AN EVALUATION OF THE MANAGEMENT OF MICRO AND SMALL ENTERPRISES (MSEs) IN ZIMBABWE: A CASE STUDY OF THE MANUFACTURING MSEs IN MASVINGO URBAN.

BY

DUMBU EMMANUEL

P1248915X

Thesis submitted in fulfilment of the requirements for

DOCTOR of PHILOSOPHY

In

BUSINESS MANAGEMENT

ZIMBABWE OPEN UNIVERSITY

Supervisor: Prof Stanley Modesto

NOVEMBER 2014
ABSTRACT

The study evaluated the management of the Micro and Small Enterprises (MSEs) in Zimbabwe. The study was prompted by the often perceived closing shop of these enterprises, disturbing entrepreneurship in the country and in Masvingo Urban in particular. From global perspectives on the role and contribution of the MSEs in leading the countries to meet some of their objectives of unemployment reduction, poverty reduction and economic growth and development, the MSEs are regarded as the veritable vehicles. Many countries of the world today rely on a vibrant MSEs sector. The manufacturing MSEs sector is viewed as the fulcrum for the general development of the economy. The study was a qualitative rooted in the interpretivist paradigm and was conducted in Zimbabwean manufacturing MSEs in Masvingo Urban in particular. A case study design was employed to allow for naturalistic methods of data generation. A sample of 10 managers and 10 owners of the manufacturing MSEs were selected to participate in the study. A multi-stage maximum variation sampling technique was used to cater for the various products that are manufactured by the MSEs in Masvingo Urban. These were purposively sampled to select information rich informants to be included in the research. The participants were either responding to open ended questionnaire or semi-structured interviews. The major findings of the research were that the managers and owners of the manufacturing MSEs in Masvingo Urban lacked management practices that are critical for success and survival of the enterprise in the contemporary and turbulent business environment. The management practices that lacked were capital management, marketing, accounting, purchasing, networking and training and education in business management. Another important outcome of the study was that the MSEs lacked awareness about principled business management. The major issues related to awareness about principled business management were the four fundamental business management principles of planning, organising, leading and control (POLC). It also emerged that the managers and owners of the manufacturing MSEs were affected by the business environmental factors in the category of regulations and policy issues, competition, social, political and technological. Related to these factors were lack of adequate infrastructure, access to justice, discrimination and lack of power to protect intellectual property rights as issues of concern to the performance and management of the MSEs. The study recommends that attempts be made by the Ministry of Micro, Small and Medium Enterprises Development to make sure that the owners and managers of the manufacturing MSEs access training and education in the area of business management. In fact the ability of these firms to become renowned entrepreneurs relies upon the relevant education and Vocational Education systems to provide and equip the entrepreneurs. Manufacturing MSEs must form alliances to safeguard against discrimination access to justice and protection of intellectual property rights. These alliances assist in making the voice of the MSEs heard in the various quotas of the manufacturing industry.
ACKNOWLEDGEMENTS

I would like to convey my sincere gratitude to the following people for supporting me during the compilation of this thesis.

- The Almighty, who gave me wisdom and strength to complete this thesis.
- The unwavering support and inspiration of my supervisor, Professor S.T. Modesto who provided expert guidance in processing of this document.
- Professor Jameson Kurasha for his encouragement to take up this study.
- The whole team at the Higher Degrees Directorate of the Zimbabwe Open University and highly mentioning Doctor Chikasha for thoughtful communication and guidance in presenting the thesis.
- Miss Sharai Dumbu, my beloved daughter for studying with me during the night and also for her diligence and dedicated support in typing my thesis.
- Loveness, my wife, January and Munyaradzi, my sons and my beloved mother, Mrs Sophia Dumbu for their love and care during the period of the production of this thesis.
- Dr Maxwell Musingafí and my friend Professor P. Chadamoyo for reviewing my thesis and helpful pointers that they made.
- I owe exceptional gratitude to my Regional Director, Professor R.A. Chabaya for his encouraging comments and confidence building in me took me a long way in the production of this thesis. His support never diminished from inception to completion of the big project through creating supportive climate conducive to do my studies.
• Finally I would like to thank all the participants, that is, the managers and owners of the manufacturing MSEs in Masvingo Urban and not to forget the Ministry of Micro, Small and Medium Enterprises for their unwavering support in this study.

• While many people contributed towards the successful production of this piece of work, the contents are exclusively my own and I bear sole responsibility for any errors of facts and interpretation in this thesis.
DEDICATION

This Thesis is dedicated to my late father, Mr January Dumbu Mugabe, my mother, my wife Loveness, our only daughter Sharai, our sons January and Munyaradzi and the whole of the Dumbu Mugabe family.
TABLE OF CONTENTS

ABSTRACT ........................................................................................................................................... ii
ACKNOWLEDGEMENTS ........................................................................................................................... iii
DEDICATION ............................................................................................................................................... v
TABLE OF CONTENTS .............................................................................................................................. vi
LIST OF APPENDICES .......................................................................................................................... xi
ACRONYMS ................................................................................................................................................ xi
CHAPTER 1 .................................................................................................................................................. 1
  1.1 Background to the study .................................................................................................................... 1
  1.2 Statement of the problem .................................................................................................................. 13
  1.3 Purpose of the study .......................................................................................................................... 14
  1.4 Research questions ............................................................................................................................ 14
  1.5 Assumptions of the study .................................................................................................................. 15
  1.6 Significance of the study .................................................................................................................... 15
  1.7 Delimitation of the study ................................................................................................................... 16
  1.8 Limitations of the study ..................................................................................................................... 16
  1.9 Ethical consideration ........................................................................................................................ 17
  1.10 Definition of terms ........................................................................................................................... 18
  1.11 Organization of the study ............................................................................................................... 20
  1.12 Summary ...................................................................................................................................... 21
CHAPTER 2 ............................................................................................................................................. 22
REVIEW OF RELATED LITERATURE ...................................................................................................... 22
  2.1 Introduction .................................................................................................................................... 22
  2.2 Theoretical framework ...................................................................................................................... 24
  2.2.1 Resource Based Entrepreneurship Theory (RBET) ..................................................................... 25
  2.2.2 Opportunity Based Entrepreneurship Theory .............................................................................. 29
  2.3 History of the development of Entrepreneurship ............................................................................. 32
  2.4 Importance of MSEs to the economy ............................................................................................... 36
  2.5 Studies carried out on MSEs ........................................................................................................... 39
  2.6 Evaluation of management practices of enterprises ......................................................................... 45
2.6.1 Financial management practices in enterprises ........................................................... 49
2.6.2 Marketing management practices in MSEs ................................................................. 53
2.6.3 Human Resources Management practices in MSEs .................................................... 56
2.6.4 Accounting management practices in manufacturing MSEs ...................................... 60
2.6.5 Purchasing management practices in manufacturing MSEs ....................................... 65
2.6.6 Public relations management in MSEs ........................................................................ 69
2.7 The Management process in MSEs ................................................................................ 74
2.7.1 Planning in MSEs ........................................................................................................ 77
2.7.2 Organising in manufacturing MSEs ............................................................................ 79
2.7.3 Leading in manufacturing MSEs ................................................................................ 80
2.7.4 Control function .......................................................................................................... 81
2.8 Effects of management on performance of enterprises .................................................. 83
2.8.1 Adoption and practicing Strategic management in MSEs .......................................... 83
2.8.2 Enterprise Risk Management in MSEs ....................................................................... 85
2.8.3 Quality management practices in MSEs ..................................................................... 87
2.8.4 Distinctive resources management practices in MSEs ................................................ 90
2.9 Environmental challenges faced by manufacturing MSEs ............................................ 92
2.9.1 Economic environment ............................................................................................... 96
2.9.2 The political environment ........................................................................................ 99
2.9.3 The technological environment ................................................................................. 101
2.9.4 The socio-cultural environment ................................................................................ 107
2.10 Summary .................................................................................................................... 109

CHAPTER 3 ......................................................................................................................... 110
RESEARCH METHODOLOGY AND DESIGN ............................................................. 110
3.1 Introduction .................................................................................................................. 110
3.2 Research paradigm ....................................................................................................... 111
3.2.1 Qualitative research methodology ............................................................................. 114
3.3 Research design ............................................................................................................ 116
3.4 Description of study area .............................................................................................. 125
3.5 Population .................................................................................................................... 126
3.6 Sample .......................................................................................................................... 126
3.7 Sampling procedure ...................................................................................................... 127
3.8 Data generation methods .............................................................................................. 129
3.8.1 Researcher as an instrument ................................................................. 130
3.8.2 Use of Open-ended questionnaire .......................................................... 131
3.8.3 Semi-structured interviews ................................................................. 132
3.9 Data gathering procedure ........................................................................ 135
3.10 Piloting the instruments ........................................................................ 137
3.11 Data presentation, discussion, analysis and interpretation procedures ..... 139
3.12 Measures to ensure Trustworthiness of data ........................................... 142
3.13 Validity and reliability .......................................................................... 144
3.14 Ethical and legal consideration ............................................................. 147
3.15 Summary ............................................................................................... 149

CHAPTER 4 ................................................................................................................. 150
DATA PRESENTATION, ANALYSIS, DISCUSSION AND INTERPRETATION .... 150
4.1 Introduction ............................................................................................... 150
4.2 Demographic characteristics of the Participants ...................................... 152
4.2.1 Age range of informants ........................................................................ 152
4.2.2 Marital status of informants ................................................................... 152
4.2.3 Academic qualifications of participants .................................................. 153
4.2.4 Experience in running a business of participants .................................... 153
4.3 Effects of management practices on the performance of the MSEs .......... 154
4.3.1 Capital management practices ............................................................... 155
4.3.2 Marketing management practices ......................................................... 160
4.3.3 Competition management within MSEs and between large companies ... 162
4.3.4 Accounting management practices in MSEs ......................................... 164
4.3.5 Purchasing management practices ....................................................... 168
4.3.6 Training and education management practices ....................................... 171
4.3.7 Networking practices in manufacturing MSEs ....................................... 173
4.4 The extent to which managers applied principled management ............... 176
4.4.1 Planning in manufacturing MSEs ......................................................... 177
4.4.2 Organising ............................................................................................ 181
4.4.3 Leading ............................................................................................... 183
4.4.4 Control .............................................................................................. 185
4.5 Impact of the environmental challenges on performance of manufacturing MSEs .... 188
4.5.1 Regulation and policy issues ............................................................... 189
LIST OF APPENDICES

Appendix A-Questionnaire for managers and owners of manufacturing MSEs.
Appendix B- Interview guide for managers and owners of manufacturing MSEs.
Appendix C- Letter from the Ministry of Micro, Small and Medium Enterprises Development granting permission to carry out research.
Appendix D-Letter of introduction to the managers and owners of manufacturing MSEs.
<table>
<thead>
<tr>
<th>ACRONYMS</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>CRS</td>
<td>Company Social Responsibility</td>
</tr>
<tr>
<td>CT</td>
<td>Contingency Theory</td>
</tr>
<tr>
<td>E-Commerce</td>
<td>Electronic Commerce</td>
</tr>
<tr>
<td>EET</td>
<td>Economic Entrepreneurship Theory</td>
</tr>
<tr>
<td>ERM</td>
<td>Enterprise Risk Management</td>
</tr>
<tr>
<td>ESAP</td>
<td>Economic Structural Adjustment Programme</td>
</tr>
<tr>
<td>GAAP</td>
<td>Generally Accepted Accounting Practices</td>
</tr>
<tr>
<td>HCET</td>
<td>Human Capital Entrepreneurship Theory</td>
</tr>
<tr>
<td>HIV</td>
<td>Human Immunodeficiency Virus</td>
</tr>
<tr>
<td>ICTs</td>
<td>Information Communications Technologies</td>
</tr>
<tr>
<td>LT</td>
<td>Liquidity Theory</td>
</tr>
<tr>
<td>M</td>
<td>Manager</td>
</tr>
<tr>
<td>MMSMEDCD</td>
<td>Ministry of Micro Small and Medium Enterprises and Co-operatives Development</td>
</tr>
<tr>
<td>MSEs</td>
<td>Micro and Small Enterprises</td>
</tr>
<tr>
<td>MSMED</td>
<td>Micro, Small and Medium Enterprises Development</td>
</tr>
<tr>
<td>NAM</td>
<td>National Association of Manufacturers</td>
</tr>
<tr>
<td>O</td>
<td>Owner</td>
</tr>
<tr>
<td>OBET</td>
<td>Opportunity-Based Entrepreneurship Theory</td>
</tr>
<tr>
<td>OECD</td>
<td>Organisation of Economic Cooperation Development</td>
</tr>
<tr>
<td>PESTEL</td>
<td>Political, Economic, Social, Environmental and Legal</td>
</tr>
<tr>
<td>Acronym</td>
<td>Full Form</td>
</tr>
<tr>
<td>---------</td>
<td>-----------</td>
</tr>
<tr>
<td>PET</td>
<td>Psychological Entrepreneurship Theory</td>
</tr>
<tr>
<td>PR</td>
<td>Public Relations</td>
</tr>
<tr>
<td>RBET</td>
<td>Resource-Based Entrepreneurship Theory</td>
</tr>
<tr>
<td>SEDCO</td>
<td>Small Enterprises Development Corporation</td>
</tr>
<tr>
<td>SME</td>
<td>Small and Medium Enterprises</td>
</tr>
<tr>
<td>SMMEs</td>
<td>Small, Micro and Medium Enterprises</td>
</tr>
<tr>
<td>SNT</td>
<td>Social Network Theory</td>
</tr>
<tr>
<td>SWOT</td>
<td>Strength-Weaknesses-Threats and Opportunities</td>
</tr>
<tr>
<td>TQM</td>
<td>Total Quality Management</td>
</tr>
<tr>
<td>UNCTD</td>
<td>United Nations Conference on Trade and Development</td>
</tr>
<tr>
<td>WWW</td>
<td>World Wide Web</td>
</tr>
</tbody>
</table>
CHAPTER 1

INTRODUCTION

1.1 Background to the study

This section focuses on the introduction and background to the current study. The present study reposes in the domain of Entrepreneurship, and was stimulated by perceived shortcomings in the way Micro and Small enterprises (MSEs) in Masvingo Urban are run. Entrepreneurship is about creating unique value for the customer by doing things better than the competitors and being rewarded for your success (Mwangi, 2011). Arguably, this is the primary objective of manufacturing entrepreneurs in Masvingo Urban in particular, whose aspirations are generalisable to Zimbabwe and the world at large. The most disconcerting observation by the researcher was the short-lived nature of manufacturing MSEs that appeared vibrant and promising at the outset. These are steel manufacturing, furniture manufacturing, prefabricated structures, and plumbing materials, fencing materials, bricks, tiling and paving materials businesses from which samples were drawn, using the non-probability purposive sampling method. The term management, as used in the present study, is the systematic control and operation of a business. To the extent that many manufacturing enterprises close prematurely, the motivation to evaluate management practices currently used by entrepreneurs became urgent. Evaluation entails careful reflection about management practices before making a judgment about their quality or lack of it, relative to business operations of my sample.
The study of selected cases was conducted cognisant of the fact that MSEs are defined differently in different contexts. The usual basis for categorisation is the number of employees and annual income realised. Three categories, as explained later, are recognised by the EU recommendation 2003/361, namely, medium-sized, small, and micro enterprises. For my study the majority of manufacturing enterprises in Masvingo Urban fall within the last two mentioned.

Micro and Small Enterprises (MSEs) have been accepted worldwide as instruments of economic growth and development (Osotimehin, Jegede, Akinlabi and Olajide, 2012). No wonder that governments, particularly in developing countries like Zimbabwe have made tremendous efforts to establish policies to enhance the capacity of MSEs. The MSEs firms in most countries, including both the developed and the developing ones, are faced with significant challenges that compromise their ability to function (Uzor, 2004). However, despite the efforts by the governments in many countries to assist the operations of the MSEs, most of them have fallen short of expectations (Mwangi, 2011).

The phenomenal growth of MSEs in most countries (Chironga, Dahl, Goland, Pinshaw and Sonnekus, 2012) and in Zimbabwe is mainly due to the people’s quest to be self-employed and not because it is easy to establish and manage. MSEs are regarded as a catalyst in the socio-economic development of any country (Jagongo, 2012). They are veritable vehicles for the achievement of national macroeconomic objective in terms of employment generation and enhancement of apprenticeship business management training (Osotimehin et al, 2012). MSEs have not performed creditably well and they have not played expected significant role in economic growth (Osotimehin et al, 2012). This situation has been of great concern to the
public and government and this is the factor that motivated the current study. With the realisation of the potential of MSEs, research work is to be carried to evaluate the management of these enterprises so that measures are put in place to curb the drain of resources from the fiscus by these enterprises. Despite the devotion by the government of Zimbabwe to assist the MSEs through the creation of a ministry concerned with the development of the MSEs, this economic sector has fallen short of the expectations and this situation is disturbing and worrying.

Masvingo Province, which houses Masvingo Urban, is one of the administrative provinces of the Republic of Zimbabwe. Like in any other province, there are MSEs set ups and start ups in Masvingo Urban in the manufacturing sector of the economy. Individual entrepreneurs take the risk of organising manufacturing firms and employ workers (Mwangi, 2011) and at times these businesses are run by their owners with the aim of exploiting existing business opportunities for substantial profits. Some of these firms, struggle to survive in the competitive market (Chironga et al, 2012). It seems as though these enterprises are facing stiff competition from well established manufacturing medium and large firms located in the same environment. On the other hand, it seems that management practices in these manufacturing MSEs fall short of the prerequisites for successful running of the enterprises in the contemporary turbulent business environment.

There is no universally accepted categorisation of MSEs because the classification of business into small and large scale is a subjective judgment (Osotimehin et al, 2012). Categorisation of MSEs varies both between countries and between continents (Smith and Ibrahim, 2008). The major criteria used in the categorisation of MSEs could include various
combinations of the following: number of employees, financial strength, sales value, relative size, initial capital outlay and types of industry. However the indicators prominent in most categorisation are the size of capital, gross output and number of paid employees.

Uzor (2004) concurs that in the Netherlands, MSEs are regarded as firms that employ 10-99 employees in which the manager personally performs all the functions of management without actually taking part in the production. The Indonesia agency for Small and Medium Enterprises regards MSEs as firms employing less than 10 workers. This confirms the observation by Quartey (2001) that in developing countries, MSEs range from firms that employ between 5-90 employees. MSEs are enterprises, which have a cut-off range of employees (Ayyagari, Black and Kunt, 2003) with micro enterprises employing below 10, and Small enterprises employing up to 50 or more employees. The categorisation of the MSEs in current study recognises the importance of the number of employees. The Ministry of Small and Medium Enterprises Development in Zimbabwe, under whose jurisdiction the MSEs are, has adopted a somewhat flexible definition especially as to the number of employees. The concerned Ministry regards MSEs as firms with employment levels ranging from 10-70 employees (Ministry of Micro Small and Medium Enterprises and Co-operative Development, 2010; SEDCO Annual Report, 2004). MSEs are the small businesses (Chidoko, Makuyana, Matungamire and Bemani, 2011) that are a result of individual or family self employment. On the other hand Smith and Ibrahim (2008) agree that MSEs are firms founded by individual entrepreneurs who are willing to bear risk of new venture if there is a significant chance for profit. The individual entrepreneurs are those people of the society that are responsible for the creation, discovery and exploitation of available opportunities in the environment (Casson, 2003).
The present research used the ideas by Quartey (2001) who says MSEs in developing countries are those firms that employ between 5-90 employees. Most of the MSEs in the manufacturing sector in Masvingo urban employ between one and 50 employees (SEDCO Annual report, 2004). The focus of the current study is on the Micro and Small Enterprises because it is not likely that manufacturing firms in Masvingo Urban employ more than 50 employees at any given time.

The manufacturing sector of Masvingo urban comprises firms that are responsible for the production of a wide range of commodities such as bricks, tiles, pavers, window frames, door frames, furniture for homes and schools (Chidoko et al, 2011) and provide employment to the population of Masvingo Urban and its hinterland. In investigating the problem, some of the environmental factors that seemingly have an impact on business performance, are taken into account. A more detailed explanation of the environmental factors as related to one of the research objectives of the current study is rendered in Section 2.9.

In Masvingo, the business situation about manufacturing MSEs is that survival of these enterprises is problematic. Observation has shown that the performance of the firms in the manufacturing MSEs sector is not sound to the extent that most of such enterprises do not managed to continue existing in the competitive business environment. The issue of survival of the manufacturing MSEs in Masvingo urban remains an issue that needs critical investigation so that the national objectives of poverty reduction and employment creation are achieved. However, the MSEs remain vulnerable to high failure rate that no nation can afford.
to ignore. Researchers, commenting on the situation in the United Kingdom observed that 60% of the MSEs fail in their infant stages (Barney and Clark, 2007). Business management practices have significant influence on the Micro and Small Enterprises’ survival strategies (Yan, 2010). Most of them succumb within their first year of operation (Micro and Small Enterprises policy and strategy framework, 2008). As observed in the above statement, a detailed discussion of the management practices of the manufacturing MSEs is given attention in section 2.6. This being the case, greater effort is urgently needed to reduce the fatality rate of the MSEs. The reason for this being that, a more robust SME sector of the economy helps to build a nation’s wealth without the economy having to woo investments of specialised technologies (Macpherson and Holt, 2007).

Despite the fact that the Micro and Small Enterprises participate immensely in the growth and performance of the economy evidence shows that not many of them survive for a long time, especially in developing countries (Bowen, Morara and Mureithi, 2009; Dumbu and Musingafí, 2010). Starting and operating a small to medium enterprise is one thing, and its survival is another (Abduli, 2013). There are manufacturing MSEs start-ups in Masvingo but about 60% of them tend to close shop in the competitive business environment (Chidoko et al, 2011). An evaluation of the management of the MSEs is to be done to find the way forward for the continued existence of the MSEs in Masvingo urban. Since opportunities on formal employment are shrinking in Masvingo urban (Government of Zimbabwe, 2008), unemployment peaking at 90% in the country, there is need to turn the focus on the effective management of the MSEs as the potential investors and for making a meaningful contribution to employment generation (Leader, 2007).
Zimbabwe is one of the developing countries which have embraced the fact that MSEs play a crucial role in the achievement of broader economic objectives such as increasing employment opportunities and poverty alleviation, among others. To show the importance of Micro and Small Enterprises to the economy, the government of Zimbabwe established the Ministry of Micro and Small Enterprises (Chidoko et al, 2011), Ministry of Indigenisation and Economic Empowerment and organs such as Small Enterprises Development Corporation (SEDCO). The establishment of these ministries and organs is a clear demonstration of the importance of the Micro and Small Enterprises to the economy.

The development of the MSEs in Masvingo is significant to the Zimbabwean economy which is currently suffering high unemployment, lack of investment and poverty (Zindiye, 2008). MSEs growth would provide solutions for the complex economic problems of the city and the country at large. The survival of the manufacturing firms in cities and towns is dependent on efficient management and a conducive business environment (Leader, 2007). It seems as though manufacturing firms in Masvingo are suffering poor performance probably due to lack of principled management. A more detailed discussion of principled management is given attention is section 2.7. The most important managerial deficiencies (Yan, 2010), that are crucial to the success of the manufacturing MSEs developing countries include among others deficiencies in planning, organising, leading and controlling. These are management challenges that the MSEs in Masvingo are likely to be facing in the current business environment. These management functions are probably not be well performed by the owners and managers of the manufacturing firms in Masvingo Urban.
Management is the cornerstone of any firm’s ability to survive in the turbulent business environment (Henschel, 2006). A study by Maroofi (2011) which looked at the impact of enterprise systems on corporate performance found that the longevity of the business enterprises is pinned on the ability of the management of those organisations to monitor and manage both the internal and the external environment. In a similar study by Dauda, Akingbade and Akinglabi (2010) which studied the management practice and corporate performance of selected small business established that the skill to manage a business is the core of the success of such an enterprise. Both the outcomes of the studies are similar to my current study which aimed at the evaluation of the management of the MSEs in the manufacturing sector of Zimbabwe. In another study by Nee and Wahid (2010) which focused on the quality issues came out with the findings that the quality of management can boost or ruin the operations of the small enterprises. Confirming the above idea, Priyanath (2006) states that the success or failure of the small businesses can be a result of the capability of management to acquire and possess the management skills.

There are several studies that were carried out in the field of management practices. Of note, is the study by Rajeev (2008) which looked at the problem about how inventory management practices affected the economic performance of the SMEs in Bangalore. The study aimed at establishing the importance and effects of inventory management practices in the SMEs and finally probed the relationship between inventory management and economic performance. This study is similar to my current proposed investigation which aims at evaluating the management practices of the MSEs in the manufacturing sector. In his research, Rajeev (2008) gathered data using a semi-structured questionnaire which is similar to the instrument for data collection that was used in my current study. The study then arrived at conclusions that SMEs which are inventory management efficient were likely to perform better on the
economic front and experienced higher returns to scale. However those firms which were not
efficient in inventory management were likely not to perform better on the economic front.
Compared to my study on the evaluation of the management practices of the manufacturing
MSEs, there are a lot of similarities with the research by Rajeev (2008) in that the current
study used a questionnaire as an instrument for data collection.

In support to the above study by Rajeev (2008), on the management practices of the
manufacturing small businesses is the study by Fening (2012). The study investigated the
impact of quality management practices on the performance and growth of SMEs in Ghana.
His aim was to investigate how the implementation of quality management practices
impacted on the performance of the SMEs in a developing country. In this research data were
collected using a structured interview. The findings of the research were that if firms
implement quality management practices a tremendous impact on the performance of the firm
is expected. Quality management practices improve organisational performance in small
businesses in any part of the world. This study illuminated my proposed investigation in
some way like the use of the structured interview as an instrument for data collection. Over
the years, the practice of quality management practices have been emphasised and awareness
has been created as one of the enterprise’s most important key ingredient for success and
global competitiveness.

A recent study by Gholani, Asli, Shirkouhi and Noruzy (2013) investigated the influence of
knowledge management practices on organisational performance in MSEs and they also used
a structured equation modelling, a quantitative tool for data collection and analysis. The
results of the study pointed out that knowledge acquisition, storage, creation, sharing and
implementation had significant factor loading on knowledge management and productivity leading to high organisational performance. Compared to my current study, which evaluated the management practices of the manufacturing MSEs, the study by Gholani et al (2013) shared the vision that MSEs, for them to prosper in business, need to develop top of the range techniques to manage their enterprises. Small businesses need to develop strong management practices in order for them to face the current unstable business environment.

The general conclusion by the preceding researches indicated that for manufacturing MSEs to prosper, they needed to have sound management practices. Of importance are the management practices related to knowledge management, quality management practices and inventory management practices. A study carried out by Flower, Parker, Arenz, Gaffley, Greighton, Fredricks, Rasdien, Matthews, Pieterson and Smit (2013) provides insight into the management practices of the MSEs. The main issues related to the management practices such as capital management, marketing, accounting, purchasing and supply chain management are given expansive attention in Section 2.6.

Dornhoff (2011) and Ayyagar et al (2003) argue that environmental factors represent a significant challenge for the manufacturing MSEs. At the same time prior research on manufacturing MSEs has seldom explored the engagement of the MSEs with the wide variety of practices that encompasses the management of the environmental variables (Ayyagar et al, 2003). A number of researches have been carried in the area of business environment. Of interest is the research that was carried by Akali and Issa (2012) which assessed the influence of the eternal environmental factors on the performance of small business manufacturing enterprises in Bauchi state, Nigeria. The study examined the influence of the external
environmental factors on the performance of the small businesses and used a structured questionnaire as a data collection instrument. Results of the study revealed that the economic and the legal environmental factors were found to be significantly related to business performance of the enterprise. Comparably to my current study which sought to evaluate the environmental challenges that are faced by MSEs in the manufacturing sector, the research by Akali and Issa (2012) illuminated on one of the research question which sought to evaluate the factors affecting the operations of the MSEs.

The current environment in which MSEs operate is unstable hence one of the research questions of my current study was stated as; ‘what environmental challenges are faced by the MSEs in Masvingo Urban.’ Literature to this research question pointed out that MSEs are experiencing environmental challenges that affected their performance. One of the current studies carried by Cant and Wiid (2013) which aimed at establishing the environmental challenges affecting South African SMEs indicated a number of challenges that contributed to the high failure rates of SMEs. In this investigation, a questionnaire was used to collect data from a judgemental sample. Findings of the research established that both macro and micro environmental factors had an impact on the performance of the small businesses. My current study borrowed a lot from the Cant and Wiid (2013) study in that it studied the impact of the environmental factors on the management of the manufacturing MSEs.

In another study by Zaidi (2013) which investigated the problems affecting the growth of small and medium enterprises in India, detailed various challenges being faced by Indian SMEs and also the role and influence of the government in upliftment of staggering SMEs. Results of the research showed that the small businesses are affected heavily by the
government policies and other variables in the external environment of these business ventures. It can be concluded from the literature above that the performance of the small businesses is directly related to the external environment of the business. Okwu, Bakare and Obiwuwu (2013) pointed out that the small enterprises face a number of macro and micro environmental challenges in the form of politics, economic, social technologic. Section 2.9 rendered attention in more detail to the environmental factors that affect the operations of the enterprises.

Okafor (2012) examined financial management practices of the small firms in Nigeria. The study also aimed at establishing the variables that impacted on the profitability, growth and survival of the enterprises using an exploratory research design. The study mentioned that managerial planning as a variable affected principled management in the running of the MSEs and also that lack of planning by management in its all functional areas is detrimental to the performance of the small businesses. Planning in an enterprise is of paramount importance as it sets the standards that can be used to measure performance and also guide the operations of the business. In another study carried by Adigwe (2012) which studied project financing for small and medium scale enterprises in Nigeria established that planning and other management activities can lead to the successful performance of the business. Each enterprise has to perform the four functions of management, which are, planning, organising, leading and controlling (Adigwe 2012). The results of the research by Adigwe (2012) seem to confirm the results of the investigation by Mudavanhu, Bindu, Chiguiswa and Muchabaiwa (2011) which showed that lack of general knowledge on the management activities of planning, organising, leading and control lead firms to realise a slackened business performance. From the literature above it can be deduced that principled management in the
form of firms having to draw up plans, organise, lead and control are important parameters for the successful management of the enterprises in spite of the size of the business. To deal with the often faced challenge of a business, there is need to adhere to the principles of business management. A study carried out by Chinomona (2013) noted that the MSEs lack by and large the prerequisite for principled management. There are slim chances of these enterprises to endeavour in planning, organising, leading and control, the elements which are the backbone for principled management. An expansive discussion of the principled management was given attention in section 2.7.

As most studies in the Micro and Small Enterprises have focused on the context of developed economies (Yan, 2010), Micro and Small Enterprises development in developing economies remain by and large an unexplored area especially on the management of MSEs. Masvingo Urban is, therefore, not an exception to this general observation. Moreover the MSEs in Zimbabwe face a dynamic and competitive business environment (Mudavanhu et al, 2011; Chinomona, 2013). Little research has been undertaken in relation to the management of the manufacturing MSEs in Zimbabwe. Therefore, the study attempted to close the gap in research about management of the MSEs in the manufacturing sector.

1.2 Statement of the problem

It can be deduced from the background that, in Masvingo and Zimbabwe, the management of MSEs is problematic in the sense that most of these firms are short lived despite their importance to the economy. This is problematic because whenever the enterprises close shop, there are job losses, and the national objectives of poverty reduction, redistribution of
national income, redistribution of industry and reduction of unemployment peaking at 94% in Zimbabwe (Zinhumwe 2012) are defeated. Hence there is need to evaluate the prevailing management practices, our independent variable and the performance of the micro and small enterprises our dependent variable.

1.3 Purpose of the study

The above background and problem statement have led to the formulation of aims, directly linked with the research questions, namely to:

- Measure the effect of management practices on performance of enterprises.
- Evaluate how environmental factors impact on the survival of manufacturing MSEs in Masvingo urban, in particular and in Zimbabwe in general, in the competitive market environment.
- Establish how managers and owners of manufacturing MSEs applied principled management.

1.4 Research questions

This study entails evaluation of the management practices of manufacturing MSEs in Masvingo Urban, in particular, and in Zimbabwe in general. In order to investigate the problem more systematically, the following research questions are posed.

- How do management practices affect the performance of the manufacturing MSEs?
- How do environmental challenges impact on the survival of the manufacturing MSEs in Masvingo Urban?
• How do managers and owners of manufacturing MSEs apply principled management?

1.5 Assumptions of the study

This study is based on the assumptions that:

• The majority of manufacturing MSEs in Zimbabwe contribute immensely to the well-being of the economy

• Both the external and the internal business environment contribute to either the short or long life span of the manufacturing MSEs.

• There are many people in Zimbabwe, including Masvingo, who are interested in starting their own small businesses in the manufacturing sector.

• The possible causes of premature closures of MSEs might be due to the lack of management skills by proprietors and managers.

1.6 Significance of the study

Insights gained about business management in the present study are likely to contribute towards the development of new and relevant policies by the Government, the Ministry of Small and Medium Enterprises Development (MSMED) and other stakeholders in the country. Results generated are likely to highlight the environmental factors and management practices that affect the continued survival of the MSEs. Additionally, the findings would contribute towards knowledge of ways of mitigating the challenges of competitiveness faced by the MSEs. Lastly, the study will add to the literature on the management of MSEs, which is scant in the country and the region at large.
1.7 Delimitation of the study

The study was delimited to the manufacturing MSEs in Zimbabwe’s Masvingo Urban. The population of the study comprised of management and owners of the manufacturing MSEs. Because of their importance to the economy, in terms of employment creation, provision of goods that may not look profitable to large firms and generation of income for the owners, only purposively selected manufacturing MSEs are evaluated.

1.8 Limitations of the study

This study was limited in the first place by non-response from the participants as some of them especially those whose businesses are not performing were ashamed to divulge what was affecting them. To this effect the researcher explained the advantages of the research to the operations of the enterprises and to the entrepreneurs. Results of the study were meant to assist those small enterprises face competition through principled business management. Also, the participants at first glance thought that the researcher was a price monitoring agent soliciting information that could be used by the government to discipline the entrepreneurs running and owning manufacturing MSEs. Some of the participants were suspicious but after the researcher explained to them that the study was for academic purposes, they then felt comfortable to respond to the questions during interviews. Some of the participants feared political victimisation and the researcher assured them that the researcher was apolitical and the information required was only for academic purposes. Those who feared political
victimisation then became cooperative in answering the questionnaire and responding to interview questions.

However, the researcher tactfully approached the participants and explained the purpose of the research. To remove fear of victimisation the researcher developed a close relationship with the research participants and the researcher lived in their close vicinity. This helped them to be open during the interviews and responding to the questionnaire. The researcher assured the participants of confidentiality of the information that was provided and also explained the benefits the study would bring to the participants. In carrying the research the researcher anticipated to have participants who could not understand English. Fortunately all the participants that were sampled into the study were conversant in English as they had acquired some level of education up Ordinary Level.

1.9 Ethical consideration

This section of the study considered the ethical consideration in research and the following ethical considerations guided the investigation:

- To safeguard the rights of the participants in this particular study, I was granted permission by the Ministry of Small and Medium Enterprises to visit the manufacturing MSEs in Masvingo Urban to meet the owners and managers of these firms.
- The privacy, anonymity and confidentiality of participants were guaranteed. In this study, numbers rather than real names were used to label participants. For anonymity,
pseudo names for the owners and managers of the manufacturing MSEs in Masvingo were used. Furthermore, questionnaire participants were asked not to write their names on the questionnaires.

- Asking unwelcome questions may be experienced when the researcher seeks data relating to participants’ private or professional lives. Therefore, where participants show reluctance to express themselves during interviews and focus group discussions for this study, I will respect such decisions by not getting into their private lives.
- Also, I promised to share the results of the study with the participants so that they can use the recommendations for their benefit in their business endeavours.

1.10 Definition of terms

This section of the study defines the key words as used in the research.

**Management**: Management is the act of getting people together to accomplish desired goals and objectives using available resources efficiently and effectively. Since organisations can be viewed as systems, management can also be regarded as human action including design, to formulate the production of useful outcomes from a system. According to Ricketts (2009) management is to exercise executive, administrative and supervisory direction of a group or organisation.

**Micro and Small Enterprises**: These are a very heterogeneous group of businesses usually operating in the service, trade, agri-business, and manufacturing sectors. MSEs are often classified by the number of employees and/or by the value of their assets. The size classification varies within regions and across countries relative to the size of the economy and its endowments. According to Adigwe (2012) Micro Enterprise is a firm which has a
labour size of not more than 10 workers and a Small Enterprise has a labour size of not more than 100 workers. In this study MSEs are those businesses that employ a least one up-to 100 employees on salary based remuneration.

**Manager:** The individual that has the power and responsibility to make decisions in order to manage an enterprise when legitimately given the authority to do so (Rickett, 2009).

**Business Owner:** The entrepreneur who mobilises resources to start up a business with the aim of making profit. [www.thelawdictionary.org/business-owner/](http://www.thelawdictionary.org/business-owner/) identifies business owner as an individual who owns and operates a business whether it be small or large. This individual also profits from the net gains of the company.

**Risk seeking:** An entrepreneur willing to take the risk associated with uncertainty. [www.advfn.com/money_words_term_4309_risk_seeking.html](http://www.advfn.com/money_words_term_4309_risk_seeking.html) regards risk seeking as an investor who likes to take risk and is even prepared to pay for it.

**Innovativeness:** Entrepreneur accelerating the generation, dissemination and application of innovative ideas (Casson, 2003).

**Opportunity seeking:** Entrepreneur perceiving and seizing new profit opportunities in the competitive market. It can be regarded as an idea that has commercial potential (Casson, 2003).

**Evaluation:** Evaluation is a systematic endeavour of acquiring and assessing information’s worthiness or merit. All evaluation work involves collecting and sifting through data, making judgements about the validity of the data and inferences derived from that information. Trochin (2006) regards evaluation as systematic acquisition and assessment of information to provide useful feedback about something under investigation.
**Entrepreneurship:** United Nations Conference on Trade Development (2005) explains entrepreneurship as the manifestation of the ability and willingness of individuals, on their own, in teams, within and outside existing organisations, to perceive and exploit new economic opportunities and to introduce their new ideas in the market in the face of uncertainty and other obstacles by making decisions on location, form and the use of resources and institutions.

**Intrapreneurship:** Is the ability of individuals in the firm to use for the benefit the resources of the firm in a creative manner. It is a way of showing creativity and innovation by individual workers in the organization. ([http://workawesome.com/career/intrapreneurship/www.NorcalTechSolutions.com](http://workawesome.com/career/intrapreneurship/www.NorcalTechSolutions.com)) The term is derived from a combination of "intra" or internal, and "entrepreneurship." Entrepreneurs are usually highly self-motivated, proactive and action-oriented people who are comfortable with taking the initiative, even within the boundaries of an organization, in pursuit of an innovative product or service.

### 1.11 Organization of the study

The thesis comprises five chapters. In Chapter One, the background information on the evaluation of the MSEs in Zimbabwe’s Masvingo Urban in particular and in other countries in general is discussed. The statement of the problem, the objectives of the study and the significance of the study are outlined.
Chapter Two is devoted to the presentation and discussion of relevant literature. Literature concerning management of MSEs at both national and international level is discussed. The chapter also discusses the theoretical framework that informs this study about issues of management of businesses, entrepreneurship, business environment, evaluation, management theories and the performance of the MSEs in the manufacturing sector.

Chapter Three discusses the research methodology, design and instrumentation used in the study. In addition the population of the study and the sampling procedures are described.

The data collected were presented, discussed and analysed in Chapter Four. The discussion in the section was carried out bearing in mind research questions as well as cross reference with information from literature review chapter. Finally, chapter five presented conclusions, summary of the research findings, contribution made by the investigation, recommendations and areas for further study.

1.12 Summary

The chapter has examined the background information and theoretical/conceptual framework on the evaluation of the manufacturing MSEs in Masvingo urban. The statement of the problem, research questions, and objectives of the study and the rationale of the study were also discussed. It also considered the significance of the study, scope of the study and the limitations of the study. The chapter went on to look at review related literature in brief, research methodology and the ethical considerations of the study. The layout of the chapters of this research was also presented and some special terms were defined. The next chapter covered the review of related literature on the evaluation of the management of the MSEs.
CHAPTER 2

REVIEW OF RELATED LITERATURE

2.1 Introduction

In Chapter 1, background to the study was provided. In this chapter, literature related to the study is reviewed. The purpose of review was to understand the conceptual and theoretical perspectives that underpin the management of small enterprises in order to situate this study. Also, the purpose of review was to interpret the perspectives and experiences of the managers and owners of the MSEs in the manufacturing sector who are the participants in this study, and build on existing research in the domain of entrepreneurial management.

Management practices in MSEs in the manufacturing sector appear to be of lesser concern in the view of many researchers (Pachadi, 2012; Mashanda, Cloete and Tanner, 2012; Halter, Kammerlander, Kunzi, Merki and Zellweger, 2013) as little research has focused attention on the management of small enterprises. The absence of such research information could imply that the issues related to the management practices of MSEs in the manufacturing sector including perceptions and experiences of owners and managers from this sector of the economy in developing countries like Zimbabwe, may not be known. This could be due to several reasons including the fact that attention to the development and growth of MSEs by governments is just receiving attention recently where these firms are now being recognised
as the engines for the growth and development of the economies due to their contribution to creation of employment opportunities and reduction of poverty.

Empirical literature on evaluation of the management of the MSEs similar to those described in the previous chapter has been difficult to locate. This is not surprising as such small businesses generally do not command more attention in terms of management than their counterparts, medium and large firms. However, literature describing management practices of the MSEs as provided in developed countries contexts is prolific and differs from what happens in developing countries contexts. In the latter case, available literature comprises of research by Maseko and Manyani, (2011); Mudavanhu et al. (2011), Zindiye (2008) and Chidoko et al. (2011). For instance, Zindiye (2008) investigated the factors that affect the performance of the manufacturing sector of Harare, Zimbabwe, and found that managerial aspects were in short supply in the Small and Medium Enterprises (SMEs) and had negative effects on their performance. It was also established that macro environmental factors impact negatively on the performance of the SMEs.

However, these studies did not mention concerns about the manufacturing MSEs in areas of management and the awareness by management on the importance of principled management in the form of planning, organising, leading and control. My study then becomes important and would contribute to the body of existing literature because MSEs, despite their importance in the economy as the seedbed for the development of managerial skills for managing the Medium and Large firms have not received adequate attention in research as most researchers (Fadzil and Rababah, 2012; Brierley, 2008; Nassar, Al-Kadash, Al-Okdah and Sangster, 2011) have been biased towards the larger firms.
The researcher first discussed the importance of the MSEs in the economy and the conceptual framework for the study. The researcher then briefly examined one applicable theoretical framework and the literature on the management practices of the manufacturing MSEs to establish a conceptual framework for this study. Next, the researcher proceeded to discuss the theoretical framework that was used in the study.

2.2 Theoretical framework

This section deals with theoretical framework adopted in the study. Theoretical framework is the foundation where the whole research is lying on (Castellan, 2010). According to Sekaran (2000) and Elliott (2005) a theoretical framework is a model of how one theorises or makes logical sense of the relationships among several factors that have been identified as important to the problem under investigation. In essence, theoretical framework attempts to integrate key pieces of information especially variables in a logical manner (Castellan, 2010; Devers and Frankel, 2000). The purpose of a theoretical framework is to direct research objectives as it provides a schematic description of relationships between and among independent, dependent and extraneous variables (Ryan, Coughlan and Crown, 2007).

Theoretical framework directs attention to structure of the study (Castellan, 2010). In this way it has important implications for research in management of MSEs in the manufacturing sector. Activities and discourse through which owners and managers of MSEs construct their understandings of business management would be viewed and investigated as deeply embedded in entrepreneurship development (Isenburg 2010). If structures such as management (Rashmi and Swamy, 2012), availability of resources and even business
environment (Tavallaei, 2010) are conceived of as enduring constraints on the running of any business set up, then it is adequate to study the management practices of the manufacturing MSEs with particular reference to management practices, awareness of management principles and the environmental constraints on business management. The current study looked at the business resource variables that influence the management and performance of the enterprise as those variables related to the resourcing of the enterprises. Therefore, the theory that links this with the management practices of the small businesses is Resource Based Entrepreneurship Theory (RBET) being supported by Opportunity-Based Theory of entrepreneurship. The theories are described in detail in the subsequent sections.

2.2.1 Resource Based Entrepreneurship Theory (RBET)

One of the theories that are used to study management practices of the firms is the RBET, a theory that assumes that firms are profit maximising entities directed by bounded rational managers operating in distinctive markets (Kraaijenbrink, Spender and Groen, 2010). The theory suggests that if a firm is to have a better sustainable competitive advantage in the industry, it must possess resources better than its competitors. The precursors to the RBET are many (Foss and Klein, 2011). The RBET’s principal development occurred between 1984 and the mid-nineties, developing from the contribution by Weinerfelt (1984) in his initial paper which explored the usefulness of analysing firms from the resource side rather than from the product side. Later contributions by Rumelt (1984) and Barney and Clark (2007) examined the link between firm resources and sustained competitive advantage.
On the other hand, Casson (2003) studied whether resources of the firm are an independent force as compared to the existence of opportunities for entrepreneurs. Helfat and Lieberman (2002) who viewed management as core competency that helps to arrange firm level resources that produce sustainable advantage. The above mentioned ideas helped to build on the RBET theory. Since then, the RBET has been widely accepted in the study of a wide range of business phenomena such as information systems and organisational networks. However, this leaves a vacuum to be studied using the RBET on the management practices of the small businesses for sustainable competitive advantage. All in all, the contributions to the RBET arrived at the similar basic tenets of the theory. Weinerfelt (1984) argued that the RBET aspires to explain the internal sources of a firm’s sustainable competitive advantage (firm performance). Therefore, the central proposition of the RBET is that if a firm is to achieve high performance in the market it must acquire and control valuable, rare, inimitable and non-substitutable resources. Each of these characteristics of resources the enterprise should possess is explained briefly below.

The RBET argues that the firm must be in possession of valuable resources. The proponents of this theory, Weinerfelt (1984), Rumelt (1984), Barney and Clark (2007) agreed that resources of a firm are valuable only when they enable a firm to implement strategies that improve its efficiency and effectiveness. The traditional Strength-Weaknesses and Opportunity-Threat (SWOT) model of firm performance suggests that firms are able to improve performance only when their strategies exploit opportunities in the environment and manage to deal with threat frontiers. Thus, an important complementarity between environmental models of competitive advantage and the RBET is established. In trying to answer one of the main research question of the current study namely; ‘how do
environmental challenges affect the performance of the manufacturing MSEs in Masvingo Urban? the RBET suggests that the SWOT analysis has to be put in place on evaluating management of the small businesses in the turbulent business environment.

When a certain type of resource is abundantly accessed by many firms, it ceases to be a rare resource. For firms to enjoy a competitive advantage in the unstable business environment it must be in possession of the resource that is rare (Casson 2003). If a particular valuable resource is possessed by a large number of firms, then each firm has the potential of exploiting that resource for its competitive advantage. Foss (2011:5) points out that:

\[
\text{A firm is said to have a sustained competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors and when these other firms are unable to duplicate the benefits of this strategy.}
\]

Therefore, to outwit rivalries, a firm should possess rare resources, one either in the form of talent or owning a strategic resource in the industry.

For the firm to enjoy a sustainable competitive advantage, the resources under its jurisdiction should be imperfectly imitable resource (Helfat and Lieberman, 2002). In many cases firms with such kind of resource are often strategic innovators, for they can be able to engage in strategies that other firms cannot implement because they lack the relevant firm resource. The last requirement for the firm resource to be a source of meaningful performance is that these firms must be in possession of strategically equivalent valuable resources that are either rare or imitable (Casson 2003; Charantimath, 2009). Firms with such resources are able to implement certain strategies that those firms without can not implement.
Supporting the above notion Barney and Clark (2007) further argued that there must exist an organisation that can absorb and apply the resources, hence the need for human capital and management (Santos, 2010; Gupta, 2013) to exploit the resources for the benefit of the firm. According to Casson (2003) the RBET views the firm as a bundle of resources and emphasised that competing firms possess heterogeneous resource bases. In support to this view Gupta (2013) propounded that resources are explained as assets that are useful in the production process and the attributes of these resources would confer upon the firm competitive advantage and by implications, affects its performance. Availability of resources alone cannot help the performance of the firm but the ability of management to manage these resources is needed for the success of any business.

The RBET was further developed recently by Dollinger et al (2010) who considered the special circumstances arising from the relationship, alliances and networks of the enterprises. This expansion enables research to go beyond the limits of the physical resources and internal capabilities within an enterprise to understand how relationships, alliances and networks augment the management practices of the enterprises. Therefore, Weinerfelt (1984), Rumelt (1984), Barney and Clark (2007) and Dollinger et al (2010), concur the RBET categorically showed there are basically three important resources that a firm may possess. These resources must be imperfectly imitable by competing firms and rare, are of value and there are no strategically equivalent resources can be grouped into three important categories which are liquidity, human capital resources and the social network resources. These three important resources form the backbone of the RBET school of thought. The RBET framework can be applied in evaluating the management of enterprises for the assessment of firm performance.
Relating the RBET to the current study, this research accordingly submits to the view that small enterprises’ management expertise contribute critically to the performance of the firm. Full exploitation of the resources at the disposal of the firm can offer small enterprises a competitive edge over their competitors hence leading to improved performance.

Researchers have focused their investigations on how firm performances differ from each other and came out with the conclusion that capabilities develop based on the resource bases of the firm. Despite these advances, there are surprisingly few investigations that focus specifically on the link between resources and the management mechanism through which these resources are managed to promote sustainable competitive advantage on the small manufacturing MSEs. The current investigation made use of the ideas stemming from the principles of the RBET argument on MSEs in the manufacturing sector. In particular the main research question posed was: ‘How do management practices affect the performance of the manufacturing MSEs? The next section focuses on the Opportunity Based Entrepreneurship Theory, one of the supporting theories of the RBET which was used in the current study.

2.2.2 Opportunity Based Entrepreneurship Theory

The Opportunity Based Entrepreneurship Theory (OBET) is anchored by names such as Drucker (2005) and Stevenson (1990). The basic tenet of this theory is that entrepreneurs cause change as claimed by the Schumpeterian theory of entrepreneurship (Clausen, 2006; Mohar et al, 2007). In this theory, the entrepreneur is regarded as an individual who always
searches for change, responds to it and exploits it as an opportunity. Jobling and Nanere (2011) added that the individuals who search for change and have the desire to benefit from the identified change are those who portray resourcefulness characteristics. The hub of entrepreneurial management is the pursuit of an opportunity without regard to resources currently controlled.

The entrepreneurial function implies the discovery, assessment and exploitation of opportunities that did not previously exist. The entrepreneurial opportunity is an unexploited and as yet unvalued economic opportunity (Simpeh 2011). It is argued in research by Simpeh (2011) that the formation of an enterprise by the individuals is a result of the desire to exploit an observed opportunity in the business environment. In the light of this statement, my research attempted to establish the environmental factors that impact on the performance of the MSEs in the manufacturing sector. As it is put across by Simpeh (2011), it becomes clear that there is need to evaluate the environment in which manufacturing MSEs operate as way of enhancing the performance of the enterprises. In their endeavour to exploit the existing and unexploited opportunity, entrepreneurs must have adequate resources at their disposal. This is where the OBET and the RBET link in the management of the small business enterprises. Without adequate resources that must be of value, inimitable rare and imperfectly substitutable the firm can no be able to manage the exploitation of the opportunities in the business environment. Claussen, 2006) argued that the entrepreneur must develop capabilities to obtain resources as well as organise these resources for the exploitation of arising opportunities.
The view that is shared from this theory by my research is that there is a link between opportunity exploitation and the environment. This theory links with one of my research objectives namely: To establish how the environmental factors affect the performance of the MSEs in the manufacturing sector. Opportunities emerge from the dynamic environment. Further, new market niches are developed by shifts or changes from social, technological, economic and political environment (Haung and Wang, 2011; Brammer et al., 2011). That is, entrepreneurial opportunity recognition is one of the corporate entrepreneurial activities. What this implies is that the opportunities which bring the so-called innovation in the firm are the activities of configuring the resources in an organisation, which is the cornerstone of the RBET. The OBET theory believes that external pressures stimulate opportunities recognition. That is, how managers perceive external environment changes have impacted on the organisation development. Ozgen (2003) in Haung and Wang (2011) points out that entrepreneurial opportunity recognition process is determined by environmental, social context and personal context.

The researcher chose the RBET as the theoretical framework as the researcher considered it appropriate for evaluating the management practices of the firms as they are influenced by environmental factors given the fact that the RBET underpins what the firms regard as the major resources for successful management of the enterprise activities. The two theories have similar concern, for example the OBET regards the existence of the business opportunities as the drive for entrepreneurship whilst the RBET expect the exploitation of the existing business opportunity to be based on the available resources at the disposal of the business. These resources must be valuable, rare, imperfectly substitutable and inimitable. Opportunities are plentiful in the business environment but without the adequate resources
these opportunities cannot be exploited and the exploitation of these is based on the capabilities of management to manage the resources and direct them towards the goals of the firm. In the light of the theories discussed above, the next section of the study gave attention to the history of the development of entrepreneurship, the backbone of business management.

2.3 History of the development of Entrepreneurship

This section looks at the history of the development of entrepreneurship. Entrepreneurship development is an important segment when one endeavours to study the management of a firm. The issue of firm management is embedded in the concept of entrepreneurship hence the current study attempted to evaluate the management practices of the manufacturing MSEs. When looking at the management practices, awareness of management about principled management and the impact of environmental factors on the performance of the businesses, one has to consider the origin of entrepreneurship and how it has evolved to the status it has in the contemporary business environment. Entrepreneurship development assists in the discovery of modern ways of running the enterprises.

The study of entrepreneurship dates back to the work of Cantillion and Adam Smith in the late 17th and early 18th centuries, but was largely ignored theoretically until the late 19th and 20th centuries and empirically until a profound resurgence in business and economics in the last 40 years (Glaeser, Kerr and Kerr, 2012). In the 20th century, the understanding of entrepreneurship owes much to the work of Schumpeter (1930) in (Herbert and Link, 2011).
More than a hundred scholars around the world tracked entrepreneurial activity, policy and social influence (Glaeser, Kerr and Kerr, 2012).

The acts of entrepreneurship are often associated with true uncertainty, particularly when it involves bringing something really novel to the world whose market never exists. Some notable persons and their works in entrepreneurship development are Knight (1921), Schumpeter (1930) in Herbert and Link (2011) and Drucker (1970). These regard entrepreneurship as taking risks in an adventure to make significant profit for the entrepreneurs. Thus, the current study attempted to establish how the individual entrepreneurs in the manufacturing sector are managing their enterprises for survivability and profitability in the turbulent business environment. The behaviour of the entrepreneur reflects a kind of person willing to put career and financial security on the line and take risks in the name of an idea, spending much time as well as capital on an uncertain venture in an uncertain business environment.

The history of entrepreneurship cannot come to an end without mentioning the illuminating literature contributed by Casson (2003) who argued that entrepreneurship is the main determinant of economic development. The contribution by Casson to the debate on entrepreneurship indicates that for countries to develop, they need to have a vibrant entrepreneurship sector developing from the micro and small enterprises. These small and micro enterprises have been regarded by many governments as the firms that can exploit opportunities in the business environment. More recently, management scholars (Shane and Venkataraman 2000; Kreuger, 2003; Shane and Edckhardt, 2003) emphasised the opportunity identification aspects of the entrepreneurship process. In the process of identification of the
opportunities to exploit for profit making the concept of management can not be ignored. The performance and success of the MSEs depends on the capacity of management to manage the affairs of the enterprise. Kummerle (2005) contributed to the debate adding that management is critical to the performance of the firm. The forerunners of entrepreneurship research concentrated on finding the characteristics of the entrepreneurs without understanding the specific context of business management. In attempting to answer one of the research questions namely: What is the impact of management practices on the performance of the firm? I wished to have a background of the enterprise management in the early days so that one could establish if there is remarkable development in these activities.

Entrepreneurship has always been existent in Zimbabwe. The drastic change in the history of entrepreneurship in Zimbabwe, in the form of small businesses can be traced as far back as the period when the government of Zimbabwe adopted the Economic Structural Adjustment Programme (ESAP) in the early 1990s (Chidoko et al 2011). This period was characterised by high retrenchment in many companies when they attempted to right size their workforces. This is the period that is marked by increase in entrepreneurship activity although entrepreneurship was there before ESAP and even before colonialism. The spirit of entrepreneurship is seen in different businesses that are emerging from the backyards in the residential suburbs. From the 1990s, entrepreneurship in Zimbabwe developed over years but little research has been done on the management of the firms especially in the manufacturing sector. In Zimbabwe, the government introduced a Ministry that is responsible for the development of the small enterprises in the early 1990s. The Ministry is assisted by other agencies such as Small and Medium Enterprises Development Corporation (SEDCO) to try and assist the MSEs to develop (SEDCO, 2004). Because MSEs are important to the
Available literature shows that the development of the MSEs, those that employ 10 or less employees is an important business practice priority for Zimbabwe. This business practice is derived from a number of sources. Firstly, such enterprises are seen as an important generator of employment, hence of poverty alleviation in a country where increasing unemployment is being experienced (Mudavanhu et al 2011). Unemployment in Zimbabwe has reached about 94% (Zindiye, 2008) and is likely that many will not find future work in the larger corporations. Secondly, this is reinforced by the particular challenge of youth unemployment. It is also estimated that 50% of the school leavers will not find employment in the formal sector (Dube, Chitura and Runyowa, 2010). In this climate, the informal sector portion of the MSEs sector of enterprises is seen as the vital source for employment creation and alleviating the youth unemployment challenge in the country.

Thirdly, given the historical legacy of whites’ advantage and black economic marginalisation during the colonial era, in present day Zimbabwe MSEs are also seen as a critical tool for broad-based black empowerment policy. Also, given the widespread international claims about the economic importance of entrepreneurship, MSEs are also considered as integral part of any attempt to construct a more vibrant entrepreneurship culture in Zimbabwe (Maseko and Manyani 2011). These issues about the importance of MSEs development intersect with the national priorities with respect to indigenisation of the commercial sector of the country. This has led to the promulgation of several policies set to advance the interests of MSEs development in the country resulting in the promulgation of the indigenisation policy.
and establishment of a Ministry of SMEs development, SEDCO venture capital and other stakeholders with interests in development and growth of MSEs (SEDCO, 2004).

Given the importance of MSEs sector in areas of employment creation, growth and poverty alleviation, it is important that it is effectively managed for effective results within the broader overall objectives. Efficient management is usually challenged by external factors beyond the owner-managers’ control (Muranda, 2003). These factors are inherent in the institutional environment of Zimbabwe which favours larger firms. In addition, globalisation has made the MSEs to emerge in the new millennium challenges. Liberalisation of the markets has made competition real among firms of different sizes and only those with a competitive edge can survive (Mudavanhu et al., 2011). Having considered the historical development of entrepreneurship, the next section is devoted to the importance of MSEs to the economy.

2.4 Importance of MSEs to the economy

The section gives attention to the importance of small businesses to an economy. It is believed that small businesses are the engines for the growth and development of the economies of many countries in the world and Zimbabwe is no exception. Thus the importance of these small enterprises warrants review of literature especially for the fact that it is management that matters in the existence of the firm that would eventually contribute to the national objectives of a country. In view of the current study which evaluated the management practices of manufacturing MSEs, it was necessary to identify the management
practices challenging the operations of the small firms in the intensively competitive business environment.

Few studies have been carried out in the field of the importance of the small enterprises. One of the mentionable researches in this field is the study by Maunganidze (2013) which explored the role of government in the establishment and development of MSEs in Zimbabwe. The study used purposive sampling to select the participants who participated in the study. Interviews were used with managers of these enterprises and data gathered were presented qualitatively. The study established that SMEs have contributed significantly to the reduction of unemployment as the sector has become the main employer in an economy which is faced with high closure of larger corporations. Government has shown commitment to the growth and development of the small enterprise sector by establishing a ministry called Ministry of Small and Medium Enterprises which work together with the small firms trying to assist them in how business has to be done in the contemporary style.

Literature by (Abduli, 2013; Turyahebwa, Sunday and Ssekajugo, 2013) has it that small enterprises play a very important role in the development of the nation. For example in Nigeria, about 97% of the entire economy is in the control of small enterprises in as far as employment generation, poverty alleviation and national growth are concerned (Muogbo, 2013). On another note, Ojeka (2011) argued that although the small businesses are important to the country’s economy some policies that are put in place by some governments in developing countries work against their development and growth. Ojeka (2011) regarded the tax policy as one important policy that works against the development and growth of the small businesses. He further advocated that the tax policies of the developing countries
should be appropriate such that the policy will neither be an obstacle to the operations of the firms nor a discouraged voluntary compliance. Johari (2012) also argued in his study of the role of small and medium enterprises in the country’s economic development that the role of enterprises has been increasing in developing countries where the rate of unemployment is high.

One of the significant characteristics of a flourishing and growing economy is a booming and blooming small enterprise sector. Development of this sector contributes to generation of potential entrepreneurs. Nkwe (2012) established that small enterprises constantly prove to be the engine of growth and sources of technological innovations. In support of this, Ibarra (2012:164) states that:

The role of business enterprises is essential in pulling up the country’s economic development and MSEs exert a strong influence on the economies of all countries, particularly in developing countries MSEs are the backbone of any economy as they not only create new jobs, but they are considered as major channels of innovation and technological change.

The current study shared views with the study that was carried by Nkwe (2012) in that the settings of the study are similar in that both Botswana and Zimbabwe are developing countries that are characterised by problems of unemployment and poverty where these countries have to grapple with finding lasting solutions to the challenges. In order for the developing countries to overcome the challenges of unemployment and poverty, they have to prioritise growth and development of the small businesses.

Venkatesh and Muthuiah (2012) also argued that the small businesses contribute to export earnings. In their study Venkatesh and Muthuiah (2012) looked at the SMEs in India trying to
find out the importance and contribution of these firms and found out that the government of India realised the importance of the sector and showed this by including it in the five year economic plan of the country. They further argued that small businesses play an important role in efficiently allocating the enormous labour supply and scarce capital by implementing labour intensive production processes. Small businesses trigger private ownership, boosts entrepreneurship skills and their flexibility in responding quickly to changing market demand and supply conditions are noteworthy (Okwu, Bakare and Obiwuru, 2013) hence the need to evaluate their management practices.

In this section the reviewed research on the importance of the small enterprises argued constantly that small firms contribute to the mainstay of the economy. What emerged from literature is that the small enterprises contribute immensely in the areas of poverty reduction, income distribution and generation of employment. As a result of their importance there is need to scrutinise how these firms are managed so that they remain vibrant in the competitive business environment. In the light of the importance of the small enterprises in an economy just discussed, I now discuss the empirical studies in developing countries that share some similarities with my study.

### 2.5 Studies carried out on MSEs

In this section, studies comparable to the present one are reviewed. Two of these will be in some detail, one from within Zimbabwe, and the other from outside Zimbabwe in the African context. The objective is to highlight how other researchers have handled a similar problem,
and to bring out lessons from such studies relative to the present one. Discussion will be carried out bearing in mind one of the research questions, namely: What is the effect of management practices on the performance of the MSEs? A study by Sharma and Gounder (2012) explored the obstacles to financing Micro and Small Enterprises. The authors were motivated by the lack of systematic documentation of literature on the resourcing of the MSEs. This is because lack of capital resources may impede the performance of the MSEs resulting in relatively restricted economic activity by these types of enterprises (Sharma and Gounder, 2012). The research by Sharma and Gounder (2012) investigated the reasons for financial constraints of MSEs with particular focus on bank credit. The investigation is rooted in the Resource Based Entrepreneurship Theory’s Liquidity Theory of Entrepreneurship (LTE).

According to Ayyagari et al. (2003) capital resources constrain the success of the MSEs in the manufacturing sector. The study by Sharma and Gounder (2012) used a survey method to collect data on MSEs in Fuji. The study established that founders of MSEs use own capital as the main source of capital resources for their businesses and that the access to capital resources was constrained by bank’s interest rates, fees charges and demand for collateral. The study by Sharma and Gounder (2012) focused on the financial constraints affecting the operations of the small firms. My study differs from this study on the fact that it focused on the evaluation of the management of the MSEs in the manufacturing sector. The intention of the study was to establish the management practices and principles which affect the sound operations of the MSEs in the manufacturing sector than only to look at the one aspect (financial constrains) as was done by Sharma and Gounder (2012).
A recent study on MSEs in Brazil by Oriaku (2012) on the current challenges facing small businesses aimed at establishing whether lack of resources and strategic planning are the major impediments to the growth and success of the small businesses. A similar study was also carried out by Siringoringo, Tintri and Kowanda (2009) with the objective of identifying and analysing the problems faced by MSEs and it confirmed that lack of resources is a serious challenge to the success and survival of the MSEs. Both studies, Oriaku (2012) and Siringoringo et al (2009) used a questionnaire as a research instrument to collect data. In support of the above studies, Chipangura and Kaseke (2012) established that MSEs are affected by lack of human knowledge. This links with the RBET theory, the main grounding theory of the current research’s Human capital Theory of Entrepreneurship (HCTE).

The study by Oriaku (2012) indicated that there is a correlation between the generic management principles of planning, organising, leading and control. The investigation carried by Oriaku (2012) confirms the above notion that the MSEs are usually affected by the lack of well developed organisational vision, mission and objectives. The present study hence aimed at providing insights on the management practices of MSEs in the manufacturing. MSEs lack good management skills (Pillai, 2010) while the management skills are the bedrock for any business person (Bekele and Muchie, 2009, Chittithaworm, Islam, Keawchan and Yusuf, 2011). The study on MSEs carried by Oriaku (2012) is similar to the present study in that it explained the importance of aspects of management. The present study is imbedded in the management practices of the manufacturing MSEs premised in the RBET which was also used by Oriaku to explain and confirm that MSEs lack developed organisational goals and objectives. A worrying issue emerging from research carried by Sharma and Gounder (2012) and Oriaku (2012), which were carried out in developing countries was that many
MSEs’ failure was as a result of lack of resources. MSEs failures seem to be higher than those of the larger firms (OECD, 2004) and the operations of the MSEs tend to be considered risky by the financial service providers (Muranda, 2003; Wanjau, Macharia and Ayodo, 2012).

Research by Kantabutra and Avery (2003) particularised effective vision of leadership in MSEs. The study argued that in the fast changing world, the question is what kind of leadership is needed for organisations, particularly MSEs to survive and remain competitive? In furthering the same idea (Wanju et al, 2012) established that visionary attributes of brevity, clarity, future orientation, stability, challenge and ability to inspire impact venture growth through communicating the vision. The other challenges researched on about MSEs established that MSEs face challenges related to their liabilities of smallness, newness and isolation (Abor and Quartey, 2010; Pillai, 2010). It was also discovered in that study that for MSEs to get out of their liabilities of smallness and newness, they must first overcome their liabilities of isolation by engaging in linkages or networks. The assumption here is that linkages allow firms to rely on others’ experiences of learning. The success of networks is engendered by positive synergistic effects that are created by such linkages and that are necessary for the firm to have a competitive edge in a complex and uncertain environment (Abduli, 2013). Hence, the issue of Social Network Theory of Entrepreneurship is supported as of paramount importance in the success running of the manufacturing MSEs. Yan (2010) argues that studies in the MSEs have focused their attention on the developed or advanced market economies.
Chadamoyo and Dumbu (2012) state that MSEs in developing countries like Zimbabwe remain by and large an unexplored area in terms of empirical research. The Zimbabwean MSEs sector faces a dynamic and competitive business environment (Chidoko et al., 2011) whilst they are the seedbeds for indigenous entrepreneurship as they are responsible for mobilising un-generated capacity (Charantimath, 2006) and contribute to the decentralisation of industry (Hutchinson and Quintas, 2008). However, little research has been carried out on the evaluation of management of MSEs in the manufacturing sector of Zimbabwe with particular reference to Masvingo Urban, hence being the ground for the current investigation. In Zimbabwe research on MSEs has been carried out but not as extensively as in developing countries.

Muranda (2003) investigated the relationship between firms’ characteristics and export constraints in MSEs, Zindiye (2008), Mudavanhu et al (2011) investigated the determinants of small and medium enterprise failure in Zimbabwe, a case study of Harare and Bindura respectively. Maseko, Manyani, Chiriseri, Tsekea, Mugogo, Chazuza and Mutengezanwa (2011) analysed the impact of targeted government support on SMEs growth and development in Zimbabwe surveying Mashonaland Central province; Chipangura and Kaseke (2012) studied the growth constraints of Small and Medium Enterprises at Glenview Furniture Complex in Harare. Chidoko et al. 2011 studied the impact of the informal sector on the current Zimbabwean economic environment. Another critical study on MSEs in Zimbabwe is the investigation carried by Mudavanhu et al. (2011). The study focused on the determinants of small enterprises failure in Zimbabwe, a case study of Bindura. The objective of the study was to establish the major causes of MSEs failure. The study used a case study research design and the data were gathered through interviews and questionnaire with the
randomly selected MSEs. Results of the study showed that lack of general business management, unavailability of credit and high cost of raw materials were the major causes of failure of the MSEs in Zimbabwe. This study is in line with my current study that used also the case study research design to evaluate the management practices of manufacturing MSEs in Masvingo Urban.

In support of the research by Mudavanhu et al. (2011), Chipangura and Kaseke (2012) in their study on the growth constraints of small businesses at Glenview Complex in Harare using a qualitative research paradigm generated data using questionnaire found out that MSEs were constrained by limited access to resources. An exception is the study by Maseko et al. (2011) which did not mention lack of management skills as a major factor affecting the operations of the MSEs. The outcomes of the research shows that MSEs in Zimbabwe lack experience in business conduct (Muranda, 2003). Results of the studies showed that lack of general knowledge on business management is a major source of MSEs failure in Zimbabwe (Mudavanhu et al. 2011). In light of the above mentioned studies, the current study seeks to address the management practices of the manufacturing MSEs delving in the qualitative research paradigm.

However, the researches did not cover the evaluation on management of the MSEs and most of the research works did not reveal much study of Masvingo Province and Masvingo Urban in particular. A void has been left in most of the studies on MSEs in the country and my research is going to fill in the gap by evaluating the management practices that challenge the performance of the MSEs in the manufacturing sector in Masvingo Urban. Southiseng and Walsh (2010) concur that there is not much research on MSES in the developing countries.
Having considered the empirical research studies on MSEs, the next section is devoted to the discussion of the evaluation of the management practices of MSEs.

2.6 Evaluation of management practices of enterprises

This section focuses on literature on evaluation of the management practices of MSEs in response to one of the main research questions namely: ‘What is the effect of management practices on the performance of the MSE firms?’ Several researches have been carried out in the area of management practices of the firms. However, much research was focusing on the management practices of the larger enterprises ignoring the small business enterprises despite their contribution to the economic growth and development of the developing countries like Zimbabwe. A recent study by Flower et al (2013) explored the governance practices of the Small, Medium and Micro Enterprises (SMMEs) in the Cape Metropole, Western Cape in South Africa. The study aimed at providing insight into governance management practices of the SMMEs in the fast moving consumer goods sector. The issue that the study focused on the management of the SMMEs indicated that the problem is also prevalent in South as it is also in Zimbabwe. The main research question raised by Flowers et al. (2013: 2119) was: ‘Does corporate governance affects the performance of the SMMEs in the fast moving goods sector?’ In their research endeavour, Flowers et al. (2013) adopted the quantitative research methodology but used a judgemental sampling technique, (a similar sampling technique employed in the current research endeavour) to select the sample for study. Data from the sample were collected using a questionnaire that was completed by managers and owners of the SMMEs. In the current study data were collected using an open ended questionnaire and semi structured interview. The researcher disagrees with the research methodology that was
used by Flowers et al. (2013) because the phenomenon under study here is something which is subjective.

There are two main research orientations in Social Sciences: the qualitative with a focus on generating knowledge and the quantitative orientation that focuses on testing theories and empirical generalisation. This stemmed from the interpretive paradigm which was adopted in my research endeavour focusing on the belief that reality or ontology to be studied (Management of MSEs in the manufacturing sector) consists of subjective experiences that from the epistemological view point is interactional. This required the use of qualitative methodologies where the open ended questionnaire and semi-structured interviews could be used as data collection instruments. These data collection instruments rely on subjective relationships between research and subject in order to obtain the rich and descriptive data necessary to explain the subjective reasons and meanings behind reality. Flowers et al. (2013) had this as their weakness in their study that they were not as close as possible to the participants in order for them to gain knowledge on subjective issues that affected the corporate governance in the running of the SMMEs in the Cape Metropole in South Africa. Quantifying data on qualitative issues might not bring forth the in-depth knowledge and understating of the management practices of the MSEs in the manufacturing sector.

In the study by Flowers et al. (2013) it was established that the SMMEs encountered obstacles pertaining to good business management practices in the area of corporate governance. Some of the obstacles identified were lack of management skills to implement corporate governance in their companies. SMMEs owners and managers did not possess the necessary skills and knowledge regarding corporate governance and they also failed to
implement these principles in their businesses. It was also concluded that there was generally a lack of awareness among owners and managers of the small firms regarding corporate governance and its relationship with corporate performance.

Contemporary business management has developed to the extent that owners and managers must grapple with management issues in the unstable business environment. Management knowledge has widely been accepted as a variable that impacts on the management of the firms. Evangelista, Esposto, Lauro and Raffa (2010) studied the adoption of knowledge management systems in the small firms in Italy, a developed state. From this study it shows that the study of management of small businesses has become a topical issue. The concerns about the MSEs development is increasingly growing even in the developing countries such that the current study found it necessary to study the management MSEs in the manufacturing sector to establish whether the management challenges faced by these firms are similar to those in developed countries like Italy. This is so because management is a critical area for the small business managers and owners in today’s competitive environment.

The study by Evangelista et al. (2010) aimed at shedding light on one aspect of management in contemporary business knowledge management in small firms. In their endeavour to establish the challenges that are faced by the small firms in the management of knowledge these researchers employed a semi-structured questionnaire which was administered through a survey interviews with managers of the small firms. The participants of interest were the same as those involved in the current investigation. Inferring from the study by Evangelista et al. (2010) the study influenced my study in a significant way in the form of the population of study. In order to understand how business is managed, there is need to ask questions and get
answers from those people who are mandated to run the enterprises and those who are the owners of these companies. This is so because qualitative research, which is the premise of the current research methodology, believes that in order for a researcher to gain and understand the phenomenon under study should accord the participants opportunities to express themselves freely. Evangelista et al. (2010) came up with the conclusions that companies lacked significantly in the knowledge management area, there was no perfect exchange of knowledge based on personal relationships and interactions, lack of collaborative relationships with other firms in areas of operations management, marketing and human resources management.

These findings shed light to the current study which hoped to come out with perceptions of individual managers and owners on the management aspects impacting on the performance of the small manufacturing firms in developing countries like Zimbabwe. From the studies discussed above, it appears that the small firms are faced with a myriad of challenges related to management both in developing and developed countries. The researches have seemingly shared some points with the current study in relation to the instruments that were used for data collection purposes. However, the current research differed with the reviewed researches in the research paradigm used on issues that require subjective perceptions of the managers and owners of the small business enterprises. This is the reason why the current study adopted the qualitative research methodology to try and bring the perceptions of the individual participants in the research to the surface as they are and also allowed me to have an in depth study of the management of the MSEs in the manufacturing sector. Management practices of the firm are affected by a number of management functionalities and this impact on the total management of the firm. The management practices that the current research
gave attention to are marketing management, operations management, financial management, human resources management and strategic management. These management functionalities were given due attention one after the other. The section below focuses on the financial management practice as a management function for the management of the MSEs.

2.6.1 Financial management practices in enterprises

This section delved into literature about the issue of financial management practices of the small business enterprises in the manufacturing sector. The issue of small business financing has been receiving increasing attention over the past decade in the extant literature. There have been studies on financial management practices of small businesses and their implications on the survival and growth of these businesses. Fatoki (2012) made an investigation into the financial management practices of new micro enterprises in South Africa. The research focused on six financial management practices namely: financial planning and control, financial analysis, accounting information, management accounting, investment appraisal and working capital management. Financial management practices are the cornerstone of the financial performance and the overall performance of the firm. Fatoki (2012) used the quantitative research methodology which used statistical data analysis techniques. Data were gathered through the use of a structured face to face interview. Notably important from this research is that financial management practices are a cause for concern in other countries like South Africa. In answering one of the research questions of my current study reading: ‘What is the effect of management practices on the performance of the MSEs, I focused on the Zimbabwean situation and the results are likely be comparable to the situation of the MSEs in South Africa.
Furthermore, Fatoki (2012) found that most of the new micro enterprises did not engage in financial planning and control, financial analysis and investment appraisal. These are the pillars of financial management practices in the firm if it is expected to perform in the unstable business environment (Okwu et al., 2013; Abduli, 2013). Arguably, my research intended to find whether the MSEs in the manufacturing sector have a place for financial management practices that assist them perform better in the face of competition. My current study was similar to that study carried by Fatoki (2012) in that the researcher used a structured interview as one of the data generation method to solicit information to answer the above mentioned research question from the managers and owners of the manufacturing MSEs. The reason for employing the structured interview, one of the most important data collection instrument in qualitative research was that it accorded me the opportunity to interact directly with those people who had the experience of running and owning businesses. This is where my study did not draw the data analysis technique used in Fatoki’s research. Babbie (2002) argues that when dealing with a phenomenon in its naturalistic state and in depth analysis is possible if qualitative data analysis techniques are employed.

Zarook, Rahman and Khanam (2013) also examined the management skills and accessing to finance by MSEs in Libya. The research aimed at examining the effects of management skills of SMEs on access to financing in Libya. In their study the participants were the owners and managers of the manufacturing and services sectors in industrial cities in Libya. My current study focused on the responses from the managers and owners of the small manufacturing MSEs in the town of Masvingo in Zimbabwe placing the situation of the current study to the situation of the study carried by Zarook et al. (2013). In their study Zarook et al. (2013)
collected data using an open ended questionnaire. However, the data collected were analysed quantitatively although it is prudent in situations which deals with participants in their naturalistic state for the research to employ the qualitative research techniques of analysing data. It was confirmed by Zarook et al. (2013) that management in the small businesses lacks education and experience on financial management and was a cause for concern for the survivability of these firms. On the other hand Pachadi and Howorth (2013) investigated the impacts of working capital management practices of the small and medium sized manufacturing firms in Mauritian economy. The study established that MSEs were affected by financial management practices in their pursuit of the profit maximisation goal.

Some mini case studies were employed as the research design. In order to get insights on the financial management practices of the MSEs in the manufacturing sector the case study design was employed in the current study. Findings of the research by Pachadi and Howorth (2013) pointed to the fact that the firms studied did not have in place sound working capital management practices. Firms were perceived as not adopting formal analysis of working capital management basically because they lacked resources. A notable weakness of the study by Zarook et al. (2013) is that the study just looked at only one aspect of financial management namely, working capital management. The current study is poised to look at the major components of financial management practices in the manufacturing MSEs.

Gitman and Zutter (2012:1) state that:

Any financial decision taken by the managers in any enterprise should benefit the owners and maximising profit for the business enterprise is critical because firms operate in highly competitive financial market environment that offers individual entrepreneurs many alternatives for investing their funds.
What this implies is that without smart financial management techniques and access to financial markets, firms are unlikely to survive, let alone achieve the long term goal of maximising the value of the firm.

This is confirmed by one of the Resource Based Entrepreneurship Theory called the Liquidity Theory of Entrepreneurship which is premised on the belief that operation of any firm requires adequate financial resources for the goal of the firm to be accomplished. This theory of entrepreneurship advocates that firms supported financially can develop and manage to survive in the competitive business environment (Simpheh, 2011). Braguinsky et al. (2008:310) further say:

Founding of new firms and management of existing ones is an entrepreneurial skill and is common where people in society have high opportunity to access financial capital and have sound financial management skills.

In the context of Zimbabwe, Gangata and Matavire (2013) conducted a research on the challenges that are faced by SMEs in accessing finance from the financial institutions. The study employed a case study research design of the cases in Bulawayo. To collect data a questionnaire containing open ended questions as well as interviews with managers of the firms were used. It was found that very few SMEs succeeded in accessing funding from financial institutions mainly because many of them failed to meet the minimum borrowing requirements chief among them being provision of collateral security. However the research left a gap in literature in that it did not address the issue of the management practices of it after the firm has received funds from whatever source. This was the desire of the current study to establish the effect of financial management practices on the performance of the firms in the manufacturing sector.
To conclude, there is a large degree of consensus in the above studies that financial management practices are one of the key exploratory determinants of the growth and survival of small businesses. Critically the six aspects of financial management practices are key to the performance of the firm. Having looked at the financial management aspect of the firms, attention is now shifted to the marketing management practices of the enterprises.

2.6.2 Marketing management practices in MSEs

This section deals with literature relating to the marketing management practices of the small businesses having in mind the major research question namely: What is the effect of marketing practices on the performance of the firm? The Importance and influence of marketing in an organisation’s growth and success is nowadays receiving greater attention by the researchers. Akinyele (2010:62) says, “Marketing strategies constitute one of the functional strategies amenable to application by contemporary companies in order to enhance performance.” One of the mentionable researches in the area of marketing in small business is the study by Ansari (2013) which investigated the marketing practices in SMEs organisations. The focus of the study was on the problems and remedies for successful marketing in SMEs for survivability and profitability in the environment which is highly competitive.

It was outlined in this research that the firms are not allocating and spending sufficient amounts of money in marketing as a percentage of total budgets than does well known large
companies. Ansari (2013) also argued that the problem of insufficient allocation and spending of funds in the marketing activities by the small enterprises was acute in developing countries. In the light of the sentiments put across by Ansari (2013) my research shared the same vision to investigate the management practices in Zimbabwe (a developing country) to evaluate how marketing management practices, one of the management practices, affect the performance of the manufacturing MSEs. Jobling and Nanere (2011) argued that, “Managers in both marketing and non marketing and senior management positions should gain an idea of marketing practices.” Without marketing there is no way a firm can manage the major affairs of the company in this stiff competitive business environment.

Enhancing business performance is becoming increasingly of interest to all business leaders in today’s business environment. Studies in this issue constantly emphasise a positive relationship between business practices, management activities and performance. Neneh and Zyl (2013) in their study on achieving optimal business performance through business practices in South Africa where the population of study were the managers and owners of the SMEs concluded that marketing practices were the chief agent for optimal business performance. Data that were used to reach this conclusion were collected using a questionnaire and analysed quantitatively. Neneh and Zyl (2013) used a five point Likert scale in their questionnaire which gave them an opportunity to present and discuss their data quantitatively. Although Neneh and Zyl (2013) conducted their research in a similar setting to my current study I did not use the quantitative methodology that was used to analysed data. Instead I employed the qualitative method of data presentation and analysis although similar participants (managers and owners) were used. Phenomena related to the marketing
management practices can arguably be sourced by approaching and intermingling with the participants than quantifying the experiences and perspectives of the participants.

In another research conducted by Ghouri (2013) investigating marketing capabilities in MSEs of Pakistan, the interesting thing that came out was that marketing plays an important role in driving superior firm performance. The study also employed a questionnaire as an instrument for data collection which was responded to by owners and managers of the MSEs in Karachi, Pakistan. Results of the study pointed out that price, product, place and promotion were positively significant with firm performance while marketing management linked non significant with firm performance. My study desired to establish the link between marketing management with the performance of the firm and intended to do this in a holistic manner. In order to establish why MSEs are not preforming very well there is need to evaluate their management practices through investigating the marketing management practices of the firm because nowadays marketing is regarded as the backbone of the survivability and profitability of the firms as it is responsible for making sure the product reaches the intended beneficiary in a profitable manner.

In support of the above researches Ogundele, Akingbade, Saka, Elegunde and Aliu (2013) argued in their research that there are attitudinal problems that are unthinkable on the part of the SMEs operators on implementation of proper marketing. These attitudinal problems have direct and indirect impact on marketing practices of the small businesses. Ogundele et al. (2013) further argued that the marketing practices of the SMEs are usually assumed but in actual fact these firms do not engage in these practices. This is why my study regarded the marketing practices of MSEs as important because these businesses have to be understood so
as to improve their management practices for them to continue surviving in the unstable business environments.

From the literature reviewed above it can be noted that the small businesses suffer from a number of management challenges related to their marketing practices. Shyers and Answers (2010:4) concur that:

A major challenge of the MSEs is access to professional marketing and research services. There is limited information on consumer trends and as a result most mimic strategies of larger companies but do not have the adequate resources to compete effectively through marketing management.

These firms have been referred to as firms that do not put much consideration and effort to their budgets for the obviously important activities of marketing. The next section of the study deals with the Human Resources Management practices of the small manufacturing firms.

2.6.3 Human Resources Management practices in MSEs

Human resource management is one of the management practices that have an impact on the performance of the firm (Mattare, Shah and Monahan, 2013). In trying to answer the first research questions namely: ‘What is the effect of management practices on the performance of the firm’, human resources management practices cannot be left out as it is one of the critical elements of management practices in the firms. This section is therefore devoted to reviewing literature related to the human resources management practices in the management of the small firms.
Mattare et al, (2013) explored human resources management in microenterprises. The researchers argued that microenterprises are almost an ignored area when it comes to research regarding the impacts of human resources management practices. This aspect triggered the current research. It is argued by Terungwa (2011) that researchers have assumed that all small firms have the same human resource practices in microbusinesses especially in relationships between training opportunities and hiring expectations. To do this, data was collected through a questionnaire and findings of the research showed that micro businesses can respond to the needs of the workers as they could provide things like health benefit, retirement plans and recruit on the basis of experience and qualifications.

In another research conducted by Mesbahi and Zeynali (2013) exploring a similar issue of human resources management practices in Iranian SMEs, human resource management was regarded as critically important in that it ensured sound management of the human capital resources of the firm and that all the issues relating to this resource are effectively dealt with. In an attempt to deal with the first research question, the current study drew lessons from the above study. Mesbahi and Zeynali (2013) aimed at establishing more open and flexible management style to motivate staff in small businesses. Results of the study were that there existed a feasible interrelationship between human resource management practices and enterprise performance within Iranian enterprises. The light shaded by this research on the current study is the significance of human resources practices in small businesses in Iran which is an economy on transition such that my current study’s results would be comparable to those findings in the Iranian Economy.
Appiah, Poku and Bamfo (2013) also investigated recruitment and selection practices of small and medium enterprises in Ghana. The objective of the study was to establish the recruitment and selection practices of small and medium enterprises. In their endeavour to establish this, the researchers used a questionnaire to collect data from the participants who happened to be owners and managers of the firms. Sampling was randomly done to select the medium sized enterprises to be studied. The studies revealed that majority of SMEs do not follow formal recruitment and selection procedures and practices. It was also evident that existing recruitment and selection practices were not systematic and lacked consistency as these practices were based on the understanding of owner or managers who had little or no experience in the subject matter. A major limitation of this study was that it left a gap in literature pertaining to the human resource management practices in the small firms because it only considered recruitment and selection without looking at the maintenance and development of the human capital in the firm. The current study filled the literature void by providing the human resource management practices in a holistic manner that covers almost all the facets of human resources issues in the small businesses.

Proper management of a company’s human resources is a key to the competitiveness of the enterprise in the turbulent business environment which is characterised by stiff competition. The organisation’s effectiveness and its ability to create sustainable competitive advantage hinges on whether human resource management practices are properly put in place successfully by management or owners of the enterprises. Bhatti, Syed, Shar and Shaikh (2012) argued in their research on human resources management and small business growth in Pakistan that human resource management practices have the potential of making an enterprise competitive because it is one of the resources which competitors find it difficult to
duplicate the plant, equipment or even products. In this research a questionnaire was used to collect data that were analysed quantitatively. The results of the research indicated that insufficient management of employees in small firms has resulted in low productivity and high turnover rates and is one of the leading factors to the failure of many small firms.

It was also concluded that although human resource management is regarded as a key resource, many small firms met serious human resources management problems which affected their sustainable competitive advantage. However the study by Bhatti et al. (2012) left a gap in literature which the current study attempted to fill. The gap in literature was that human resources management as being key to the performance of the firm had been stressed in medium enterprise leaving very little research giving attention to the micro and small enterprises which are the seedbed for the development and growth of medium and even larger firms. Fajan, Owoyemi, Elegbede and Gbajumo-Sheriff (2011:58) say:

Human resources management is a philosophy of people management based on the belief that human resources are uniquely important to sustain business success. An organisation gains competitive advantage by using its people effectively drawing on their expertise to meet clearly defined objectives of the firm.

What seemed to be common in the above studies is that the small firms are faced with a myriad of human resources management practices in the form of recruitment, selection training and development. Concentration of these researches was on the recruitment and selection of the human resources in the small enterprises. This indicated that recruitment and selection in the small firms bears a big burden on the performance of the firms hence the current study desired to evaluate the management practices in the human resources management in the MSEs in the manufacturing sector. It can be deduced from the discussion
above that human capital is the cog of the firm’s performance hence the need for it to be managed properly. Having considered the human resource management practices, the next section focuses on the accounting management practices in the manufacturing MSEs.

2.6.4 Accounting management practices in manufacturing MSEs

This section deals with the accounting management practices of the manufacturing MSEs. There are so many studies that have been carried out in the area of accounting management in the various sizes of business enterprises. Daoud and Triki (2013) investigated accounting information systems in Tunisian firms with the aim of examining the influence of the accounting information system on firm performance. In the study they investigated the direct effects of top management involvement on accounting information systems and also the interaction of accounting staff competency with accounting information systems and tested its impact on performance improvement. Data were analysed using quantitative techniques and brought findings that indicated that top management involvement had an impact on the accounting information systems and that accounting techniques used by the accounting staff influenced firm performance. Given the context of my study and attributes of the participants as described in the next chapter, I filtered my analysis of data collected using a different technique form the one used by Daoud and Triki (2013). I used the qualitative thematic technique in order to reach an in depth understanding of the MSEs management practices for improved firm performance.
Previous studies have tried to test the contribution of accounting information systems to business performance (Karruddin, Ashhari and Nassir, 2010; Grande, Estebanez and Colomina, 2011). While these studies contributed rigorously to the accounting literature for small businesses they did not capture much detail of the management of accounting records by manufacturing MSEs. Therefore, in this research I went deeper into evaluating the management practices of the MSEs in the manufacturing sector, particularly the accounting function in this section of the study.

Accounting information system that was detailed by the researches is just one system of the accounting management practices of the firms. On a similar issue of accounting information systems, Ismail and King (2007) conducted a study on factors influencing the alignment of accounting information systems in Small and Medium Enterprises in the Malaysian firms. In their study Ismail and King (2007) argued that accounting information systems alignment depended on the level of owners or managers’ accounting and information technology knowledge and expertise of workers on these issues. As applied to my study the argument put forward by Ismail and King (2007) that the usage and understanding of the accounting information systems in the firms depends on the level of education related to accounting and information technology holds in the premise of the theoretical framework which is the RBET on the human capital side that was employed in the current study.

The theory holds that education and training are crucial in the management practices of any firm despite its size (Rumelt, 1984; Barney, 1991). Although the concept of fit between information technology and business strategy has been on the research debate for a long time and is deemed crucial in increasing firm performance these studies however focused more on
management accounting in large and medium sized enterprises than the MSEs. Studies that focus on management accounting practices are rare especially in the context of manufacturing MSEs in developing countries (Maseko et al. 2011). Therefore, the aim of the current study was to attempt to fill in literature gap by examining the accounting management practices of the manufacturing MSEs in Zimbabwe.

Management accounting could help firms manage short term problems in areas such as costing, expenditure and cash-flow by providing information to support monitoring and control. However, existing literature, (Ibarra, 2012; Yahaya, Osemene and Salman, 2011) provide little evidence of accounting information development with firms especially those categorised as medium and large. Literature indicated that accounting management has remained the principal source of information for internal management in the enterprises. However there is rampant lack of skills in accounting practices in the firms. Kamyabi and Devi (2011) investigated the impact of accounting outsourcing on Iranian SMEs performance.

The study used a questionnaire as a data collection instrument. Findings of the study suggested that the ability of a firm to outsource showed the relationship between trust and firm performance and not the competence of the individual tasked with accounting function from the external sources. Kamyabi and Devi’s (2011) study makes sense for the context of my study given the need for having straightforward accounting procedures and relevant individuals with the accounting expertise in the firms. However, the gap arising from the study is that it did not look at accounting books and the issue of book-keeping as an important source of information that can be used by owners and managers for decision
making. The current study attempted to fill in the literature gap by studying whether firms hold and keep specific and generally agreed books of accounting for increased firm performance.

A research that was done by Padachi (2012) attempted to analyse the importance attached to formal accounting systems among the small and medium sized Mauritian firms. The findings of the research were that MSEs in Mauritian industries had difficulties in upholding the formal accounting systems basically due to lack of human capital with the necessary expertise. The study established that workers in the small firms lacked accounting knowledge. Despite the increasing importance attached to small scale businesses across the globe there appears to have little reported improvement in the accounting skills of small business owners and managers. Accounting management practices is one area which has not received the same consideration as the areas of business start-ups to schemes promoting the growth of small enterprise sector. There is much literature providing detailed and carefully tailored advice to large business owners and managers that does not cover details of the aspects of management in the manufacturing MSEs concerning proper formal accounting management practices.

Similarly, Ibarra (2012) took time to study the issue of bad debts management practices on selected small and medium enterprises in the Philippines. The aim of the research was to establish whether bad debt management in small businesses were in accordance with the Generally Accepted Accounting Principles (GAAP). Findings of the research were that SMEs surveyed did not follow GAAP in handling and recording bad debts. In their investigation on improving accounting practice adopted by owners of SMEs in Kwara state, Nigeria
(Yahaya et al., 2011) argued that the selected firms did not have standardised accounting practices. This observation is supported by Maseko and Manyani (2011:173) who say that:

Financial reporting practices in MSEs seem to fall short of the expected standards of financial reporting and the owners/managers of these businesses appear reluctant to produce financial reports in a fashionable way expected.

Given the context of my study, it differs from the study by Ibarra (2012) which did not consider the holistic accounting management practice as the totality of it has a bearing on the management and performance of the MSEs. This is the area desired to be introspected by the current study in trying to attend to the first research question namely: ‘How do management practices affect the performance of the manufacturing MSEs?’ Literature on accounting function is abundant across the globe but focusing on large and medium enterprises but quite scarce in the areas covering the MSEs. Hence the desire of my research was to contribute to the existing body of knowledge on the management of firms in the group of MSEs because they are recognised as the nursery for the growth and development of skills in running medium and large firms.

The literature reviewed on the accounting function of the firms has indicated that MSEs are faced with a lot of problems related to how they do their accounts. Management of the accounting records is actually challenged by the lack of knowledge by the owners and managers of the firms and this is coupled by the fact that the workers also lack that knowledge. Having discussed literature on the accounting management practices by the manufacturing MSEs, attention in the next section is given to purchasing management practices.
2.6.5 Purchasing management practices in manufacturing MSEs

Firms depend much on purchases. Therefore the purchasing function is of great importance to the survival and the profitability of the enterprise in the competitive business environment. The supply chain of an industry encompasses all activities associated with the flow and transformation of goods from the raw materials stage through to the end users as well as the associated information flow both up and down the supply chain (Rajeev, 2008). Management of the supply chain is the integration of all activities associated with the flow of goods from raw material extraction to the processing of finished goods for human consumption. These activities include systems management in the firm, purchasing of raw materials, and transformation of the purchased materials, scheduling, order processing, inventory management warehousing, transportation and customer services.

There are several researches that have been carried out in the area of purchasing practices. Eyaa and Ntayi (2010) sought to examine the relationship between the components of procurement practices which are purchasing risk, purchasing knowledge and skills for the firm performance in Kampala district in Uganda. The motivation of the study was that SMEs suffer poor supply chain performance and the aim was to identify the extent to which unprofessional practices like procurement practices explain supply chain performance in small enterprises. The findings of the research revealed that the components of supply chain performance were a significant predictor of purchasing performance in the small businesses. Therefore, the knowledge of purchasing is very important to the owners and managers of these firms. In support of the findings established by Eyaa and Ntayi (2010) another similar
study was carried by Rashmi and Swamy (2012) confirmed that the small businesses were facing a number of challenges in their purchasing endeavours.

In their research Rashmi and Swamy (2012) confirmed that small businesses were facing a number of challenges in their purchasing endeavours. In their research Rashmi and Swamy (2012) examined quality management practices in rural and urban small businesses in Bangalore city. The study concluded that from literature MSEs are faced with a number of challenges related to customer orders, material requirements, purchase order and product design. Given the context of my study the research design used by Rashmi and Swamy (2012) and Eyaa and Ntayi (2010) seemed not to fit into my present study which aimed at soliciting perspectives and experiences of those people managed with the management and owning small businesses in the urban area. From these studies the effort was spent on examination of the challenges related to purchasing management in the Medium sized enterprises and left a gap in the case of micro and small enterprises. The desire of the current study was therefore to try and contribute to the body of knowledge by pursuing purchasing management practices in the micro and small enterprises which are always regarded as not important and worth studying by many researchers (Shane and Venkataraman, 2000; Kummerke, 2005), yet they form the foundation for experiences in the management of the medium and large enterprises.

MSEs can not be left out in this technologically advancing era. The explosion in the filed of information technology, the advent of internet and the emergence of electronic-business (e-business) have transformed the way in which business is conducted by organisation and the
MSEs sector is no exception. In a study by Kumaran and Ganesan (2011) which examined the influence of e-business in SME’s supply chain management, concluded that MSEs lacked technical superiority, infrastructural facilities and finance resources. Findings of the study by Kumaran and Ganesan (2011) linked quite well with the RBET framework developed by Barney and Clark (2007) who argues that for the firm to have a competitive advantage it must be able to secure and own valuable, rare, inimitable and imperfectly substitutable resources. Taking into account the importance of technology in the modern day of managing business information technology should be embraced by all firms.

Another scholar, (Pillai, 2010) investigated the factors that influenced inventory management for increased firm performance in the machine tools SMEs. It was observed from literature that pursuing appropriate inventory management practices is one of the ways of acquiring competitiveness among other firms by effectively managing and minimising inventory investment. Inventory management can therefore be one of the crucial determinants of competitiveness as well as operational performance of MSEs in inventory intensive manufacturing industries. The study conducted by Pillai (2010) sheds light to my present study. The key issue of the current study was to establish whether, in empirical terms, MSEs in the manufacturing sector pursued better inventory management practices as part of their purchasing management practices to enhance their competitiveness in the unstable business environment characterised by globalisation. According to Rajeev (2008) firms which are inventory management efficient are likely to perform better on the economic front and also experience high returns.
Trends in the purchasing practices are evolving from where the manual system was used to today’s inclusion of information technology in the form of electronic business. E-Business usually refers to the trading parties using computer technology and network technology in doing all kinds of business activities (Kumaran and Ganesan, 2011). Zhang (2013) investigated the application of e-business in small and medium enterprises’ purchasing management practices. In his study Zhang (2013) argued that due to the size of the firms studied, limited funds, the general procurement cycle is not stable. This was so because the small businesses faced greater market volatility. These challenges affected the purchasing management practices of the firms because they could not access the required electronic technology gadgets due to lack of funds. In support of the study conducted by Zhang (2013) Chinomona (2013) argued that the influence of information technology on MSEs’ performance is great. Information technology influences strategic purchasing, logistics integration and business performance in a significant way. Kumaran and Ganesan (2011:42) states that:

Only very little of IT is explored to find the influence of e-business in an MSE environment as compared to large companies. This lack of understanding of e-business and its help to MSEs to improve their purchasing functions to enhance their competitiveness and survival is limited on the MSEs.

In another similar study, Allahawiah, Altarawneh and Alamro (2010) investigated the level of internet usage for business solutions by small businesses in Jordan. The study established that although a majority of the SMEs use internet in business activities, the adoption of internet is limited to brochures where a website is not interactive about the company and its products. The findings of the studies reviewed above point to the fact that the small businesses are currently facing a number of problems related to purchasing management practices because of the fact that the business environment in which they are operating is ever changing and demanding new purchasing knowledge. Some of the problems that emerged as major from
the literature on the purchasing management practices of the small businesses included the lack of information and technology expertise in the purchasing function by the small businesses, lack of human capital with the expertise in the function of purchasing and purchasing risk for firm performance. The next section considers the public relations management in MSEs.

2.6.6 Public relations management in MSEs

This section looks at the public relations function in the management practices of the MSEs in the manufacturing section. As one of the main research questions of the current study namely: What is the effect of management practices on the performance of the firm? This section scrutinised research that was carried out on the effects of the management practices of the manufacturing MSEs. Most of the firms today devote time and resources to make their relations with the public they serve become positive. Therefore, it is of utmost importance for the MSEs to develop such rapport with their clientele in the competitive business environment. This helps the firms to survive in this turbulent business environment.

Kaufmann and Olaru (2012) focused on the question of measurability of the impact of corporate social responsibility on business performance. The idea of social responsibility has much to do with the development of relations with the stakeholders of the enterprises. In their study Kaufmann and Olaru (2012) argued that the image of the business in the environment in which it operates is of paramount importance and also established that the particular indicators of corporate social responsibility in the firms is pivoting on the shareholder value
and market share. However the study did not describe the internal relations as also important in the public relations management practices of the small businesses as these counts for the success of a company. The current study which attempted to answer the question looked at the level of public relations in the firm because public relations management is one of the management functions of great importance to the successful management of the enterprises.

The field of Public Relations (PR) has developed from practice-orientation to a scientific field (Karadeniz, 2009). The purpose of PR has evolved from merely generating publicity, building images and focusing on the management of relationships to the management of building confidence, accountability and transparency (Karadeniz, 2009). The pluralistic nature of the modern consumers has enforced the concept of freedom of choice. In this process consumers have become rational beings as they have the freedom to choosing where to get goods and services (Karadeniz, 2009). This has caused the general business environment influencing the management and operations of the firms including the MSEs to become so complicated. The fact that consumers have the right to choose where to obtain goods and services from indicate that the MSEs in the manufacturing sector have to develop sound PR with their publics if they are to survive and make meaningful profit in the market.

In the firm PR do not only dwell on relations with the external stakeholders. It is something which should be cultivated from within the firm. In the firms PR has to do with satisfying the needs of the internal clients, the workers. Funmilola, Sola and Olusola (2013) in their investigation on the impact of job satisfaction dimensions on performance of the firm identified that PR are very important. The study used a structured questionnaire to generate
data which were analysed quantitatively giving results that are similar to those findings by Kaufmann and Olaru (2012) indicated that internal clients are important but their importance was lacking in the small firms. Issues of high staff turnover showed that the internal relations were not pleasant in the small firm (Karadeniz, 2009). Although the desire of the study by Funmilola et al. (2013) used a similar data generation method as the one used in the current research, there is a gap that the study did not close in literature. The gap is that public relations is not confined to employee or internal relation maintenance only but also to the external stakeholders. Building on a positive business image assist in the development of customer loyalty and positive perceptions on the enterprises by the stakeholders.

Today, companies use PR activities in the context of brand management (Karadeniz, 2009), corporate reputation enhancement and sale increments. In this globalised world characterised by narrowing in market share of companies, increments in goods requires MSEs in the manufacturing sector to introduce their products to consumers in a successful and economic way. This is why Karadeniz, 2009) claims that the firms can use PR to meet the concerns and necessitates of their publics (consumers and other stakeholders). The fast development of communication and transportation facilities in parallel with technological developments has accelerated the spread of knowledge among consumers (Grunig, 2006). Information about companies is assessed and evaluated by the consumers and judged on how it benefits them. The fact that spreading of information is fast the spread of good news or bad news about a company spreads equally fast. This brings the idea of conducting mutual and continuous communication with the customers and other stakeholder publics of the firm. At this point the concept of PR stands out prominently above other management functions in the business (Oni and Daniya, 2012).
Karadeniz, (2009:43) says:

A competitive situation to meet the needs of consumers is concerned among companies in various ways in order to draw attention among similar goods and services and influence the selection by consumers of the companies to purchase from. Public relations have a powerful effect in creating public awareness at a lower cost.

An empowered PR function makes a unique contribution to strategic management and distinguishes its role from that of other management functions, echoes Grunig (2009). This management function is not a new thing in the management of the businesses. The practice of PR is said to be as old as the history of human civilisation (Zekiri, 2010). Knowledge base of today’s PR is built on the formal study of communication originating from Aristotle, the Great Greek Philosopher. PR has to do with the management of communication between the organisation and its publics. It is a management function that establishes and maintains mutually beneficial relationship between an organisation and the publics on whom its success or failure depends (Sriramesh, Ng, Ting and Wanyin, 2007; Zekiri, 2010). PR helps establish and maintain mutual lines of communication, acceptance and cooperation between an organisation and its public. It also helps management to keep informed on the responses to public opinion, and emphasises the responsibility of management to serve the public interest (Mandl and Dorr, 2007). On the other hand, MacDonald and Hebbani, 2011) concur that PR is strategic when it helps the firm to formulate organisational goals, balances these with the requirements of stakeholders and them supports that effort. In doing their PR firms must upheld the importance of Company Social Responsibility (CSR). MSEs traditionally take up their CSR even though these activities are not explicitly communicated to the community or even inside the company (Mandl and Dorr, 2007).
In contemporary enterprises, PR is regarded as a strong weapon for fighting competition in the contemporary business environment characterised by stiff competition (Norzalita and Norjaya, 2010). Companies, despite size, cannot afford to ignore the importance of developed public relations with the stakeholders. MSEs in the manufacturing sector have to delve in the activities of the PR so that they can win the customers. The worrisome situation perceived on the ground in Masvingo Urban is that the MSEs in the manufacturing sector tend not to take the activities of PR seriously. Their relations with the public may be being shattered by the lack of good PR practices (International Finance Corporation, 2008). The researches carried out on MSEs in Zimbabwe and in Masvingo in particular do not reflect the elements of the PR practices in the management of these speciality businesses. This is one of the reasons the researcher wanted to carry out the study to evaluate the management practices of the manufacturing MSEs in Masvingo Urban and come out with what PR practices are on the ground in this important sector of the economy.

Significant elements of the managerial roles include trend identification and management response to issues and emphasising corporate responsibility. The first step in making relationship management a credible paradigm for PR is a solid theoretical foundation (MacDonald and Hebbani, 2011) to better develop relations with the public the construct of trust is often seen as an important part of relationship between public and organisation and this leads to the survivability and the profitability of the MSEs in the manufacturing sector of the economy.
Having looked at the effects of the management practices on the performance of the firm being one of the major questions of the current research the next section considers the second research question namely: What level of awareness do management in the MSEs have on principled management? Literature related to the awareness of the importance of principled management is considered in the next section of the study as planning, organising, leading and control which are the basis for principled business management.

2.7 The Management process in MSEs

This section focuses attention on principled business management in response to one of the main research question namely: What level of awareness do business management have about principled management? According to Chinomona (2013) managers and owners of MSEs lack by and large management skills. The entrepreneurs in the MSEs lack competent supervision of the resources at their disposal whilst these resources require proficient planning, organising implementation and control in order to offer a sustained competitive edge. Without these requisite skills or expertise from management, it is almost difficult for small enterprises to become competitive in the environment dominated with stiff competition especially from the large firms that are better resourced.

The issue of business management encompasses activities such as monitoring, planning, organising, leading, controlling, business reengineering and dissemination of information (Ghosh and Ray, 2011). The importance of business management principles in organisations is universally recognised in any business regardless of size. Management is the cornerstone of any business success leading to the profitability, competitiveness and survivability of the
Management skills are critical to the success of an enterprise. Poor management skills in MSEs in the manufacturing sector are recognised as an acute problem worldwide. Managerial deficiencies are therefore a key factor in the failure of MSEs internationally (Sultan, 2010; Dumbu and Chadamoyo, 2012). On the other hand (Sultan, 2010; Kadosca and Francsovics, 2011) believed many scholars in the area of entrepreneurship that the success of the MSEs is dependent on the performance of their management who are often the owners or managers. What this implies is that the skills of management are crucially important to the improved performance and survivability of the MSEs in the manufacturing sector of the economy. Therefore, there is need for entrepreneurs in the manufacturing sector to acquire the necessary management skills and expertise to enhance the future survival in the stiff competitive business environment. It is quite difficult in the contemporary business environment that is characterised by stiff competition for the owners and managers of MSEs to manage these businesses competitively with inadequate management knowledge and skills. If managed with people with inadequate management knowledge and skills, the firms may be successful in the short run but will not be in a position to realise their full potential in the long run (Zindiye, 2008).

As has been stated above, internationally, the MSEs are recognised for their increased contribution to the economic growth and development as well as employment creation. In order to ensure the full development of the MSEs sector in the world economy, proper
management of these business entities is required. This is so because the success of entrepreneurial ventures will lead to improved standards of living and reduced levels of poverty in developing countries. It can be feared that MSEs, if not well managed cannot be able to fulfil their roles and compete in the face of a globalised business environment (Eccles, Ioannou and Serafein, 2013). For them to be able to compete in both the domestic and the international markets, MSEs in the manufacturing sectors must have management with the requisite management knowledge and skills improved from the current dismal status to a more efficient level. Entrepreneurial capacity is available in many people but managerial competence which is essential for the continuity and sustainability of MSEs is insufficient (Babatunde and Olaniran, 2009). The success of any business despite size is dependent on the capabilities of management.

For the MSEs to perform well in the contemporary business environment there are certain tasks that need to be performed by owners or managers. However, research findings by scholars, for example, (Zindiye, 2008; Maseko and Manyani, 2011 Dumbu and Chadamoyo, 2012) have indicated that lack of managerial competence results in the failure of MSEs in Zimbabwe and the world over. Muogbo (2013) stipulates that one of the causes of failure of a business entity is poor management. MSEs are more vulnerable to managerial weakness as a result of lack of professionalised management, low levels of formal education and management training among the majority of owners and managers (Che Rose et al, 2006; Paik, 2011). A challenge for the MSEs sector world wide is therefore the development of the management skills of the owners or managers of MSEs to ensure their survivability and competitiveness on the market (Omar et al, 2009).
Zimbabwe is characterised by many MSEs in the manufacturing sector and these play a major role in the economy in terms of employment creation and economic growth and development (Chidoko et al, 2011). The success or failure of MSEs in the manufacturing sector is often attributed to lack of managerial skills hence the need for their proper management. Provision of necessary management skills for MSEs requires a clear understanding of these skills which are necessary for efficient and effective operations of the business (Sultan, 2010). Furthermore, it is also necessary to establish the management skills currently existing in the MSEs sector and which ones are in short supply to ensure that MSEs in Zimbabwe and in Masvingo Urban in particular are well managed. Management is crucial in the running of the business enterprises and against this background; the management process is discussed in the subsection section of the study.

2.7.1 Planning in MSEs

Planning is the attempt by MSEs in the manufacturing sector to prepare for the future contingencies and account for environmental dynamics and complexity (Kreurger, 2003; Kelly, 2009). This entails the need to build alternative future scenarios and configurations, that is, extrapolating present tendencies into the future. The application of formal planning is missing in the management process of many MSEs (Kraus, Reiche and Reschke, 2008). In my review of extant empirical studies on planning by MSEs in the manufacturing sector, I shed light on the MSEs particularities and derives factors that impact on the extent of MSEs’ application of planning as a strategy for their competitiveness and survival in the turbulent globalised market. The study by Kraus et al (2008) asserts that formal planning and plans are often only provided on an irregular basis and planning instruments are usually done by a
small number of individuals in MSEs. Given the importance of planning in the larger companies and the notion that rational decision making should prevail in enterprises regardless of size there is a big call for an increased use of plans by MSEs in the manufacturing sector. Banham (2010) established that MSEs often lack the means to ensure the successful continuous application of well developed administration. Thus the application of formal planning in the MSEs is missing but it is an important linchpin for the success and competitiveness of the business in the competitive business environment. Plans that are developed by management give the organisation the desired direction and its reason for existence.

While literature on the topic of planning has predominantly focused on the large business environment, there is a strong feeling that planning also plays an important role in the management of the MSEs in the manufacturing sector (Oni and Daniya, 2012). The link between planning and business success has been researched and documented and the value and contribution of planning in the small businesses is quite important. Breaking down intentions of the business into actionable components and allocating responsibility for each of the components is considered by Norzilata and Norjaya (2010) as important part of successful implementation. Organisations which use planning systematically following the Systems Theory, find planning as a better tool for quick decision making and successful implementation of change and innovation to bring about business growth and development (Kraus et al, 2008).

Whilst many managers and academics acknowledge the importance of planning in the management of a business entity, many small business owners and managers do not
MSEs, focus their attention on allocation of resources to achieve their maximum short term advantage, which frequently leaves them to respond to external influences as they occur rather than taking a proactive approach. If these businesses want to be more successful they should obtain more knowledge of the planning process. The majority of small firms do not utilise the traditional tools and techniques of planning (Okwu et al, 2013).

2.7.2 Organising in manufacturing MSEs

Managing enterprises in contemporary business conditions has become a complex process which requires considerable knowledge, skills and entrepreneurial capabilities (Campbell, 2007). Enterprises comprise groups of people who work together in a coordinated way to realise objectives of enterprises. Organising in a general sense is a systematic arrangement of activities. Antic and Sekulic (2005:238) say…”Organising as the phase of management process solves the problem of internal organisational structure of the enterprise, managerial authority and responsibility division as well as of selecting people and ways of performing business activities.”
Organising establishes an orderly use of all resources within the management system (Eccles et al, 2013). Organisations create and maintain rational relationship between human, materials, financial and information resources by indicating which resources are to be used for specified activities and how they will be used. Organising is all about grouping together activities necessary to attain common objectives, as well as allocating resources and activities to individuals who become responsible for those resource and activities (Kelly, 2009; Kamyabi and Devi, 2011). Thus it helps management and owners of business organisation to allocate resources of the organisation meaningfully and divide the workload into activities that can be manned by certain individuals tasked for that. Organising coordinates the activities of managers and subordinates so as to avoid unnecessary duplication of tasks and obviate possible conflicts (Kadosca and Francovics, 2011).

2.7.3 Leading in manufacturing MSEs

According to the leadership school of thought an entrepreneur is often a leader who relies on people to accomplish his purposes and objectives (Charantimath, 2009). The entrepreneur needs to be skilled in appealing to other people to join the cause. Therefore, this means that a successful entrepreneur and a successful firm must be human resources centred managed. There must be someone who plays a mentoring role in motivating, directing and leading people (Kelly, 2009). The manufacturing MSEs comprise of different people who are employed as workers and managers and these people need to lead. The leader in the MSEs because of the nature of these businesses should able to adapt to situations (Paik, 2011). It can be difficult to bring about results in the MSEs if there is no leader with the potential to lead people and resources. The leader in the MSEs set up should have the willingness to take
responsibility as an aspect for success (Abdulkadir, 2009). Entrepreneurial leadership involves more than personal traits. The role can be a focal point for changing and inculcating values in the consumers for the survivability and profitability of the firm. The leader should empower the people, preserve the organisational customer intimacy and develop human resource system (Terungwa, 2011). In this regard the leader becomes a social architect who is primarily there to protect and promote values of the society.

2.7.4 Control function

This section discusses the control function of management in an enterprise. Management control is essential in any enterprise despite size because management control allow the enterprise to be run and organises in such a way which allow the objectives of the firm be achieved. Domnisoru, Gherghinescu and Orgarca (2010) argued that control represents permanent or periodic analysis of an activity meant to provide improvement on the performance of the enterprises. Therefore, it is important that the enterprises’ managers and owners develop the control skills in running their businesses.

The concept of controlling was developed in the 70s of the 20th century as a vehicle designed to prevent crisis situations leading to company bankruptcy (Dimov and Iliev, 2010). In the past, control was seen by Dimov and Iliev (2010) as a field of reporting and finance but today it is functionally individuated field of economic operations of the enterprise which is related to realisation of the financial, economic and controlling function within the management for taking operative and strategic managerial decisions. Firms need an effective control
mechanism to be in place. Giraud, Zarlowski, Saulpic, Lorain, Fourcade and Morales (2011:4) states…” control leads to creation of a path leading to the intended goals.” Therefore, it becomes impossible for managers and owners of MSEs to determine whether work was proceeding properly if there were no plans against which to check.

For firms to perform better in the competitive business environment they must develop control systems. Control system is made up of policies and procedures meant to provide management a reasonable guaranty that enterprise achieves its predetermined goals. This calls for the importance of planning in the control phase. Control process begins with planning and the establishment of performance objectives where standards for measuring performance are set (Giraud et al, 2011). An effective control mechanism in a firm should entail the establishment of standards which are drawn from the plans of the business. Standards are the targets which have to be achieved in the course of business function (Domnisoru et al, 2010). In other words, controlling is an instrument for planning and it is used for decision making on the basis of a system for data collection and processing (Institute of Internal Auditors, 2012). This places the control function on an important place in the process of principled business management by the owners and managers of the manufacturing MSEs. The next section gives attention to the effects of management on performance of the enterprises.
2.8 Effects of management on performance of enterprises

Micro and Small Enterprises constitute the real fabric of a nation’s economic development (Sultan, 2010; Muogbo, 2013). However, these businesses are impacted by globalisation which has made the business in general to undergo a number of changes. For them to withstand the issues of globalisation the effect of management of the businesses comes into play (Babatunde and Olaniran, 2009). Management of the businesses has great impact on the development and survival of the businesses in the competitive business environment. Therefore this implies that to cope with the changes which are negatively affecting the businesses of this nature, modern management practices have to be put in place (Krol, 2007; Kumaran and Ganesan, 2011). There are several of such management practices that can be employed by the manufacturing MSEs. The current study is based on the management practices that concern the development of the strategic management as a modern technique in running businesses. What follows, bears significance for the present study of evaluation of the management of MSEs in the manufacturing entrepreneurs.

2.8.1 Adoption and practicing Strategic management in MSEs

Thompson and Martin (2005) argue that strategic management is a process whereby managers establish an organisational long term direction, specific performance objectives and develop strategies to achieve the objectives in the light of all the relevant internal and external environment circumstances. Strategic management allows management to interact with the business environment in its entirety. Dauda, Akingbade and Akinlabi (2010:97) say…”the principal responsibility of the practicing manager is to ensure that the organisation
keeps in touch with the external environment in order to observe the essence of management in terms of service delivery to the customers.”

What this implies is that it is mainly through the use of strategic management techniques that will allow management to be in a position to evaluate the environmental effects on the business organisation. Strategic management is based on the belief that an organisation should continually monitor the internal and external events and trends so that timely changes can be effected as needed in the business (Maroofi, 2011). An organisation, in the contemporary business environment, which is responding to globalisation, should be capable of astutely identify and adapt to change. A business is a high stake game (Greenbaum, 2007). This is interwoven in the RBET theory of entrepreneurship that states that a business venture is a risk undertaking because of the uncertain environment in which it operates. This requires strategic management practices in the management of the modern business entity. This is why Dauda et al, (2010:98) say…”repetitive strategic plan of action to solve immediate and future problem and to move along with changes in how business operate is a necessary prerequisite for organisational competitiveness and survival.” Wrong or poor strategic management planning may plunge the firm into loses of millions of dollars leading to losses of thousands jobs down stream.

Similar studies to the one under investigation confirm that strategic management is a critical. Studies carried in Nigeria by Nmadu (2007) Oyedijo and Akinlabi (2008) confirm that MSEs in the manufacturing sector are threatened by obsolescence and the panacea to that threat is the lack of strategic management in a way to identify which set of strategies seem to enable firms to achieve economic success. In most cases the manufacturing MSEs face the threat of
obsolescence because of the seemingly absence of strategic management in the management practices of these firms (Greenbaum, 2007). Recent investigations in the area of manufacturing MSEs management practices by Dauda et al (2010) concluded that an efficient and effective strategic management practice can increase performance of the firm judging on their profitability and survival. The study by Dauda et al (2010) revealed that MSEs financial performance tends to increase with a unit increase in the level of practice of strategic management. There are several advantages that a firm can benefit from practicing strategic management. However, the greatest persuasions for use of the strategic management approach are the financial benefits associated with successful practitioners (Okwu et al, 2013).

According to Krstic, Jovanovic and Milic (2008) strategic management has become more important to managers in recent years as it made it easier for managers to give their organisations a sense of purpose and direction. Strategic management tools are vital to the management practices of enterprises. Managers of MSEs must understand the importance of strategic management and should undertake a comprehensive adoption of strategic management to reposition their operations so as to enhance the quality of product and service delivery to the valuable customers in the dynamic and fluid market (Pagach and Warr, 2010). Adoption of strategic management practices are considered indispensable in MSEs and should form part of MSEs method of improving organisational performance and scope with changes in the globally affected business environment.

2.8.2 Enterprise Risk Management in MSEs

85
Enterprise Risk Management (ERM) is increasingly becoming popular strategy that attempts to holistically evaluate and manage all of the risks faced by the firm. As confirmed by the RBET theory of entrepreneurship which is the grounding theory in my study, business is a risk venture. Manufacturing MSEs are also observed as risk ventures that require the use of the ERM as a strategy to manage the risks associated with business undertakings of these small sized businesses. The use of ERM is actually depended on the risk appetite of the individual owner and manager of the MSEs in the manufacturing sector of the economy. Risk appetite of the firm determines which risks should be accepted and mitigated. It is the purpose of the my study to establish whether MSEs in their management practices, use ERM and to what extend they pay attention to the benefits of ERM as a source of competitive edge and survival strategy in the contemporary business environment characterised by high risk business environment. Pagach and Warr (2010:1) say…”the primary goal of ERM is to reduce the profitability of financial distress and allow firms to continue their investment strategies by reducing the effect lower tail outcomes caused by unexpected events.”

The above notion is also supported by Soileau (2010) who confirms that inadequate and inefficient firm risk management assessment has been identified as one of many contributing factors to the financial crisis in many firms and resultant closure of the MSEs. In addition to the inadequate risk assessment, implementation of ineffective strategies in risk assessment and management and controls to mitigate identified risks can also be considered as factors contributing to financial challenges of the MSEs that can lead many of them to close shop prematurely (Maroofi, 2011).
2.8.3 Quality management practices in MSEs

MSEs are the life blood of modern economies Turyahebwa et al, (2013). These enterprises should remain competitive and produce high quality outputs is of importance not only at the micro level but also to larger organizations; because MSEs are often suppliers of goods and services to larger organizations and lack of product quality would adversely affect the competitive ability of the larger organizations (http://ideas.repec.org/a/eee/jomega/v24y1996i1p83106.html). Total Quality Management (TQM) is considered by Prasad and Tata (2008) as an important quality improvement tool. Compared with large organizations, MSEs have been slow to adopt TQM. In developing economies most consumers rely upon self employment and MSEs operations as their source of income. Given competition from large scale industrial outfits and some from the international scene, most MSEs are finding it difficult to compete in terms of quality (Prasad and Tata, 2008). One factor that could have a significant impact in the success of MSEs is the extent to which they adopt quality management practices.

Quality has become universally important in all enterprises and has been described by Paik (2011) and Abduli (2013) as a means to improve the competitiveness of operations in most business operations. Increasing quality levels is not quite simple for many business operations and hence with MSEs. Therefore raising quality to world class levels is a difficult thing for MSEs because quality to world class levels is associated with use of resources in large quantities that can be a challenge to MSEs (ZOU, 2008). In my opinion, given the fact that MSEs compete indirectly or directly with substitute items (Dumbu and Musingafi, 2010)
form large scale operations, quality issues must be addressed if these firms are to withstand the competition pressure.

I think that it must be a culture for businesses to lower overall costs related to quality enhancement in an organisation so that the firms will increase the competitiveness in the business environment. Prior studies for example by Prasad et al (2005) have noted the importance of information, uncertainty, and market orientation and business linkages. Just as information systems are important for shop floor control the type of information available and its degree of complexity within an operation can affect the management of MSEs and eventually their profitability which is a major determinant of survival in the competitive business environment (Prasad and Tata, 2010). Information complexity can be gauged by the number of items analysed for quality in MSEs and how that information for quality enhancement is communicated both internally and externally.

It is also a fact that operations of MSEs tend to be greatly affected by the degree of uncertainty and uncertainty can raise havoc in quality control (Patmatier, 2008). Hart, in Prasad and Tata (2008) argue that the degree of MSEs interdependence with markets can have a significant effect on quality because customer input may require operational flexibility in terms of design, quality levels and production quantities which can chock the operations of the MSEs financially. I tend to agree with this view because MSEs seem to be lacking the capacity to gather information about what their customers expect to get from them in terms of quality. Although the MSEs are flexible in decision making, it still remains a challenge in decisions about quality because of the financial constraints that they always face (Zoephel, 2011).
For MSEs to influence the market in terms of quality they have to influence the suppliers to respond to changes in raw materials and quality. Because of their size these firms may not have such bargaining power over their suppliers, hence quality remain a compromised item in the organisation. Quality management today should reflect the underlying environmental conditions. This links with the research question in this study that attempts to solicit answers as to kind of environmental challenges that are faced by the MSEs in Masvingo Urban. It is therefore important for the management of MSEs to understand the various socio-economic, political and legal factors that influence quality management practices in the firm (Darelle and Hortovanyi, 2009). The identified macro environmental factors interlink with the issue of the impact of the environmental factors on the success of the MSEs in the manufacturing sector of Masvingo Urban. Prasad and Tata (2010:3) say, ‘Studies on the operational dimensions of MSEs have been conducted over the past few decades but the literature is still surprisingly sparse.’ Even in Zimbabwe, literature on MSEs is sparse (Zindiye, 2008; Maseko and Manyani, 2011).

Recently, researchers have taken amore strategic look at MSEs and although the findings of these studies are certainly of value, one must recognise that the effect of management in MSEs is entirely important with special reference to management of quality in these enterprises. From this it can be concluded that findings by Prasad and Tata (2010) on quality are of paramount importance for MSEs to become competitive because they compete with manufactures from larger firms and those from the international market which boast of quality and quality is linked to customer loyalty. The Zimbabwean market is open to international trade, so the MSEs are not facing competition only from domestic market but
also from the international market. Customers have the right to choose manufactures from those firms they think produce quality manufactures (Sultan, 2010). Because of this and other factors the MSEs cannot compete internationally to broaden their market share.

2.8.4 Distinctive resources management practices in MSEs

Every MSE has a set of distinctive resources that provide the foundation for its growth and development (Zinhumwe, 2012). The RBET theory of entrepreneurship, which is the grounding theory in my research, explains that the resources are the human capital resources, the firm’s physical capital resources and organisational resources. Tambunan (2008), states that a firm’s resources are the key inputs and are categorised into tangible and intangible resources. Lack of these resources restricts competitiveness and growth or even threatens survival of the MSEs. Adequate financing of MSEs is necessary to help them set up and expand their operations, develop new products and invest in new qualified staff and production facilities. Several studies on MSEs recognised the lack of financing as a major constraint in MSE competitiveness and survival especially in developing countries (Minton, 2006; Tambunan, 2008; Zia, 2008).

On the other hand, Lin (2007) describes that most MSEs in the world have no access to formal resources. I tend to agree with this view because even in Zimbabwe where a Ministry has been established by the government to cater for these small business, adequate financial resources availability has remained a major challenge (Zindiye, 2008). Most of the MSEs in Zimbabwe and in Masvingo Urban in particular seem to show signs of that they are not well resourced. Lack of the necessary resources has become a main hurdle for competitiveness and
survival of many MSEs (Terungwa, 2011). Financing of MSEs is challenged on the other hand by the characteristics of the banking system in emerging markets OECD, 2006; Lawless and McCann, 2012) such as Zimbabwe (Maseko and Manyani, 2011) which frequently inhibit MSEs lending. Many banks are not state owned and their credit may be allocated on the basis of government guarantees or in line with government targeting to develop specific sector of the economy.

Tambunan (2008) say, ‘A firm’s efficiency is also dependent upon the abilities and know-how of the human capital of its employees.’ This human capital consists of education and training provided to employees. Educated workers are not only more productive, but they have more learning and innovative abilities (Oni and Daniya, 2012). Low human resources capabilities are a major constraint in development and growth of MSEs. I agree with the above notion because human resources in MSEs are generally weak in terms of their knowledge and skills of market analysis marketing and product innovation as well as business planning and financial management. Financial management means the ability of the firm to manage financial costs associated with the running of the business (Eccles et al, 2013). To deal with such costs firms should adopt the new technologies that are rapidly emerging as technologies improve efficiency enables greater production (Onwukwe and Ifeanacho, 2011). Technological innovations are regarded as a tool for strengthening the competitiveness and chances for survival of the MSEs. Low technological capabilities are a major constraint in MSEs development and growth (Chipangura and Kaseke, 2012). Its absence hinders and discourages MSEs from fully grabbing the benefits of new technologies.
2.9 Environmental challenges faced by manufacturing MSEs

This section gives attention to the environmental challenges that are faced by the manufacturing MSEs. Business environment is perceived to influence operations and performance of enterprises in general and the small firms in particular (Okwu, Bakare and Obiwuru, 2013). Many studies have attempted to investigate the relevance of business environment to performance of small enterprises (Norzalita and Norjaya, 2010; Terungwa, 2011; Onwukwe and Ifeanacho, 2011; Oni and Daniya, 2012). In their study, Okwu et al. (2013) on business environment, job creation and employment capacities of MSEs in Lagos, Nigeria, considered the relevance of the business environment’s influence on the performance of the SMEs.

The study employed descriptive survey to examine the influence of business environment on the operations and performance of the enterprises. Analysis of data was based on elements of the business environment. Data generated by the study to answer the main research question of the study on business environment influencing the general operations and performances of the MSEs were gathered using a questionnaire. To obtain a sample of the study, judgemental sampling was employed. Results of the study indicated that the external environmental variables such as competition, taxes (Legal factor) and corruption were among the militating factors against the performance of the small enterprises. It was also deduced in this study that the socio-cultural elements did not constrain the performance of the enterprises.
The current study borrows some views from the study by Okwu et al. (2013) in some ways. Firstly, the setting of the study under review is similar to the setting of the present study. Both Nigeria and Zimbabwe are developing nations who regard the MSEs as the engine for economic development and growth and places value on the development of these enterprises. Secondly, my study also used the questionnaire as one of the data collection generation methods to solicit answers to the research question namely: How do environmental challenges affect the performance of the manufacturing MSEs in Masvingo Urban? The questionnaire was complimented with the semi-structured interviews as another method of data collection. These data collection methods are discussed in detail in Section 3.8. Also, the current study employed judgemental sampling technique as the one used in the study under review. A detailed discussion of the judgemental sampling technique is given attention in Section 3.7.

In a similar study, Kadocsa and Francsovics (2011) investigated the macro and micro economic factors of small enterprises competitiveness. The sampled firms in the study employed no more than ten employees and a questionnaire was used to collect data and was completed by the owners and managers of the small enterprises. The findings of the study indicated that the firms were affected by economic variables such as taxes, legal regulations and political variables. The findings of the study by Kadocsa and Francsovics (2011) have been also confirmed by Okwu et al. (2013) that tax and other economic factors have the potential to affect the performance of the small enterprises. Furthermore, the study by Kadocsa and Francsavics (2011) sheds light on the current study on the evaluation of the management practices on the performance of the firm. This is basically on the data collection
method which was employed, the questionnaire as it gives the participants a chance to express him/her on questions being asked.

A similar study was also carried by Mungaya, Mbwambo and Tripathi (2012) which investigated tax system impact on the growth of MSEs with special reference to Shinyanga Municipality in Tanzania. In low income countries like Tanzania, the role of small enterprises is critical in pushing the socio-economic development agenda further. Alignment of tax system to business environment of small firms can be considered an important agenda for policy makers in low income countries. The study by Mungaya et al. (2012) aimed to explore the managers’ perceptions of tax system effectiveness in promoting MSEs growth in Tanzania. To collect data to answer the research question, a questionnaire was administered to selected participants (managers of MSEs). Also, the study used interviews to collect the data. The collected data were analysed using descriptive analysis method and findings were presented in frequencies and percentages. Thus the study used quantitative data analysis techniques. Results of the study pointed that the majority of the participants perceived that the tax system was not supportive to the development and growth of the small enterprises. Another finding of the study was that the small firms advocated for a tax reform to assist the operations of the small enterprises.

Lessons can be learnt from the above study that illuminates on my study. Firstly, the setting of these two investigations is similar in that the studies are being carried in countries which are both developing. One major characteristic of the developing economies is the tax system which is not flexible to enhance the performance of the small businesses (Kelly, 2009). Both Zimbabwe and Tanzania are developing countries whose economies rely heavily on corporate
taxes as a major source of revenue. Secondly, the study used a questionnaire and interviews as data collection methods. These methods of data collection were used in the current study for collecting data to answer one of the research questions namely: What is the impact of the environmental factors on the performance of the firm? I followed the interpretivist school and therefore, data presentation and discussion is done qualitatively. This is where my research differs from that of Mungaya et al. (2012) which followed the positivist school of thought. Mungaya et al (2012) presented and discussed the data collected in quantitative ways as the frequencies and percentages were used.

In the present study, data were gathered, presented and discussed following the emergent themes that were generated from the data collected through an open ended questionnaire and semi-structured interviews. These data generation methods allowed the respondent to express themselves freely on issues concerning the management of the enterprises. This section has reviewed literature related to the environmental factors that affect the operations and performance of the small enterprises. The major issues that came out from the literature were that the business environment is not stable.

This section examines literature related to external business environment that affect the operations and performance of the MSEs in the manufacturing sector. The external environment comprises of various forces that influence the performance of the firms. The business environment is constantly changing and therefore requires management of the enterprises to keep monitoring it in order to keep abreast with the changes. Obviously, many companies are surprised today by the changes in the external environment (Sheers and Radipere, 2007). Perhaps, the greatest tumult for today’s manufacturing enterprises has been
created by the rapid changes in the external business environment. A number of studies have been carried in relation to the effects of the business environment on the performance and continued existence of the firms (Scheers and Radipere, 2007; Aliyousif, Nauom, Atkinson and Robinson, 2010; Fitriana, Erijatno and Djaña, 2011; Ishengoma and Kappel, 2011; Njanja, Ogutu and Pellisier, 2012).

Osotimehin et al (2012) evaluated the challenges and prospects of micro and small scale enterprises development in Nigeria. The study examined the challenges that are faced by small enterprises in their desire to function and to contribute optimally to the economy. It used the questionnaire as a data collection method and this was augmented with interviews to gather the relevant data that was statistically analysed. Results of the study indicated that economic environmental factors and the internal environment impact on the performance of the firms. Financial constraints and lack of management skills were argued to be the main challenges faced by small firms in Lagos State. From the above study one can observe that Nigeria and Zimbabwe are both developing countries that might share the same experiences and challenges as far as small firms’ management and performance is concerned. Also the instruments that were used to collect the relevant data for the challenges faced by small firms is similar the ones employed in the current research.

2.9.1 Economic environment

Economists always emphasise on the role of credit availability (Dumbu and Musingafi, 2010) and investment in the process of development and growth of a business set up (Kazemy et al, 2011). All small businesses need credit to develop their activities, remain competitive,
achieving new technologies and survive. Therefore, financial resources flex entrepreneurs and enable them to continue with their entrepreneurial activities. Financial distresses are the barrier in most business decisions in which lack of liquidity and inability to repay debts are two important sources of financial distresses in the firms (Fitriana et al, 2011). The MSEs are usually challenged by these challenges heavily. The financial or liquidity shortages in the firms are linked to the RBET’s Liquidity Theory of Entrepreneurship. The RBET is the theory in which my research is grounded in. the theory regards lack of liquidity and low investment as often the most important barriers and main weakness of many small firms (Ishengoma and Kappel, 2011). The insufficiency of these usually leads to the collapse and closure of the MSEs. According to Kazemy et al, (2011) lack of financial resources in the form of lack of availability of credit not only limits the interactions of MSEs for environmental dynamism, but also it can limit other activities in the innovation process.

Most MSEs rely on internal funds in the early years of their life cycle (Anwar, 2014). As their size increase, they must easily have more access to external financing. However, this not the case as the managers and owners of these enterprises lack internal funds sending signals of inability to repay loans to banks and venture capital providers. Difficulty in obtaining external capital prevents expansion of growth capacity and accumulation of properties resulting from increased revenue. Several researches on MSEs appear to have ranked poor management as the critical external factor that influence negatively the operations of the MSEs (Ihua, 2009).

The performance of MSEs can be influenced heavily by the external forces such as the economic factors (Olawale and Garwe, 2010; Kadocsa and Francsovies, 2011). Economic
factors have an indirect impact on the potential attractiveness of various strategies and consumption patterns in the economy and have significant and unequal effects on organisation in different industries and in different locations. Chief of the economic factors which I was interested in is the availability of credit to the MSEs. Availability of credit influences the demand for goods and services and hence the survivability and profitability of the MSEs. Zimbabwe’s current economic environment is characterised by low consumption, high exchange rate and low availability of credit to the MSEs (Dumbu and Musingafi, 2010). The extent of competition to access credit by the MSEs with the larger companies is also stiff (Ihua, 2009). Potential entrants offering substitute products are also a problem to the MSEs in the manufacturing sector (Olawale and Garwe, 2010:732). Njanja et al (2012) argue that, to survive and achieve success, MSEs need to understand the dynamics of competition in their industry to access funding from banks and other government institutions. They have to develop skills and competencies that give them a competitive edge. Therefore managers and owners of the MSEs have to scan and interpret environmental changes in the form of economic factors to maintain viability and high performance (Ihua, 2009; Aliyyousif et al, 2010).

The performance of a company is often seen as related to the match between the firm and its environment (Pasanen, 2003). The environment in which business operates has certain needs and expectations, that is, market opportunities and threats of which the firm has to respond to with its resources and capabilities. If the resources of the firm match with the strategies of the firm, there is guaranteed success in the competitive business environment. (Senik, Isa, Scott-Ladd and Entrekin, 2010). This is supported by the contingency theory which I alluded to as a supporting theory in my study because firm performance is the result of proper alignment of
the firm design with the context it operates in. This is so because the environment of the firms is changing all the time and there is need for a continuous adjustment of the fit between the firm and its environment. Though MSEs play an important role in economic growth and employment creation, they are commonly constrained by finance (Zhao, Wu and Chen, 2006).

The main obstacle to getting bank financing is information asymmetry between borrowers and lenders, for example, the borrower in the form of MSEs has private information about the firm that the lender does not have. For MSEs, because of their small size and obscure accounting, the extent of information asymmetry becomes more serious (Zhao et al., 2006). There is much literature dealing with financing of the MSEs at home and abroad but many of it mainly focused on sources of capital, capital structure and similar topics, it investigates MSEs ability to borrow from the banks. Different to these studies my investigation contributes to entrepreneurial finance literature by investigating the MSEs’ ability to borrow from banks.

2.9.2 The political environment

To many companies, domestic political considerations are likely to be of prime concern (Olawale and Garwe, 2010). Many of the legal, economic and social developments, in our own society and in others, are the direct result of political decisions put into practice, for example the privatization of state industries or the control of inflation, the industry the marketing firm is involved in, changes in the political and legal environments at both the domestic and international levels can affect the company and therefore needs to be fully
understood (Dumbu and Musingafí, 2010). The political environment can be explained in terms of the issues of investor confidence. The political climate of the country should be able to attract foreign investors. There is need to improve investor confidence by putting legislations that do not scare the investor away (Lorandini, 2011).

Transitional economies need to take specific measures to create conditions to encourage entrepreneurial activities for the MSEs to find opportunities to grow in different sectors of the economy (Nguyen, Alam, Perry and Prajogo, 2009). In the absence of a strong market forces in transitional economies like Zimbabwe the state has to play a decisive role to create market conditions necessary for the MSEs to operate effectively and efficiently. Lorandini (2011) argue that government support play a significant role in the development and growth of MSEs. These include providing a conducive business environment in a stable political climate. To stimulate the economic growth through entrepreneurship the government must be geared to provide the right mix of policies and incentives to attract individuals to become entrepreneurs (Co, 2004; Udjo, 2011).

Support policies for MSEs vary from country to country and from developed countries to less developed countries (Nguyen et al, 2009) due to differences in business contexts, culture and the level of industrialisation. MSEs in developing countries usually access support from the government through ministries created to look after the sector (Oni and Daniya, 2012; Abduli, 2013). In Zimbabwe we have the Ministry of Small and Medium Enterprises which created also institutions to funnel funds to the development of businesses in this sector of the economy. The ministry provides basic training of human resources and provide support through technological orientations to the owners and managers of the MSEs.
The role of the government in the development of the MSEs is seen through promulgation of legislation and policies which have both a direct and an indirect impact on the performance of the firms. These entail the extent and process of the government intervention and influencing on business specifically in areas such as tax policy, labour law; environmental laws trade policies and political stability. Further more governments have great influence on the health, education and infrastructure of a nation (Chidi and Babatunde, 2011). Despite the interest vested by the government in the development of MSEs evidence suggests that the majority of government programmes in developing countries designed to support MSEs have reached and assisted only a minority (Lorandini, 2011) because of corruption (Co, 2004; Lorandini, 2011).

Corruption within and between public and private sectors has become one of the leading problems for business all over the world (Co, 2004). The recent establishment of the Ministry of Anti-Corruption in Zimbabwe is a testimony for the government to try and reduce corruption level in the country so that business can be conducted ethically. While corruption is detrimental to business for all types of companies, it poses particular problems for small businesses. It has been described as a major obstacle to MSEs development and growth in many countries and Zimbabwe is no exception (Zindiye, 2008). If MSEs were better able to cope with corruption that they encounter, they would be in a much better position to fulfil their role with regards to creation of economic and social welfare and poverty reduction.

2.9.3 The technological environment
The current section provides a discussion on the literature related to the technological environment of the firms. Attention is given to the developments of the information technology and how it is affecting the performance of the small enterprises. This is done in view of one of the research question namely: How do environmental challenges affect the performance of the manufacturing MSEs in Masvingo Urban? The most overwhelming change in today’s business environment is the changing technology. The technology sector is expanding and changing drastically at a speed which might be too fast for the small enterprises to cope with (Zhang, 2013). The rapid expansion of the information technologies such as the emergence of the World Wide Web (WWW) and other advances in information technology have changed the whole face of the business especially in storage and transmission of information in the market. These changes are posing challenges to the operations and performance of the small enterprises (Chinomona, 2013). Information technology requires firms to invest in the procurement of the gadgets, their installation and connection (Allahawiah et al, 2010). However, despite the envisage importance of information technology in influencing business performance, has hardly been investigated adequately in the context of developing countries such as Zimbabwe. Previous studies have focused on high technology industry in the large enterprises than on MSEs (Wen, Tsai and Lin, 2011; Kengpol, 2007; Lai, Wong and Cheng, 2010). Because there is dearth of studies on evaluation of the performance of MSEs especially on the manufacturing sector the current study attempted to fill in the gap in literature by establishing how environmental factors affects the performance of the manufacturing MSEs, one of the research questions.

Chinomona (2013) investigated the role of information technology on SMEs’ strategic purchasing, logistics integration and business performance. The aim of the study was to
establish the influence of the information technology on MSEs performance. Information technology is known for fostering value creation in the management of the firms and is usually regarded as the tool to cement high business performance in the unstable business environment. In this study Chinomona (2013) sampled the research participants from Harare. There are chances that the nature of MSEs and how business is done in Harare might match the business characteristics of the present study which drew its sample from Masvingo Urban. A questionnaire was used as a data collection method. However the data collected were analysed quantitatively and results showed that information technology positively influences SMEs performance in a significant way.

Information technology is regarded as the substance that makes the various business actors in the business environment to exist together (Kumaran and Ganesan, 2011). It connects the business with the customers, suppliers, the government and other stakeholders. By networking, the business can save in terms of time and improve accuracy in transacting information and doing business. It is becoming increasingly difficult to maintain value-enhancing relationships with the market without effective communication in today’s business done through modern information technology (Chinomona, 2013). The above study illuminates on the current study as these studies share the data collection method, the questionnaire. Also the research participants and the research setting are similar in the above study investigated the owners and managers of the small enterprises in one of Zimbabwe’s cities while the current study drew the sample for the study in Masvingo one of the ancient cities of Zimbabwe. This helped in making a comparison of the outcomes of the studies. Similarly, Allahawiah et al, (2010) and Zhang, (2013) proposed that the use of information
technology by MSEs increases their level of business performance through increased information sharing.

The emergence of Information and Communication Technologies (ICTs) has affected many industries and firms (Selamat, Jaffar and Kadir, 2011). ICT technologies have become an important tool that provides the opportunity for MSEs to improve their competitiveness in the business arena (Zhang, 2013). In the rapidly changing business environment it is extremely important for the manufacturing MSEs to adopt ICT in order to maintain their competitive edge, develop a global network of product exchange and establish both wider domestic and international network (Kumaran and Ganesan, 2011). Adoption of ICT enhances MSEs conduct of business and increase core competencies (Ghabakhloo, Amando and Aranda, 2011). In this situation ICTs are regarded (Ghabakhloo et al, 2011; Paik, 2011; Turyahebwa et al, 2013) as an enabler to bring up the competitive level of MSEs in the competitive business environment. In this context, the adoption and use of ICTs is widely seen as critical for the competitiveness of MSEs in the emerging global market (Selamat et al, 2011). Although MSEs form a substantial constituent of the global economy, there is limited knowledge available, surrounding the adoption of ICT (Kengpol, 2007). This may also be challenge in the MSEs in Masvingo although the adoption of ICT in business operation is no longer a privilege to large organisations (Musawa and Wahab, 2012). MSEs are also trying to adopt the ICT technologies in process of gaining the benefits of using it.

Kaynak, Tatoglu and Kula (2005) claim that the most powerful force affecting the world economy and commerce today is the increasing rate of globalisation and advances in ICTs.
The exponential growth in ICT and the resulting rapid emergence of electronic commerce have drastically been reshaping the business world. Owing to its remarkable feature of connectivity which renders the physical distance meaningless the internet has become the indispensable tool of electronic commerce in MSEs (Kaynak et al., 2005; Alzougool and Kurnia, 2008; Apulu and Lathan., 2009).

On the other hand Apulu and Lathan (2009) are of the opinion that adoption of the ICT technologies by the MSEs has become a major catalyst and enabler of organisational change. This refers to the way companies communicate (Cui, Wang and Zhai, 2011), collaborate (Apulu and Lathan, 2009) and conduct transactions with their customers, suppliers and distributors via the internet and the ability of the MSEs to participate in the digital economy (Al-Mahroug, 2010). The adoption of the ICT technologies would change the way business operate in this era of globalisation by increasing competition and creating competitive advantage for the MSEs. Hence for MSEs to become successful they should have the ability to compete and dynamically respond to rapidly changing markets. This implies that they need to be connected to the digital marketplace (Apulu and Lathan, 2009). Ghobakhloo et al (2011) argue that the modern economic environment which is dominated by globalisation, hyper-competition and knowledge and information revolution has revolutionised the way business is conducted and the tool that has led to the current stage is the adoption of ICTs.

There are several ICT technologies that are at the disposal of the firms regardless of size. Masawa and Wahab (2012), advocate that the adoption of electronic data interchange allows the businesses to increase the speed and quality of their communication resulting in a drastic
decrease of costs. This is one of the most important elements in the running of the business. Without communication the business is challenged. However, although the electronic data interchange has been available for more than a decade now, the adoption rate is extremely low in MSEs. On the other hand e-business technologies present unique opportunities and challenges for businesses and MSEs are no exception. E-business is regarded by Abid, Rahim and Scheepers (2011) as a business model which enables buyers and sellers to exchange information and services using a range of electronic technologies. It allows businesses to adjust to novel markets and trade opportunities by increasing their sales and reducing their costs of transactions. However, the challenge in MSEs adoption of e-Business technologies is the lack of compatibility between current technical infrastructures and the e-business technologies (Akinyele, 2010).

MSEs need technologies which facilitate the transfer of selling and buying information. Alzougool and Kurnia (2008) concur with Alamro and Tarawneh (2011) that e-business is a tool used in the process of buying and selling, transferring or exchanging products and information via computer networks including the internet. Regardless of size, e-business offers enormous opportunities and benefits to improve business performance. It forces the company to search out for new ways in which to expand the market they compete in, to draw in and retain customers by tailoring products and services to the specific needs and expectations of the customers effectively and efficiently (Alamro and Tarawneh, 2011). In spite of the several advantages of ICT and e-business to the MSEs previous studies by Senik et al (2010) and Ihua (2009) revealed that the adoption of ICT technologies by MSEs has not received widespread acceptance as would have been expected. However, organisations, these days are faced with large globalisation, demanding customers with rapidly changing needs,
shrinking response time, shrinking product life cycle and even more demanding staff (Chipangura and Kaseke, 2012). Lack of education on ICT and e-business, lack of freedom of internet in Zimbabwe can be major inhibiting factors on the part of MSEs to adopt the new business technologies (Mudavanhu et al, 2011). It seems in Masvingo, the MSEs in the manufacturing sector do not devote budget and time to the adoption of new technology in the form of ICT and e-commerce because they spend much time on trying to meet the immediate needs of the customers.

2.9.4 The socio-cultural environment

This is perhaps the most difficult element of the macro-environment to evaluate, manifesting itself in changing tastes, purchasing behaviour and changing priorities (Xu and Carey, 2013). The type of goods and services demanded by consumers is a function of their social conditioning and their consequent attitudes and beliefs (Dumbu and Musingafi, 2010). Culture is considered to be the shared values, beliefs and norms of a society and is an important contextual factor, collectively programming and affecting entrepreneurs in a given community (Carr, Castleman, Mason and Parker, 2010). The level of entrepreneurship in a country is determined by the prevailing culture of that concerned society. National cultures that emphasise achievement and social recognition for all forms of entrepreneurial success are more conducive to entrepreneurship. Communities with low entrepreneurship culture may discourage entrepreneurs who fear social pressure and being ostracised (Wanjau et al, 2012).
The culture of information sharing in business is an important aspect for the survivability and profitability of the MSEs. The culture of sharing business information by owners and managers is critical in the operations of business in the turbulent business environment (Natarajan and Wyrick, 2011; Wanjau et al., 2012). The benefits which a small business can derive from sharing information and knowledge with other businesses have long been recognised (Tambunan, 2008; Sharma and Gounder, 2012). Establishment of social networks of MSEs often based on common elements such as location should be undertaken. Such networks provide their members with access to specific knowledge and advice about production techniques, government regulations and economic trends. Networks in MSEs can also provide personal support and experienced-based knowledge of management approaches and also can generate business intelligence, innovation opportunities and new alliances in business (Carr et al. 2010)

HIV/AIDS pandemic is another socio-cultural factor which is affecting organisations largely. The pandemic has led to loss of skilled labour (Dumbu and Musingafi, 2010). This has created shortages in some labour markets. Worse still, the absenteeism, as a result of HIV/AIDS pandemic, results in loss of production. Availability of quality health care is an important influence on entrepreneurship and the ability of entrepreneurs and their workforce to work.
2.10 Summary

The chapter has explored literature related to the evaluation of management in the MSEs in the manufacturing sector. The issues discussed included the concept of entrepreneur as the person behind innovation of business. The MSEs were discussed as a sector that is gaining importance in the world both in developing and developed nations. The issue of management practices in the manufacturing MSEs was dealt with in the chapter. There are several issues that cropped up in this chapter that the manufacturing MSEs are characterised by a bunch of management functions challenges. While some researchers believe that management challenges of the manufacturing MSEs are associated with lack of financing, others still maintain that the host of challenges for the MSEs in the manufacturing sector rest in the management function and management practices. It has also been argued in this chapter that environmental challenges cause a lot of disturbance on the operations of the MSEs in the manufacturing sector. The methodologies employed in the data collection and interpretation is discussed in the next chapter.
CHAPTER 3

RESEARCH METHODOLOGY AND DESIGN

3.1 Introduction

The current study seeks to evaluate the management of the manufacturing MSEs in Masvingo Urban. In this endeavour the questions that remain prime to the study were: How do management practices affect the performance of the manufacturing MSEs? followed by the How do environmental challenges affect the performance of the manufacturing MSEs in Masvingo Urban? and How do managers and owners of manufacturing MSEs apply principled management? This chapter presented the rationale, processes and the sequence followed in the conduct of the research. In particular, research aspects addressed in this chapter are: the research paradigm, research methods case study research design, population, sampling procedures, data collection and analysis. Aspects pertaining to the rigour and trustworthiness of the study such as, dependability, credibility as well as ethical considerations are also discussed in the chapter. The next section looks at the research paradigm.
3.2 Research paradigm

There are several research paradigms that can be employed by researchers. One of them is the interpretivist or the constructivist paradigm. Interpretivist approaches to research have intentions of understanding the world of human experiences, suggesting that reality is socially constructed (Morgan, 2007; Moller, 2011). In this research, the interpretivist paradigm was used to guide the study. It is also called the “anti positivist” paradigm because it was developed as a reaction to positivism, an epistemological approach which explains causal relationships using scientific methods based on logic and mathematics (Morris, McNaughton, Mullins and Osmond, 2009). Positivism, on the other hand, adopts a clear quantitative approach to investigating phenomena as opposed to anti positivist approaches which aim to describe and explore in depth phenomena from a qualitative perspective (Kurki, 2006; Gale, 2005). It is also sometimes referred to as constructivism because it emphasises the ability of the individual to construct meaning (Simon, 2010) from a phenomenon studied.

Constructivists do not generally begin with a theory as with positivists. According to Morris et al. (2009) post positivism is a movement away from quantitative analysis and inflexible results of positivist theory on causality. The current study has inclination to anti positivism which is suitable for studying a phenomenon in depth because of its flexibility on the analysis of variables such as management practices, principled management and environmental factors that impact on the successful management of small businesses in the manufacturing sector. Post positivism takes a more pragmatic approach where issues could be examined to gain knowledge versus the objective stance of positivism (Sharp, McDonald, Sim, Knamiller, Softon and Wong, 2011). Sharp et al. (2011) further said post positivism as opposed to
positivism seeks to deconstruct concepts and decision processes in order to understand background, values and contexts that influence outcomes. This is the direction taken in the current research to establish and understand the management backgrounds and contexts of the manufacturing MSEs. The advantage obtained from using the post-positivism paradigm in this research is that the paradigm accommodates the use of case study based investigations (Sharp et al. 2011) to illustrate processes, exceptions and barriers (Gale, 2005). The research remained largely qualitative although quantitative data were utilised to augment qualitative data to effectively deepen the description of the phenomena.

The interpretivist paradigm grew out of the philosophy of interpretive understanding called hermeneutics (Dey, 2002). This implies that the interpretivist paradigm was heavily influenced by hermeneutics. Hermeneutics is the study of meaning and interpretation in historical texts. This meaning-making cyclical process is the basis on which the interpretivist paradigm was established (Comprehensive Systematic Review, 2012). Another strong influence is the philosophical movement, phenomenology. A phenomenologist advocates the “need to consider human beings’ subjective interpretations, their perceptions of the world (their life-worlds) as our starting point in understanding social phenomena” (Driscoll, 2011). Therefore, the ontological assumptions of interpretivism are that social reality is seen by multiple people and these multiple people interpret events differently leaving multiple perspectives of an incident.

Interpretivism is premised on the principle that a phenomena can not be objectively observed from the outside, rather it must be observed from inside through the direct experience of the
people. Furthermore, uniform causal links that can be established in the study of natural science cannot be made, for example, in the world of the classroom where teachers and learners construct meaning. Therefore, the role of the researcher in the interpretivist paradigm is to understand, explain, and demystify social reality through the eyes of different participants (Cohen et al. 2007). Researchers in this paradigm seek to understand rather than explain. The interpretivist paradigm is made of ontological and epistemological assumptions. Krauss, (2005) says epistemology is a Greek word for knowledge. In simple terms epistemology is the philosophy of knowledge, whilst ontology involves the philosophy of reality. Epistemology addresses how we come to know that reality, while methods identify the particular practices used to attain knowledge of it.

Epistemology relates relationships between the knower and what is known. It tries to explain how we know and what we know and in this what counts as knowledge is what is deduced. In studying the management practices of the manufacturing MSEs, knowledge was constructed through evaluating the management practices and environmental factors affecting the performance of these firms. A lot of research has been done in the area of business management in the large corporations leaving very little attention on the small businesses. This is the gap the current research thrives to close through evaluating the management of the manufacturing MSEs, the main research question being: How do management practices affect the performance of the manufacturing MSEs? In the next section attention is given to the qualitative research methodology.
3.2.1 Qualitative research methodology

Employment of the post positivism philosophy in this study was aimed at understanding and interpreting the processes and factors of the MSEs management in the manufacturing sector. This led to the adoption of largely the qualitative research design than the quantitative research design namely the case study. This study was carried out largely within the qualitative context although some numbers were used to support the qualitative data. Qualitative research is the research that produces findings not arrived at by means of statistical procedures or other means of quantification of data. Polkinghorne (2005) argues that qualitative research is inquiry aimed at describing and clarifying human experiences as it appears in people’s lives. A Researcher using qualitative methods gathers data that serve as evidence for their distilled descriptions.

I chose to work within the qualitative approach tradition because the aim was to get the data from the subjects themselves (business owners and managers) who narrated their own experiences and interpretations related to the area of study. This study has been premised on the fact that there is persistent lack of continuity of the MSEs in the manufacturing sector in Masvingo Urban and hence its purpose was to find the causes for it. By employing qualitative research approach, the study seeks to expose the different views and perceptions concerning the factors that lead to poor management performance and lack of survivability and profitability of the MSEs in the manufacturing sector.

The views, perceptions and opinions constructed by different groups and individuals involved in the study, namely managers and owners of MSEs, were solicited through personal
interviews, group interviews and open-ended questionnaires, data collection instruments compatible with qualitative methodology. The methodology enabled me to conduct in-depth discussions with managers and owners of MSEs in the manufacturing sector participants about the management of the MSEs in the manufacturing sector to establish reasons for failing to cope up with current turbulent business environment.

Since my research is guided by the interpretivist paradigm, the qualitative approach which emphasises studying phenomena in their natural setting was found to be fitting in that interpretivist researchers also stress the importance of ordinary day-to-day experiences of the subject of the research study (Bloom and Crabtree, 2006). Through the face-to-face interactions, it was possible to obtain detailed information on participants’ experiences, perceptions and views of the factors that impede growth and development of their enterprises in the competitive business environment which is going global. Mouton (2005) points out that qualitative research is usually interested in describing the actions of the research participants in great detail and attempts to understand these actions in terms of the actors’ own beliefs, history and context.

Qualitative research studies phenomena in their natural settings attempting to make sense of or interpret phenomena in terms of meaning people bring to them (Denzin and Lincoln, 2003). In support of the above, Mouton (2005) points out that the researcher is the main instrument in the qualitative research process as the individual takes an active part. With this view in mind, the use of qualitative methodology enabled me to evaluate the management practices of the MSEs. As my study aimed at measuring the effects of management practices
(independent variable) on performance of the enterprise (dependent variable), it became necessary that the participants be those people who are involved in the day-to-day running of the firms (managers and owners of manufacturing enterprises). The primary objective of this was to get in depth descriptions and understanding of actions and events within the manufacturing MSEs. Turner (2010) argues that qualitative research thrives to get thick descriptions and understanding of phenomenon under study. The purpose of this section was to elaborate the qualitative research methodology that was employed in the current study. The next section focused on the research design that was employed in this study.

3.3 Research design

In the present section, discussion is mainly about the research design. A research design is described as a plan that guides the researcher in the process of collecting, analysing and interpreting data. Fox (2009) describe a research design as a plan that guides the investigator in the process of collecting, analysing and interpreting observations. It is a “logical sequence that connects the empirical data to initial questions and ultimately to its conclusions” (Barkley, 2006). Also one can describe the research design as a ‘logical plan from getting from here to there’ (Yin 2003). In this study, a research design is a plan that I followed from the beginning to the end of the research process.

The way in which research is conducted may be conceived of in terms of the research philosophy subscribed to, and the research designs drawn from the concerned philosophy. In qualitative research there are several research designs that a researcher can adopt in pursuit of the research objectives and the quest for the solution of a problem. In this section
three research designs are described briefly and these are phenomenology, ethnography, and case study. Phenomenology literally means the study of phenomena. It is a way of describing something that exists as part of the world in which we live. Phenomenological research begins with the acknowledgement that there is a gap in our understanding and that clarification or illumination will be of benefit. It raises awareness and increase insight of something under investigation.

On the other hand ethnography is a design for descriptive studies which describes the participants as people with something in common. For example in this research the aim of the study is to establish the effect of management practices on the performance of the firm, the common aspect of investigation on the participants are how the managers and owners of the MSEs are affected by the management practices in their day to day running of their firms. Ethnography also entails extensive field work and data is often collected through interviewing individuals on several occasions (Baxter and Jack, 2008). Because of this, ethnography is extremely time consuming as it involves the researcher to spend more time in the field. Data is interpreted from the perspectives of the participants under study. Grounded design makes use of emergent stories from the data collected and synthesised. Interviews are commonly used as instruments for data collection and themes developed from the responses given.

According to Astalin (2013), common qualitative designs are: phenomenology, ethnography and case study. Phenomenology is the study of phenomena in the form of events, situations or experiences. The study attempts to describe the phenomena. However, this does not provide
explanations but does raises awareness and increases insight about the phenomena. On the other hand, ethnography design describes individual human societies (Northcote, 2012; Astalin, 2013). Ethnography design attempts to interpret data from the perspectives of the population under study. However, ethnography can be problematic when the researcher is not conversant with the population being studied. Luo (2011) states that both ethnography and case study can be conducted in naturalistic setting using extensive narrative data from interviews. To support the narrative data transcripts and notes are also used to create rich narrations of perspectives of the participants. As the study is premised largely on the interpretivist paradigm, which is popularly known for its intensity using qualitative data to study the phenomena, the case study research design was employed. The post positivists undertake intensive case study based investigations typically drawing on qualitative data to illustrate processes and exceptions of the phenomena under study (Sharp et al. 2011). In my study, the managers and owners are the research subjects drawn from the manufacturing MSEs where information rich cases were interviewed to solicit data on the management practices of these businesses. This places the study in the category of a case study.

There are multiple understandings of what a case study is (Zucker, 2009), and the simplest definition is that it is a systematic inquiry into an event or set of related events which aims to describe and explain the phenomenon of interest (Zucker, 2009). Insights into entrepreneurship and the development of the MSEs can be provided through an extensive research consisting of case studies of selected individuals (Barkley, 2006) or enterprises. Williams, (2007) augmented the above statement by saying a case study is regarded as a systematic inquiry into an event or a set of related events which aims to describe and explain the phenomena of interest. On the other hand, Barkley (2006) regards case study research as
an empirical inquiry that investigates a contemporary phenomenon within its real life context especially when the boundaries between phenomenon and the context are not clearly evident. It can be further proposed that the phenomenon in this case the MSEs in the manufacturing sector in Masvingo Urban and its context, for example, its management processes and the business environment may not be readily distinguishable, thus the suggestion that the case study definition includes characteristics stipulating data collection and analysis requirements (Markley and Barkley 2003 in Barkley, 2006).

In agreement with the definition of the case study put across by Barkley (2006) the other proponent of case study research design Flyvberg (2006) sees a case study design as a way of investigating real life, including organisational and managerial processes. Case studies are preferred for examining contemporary events when the relevant behaviours cannot be reasonably manipulated for scientific research (Flyvberg, 2006). This definition is also supported by Bennet (2012) concurs with Flyvberg (2006) by saying that a case study is an empirical inquiry that investigates a phenomenon within its real-life context. The present study looked at the management of manufacturing MSEs in a holistic manner. When a phenomenon is studied holistically and exhibiting complex explanation a case study is suitable for use as a research strategy (Zainal 2008). Data in qualitative research need to be closely examined and this can be possible easily with the use of a case study research strategy as data can be examined within a systematic context (Luo, 2011).

According to Flyvberg (2006) a case study can be an evaluative case study which involves explanation and judgement. The current study focused on the evaluation of the management
of the manufacturing MSEs hence adopting the evaluative case study method because evaluation has the ability to explain causal links in real life interventions that are too complex for survey. Case studies offer insights that might not be achieved with other approaches. In fact, case studies are particularly well suited to new research areas for which existing theories seem inadequate. As has been outlined in Chapter One on the Background to the study and Statement of the Problem (See section 1.1 and section 1.2), research in the management of the manufacturing MSEs is evidently little in literature. This is the gap addressed in the current research. Further, Section 2.5 has also shown that the area of small business has received little attention in terms of research especially in developing countries. Zainal (2008) argued that case studies are complementary to incremental theory building from normal research and are useful when fresh perspectives are required. The current research enlisted the research questions which fall under the category of case study, for example, ‘How do management practices affect the performance of the manufacturing MSEs?’ Questions with ‘How?’ were use in the study and are associated with interviews for data collection that support deeper and more detailed investigations.

Qualitative case study facilitates exploration of a phenomenon within its context using a variety of sources of data. This ensures that the issue is not explored through one lens but rather of a variety of lenses, which allow for multiple facets of the phenomenon to be revealed and understood (Hsieh, 2009; Cruz, 2011). The same can also be used in quantitative research (Morris et al, 2009) and in this study a combination of the two approaches were used to counter weaknesses of the other.
A case study may be simple or complex. For example, it may be of a child or a classroom of children or an event or happening (Denzin and Lincoln, 2005). In addition, the case study is described as a form of descriptor research that gathers a large amount of information about one or a few participants and thus investigates a few cases in considerable depth (Ascher, Jarvias and Makhtar, 2007). Therefore, in my research where the objective was to evaluate the management of the MSEs in the manufacturing sector, I used the case study to gain in-depth information about the experiences of the managers and owners of the MSEs in the manufacturing sector of Masvingo Urban in Zimbabwe. Through use of the case study I was able to gather considerable data from the owners and managers in the manufacturing MSEs enterprises.

Denzin and Lincoln (2005) identify three kinds of case studies. Firstly, there is the “intrinsic case study” which they described as a study undertaken because first and last, one wants a better understanding of the particular case (Barkley, 2006). In other words, the study is undertaken because of the intrinsic interest of the case, not for generalization or theory formation. Secondly, there is the “instrumental case study” where a case is examined mainly to provide insight into an issue or to draw a generalization (Flyvberg, 2006). The case is of secondary interest and it facilitates understanding of something else. Then, thirdly, there is the “multiple or collective case study” where a number of cases are studied jointly in order to investigate a phenomenon, population or general condition (Flyvberg, 2006). The cases may be similar or dissimilar. They are chosen because it is believed that understanding them would lead to better understanding and perhaps better theorizing about a still larger collection of cases.
The present study falls within the multiple or collective case study where I believe that studying the cases that include various MSEs in the manufacturing sector would lead to a better understanding of why MSEs in the manufacturing sector in Masvingo Urban are challenged for survivability and profitability for continued existence in the turbulent business environment persist. An evaluation of the management of the MSEs in the manufacturing sector is described here as embedded in the multiple case studies since it involves the analysis of multiple MSEs in the manufacturing category such as Brickmaking Steel fabrication, Carpentry etc. Multiple case studies generally are preferred if the goal of the study is for evaluation (Flyvberg, 2006). The multiple case study permits the researcher to make generalisations based on the patterns among the cases (Bennett, 2012; Baxter and Jack, 2008).

I chose the multiple case studies in the interpretivist paradigm to allow the participant to tell their stories about the successes or failures in their manufacturing businesses. Through these stories participants are able to describe their views of reality and this enables the researcher to better understand the participants’ actions (Baxter and Jack, 2008) multiple case study enables the researcher to explore differences within and between cases. The goal is to replicate findings across cases (Tuli, 2010; Harris and Brown, 2010). This allowed me to carefully choose cases so that prediction of similar results across cases or prediction of contrasting results to be possible. Ascher et al (2007) argue that the main concern of case study research is to understand the case studied in itself. It aims to capture cases in their uniqueness rather than to use them as a basis for wider generalizations or for theoretical
inferences of some kind. A detailed discussion of the trustworthiness in qualitative research, an important aspect of case study design, is given attention in section 3.12.

Accordingly, the objective of the current study was to evaluate the management of the MSEs in the manufacturing sector to establish how variables such as management practices, environment factors and awareness about principled business management affect the performance of the firm in Masvingo Urban of Zimbabwe. On a similar note, Neale, Thapa and Boyce (2006) argue that although the (cases) study consists of a rigorous, detailed examination of a single case (or few cases) the underlying assumption is that this is a representative of many other similar cases in the same situation. Just so, I was able to describe, understand and explain the reality about management practices of the manufacturing MSEs which inhibit their continued existence in the competitive business environment as described by participants who derive its meaning from socially constructed interactions with their world, Merriam (2002).

Case study research has been subject to criticism on the grounds of non-representativeness and a lack of statistical generalisation, (Crowe, Cresswell, Robertson, Huby, Avery and Sheik 2011; Rowley 2002). Moreover, the richness and the complexity of data collected imply that it is prone to different interpretations and have potential of researcher bias. Another limitation associated with case study research is the lack of detailed step-by-step data analysis. However, Denzin and Lincoln (2000) argue that case study research can be generalised on the basis of multiple actors in multiple settings which enhances generalizability. Similarly, Yin (2003) views case study research as an approach used for analytical generalisation where the
researcher’s aim is to generalise a particular set of results to some broader theoretical propositions.

In concurrence with Yin (2003), Flyvbjerg (2006) has provided counter arguments that have legitimised the case study as a scientific research methodology. He argues that there is a role for the case study in human learning. Firstly, the methodology produces the type of context-dependent knowledge, which cannot be readily collected through the quantitative or experimental approach involving randomized sampling. In the second instance, case knowledge is central to human learning, hence research operates on the basis of intimate knowledge of concrete areas. Given the interpretivist stance adopted in the current study and the nature of the questions, I believed that case study approach was most appropriate because of its advantages in revealing in detail the unique perspectives of the participants in real world situation which would have been impossible with quantitative or experimental approaches. Yin (2003) argues that the case study design is particularly well suited to situations where it difficult to separate a phenomenon’s variables from its context.

This section has made some achievements in terms of the move towards addressing the problem of management in the manufacturing MSEs. It described the sampling design, with specific attention on how participants in the general case study of Masvingo, were assigned to specific manufacturing industries, placed into categories of Brick making, Steel fabrication, Carpentry, freeze making, pop corn, tailors, fencing material making and pottery. The section also addressed the criticism associated with the case study research and its counter argument. The next section deals description of the study area.
3.4 Description of study area

The current study evaluated the management of the manufacturing MSEs in Masvingo Urban. The choice of Masvingo Urban as the business environment for my cases was influenced by two major reasons. Firstly, I once owned a small business in brick moulding supplying the residents of Masvingo Urban but did not grow and eventually moved out of the business because of challenges which were beyond my control at the time. Secondly, in my experience as business owner and manager and also as a commerce graduate for years, it was very rare to see small businesses grow and survive for a long time. I, therefore, felt that choosing Masvingo Urban as the business environment from which the cases were drawn would put me in a better position to understand and empathise with the participants. In this research, my case was made up of owners and managers of manufacturing MSEs in Masvingo Urban in Zimbabwe. Since the manufacturing MSEs were scattered all over the town, I employed purposive sampling to come up with the actual participants for the study. In the case of interviewees I also considered geographic proximity to where I was staying in addition to the above consideration. This was done to cover costs of transport and time consumption in the process. The cases that were evaluated their management were the Brickmaking firms, Steel fabrication; Carpentry firms, freeze making, pop corn, tailors, fencing material making, tombstones making, milling and pottery located in Masvingo Urban. From these MSEs categories, a sample of managers and owners of two firms selected from each category participated in the research. The next section deals with the population of the study.
3.5 Population

Population is the totality of all the subjects that conform to a set of specifications, comprising the entire group of persons that is of interest to the researcher. According to Enarson and Kennedy (2004) the target population in research is the collection of individuals about whom the researcher wants to draw conclusions or make inferences. These individuals must be in a position to answer the questions and to whom the results of the investigation apply (Kitchenham and Pfieeger, 2002). In concurrence with the above ideas Marpsat and Razafindratsima (2010) say a population comprises of all the possible cases that constitute a known target population. In this research the population comprised the owners and managers of the MSEs in the manufacturing sector in Masvingo Urban, Zimbabwe. Eligibility criteria specify the characteristics that people in the population must posses in order to be included in the study (Yount, 2006; Beck and Manuel, 2008). In this study, the participants had to be either managers or owners of the MSEs in the manufacturing sector in Masvingo Urban where data were collected, and they had to be willing to participate in the study. Having discussed the target population, the focus of the next section is on the sample that was used in the study.

3.6 Sample

This section describes the sample identified to participate in the study. It is not possible to include every participant in the research. Oppong (2013) argues that it is often impossible to gather information for an inquiry from all members of the target population. Therefore, the
use of the sample becomes important (Yount, 2006). Sampling is a very important aspect of case study research where the depth of the study is important rather than its breadth (Beck and Manuel, 2008). A sample is a portion or subset of the research population selected to participate in a study, representing the research population. In other words, a sample is a collection of some, but not all, of the elements of the population. In qualitative research a small, distinct group of participants is usually investigated to enable the researcher to understand the problem in depth (Leech and Onwuegbuzie, 2007). A sample is drawn from the population under study. A total of 20 managers and owners of the manufacturing MSEs were selected to participate in the research. In qualitative research the size of the sample is important as it is in quantitative research. Moriarty (2011) argues that the sample in qualitative research should not be too big as qualitative inquires do not try to reduce sampling error as is common in quantitative study. Based on the above idea, I therefore selected a small sample of twenty participants. Moriarty (2011: 7) says, “Qualitative inquiry typically focuses in depth on relatively small samples selected purposefully.” Therefore in the current study, the sample was chosen basing on the view that they had the relevant information required in the study in relations to their experience and knowledge of running the enterprises. The next section describes how the sample for the study was obtained.

3.7 Sampling procedure

Attention in this section is given to the sampling procedure that was followed. Manufacturing MSEs are numerous in the country and in the city of Masvingo that it became impossible to include each and every firm into the research. To come up with the sample of 20 research participants, I employed the multi-stage maximum variation sampling technique. The reason
for this was that there are various products that are manufactured in the manufacturing sector. Therefore, I decided to group these MSEs according to what they manufacture. Fox (2009) argues that multi-stage maximum variation sampling method is useful in qualitative research in cases where it is either impossible or impractical to compile an exhaustive list of the elements composing the target population. In such cases the population elements are grouped into subgroups. The population of the current study required subgrouping and I sub grouped it according to the products that are manufactured. Hence purposive sampling is also referred to as judgmental sampling.

In qualitative inquiries, purposive sampling is usually dominant. Purposive sampling, one type of non-probability sampling involves selecting certain cases on a specific purpose rather than randomly (Teddlie and Yu, 2007). According to Given (2008) for a researcher to say that he/she will engage in purposive sampling signifies that the researcher sees sampling as a series of strategic choices about with who, where and how to do the investigation. In a similar note, Driscoll (2011) indicates that in purposive sampling the researcher targets a group of people believed to be typical and the group is picked for some purpose. Therefore, as mentioned in Section 3.4 that the population for the study mentioned ten categories of manufacturing MSEs, I selected from each quota two firms at random. In each firm a manager and the owner were drawn into the sample. This gave a total number of 20 participants making the sample for the research. The next section discusses data generation methods that were employed in the study.
3.8 Data generation methods

In this section the aim is to discuss the instruments that were used to collect data to answer the primary question ‘How do management practices affect the performance of the manufacturing MSEs?’ To answer it, as well as to respond to subsidiary questions, the data collection instruments were the open ended questionnaire and semi-structured interviews. The justification for selecting these instruments is that they permit the participants to say what they want to say about the phenomenon under study (Sharp et al. 2011). Qualitative research is largely about perceptions and feelings (Turner, 2010). Therefore, open-ended questions allow participants to express themselves freely. This research centres on the management practices of the manufacturing MSEs, hence the need to use open-ended questionnaire to solicit information as regards the management practices of the manufacturing MSEs.

The focus of this study was on the management of the manufacturing MSEs. The current study is premised on the interpretivist paradigm, which is associated with knowledge construction through meanings attached to the phenomenon under study (Krauss, 2005). To obtain the necessary data to evaluate the management of small enterprises, I interacted with the research subjects as required by the interpretivist paradigm. The information obtained in this interaction became contextual. Since my research is guided by the interpretivist paradigm which is associated with dialogical methodologies (Denzin and Lincoln, 2005), I used open ended questionnaire and semi-structured interviews in the collection of data. A description of each of the data collection methods used for this study is furnished below. The aim of the foregoing section was to introduce methods that I used to collect data. These methods are
given attention in the subsequent sections. In the next section attention is given to the role of the researcher as an instrument in qualitative research.

3.8.1 Researcher as an instrument

In qualitative research, the researcher is considered an instrument for data generation (McCaslin and Scott, 2003; Devetak, Glazar and Vogrina, 2010). This means that data are mediated through this human instrument. In this study I was acting as an outsider, more of an objective viewer. In order to obtain the necessary information to answer my research questions I permeated in interactions with the participants several activities. Firstly, I interacted with the participants as colleagues to allow them to talk in detail about their experiences. Swift, James, Kippen and Liamputtong (2007) informed that one of the roles of the researcher in qualitative research is entering the lives of the research participants. This is done to allow the participants to disclose as much as possible their experiences. Secondly, I had to develop rapport with the participants. I did this by repeatedly visiting the owners and managers of the manufacturing MSEs. Qualitative researcher must initiate a rapport-building process from their first encounter with participants to build a research relationship that will allow the researcher to access the participants’ stories (Swift et al, 2007).

For the participants to disclose their stories, I facilitated this by coming down to the levels. I created a situation where there was no hierarchy in the process of interaction. In the process I also shared my business management experiences with the research participants. Qualitative researches run on the principles of fair exchange which in this case reciprocity where researcher and participants engage in reciprocal sharing process (Barret, 2007; Johnson,
2009). In support of the above notion, (Swift et al, 2007) argued that to facilitate disclosure and reciprocity, the researcher has to create a level of rapport between the researcher and the participants. When asking questions, I kept on probing to get deeper levels of conversation. Focus in the next section is on the discussion of the Open ended questionnaire, one of the instruments used to gather data in this study.

3.8.2 Use of Open-ended questionnaire

The current section discusses one of the data collection methods that were used in this study. Open-ended questionnaires encourage participants in the study to answer questions in their own words and this helps to generate additional information and insightful details that would be missed by asking closed questions (Turner, 2010). I collected data from the owners and managers of the manufacturing MSEs using an open-ended questionnaire, which I developed and reviewed with the assistance of my supervisor (See Appendix A). The open-ended questionnaire that I used had four main sections. Section A of the questionnaire had items meant to establish the research informants’ biographical data. Section B had open ended questions focusing on the effects of management practices on the performance of the manufacturing MSEs and Section C had questions that solicited information on the level of awareness about principled business management. Lastly, section D had items focusing on the impact of the environmental factors on the performance of the manufacturing MSEs. Most of the question items in the four sections of the open ended questionnaire invited qualitative responses.
I was assisted by the research assistant to administer the questionnaire in one month to twenty participants who had, at least, one year’s experience in owning and managing a small firm in the manufacturing sector. The questionnaire was piloted at one of the enterprises using the manager and employees at the premises. This was done to ensure that the items were valid, clear and precise. The items were later refined with the assistance of my supervisor. The questionnaire was designed to take between 10 to 15 minutes for participants to complete in order to avoid participant fatigue. The final questionnaire was completed by 20 research participants. The next section devotes attention to another method that was used to collect data called Semi-structured interviews.

### 3.8.3 Semi-structured interviews

This section aims at presenting a discussion on the technique that was used for gathering data called Semi-structured interview. Fox (2009) regards an interview as a conversation initiated by the interviewer for the specific purpose of obtaining research relevant information. An interview involves the collection of data through direct verbal interaction between individuals (Williams, 2007). When conducting the semi-structured interviews, the researcher asks preplanned questions and the interviews are based on open-ended questions (Fox, 2009). The semi-structured interviews were administered on 10 managers and 10 owners of the manufacturing MSEs. In this study a semi structured interview schedule was used because it has the advantage of being reasonably objective, while permitting a more thorough expression of opinion, and remains appropriate for studies in management (Williams, 2007; Fox, 2009). The purpose of interviewing is not to put things in someone’s mind but to access the perspective of the person being interviewed (Bloom and Crabtree, 2006). Turner (2010)
argues that the interview guide allows consistence with the interviews with questions asked to
the participants and to ensure that the same areas of information are collected for each
participant. Semi-structured interviews are compatible with qualitative ideals in that they
offer the managers and owners of the manufacturing MSEs the chance to speak out on the
issues that concern them about management of the enterprises in the contemporary business
environment and to construct an agenda on matters of central importance rather than to have
researchers imposing their own views on them (Williams, 2007). It provides a desirable
combination of objectivity and depth and often permits gathering valuable data that could not
be successfully obtained by any other approach. Also, semi-structured interviews gave both
the researcher and participants an opportunity to discuss the issue under research in more
detail. Fox (2009) argued that semi-structured interview, because of the nature of the
questions, defines the topic under investigation and also provide the interviewer and the
interviewees the chance to discuss some topics in detail. If the interviewees have difficulties
answering a question or provide insufficient responses the interviewer can use cues or
prompts to encourage the interviewee to consider the question further.

Qualitative interviews vary in the degree to which they are structured (Fox, 2009). Turner
(2010) identifies four types of interviews that can be developed to obtain thick and rich data
utilising a qualitative investigational approach. The first type is the formal conversational
interview which relies entirely on the spontaneous generation of questions in a natural
interaction. One obvious weakness of this type of interview is its lack of consistency in the
way research questions are posed because researchers change the way they pose questions to
the participants (Turner, 2010). The second type is referred to as the interview guide
approach where the topics and issues to be discussed are specified in advance and the
researcher decides in advance the sequence and wording of the questions during the course of the interview (Driscoll, 2011).

The strength of the general interview guide is the ability of the researcher to ensure that the same general areas of information are collected from each interviewee even though the researcher remains in control of the situation. The third type of interviews is the standardised open ended interviews which are extremely structured in terms of the wording of the question. Participants are asked identical questions, but the questions are worded so that responses are open ended (Turner, 2010). This open ended allows participants to contribute as much detailed information as they desire and also allows the researcher to ask probing questions as a means of follow-up. These are widely used in research because of the nature of the open ended questions allowing the participants to fully express their viewpoints (Harris and Brown, 2010). Lastly of these is the closed quantitative interview where the participants are asked predetermined questions and choose their answers from predetermined fixed responses (Driscoll, 2011). In this study I settled on the third type of semi structured interview which has standardised open ended items. The reason for settling on this type of interview was caused by the fact that the study aimed at evaluating the management practices of the manufacturing MSEs.

In interviews, it is important for the researcher to record as much detail as possible (Deem 2002). Therefore, to capture detailed set of notes during interviews on ‘how do management practices affect the performance of the manufacturing MSEs? and ‘How do managers and owners of the manufacturing MSEs apply principles of management?’, I used an audio tape
recorder. The reason for recording was that I wanted to ensure that I did not miss or lose any part of the interviewees’ responses. Audio-recording is undoubtedly one of the most common method of recording interview data and it has the obvious advantage of preserving the entire verbal conversation of the interview for later analysis (Locke, Silverman and Spirduso, 2010). Qualitative research interviews require thorough planning and preparation.

Firstly, I tested the recording equipment before the interviews. Secondly, I had to tell the interviewees that I would be recording the conversation during the interview. I also requested for a quiet place to conduct the interview and I was provided with closed rooms by the interviewees at their premises. During audio recording I asked the interviewees to speak slowly and loudly directly into the microphone. This ensures the accuracy and trustworthiness of the data collected for this study. This section has managed to discuss one of the data collection instrument called semi structure interview. In this section I have explained how I carried out the interviews with the managers and owners of the manufacturing MSEs. Focus in the next section is on data gathering procedure.

3.9 Data gathering procedure

This section deals with the procedure that was followed in administering the data generation instruments in my study. First and foremost, I had a familiarisation tour to those MSEs that were included in my study. The purpose of the familiarisation tour was to explain purpose of the study, develop relations with the individual owners and managers of the MSEs, and also to make appointments for the administration of the questionnaire and the bookings for
interviews. The participants were forthcoming and the dates for conducting interviews and completion of questionnaire were agreed. Another purpose of the familiarisation tour was to establish the level of language competence of the research participants. This was done to ensure that they would understand the questions that were going to be asked during the interviews and those in the questionnaire they were to complete.

After the familiarisation tour to the concerned manufacturing MSEs, owners and managers visit schedules were placed for each research participant. I administered the open-ended questionnaire to all 10 managers and 10 owners of the manufacturing MSEs in Masvingo Urban with the help of a research assistant. The managers and owners were from different firms. At each business enterprise selected, I had the research assistant to distribute and collect the completed questionnaires from the research participants. The questionnaires were completed and returned to the research assistant and thereafter the researcher collected the completed questionnaires from the research assistants. In order to carry out interviews I had to make bookings prior to the date and time for interviews at all manufacturing MSEs included in this study. This was done to have enough time with the participants. This was done to triangulate the views of the participants. The interviews were audio recorded and transcribed and notes were made on important information. During this period all the themes that emerged were recorded. The next subsection discusses how the instruments for data generation were pilot tested in the current study.
3.10 Piloting the instruments

A Pilot study is a small scale preliminary study conducted in order to evaluate feasibility, time, cost adverse events and effect size in an attempt to improve upon the design of the instruments for data collection prior to performance of a full scale research (Gulati, 2011). Pilot testing is considered as one of the most critical elements in qualitative research (Gulati, 2011). A pilot study helps the researcher to fine tune the instrument for the main enquiry. The pilot study is important because it principally increases the reliability, validity and practicability of the questionnaire (Cohen, et al. 2006). Pilot testing the questionnaire and interview schedule helped the researcher to: check the clarity of the wording of questionnaire items, suitability of the research instruments, instructions and layout, eliminate ambiguity or difficulties in the instructions, check the time taken to complete the questionnaire or work through the interview, reveal omissions or previously unanticipated answers in questions and identify redundant questions and those that are commonly misunderstood or non-completed items (Cohen, et al. 2006, Fox, 2009).

The purpose of the pilot study was to check the clarity of the data collection instruments used in this study namely, the open ended questionnaire and semi structured interview schedules. I firstly developed the open ended questionnaire and interview items and conducted the pilot study using four managers and owners of the MSEs in the manufacturing sector which are situated close to my place of work. I chose the firm because of its close proximity and easy reach. The selected owner and manager had at least one year experience in business management. I considered them well informed for the purpose of the pilot study.
I administered the open-ended questionnaire and the semi-structured interview items to the owners and managers of the small business companies in the manufacturing sector whilst they were at their business premises. I selected the pilot study participants purposively as I desired to use only those who had the necessary business management experience to share. The research tools that I used in the pilot study were peer reviewed. Two colleagues at my workplace, Zimbabwe Open University, Masvingo Regional Campus and my supervisor critiqued the questionnaire and interview items I developed for this research before I administered them. There was a 100% return rate for the questionnaire as I administered it and waited for the participants to complete. The items that were in the open ended questionnaire and the semi structured interview schedules appeared to be fine. The pilot study participants did not struggle to go through the questionnaire and semi-structured interview schedules.

Whilst the purpose of the pilot study was to check the clarity of the research instruments for data collection, it raised some few pointers. It gave a rough indication that the MSEs in the manufacturing sector have management challenges that hinder their performance in the competitive business environment. It also highlighted the need for more rigorous data collection. I therefore, decided to use mixed data generation strategies as discussed in section 3.8 to triangulate and ensure trustworthiness of data. The next section discusses how data were presented, discussed, analysed and interpreted in this study.
3.11 Data presentation, discussion, analysis and interpretation procedures

This section is about data presentation, interpretation and analysis procedures. In qualitative research the process by which data analysis is undertaken is fundamental to determining the credibility of the findings (Ryan, Coughlan and Cronin, 2007; Stirling, 2001; Rudolf and Alfoldi, 2012). Essentially it involves the transformation of raw data into a final description or themes of data. Data analysis implies making sense of the data I collected. It involves sifting data to determine individual responses of the research participants and putting it together representing and drawing conclusions from it. It requires one to explain the conclusions drawn in words that provide answers to the research questions (Creswell, 2005). I analysed data in two ways namely; qualitatively and quantitatively with the former dominating and the latter complementing the former. I coded the data from the open ended questionnaire items using numbers and analysed it both qualitatively and quantitatively. Also, the data collected from semi-structured interviews were analysed qualitatively.

In the first phase of data collection I coded the data manually using numbers and the process of analysing qualitative data from interviews during the initial data collection phase and continued until all data were collected. This means that I analysed data as I collected them since was cautious that it would be a great challenge if I allowed them to accumulate without working on them. In qualitative studies, the researcher does not wait until all data has been collected before beginning to interpret it. According to Creswell (2005) data analysis in qualitative research is an on-going process once data collection has started. Data analysis is one of the most complex processes in qualitative research as it is time-consuming. This is the reason why I had to start interpreting data from the initial phase of data collection. In
reorganising data for analysis, I first reflected on the notes made from interviews I held with the managers and owners of the manufacturing MSEs. In the process, I was segmenting the data into meaningful units. Garbarino and Holland (2009) regarded segmenting data as the process of dividing data into meaningful analytical units. It was from these initial reflections that I developed working platforms about what the data I had collected meant. I sought to confirm and disconfirm the intuitions in subsequent interviews.

Later, I took time to listen to the tape-recorded views several times as I did the transcriptions. The research assistant helped me with transcribing data from interviews where managers and owners of manufacturing MSEs shared their business management experiences. I read the transcripts several times, reflecting on the meanings and developed codes using the exact words in the transcripts appropriate in describing what the research participants meant. Data coding involves the methods one differentiates and combine data from reflections made by the research informants about the information under investigation. It is a process of organising and sorting data. Coding is a process of marking segments of data with symbols, descriptive words or category names (Luo, 2011). Data codes serve as labels for the data. Data coding facilitates the categorisation and construction of themes to interpret data sensibly and logically. It is also necessary for efficient data analysis. When coding, I had to read carefully the transcribed data, line by line, and divide the data into meaningful analytical segments. In the process, I identified meaningful segments and this was done until all the data were segmented. We agreed with the research assistant on coding procedure, and then I compared my coding with that of the assistant for purposes of authentication of the data. I therefore reorganised the data I had coded into themes for example, management practices
affecting the performance of the MSEs, environmental factors affecting the management of the MSEs and awareness of MSEs managers about principled business management.

In this process I identified statements that were related to the topic by separating the relevant information into small segments for example sentences or phrases that reflected a specific thought. The relevant information was then grouped into their respective categories that reflected the various themes related to the research informants’ responses to questions asked on the management of the manufacturing MSEs. This is supported by (Bazeley 2009; Leech and Onwuedbuzie, 2007) who argue that themes are a starting point in a report of findings from a study. Themes are thoughts which reflect common patterns emanating from the data collected.

As the participants responded to questions during interviews and completing the open ended questionnaire, I generated themes from the main responses that seemed to recur. A detailed explanation of these was done in Section 4.3. The presentation and discussion of data collected to answer the research question, how do environmental challenges affect the performance of the manufacturing MSEs in Masvingo Urban? I developed a ten criteria yardstick comprising of variables such as regulation and policy, competition, social factors, and technological factors. These formed the variables that are for the external environment of the business and the internal variables included infrastructure unavailability, access to justice, discrimination, organisational culture and intellectual property rights. I therefore, decided to present, interpret and analyse that data in Chapter 4 by using the themes generated from the
responses obtained in both the semi-structure interviews and the open ended questionnaire items.

The data collected using the open ended questionnaire and interviews were analysed qualitatively. Emergent issues were discussed around the following three themes: Effects of management practices on the performance of the MSEs, The extent to which managers and owners of manufacturing MSEs apply principled management and lastly, Impact of the business environmental factors on the performance of the manufacturing MSEs. The themes were generated according to the frequency of being noted by the participants and also from the research questions set in Section 1.4. These themes were highlighted, noted and the data were discussed concurrently. The responses of managers (M) and owners (O) of the manufacturing MSEs were coded as (M) and (O) respectively to facilitate easy categorisation of responses. This section managed to explain the data analysis procedures that were taken in this study. The next section focuses attention on the issue of trustworthiness in qualitative research as applied in the current study.

3.12 Measures to ensure Trustworthiness of data

The present section discusses trustworthiness in qualitative research. Trustworthiness in qualitative research indicates that the results of a study and the researcher’s conclusions are credible and therefore, have some value to the reader (Ali and Yusof, 2011Sinkovics, 2012). Lietz and Zayas (2010) further argue that trustworthiness in qualitative research represents as closely as possible the perspectives of the research participants. To ensure trustworthiness of
this study, I have provided a detailed description of the research context and participants in Chapter 1 and briefly in this chapter under the section on population. I also had a prolonged engagement with the manufacturing MSEs in Masvingo Urban as a resident and customer to these enterprises. This procedure allowed me an opportunity to converse with the managers and owners of these firms without suspicion. I consider such a prolonged engagement as adequate for the purpose of this study, as it allowed me to check the different perspectives of the participants. Moreover, it also allowed the participants to become accustomed to me and enhanced the research findings, as I could unearth some of the hidden insights when research participants volunteered information.

For credibility in this study, I had to familiarise myself with the participants before the first data collection dialogue took place. I paid the participants a courtesy visit at their premises. The main purpose of the courtesy visit to the participants was to establish a relationship of trust. In this way I dealt with the participants who were willing to participate freely in the study. I asked the participants to be frank from the onset of interviews. This way, rapport with the participants was meant to be established at the same time ensuring honesty in participants.

Results of a qualitative study should be dependable. Dependability is a criterion in qualitative research which is concerned with the stability of the results over time (Sinkovics, Penz and Ghauri, 2008; Carcary, 2009). To enhance dependability of this study, I maintained an audit trail of the data collected that documented the rigour with which I conducted this study. I also allowed the participants who were involved in interviews to read a transcript of the dialogue
which they participated. This was done to ensure that the transcripts for interviews matched exactly what the participants had said during the interviews. My use of more than one data collection instrument and strategies facilitated triangulation as a process of corroborating evidence from either different methods or instruments as suggested by (Creswell, 2007). Triangulation was meant to enhance the possibility that propositions and interpretations were credible, that is, I investigated whether data collected with one instrument or procedure confirmed data collected using a different procedure or instrument. Triangulation is important when it comes to verification of accuracy and credibility of data. By so doing, I sought to achieve trustworthiness in this study. The next section deals with validity and reliability in research.

3.13 Validity and reliability

The present section presents a discussion on validity and reliability in qualitative research. Giorgi (2002) affirms that validity within phenomenology aims at not trying to eliminate subjectivity but rather to try and clarify the role of subjectivity when correct knowledge is attained. Knowledge as a phenomenon in the world is strictly correlated with subjectivity. This is supported by Giorgi (2002) when he affirms that valid knowledge is attainable by means of subjectivity. Morse, Barret, Mayan, Oslo and Spiers (2002) regard validity in qualitative research as the degree to which the findings are interpreted in a correct way. This places the qualitative researcher in a position to claim the responsibility for reliability and validity by verification strategies internal and self-correcting during the conduct of inquiry itself (Morse et al, 2002). Validity is the extent to which a measuring instrument measures what it is supposed to measure and is used to determine whether the findings are accurate from the standpoint of the researcher, the participants, or the readers of an account (Creswell,
2007; Maree, 2007). According Gelo, et al. (2008) validity can be generally referred to as the level of accountability and legitimacy that is striven through data collection, analysis and interpretation. Validity then, is the ability to measure what you are supposed to measure (Alderson, 2001; Giorgi, 2002; Gelo et al. 2008).

There are three types of validity in qualitative research (Lutzhofta, Nyceb and Petersen, 2010) which are apparent validity, instrumental validity and theoretical validity. Apparent validity, (also known as face or surface validity) indicates whether a tool measures the right thing and instrumental validity (also pragmatic or criterion validity) matches what the researcher observes with observations by others. The third is theoretical validity (another form of construct validity), in which one must be certain that the theoretical concept under study has been measured or described accurately. In qualitative research, validity refers more to the soundness of arguments than to the ‘truthfulness’ of its statements or analysis. Feldman (2007) explained validity as an accurate representation of phenomena. He further affirms that words, pictures and videos can also be used to demonstrate validity, not just measurements. Feldman (2007) also points out that validity does not include numerical data per se. If this line of argument is followed, one must show that what is reported is accurate to the degree that it represents what one believes to be a correct description of the domain being studied. This argument implies that the description emerges from those studied and not entirely from oneself (Giorgi, 2002). It should also be possible to demonstrate some isomorphism between respondent and research understanding, that is, a mild form of congruency and generalizing (Lutzhofta et al. (2010).
Reliability is the degree to which measures are free from error and therefore yield consistent results. If a measurement device or procedure consistently assigns the same score to individuals or objects with equal values, the instrument is considered reliable (Morse et al. 2002). Without rigor, research is worthless, becomes fiction and loses its utility. Hence, a great deal of attention is applied to reliability in all research methods. Reliability relates to the data collection methods and the concern that they should be consistent and not distort the findings. According to Denscombe (2002), reliability refers to the ability of a research process to provide results that do not vary from occasion to occasion and that do not vary according to particular persons undertaking the research. Reliability is the extent to which a research instrument is repeatable and consistent (Giorgi, 2002; Morse et al. 2002 and ensures researchers that the research results are not affected by a research instrument that provides different results each time it is used (Creswell, 2007; Denscombe, 2002). Reliability thus refers to the stability, accuracy and precision of measurement (Morse et al. 2002).

The use of multiple methods of data collection by the researcher, such as open-ended questionnaires, individual interviews, focus group discussions and document analysis enhanced validity and reliability as conclusions suggested by different data sources are far stronger than those suggested by one source of data alone. Seeing things from two different perspectives provides researchers with different kinds of knowledge about it, helps answer different questions, provides the opportunity to corroborate findings, enhances the validity of the data and helps give some confidence that the meaning of the data has some consistency across methods (Denscombe, 2001; Maree, 2007). In this investigation, triangulation was promoted through asking similar questions to the managers and owners of the manufacturing
MSEs in Masvingo Urban from questionnaires and semi-structure interviews. The next section focuses on the ethical and legal considerations that were observed in research.

### 3.14 Ethical and legal consideration

In this section, the main focus is on discussion of the ethical considerations observed in carrying this study. This case study involved obtaining a lot of personal and intimate data from participants. Bloom and Crabtree (2006) notes that a problem for qualitative researchers is to balance probing for detail with respect for privacy. Encroaching into unwelcome questions may be experienced when the researcher seeks data relating to participants’ private or professional lives. In this current qualitative research, I used the open-ended questionnaire and structured interviews to collect data. Ryan et al. (2007) argue that open-ended questionnaires and structured interviews are common tools for data collection in qualitative research. The use of these tools for data collection in any research requires the consent of the participants. Therefore, where participants showed reluctance to elaborate during interviews and focus group discussions for this study, I respected such decisions. Driscoll (2011) recommends that in open democratic research, participants and institutions must give their informed consent to take part in the research. Ryan et al. (2007) further recommends that each individual who takes part must be consulted and must agree on what data is to be collected and included in the research. To avoid this I assured the participant that their identities would not be revealed to the reader by not allowing them to sign or write their names on the questionnaires and raw data collected would not be released to any third party. The areas of privacy were the financial positions of the MSEs. The managers and owners would not want anyone to know about the financial status and I respected that by not encroaching into that area during my interviews.
It is, therefore, not enough to just gain access into institutions. For this particular study, I asked participants for their permission to participate in the interviews and consulted them on when and where we could meet. I also explained to the participants the purpose of the study, what sort of information was being sought, how it was to be used and the implications for them as contributors to the research. This moral principle is known as autonomy and it also implies that participants have the right to withdraw from the research.

To safeguard the rights of the researched in this particular study, I sought permission from the Ministry of Small and Medium Enterprises to gain access to MSEs in the manufacturing sector. The purpose of the study and the procedures to be employed were also explained to the managers and owners of the MSEs in the manufacturing sector concerned.

The privacy, anonymity and confidentiality of participants must be guaranteed (Fox, 2009). In this study, numbers rather than real names were used to label participants. For anonymity’s sake, I used pseudo names for the companies, managers and owner of the manufacturing businesses in the research report. Furthermore, questionnaire participants were asked not to write their names on the questionnaires.

For ethical reasons therefore, all interviewees and participants were provided with informed consent statements that stated clearly the purpose of the study, that their participation was
supposed be voluntary, that they could discontinue their participation at will and that their answers would be held in strictest confidence. This is in line with the recommendations of Ryan et al (2007) that in an open and democratic research, participants and institutions must give their informed consent to take part in the research and individuals must be consulted and agree on what data are to be collected and included in the research. On the other hand, Williams (2007) observes that one problem with informed consent is that participants may not be familiar with the terminology of the research. I explained the difficult terms such as capital budgeting and other business terms to the participants.

3.15Summary

In this chapter, I have outlined the research paradigm, phenomenology perspective, qualitative research methodology, research design and data collection methodology used in the study. Data collection was done using an open ended questionnaire and semi-structured interviews. The study also gave attention to the issue of trustworthiness in qualitative research, population of study and sampling procedure. The instruments for data collection were also piloted. In this chapter, I also explained the data collection procedures, data presentation and analysis procedures. The chapter also gave attention to issues of validity and reliability and the ethical and legal considerations were also presented. A case study research design in which I mixed data collection techniques was discussed. Given the research approach, strategy and the data collection methods described in this chapter, I managed to build an in-depth picture of the evaluation of the management of manufacturing MSEs. In the next chapter, I presented the findings based on the evidence from the collected data using the research design and methodologies described and justified in this chapter.
CHAPTER 4

DATA PRESENTATION, ANALYSIS, DISCUSSION AND INTERPRETATION

4.1 Introduction

In this chapter qualitative data results for the evaluation of the management practices in the manufacturing MSEs are presented according to themes generated from the responses given by the research participants following the research questions set in Section 1.4 as follows:

- How do management practices affect the performance of the manufacturing MSEs?
- How do environmental challenges affect the performance of the manufacturing MSEs in Masvingo Urban?
- How do managers and owners of manufacturing MSEs apply principled management?

Themes were generated from the open-ended questionnaires and structured interviews. Responses to the same questions were coded and grouped together into themes. The emergent themes from the above questions were identified and quotes were used extensively to provide the qualitative feel of the responses.

In this study, enumeration of the data was also done to support the qualitative data for easy communication of the results. Enumeration is the process of quantifying data and it is often used in qualitative research (Johnson and Christensen, 2012). It is useful as it helps to clarify certain frequencies of responses that are given by the research participants. Fox
(2009) supports enumeration in qualitative researches saying enumeration gives the researcher an advantage of quantifying some data. During the research study the researcher had to count the number of times words and expressions were repeated by the participants. In the process, the frequencies of certain words and phrases were determined and categorised. Therefore, some percentages were used to highlight the frequency of words and phrases given in the voices of the participants. Enumeration assists qualitative researchers to communicate concepts in frequency form when writing the research results. In the current study, in the question namely ‘How do managers and owners of manufacturing MSEs apply principled management?’ enumeration of responses given was done but bearing in mind that data was largely qualitative.

The data collected were presented in this chapter according to the following sections: firstly, the profile or characteristics of the informants who are the owners and managers of the manufacturing MSEs sampled are described, effects of management practices on the performance of the MSEs, the extent to which managers and owners apply principled management and environmental challenges that are faced by MSEs in business management in Masvingo Urban. The data were collected from responses to interviews and completed open ended questionnaire. To present and analyse the data, three sections became important each drawing from the research questions stated in Section 1.4. The section that follows presents data for the demographic characteristics of the participants in this study.
4.2 Demographic characteristics of the Participants

In this section, focus is on characteristics of participants, thus partly answering Section A of the questionnaire (See Appendix A). Participants comprising of 10 managers and owners of the manufacturing enterprises in the MSEs category in Masvingo Urban participated in this study. Out of this total, 20% (n=4) were females whilst the rest, 80% (n=16) were men. The participants (n=20; 100%) were either managers or owners of the manufacturing MSEs.

4.2.1 Age range of informants

The ages of the informants in this study ranged from 35 years to above 60 years. Distribution of informants’ ages showed that the owners of the manufacturing MSEs were above 55 years, whilst the managers, who constitute (n=8; 80%), were below this age. The fact that such a large number of participants was in their mature age may have a positive influence on the management of the small businesses because of their experience in business.

4.2.2 Marital status of informants

As to marital status, the majority of the informants were married (n=16; 80%) and (n=4; 20%) were either divorced or unmarried. This suggests that the majority of the MSEs under study are owned and managed people the society regard as stable and respected individuals. This has an effect on establishing trust with the customers and other stakeholders in the
business environment. Hence, this has a probability of causing and improvement on the performance of the enterprise.

4.2.3 Academic qualifications of participants

The professional and academic qualifications of the participants in the study varied noticeably among the owners of the manufacturing MSEs. Most of the owners had acquired some basic education up-to Ordinary Level supported with some professional qualifications. Only 6 owners (20%) held a degree but not necessarily in business related areas. A majority of the managers had attained ordinary level. Among the participants were 3 managers (10%) who were pursuing degree studies. However, of the 3 managers (10%), no one was pursuing a business management related study. The result showed that the owners and managers in the MSEs under study had attained reasonable level of education that could support the management and ultimately the performance of the enterprise. However, business management education and training plays a significant role in the management of the enterprise. Management and owners of enterprises who possess education and training in business related courses have a better understanding of how business should be run leading to improved performance.

4.2.4 Experience in running a business of participants

In terms of experience in running and owning a business, the majority of the owners (n=9; 90%) had above three years and (n=1; 10%) had between one and two year in business. This
implied that the owners had experience in owning and running the small businesses in the
manufacturing sector. Those who were given the task to manage the enterprises on behalf of
the owners had served for more than two years. Therefore, soliciting information regarding
management of the enterprises was done from the people who had experience in the area, so
it was assumed that they would give reliable information on the research problem under
investigation. The participants had some experiences in the organisation and running of the
small business. The ownership and management of the manufacturing businesses answering
the question: for how long have you been running your business? A follow up question to
this was as follows: Have you seen some businesses in Masvingo closing down? The response
to this question was overwhelming as the majority (n=18; 90%) of the participants indicated
that have seen many newly started firms closing shop due to several reasons. In the
interviews the participants indicated that some of the reasons for the closing of the start up
firms were related to broader economic management, political related reasons and death of
the founder of the enterprise. The reasons stated by the participants have an effect on the
performance of the enterprises. The next section focuses on the effects of management
practices on the performance of the manufacturing MSEs.

4.3 Effects of management practices on the performance of the MSEs

This section presents findings regarding the effects of the management practices on the
performance of the MSEs. To evaluate the effects of management practices on performance
of the MSEs, the seven sub themes that follow all subscribe to one of the research questions
in Section 1.4 namely: How do management practices affect the performance of the
manufacturing MSEs? In order to evaluate the effects of the management practices on the
performance of the manufacturing MSEs the subthemes generated were used and these are discussed in sections 4.1 to 4.7 below.

**4.3.1 Capital management practices**

Capital management practice is one of the important management aspects in business management. This section looks at the data that were collected using the questionnaire (See Appendix A), answered by both the managers and owners of manufacturing MSEs. In order to measure performance of the manufacturing MSEs capital management was emerged as one of the themes. The question that was responded to by the research participants was: How do management practices affect the performance of the manufacturing? (Refer to Appendix A). Capital management has aspects of human capital, working capital and assets management. Responses indicated that although the manufacturing MSEs engaged in capital management practices, the level of engagement was low to significantly help their businesses have an improved perform. Satisfactory performance of the business is when it is able to increase output and sales in the competitive business environment. In this case, participants pointed out that the performance of the MSEs in the manufacturing sector is affected by the lack of capital management skills by the managers and the owners. It was viewed that lack of capital management practices negatively affected that quality of management of the enterprises, hence the general poor performance of the enterprise both in terms of output and sales. The above findings were supported by the following responses from the questionnaire:

(O) Business capital management capacity is an essential component to MSEs success and survival in the unstable business environment characterised by stiff competition within the
sector and among the larger corporations but we have no plans in place for capital amassing for the capitalisation of their firms.

(O) Interest charged on borrowed capital by small manufacturing firms are too high for us and this leads to the suffocation of our businesses.

(M) It is very difficult to manage an enterprise that is under capitalised and does not have the potential of obtaining opportunities for accessing adequate capital.

(M) As managers it is quite difficult to practice capital budgeting in small manufacturing MSEs due to lack of access to capital markets.

Data from the interviews with both managers and owners of the MSEs, indicated that the MSEs were not run following capital management practices. Interviews were carried out to complement the responses from the questionnaire that was administered to the managers and owners of the MSEs. From the interview responses there was a consensus that although the firms try to practice capital management, it is not adequately done. The main reason cited in the interviews was that the managers and owners found it difficult to manage capital for their businesses; hence this compromises the performance of the firms. The findings indicate that MSEs’ lack of access to adequate capital and high interest rate charges were partially the major obstacle to the development and growth of small businesses and generally to their performance. In relation to capital management practices by MSEs in the manufacturing sector, it emerged that these firms had inefficient use of accounting information for the capital at their disposal as the majority of managers and owners of the manufacturing MSEs did not have well maintained capital records in place.
It also emerged from this study, responding to the question: Do you have the financial statements that assist the financial institutions to assess your capability to repay the loans? (See Appendix B) that the owners and managers of the manufacturing MSEs faced difficulties in obtaining loans from the financial institutions for capital deepening. The research participants indicated that for financial institutions to provide loans they require supporting documents such as the comprehensive statements of income of the firm. Most of the managers (n=9; 90%) and owners (n=9; 90%) indicated that they did not prepare these important financial statements which show the financial position of the firm. Only 10% (n=1) of the managers and 10% (n=1) of the owners of the manufacturing MSEs confirmed that they had the comprehensive statements of income.

This was in response to the question which read: Do you keep financial statements that assist the financial institutions to assess your potential to repay loans? For a business to have enough capital it may be prudent for it to approach financial institutions for assistance. However, poor record keeping and lack of information by the MSEs make it difficult for the financial institutions to evaluate potential risks and returns. This makes the financial institutions, as sources of capital, unwilling to lend to MSEs. On the issue of alternative sources of finance to capitalise the firm, responding to the question: What are the alternative sources of capital for your business other than banking institutions? Managers and owners showed that they made use of money lenders. This alternative source of finance to capitalise the MSEs was regarded by the participants as an expensive source because of the high interest rate charged. The majority (n=16; 80%) of the research participants listed money lending as an alternative source of funds. Participants who indicated that their firms may turn to use the money lenders as an alternative source of finance to capitalise the businesses were
(n=8; 80%) of the managers and (n=9; 90%) of the owners of manufacturing MSEs. The use of money lenders as a source of funds appeared to be a popular source of funds for the manufacturing MSEs. The use of money lenders as source of funds to capitalise the enterprise affects the financial position of the firms negatively. The sales and profits levels of the MSEs are low as compared to the interest and capital repayments that must be met by the firms. As a result, the performance of the MSEs is affected. Those participants who indicated that they end up using money sourced from money lenders confirmed an improved business in terms of increased production and sales. Therefore, from the responses it can be concluded that making the funds available and its management has a positive effect on the performance of the enterprise.

Another important finding in the study is that the owners and managers of the manufacturing do not develop capital budgets and plans. Responding to the question: Do you have written capital budgets and plans for your firm? the managers (n=7; 70%) and owners (n=9; 90%) indicated that they did not keep these documents in written form. It is of paramount importance for the firm to have capital budgets and plans. Contemporary management of enterprises stresses the need to develop capital budgets and plans. This finding concurs with the findings of the study carried by Moro, Lucas and Kodwani, (2010) who argued that many MSEs are affected in their performance by lack of capital budgeting techniques. These documents help in making informed decisions for the firm to be competitive in the turbulent business environment. If capital budgeting and planning are not practiced in the firms, the result is inadequate equipment. It can be concluded that a lack of these in business may lead to poor forecasting of assets requirements in the firms. Consequences of lack of assets
requirements forecasting may be a shortage of production equipment in times of high demand for a product on the market.

Regarding the techniques of capital budgeting in enterprises, it emerged that the managers and owners of the manufacturing MSEs employed some capital budgeting techniques such as the Payback Period, Internal Rate of Return and the Net Present Value. Responding to the question: What capital budgeting techniques do you use in your firm? the owner (n=5; 50%) and managers (n=7; 70%) indicated that they made use of one of the capital budgeting tool in their firms. It is interesting to note that a substantial number of manufacturing MSEs engage some capital budgeting techniques to assist them in making informed decisions pertaining to the capital status of their firms. The participants indicated that the use the pay back technique for capital budgeting. This finding contrasts the findings of a study by Mamba, Gakure and Karanja (2012) which argue that many MSEs do not engage capital budgeting tools such as those mentioned above.

The conclusion that was arrived at in this study was that the manufacturing MSEs are affected in their performance by lack of capital management practices such as lack of capital budgeting, lack of comprehensive statements of income to support access to capital from the banks and lack of written capital budgets and plans. The next section focuses attention on the marketing management practices of the MSEs one of the eight criteria used in this study to measure the performance of the manufacturing MSEs.
4.3.2 Marketing management practices

The current section presents and discusses findings on the marketing management practices of the MSEs. The findings were obtained from the responses to one of the research questions stated in Section 1.4 which deals with management practices. Marketing is one of the important management practices that affect the performance of enterprises. The research participants pointed out that marketing is important in their businesses as the majority of the managers (n=8; 80%) and owners (n=9; 90%) concurred that they market their products, and that they display their products for the customers to see. The remaining 20% and 10% respectively indicated that customers know where to get the products on their own. Several issues were raised by the participants regarding the issue of marketing on how it affected the operations and performance of the manufacturing MSEs. The participants raised lack of marketing management practices such as marketing planning, promotions and market research in these types of businesses as some of the major limitations in increasing their sales.

They lamented that lack of adequate skills in implementing marketing programmes was a major obstacle to their businesses. Some supporting statements from the managers and owners on the issue on marketing management practices were:

(O) As you can see we are not trained in marketing so the way we sell our products might be different from how big companies do.

(O) We recognise the importance of employing a full time marketer but what we lack is the capacity to attract one.
(O) Large firms can charge lower prices that attract customers away from us. This is a challenge because if we reduce prices we do not break-even.

(M) We do not get marketing students from the local Polytechnic College because they shun small companies in favour of large companies.

When asked in interviews the majority of the managers and owners of the manufacturing MSEs indicated that they usually do not participate in product exhibition. Responses from the interviews also showed that the small businesses do not bother much about exhibiting their products, at local exhibition shows held in the province. This might make their products unknown than those of their competitors who have the habit of participating at exhibition shows. It emerged from the study that the majority of the manufacturing MSEs (n=18; 90%) were operating without personnel directly responsible for marketing. The marketing activities were performed by the managers or the owners of the manufacturing MSEs who were already overburdened with other special responsibilities of the business. Marketing plan is crucial to the successful performance of the firm (Shyers and Answers, 2010). Dishearteningly, marketing plan concept is absent in the manufacturing MSEs. The absence of the marketing plan has the potential to affect the sales and revenues for these firms.

The responses given by the owners and managers of the manufacturing MSEs indicated that relationship marketing was absent in the way they ran their businesses. The domains of relationship marketing are trust, commitment and long term cooperation with customers (Patmatier, 2008). In business, there is need for trust and commitment to serving the customers to their satisfaction so that repeat purchases are done. Trust and commitment are the pillars of developing closer relationships with customers and eventually overcoming problems such as competitive pressures (Pandula, 2011).
The findings indicated that lack of marketing management practices in the manufacturing MSEs can hamper the progress of the MSEs. Small businesses are generally under-staffed; with few individuals taking responsibilities that could have been delegated to other people if it were in a large company, hence this affects the marketing potential of the firm. Development of personal relationships with customers is crucial and can be strengthened through relationship marketing which is non-existing in the manufacturing MSEs. Conclusively one can say that lack of marketing management practices in the manufacturing MSEs have a contribution to their mal-performance in the competitive business arena which is evidenced by large number of exiting firms. Having discussed the marketing management practices in this section, the next section gives attention to the issue of competition as one of the factors that affects the management of the enterprises in the current competitive business environment. From the results, it can be concluded that lack of marketing management practices affects performance in accessing the market if the products are not exhibited and marketed.

4.3.3 Competition management within MSEs and between large companies

This section devotes attention to the issue of competition management in the manufacturing MSEs. The competition management issue came from the first research question in section 1.4, namely: ‘How do management practices affect the operations of the manufacturing MSEs?’ Competition is one of the areas which determine the performance of the enterprise. If competition is stiff in the market, survival and performance of the firm are affected. Therefore, it of paramount importance for the managers and owners of manufacturing MSEs
to manage competition as much as possible for the survival of their enterprises. The participants reiterated that the competition is so stiff in the market that it is very difficult to remain in business. Competition is from within the industry itself and also from the larger firms in the same location with the manufacturing MSEs in Masvingo Urban. This was confirmed by (n=9; 90%) of the managers and (n=9; 90%) of the owners of the MSEs. The confirmation of the level of competition being faced by the manufacturing MSEs was echoed by participants who made these observations:

(O) We are facing stiff or what we can call neck to neck competition amongst other MSEs in the manufacturing business as we are not the only firm manufacturing window frames here. You can see around here there are several other firms that manufacturing the same product and aiming to offer it to the same customer we intend to offer our own product.

(O) There is survival of the fittest when it comes to attracting customers because we prey on those customers our competitors are looking for to serving.

(M) It is very difficult to manage these days because the competition from the larger firms is now choking us. They are now packaging their products into small quantities which we knew in the past was done by small firms.

(M) Larger firms have all the resources and which small firms can not access, so when it comes to competition for the market we are pounced.

It emerged from the responses above that the MSEs in the manufacturing sector faced fierce competition from the larger firms and the similar firms in their industry. The findings in this study suggest that the MSEs in the manufacturing sector were affected by the fierce competition which is witnessed in the contemporary business environment. The lack of marketing personnel in these small businesses has a negative bearing on the performance of
the firms as modern enterprises depend on marketing their products intensively. Large firms tend to suffocate the operations of the small firms in as far as competition for customers is concerned. What one can conclude in this section is that the manufacturing MSEs are facing competition challenges that affect their performance. Having discussed the competition management practices of the MSEs, the next section focuses on the accounting management practices in the MSEs.

4.3.4 Accounting management practices in MSEs

In this section, results pertaining to the accounting management practices in the manufacturing MSEs are given attention. The section dealt with the question: What accounting practices are in place in your organisation? (Refer to Appendix A). Data drawn from the questionnaire answered by the managers and owners of the manufacturing MSEs revealed a number of issues related to accounting management practices in these manufacturing MSEs. Firstly, it emerged from the responses given that the owners and managers of the manufacturing MSEs were not considering employing a qualified accountant as a source of competitive edge in the contemporary business environment. Responding to the question: Do you employ qualified accountant in your firm? Owners (n=9; 90%) of the firms confirm that it is beyond their resource capability to hire a qualified accountant. This was also supported by (n=8; 80%) of the managers who said that making use of qualified accounting personnel was expensive for the manufacturing MSEs. The purpose of employing qualified accounting personnel in the firm provides an opportunity to the firm to put in place a comprehensive record keeping system which makes it possible for the firm to evolve accurate financial reports that show the progress and current situation of the business. Data from the
interviews indicated that most of the manufacturing MSEs (n=16; 80%) operated without accounting personnel. From the participants the large number (16=80%) showed that they relied on the expertise of the owner-manager expertise on accounting.

One of the interesting findings in this study about accounting management practices was that the manufacturing MSEs did not have adequate accounting records. The important basic accounting records such as vouchers, ledger, journal, and assets inventory record were not available in some firms. Answering the question: Which accounting records do you keep? Owners (n= 8; 80%) and managers (n=8; 80%) both agreed that they keep mainly the cash book. Other records such as the vouchers, ledger and journals were kept by (n=3; 30%) of the managers and (n=4; 40%) of the owners. This indicated that the issue of record keeping in the manufacturing MSEs remained problematic.

Accounting records are of paramount importance as they allow the managers and owners to plan and control expenditure both capital and recurrent (Mwangi, 2011; Mwobobia, 2012). In other cases the records facilitate the measurement of efficiency of business from the comprehensive statements of income for the firm. The major result of the inadequate accounting record keeping by manufacturing MSEs is the inability of the firms to make use of ratio analysis which is the indicator of losses or economic wastes thereby demanding corrective action. The lack of the relevant accounting records to provide decision makers such as managers and owners of the MSEs with information lead to ineffective planning and control hence poor performance. This result is similar to the findings by Olurankinse (2013) who argued that the small enterprises are usually challenged by lack of adequate accounting records on their business decision making.
The managers and owners who indicated that they did not have the accounting records to record accounting information for their firms confirmed that business transactions were based on mental or verbal information. This has a problem as it invites possibilities of forgetfulness or inaccuracy, thus causing problems when it comes to planning. The effect of poor accounting record keeping system on the performance of the enterprise is that mental or verbal information is not available for reference and comparison of the present business status and the previous cannot easily be done. These views were supported by the following responses from participants during oral interviews, in answer to the question: How do management practices affect the performance of the manufacturing MSEs?

(O) Because I am the one in charge of all the money in the company I do not keep any records like cash book.

(O) One can easily withdraw money from the company and sometimes one cannot return that money.

(M) Books of accounting are rarely used in the company and management of cash is by the manager or the owner.

(M) We do not have any accounting control measures in place and accounting for the physical assets is by physical stock check.

The emerging issue in this study is that many manufacturing MSEs do not keep the basic books of accounts for their firms which benefit the generation of accounting information that can assist in decision making. The cash book, for instance, which is the major starting point for any business, was found to be kept by eight managers and eight owners of the manufacturing MSEs whilst the same number confirmed that they do not make use of accounting personnel in their enterprises.
Regarding the accounting of the firm’s assets, the participants indicated that as a problem. The majority of the managers \( (n=9; \: 90\%) \) indicated that they did not have an asset register. This was also confirmed by \( (n=7; \: 70\%) \) of the owners of the manufacturing MSEs. This was in response to the question: Do you have an asset register? Assets of a firm are of importance when it comes to performance. It is difficult for the firm to register success in production, marketing and financial without the adequate assets (Padachi and Howorth, 2013).

Accountability of the assets becomes an activity for managers and owners of the manufacturing MSEs. Control over stock should be of prime interest as it forms a major component of a firm’s working capital.

The results from the study indicated that majority of the manufacturing MSEs lacked possession of the basic accounting records such as the assets register, purchases journal, sales journal, cash journal and creditors journal serve for the cash book that was found to be used by 80% of both managers and owners of manufacturing MSEs. Reasons for not making use of the accounting records was based on the lack of knowledge about the records and how they are prepared and maintained. The most important books of accounting were absent although the cash book was common in majority of the manufacturing MSEs. As a result of this, it becomes difficult to calculate their profit and determine the real performance of their businesses. These results are consistent with the findings of Maseko and Manyani (2011) that the majority of MSEs do not keep complete accounting records because of lack of accounting knowledge. As a result, there is inefficient use of accounting information in financial performance measurement of the firm. It appears from the findings in this section that while MSEs intend to remain in business the challenge they face is that of putting in place and
maintaining sound accounting management practices. The consequence of such lack of accounting management practices is the poor performance of the firms. Focus in the next section is on the purchasing management practices of the small manufacturing enterprises.

### 4.3.5 Purchasing management practices

In this section attention is given to the purchasing management practice as one of the important aspects of management practices of the enterprise. This emanates from the research question in Section 1. 4 stated as: How do management practices affect the performance of the manufacturing MSEs? When asked in the interviews about how they deal with the purchasing activities, the participants cited inadequate experiences in effective purchasing for their firms. The position was confirmed by the managers (n=9; 90%), and owners (n=8; 80%). Responding to the question: Do you make purchases plans for your firm? the majority of the managers indicated that plans for obtaining raw materials as purchases may not be in place in written form but these may be in mind of the managers. The purchases are a critical source of firm competence as far as obtaining the right quality and quantity of raw materials is concerned.

Therefore, for the manufacturing MSEs to perform better in terms of producing and providing quality products the purchases must be of quality. Obtaining quality purchases is dependent on the ability of the managers to plan for the necessary purchases in the firm. The research participants had the following to say about purchasing practices in the manufacturing MSEs.
We just buy when in need of the raw materials but this gives us a challenge because at times we find the raw materials out of stock and this affects the production schedule.

I do not plan for making purchases

We plan for most of the purchases done in this firm. I do the planning on my own.

It is not always that we do not plan for purchases, but sometimes the situation would be requiring us to act fast then plans are left out.

Raw materials are obtained from any one who can supply us in need.

We do not have any company we can say we depend on it for the supplier of raw materials and other manufacturing components.

Sometimes I plan for the purchases that should be done in the firm.

However differing views of purchasing plans were raised by the participants. Managers and owners agreed that they develop purchasing plans although they might not use them because by the time that they want to use the plans, the business situation may have changed. Owners (80%) of the manufacturing MSEs also indicated that they also develop purchasing plans for their firms. The finding is that some manufacturing MSEs are making plans and others are not. The purchasing function is one of the crucial aspects of the success of the businesses and purchase plan have to be in place (Sarah and Ntayi, 2010; Sharma and Gounder, 2012). The success of the business depends on the quality of the raw materials purchased as they determine the quality of the finished product. Responses given showed that purchasing planning in the manufacturing MSEs is done in other firm whilst some do not have the plans in written form but have the plans in mind. Generally, it is acceptable business practice to have the plans written for the firm than having them in one person’s mind. From this, it is
clear that the MSEs in the manufacturing sector do not consider purchasing planning as an important business management practice.

When it comes to the question: Do you have reliable suppliers of raw material when you always purchase? Participants indicated that the issue of reliable suppliers of raw materials from which the firms can purchase is not important. They indicated that the raw materials purchases can be obtained from any sources available and convenient to the firm. This leads to haphazard purchasing activities in the firm. This study confirmed results of a study by Yang and Zhang (2012) that established that the extent to which MSEs ascribe to the purchasing practices are not quite convincing. Their purchasing function is done haphazardly. Because of this, the MSEs do not have links with their major suppliers of raw materials and manufacturing components. As a result, some suppliers are sometimes less willing to engage in strategic alliances with the MSEs. The following quotes reflect the responses given by the participants in connection with the question stated above:

(M) Our main suppliers of raw materials are not willing to engage us in strategic alliances because they think that we are not their major buyers.

(M) Suppliers of raw materials prefer to engage large firms than small ones regarding the later as an unreliable business partner because of size of purchase orders.

What can be deduced from the above statements is that practices of strategic purchasing management are not adequate in MSEs in Masvingo Urban. This is attributable to lack of knowledge about purchasing management function among the owners and managers of the manufacturing MSEs. Having considered the purchasing management practice, the next
section gives attention to the training and education management practices of the manufacturing MSEs.

4.3.6 Training and education management practices

This section presents and discusses findings on the training and education management practices of the manufacturing MSEs. Eccles et al, (2013) and Muogbo (2013) argued that the success of any organisation leans against the training and education access of its management. From Appendix A the following question was asked to solicit information about training and education in the manufacturing MSEs: Have you done any training in business management. The majority of the owners (n=9; 90%) of the manufacturing MSEs indicated that they did not receive any training in a formal way in business management. This was also echoed by the majority (n=8; 80%) of the MSEs managers who concurred that they had not received any training and education in business management. What this may imply is that the managers and owners of the manufacturing MSEs were not trained in the area of business management. Also the education that they might possess is also not in business management area. As a result of this, management of the business in the competitive business environment may be a challenge to those people without the necessary training and education in business management. People with the necessary training and education in business management are expected to lead the organisation to high performance levels as compared to those without (Yang and Zhang, 2012). Also when the managers and owners of the manufacturing MSEs were asked in the interviews whether they train their workers, the following statements were said:
(O) As much as we would need to be trained and train our workers we do not have time and resources to do that.

(O) Training is waste of productive time. It rather better do without because you will spend time and money on training workers.

(M) After training a worker the competitor will poach that worker, so there is no need to waste resources and time training them.

(M) These small businesses do not have the capacity to train every worker because of the resource constraints.

From the above views training and provision of education for business management are issues which are considered to be of less importance by the managers and owners. However this might have a negative impact on the general performance of the MSEs. Access to training can play an important role in the management of the manufacturing MSEs in the competitive business environment so that the business can adjust to changes. Responding to the interview question: Do you make use of people with the necessary training and education in your enterprise? The majority of the owners (n=9; 90%) indicated that they do not consider academic qualifications and training as the minimum requirements in their recruitment. As discussion with one of the owners of the manufacturing MSEs indicated that they fear to train workers because it may be difficult to retain them because they believed that there is no guarantee that the trained workforce will serve the firm longer before joining other firms. In their response they indicated that they lack of funds for training and this is one of the major factors that hinder the provision of training and education in the manufacturing MSEs. The next section deals with networking practices in manufacturing MSEs.
4.3.7 Networking practices in manufacturing MSEs

The current section of the study presents and discusses findings on how the manufacturing MSEs network in the competitive business environment. The issue of networking management practice came from the main research question raised in Section 1.4 stated as: How do management practices affect the performance of the manufacturing MSEs? In any business, the importance of networking cannot be overemphasised. The existence of the business and its continuous presence in the business environment is attributed to the level of management of the firm to enter into relationships with other stakeholders of the business. The lack of networks in the MSEs in the manufacturing sector cause management and performance challenges, for example, in accessing critical resources such as bank loans from financial institutions and other suppliers of raw materials in the competitive business environment. Responding to the question: What business networks do you have with the stakeholders of your business? The participants in the study retorted that:

(O) The business does not have any networks which are strong with the customers.

(O) It is not easy to network with the suppliers of the major manufacturing components and suppliers because they regard us as small business.

Majority of the managers (n=8; 80) and owners (n=7; 70%) concurred that they are short changed by the suppliers of critical resources. However, the remaining 20% and 30% of the participants said that they deal with their stakeholders without any problems. What is emerging here is that there was lack of relationships between MSEs in the manufacturing sector with both their suppliers and potential customers. Business networks and relationships are important for business excellence. Groups of networks are required to emphasis the excellent business management practices in the MSEs. This means that a single networking
practice is not sufficient to explain business excellence significantly. A typical manufacturing MSEs is more likely to improve its chances of achieving good networking management practices than without these practices.

It can be concluded that the management practices are lacking especially concerning business networks in the manufacturing MSEs. As a result, many of the small businesses find it difficult to withstand the competition pressure from within the same level of competition and from the larger firms. Having considered the management practices, the following section is centring on the issues of management awareness about principled management of the manufacturing MSEs for successful operations.

In summary of Section 4.3, which dealt with the research question; How do management practices affect the performance of the manufacturing MSEs? a number of concerns were raised. It was found that the manufacturing MSEs do not have capital management practices in place which help the enterprises to perform well in the competitive business environment. The participants’ indicated that 90% of the managers and 90% of the owners of manufacturing MSEs did not prepare important financial statements which show the financial position of the enterprise. The managers and owners of the manufacturing MSEs did not keep the basic books of accounts. As a result, banks become reluctant to extend loans to the manufacturing MSEs suspecting that they might fail to repay the loans. The lack of access to bank loans forces that MSEs to acquire and used expensive loans from the money lenders who charge exorbitant interest rate. Also, capital budgeting and planning were not practiced in the MSEs. This may lead to poor forecasting of the assets requirements in the enterprise.
Consequently, lack of asset requirements forecasting affected the production schedules of these firms resulting in them failing to meet the demand in the market.

The study also found that MSEs face the marketing challenge. The marketing of the MSEs’ product was done by personnel that do not have the marketing training and education. In actual fact the firms did not make use of personnel with the marketing qualification and experience. It is prudent for the firm to make use of personnel with marketing background (Chadamoyo and Dumbu, 2012). In terms of product exhibition, it emerged that the MSEs participate and exhibit their product to showcase to the potential customers during local exhibition expos. Marketing of the product require the firm to be able to develop relationship with the customers. However the study established that the MSEs lacked trust, commitment and long term cooperation with the customers. Lack of marketing practices has negative effects on the management and performance of the manufacturing MSEs.

Competition came out to one of the areas the MSEs are found to be lagging. The MSEs face competition from the larger companies and from foreign sourced goods. The majority of the respondents (90% managers) and (90% owners) alluded to the fact that their operations are affected by the operations of the large firms and individuals source goods into the country from neighbouring countries. Also, the study established that the MSEs face competition amongst themselves as they scramble for the available customers.

It was also revealed in the study that the MSEs’ accounting practices are generally weak. Firstly, the firm do not have accounting personnel to prepare the accounting books for the
business transactions. This was supported by 90% of the owners that their firms do not employ qualified personnel for maintaining the books of accounts for the enterprise. Comprehensive record keeping systems makes it possible for the firm to evolve accurate financial reports that show the progress and current financial position of the business. A number of important books of accounts are not maintained and kept by the manufacturing MSEs. There was also no standing policy for assets accountability as the asset register is not maintained and kept.

In the study, responses indicated that purchasing management practices in the MSEs were inadequately practiced. Firms have no purchasing policy and plans in place in written form. However, a few of the research participants indicated that they sometimes develop purchasing plans and keep a record of their transaction partners such as suppliers. On the issue of training and education management practices, it was confirmed by the research participants that they did not engage in training and education to equip employees with business management skills. Their fear was registered in the general consensus that if one gets trained will leave the firm for better opportunities. Therefore, the MSEs were reluctant to provide training to its employees. The next section focuses on the second research question as stated in Section 1.4.

4.4 The extent to which managers applied principled management

This section presents and discusses findings regarding management awareness about principled business management in their management of the manufacturing MSEs. In order to measure the level of use of the management functions for principled business
management amongst the managers and owners of the manufacturing MSEs, four themes emerged. The four themes that were used to measure the extent to which managers applied principled business management that follow, all subscribe to one of the research questions in Section 1.4 namely: How do managers and owners of manufacturing MSEs apply principled management? Findings on awareness about principled management in manufacturing MSEs centred on these themes: Planning, organising, leading and control as presented in Section 4.4.1 to 4.4.4.

4.4.1 Planning in manufacturing MSEs

This section devotes attention to the presentation and discussion of the responses given by managers and owners of MSEs on the aspect of planning in manufacturing enterprises. Responding to question regarding the management principles used in business management namely: What management principles do you employ in the management of your enterprise? The expected answers to this question were anyone of the management function explained in Section 4.4 above. The majority (n=7; 70%) of the owners indicated that planning was not important in the running of these MSEs. They regarded statement of planning in writing as time consuming. The managers who indicated that they do not keep record of plans for their businesses said that they have the plans in their mind. Therefore what this implies is that although the written plans are not in place in the manufacturing MSEs, managers have plans for their businesses elsewhere in their own mind. One manager substantiated this finding by saying:

- *Even if the plans are not in black and white, I have them in mind. I always plan what to do and how to do it even if I do not write down the plans.*
On the other hand, the owners of the manufacturing MSEs contented that planning, in terms of having them written, was not important as long as one knows what is supposed to be done in order to withstand competition in the turbulent business environment. From this one can conclude that the managers and owners of the manufacturing MSEs did not keep their plans in written form but they planned for the activities of their enterprises. The participants indicated that they did not have set plans in their drawers. They regarded setting down plans as time consuming that they find it difficult to have written plans in place. Though the managers and owners indicated that they might be having plans in their minds on how they expected the business to operate but these plans were not physically available in written form. Data obtained from the interviews on the issue of presence of written business plans the majority of the participants indicated that laying down plans, (n=9; 90%) of the managers were of the opinion that planning was cumbersome and gobbled much of the time to do real business. Comparing results from the interviews and the responses given on the questionnaire on the issue of planning, there is concurrence that planning in the manufacturing MSEs is not important. This was also supported by (n=7; 70%) of the owners who agreed that there was no time for planning in the management of the small businesses because the environment in which these businesses operate want one to be very reactive rather than proactive. Following the principles of business management plans should be put in place in written form and business persons are expected to have one (Kelly, 2009; Kazemy et al, 2011).

The following statements supported the above finding and shed light on the issue of planning in the manufacturing MSEs:
It is preferable to use the limited time resource for manufacturing than sitting on a chair and develop some plans. You will never catch up with others in the operations side.

Planning is time consuming and does not guarantee success; therefore it may not be necessary to have it as a written record.

Planning does not work in the dynamic business environment because things can change any time before the plan can be implemented.

No need to plan as the business is a small one.

From the statements above it was concluded that planning is not taken to be of importance in the manufacturing MSEs. The managers and owners of these firms believe that there is need to be abreast with other activities like production than wasting time having plans in written form. However, planning is an important aspect in business management because it provides the framework for informed decision (Kazemy et al., 2011). This is done in principled management where each and every activity of the business should be planned before it is executed. The reason for planning is to focus the personal energy and resources of the organisation and definitely reduce the crisis management (Kaufmann and Olaru, 2012). What came out in the study is the participants view planning as waste of time and resources. This implies that planning is absent in the management of the manufacturing MSEs. The major complaint of the absence of the plans in these small manufacturing businesses is that the plans are often overtaken by events in the dynamic business environment. However adequate planning reduces unnecessary pressure of immediacy in the running of the enterprise. It also ensures a more productive use of organisation’s resources without wasting.
The absence of the function of planning in the manufacturing MSEs was also confirmed by the responses given during the interview by both managers and owner of these small enterprises. It came out in the interviews that the managers and the owners of the manufacturing MSEs regard planning as a waste of time for production. Similarly, interview responses reiterated that the issue of setting plans for the small business was of no importance as it could waste time for proper manufacturing of the items needed by the customer in market. The participants echoed the following statements:

(M) Usually we draw plans of what to do on a day to day basis in these businesses but we are activated to do what we do reacting to a situation on the ground at a particular time.

(M) Sitting down and writing a plan of action how to do things is mere waste of time in the unpredictable business environment. One has to think fast and act promptly.

(O) Even if one draws a plan, its implementation is always problematic because of the uncertainties in the business environment.

It is interesting to note that the managers and the owners of the manufacturing MSEs appreciated that the business environment in which they were operating was so dynamic that planning may be important. Especially in times of increasing dynamism and uncertainty, it is vital to keep informed about corporate goals and their attainment on a regular basis. In this respect, the use of planning lies in the predictability of possible future scenarios and variations. In summary, the data collected through interviews and questionnaire reflected that both managers and owners of the manufacturing MSEs regarded planning as a waste of time business activity. To them, planning was not a tangible activity and its importance tends to be undermined by the amount of attention given to manufacturing the real manufactures. Therefore one can conclude that because of not regarding planning as important in their management practices, the element of principled management is compromised in MSEs. The
next section discusses organising as one of the fundamental activity of principled management of an enterprise.

4.4.2 Organising

This section presents and discusses the responses that were given by the managers and owners in response to the research question: How do managers and owners of manufacturing MSEs apply principled management? Organising is the second aspect of the principled management task of business management and is often regarded as key to management’s success in the unstable business environment (Kelly 2009). After the goals have been determined, the human and physical resources of the enterprise have to be allocated by management to the relevant workers and departments. In the process duties are defined and procedures fixed to enable the corporate to achieve the goals. When asked in the interview whether the managers and owners have an organisational structure, the majority of the managers agreed that they did not have one in practice. Managers (n=8; 80%) indicated that the organisational structure is only known by the owners and management in their ‘heads’ and owners (n=9; 90%) accepted that organisational structure was not in place in their organisational organograms. One can conclude that organising in the MSEs is limited. The absence of the organising component of principled management in the manufacturing MSEs was supported by the following statements from the participants:

(O) An organogram is not important because the communication in these small businesses is simple and is generated from the owner to the subordinates informally.
Specialisation departments do not exist here because of the fact that the firm is resource constrained to hire and employ personnel with particular specialisation for the purpose of departmentalising activities.

We do not have communication systems in place in the small enterprises because the size of the workforce is small. There is no need to put notice boards and other formal communication systems but we rely on the word of mouth.

Instructions about the use of resources are obtained from the manager only.

Development of human and other resources is done on a small scale with few individuals mandated to do certain tasks in the company.

In fact, organising is the mechanism that is put in place by management to put strategies and plans into effect (Kelly, 2009). It is imperative for management to arrange and determine what activities to be carried out and which persons to perform the various activities. In doing so, there is need for management to distribute tasks among employees, allocate resources to persons and their departments and above all, communication between individuals should be encouraged. It emerged in this study that manufacturing MSEs were not organised structurally in a formal way with issues of specialisation taken into consideration. There were no formal structures and the reporting system was one way. Communication is one direction and no formal means of communication are followed. The manager and the owners of the manufacturing MSEs were at the centre of communication and carry the responsibility of distributing resources and tasks to the persons they work with. Therefore, the element of organising, an integral and indispensable component of the management process seems to be not strong in the manufacturing MSEs.
Organising is an integral and indispensable component of management that contemporary firms cannot do without. Without it, the successful implementation of plans and strategies is out of question because of the absence of a systematic allocation of resources and people to execute the plans. Successful organising makes it possible for a small business to achieve its goals and objectives as it coordinates the activities of managers and the subordinates so as to avoid unnecessary duplication of tasks (Vijayakumar, 2009). However, what is stemming from this investigation is that the component of principled business management called organising was quite restricted in the manufacturing MSEs. These firms were managing the aspect of organising haphazardly without developing an organisational structure that allows proper business communication and the deployment of both human and physical resources for attainment of the firm’s goals.

As has been seen in the preceding discussion, organising, an indispensable component of principled management is not practiced in such a manner that management can be able to drive the organisation into a competitive force in the market. The next section considers the other important component of principled management called leading.

4.4.3 Leading

Planning and organising set the principled management process in motion, but they are by no means completed until personnel is led to put the plans into practice. Therefore, the current section provides an explanation of the responses that were given by managers and owners regarding the issue of leading. The owners and managers were responding to the research
question stated as: What level of awareness do business management have about principled management? The majority of the managers (n=9; 90%) agreed that leading is important and they lead the staff in their organisation. This was also supported by the owners of the manufacturing MSEs who concurred that leading was an important business management function. The results are in line with the findings by Vijayakumar (2009) who found that leading was a complex management function designed to influence the behaviour of an individual or group. The process of leading requires management to motivate subordinates, direct them and communicate with them. From the data collected from both the interview and the questionnaire it became apparent that the manufacturing MSEs’ managers and owners were challenged in practicing the leading function. The participants indicated this through the following statement:

(M) Staff turnover is high.
(M) Most of the staff who resigns at this place usually does not give a notice. They just disappear after one has collected the monthly salary.
(O) I face a number of problems related to unspecified absenteeism from my workers.

Issues that determine how managers and owners of MSEs perform the leading function were related to the issues of staff turnover statistics, absenteeism levels and the level of satisfaction with the way management communicated with the subordinates. The majority of the managers (n=7; 70%) being supported by owners (n=8; 80) indicated that they recruit new workers to replace them who leave the enterprise almost on monthly basis. On the issue of absenteeism managers (n=8; 80%) and owners (n=8; 80%) concurred that workers give excuses which lead them to be absent from work. At least a worker could be absent in a week. It surfaced in the study that the turnover challenge was high in the manufacturing
MSEs sector. This causes a problem of initiating the new employees. Communication proved to be very difficult as there were no notices between the employers and the workers when trying to terminate the work contract. Of note the study established that there was high absenteeism among the workers in the manufacturing MSEs as workers always give excuses. One can conclude that high absenteeism may have a negative impact on the performance of the firm. In conclusion the function of organising in the manufacturing MSEs was done haphazardly. The following section focuses on the other activity of principled management called control.

4.4.4 Control

The current section concerns the final phase of principled management process called control. Control is the final phase of principled management process. Responses to the current section stemmed from the main research question cited in Appendix A namely: Do you have the control aspect of management in your firm? Responding to this question, owners indicated that a control mechanism was always in place to check the progress of the operations of the manufacturing MSEs. The majority of the owners (n=9; 90%) indicated that the aspect of control is of importance in the MSEs because it allows one to know how the resources of the firm are being utilised at a particular time. It can be concluded from the responses of the owners of the manufacturing MSEs that control is important. On the other hand the managers argued that they put in place control measures in their organisations to determine and monitor the activities of the firm. However only a few of the managers (N=4; 40%) argued that sometimes it is difficult to determine the control measure as the managers as the owner of the firm may take up that responsibility. These argued that because of the absence of written
business plans it becomes difficult to compare the set goals with the outcome in order to
determine firm performance. Controlling is the monitoring of employees’ activities
determining whether the organisation is on target towards its goals and making correction as
necessary (Vijayakumar, 2009). Systematic business management requires both the owners
and managers to determine how effectively the subordinates under their supervision and
employ perform and utilise resources that are allocated to them. Therefore, controlling is
important in the management of the enterprise, although it is disheartening that some
manufacturing MSEs were not giving this management activity the attention it deserves. The
study found out that because of lack of business plans in written form it becomes difficult for
the manufacturing MSEs to take control of the activities of the organisation. The participants
said the following as relating to control:

(M) Control is difficult because we do not rely running these businesses on stated and strict
plans.

(O) It is cumbersome for me to take the control activity in to my hands because it is time
consuming. There are so many things that need to be done out there which make the business
go on.

Controlling is the pillar for planning in some cases as it sets the tone of what should be done
and how those things should be done. It ensures that through leading, what has been planned
and organised to take place has in fact taken place. An effective control function determines
whether the organisation is on target of its goals and makes corrections. From the data
collected through interview, it came to light that the individuals who are the managers (n=8;
80%) and owners (n=4; 40%) of the manufacturing MSEs are not conducting the duty of
control with the seriousness it deserves in the running of businesses in the contemporary
business environment. It can be concluded that systematic control function is not given the attention it deserves in the manufacturing MSEs. From the discussion above it can be concluded that the MSEs in the manufacturing sector suffer from poor control measures and have the potential of affecting the performance of the firms. From the responses given it shows that managers and owners are realising the importance of control activities in the firms although a few regard this important aspect of less importance. One can conclude that management awareness of the principled business management is lacking in the management of the manufacturing MSEs. As a result of the lack of principled business management, the performance of the manufacturing MSEs is affected in terms of productivity, revenue and competition for the market share in the turbulent business environment.

Summarily, the findings concerning Section 4.4 which looked at the extent to which managers and owners of manufacturing MSEs applied principled management pointed to a number of concerns. Firstly, the issue of planning in MSEs was not done in adequacy. It emerged that the managers and owners of MSEs have no written plans for their businesses. Although most of them defended the position saying that they have these in their minds. Planning is regarded as time consuming activity. Majority of the respondents, (90% managers) and (90% owners) shared the same opinion that planning is time consuming.

The MSEs were not departmentalised. Maybe it was because of their smallness but the functions of organising are of paramount importance to the success of the enterprise. The study established that the MSEs do not take organising as an important component of business management. Duties of the individuals were not defined and are not associated with responsibility and accountability. The firms did not have even an organogram to depict the
line of authority and communication. The study also found that the MSEs managers and owners are concurring that leading was an important aspect of business management. The majority of the managers and owners, 80% and 70% respectively concurred that they exercise leadership in their firms. However, it was established that there was high staff turnover; absenteeism and worker do not give a notice when they get employed with another employer. It was also established that MSEs lack control. The study revealed that because of lack of planning in written form, it became difficult to control the activities of the organisation. The next section of the study looks at the other important research question stated in section 1.4 namely: How do environmental challenges affect the performance of the manufacturing MSEs in Masvingo Urban?

4.5 Impact of the environmental challenges on performance of manufacturing MSEs

This section deals with the environmental factors that impact on the performance of the manufacturing MSEs. The following research question is addressed by the data: How do environmental challenges affect the performance of the manufacturing MSEs in Masvingo Urban? In order to evaluate the impact of the business environmental factors impacting on the performance of the manufacturing MSEs nine subthemes emerged from the responses given by the participant in this study. It is of paramount importance to take note that the performance of the business depends on the favourability of the environmental factors. The ability of the firm to exploit the opportunities in the business environment has the potential of making the enterprise emerge in the competitive business environment. Environmental factors create challenges and opportunities for the organisation that managers and owners must react and adapt their business operations to changes in their internal and external environment. The business environment that surrounds the management of the manufacturing
MSEs comprises of the internal and external environment. The external business environment is the most difficult environment that the management and the owners of the MSEs have no influence on them. The management decisions and what strategies that the firms can make are affected independently by these external forces. The nine subthemes for the evaluation of the impact of the environmental factors on the performance of the firm were as follows: the regulatory factor, competition, political, social, technological, infrastructure unavailability, access to justice, credit discrimination by banks and intellectual property right issue and these are discussed in section 4.5.1 to 4.5.9.

4.5.1 Regulation and policy issues

In this section attention is given to the regulation and policy issues that have impact on the performance of the manufacturing MSEs. Responding to question 12 (Refer to Appendix A) which says: What are the macro environmental challenges that affect the operations of your business? The participants reiterated that the regulatory authority and policies were not favourable for the successful operations of the manufacturing MSEs. The majority of the managers (n=9; 90%) indicated the local authority as one of the major stumbling block in their operations. The local authority (Masvingo City Council) is said to demand operating licences which these firms found it very costly to obtain. Also the owners alluded to the same factor as one that inhibits operations of the firm. In order to obtain a licence one has to go through numerous stages. It also emerged that the council officials always harass the operators of manufacturing MSEs. Therefore, it seems there were no positive working relations between the owners and managers of manufacturing MSEs and the responsible authority. It emerged in the study that the managers and owners of the manufacturing MSEs
have to grapple with a number of regulatory issues for them to survive and operate profitably. The major issues that these managers and owners of the manufacturing MSEs have to grapple with were expressed in the following statements said during the interviews and some from the answered questionnaire:

(O) We have unending conflicts with the City Council when it comes to operation licences.

(O) There is no ‘one stop shop’ which informs what is required of an individual in terms of regulations to be followed for licensing.

(O) Licenses are a cost that one has to bear before buying stock for production.

(M) Council officials always harass us and at times just close our businesses without any notice.

(M) You can wake up one morning to find that the services such as water are closed down by the city council officials demanding immediate payment for the water bills and to open it up for you they may be asking for a bribe of which we cannot afford because of the size of our incomes.

The regulatory intervention by way of policy affects the way in which business is done in the micro enterprises. These shape the actions and the constrained choices of the managers and owners of the small businesses. Results of the study confirmed the results of Mwobobia (2012) who argued that the regulatory environment imposes costs on the individual businesses that impede business operations.

Sometimes the local authority may demand bribes when dealing with the MSEs as observed by Mwobobia (2012). Probing the managers on the issue of easiness to deal with the regulatory authority, (n=8; 80%) agreed that there are times when one has to fast track certain processes with the local authority officials by palm greasing them. This become a challenge
because of their size the MSEs may not be able to pay the bribe then their demands may not be met in the shortest period expected. This finding supports the findings by Mwobobia (2012) who indicated that there may be corrupt individuals in the process of obtaining operating licenses to the extent that they demand bribes from the owners and managers of the manufacturing MSEs. The managers or owners of the micro enterprises cannot manage paying bribes because of the level of their incomes (Mwobobia, 2012). The MSEs in the manufacturing sector are characterised by having low funding.

Although the MSEs in Masvingo Urban operate close to the providers of the licenses, the cost of registration is found to be prohibitive. The procedures to be followed and information about offices dealing with certain issues to be visited tend to be confusing. One of the participants raised the issue that there is no ‘one stop shop’ which informs what is required of an individual in terms of regulations to be followed for licensing. This implies that managers and owners of the manufacturing MSEs tend to spend more time in doing registration and acquiring information about how to get licenses than in their businesses. The registration and the procurement of the business licenses are building into the costs of the small businesses. This implies that the MSEs find themselves in a situation where they have to meet high establishment costs. It can be concluded that the manufacturing MSEs were facing challenges related to the registration and obtaining the operating licenses despite the fact that these businesses were willing to be registered and operate their businesses lawfully. Manufacturing MSEs were humiliated and harassed by the City Council members of staff. Having looked at the regulation and policy issues in preceding section the next section devotes attention to the issue of competition as one of the macro environmental variable that affects the performance of the MSEs.
4.5.2 Competition

The current section is concerned with competition as one of the macro environmental factors that impact on the performance of the manufacturing MSEs. It emanated from the statement in the questionnaire item in Appendix A which reads: State any macro environmental challenges that affect the operations of your business. Competition appeared to be one of the major drawbacks of the management of the manufacturing MSEs, as (n=8; 80%) of the managers who responded indicated that the small businesses compete with well established businesses in terms of the market share. Large companies have the capability of reducing the size of the market for the small businesses because they have sufficient resources to spend than what small firms have. This was supported by the owners (n=9; 90%) who said that the management of the small businesses was difficult in the environment that was characterised by stiff competition. The sentiments that came from the participants indicated that the degree of competition in the manufacturing sector was high.

(O) Competition is from all directions. We face it from within the manufacturing sector in small business and from the larger companies manufacturing similar products.

(O) One has to grapple with products that are manufactured by the other small companies which might be identical or cheaper than what we produce here.

(M) As a manager here, I face the challenge of the similar products that are being produced by larger companies and other small enterprises.

It emerged that competition was not sparing the small manufacturing enterprises. These firms face competition from both the larger firms and the same firms in their category. Substitute goods are being manufactured and exposed to the public for consumption. The result that
competition affects the performance of the manufacturing MSEs concurs with the results of a study by Mputhia et al, 2012:60) that, whilst the MSEs are often a source of innovation and seedbed for managerial training, they are also vulnerable to competition from counterparts and big corporations who introduce new products and improve their production processes. The foregoing section has looked at competition as one of the environmental factors that affect the performance of the MSEs in the manufacturing sector. The next section looks at the political environment that the MSEs face.

4.5.3 Political environment

In this section of the study attention is given to the political environment that was faced by the MSEs in the manufacturing sector. The responses in this section emanated from the following statement in the question in Appendix A which says: State any macro environmental challenges that affect the operations of your business. An interesting finding regarding the macro environmental factors that affect the operations of the MSEs in the manufacturing sector was that the political environment was seen as not conducive to the operations of the manufacturing MSEs. This was confirmed by (n=7; 70%) of the managers and (n=9; 90%) of the owners of the manufacturing MSEs. These regarded the political environment as volatile that it was difficult to make decisions for the successful operations of the firms because of the uncertainty in the political environment. They lamented that some of the policies are affecting the decisions of their customers and suppliers of raw materials as some are at the verge of closure. The managers and the owners of the manufacturing MSEs expressed this in the following statements:
(M) The government is just preaching about indigenisation policy but that has not reached us here.

(M) The politicians are not serious of what they promise. Right now as they are campaigning they tell us they will assist us in business but the promises are just empty.

(O) If the government can create an environment in which we can participate in the marketing of our goods in other markets we stand a chance of doing better because our products good.

(O) You cannot expect anyone of these small businesses to improve in management in this political environment, which is too polarised because if you support the opposition you do not qualify for financial assistance from the government.

(O) I have never received help form the government in any form.

The major role of any government in the conduct of business is to create a conducive business environment. The current Zimbabwean government has adopted the policy of indigenisation which aims at empowering the majority of the Zimbabweans. However, the finding is that the participants were not benefiting from the policy. The policy is may be benefiting a few individuals with political inclination to the ruling party. What it shows is that majority of the manufacturing firms need somebody to assist them in the political environment for their problems to be heard and addressed by the government. The complexity of the today’s political landscape is exactly the reason why some of the manufacturing firms are not getting the benefits other firms are getting from the government. This causes strategists in the business fraternity to spend more time anticipating and influencing policy actions (Padachi, 2012). Managers indicated that at times they are forced to attend political rallies. Attending such rallies impacts negatively on the time for doing business. An important issue that came out in this study was that at times it is difficult to
manage the individuals employed as some might be wielding political muscle and they can
absent themselves from work for no important reason.

Some participants retorted that they have not received any kind of help from the government.
The conclusion one can draw is that the politico-governmental issues were a challenge in the
management of the manufacturing MSEs, hence affect their performance in the turbulent
business environment. This finding concurs with Padachi (2012) who stated that the role of
manufacturing MSEs remains at the forefront of policy debates in developing countries
because the small businesses were claimed to encourage entrepreneurship and have the
potential of utilising labour intensive technologies which rescue the economy from the
challenges of unemployment and poverty reduction. Subsidy is one way the government can
assist the growth and development of the manufacturing MSEs. However, it has been noted in
the study that subsidies from the government were not available to the manufacturing MSEs
and this affects the management of such businesses. Therefore, the management of the
manufacturing MSEs is heavily affected by the burdensome character of the legal framework
of the government. The foregoing section has given attention to the political environment that
affects the performance of the MSEs. In the next section focus is on the social factors that
affect these small businesses.

4.5.4 Social factors

The current section focuses on social factors that affect the performance of the MSEs.
Interestingly, the social factor that was agreed upon by participants as the monster in the
management of the manufacturing MSEs was the Human immunodeficiency Virus(HIV) and
Acquired immune Deficiency Syndrome (HIV-AIDS) pandemic. Yap and Ineson(2009) state that HIV and AIDS affect business operations because firms encounter increased cases of illnesses, resulting in prolonged absenteeism. Responding to the questionnaire item in Appendix A which solicited responses on the macro environmental factors that affect operations of the MSEs, managers and owners of manufacturing MSEs pointed out that the HIV-AIDS pandemic is not sparingly affecting their operations. The majority managers (n=9; 90%) and (n=8; 80%) owners of the small businesses concurred that the pandemic had crucial effects on the management of the business. These high percentages indicated that the majority of both managers and owners of the manufacturing MSEs were aware of the devastating effects of the HIV-AIDS pandemic. Workers are weakened by the disease and this would affect the way they work. This was supported by the following statements from the participants:

(O) HIV-AIDS pandemic has not spared us

(M) Workers can have time off for accessing medication and this has the potential of reducing productivity in the company.

(M) The disease is causing havoc as the workers may report for work late or absent themselves from work without giving a notice.

(O) Last year, one of my workers died and this year so far I lost two workers.

It can be concluded that the manufacturing MSEs have not been spared by the HIV-AIDS pandemic. This means there are challenges in the management of their businesses as some workers might be found ill and requiring time off to get treatment. The result of the study confirms that results of a study by Cazes and Verick, (2013) who found that the chances are that the productivity of the worker is reduced by the ill-health of the worker because the
worker is hired on the basis of marginal productivity. The next section deals with the technological factors that impact on the performance of the manufacturing MSEs.

4.5.5 Technological factor

The current section addresses the responses given on the questionnaire item namely: State any micro environmental challenges that affect the operations of your business, which is in Appendix A. This statement emanated from the research question namely: How do environmental challenges affect the performance of the manufacturing MSEs in Masvingo Urban? In the mainstream of modern approaches to business management, technology answers most challenges or restrictions in business. The managers and owners of the manufacturing MSEs indicated that the adoption of current technology was proving to be difficult to many of them. This was supported by the views shared by the managers and owners as regards the adoption of the contemporary technology in their businesses. The participants expressed themselves as follows:

(O) I do not have cash enough to connect my business to internet services although I am aware of the benefits such connections.

(O) That infrastructure is expensive to have especially considering the size of business activities at this company.

(M) As a manager, the only way I can gain access to the internet services is through visiting the internet café.

(M) Information technologies knowledge such as the use of computers and internet is scant among the workers.
It can be seen that technology adoption helps a business to survive in the turbulent business environment more efficiently. The acquisition of latest technologies was a big challenge to the manufacturing MSEs. Failure to adopt the latest technologies is exacerbated by the lack of funding for the acquisition of these technologies in these small businesses. It may be inferred that in the management of the manufacturing MSEs, there are systems for promoting innovation and exchange of information among MSEs in the manufacturing sector. Another challenge which cropped up in the study is related to the lack of ICT professionals. It seems the manufacturing MSEs, because of the smallness, can not afford to hire ICT personnel. The finding is in agreement with the findings by Njanja et al, (2012) who argued that there are many companies who do not engage in new technologies due to lack of the expertise in their staff to handle the potential problems that might arise. Therefore, the manufacturing MSEs are challenged in their management of their businesses by the lack of adoption of the new technologies due to financial challenges and lack of individual expertise in the field of computers and internet. Data obtained through the interviews brought to the light that the majority of the participants, both managers and owners, (n=16; 80%) did not have a computer. This was a worrisome issue in the management of the manufacturing MSEs which may mean that most of their documents are still in the form of paper documents which can easily be destroyed or get lost. Such circumstances may cause loss of important information such as list of creditors, debtors and other important information that can be used for decision making in the enterprise. Today, business documents need a back up source like computers, and computer data storage devices.
The managers and owners of the manufacturing MSEs lamented that they found it difficult to get internet connection for use in their businesses. The use of internet is developing rapidly and makes business transactions so easy and fast. Availability of internet connectivity assists firms in making fast transaction and meets other clients they would not have served in the absence of internet access. MSEs in the manufacturing sector’s poor performance is often ascribed to the external factors such as the burdensome character of the legal requirements for on the licensing of the anti-virus soft-wares for computers. This result concurs with the findings by Mashanda et al. (2012) who argued that obtaining a license is very expensive and sometimes affected by the unavailability of power in the developing countries. Electronic-commerce offers viable solutions for business trying to meet the challenges of a changing business environment. However, it emerged from the study that the manufacturing MSEs delay in the adoption of such information technologies. The late adoption by the MSEs is exacerbated by the owners of the companies who are not aware of the potential benefits which are a major barrier to adoption. The amount of technology currently in use in the organisations such as the Personal Computers with modems and the use of email can make adoption easier. However, they indicated that they had cell-phones that they used to communicate with both their clients and suppliers. This is an indication that they are likely less to adopt the technology services. Coupled with this is the lack of individual workers’ capabilities and readiness to use the information technology gadgets because of poor infrastructural support. In the next section attention is given to the infrastructure availability for the MSEs.
This section gives attention to the unavailability of infrastructure as a potential threat to the success of the MSEs in the manufacturing sector. Much of the potential of MSEs to grow and nurture innovativeness is usually shaped by the kind of infrastructure, both physical and economic accessed at reasonable costs (Akhuemonkhan, Raimi and Sofolwe, 2013). Participants in this study indicated that there is no adequate infrastructure at the disposal of the MSEs in the manufacturing sector. The participants (n=9; 90%) of the owners and (n=8; 80%) of the managers) reiterated the following sentiments regarding the adequacy of the infrastructure that can be accessed by the manufacturing MSEs.

(M) Sometimes we do business without electricity because it is costly to be up-to date with the payments.

(M) Erratic supply of electricity affects our level of production because it is not consistent.

(O) Sometimes we have to wake up our workers during the night to work because during the day we would not have worked as electricity may not be available.

(O) The electricity supply authority should do something to make sure the power is always available. It is difficult to do business without electricity.

(O) Transport costs for raw materials and finished goods to be delivered to customers are very expensive.

(O) To own a business premise is costly and also the rentals are high

Management of business is made easier if the entrepreneur has his/her own buildings (Akhuemonkhan et al, 2013). This was one area which the manufacturing MSEs were disadvantage because of high rentals charged by the owners of the buildings and premises.
The above sentiments indicated that the supply of electricity was so erratic and it affects the operations of the manufacturing MSEs. Manufacturing requires electricity, for the example, the manufacturing of window frames, door frames and other materials requires the availability of electricity. Therefore, absence of dependable electricity emerged as the most critical issues blocking the rise in productivity and output of the small manufacturing businesses. Similarly, poor transport facilities was cited as another impediment to the management of the manufacturing MSEs. Both managers and owners indicated that the charges that were charged by those who offer transport for hire to ferry the raw materials and the finished goods to the customers were extremely high. The viability of the business is related to low costs of production. As the firms are facing high cost of production arising from the costs of transport, this makes the management of the manufacturing MSEs a big challenge. Access to a reasonable affordable transport cost is an advantage to the operations of the business. What this implies is that the managers and owners of the manufacturing MSEs are faced a critical cost constraint of transporting the finished goods to the clients. They seem to try and delight the customers by delivering goods they have purchased to their doorsteps. However, in the endeavour costs of transport end up increasing and this affects the smooth management of the business.

The finding on the importance of the business premises was supported by the findings by Wafa, Noordin and Kin-Man (2005) who said, specific enterprise infrastructure such as business premises is critical to the management of the manufacturing MSEs. From the statements said by the participants in this study the issue of owning the business premises was regarded as difficult and very costly. The interview responses indicated that the cost of getting a piece of land from the Masvingo City Council required one to have saved a
substantial sum of money because land is expensive. Owning of business premises was regarded as very expensive commodity and many of the MSEs in the manufacturing sector are renting out premises because of that. Also it emerged from the interviews and the responses from the questionnaire that the cost of rent is very high. In most cases the cost of owning a piece of land to erect one’s premises requires a lot of channels to be followed and a lot of paperwork to be done. Most of the MSEs in the manufacturing sector found it very difficult to access their own premises hence a challenge on the cost of rentals. Coupled with this challenge was the provision of portable water in the area where MSEs operate. The result also concurs with the findings by Muhammad, Char, Yasoa and Hassan, (2010) who proclaimed that provision of portable water to MSEs is considered an important infrastructure that could add to productivity rise. Just like electricity the supply of water by the city council is not consistent. One can spend a day without water. This affects the operations of the manufacturing MSEs as some of the products might need water. Production of such goods as bricks, pavers, cement sinks and air vents, for example, cannot be done when water is not available. Also water is for the health of the workers at the workplace when they would need it for drinking and use in the toilets. Therefore, it can concluded that the access to dependable infrastructure by the manufacturing MSEs is not adequate either as a result of failure by the city council to provide or by the level of cost associated with the access to such infrastructure. The subsequent section deals with the access to justice as an environmental challenge that is faced by the MSEs in the manufacturing sector.
4.5.7 Access to justice

The current section present and discuss the issue of access to justice in the MSEs. The responses are stemming from the research question stated as: What environmental challenges are faced by the MSEs in Masvingo Urban? Reacting to this question, the participants showed that access to justice was one of the challenges that existed in their environment. Had it not been through this study one could not have thought that the issue of access to justice was a serious issue in the management of the manufacturing MSEs. Access to justice is essential for ensuring smooth business operations. The participants in the study indicated that there is poor access to justices. The cohort of managers (n=9; 90%) and owners (n=8; 80%) agree that the manufacturing MSEs are not able to meet the costs of justice hence leading to poor access to it. This was supported by data triangulated form the interviews and the questionnaire responses which showed the following:

**O** Because of the size of the firm we can not be able to access a lawyer to represent us in cases of labour disputes.

**O** The process of acquiring an expert in the filed of labour disputes is very expensive and therefore we can not afford it. In the case of a labour disputer taken to the courts we tend to loose because of lack of representation form an expert.

**M** It is time consuming to take issues to the courts.

**M** After all the local courts are corrupt and demand bribes.

Access to justice is one of the rights enshrined in the constitution of Zimbabwe. It spans issues such as enforcement of contracts and employment disputes. Yet, MSEs in the manufacturing sector had difficulties when it came to accessing justice. Using formal courts
in Zimbabwe can be costly, complex and time consuming for managers and owners of the manufacturing MSEs. The managers and owners of these small businesses did not have the know-how to navigate the government processes dealing with the complicated court processes. On the other hand MSEs often have few or no contacts in the bureaucracy and have no or little representation on policy making bodies partly because of the owners and managers tend not to be involved in leadership positions in the mainstream business organisations. Therefore, it was deduced from the study that the manufacturing MSEs were not able to represent themselves when it comes to justice issues. The responses indicated that the local courts were expensive and sometimes corrupt that the small businesses can not afford to pay a bribe to be favoured in the course of justice. Also, the manufacturing MSEs did not have adequate expertise in labour dispute concerns; therefore they tend to lose labour dispute cases. This causes the costs of operating the business to increase leading to difficulties in the management of the firm which is suffering from inadequate financial resources. Discussion in the next section focuses on the issue of discrimination in the business environment that is being faced by the MSEs in the manufacturing sector.

4.5.8 Credit discrimination by banks

In the study the participants indicated that there was high degree of business discrimination in the business environment. The majority of the managers (n=9; 90%) and all the owners (n=7; 70%) indicated that their businesses were discriminated in favour of the larger corporations. The participants alluded that credit discrimination was rampant and was an issue of concern to them. Also, the participants indicated that discrimination in the business environment was
not only by banks but also by the policy makers and other service providers who regard them as insignificant. The participants had the following to say:

\( \text{(O)} \) When it comes to access loans we are side-lined by the banks.

\( \text{(O)} \) When we approach banks for loans they tend not to be prepared to deal with us even though we could be seeing large companies getting the finance assistance.

\( \text{(M)} \) Small businesses are not recognised in the business environment.

As reported by both the managers and owners in the triangulated data from the interviews and the questionnaire, bank officials tended to ignore them in meetings concerning accessing funding. The fact that banks engaged in discrimination prevents the manufacturing MSEs to access the funds which are a critical resource to their operations. A study by Njajinja, Ogutu and Pellisier (2012) also argued that the major problem in running the manufacturing MSEs is credit discrimination. Anwar (2014) concurs with the above notion that credit disbursement had a significant effect on the performance of the MSEs. Many banks seem not to be comfortable making huge business dealings with MSEs. The next section deals with the intellectual property right issue relating to the performance of the manufacturing MSEs.

### 4.5.9 Intellectual property right issue

On the issue of property right that owner and managers both agreed that they did not know how to protect what they would have invented on their own. The majority of the managers \( (n=8; 80\%) \) and \( (n=9; 90\%) \) of the owners of the manufacturing MSEs indicated that they
were not aware of the importance of intellectual property rights in the management of the business. This was supported by the following sayings by the participants in the study:

(O) The process of registration is costly

(O) I do not know how intellectual rights can be safeguarded by my business.

(M) We have the potential of discovering new ways of production or introducing a new product but there is no way we can stop other producers to copy from us.

(M) No one bothers to register with the legal system of any new discovery of knowledge.

Manufacturing MSEs are not really exposed and concerned with the importance of the protection of intellectual property in meeting challenges due to globalisation. MSEs owners placed most emphasis on informal methods of protecting intellectual property as they do not bother to register their new knowledge. This finding confirms the results of a study by Muhammad et al (2010) argues that as far as MSEs are concerned, the formal recognition and registration often considered being uneconomical in order to enforce their rights through the existing legal system. Participants in this study also lamented that the registration of the intellectual property rights is quite cumbersome and gobbles time for its important issues in the management of the firm. On the other hand, the registration fees maybe prohibitive and they tend to be high for the small businesses. However it is of paramount importance for the manufacturing MSEs to protect their intellectual property in a cost effective way because it becomes a setback when gigantic companies take over their rights. It even becomes worse if the MSEs try to drag the gigantic companies to court for the abuse of their intellectual rights.

In the light of the above findings, it can beconcluded that the manufacturing MSEs are facing a number of environmental challenges that affect their performance. It was raised in the study that the regulatory environment and other macro environmental factors impact on the
management of the manufacturing MSEs in a negative way and hence affect the performance of these firms.

In summary, Section 4.5 of the study identified regulations and policy issues as depressing factors on the performance of the MSEs. The majority of the managers, 90% and owners 80%, lamented that the local authority was a major stumbling block in their operations. The demand for licences and unavailability of a one stop shop for serving the MSEs was marked as a challenge to the operations of the MSEs. Many of the MSEs did not have access to ICTs such as internet and fax machines. However, the respondents indicated that they used their own cell phones for internet access whenever there was need. Also cell phones appeared to be a major communication ICT gadget in the MSEs. However, a worrisome issue that emerged in the study was that MSEs do not have employees with ITC knowledge because of the absence of internet connectivity and unavailability of computers in these enterprises. Another concern was the issue premises. The premises and buildings they are using and being rented and the rental charges are high. The study also found that the MSEs are discriminated by banks when it comes to access to loans. The managers and owners indicated that the local banks are not prepared to deal with them but favour to deal with the larger firms. The banks were said to be demanding collateral security from the MSEs but the firms lacked assets to qualify for loans. Given an opportunity to access funding, the MSEs would be able to perform better in the competitive environment.
4.6 Summary

This chapter has presented and discussed the management practices of the manufacturing MSEs in Masvingo Urban. The first position taken by this study was that management practices affected the proper performance of the MSEs in the manufacturing sector. The argument was that, even if MSEs are regarded as the linchpin for economic growth and development in developing countries like Zimbabwe, still they are encountering with a number of issues pertaining to the fundamental functional management areas. These management functional practices are inherent in manufacturing MSEs as affecting their smooth management in the turbulent contemporary business environment. The discussion in this chapter has demonstrated how the management practices such as capital management, financial, marketing, accounting, purchasing, training and education, business management skills and networking practices are linked to MSEs management for the promotion of effective management in the small businesses sector.

The second strand which came out in this study concerned itself with the issue of management awareness of principled enterprise management which were suggested by the participants. It emerged that the five fundamentals of principled management were absent in the management of the MSEs in the manufacturing sector. Planning, organising, leading, coordination and control seemed to be practiced in limited levels in the execution of management of the small enterprises. However, these are regarded as the cornerstones of management practices in all businesses regardless of size.
Lastly, the chapter considered the environmental factors affecting the management of the manufacturing MSEs. It also came out in the study that the environment in which the MSEs are operating is not stable and favourable to their smooth management. Management of the firms, as indicated by the participants is affected by a range of factors. Amongst these factors, participants were concerned with the political, social, economic and technological factors. Also, of interest, issues such as discrimination, access to justice, organisational structure, inadequate infrastructure and intellectual property rights were mentioned as impediments to the successful management of the MSEs. The next chapter provides a summary and conclusions drawn from the study and later on advances some recommendations and areas for further study.
CHAPTER 5

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The study evaluated the management practices of the manufacturing MSEs in Zimbabwe and in Masvingo Urban in particular. The study was prompted by the perceived closing shop of these enterprises, disturbing entrepreneurship in the country. Globally the small enterprises are recognised as the engines for economic growth and development and many governments the world over are supporting these enterprises. The previous chapter discussed the findings of the study where the main purpose was to evaluate the management practices of the manufacturing MSEs in Masvingo Urban. The purpose of this chapter is to present a summary of the study, the conclusions and recommendations for, as well as areas for further studies.

5.2 Summary

The study focused an evaluation of the management of the MSEs in the manufacturing sector. Specifically, it sets out to investigate the management practices of the MSEs in the manufacturing sector in Masvingo Urban. Zimbabwe is one of the countries in the Sub
Saharan Region striving to support the operations of the small businesses and these are believed world wide that they contribute significantly to the growth and development of the economy. However, the survival and profitability of some of these businesses remains glaringly unstable despite the support that the government and other institutions provide. Therefore, this study was motivated by a desire to understand why the manufacturing MSEs are not performing satisfactorily in the competitive business environment despite the support given by the Government, Ministry of Small and Medium Enterprises Development and other institutions such as SEDCO. To achieve this, the background to the study and the context of the problem were covered. The background to the study indicated that the manufacturing MSEs were not performing well in the turbulent business environment. Also, the statement of the problem, research questions and objectives were discussed. Later, a discussion of the purpose of the study, assumptions, significance of the study, limitations and delimitations of the study were covered.

Literature reviewed covered aspects such as empirical studies on MSEs, the RBET theory as the theoretical framework, principled management practices, the management process and the environmental factors that affect the management of the enterprises. Interestingly, literature on the empirical studies carried out on the manufacturing MSEs showed that, although MSEs are regarded as the engine for economic growth and development worldwide, they are faced with a plethora of management challenges. It arose in the literature that small manufacturing enterprises are usually affected by the lack of management practices. There seemed to be inadequate skills of management of business in the contemporary business environment. MSEs face the liability of smallness, newness and isolation.
Literature also pointed out that management practices are of importance to the success and profitability of the firm. It came out clearly in literature that principled management practices are of great importance in the management of the business. However, financial management practices, marketing, human resources, accounting, purchasing and public relations management practices seemed to be inadequately practiced by the manufacturing MSEs. Coupled with this were the lack of proper management process of planning, organising, leading and control. In literature it was further pointed that the MSEs management was challenged by the variables in the business environment such as the economic, social, political, technological and others. These environmental variables impact on the capability of management to weave their way out in the competitive business environment. The decisions for the management of the businesses are based on the stability of the environment. However it arose in the study that the general business environment is not favourable for the management of the MSEs.

The current study was premised on the principles of the Resource Based Entrepreneurship Theory. The theory posits that for the business to be run successfully there is need for the availability of adequate quantities of resources, networks and human capital. The theoretical framework informed that firms have to be well resourced in terms of the physical resources, social networks and human capital resources as these resources are the important ones in the management of an enterprise. Also, contemporary businesses require networking, hence the need for social networks to be developed. Aided with the human capital, the management of the firm becomes a relatively easier task. Education and experience are also requisites for the exploitation of business opportunities and also dealing with threats emerging from the broader business environment.
On methodology, this investigation is largely a qualitative study premised on the interpretivist perspective which is driven by an interpretive understanding called hermeneutics, which is the study of meaning and interpretations in historical contexts. In this, human phenomenon is considered as to how the owners and managers of MSEs perceive the world. Therefore the study is premised on the ontological assumption that the world is perceived differently by different people. A case study of the owners and managers of the manufacturing MSEs in Masvingo Urban of Zimbabwe was conducted. Data were collected from the owners and managers in Masvingo Urban. This was done by way of methods such as the semi-structured interviews and an open-ended questionnaire.

The choice of these methods was influenced by the desire to extract what the participants have in mind about the phenomenon under study as qualitative researches are largely informed by perceptions and feelings of the participants. Interpretivist paradigm adopted in the study is associated with knowledge construction through meanings attached to the phenomenon under study which encourages and gives participants a voice to pronounce what affects them in the running of the small businesses in the contemporary business environment. Through the open-ended questionnaire and the semi-structured interviews as research instruments I managed to get rich thick data from the proprietors’ and managers’ narrations of what they considered as obstacles to the successful management and best practices in the management of the small manufacturing businesses. Therefore, the main issues discussed in the methodology chapter were the qualitative approach, research design, population, sample and the sampling procedure. Also, the section of methodology discussed the procedures, validity, credibility, trustworthiness and ethical considerations in research.
A case study of the manufacturing MSEs in Masvingo Urban of Zimbabwe was conducted and the data were collected from the managers and owners of these enterprises. The data collected were presented, analysed and interpreted by firstly considering the biographical data of the participants. Secondly, data were presented and discussed simultaneously following the themes that were generated from the responses given from the questionnaire and semi-structured interviews. The subsequent paragraphs give attention to the major findings of the study.

The first objective of the study dealt with the effects of management practices on the performance of the manufacturing MSEs. The study found that there were several management practices affecting the performance of the manufacturing MSEs which led to shortcomings in their performance in the competitive business environment. It came out in the study that the managers and owners of the manufacturing MSEs were lacked capital management practices. There were no practices related to capital management practices such as lack of capital budgeting, management of working capital and management of assets for the enterprises. It was also established in the study that the managers and owners did not have a comprehensive financial position of the firm statements indicating the value of the firm in terms of assets in possession. As a result managers and owners turned to make use of the money lenders as an alternative source of funds. However, this source tended to be costly in terms of the principal and interest repayments.
Marketing of the products is important because it is the practice that determines the availability of cash in the enterprise. The current study established that the managers and owners of the manufacturing MSEs lacked marketing practices. The firms were operating without any personnel directly responsible and qualified in the area of marketing. Also products were not usually advertised and there was no communication about to the availability of the products to the potential and regular customers. What caused this was found to be the lack of making use of marketing personnel by the owners and managers of the MSEs. Employing permanent marketing personnel was seen as costly.

It also emerged in the study that competition was devastating the performance of the manufacturing MSEs. It was reiterated in the study that competition was stiff in the market that it was causing unstable performance of the MSEs. Competition was found to be coming from both within MSEs and from the large companies. On the issue of accounting practices in the manufacturing MSEs, it was established that the managers and owners of these firms did not make use of qualified personnel to do their books of accounts. Also the respondents did not keep the minimum accounting books for recording valuable accounting information. Accounting information is important in business management because it is used by decision makers to make informed decisions. Books of accounts such as vouchers, ledgers, journals and assets register were not being kept by the owners and managers of the MSEs. It was found that at least a cash book was being kept.

For manufacturing MSEs to perform better, they must have adequate stocks of raw material supplies. Availability of the stock depends on the purchasing management practices of the firm. The study found out that the owners and managers of the manufacturing MSEs did not
have purchasing plans in place. Purchasing was done on dictates of the situation and orders available resulting in haphazard purchasing practices. These practices affected the performance of the MSEs as owners and managers of these enterprises did not have reliable and reputable suppliers of raw materials. Also the study found out that the manufacturing MSEs did not have strategic alliances with major suppliers because the firms were unreliable because of the size of the purchase orders.

When it came to education and training, the study found out that the managers and owners of the manufacturing MSEs did not have training and education related to business management. Also, they did not have training and education practices for their employees. The main reason for not having training and education for the employees was fear for industrial espionage and also the cost associated with the training. It also emerged in the study that the manufacturing MSEs did not have networking practices. In modern business management, firms are surviving and improving their performance through networking with various stakeholders. What, therefore, emerged in the study was that the managers and owners of the manufacturing MSEs lacked relationships with various business stakeholders.

The second objective of the study looked at how managers and owners of the manufacturing MSEs applied principled management. To this effect, the study found that planning, one of the main functions of management was not being practiced. Managers and owners of the MSEs concurred that they did not plan and keep written plans as records for the activities that the firm pursue at a particular time. Planning was regarded as time consuming to put on paper but could be in one’s mind. Instead of planning and setting goals for their enterprises on
paper, managers and owners believed in being abreast with the dictates of the business environment and quickly responding to it.

Another management function of management, organising, was found to be absent in the manufacturing MSEs. It was established in the study that managers and owners of these firms did not have an organisational structure to support in areas of division of work and specialisation. Communications of tasks to be done were the task of the managers or owners in the enterprise leading to reporting being one way. When it came to the issue of leading, the study found that leadership was weak. The weakness of leadership was found in the issues to do with staffing, staff turnover, absenteeism of workers and resignations without notice. Contracts of employment were violated easily by the workers. Looking at the last function of management called control; the study established that because of the absence of plans in written form, it was the difficult to measure the achievements of the goals. Therefore supervision of the goals and workers was based on the mechanism of presence of workers at the work place and number of units of output.

The third objective of the study looked at the effects of the environmental challenges on the performance of the manufacturing MSEs. In this section of the study it was found that there were several challenges that affected the performance and operations of the MSEs. Chief among them which the study established were regulation and policy issues, competition, political, social, technological, infrastructure unavailability, access to justice, credit discrimination by banks and the intellectual property right issue. When it came to the regulation and policy issues the study found out that the local authority were a stumbling block on the performance of the manufacturing MSEs. The managers and owners indicated
that it was difficult and strenuous to obtain an operating license as one was to go through a process which took time to end. Registration process was also found to be cumbersome.

Another important outcome from the study was that the manufacturing MSEs faced competition from the large companies and also from within the MSEs sector. Therefore, competition devastated the performance of the MSEs resulting in them obtaining a low market share. Also looking at the issue of political environment the study established that the said environment was not permissive for improved performance of the MSEs. Managers and owners of the manufacturing MSEs argued that the political environment in Masvingo Urban was volatile that it became difficult for them to make decisions for the operations of their businesses because of the uncertainty in the political environment. Also, it was echoed by the respondents that they did not receive the said government assistance in form of loans and cheap land for constructing their own premises.

Another finding in the study was that the managers and owners of the manufacturing MSEs grappled with the HIV-AIDS pandemic. The workers in these enterprises were being not spared by the pandemic leading to high levels of absenteeism one seeking treatment. On the issue of technology the study found out that the managers and owners of the MSEs found it costly to have the ‘state of the art’ technology in the form of computers, printers and internet access. The adoption of e-commerce in the MSEs was found to be absent. This was attributed to unstable electricity power supply in the town as a result of load shading. Coupled with these challenged found in the study was lack of computer literacy amongst the managers and owners of the manufacturing MSEs.
The study found out that the MSEs in the manufacturing sector lacked adequate infrastructure especially the buildings for doing their businesses. Most of the premises they were using were rented premises where the managers and owners had to grapple with the payment of high rental rates. The cause for this was the cost of acquiring a piece of land from the local authority which was said to be expensive. Also, the managers and owners said that access to water and the supply of electricity in the area they were located were erratic. On the other hand the managers and owners of the manufacturing MSEs lamented that they did not have access to justice when it came to employment contracts. It was difficult for them to enforce employment contracts as required by the concerned employment councils in terms of remuneration and benefits of the employees. Therefore, because of this the managers and owners indicated that they were in and out of labour courts being dragged by the employees.

The study also established that the MSEs did not have access to credit from the banking institutions. Banks were reluctant to deal with the manufacturing MSEs because of the uncertainty in liquidity of these firms. This affected the performance of the manufacturing MSEs in the manufacturing sector in Masvingo Urban as the firms ended up being under capitalised. Coupled with this the managers and owners of the manufacturing MSEs indicated that they remained vulnerable to abuse of their property rights by other firms as they did not have the protection against their intellectual property rights. Owners and managers, on this issue, lamented that they did not have the know-how of protecting the intellectual property rights.
5.3 Conclusions

Analysis of data has shown that the majority of the owners and managers of the manufacturing MSEs sampled in the study had adequate levels of general education that could assist them in the management of the businesses. Indeed, a large number of them had acquired an education up-to Ordinary Level supported with some professional qualifications. In terms of experience in running a business, the informants had over three years of this. This showed that soliciting information regarding the management of the enterprises in this study was done getting responses from people who had experience in business management. The main conclusions of this study were summarised under the following headings: effects of management practices on the management of the enterprise, business management skills and management awareness of principled business management in the manufacturing sector.

5.3.1 Effects of management practices on the performance of the MSEs

With regard to how management practices affect the management and performance of the MSEs in the manufacturing sector, the study arrived at a number of conclusions. Of interest the study concluded that the management practices of the MSEs in the manufacturing sector were affected by lack of capital management practices. It was viewed that lack of capital management practices are negatively affecting the management processes of the enterprises hence the general poor performance of the enterprises. The fact that MSEs do not have adequate capital results in them having incomplete accounting records books. The inaccuracy of the accounting information caused the MSEs to inaccurately assess their financial positions leading to them to come up with uniformed financial decisions.
It was also concluded in this study that the financial management practices of the MSEs in Masvingo Urban are not consistent with the general business financial management practices. Financing of the business activities remained a major challenge in these small businesses. Financing is necessary in the manufacturing MSEs sector because it helps in the expansion of operations. Access to financial services and resources remained a big challenge and obstacle to the operations of the MSEs. Banks and other financial support institutions demanded collateral from the MSEs of which these businesses, because of their size, found it difficult to raise hence leading to inadequate financing hampering the management of the businesses.

When products have been manufactured, they should find their way into the market. The current study concluded that the MSEs owners and managers lacked the skills of implementing marketing programmes to advance the demand for their products. It was also concluded in this regard that the managers and owners of the MSEs in the manufacturing sector were not considering marketing management practices as of great importance to the management of the firm because they did not exhibit their products at exhibition expos in order to make their products popular and known in the market. Personnel directly responsible for marketing were not employed in the MSEs, therefore, leading to the lack of marketing practices in the MSEs. Competition was confirmed to be stiff in the manufacturing sector originating both from the large corporation as well as from within the small businesses sector, all this demanding the need for marketing practices.
The investigation concluded that MSEs lacked accounting management practices. Owners and managers of these firms indicated that they did not use the basic accounting books and were not generally conversant with the general bookkeeping for the benefit of generating accounting information that can assist in decision making. Engagement in financial planning, analysis and control by the MSEs remained challenge. Also, it was concluded that the issue of training and education management practices in the MSEs was inadequate. MSEs managers and owners did not invest in training and development for the benefit of their firms. Managers and owners regarded training and development as less important activities as these were seen as a cost to the firm in the event that the individuals that are trained may leave the firm for greener pastures. Another conclusion of interest is the lack of business networks among the MSEs firms. Despite the importance of networking in business, it was concluded that MSEs in the manufacturing sector were not connected. Lack of networking in business affected the operations of these small businesses.

5.3.2 Extent to which managers and owners apply principled management

The success of management of any firm hinges on the fundamental principles of business management in the form of planning, organising, leading and control. The study concluded that planning, a critical aspect of principled business management was not practiced to a large extent by owners of the MSEs in the manufacturing sector. The argument for this being that the firms regarded planning as time consuming and does not help in the unstable business environment in which the manufacturing MSEs operate. Also, the study concluded that organising was not practiced to a larger extent in the manufacturing MSEs as the firms did not have proper organograms, departments and communication was from one source, the
owner or manager. Leadership was concluded to be lacking in these small businesses rendering control to be ineffective. Systems in place for check and balances in the MSEs were weak. Generally, the principled business management aspects were not taken seriously by the managers and owners of the manufacturing MSEs in Masvingo Urban. Therefore, the study concluded that the managers and owners of manufacturing MSEs did not apply the principled business management in managing their enterprises. The management functions, that is, planning, organising, leading and control were not seriously observed by the managers and owners in the management of their enterprises. Lack of these management functions has an adverse impact on the performance of the enterprise.

5.3.3 Impact of the environmental factors on the performance of manufacturing MSEs

From the findings of this study, it may be further concluded that the environmental factors that contribute to the management of the business persistently challenged the management of the MSEs. The chief among these factors was regarded as the regulatory and policies environment. It emerged in the research that the manufacturing MSEs were required to have operating licences and it was difficult to access the said requirement because of high cost. Demand for business to have operation licences, the lack of ‘one stop shop’ in council offices dealing with matters related to registration and licensing of the businesses affected the operations of the MSEs businesses. MSEs lacked access to adequate infrastructure such as electricity and water and also access to owned manufacturing premises. The findings from this research also confirmed that the MSEs were facing stiff competition from the local industry and also from the international industry in the form of imported goods. The coming in of the foreign manufactured goods such as those from China, South Africa and other
neighbouring countries are affecting the local demand for the goods that are manufactured by the MSEs.

It was also concluded that the manufacturing MSEs were grappling with the political environment where they received empty promises on the funding of their businesses. Therefore, the major conclusion in this research is that from the evaluation of the management of the manufacturing MSEs, the businesses lacked adequate application and implementation of the principled management of the businesses and management practices. There are also several environmental factors that contributed the challenges faced by those mandated with the task of managing the manufacturing MSEs. Therefore, the study concluded that the performance of the manufacturing MSEs is affected by the environmental factors.

5.4 Recommendations

The successful management of the manufacturing MSEs in the turbulent business environment will require a variety of strategies targeting the aspect of business management *per se* and also the policy making body of the country. These strategies are discussed below in three important sections: those relating to business management, policy makers and for further research.
5.4.1 For improving business management

Management is one of the paramount aspects of the success of any business. For the MSEs to survive in the unstable business environment there is need to improve the management skills of the managers and owners of these businesses. Attempts should be made to make sure that the individuals who have the potential of starting up a business access some form of informal training in business management. This exercise equips the entrepreneurs with the requisite skills for minimum management techniques and skills needed in the area of business management. Those people who are given the mandate to run the small business should be taught the importance of principled business management. To be precise issues related to planning, organising, leading and control have to be taken to be of importance in the management of the MSEs in the manufacturing MSEs.

A challenge that came up in the study is that the MSEs produced either substitute goods or complementary goods. In the case of high level of complementarity between the business lines or skills of two companies, the firms must take the route of a strategic alliance. Such alliances are formed through contracts and joint ventures reduce uncertainty through a legally binding relationship with another firm. Contracts come in the form of licence agreements that involve the purchase of the right to use an asset for a specific time and supplier arrangement that contract for the sale of one firm’s output to another.

The current study revealed that the owners and managers of the manufacturing MSEs lacked accounting practices. Therefore, there is need for raising the awareness about accounting practices among the managers and owners of the MSEs of the existence and applicability of
management accounting decision support tools. The management accounting decision support tools that should be made known to the managers and owners are the contribution and relevant cost analysis and capital expenditure appraisal techniques. It is also important to assist the owners and managers of the manufacturing MSEs access knowledge about the techniques and tools that are used in dealing with risk and uncertainty such as the expected values, decision trees and pay off matrices. Concepts such as product costing, breakeven analysis and working capital management which are the survival tools for business should be taught to the managers and owners of the manufacturing MSEs.

It is also recommended in this study that the regulators should develop MSEs specific accounting guidelines which are easy to interpret and use. Officials from the MSMED, the parent ministry for the MSEs should assist the owners and managers of the manufacturing MSEs in preparing and capturing accounting information. The ministry should organise a number of workshops and training of the owners and managers in the maintenance of accounting records. Further, the study recommends that keeping and maintenance of the accounting records should be mandatory in the running of MSEs in order to improve accounting practices. The MSEs books of accounts should be monitored by the MSMED officials at regional level from time to time.

Access to capital was regarded as an obstacle to the performance of the manufacturing MSEs. The most appropriate form of financing MSEs is through venture capital. The study therefore, recommends that legislation regarding access to capital be relaxed to allow institutional investors increase investment in venture capital. It is also advantageous for the MSEs to form financing groups and make use of the pooled bargaining power for borrowing purposes. The
stringent requirements demanded by the banking institutions on the MSEs owners and managers should be relaxed by the government acting as the guarantee to banks for MSEs management in the event that they fail to repay the loan. The action gives confidence to the banking institutions to deal with the manufacturing MSEs. Further, the study recommends that business agencies like SEDCO which support government in nurturing MSEs should conduct research on the capital challenges faced by these small enterprises and communicate the challenges to the government for action.

5.4.2 For policy makers in relation to small businesses management

Taking into account the resource restrictions of the manufacturing MSEs, their capacity to find employees that constitute a ‘good fit’ for the company depends critically on the ability of relevant education and Vocational Education and Training (VET) systems to provide and equip the school leaver and graduates with the knowledge, skills and attitudes in demand for running small businesses. Strong VET system of the country requires a continuous flow of information through research and development between the manufacturing MSEs sector and the education and training providers about what kind and levels of training are needed for managing successfully a small business. As it has been established in the study that the managers and owners of the manufacturing MSEs have inadequate education and business training that can help them in the management of these enterprises, the role of the VET can not be overemphasised. The study indicated that the owners and managers of the manufacturing MSEs lacked training and education in business management. Therefore it is recommended that training interventions should be instituted through the local universities and Polytechnic College which should design short courses in business management tailor-
made for the requirements of the owners and managers of the manufacturing MSEs. These courses can be provided to the owners and managers during weekends and after working hours to enhance the knowledge of business management among the owners and managers.

The unleashing of several training and education for the entrepreneurs in line with business management will do more good than harm to the performance and survival of these manufacturing MSEs. MSEs must engage in political activity. Political activity includes ways to influence government and local authority such as city councils by-laws. These small businesses must save to pay lobbyists to express their views to members of the local and national authority that are responsible for policy formulation. It is also to the interest of these managers and owners of the manufacturing MSEs to advocate to institutions of higher learning such as universities in the country to craft curriculum which would promote entrepreneurship education for non degree purposes. The development of such entrepreneurship development schemes might go a long way in assisting the dissemination of entrepreneurship culture in the entire population. The entrepreneurship education assists to reduce the levels of unemployment which characterise our current economic situation.

The results of the study indicated that the manufacturing MSEs lack networking and linkages with the financial institutions. One of the policy recommendations in this regard is that the government should strengthen the institutional linkages between the banking institutions and the manufacturing MSEs which will enable the access of the funds by the MSEs. The government should create and enabling environment which gives the banking institution a guarantee that the MSEs will meet the financial obligation of repayment of the accessed loans. In order to face competition in the turbulent business environment, the owners and
managers of the manufacturing MSEs must develop horizontal networking. Those firms producing similar product lines will benefit from horizontal networking when they cooperate in the production of the final product by specialising in specific steps of the production process. This kind of networking will allow the firms to concentrate on their core activities and leave the marketing of the final product done by a separate business entity.

The government has an important role to play in the promotion of the growth and development of the manufacturing MSEs. It is therefore, recommended that the government must create an enabling business environment that promotes the operations of the MSEs. The government must allow competition among the firms and create equal opportunities for the firms to access finance and credit from the financial institutions. Government policies on financing the MSEs must be tailor made to meet the specific needs of the MSEs. In line with this the government should provide supporting technical services. Things like contract service, general business advice, information and managerial training must be provided to the owners and managers of the manufacturing MSEs at minimum costs. The government may also provide initiatives to promote subcontracting. Regulations and policies in the country should promote subcontracting between the MSEs and the large firms. Subcontracting promotes the linkages and improves the competitiveness of the business. Large firms can reduce their activities when they contract out some activities and remain concentrating on their core business.
5.4.3 For dealing with the business environment

MSEs must form Trade Alliances in order to be able to influence the external business environment. The influencing of the external environment can be accomplished jointly with other organisations that have similar interests. The manufacturing MSEs can form the National Association of Manufacturers (NAM). This will lead to the pooling of resources and influence that these small businesses can exert pressure on the formulation of policies favourable to their operations. Also, the formed association can contribute to the MSEs by providing its members with statistics and information that help them become more competitive in the market.

In this study, the regulatory environment was found to be one of the impediments on the performance of the manufacturing MSEs. Regulation is necessary and important for the efficient operations of the MSEs because regulations form the base upon which enterprises develop. Therefore, the regulatory burden that discourages the growth and development of the firms should be reduced. This can be achieved through, firstly, simplifying the existing business regulations by way of reducing the administrative burden that the manufacturing MSEs face. Secondly, reduction of the regulatory burden on the manufacturing MSEs can be achieved through strengthening the judicial institutions for the enforcement of contracts, property rights and respecting bankruptcy procedures. Also, administrative and regulatory obligation for services from the local authorities was found to be time and cost consuming burden for the manufacturing MSEs. Therefore, it is recommended in this study that the local authority should reduce the red tape and creating a better business environment. Reducing red
tape in providing services to the MSEs should be a policy priority for the Masvingo Urban local authorities.

The current study established that the owners and managers of the manufacturing MSEs faced challenges related to technology. It is therefore recommended that the government, business agencies and associations assist the MSEs by developing programmes to advice these firms on the benefits of using ICT in the contemporary business environment. In order to improve the innovativeness and competitiveness of the MSEs, the government should work towards improving ICT infrastructures including easy access to internet among other business resources. Both government and business agencies should educate the owners and managers of the manufacturing MSEs on the incentives available in increased use of ICT in the business framework. Also, the adoption of the ICT by the owners and managers of the manufacturing MSEs should be a national policy priority and should be incorporated in the national objectives of the country on the advancement of technology.

It was revealed in the study that the owners and managers of the MSEs faced the challenge of inadequate building shelter and other infrastructure such as water and electricity. The tariffs were said to be high. It is therefore recommended that the tariffs for both water and electricity be reduced to levels where MSEs managers and owners can remain profitable. Local authorities should also provide schemes for availing land for construction of the business shelters for the MSEs at low cost. The cost of land can be spread over a number of year but allowing the MSEs to start building their shelters whilst they pay their monthly instalments. This will reduce the cost of rentals when the MSEs own their own business premises.
5.4.4 Areas for further research

In line with the findings of this study, further research can be carried out in areas of incorporating entrepreneurship and business education in the education sector of the country so that everyone receives some education and training in relation to business management so that when they start their own businesses, it becomes easier for them to manage. More research is therefore needed in the areas of short course provision for business management that best prepares the founders and owners of the small scale businesses.

5.5 Summary

This chapter discussed possible explanations for the findings and implications of the study. The explanation of the findings centred mainly on the management practices of the manufacturing MSEs since these influence the profitability and survivability of the firm. Participants in the study indicated that the MSEs’ management is burdened by the lack of proper management practices, lack of principled management and also the environment in which these small businesses operate under is so dynamic that they may fail to cope with it. Therefore, the recommendations advanced in this study focus on the strategies that can be adopted by the owners and managers of the MSEs to survive in the unstable business environment.
REFERENCES


Baxter, P. and Jack, S (2008). *Qualitative case study methodology. Study design and*


competence, trust and ethics. The Association of Chartered Certified Accountants.


Bloom, N. and Van Reenen, (2010). Human resources management and productivity.


Cazes S. and Verick S. (2013). *Perspectives on labour economics for development*. 239


Companies Act (Chapter 24:03). Government printer, Harare.


Buckingham: Open University Press.


empirical assessment with historical mines. NBER working paper series, August 2012.


Hancock, B. (2002). Trent focus for Research and Development in primary health care: An introduction to qualitative research. Trent focus group.


http://wwwsouthalabama.edu/coe/bset/johnson/lectures/lect17.html Accessed 17/05/ 2012.


James, N. and Busher, H. (2006). *Credibility, authenticity and voice, dilemmas in online interviewing*. Qualitative research Vol. 6 No.3. 403-420.


banks in Austria need to do? The proceedings of the ANZMAC 2011 Conference.


emerging as public relations dominant paradigm. Prism, Vol 8 No.1: 1-16.


characteristics and entrepreneurial inclination: A Case Study of Students at Abdul al of Asia Entrepreneurship and Sustainability, 8. ProQuest Information and Learning Publishers

Moller, M.R. (2011). *Qualitative research design: selected articles from research design review*. Roller marketing research.


Mudavanhu, V., Bindu, S., Chiguswa, L. and Muchabaiwa, L. (2011). *Determinants of Small*


Nguyen, K.M. (2001). Financial management and profitability of Small and Medium enterprises. Southern Cross University. ePublication@SCU.


Northcote, M.T. (2012). Selecting criteria to evaluate qualitative research. Education papers


growth of small and medium scale enterprises in Imo State. International journal of research in Commerce, Economics and Management Vol 1 No.7: 1-5.


Padachi, K. and Howorth, C. (2013). Focus on working capital management practices among


underdeveloped financial systems. The case of Fiji. Griffith business School discussion papers finance No 2012-06.


Siringoringo, H., Tintri, D. P. and Kowanda, A. (2009), Problems faced by small and


Soileau, J. (2010). Enterprise risk management; Adoption, performance, benefits and disclosures effects. The Institute of Internal Auditors Research Foundation. The University of Memphis.


journal of business management. 085-091.


278


www.thelawdictionary.org/business-owner/


POMS 22nd Annual Conference Reno, Nevada.


APPENDIX A

QUESTIONNAIRE FOR MANAGERS AND OWNERS OF MANUFACTURING MSEs.

Dear Respondent

I am Emmanuel Dumbu, a student of the Zimbabwe Open University. The research thesis reads: *An evaluation of the management of Micro and Small Enterprises in Zimbabwe: The case study of manufacturing MSEs in Masvingo Urban.*

You have been sampled to respond to this questionnaire and your cooperation is greatly appreciated. You need not write your identification and information obtained in this study will be dealt with in strict confidentiality. Participation in this research is voluntary, so you are allowed to withdraw even during the process. You are requested to answer the questions in full and as frankly as possible and return the questionnaire in a short space of time. Thank you very much in advance for your cooperation.

Kindly answer all the sections in this questionnaire following the instruction given in each section.

Section A: Demographic data of participants

Complete this section by writing the required information in the spaces provided for each item.
STATUS

RESPONSE

Gender

Age

Educational qualifications

Legal status of the business

Products manufactured

Number of employees

Section B: Effects of management practices on the performance of the MSEs

1. For how long have you been running your business?
   - Less than one year
   - Two years
   - More than two years

2. Have you seen some businesses in Masvingo closing down?
   - Yes __  No___

3. Suggest three reasons why you think the businesses in your area have closed down

___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________
4. What two things do you think should be done to improve the performance of MSEs in Masvingo?

___________________________________________________________________________

___________________________________________________________________________

___________________________________________________________________________

5. Have you done any training in business management?
   Yes__  No__

6. Suggest any two areas of your business that will benefit from such training.

___________________________________________________________________________

___________________________________________________________________________

___________________________________________________________________________

7. Do you think some basic training in business management is useful to the performance of a firm? Yes___  No____

   Explain:

___________________________________________________________________________

___________________________________________________________________________

___________________________________________________________________________

Section C: Management awareness about principled business management

8. Are you aware of the importance of principled business management?
9. Which of the following principles of business management do you have in place in your firm? : Planning, Organising, leading and Control.

___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________

10. With reference to the above question explain whether these principles of management affect performance of the firm?

___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________

Section D: Impact of the environmental factors on the performance of the manufacturing MSEs.

11. Looking at the business environment in Masvingo, do you think it is favourable for the performance of your firm?

Yes___  No___
12. Give two reasons for your answer to question 11 above.

___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________

13. State any macro environmental challenges that affect the performance of your enterprise.

___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________

Thank you.

Emmanuel Dumbu
APPENDIX B

INTERVIEW GUIDE FOR MANAGERS AND OWNERS OF MANUFACTURING MSEs.

Dear Respondent

I am Emmanuel Dumbu, a student of the Zimbabwe Open University. The research thesis reads: *An evaluation of the management of Micro and Small Enterprises in Zimbabwe: The case study of manufacturing MSEs in Masvingo Urban.*

You have been sampled to respond to this questionnaire and your cooperation is greatly appreciated. You need not write your identification and information obtained in this study will be dealt with in strict confidentiality. For protection against harm, you are allowed to withdraw even during the process. You are requested to answer the questions in full and as frankly as possible and return the questionnaire in a short space of time. Thank you very much in advance for your cooperation.

Section A: Demographic data of participants

Complete this section by writing the required information in the spaces provided for each item.

<table>
<thead>
<tr>
<th>STATUS</th>
<th>RESPONSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td></td>
</tr>
<tr>
<td>Highest Educational qualifications</td>
<td></td>
</tr>
</tbody>
</table>

287
Legal status of the business

Products manufactured

Period of operating the business

1. Do you keep financial statements that assist the financial institutions to assess your potential to repay loans?
2. What are the alternative sources of capital for your business other than bank loans?
3. Do you keep written capital budgets and plans for your firm?
4. Do you employ qualified accountant to do the books of the firm?
5. What books of accounts do you keep in your enterprise?
6. Do you employ qualified personnel for marketing in the organization?
7. How often do you make the purchases plans for your enterprise?
8. Does your firm have reliable suppliers of raw materials when you do your purchases?
9. Does your firm employ people who have the necessary business training and education?
10. What business networks do you have with the stakeholders of your business?
11. Do you plan, organize, lead and control in your enterprise?
12. Looking at the business environment in Masvingo, list any three ways in which it affects the performance of your firm?
13. Suggest any business environment factors that may impact on the performance of your firm?

Thank you.

Emmanuel Dumbu
Appendix C- Letter from the Ministry of Micro, Small and Medium Enterprises Development granting permission to carry out research.

Correspondence should not be addressed to individuals

Ministry of Small and Medium Enterprises & Cooperative Development
Linquenda House
Nelson Mandela Avenue
Private Bag 7740
Causeway
Harare
Zimbabwe

Reference: Sme017118

25th January 2013

Mr E Dumbu
House No. 15906
HM Chinovuriri St. Runyararo West
Masvingo

CLEARANCE OF RESEARCH STUDENT: MR EMMANUEL DUMBU: DOCTORATE STUDENT: ZIMBABWE OPEN UNIVERSITY

Reference is made to your application dated 11 January 2013 in which you requested for permission to carry out research work on micro and small Enterprises in Masvingo Urban.

I write to confirm your clearance to carry out research work i.e. Case Study on manufacturing processes at these enterprises.

You are will be facilitated by Masvingo office accordingly. It is also encouraged that the research results be shared with the Ministry as reference material for planning and development purposes.

G Bvute
For: Secretary for Small and Medium Enterprises & Cooperative Development.
Appendix D-Letter of introduction to the managers and owners of manufacturing MSEs

25th January 2013

To Whom It May Concern

CLEARANCE OF RESEARCH STUDENT: MR EMMANUEL DUMBU: DOCTORATE STUDENT: ZIMBABWE OPEN UNIVERSITY

The above subject refers.

Please note that Mr Dumbu is a Doctorate Student with Zimbabwe Open University and would like to carry out research work on micro and small enterprises in Masvingo Urban.

I write to confirm his clearance to carry out a Case Study on manufacturing processes at these enterprises.

Your cooperation with the student would be sincerely appreciated. For any further information, you may contact the ministry through Masvingo Provincial Office located at Old Mutual House, 1st floor, Robert Mugabe Rd., Tel. 039 263371.

G Bvute
for: Secretary for Small and Medium Enterprises & Cooperative Development.