysis. However, there are shortcomings associated with semi-structured interview schedules. It is highly possible that the researcher gives unconscious cues during the interview that might lead to the participant giving responses that the interviewer expects. Thus, greater care was taken by the researcher to be concise and limited giving out the unconscious cues. In addition, semi- structured interviews also have a limitation in that the interviewer’s behaviour, style and looks may discourage certain responses from the respondents (Kothari, 2004).

### 3.9 Pre-testing the research instrument

The research instrument was pre-tested with an individual who runs a microenterprise and met the criteria of the population. However, data collected from the pre-test was not incorporated in the data collected from the nine participants. The instrument was pre-tested to establish whether the questions were clear, not ambiguous and elicited the appropriate information to achieve the objectives of the research study. The researcher tested the semi-structured interview schedule on two participants recruited using the same sampling method of the main study. The participants gave relevant answers that then did not warrant any changes on the interview schedule. This also allowed the researcher to determine whether the estimated duration of the interviews was correct.

### 3.10 Method of data collection

The research used face-to-face interviews as a way to gather data. Berg (2001, p.66) states that an interview is defined as “a conversation with a purpose in order to gather information”. The beneficiaries were interviewed in different settings depending on the safe space that each one of them preferred. Some were comfortable in their homes whilst others were more comfortable in their workspaces. These interviews lasted for approximately an hour. The researcher also discussed the participant information sheet (Appendix A) as it gave participants enough background about the purpose of the research so that they could make informed decisions as to whether to participate or not. The participants were also informed about the importance of tape-recording the conversation and their consent was sought. The participants who agreed to participate in the study were requested to sign the consent form to participate as well as the consent form to tape record the interview (Appendices B & C).

The interviews were conducted in the language of choice of the participants who were mainly IsiNdebele and Shona and the researcher was conversant in both. This gave them the opportunity to express themselves in their mother tongue and allowed for more accurate and in depth responses. Reflective field notes were part of the data collection process, as these will have brought to memory the elements of the interview and the exploration of the processes of the interview (Babbie, 2007).

To avoid the conflict of interest that might arise from participants who were trained by Empretec under the researcher’s portfolio, a research assistant was engaged to interview those four particular individuals. The research assistant was a social worker who graduated with a Bachelor’s degree in social work from the University of Zimbabwe. An orientation was conducted with the research assistant to equip her with the understanding of the study objectives, ethical and methodological issues. This also saw her signing an informed consent for the purpose of this study.

### 3.11 Method of data analysis

When data have been collected, there is need for the systematic analysis of data. The researcher followed the process of data analysis and coding described by Creswell (2014).

The first step that the researcher took was to organise and prepare the data for analysis. This involved transcribing the interviews, typing of the field notes and arranging the data, different types according to the sources of information. The second step was to proof read all the data. This stage allowed the researcher to reflect on the views of the participants in terms of what they were actually saying, the tone of their ideas to establish the depth and credibility of the information. The researcher recorded some notes about the data. In the interpretive analysis, this will form the first stage of familiarisation and immersion (Terre Blanche, Durrheim & Painter, 2006). It involved the researcher immersing himself in the material again by making notes, drawing diagrams and brainstorming.

The third step involved coding of all the data. This is the process of organising the data by bracketing chunks, and writing a word that represents a category in the margins (Creswell, 2014). Caution was taken in that the data segmentation into categories as labelling and terms based on the actual language of the participant were used. This stage also goes beyond mere summarising the information as the researcher has to think in terms of processes, functions and contradictions of the data being coded (Terre Blanche et al., 2006). The fourth step involved using the coding process to generate a description of the setting or people as well as the themes for analysis. This involved the rendering of the events and people in a setting. Major findings of the qualitative studies usually follow these themes in the research report.

The fifth stage was to advance how the description and themes were represented in the qualitative narrative. Thus, at this stage, the researcher used a narrative passage to convey the findings of the analysis. This involved a detailed discussion of themes, sub-themes and quotations from individuals or even interconnecting themes. Terre Blanche et al (2006) see this as the elaboration stage where the researcher might notice that they are certain extracts that have been grouped together under the same theme but in actual fact, they differ. This offered an opportunity to revise the coding system and it meant going back to the previous stage of coding.

The final stage according to Creswell (2014) will involve making an interpretation in qualitative research of the findings. The question revolved around the lessons learnt, meanings derived from the comparisons of the findings with information from theories. The researcher had to establish whether the findings confirmed what literature had proposed in the past or if there was some divergence. This is where action agendas were generated for reform and change because of new evidence that came in.

### 3.12 Trustworthiness of the study

The principle in good quality research is embedded in trustworthiness of the study. The research attempted to express what the participants communicated with accuracy.

#### 3.12.1 Credibility

Credibility has to do with whether what the participant is stating is understood properly by the researcher. Morrow (2005) argues "credibility can be achieved through prolonged engagements with participants, consistent observation during field research and the use of peer debriefers". Thus, credibility has to do with the degree to which the information and data investigation are authentic and constant. The researcher took the time to probe, clarify and rephrase in order to check whether he and the participants were on the same page. Thus, during the face-to-face interview clarifying with the participant was used to ensure the credibility of the data recorded. Information on the notes was also compared with the tape recordings to check whether there was consistency between the data sets. In a way credibility, was met by conducting the research in an ethical and professional manner.

#### 3.12.2 Dependability

The other critical component that enhances the trustworthiness of the research is the need for dependability. Morrow (2005, p.250) states "dependability deals with the core issue that the way in which the study will be conducted should be consistent across time, researchers and analysis techniques". Thus, in this research, the researcher adhered to proven principles of conducting qualitative research and made use of methodological sound research tools to collect and analyse the data sets. To ensure dependability the researcher did not go into the study with predetermined ideas but the findings were contextualised within set theories and the reviewed literature in the area of microenterprises and the role of microenterprises in poverty alleviation.

### 3.12.3 Transferability

When research findings are applied to different contexts, the process is termed transferability. Morrow (2005, p. 252) states transferability is the “extent to which the reader is able to generalise the findings to his or her own context“. This research design made use of multiple case studies and purposive sampling was used in selecting the participants. Therefore, depending on the reader of the research study, there is a degree to which the findings can be generalised to other similar settings but it is often problematic, thus in this research, the detailed description of the research design and context of the research enabled the judgements about transferability to be made by the reader.

### 3.12.4 Confirmability

Confirmability has to do with what Babbie & Mouton (2001) say is when the biases of the researcher have no influence on the findings but the outcome is the product of the focus of the inquiry. Thus, this has to do with how the research findings are reinforced by the data collected. The tendency is that the feelings and thoughts of the researcher can distort the research findings, however, objectivity is maintained by clarifying, recording accurately and timely and keeping an audit trail of collected data and the process. Morrow (2005) adds her voice by saying confirmability is based on the premise that research is never objective but it addresses the core issues that findings are supposed to address as far as it is possible not the biases of the researcher. The integrity of findings is in the data used such that the reader can confirm it. Therefore, the researcher recorded the data accurately and allowed the participants to read the scripts and check the accuracy of the data captured. The processes of data analysis were allowed to be as accurate and transparent as possible.

## 3.13 Ethical considerations

Research ethics deal primarily with the interaction between researchers and the participants in research studies. Agreed upon standards for research ethics help to ensure that researchers will consider the needs and concerns of the people under study. It also ensures that appropriate oversight conduct for the research takes place and trust is established between the researchers and the study participants (Mack, Woodsong, Macqueen, Guest, & Namey, 2005).The following ethical considerations were taken into account during this research study.

### 3.13.1 Voluntary participation

All participants were informed about the main purpose of the study and the objectives that it intended to meet by discussing the participant information sheet with them (See Appendix A). The participants were informed about the right to withdraw at any point of the research if they felt they were no longer interested or they could not continue for whatever reason. The participants were handed the participant information sheet with all the details and this enabled them to refer back to the information when the need arose.

### 3.13.2 Informed consent

For full disclosure, the researcher had a duty to explain the nature of the research and that there were no harmful side effects of the study and hence sought their consent to be part of the study. Once they agreed to participate in the study, the participant was asked to sign the consent form for participation (see Appendix B).The need to tape record the interview was also discussed with them in detail. The participant was then also asked to consent to the audio taping of the interview (see Appendix C).

### 3.13.3 Confidentiality

This relates to the fact that the participants' right to privacy will be respected at all times. The real names of the participants were concealed and they were not made reference to in the field notes or data analysis documents, but pseudonyms were used. Only the researcher and the supervisor had access to raw data and transcribed documents. All data collected from the participants was locked up safely in a cabinet. The researcher also sought consent to the recording and taking of notes during the interview as outlined (Appendix C) and got the consent of the participants.

### 3.13.4 Non-maleficence

The researcher ensured that no physical/emotional harm happened to the participants during the study. This was done by making sure that a safe space was selected for the purposes of the interview and the researcher was sensitive in terms of the usage of language and scenarios during the interviews.

### 3.13.5 Ethics clearance

The student sought clearance for this study from the Departmental Human Research Ethics Committee (Non-Medical) and the protocol number is SW/2/16/10/15 (see Appendix H).Both organisations granted permission to interview their beneficiaries, and two employees as key informants (see Appendices F and G).

### 3.14 Summary

This chapter highlighted the study methodology, the study population, sampling as well as instrumentation. The chapter also discussed data collection and analysis. Trustworthiness of the study was also examined together with the ethical considerations.

# CHAPTER 4

## PRESENTATION AND DISCUSSION OF ANALYSED DATA AND FINDINGS

### 4.1 Introduction

This chapter mainly focuses on the discussion and presentation of the findings in relation to the literature on the role of micro-enterprises in poverty alleviation in Bulawayo. This was done in accordance with the research questions and objectives of the study. In the interpretation of findings, the researcher drew from relevant literature to support or contradict the research themes and findings.

### 4.2 Profile of participants

**Table 4.1: Profile of the participants (N=9)**

| **Demographic factor** | **Sub- category** | **No** |
|---|---|---|
| **Gender** | **Male**<br>**Female** | **4**<br>**5** |
| **Age range** | **18-25**<br>**26-35**<br>**36-45**<br>**46+** | **0**<br>**6**<br>**3**<br>**0** |
| **Type of enterprise** | **Retail**<br>**Agriculture**<br>**Education**<br>**Artisan**<br>**Art and craft**<br>**Information and Technology** | **2**<br>**2**<br>**1**<br>**1**<br>**1**<br>**2** |
| **Educational level** | **Tertiary**<br>**High school**<br>**Secondary**<br>**Primary**<br>**None** | **5**<br>**1**<br>**3**<br>**0**<br>**0** |
| **Total** | | **9** |

The table above enlists the demographic details of the sample and does highlight their education background. It also presents the different trades that they are engaged in. The sample consisted of four males and five females who were all between the ages 26 to 45. The table above also shows a majority of people who have gone to college with some having only attained secondary and high school. This is reflective that unemployment is so high that both those who have higher education and those with lower education find themselves having to earn a living through self-employment. This supports the observation made by Mupedziswa and Gumbo (2001) state that the informal sector once classified as a sector for the uneducated has become a lifeline for many Zimbabweans. Self-employment is now almost the only option for generating an income for the majority of Zimbabweans. Saunyama (2013) also notes that the informal sector has gone through a paradigm shift for both women and men. This has really challenged the notion that the informal sector is a preserve of the uneducated and those with no skills.

**4.3 Theme 1: The contribution of micro- enterprises in reducing household poverty.**

The first theme dealt with the contribution of microenterprises in poverty alleviation. The sub themes include employment creation, business skills (acquisition and application) and microenterprises as a means for survival. These themes demonstrate the impact of these enterprises on the livelihood of the participants.

*Sub theme 1.1: Microenterprises as a pathway towards employability*

Most of the participants who were part of this research indicated that they were once formally employed but due to the harsh economic conditions where most companies in Zimbabwe closed down they were left without any employment at all. A majority of them decided to find something to do since jobs were hard to come by. There are also some who from the onset started their own business, because they had the belief that an individual can also sustain himself through self -employment. Majority of the participants had attained education up to tertiary level but they could not find jobs hence their involvement in the microenterprise sector. There was only one participant who was doing a part-time job at a restaurant and at the same time running her own clothing boutique.

When asked about the reasons that led them to start their microenterprises **Participant 2** responded by saying:

"*I am in business so that I make a better living for myself and mostly for other people because I believe in helping other people so that we will live better, and also business is just a passion I enjoy computers. So I just found out that I can make a living from what I enjoy doing".* The participant indicated that his involvement in the microenterprise sector was a way of earning income and following his passion. This demonstrates that self- employment is another form of being independent and being able to sustain oneself like those who are formally employed.

**Participant 3** responded by saying:

"*When I was young I was a handy person, I started even plaiting people's hair at secondary school. At home my mother taught us how to make table clothes, she taught us that you can even get money without being formally employed, and this was through using your own hands without working up daily going for formal employment. You can use your own hands to make money*".

The microenterprise owners demonstrated that if an individual has a skill or a business idea he/she can turn it into a livelihood strategy that guarantees his survival without having to get a formal job as it is traditional expected. In hindsight, people can be self-sustaining by also engaging in microenterprises activities instead of waiting for formal employment. In a dwindling economy like in Zimbabwe, where unemployment in the formal sector is above 90%, obtaining employment is a challenge. It is also important to note that in this sample three of the women who were involved more in practical jobs e.g. dress making and petty vending. They also had lower levels of education. However, those with higher education were involved in formal business sectors, like running a college, a boutique, and information technology.

McCormick, Kinyajui and Ongile (1997) state that microenterprises form an important part of African economies, they play a very important role in creating employment. Microenterprises create jobs for the thousands of the poor people in most developing countries. Ndege (2015) also concurs by highlighting that the microenterprise's sector plays a critical role in job creation and the alleviation of poverty among the unemployed. Thus, these microenterprises are a redistributive mechanism that allows the poor to be included in the mainstream economy.

It is also important to notice that most of the participants interviewed who were running microenterprises that need certain technical skills had no formal qualifications in those areas of practice. The skills were either self-taught or learnt from family and friends. This is indicative of the lack of funds to get through formal systems of training that do ensure standardization and growth of these microenterprises. Skills are passed through informal channels from one generation to another.

*Sub theme 1.2: Microenterprises as a way of basic sustenance*

All the participants indicated that the microenterprises helped them to meet their day-to-day needs. The income generated covered their food, rents, and school fees for children and electricity bills. To a majority of them without the money from these microenterprises they would have no way of meeting their basic sustenance requirements. Some have also achieved university qualifications through the money that they are generating from these enterprises. Thus, these microenterprises are enabling the participants in acquiring resources for their own self-development and capacity building.

**Participant 2** responded by saying:

"*Yes, right now every month I know that I am able to take care of the family and maybe to pay fees for the kids, and the business is really bringing in some income which is much more realizable than what I used to get before I trained with Empretec*". Thus, the participant highlights that the business has taken ground and given him a way to meet his basic needs and to support the family in terms of what they need on a day to day basis.

**Participant 6** responded by saying:

"*I use the $70-00 to cover my household needs. The money works especially in buying groceries, also this sofa was bought through this money".*

It is apparent that for many of the participants, microenterprises are their source of revenue. There is also the ability to buy additional assets as indicated by the participant who bought her own sofas directly from the resources that emanated from the microenterprise.

The key informant had this to say about the role of microenterprises in the lives of the beneficiaries:

"*Women have achieved in the umhm let me say some of them have managed to send their children to school. Some of them have also managed to extend their houses, send children to school, buy property and a large number of women have managed to uplift themselves".*

The key informant concurred with what the participants said about the role of microenterprises towards enhancing their survival. In all, the participants did recognise the role played by their microenterprises in sustaining their livelihoods. The microenterprises ranged from Information technology, Mushroom farming, Carpentry, and clothing boutiques, they all did manage to serve the purposes of allowing the participants to have disposable income for their day-to-day living.

Hassan and Ahmad (2016) argue that town and rural based microenterprises help to create jobs and increase income. The incremental income in turn helps people to access health, education and to empower people to escape the vicious cycle of poverty. However, in as much as the role of microenterprises in development cannot be trivialised Acs and Armington (2004) are of the view that taking self-employment because of lack of options has a tendency to lead to underdevelopment. The authors argue that they should be a healthy ratio of opportunity versus necessity entrepreneurship. More microenterprises should start because there is an opportunity in the market as opposed to necessity.

Njiro and Compagnoni (2010) citing Ntsika also argue that the survivalist enterprises do graduate to microenterprises that will increase incomes and playing a crucial role to people meeting their basic needs. These microenterprises in turn will create thousands of jobs for the poor and marginalised. Thus, the key issue is that the microenterprises allow people to generate incomes to sustain themselves economically where there are limited livelihood options.

Microenterprises however remain as the gateway out of poverty for many of the poor who have no other option to gain an income hence governments should support them and optimise them to work for the majority who are trapped in the poverty cycle.

*Sub theme 1.3: Business skills acquisition and application*

The research established that all the participants went through business skills training. They all received these skills from either of the two NGOs that enrolled them. The participants went through business training that addressed issues to do with marketing, costing and pricing, record keeping, business idea generation, business planning and competencies of a successful entrepreneur. The business skills training were at no cost and it was a three-day and a six-day intensive workshop that the participants went through.

Some of the beneficiaries were also taken through technical skills training in beadwork, dressmaking, candle making and soap making. The NGO managed to group them and allocate a trainer that took them through either of these specified technical training. However, the NGO used a cost-sharing model for the technical skills training that saw some of the beneficiaries contributing towards the buying of the material that they were going to use in the workshop. The researcher observed that some of the beneficiaries had left the initial trades that they were trained in, to venture into businesses that are more lucrative.

In a way, some of them were no longer using the technical skills that they were trained in because those skills did not translate to viable businesses. It also shows that in as much as it is important for implementing organisations to empower the participants with technical skills, these skills should be matched with the labour market demands to achieve the intended objectives.

**Participant 8** responded by saying:

"*But then by me being involved in the program, it helped me to have a background understanding of what is enterprise and what it entails. How do I manage it, how do I do pricing of my products, of my services how do I arrive at the price? How do I market, how do I relate with clients in terms of marketing, how do I find new clients. I think that I did not have any experience. I was just an employee at Dunlop, I wasn`t involved in getting clients or whatever. So by being involved in the program, it helped me have that background that really was important for me in reality".*

**Participant 4** responded by saying:

"*At Self Help, they assisted us with loans, taught different skills on managing the business. They taught us how to do tie and dye, soap making, making Vaseline and they also taught us how to make candles*".

The beneficiaries highlighted that they were given business skills and some had technical skills training in addition to that of which they did not have prior to being part of the project. Business skills are critical in the microenterprise sector as they determine which start-up will survive and which one will fail within the first year. Muzari and Jambwa (2014) also argue that starting a business without the requisite business skills and entrepreneurial competencies lead to failure. A lack of management skills causes most businesses to fail hence it is necessary for these microenterprises to get the skills and apply them in the real business world to realise growth. At some point, there is a disjuncture between what the participants learnt as business skills and their application in the real world of business.

**Participant 2** responded by saying:

"*Most of micro-entrepreneurs are operating at sole proprietor level. Say you have one person running it so it is hard for some people to focus on the business people tends to mix the business and their personal life. Hence the discipline is not much employed*".

In a way, this shows that in as much as some learn these skills and apply them to their microenterprises some have a hard time doing that. Some of the document analysis done by the researcher demonstrates that in as much as they have learnt record keeping some of the participants have not yet applied that knowledge to their microenterprises.

Most participants however indicated that they have become more business oriented after receiving the business skills training it is no longer business as usual for them. They now appreciate the importance and value of business skills in the microenterprise sector. Kamunge, Njeru and Tirimba (2014) argue that the availability of managerial skills in these microenterprises is critical. In their study of microenterprises in Kenya, they found that managerial skills and experience had an impact on the businesses and such skills are critical for the success of the business. Overall, the study established that business performance of the microenterprises was also a function of managerial competencies. Thus, there is need for microenterprise owners to be equipped with managerial skills to run their businesses in a more profitable manner.

A key informant also confirmed the following:

"*So our training is looking at improving first and foremost the entrepreneurial capacity of our beneficiaries. As we move away from entrepreneurial capacity, we are also very cognisant of the fact that they need many business management skills. Therefore, we have a plethora of training services that speak to their business management. We are looking at things such as record keeping, costing and pricing, we are looking at customer care, we are looking at even the bookkeeping issues being run".*

Thus, the core of the microenterprises is for the participants to gain all the requisite skills to make their enterprises a success and remain competitive. All these skills should be practised otherwise they remain as a theoretical component without much value to the existing micro-enterprises for the participants.

**4.4 Theme 2: Challenges that participants face in implementing microenterprise**

The second theme sought to establish the challenges that the participants were facing in participating in microenterprises concerning poverty alleviation. Below is a detailed analysis of the challenges that emerged presented under different sub themes.

*Sub theme 2.1 Lack of proper workspace/location.*

One of the challenges raised by the participants was the lack of a proper workspace and being wrongly located as far as their clients are concerned. All the participants interviewed indicated that they needed proper workspaces because presently they were using their backyards for all the business dealings with their customers. Finding a suitable, affordable workspace is a challenge to many microenterprise owners as their businesses are undercapitalised and are not very competitive to be able to relocate to proper zones for their particular activities.

Participant 2 responded by saying:

"*Secondly the challenge we get most are premises to work from because as you can see now I am working in a home office set up. So a home office set up it does not attract or draw the right clients. It is not centralized so people could always come and have your services*".

A majority of the participants are working from home because they cannot afford to venture into the Central Business District because of higher rentals. Many microenterprise owners then prefer to work from their homes but at the same time, they indicate that working from home deprives them of many clients, as they are limited only to their immediate community clients.

**Participant 7** responded by saying:

"*I mean where we can be safe and put my machinery. In residential places, you will be making noise for other community members. Some machines are for spraying furniture and that will be affecting other community members. That is the challenge of working in these residential places, at the industries it is the best location. I expect to get a place where I can work from without disturbances, for instance in a place like Elokitshini carpentry can generate a lot of dust, paint things that EMA does not want in the environment where people stay*".

Failure to get proper business premises has also legal implications as government authorities often arrest these microenterprise owners who manufacture their products within residential areas as they are deemed to be in violation of environmental laws and other local authority bylaws. There is a social dilemma associated with working from a backyard industry as it could lead to even conflict with the community members due to noise levels. Penalties are also levied on the microenterprise owners who work from undesignated zones. Evidence from the findings indeed indicated that it becomes a cat and mouse game between the authorities and microenterprise owners and at worst, they end up bribing the authorities to continue working from their backyard industries. Thus, such a scenario is not good for productivity as the risk of being shut down is very high. Abigissa (2013) establishes that many microenterprises do operate from premises that are deemed inappropriate and generally, there cannot afford the suitable premises. The author also further argues that the situation is worse for women as they cannot sign leases for premises without the consent of their spouses. Thus, in a way this is reflective of the challenges that microenterprise owners face about access to working space.

**Participant 6** responded by saying:

"*No they are just stands we cover using plastics but they comes a time where the weather is stormy, we expected that after being given bays they is an effort from the council to build sheds. This is to make sure that our business is not disrupted. Two weeks back I could not work you could sit by your stand, clothes end up wet as it is not possible to cover them*".

There are some microenterprise owners who were allocated bays to sell from which is by council by laws the ideal situation, however, evidence gathered also suggests that these official vending bays are not very useful especially when it rains, as they are not sheltered and exposes their products to elements of weather. Thus even some of the formal workspaces do not serve their purpose as they are poorly built hence disadvantaging the owners of these microenterprises. Thus, the problem of proper workspaces also does take different dimensions as evidenced by the failure even of the authorities to provide standard working spaces for the microenterprises. ILO (2003) in a study conducted in Ethiopia 40 percent of the respondents cited working space as a major constraint. The lack of working space forces microenterprises to eventually situate at home or in unsanitary working conditions. This also leads to harassment by police officers as microenterprises end up resorting to selling at street corners. Jagero and Kushoka (2011) in their study of women micro entrepreneurs in Tanzania also noted that 22.2 % of their study sample indicated that poor infrastructure was a big problem to most microenterprise owners as this saw them having to endure the rainy seasons without any sheds for their goods and being exposed to the scotching sun in summer. Mostly the micro entrepreneurs end up in zones that are not designated for such businesses and this leads to losses when they are arrested.

**Participant 7** put it this way:

"*I have a challenge in that where I work from is a residential area not an industrial area. They usually come here to tell us that we must move away to places designated for such activities like in the industrial areas. At times, we are fined for using our homes as workspaces".*

This really demonstrates the need that the microenterprise owners have as far as formal business premises are concerned.

A key informant had this to say:

"*Okay they get exposure and sometimes markets. We also provide them with free space at the back there is a classroom so they come in here and do their sewing*".

One of the NGOs realises the challenge that microenterprise owners have in getting a proper workspace and allows them especially those who do dressmaking to bring their material and use one of their classrooms free of charge to produce what they wanted to produce for their market. This then enables them to maximise on being located in town as they can also easily market themselves. However, for other lines of business like carpentry, poultry and clothing boutiques they continue to use their houses and backyards as business premises. This in a way highlights that if these microenterprises are to grow there is need for them to be located in a proper place which allows the business to maximise its potential and not be stifled by a wrong location and being in an illegal business zone.

Most of the participants indicated that the reason why they are still operating from their homes and backyards, is because they cannot afford the rentals being charged at formal business premises as one Participant 9 put it:

"*The other challenge you have is of spaces to operate from. Because you realise that the rentals that are being charged for you to operate from a shop. You are charged something like $150and for a small person who is in business it`s a bit too much really to be paying out.*

*So I was operating from a shop right and I realised that the amount of money that I was so much it was also eating at my profits because the whole idea is to make money not to be spending money".*

The high rentals being charged buy property owners to be able to sell from the town centre tends to become a barrier to many of the small businesses as their sales volume cannot support the high rentals they are expected to pay. On probing the participant the researcher uncovered that she had since resorted to selling her products from office to office as opposed to selling from a fixed shop due to the high rentals that she was paying whilst the business was not making much in terms of profit. ILO (2003) reports also that amongst the other issues facing microenterprises are high rentals. These high rentals lead to microenterprise owners creating temporally shelters that are usually torn down by the city authorities. This mirrors the challenges that microenterprises have to overcome if they are to realise some measure of growth. Mubaiwa (2013) also concurs with this argument as she highlights in her study of microenterprises in Zimbabwe that some businesses are operating from dilapidated buildings with some even working under trees. The author cites Mbare as an example where such scenarios can be found due to limited access to the infrastructure. This mirrors the grim reality that the microenterprises face when it comes to accessing workspace.

In relation to the same issue of rentals, Participant 7 had this to say:

"*It is a challenge because they are few customers around this community at the same time you look at the CBD the rentals are a bit expensive. Some will say $200-00 per month others as much as $400-00 per month*".

This is illustrative of the challenge that comes with locating the business at a prime location that is usually suitable for bigger businesses as opposed to microenterprises. Most of these microenterprises hardly make this amount in profits per month hence it is self-defeating for them to relocate to such places even though they may be exposed to more customers. The quality of their goods will have to compete with many of the big companies which are better resourced.

*Sub theme 2.2: Access to finance.*

Financial inclusion is always cited as the major challenge affecting the growth and profitability of most microenterprises. The participants, however, had an opportunity of getting linkages to micro-lending institutions and other finance houses. Most did get the opportunity to be directed to finance houses of which some took the opportunity to borrow money to finance their businesses. However, it is not everyone who took the opportunity to seek for financing. Muzari and Jambwa (2014) argue that the credit constraint includes inadequate loanable funds, stringent collateral requirements plus the negative perception of micro and small-scale businesses in Zimbabwe. A country-wide study in Zimbabwe conducted by Gemini in 1998 found that micro and small scale businesses receive less than 1 percent of formal credit which illustrates that this sector is seriously underserved (DAI/PWC 1998).The Ministry of Finance (2016) in a financial scope survey they conducted highlighted that that 23% of the Zimbabwe adult population was financial excluded. Turning to the MSMEs the report indicated that only 14% of the owners were banked which is a slight increase compared to 20 years ago, however the percentage is still reflective of the constraints that are still obtaining on the ground.

**Participant 1** had this to say regarding the access to finance:

"*And then the other challenge is in terms of finance, no one will be willing to finance you if you are not registered. Those that are able to finance you will give you little money compared to what you want. Big institutions will not offer you more money because they need people who are registered*".

Most microenterprise owners face the hurdle that comes with microenterprises demanding to lend only to formalised businesses of which many of the microenterprises are not fully formalised and that acts as a barrier to them accessing finance.

Participant 8 had this to say:

"*Definitely there have been challenges which have affected negatively the microenterprise, the major challenge being capital. Sometimes we fall short when it comes to being reliable. You end up having to rely on subcontracting other companies for them to do the work for us which would mean we can get the job but then we won`t really get much out of it and you pay the subcontractor the bulk of the amount maybe you pay 75% goes to the person that you subcontract. So I would say capital has been the major challenge because at times when you are a small enterprise sometimes banks are not friendly with small enterprises. You have a scenario where you have conditions beyond your reach for a small enterprise your equipment might not be enough to become security to get funds from them".*

Most of the microenterprises even when they get bigger tenders are not able to service them and that stifles their growth as they are not adequately capitalised to be in a position to carry out big jobs and then lose out on business. Approaching the banks and other finance houses, is a challenge, as they do not have the collateral security to qualify for the loans. This is a major constraint for most microenterprises that were interviewed as they are deemed as credit unworthy because they have no collateral security and mostly these microenterprises are survivalist in nature. Hulme (2000) argues that in developing countries they are many individuals, who are financially underserved, microfinance programmes have been used to promote the microenterprises in developing countries. Thus, these microfinance houses enable microenterprise owners to grow their microenterprise and get incremental income. However, some of the participants applied for funding and were financed. This is what Participant 2 stated who managed to access a loan had to say, a view shared by most participants:

"*Banks would be good, they have a better interest rate not too high because microfinance they are they in business and have high-interest rates*".

Participant 3 had this to say on the same issue:

"*At times you hear that they are monies being given out to people but the process does not materialize, you go and fill in forms without any results. I think if there is a way to get a sponsor or a firm which does work with small businesses through giving out loans. Let us take for instance you can go to look for a loan then you are told to pay it in three months for someone who took $300-00 you have to pay $75-00 a month. Let us say I took the loan on the 10$^{th}$ on the following 10$^{th}$ of the next month they will expect you to pay the $75-00 but the truth is you would not have made that money by then. At least if they move from the short-term loans to long-term loans that are six months to a year you can be able to use it then gradually pay it off. The short-term loans are difficult to handle and for the business to grow*".

Some of the challenges that are faced by microenterprises are the high-interest rates coupled with short loan tenures that are extended by the financial houses. In most cases, the nature and cycle of these microenterprises are not factored in. Most microenterprises indicated that they could not manage to service the short-term loans on time, because their profitability fluctuates a lot, hence, long-term loans are better as they give space to their enterprises to generate some revenues and be in a position to pay back. In comparison, banks are seen as better in terms of interest rates but at the same time, are not very flexible when it comes to collateral security than microfinance institutions.

Gichuki, Njeru and Tirimba (2014) highlights that microenterprises are the lifeblood of most economies however to be successful finance is key, these microenterprises need finance to start up, expand, diversify and for working capital for their businesses. It can be deduced that a crucial element in the development of microenterprises is the access to finance. Gichuki et al., (2014) further mentions that the World Bank considers access to finance as the biggest challenge affecting their growth of most microenterprises. Singh (2009) also highlights that microfinance aims at assisting communities who are economically excluded to manage asset creation through participating in these microenterprises. Thus, the case for the need of access to finance for microenterprises is essential for sustainable development. Access to finance is the first step in ensuring that these microenterprises contribute significantly to the economy and to the general livelihood of the owners.

*Sub theme 2.3: Lack of Machinery/Equipment.*

For microenterprises involved in carpentry, sound engineering and Information technology, they cited a lack of machinery and equipment as hampering their businesses from getting an increase in revenues. Some participants indicated that they have to outsource these machines where there are charged rates that eat so much into their profit margins. Participants had this to say:

**Participant 2** responded by saying:

"*The other challenge which I might say I am facing is proper equipment or state of the art equipment. The acquisition of state of art equipment is actually very, very important when it comes to sound reinforcements they are now other products such as what we call line Aries, which we can use these are big public address systems for concerts. At present I am still using what is called a point source where you need to stack the speakers they are not so powerful as the line Aries. So, it has been a challenge getting state of art equipment.*"

Participant 7 responded saying:

"*No, it is not enough I still need bigger machines because what I have at the moment are portable tools. I need more of bench tools that allow heavy duty work".*

This challenge translates to the microenterprise owners not being in a position to get contracts that are more rewarding because they do not have the right equipment that caters for different clients. It becomes a constraint as the type of equipment that one has now determines the type of client he/she can serve. Usually, they can only accept small tenders, and lose many big tenders because of the lack of better equipment.

The study established that the failure to have the appropriate equipment by the participants is because of inadequate capitalisation of these microenterprises, which in turn affects the effectiveness and efficiency of these businesses. Mubaiwa (2013) in a study of the microenterprise sector in Zimbabwe noted that most microenterprises have no access to state of the art equipment and this is caused by the fact that equipment is priced way beyond what these microenterprises can afford. In addition, there is also the high cost of transporting the machinery to worksites that remain a barrier.

*Sub theme 2.4: Information dissemination on support systems and markets.*
For these microenterprises to thrive there is need for them to get information that is timely about markets, potential sources of funding and other interventions that the Government and NGOs might be providing. The research established that quite a number feel that the information is not disseminated timely and through the right channels for everyone to access it. This is what participants had to say:

**Participant 3** explained saying:

"*At times people do not know where to market their products, so you really do not know where to start. Previously I used to ask myself to say the individuals whom we see showcasing at market fairs and other similar places or places like Victoria Falls. It was a problem I was asking myself how it could be done. So, a lot of people do know have the information about organizations which can assist them to market their products. There is a need for organizations to advertise and disseminate information, those organizations which do business development. This is to ensure people get to learn about their services. Then people can be taught how to market their businesses*".

**Participant 6** put it this way:

"*We have the associations but people are not aware that there is any existence of certain associations that can represent them. We also like to say those associations that represent small businesses if possible they should come down to the community level*".

**Participant 3** noted this:

"*If there is a possibility for the people to get proper premises where there can sell their wares and even programmes from organization where you can be enabled to go out of the country and sell your products. We also expect help in linking us with owners of shops or how to get into the export business. We expect to be shown how this can be done, maybe you want to go to sell in the Botswana market, and South Africa we want to be shown how to do it*".

Participant 8 explained it this way:

"*I think not many people, first, of all I think word has to go out there that there are companies like this that offer such services. I feel the word is not going out because as it is in my circle of friends right when I did the course they all heard about it when I did the training they all heard about it from me. They didn`t know that this is what Empretec is. Of cause I would pass by the road and I would see where it`s written Empretec but I had no idea what Empretec was all about".*

There seems to be no awareness when it comes to how they can access markets in the country and regionally. Most of the beneficiaries highlighted that they want to expand their market base but they are ill equipped in terms of the information of where there can target. Some wanted to venture into export business, but cited that they are not getting information on how to approach the export business. Kappor cited in Muzari and Jambwa (2014) argue that many businesses in Zimbabwe have failed due to lack of information about markets, training courses, regulatory environment and institutions that provide credit. It remains that these challenges on information access undermine many of the enterprises in terms of obtaining vital information necessary to make business decisions.

In a study done in Botswana by to Mwobobia (2012), it is evident that the lack of information on loans among those who would like to start a microenterprise negatively influence these businesses. Funding is critical as it can determine which microenterprise will succeed and which one will fail.

Some expressed that they are aware of business associations that can represent them but on further enquiry, it came out that most are not members of these associations hence they are not aware of the services and benefits that they may get by being members. One participant also expressed that the problem comes with the fact that all organisations are located in the Central Business District therefore, it is difficult for them to access information as they rarely go to town. The call was for organisations and government involved in business development to come down to the community level and give them all the information they need about markets and sources of funding. It remains that government and NGOs should reach out more to people as many are ignorant of the services they are offering even if they would have wanted to be part of these initiatives.

*Sub theme 2.5: Formalisation*

Formalisation of the microenterprises proved to be a problem for most of the participants as evidenced by the fact that only two individuals from the sample had formalised their businesses. Registering a business is a way of giving it a legal status and accessing benefits that go with a registered business. However, the study findings revealed that microenterprises do not have the requisite documentation that allows them to trade or do business in their respective sectors. Reasons being exorbitant registration fees, lack of knowledge on how to register the business, some fear that the government will start demanding money from them in the form of tax and some even think they are still too small to formalise. However, some felt registering a business is a noble idea that really unlocked opportunities. The participants had this to say about formalisation.

**Participant 3** put it this way:

"*When you are not registered, maybe saying your company is not registered and you have a customer with a big order while you are not registered. I have not registered mine too because it is still small, I hope though by the end of the year I will have registered. People when you are not registered they will be thinking you might cheat them*".

**Participant 7** had this to say:

"*I have tried registering the company, I checked the price of a shelf company I realized that they are expensive. It was around $400-00".*

**Participant 6** commented saying:

"*We also expect them to help us out like as it is I want to be assisted to register my company they should look into some laws which make it difficult for small businesses to register. At times some face difficulties in that the registration fees are high. Some of the requirements in the registration process also act as a challenge to many small businesses in terms of how to register. This situation leads to many people operating without being registered*".

The participants commented that the registration fees that are needed are not affordable to a majority of them hence they end up operating without the requisite papers. It is also clear from the sentiments of most participants that they do not have adequate information when it comes to formalisation of these businesses, as some were not even aware where they should go if they wanted to register their microenterprises. One participant cited that the by-laws and other registration requirements proved to be a challenge to them as the process was long and they at times are not acquainted with the process, this leads to them giving up on formalisation hence operating without the requisite papers. Whiteduck, Peebles and Lever (2008) states that microenterprises face challenges inherent in operating in an unregulated environment. They are not readily benefiting from government support services for small businesses or even getting protection the law affords formal businesses. It is further argued that they end up paying bribes and suffer being intimidated plus corruption. The New Economy (2016), states that regulatory barriers for formalisation include inappropriate regulations stemming from governments agencies that do not appreciate the impact of regulations on firms. This also entails inspections and other compliance procedures, overly complex tax regulations and poor tax and tariff administration. Informal microenterprises shy away from joining tax regimes for the fear of the worry around tax levels and the understanding of how to comply.

One key informant stated that, "*They are still small, but they have the potential to grow as they grow maybe there is a need for them to register".* She concurred with the fact that it is both a practical and a psychological issue for microenterprises to see themselves as small, hence there is no need to bother with formalisation. What remains is that for most participants the reasons for not registering were numerous but what is lacking mostly is proper information about the process of registration of small businesses.

## 4.5 Theme 3: Optimising microenterprises as a strategy for household poverty alleviation

The study was to explore how microenterprises could be optimised as a strategy for poverty alleviation. The participants were a youthful group still having big dreams for their businesses hence they were so eager to share their views on what should be done to make these microenterprises more viable so that they really address the poverty question. They were some participants who showed that they were not expecting to be the ones to give opinions as to what should be done for the microenterprises to work that is a normal reaction for most NGO beneficiaries that they are so depended on solutions that are proffered by their parent organisations. The theme optimising microenterprises as a strategy for household poverty alleviation is discussed extensively in this section through the attending sub themes.

*Sub theme 3.1: Mentorship.*

Participants cited that mentorship was critical for them if they are to be successful in their microenterprises. Many of the participants are self-made business people. They did not receive any formal training on how to run their specific business. In as much as they have undergone microenterprise training, the majority feel that they needed an individual who would walk them through the challenges that they would be facing in their respective enterprises. This is what participants had to say on mentorship:

**Participant 9** had this to say:

"*Mentorship, I think I need constant mentorship. There are some things that I would do and maybe I won't make such good decisions because I only have myself at the end of the day and no one else. But you know if you have someone that you`re reporting to and they will tell you that no what you want to do now it won`t work out why don`t you do it in this way. And at times when you talk to someone when you let out what you`re thinking you realise that maybe the idea is not such a good idea or that the idea is not such a bad idea. So, I think I need constant mentorship besides the finance. Previously I used to think more than anything I need capital, capital".*

**Participant 3** put it this way:

"*Mentorship programme where you get someone who has done something in a particular business who comes to talk about his business was a great help. I remember I had no idea as to where do I start from if I have to do a business plan. I managed to get that business plan knowledge through attending the business plan mentorship sessions. I learnt that you should be clear as to what kind of clients are you targeting. You should not just say they are all clients, there is a need for you to categorize them. To say I will target hotels, individuals, doctors you need to be specific about it*".

**Participant 6** responded by saying:

"*I think these small businesses they need mentorship, they should have people who follow them up and monitor what they are doing. I have observed from people I usually meet with* *who are not yet part of such microenterprise programmes. We need those people who have matured in business in my field so that we are given guidance so that for me to grow I need to follow certain steps to end up like them*".

Most of the participants shared the idea that they needed experienced business people to guide and assist them to do things correctly. Schwarze (2008) expresses that mentorship is critical to microenterprises as a person can learn from the experience of others. The mentorship should follow a certain framework and a planned procedure that sees the role of a mentor being to be supportive, guiding and advising the mentee. This process to be effective however should be preceded by a needs assessment to gather the level of what is needed in terms of skills mentoring. This highlights that mentorship is a critical ingredient for the success of microenterprises hence implementing organisations should strengthen this component.

The key informant also noted the following, "*We have within the array of services that we offer mentorship. Mentorship ideally looks at guiding, helping, growing and assisting the beneficiary as they move out and run their business. Mentorship is a very key component because after training it`s not enough to just train an individual. At the same time, it also allows them to develop first-hand the kind of challenges that come with running an enterprise. As they go out and encounter problems and they find real life solutions to them it actually helps their businesses. In its simplest terms, the Empretec type of program looks at solutions that can be afforded to any problems that come through in a business?* There is a lot that mentorship does in respect to the growth of the microenterprises. It gives participants first-hand practical business solutions that are critical in a competitive environment.

Ndege (2015) also highlights that there is a dire need for mentorship, monitoring and follow-up, mentorship programmes are essential for ensuring sustainability and viability. Matabooe, Venter and Rootman (2016) also concurs that mentorship ensures viability in these microenterprises. Mentorship is established as a core pillar in ensuring that there is stability and growth in these microenterprises.

St-Jean and Audet (2009) also pointed out that mentorship is important as it allows microenterprise owners to view their business objectively at the same time remaining in charge of the business. The authors further argue that for the mentoring exercises to be effective it should be customised in an informal way that suits the individual's needs, experience and identity. Research done by the MSME in the publication New Economy

(2016) has proven that most microenterprise owners resist a more formalised approach as they see it as too theoretical with 85% of the businesses operating informally. This establishes the argument for mentorship as a critical pillar in making microenterprises work for the poor.

*Sub theme 3.2: Financial inclusion*

For any business to succeed there is a need for it to be properly capitalised. Finance is one of the biggest challenges that microenterprises face. The business can only grow if it has a healthy cash flow to meet orders, purchase machinery and be able to expand the reach in terms of sales and marketing. The efficient running of the business depends a lot on whether the business has enough capital to run or be it start-up capital, it makes a lot of difference when a business has enough capital to cover its operational needs. The question is no longer where to get the finance but it is now an issue of saying are the loan conditions amenable to microenterprises. Aruna (2015) posits that the high cost of getting microcredit leads to poor profitability and this problem is caused by weak creditworthiness of microenterprises. This has seen many microenterprise owners utilising informal moneylenders who charge exorbitant interests rates. Half of the participants in the study had not yet accessed loans because of various constraints that they came across in their interaction with different finance houses. Below is what other participants had to say on this subject in question:

**Participant 5** put it this way:

"*The tenure, the loan tenure is very low and the interest would be a bit high because you are being charged on a monthly basis compared to other interests which are charged let us say for same interest rate but per annum*".

**Participant 3** had this to say:

"We expect loans from $500-00, to a $1000-00 because below $400-00 the loan size will be too small. At least from $500-00 it is far much better".

**Participant 9** remarked this way:

"*And capital, I think capital people will always want capital, capital, and capital. But I think information comes top and capital is at the bottom".*

The participants really felt that they needed to be supported by loans if they are to manage in their different microenterprises. However, there is a problem linked to the lack of information that negatively influences the access to capital. They also expressed that the interest rates against the loan tenure were not sustainable at all as most finance houses charge higher interest whilst mostly offering short-term loans to microenterprises. Participants expressed that the repayment period was rather too restrictive. The ILO (2002) states that credit through formal channels is not readily available for most micro and small entrepreneurs. Therefore, there is a heavy reliance on informal channels, which have onerous interest rates. Thus, the challenge for microenterprises is highlighted in this report confirming also the importance of finance for the growth of these microenterprises.

Schoombee cited in Schwarze (2008) posits that possible reasons why finance houses do not favour lending to enterprises and this has a lot to do with high default rate, high costs of screening the applications who have no sufficient collateral and the high cost of administering a small sized loan. In a way, these are the environmental barriers for microenterprises in accessing formal finance. However, the need for loans to microenterprises cannot be over emphasised as previously alluded to in the second objective.

Lokhande (2011) also highlights that microloans are a strategy that can be used to break the cycle of poverty, these loans can recapitalise the businesses and ensure their growth and survival. Microenterprises need financial services and products that are tailor made for them which help overcome the financial indebtedness that most of these enterprises find themselves in.

However, access to credit is so critical to the growth of these microenterprises irrespective of the constraints that microenterprises face it is a way of guaranteeing the survival of these microenterprises though not the sole ingredient needed in optimising microenterprises for development.

*Sub theme 3.3: Formalisation of microenterprises.*

Many of the microenterprises are not formalised and this has led to them failing to harness lucrative business from potential clients who want to deal with businesses who have a legal status. The typical microenterprise usually works from home or backyard; no standards board certifies products produced as the businesses are not registered. The majority of serious buyers or clients, who have the potential to buy more, would want products, which meet a certain standard of quality, and these standards of quality are not met in most microenterprises, as the production methods cannot guarantee good quality products. This is what some of the participants had to say:

**Participant 8** responded by saying:

"*I think one point would be to say formalising the business is critical for it to become competitive. My business is formal I remember recently potential clients came looking for they were coming to establish here. So I think if we formalise our businesses, get registered, remit tax, open bank accounts, have our books, function properly, keep our records to me that is a starting point to becoming competitive so that there is a reference point".*

**Participant 3** put it this way:

"*At the moment I have a commitment to pay my fees I have not saved enough but now I will register because I have seen that I ought to register so that I can have a way forward. This has led me to lose on business because my company is not registered*".

**Participant 9** highlighted that:

"*It`s something that is in the pipeline. It`s something that I definitely need to do during the year of 2017 because I received when you have a properly registered company there are so many business opportunities that just arise".*

The value of registering the businesses is appreciated by most participants however the constraints obtaining like not affording registration fees, lack of profitability in these businesses seems to hamper the efforts towards formalisation. On being probed some of the participants revealed that the little they are raising is mainly used for basic sustenance issues. Compounding this situation is the fact that the demand is low due to the depressed economy and lot of people do not have disposable income hence payments come late and in trickle for them to save for registration issues. The New Economy (2014) also highlights that financial barriers are integrally intertwined with regulatory and administrative barriers related to general registration of business activity. The main registration obstacles being the excessive costs and time spent dealing with bureaucracy that many Zimbabwean microenterprise owners shun. Jagero and Kushoka (2011) concur with this argument in a study done in Tanzania as they note that critical barriers for these microenterprises have to do with the complicated procedures that the micro entrepreneurs have to go through. The cost to register the businesses is also cited as one of the challenges towards formalisation in addition to the multiple taxes for the registered ones. There is a need for the regulatory environment to be reviewed to promote these microenterprises.

*Sub theme 3.4 Wider dissemination of information.*

One of the key issues gathered in the study was that the information about services, markets and sources of funds was not being widely disseminated. Information was supposed to be availed to everyone in a timely manner by the government and its developmental partners. Participants expressed though that many opportunities pass them without them noticing. This is what one of the participants said about the dissemination of information through the use of government structures that involves councillors which is a view widely shared by the rest of the participants.

**Participant 6** put it this way:

"*It depends community meetings can address certain challenges which a political party the councillor belongs to. The norm is that the councillor will look into the interests of his/her party members. Those who do not belong to any political party they will not benefit. I was observing current programmes in this ward people were being given seed but just because you do not belong to that political party you lose out. It could have been better that the government uses a way that does not come through the councillors because these people instead use politics, those who are not into politics they do not benefit.* The participant raised issues of party affiliation and politicisation of the development agenda. They are various initiatives that the government brings down to people to empower them however the structures and public officials seem to use information to benefits certain individuals as opposed to cascading information to every citizen who wants to benefit.

Some other participants had this to say:

**Participant 9** had this to say:

"*So I think more than anything it is information, we need constant feeding of information because in as much as I have other people that I started the training with I have other people who decided to give up along the way".*

According to the participants, there is a definite need to address the lack of access to information experienced by microenterprises. Kappor in Muzari and Jambwa (2014) argue that many businesses in Zimbabwe have failed due to lack of information about markets, training courses, regulatory environment and institutions that provide credit. Thus, the government and organisations involved in enterprise development, should prioritise this as a critical element in micro enterprising. A study conducted in Kenya on factors affecting microenterprises by Kamunge et al., (2014) found that access to business information services did affect the microenterprises to a moderate extent. The study also highlighted that the information is not readily available to microenterprises for them to make informed decisions. Largely, even the available information was not relevant for the participants of the study. This notion establishes access to business information as an area that implementing organisations have to improve on to help microenterprises get the relevant information to further their business goals.

*Sub theme 3.5: Access to equipment.*

One of the limitations that microenterprises have has to do with accessing the proper equipment. A lot has to do with finance as alluded to in the second theme. This is what the participants had to say in respect to getting equipment for their respective enterprises.

**Participant 8** put it this way:

"*I would say mainly it`s equipment I think that is the major aspect for me is the equipment that is really keeping me from business. Sometimes I am really hesitant to take some tenders some people come in wanting me to do some things for them but I do not take up the jobs because I will be knowing that I will not be able to do the job".*

Karedza, Sikwila, Mpofu & Makurumidze (2014) state that some of the barriers to small and microenterprise development have to do with the shortage of machinery and equipment that enables the business owners to carry out their business activities. The authors argue that there is no adequate equipment for many of these businesses and hence it even leads to poor quality of the products in the market. Thus, this highlights the need for microenterprise owners to have access to finance that will allow them to purchase the right equipment for running their businesses.

**Participant 2** had this to say:

"*Right, actually it has enhanced the quality of delivering the service. We are able to split the systems and send another a different function and a different system to another function, compared to when we had less equipment. Now we are able to do is set up a professional built set up our monitors have in front of the house and have another overflow outdoor. So, we used to supply up to 500 people now we have gone up to 1500 people*".

There seems to be a marked improvement when microenterprises have access to the right equipment. It enables them to satisfactorily and efficiently service their clientele. This is the advantage that bigger companies and business have over the microenterprises

**4.6 Concluding remarks.**

The discussion of the findings was an attempt to answer the three questions that this study explored. Several themes emerged out of the content analysis and these were the subject of this chapter. It is imperative to state that all the participants indicated that their microenterprises were an indispensable source of revenue. All of them were dependent on that sole source of revenue for their survival and all other needs. The final chapter will give the major findings, bringing together the research objectives and how they were met. This chapter will also give recommendations based on the research findings for further research.

# CHAPTER 5

## MAIN FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

### 5.1 Introduction

The major research findings, conclusions and recommendations drawn from the presentation and analysis of data in chapter four will be presented. The study focused on exploring the role of microenterprises in poverty alleviation with a special focus on enterprises in Bulawayo.

### 5.2 Summary of findings

The findings are summarised as follows:

### 5.3 Objective: To explore perceptions of participants about the contribution of microenterprises to reduce household poverty

The first objective was to explore the perceptions of participants about the contribution of microenterprises in reducing household poverty. Participants underscored that the micro-enterprises enabled them to be able to pay their rents, buy food, and re-invest into the business cover electricity and water bills. Due to the prevailing depressed economic environment, amongst other factors some participants were clear that they were not making as much as they would have expected. To them it is a question of hand to mouth as there is no potential to save and invest. At the same time, some have seen incremental income as a result of improved business management. This finding is in line with the objective of social development that according to Midgley (2010) is to mobilise both social and human capital so as to leverage them to facilitate employment and asset accumulation to reduce poverty.

Secondly, to all the participants engaging in microenterprises it is a full-time occupation as the unemployment rate is extremely high. The majority of participants were employed formally previously, however, they lost their jobs when most industries and companies scaled and closed down. In a way, self-employment has become a pathway towards survival for all of the participants. Chigunta (2002) also draws attention to the fact that caution should be exercised, in as much as the microenterprise sector has been globally accepted as critical in development it is not to be viewed as a panacea to all problems affecting the poor. However, at the same time, his study established that microenterprises have created many self-employment jobs for individuals who own these businesses. Thirdly, the business skills that they managed to acquire from the enterprise program has given them an awareness of the critical things in running a microenterprise, there are significant attempts to apply the knowledge gained from various trainings that they got. The operating environment is a factor in the slow growth of these microenterprises coupled with the failure to apply some of the business principles that the participants learnt during the microenterprise programme. Bowen, Morara and Mureithi (2009, p. 20) did an analysis of the relationship between performance and the level of business training and found the results "were not conclusive because 49.5 percent of the respondents who had been given training, highlighted that their businesses were doing well given that 51 percent were given training, whilst 60.8 percent of those not trained, reported that their businesses were doing poorly." Thus, the findings confirmed that there is a negative relationship between lack of training and business performance.

However, the importance of business skills remains core to the success and growth of the microenterprise sector. In a separate study conducted in Zimbabwe by Karedza et al., (2014) highlights that another confounding problem is that small and microenterprises are limited by lack of appropriate business skills. The authors argue has a negative effect on the operational capacities of these businesses is caused by the fact that micro-entrepreneurs have to acquire the necessary business skills if any progress is to be realised.

### 5.4 Objective: To establish views of participants about challenges they are experiencing with the microenterprises

The second objective of the study was to explore the views of participants about the challenges they are experiencing with microenterprises. The main findings under this objective were that participants had challenges in acquiring proper workspace instead used backyards due to the high rentals that were being charged in the designated places. The ones provided by the local authority especially the vending bays in most suburbs were not sheltered and that exposed their products to elements of weather leading to financial loss. Kamunge et al (2014) state that in their study of microenterprises in Kenya their respondents indicated that they could access working space allocated to them but it was insufficient for the type of activities they were involved with. Working space remains a challenge to most microenterprises and it affects them negatively as they end up working in unsanitary and unsheltered areas that might lead to losses as the microenterprise owners clash with law enforcers in undesignated places.

In a different study in Zimbabwe Karedza et al (2014) highlight that the micro and small enterprise sector in Zimbabwe is hampered by failure to secure adequate business shelter with most businesses not having proper shelter to protect their products. This highlights the challenge that remains in microenterprises accessing proper working space that is both sanitary and suitable for trading. Secondly, access to finance remains a major problem to some participants. In as much as they have been linked with microfinance institutions the conditions attached to the loans are still a barrier to financial inclusion. Aruna (2015) notes that the microenterprise sector is affected mostly by a financial problem which then becomes the source of all problems that microenterprises face. In her study of Indian microenterprises, she found that there is poor profitability in this sector and little to no access to capital markets. The situation leads to heavy dependence on alternative moneylenders who charge exorbitant interest rates creating a vicious cycle in getting micro credit. Participants expressed that the loan tenure is too short and the interest rates charged by some financial houses are way beyond their productive levels.

Thirdly, participants indicated that lack of machinery has made them to be less productive and lose out on lucrative business that requires better machinery/equipment. Mostly end up subcontracting others with better equipment leading to them losing business. Lastly, most participants have not yet formalised their microenterprises. Participants cited lack of enough funds to undergo registration with some pointing to the lack of knowledge in terms of how to undergo the formalisation process. It was also clear that the participants are aware of the benefits of formalisation but are limited by the constraints cited. Mubaiwa (2013) also highlights that a challenge remains in the small and microenterprise sector in that the operating environment is difficult. Formalising businesses is still a challenge as microenterprise owners have to pay exorbitant fees in foreign currency. Thus, formalisation barriers remain and they stifle growth of these microenterprises.

### 5.5 Objective: To elicit participants’ views on how microenterprises can be optimised as a strategy for household poverty alleviation

The third objective wanted to explore the views of participants on how microenterprises can be optimised as a strategy for household poverty alleviation. Participants expressed that they needed more mentorship if their microenterprises were to grow to their level of satisfaction. They mentioned that there needed someone who has been into business and has the experience to guide and give them practical advice on how to run their microenterprises.

Secondly, the participants mentioned that they need financial solutions that do take into consideration the fact that they are still small with no collateral security. They also mentioned that short-term loans do not work for most of them as the economic climate does not allow them to generate income that is enough for them to pay within a short space of time, coupled with the fact that the country is suffering a cash crisis customers pay in instalments. Thirdly, participants indicated that they need the government to review the charges that go with registering their business as to them the charges are high. Within the same vein, they also cited the process of registration as being cumbersome and taking a long time leading to them resorting to doing business without registration. Karedza et al., (2014) also highlight that the operating environment at the moment is not conducive to most of the enterprises as a lot of challenges come in the form of tariff changes albeit abruptly. The authors also highlight that a number of legal and regulatory laws imposed discourage microenterprises from formalising. The problem has a lot to do with an over regulated environment that tends to stifle growth in the end. It is then important for authorities to consider the impact of these regulations and policies on the businesses run by poor.

The fourth aspect has to do with the participants citing that information dissemination was not timely and was a bit selective. Participants indicated that many people have no access to the information on markets, sources of finance and business training institutions. According to Chigunta (2002) in a study conducted with youth lead microenterprises found out that there is a serious lack of information on product and input markets. Thus in order to promote the microenterprise sector there is need to facilitate access to information on markets as this will also encourage the exploitation of local and global value chains. In a way, there insisted more should be done to make the information readily available to every citizen interested in business. Lastly, the participants cited lack of equipment as hindering their progress and business development. They highlighted that many jobs are taken by bigger businesses that have the requisite machinery to service the tenders. The study also did find out that there is a need for organisation to strike a balance between supporting the microenterprises whilst giving them room to grow as business people. This in turn allows for innovation and sustainability.

### 5.6 Conclusions

The conclusions from the study are that the microenterprises are key in the development matrix. Microenterprises have given a lifeline to a majority of the poor. It is no longer a question of the uneducated only who use-microenterprises as a route out of poverty, there is a recent trend that shows even those who have gone up to tertiary level find themselves involved in these microenterprises. Microenterprises is an option that has fewer entry barriers for almost all the participants in this research hence government can fully support such initiatives as they have a significant reach when it comes to including the poor in development initiatives. There is however a need to concentrate on mentorship, registering microenterprise owners in business associations to enhance their networking and open up more opportunities for them to find markets for their products.

Participants interviewed in this study underscored that the microenterprises have allowed them to sustain themselves and buy some assets. Asset accumulation is another pillar that can assist the poor out of poverty. The interventions should also be structured from a policy perspective; governments should adopt a policy that has the maximum impact on the poor and the disenfranchised people of the society.

Policies that are there mainly are elitist in nature and a lot of them suffer problems of implementation as mainly there are to hoodwink people as a political constituency, not much to do with uplifting them from poverty. The study does emphasize that in as much as microenterprises cannot as a stand-alone uplifted people from poverty but their role is indispensable as confirmed by the participants.

Social development is suitable for eradicating poverty because it integrates both social and economic goals. This approach empowers people and ensures that at the very least they can manage to sustain their daily lives. Social development provides an avenue for social workers to be proactive in economic projects that reduce poverty and enhance the social functioning of people.

Microenterprise owners are able to fend for their families and pay for the education of their children from the monies they get from their different trades. In as much as lot of people are involved in running microenterprises in the city of Bulawayo a lot of them are facing viability challenges due to the hostile economic environment.

The collapsing of the Zimbabwean economy led to the informal sector rising to become the backbone of the economy employing more people than the industrial and private sectors combined.

Most of the microenterprises owners use family labour in order to subsidise on the costs of production, however they do pay the family members a reasonable stipend. It should also be noted that entry barriers are few, hence, this makes competition in this sector to be stiff. Only competitive microenterprises thrive, and the rest will end up closing down.

There is a serious challenge when it comes to financial inclusion in the microenterprise sector and this has led to stagnation of these business ventures.

The microenterprise approach cannot alone solve poverty for the population in Zimbabwe there is need to see it as part of other social development initiatives that seek to achieve the same goal of poverty reduction.

Working from home is not always the best location from a marketing perspective as it tends to limit the scope of the clientele in most cases. Thus, it is important for the microenterprise owners to locate their businesses in areas where they can have an advantage in accessing markets.

### 5.7 Recommendations

The following recommendations are made based on the findings and conclusions of the research

#### 5.7.1 In terms of Policy

- There is a need for more evidenced based interventions by the Ministry of Small and Medium Enterprise and Cooperative development that redefine the economy based on the reality on the ground.
- There is need for the government to allow the production of certain goods only by the microenterprise and small business sector to protect them from being squeezed out of the market by bigger businesses.
- Municipals should delineate zones where microenterprises can operate from at subsidised rates to promote their growth.

#### 5.7.2 With reference to Institutional support

Zimbabwe should adopt the social development strategy in order to reduce the high incidence poverty and make headway towards the sustainable development goals.

- There is a need for implementing Non-governmental organisation to factor in sustainability in their exit strategies as many of the interventions leave beneficiaries still struggling to continue. This also applies to other NGOs concerned with sustainable livelihoods.

- There is also a need to equip social workers and community development officers with the requisite skills that enable them to work with microenterprises and provide guidance that ensures professional competence. It is a critical element in social development where economic and social objectives are championed.

- There is a need for both Empretec and Self Help Foundation to diversify their fundraising to attract more resources to the organisations hence enabling their interventions to be more sustainable and promote the growth of the microenterprises that they are supporting.

### 5.7.3 Looking at Mentorship and follow up

- There is a need for implementing organisations to have robust strategies of doing follow up and business coaching of microenterprise owners if any tangible results are to be realised. Strengthening mentorship incubation hubs should be intensified, as they are a way of ensuring that microenterprises become opportunity driven as opposed to being necessity driven.

### 5.7.4 Considering Business Association

- There is need to systematically encourage microenterprises to be part of business associations so as not to be left out of the development initiatives by the government.

- Participation of the beneficiaries is critical in the design of the microenterprise programme of the two NGOs. Implementing organisations working with microenterprises should make an effort to involve the owners of these microenterprises at the design stage so that interventions are based on the situation on the ground.

- There is also need for microfinance institutions to provide loan conditions that take care of the capabilities of microenterprises and remove the barriers to accessing credit.

### 5.4.5 In relation to further research

To evaluate the Zimbabwe Small and Medium Enterprises frame work policy and identify the strengths and weaknesses. This will in turn help to find ways to transform the informal traders to fully-fledged businesses.

## REFERENCES

Acs, Z., & Armington, C. (2004). Employment growth and entrepreneurial activity in cities. *Regional studies*, 38(8), 911-927.

Aruna, N. (2015). Problems faced by Micro, Small and Medium Enterprises-A special reference to Small Entrepreneurs in Visakhapatnam. *Journal of business management, 17(4),* 43-49.

Babbie, E. (2007). *Conducting qualitative field research*: In The practise of social research (11th ed.). U.S. A: Thomson Wadsworth

Babbie,E., & Mouton,J. (2001). *The practice of social research*. Cape Town: Oxford University press.

Babbie, E.R. (2008). *The Practice of Social Research*. Belmont, California, Wordsworth.

Bateman, F.(2014, January). The rise and fall of Muhammad Yunus and the Microcredit model. International development studies working paper series. University of St Mary's.

Bowen, M., Morara, M., & Mureithi, S. (2009). Management of business challenges among Small and Microenterprises in Nairobi-Kenya. *Journal of business management, 2(1),* 16-31.

Bryman, A. (2004). *Social research methods* (2$^{nd}$ed.). Oxford University Press.

Berg, B.L. (2001). *Qualitative Research method for social sciences* (4$^{th}$ ed.). Long beach. California University.

Bezuidenhout, F.J. (2013). Poverty. In F.J. Bezuidenhout (ed.), A reader on selected issues (pp.320-334). Pretoria: Van Schalk.

Chigunta, F. (2002). *Youth entrepreneurship: Meeting the key challenges*. Background paper prepared for the YES secretariat, Oxford University, England.

Chimucheka, T., & Mandipaka, F. (2015). Challenges faced by Small, Medium and Micro enterprises in the Nkonkobe Municipality. *International Business &Economics Research Journal, 14,* 309-315.

Christy, R.D., Wenner, M., & Dassie, W. (2000). A microenterprise centred Economic Development strategy for the rural south: sustaining growth with opportunity. *Journal of Agricultural and applied Economics, 32,* 331-334.

Creswell, J.W. (2014). *Research design: Qualitative, Quantitative and Mixed methods approaches* (4th ed.). Thousand Oaks, CA. SAGE.

DAI/PWC, (1998). *A third nationwide survey of micro and small enterprises in Zimbabwe.*USAID.

Davids, I., Theron, F., &Maphunye, K.J. (2005). *Participatory Development in South Africa. A Development Management Perspective,* Pretoria: Van Schaik Publishers.

Dhemba, J.,(1999). Informal sector development: A strategy for alleviating urban poverty in Zimbabwe. *Journal of social development in Africa, 14,* 1-6.

Fouché. C.B & De Vos, A.S. 2005. Problem formulation. In De Vos, A.S. (Ed), Strydom, H., Fouché, C.B. & Delport, C.S.L. *Research at Grass Roots for the Social Sciences and Human Sciences professions.* 3rd ed. Pretoria: Van Schaik Publishers.

Gichuki, J.A.W., Njeru, A., & Tirimba, O.I. (2014) Challenges facing Micro and small enterprises in accessing credit facilities in Kangeni Harambee market in Nairobi City county Kenya: *International journal of Scientific and Research publications, 4, 1*-25

Gombarume, F.B., &Mavundutse, S. (2014). Challenges faced by small scale enterprises: A case study of Chitungwiza, Zimbabwe. *Greener Journal of Business and Management Studies, 4,* 103-107.

Hassan, T., & Ahmad, B. (2016). The role of microenterprises in employment and income generation: A case study of Timergara City Dir Pakistan. *International journal of economics and Management sciences, 5,* 1-5.

Hulme, D. (2000). Is microcredit good for the poor people? A note on the dark side of micro finance. *Small Enterprise Development, 11(1),* 26-28.

Hulme, D., &Mosley, P. (eds). (1996). *Finance against poverty*. London: Routledge.

International Labour Organisation, (2002). *Study on generating employment through Micro and Small enterprise and cooperative development in Lao PDR,* Lao, Bangkok.

Jagero, N., & Kushoka, I. (2011). Challenges facing women micro entrepreneurs in Dar Es Salaam, Tanzania. *International Journal of Human Resource Studies*, *1*, 1-9.

Jurik, C. N. (2005). Bo*otstrap dreams: U.S Microenterprise development in an era of welfare reform*. Cornell University: ILR press.

Kamunge, S.M., Njeru, A., & Tirimba, I.O. (2014). Factors affecting the performance of Small and Micro Enterprises in Limuru Town Market of Kiambu County, Kenya. *Journal of scientific research publications,4,* 1-20.

Karedza, G., Sikwila, N.M., Mpofu, T., & Makurumidze, S. (2014). An analysis of the obstacles to the success of SMEs in Chinhoyi, *European journal of business and management*, *6,* 38-42.

Katunga, W., & Lombard, A. (2015). The contribution of social entrepreneurship in meeting needs of orphans in the Mberengwa District, Zimbabwe. *Social work journal,* 52(2), 188-205.

Kithae, P.P., Maganja, R., Kavinda, L. (2013). Impact of Entrepreneurship training on performance of micro and small enterprises: A case study of Embu Municipality. *International journal of business and management review, 1, 1-17.*

Korten, D. (1990). *Getting to the 21stcentury*. West Hartford: Kumarian press.

Kothari, C.R. (2004).*Research Methodology: Methods and technics* (2nd ed.). New Delhi: New age publishers.

Lemanski, C. (2016. Poverty: multiple perspectives and strategies. A short variety of poverty issues, with a strong emphasis on urban poverty. Geography, 101, 4.Retrieved from: http://search.proquest.com/openview/df73ac7621572792d8199a6d9c77fde7/1?pq origsite=gscholar&cbl=42255

Lokhande, A.M. (2011). Financial inclusion: Options for Micro, Small, and Medium Enterprises. *Synergy*, *9*, 39-50.

Matabooe, M.J., Venter, E., Rootman, C. (2016). Understanding relational conditions necessary for effective mentoring of black owned -owned small businesses: A South African perspective. Department of Business management, Nelson Mandela

Metropolitan University, South Africa. Retrieved from: http://www.scielo.org.za/scielo.php?script=sci_arttext&pid=S1684-19992016000100002

Mack, N., Woodsong, C., Macqueen, K.M., Guest, G., &Namey, E. (2005).Qualitative research methods: a data collectors field guide.

Makumbe, J. (2009). The Impact of democracy on Zimbabwe: Assessing political, social and economic developments since the dawn of democracy. Centre for policy studies.

Marunda, E., & Marunda, E. (2014). Enhancing the Micro and Small to Medium Size Enterprises operating Environment in Zimbabwe. *Journal of Business management. 16*, 113-116.

Mbiriri, R.P. (2009) .Can Zimbabwe use *its informal economy as a means for sustainable development in the current reconstruction process*. (MA Dissertation). University of Witwatersrand. Johannesburg.

Mc Cormick, D., Kinyunjui, M.N,& Ongile, G. (1997).Growth and barriers to growth among Nairobi's small and Medium sized garment producers. *World Development*, 25 (7), 1095-1110.

McPherson, M.A. (1996). Growth of micro and small enterprises in Southern Africa. *Journal of development economics, 48, 253-277.*

Midgley, J. (1995). *Social Development: The Developmental Perspective in Social welfare.* London. Thousand Oaks, CA, New Delhi: Sage Publishers.

Midgley, J. (2014). *Social Development: Theory and Practice*. Los Angeles. L. A: Sage publishers.

Ministry of finance. (2016). Micro finance report for quarter ended 30 September 2016.Reserve bank of Zimbabwe. Harare.

Ministry of Small and Medium Enterprises, (2016, June). Formalisation, focusing on propelling the MSMEs in Zimbabwe. New economy. Issue 02, 12-15

Morduch, J., & Rutherford, S., (2003). *India's Financial Sector: Issues, Challenges and policy options*. Oxford University press.

Morrow, S.(2005). Quality and trustworthiness in Qualitative research in Counselling Psychology. *Journal of counselling Psychology,52,* 250-260.

Mubaiwa, K. (2013, May). *The unique challenges of youth entrepreneurs in Zimbabwe: Is access to credit enough?* Paper presented at the Business and Entrepreneurship conference, Makerekere University, Kampala-Uganda.

Mupedziswa, R., & Gumbo, P., (2001). *Women informal traders in Harare and the struggle for survival in an environment of economic reforms*. Research report.no.117

Muzari, W., & Jambwa, D., (2014). Small Enterprise Development Constraints in Zimbabwe. *International journal of science and research, 3*, 1708-1712.

Mwobobia, M.F. (2012). The challenges facing small-scale women entrepreneurs: A case of Kenya. *International journal of business administration, 3,112*-121.

Ndege, M. (2015). Factors that affect the growth and development of small, micro and medium sized business enterprises in the Vaal Triangle region of Gauteng province in South Africa: *European journal of business, economics and accountancy, 3*,73-95.

Ngundu, K.  (2010).The impact of the informal economy on the social and economic development of women headed households in Chegutu urban district in Zimbabwe (Dissertation).University of Pretoria. Pretoria.

Njiro, E., & Compagnoni, M. (2010). Institutions providing services to small, micro and medium enterprises (SMMEs) in South Africa. *Journal of contemporary management*, *7*,146-166.

Patel, L. (2005). *Social welfare and social development in South Africa*. Cape Town; South Africa. Oxford University press Southern Africa (Pty) Ltd.

Saungweme, T., Matsvai, S., &Sakuhuni, C.R.(2014). Econometric analysis of unemployment, output and growth of the economic sector in Zimbabwe. *International journal of economics and research*, 5, 1-10.

Saunyama, T.C. (2013). *The contribution of informal trade to poverty reduction in Rusape, Zimbabwe* (Dissertation).University of Pretoria, Pretoria.

Schwarze, C.L. (2008). Involving the accounting profession in the development of financial management skills of micro enterprise owners in South Africa: *Meditari accountancy research, 16*, 139-151.

Singh, T.N. (2009). Micro finance practises in India: *An overview. International review of business researchers*, 5,131-146.

St-Jean, E., & Audet, J. (2009). Factors leading to satisfaction in a mentoring scheme for Novice entrepreneurs: *International journal of evidenced based coaching and mentoring, 7*, 148-159.

Tadesse, B. (2010). The role of micro and small enterprises in employment creation and income generation (Thesis). Mekelle University, Mekelle.

Terre Blanche, M., Durrheim, K., &Kelly, K. First steps in data analysis. In Terre Blanche, M., Durrheim & Painter.D (Eds.). (2006). *Research in Practice: applied methods for the social sciences.* (2nd ed.pp.322-327).Cape Town: UCT press.

Tibaijuka, A.K. (2005). *Report on the fact finding mission to Zimbabwe to assess the scope and impact of Operation Murambatsvina the special envoy on Human settlement issues in Zimbabwe.* United Nations.

United Nations Conference on Trade and Development (2016). *Empretec Annual report*. Geneva: United Nations.

United Nations Development Programme, (2013). Microfinance in Africa: Overview and suggestions for action by stakeholders. Retrieved from http://www.un.org/en/africa/osaa/pdf/pubs/2013microfinanceinafrica.pdf

Whiteduck, F., Peebles, D., & Lever, A. (2008).*Models for supporting women's Micro enterprise development: Best practice and guidelines*. Ottawa: Canada

World Bank, (2005). *Globalisation, Poverty, and Inequality since 1980.The World Bank Research Observer*, 20.No 2

Yin, K.R. (2004). *The case study anthology (4th ed.)*. Thousand Oaks, CA.Sage.

Yin, K.R. (1994). *Case study Research: Design and Methods (2nd ed.).* Thousand Oaks: Sage publishers.

Yunus, M. (1997).Rural Credit in Bangladesh. In Krishna, A., Uphoff, N., & Esman, M. J. (Ed, pp. 8-25).*Reasons for Hope: Instructive Experiences in Rural development*. West Hartford: Kumarian Press

Zimbabwe National Statistics Agency, (2011). Poverty Datum Line Analysis in Zimbabwe. Available http://www.zimstats.co.za/documents/prices/ta71/pdf.

**Appendix A**

**The Role of Microenterprises in poverty alleviation: A case of the Bulawayo city**

**Participant information sheet beneficiaries and key informants**

Good day

My name is Pana Mnkandla, and I am a post graduate student registered for aMaster of Arts degree in the field of Social Development at the University of Witwatersrand.As part of the requirements for the degree, I am conducting research into exploring the role of microenterprises in poverty alleviation. It is hoped that this information will help in understanding the constraints being faced by microenterprises that hinders business competitiveness and the role these enterprises are playing in alleviating household poverty.

I therefore wish to invite you to participate in my study. Your participation is entirely voluntary and refusal to participate will not be held against you in any way.If you agree to take part, I shall arrange to interview you at a time and place that is suitable for you. The interview will last approximately an hour. You may withdraw from the study at any time and you may also refuse to answer any questions that you feel uncomfortable with answering.

There are no consequences or personal benefits of participating in this study. If you decide to participate, I will also ask your permission to tape-record the interview. No-one other than I and my supervisor, Dr Edmarie Pretorius, will have access to the tapes. The tapes will be kept in a locked cabinet for two years following any publications or for six years if no publications emanate from the study. A copy of your interview transcript without any identifying information will be stored permanently in a locked cupboard and may be used for future research.

Please be assured that your name and personal details will be kept confidential and no identifying information will be included in the final research report. The results of the research may also be used for academic purposes (including books, journals and conference proceedings) and a summary of findings will be made to available to participants on request.

Please contact me on (+263775119559) or e-mail 1455256@students.wits.ac.za or my supervisor, Dr Edmarie Pretorius on +27 11 7174476 or Edmarie.Pretorius@wits.ac.za if you have any questions regarding my study. We shall answer them to the best of our ability. If you have any concerns and complaints about the study, please contact ***Human Research Ethics Committee (Non-Medical) Contact Details:*** **Ch**airperson: Jasper.Knight@wits.ac.za or the administrator: Mrs Lucille Mooragan Tel 011 717 1408 or Lucille.Mooragan@wits.ac.za

Thank you for taking the time to consider participating in the study.

Yours Sincerely,

Pana Mnkandla

**Appendix B**

## The role of Microenterprises in poverty alleviation: A case of the city of Bulawayo

### Consent Form for beneficiaries and key informants

I hereby consent to participate in the research study. The purpose and procedures of the study have been explained to me.

I understand that:

- My participation in this study is voluntary and I may withdraw from the study without being disadvantaged in any way.
- I may choose not to answer any specific questions asked if I do not wish to do so.
- There are no foreseeable benefits or particular risks associated with participation in this study.
- My identity will be kept strictly confidential, and any information that may identify me, will be removed from the interview transcript.
- A copy of my interview transcript without any identifying information will be stored permanently in a locked cupboard and may be used for future research.
- I understand that my responses will be used in the write up of a Masters project and may also be presented in conferences, book chapters, journal articles or books.

Name of Participant: ______________________________________

Date: ______________________________________

Signature: ______________________________________

**Appendix C**

**The Role of Microenterprises in poverty alleviation: A Case of the city of Bulawayo**

**Consent form for Audio-Taping of the interviewwith beneficiaries and key informants**

I hereby consent to tape-recording of the interview.

I understand that:

- The recording will be stored in a secure location (a locked cupboard or password-protected computer) with restricted access to the researcher and the research supervisor.
- The recording will be transcribed and any information that could identify me will be removed.
- When the data analysis and write-up of the research study is complete, the audio-recording of the interview will be kept for two years following any publications or for six years if no publications emanate from the study.
- The transcript with all identifying information directly linked to me removed, will be stored permanently and may be used for future research.
- Direct quotes from my interview, without any information that could identify me may be cited in the research report or other write-ups of the research.

Name: ____________________________________

Date: ____________________________________

Signature: ____________________________________

**Appendix D**

**The Role of Microenterprises in poverty alleviation: A Case of the city of Bulawayo**

**Semi structured Interview schedule for Key informants**

1. Explain the criteria you use to recruit beneficiaries for your training programme?
2. Once you have recruited and selected beneficiaries to participate in the training programmes, what are the expectations you and the organisation have from the beneficiaries?
3. What are the roles and functions of your organisation in respect to the recruited beneficiaries?
4. In your opinion, what are the achievements of the trainings you provide?
5. Share with me the constraints that you and your organisation are experiencing in running the trainings efficiently and effectively.
6. What suggestions do you have in relation to improving the interventions and trainings to be more sustainable?

**Appendix E**

**The Role of Microenterprises in poverty alleviation: A Case of the city of Bulawayo**

**Semi structured interview schedule for beneficiaries**

1. Tell me how did you become part of this microenterprise project?
2. Share with me in which ways are you involved inthe microenterprise programme/project.
3. Reflect on and tell me in which ways did your live change since you have been involved with the microenterprise programme/project.
4. When reflecting about your microenterprise project, what have been great achievements for you and why?
5. In your opinion,if there were challenges what were they and how did it affected your micro enterprise project?
6. Share with me some ideas as to how to make these microenterprises more competitive
7. Since you have been involved with the microenterprise programme, share with me some key learning points you have experienced.
8. Tell me what additional assistance you think you will need for the project to reach a point where you will be satisfied.

9. Any other ideas regarding the microenterprise programme that we did not cover which you would like to highlight?

**Appendix F**

## Letters of permission from Empretec Zimbabwe

EMPRETEC ZIMBABWE

Empretec Zimbabwe

118 Samuel Pararenyatwa/12th av

Bulawayo

Zimbabwe

**+263 8644119675**

21 November 2016

**Re:** Letter of authorisation to conduct research with Empretec trained beneficiaries

This is to confirm that Mr Pana Mnkandla a Zimbabwean National student number 1455256 at the University of Witwatersrand, South Africa has been allowed to undertake a research that seeks to find out the role of micro enterprises in poverty alleviation. Permission has been granted to include Empretec trained beneficiaries in the study and a key informant from the organisation in fulfilment of the Masters of Arts in Social Development.

Please accept the assurances of my highest consideration

EMPRETEC ZIMBABWE
118 S.PARIRENYATWA ST
CNR 12th AVE
P.O. BOX 1794 BULAWAYO
TEL:(263-09)74072/60650/78839
FAX:(263-09)78839

Yours sincerely

Empretec Southern Region Coordinator

L.Moye

**Appendix G**

## Letters of permission from Self Help Development Foundation

SHDF

Self Help Development Foundation
29B Joshua Mqabuko Nkomo St/1st Ave
Bulawayo

21 November 2016

**Re:** Letter of authorisation to conduct research with Self Help Development Foundation trained beneficiaries

This is to confirm that Mr Pana Mnkandla a Zimbabwean National passport number DN079315, student number 1455256 at the University of Witwatersrand, South Africa has been allowed to undertake a research that seeks to find out the role of micro enterprises in poverty alleviation. Permission has been granted to include Self Help Development Foundation trained beneficiaries in the study and a key informant from the organisation in fulfilment of the Masters of Arts in Social Development.

Yours sincerely

Administrator

Self Help Development Foundation

S.Mukombwe

SELF- HELP DEVELOPMENT
FOUNDATION OF ZIMBABWE
P.O. BOX 1270
293 Main St/1st Ave.
BULAWAYO
Tel: 76402

# Appendix H

## Ethical clearance

SOCIAL WORK
THE SCHOOL OF HUMAN AND COMMUNITY DEVELOPMENT (SHCD)

DEPARTMENTAL HUMAN RESEARCH ETHICS COMMITTEE (SOCIAL WORK) CLEARANCE CERTIFICATE

PROTOCOL NUMBER: SW/2/16/10/15

PROJECT TITLE: The role of micro-enterprises in poverty reduction: A case of the city of Bulawayo Zimbabwe

RESEARCHER/S: Mr Pana Mnkandla (1455256)

SCHOOL/DEPARTMENT: SHCD Social Work

DATE CONSIDERED: 14 October 2016

DECISION OF THE COMMITTEE: Approved

EXPIRY DATE: 28 February 2018

DATE: 9/01/17 CHAIRPERSON: [signature]

Cc: Supervisor: Dr Edmarie Pretorius

DECLARATION OF RESEARCHER(S)

To be completed in DUPLICATE and ONE COPY returned to the Administrative Assistant, Room 8, Department of Social Work, Umthombo Building Basement.

I/We fully understand the conditions under which I am/we are authorised to carry out the abovementioned research and I/we guarantee to ensure compliance with these conditions. Should any departure to be contemplated from the research procedure as approved I/we undertake to resubmit the protocol to the committee. For Masters and PhD an annual progress report is required.

[signature]
SIGNATURE

10 / 01 / 17
DATE

PLEASE QUOTE THE PROTOCOL NUMBER ON ALL ENQUIRIES