



**UNIVERSITY  
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EMPLOYMENT CONDITIONS AND THEIR INFLUENCE ON  
EMPLOYEE RETENTION IN THE SMALL AND MEDIUM  
ENTERPRISES FURNITURE MANUFACTURING SECTOR IN  
ZIMBABWE

BY

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Submitted in partial fulfilment of the requirements of the Doctor of  
Business Administration of the University of Lusaka

2019

## **DECLARATION**

“I hereby declare that this submission is my own work and that, to the best of my knowledge, the contents of this thesis have not been submitted elsewhere for the award of any other degree except where the acknowledgment has been made in text”.

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## **DEDICATION**

I dedicate this work to my husband Wellington Raidzai and my four children Walter, Rachael, Rebecca and Dr. Agnes, for believing in me, and continuously loving and supporting me throughout the journey. To my late parents, Zebedia Muchabaiwa Mharapara and Anatolia Penina Mharapara. To my late brothers, Herbert, Noah and John Fisher, this is for you. To my brother Rodwell whom I know would have stood by me had it not been for his failing health.

## **CERTIFICATION**

The undersigned certify that they have read and recommended a thesis entitled “Employment conditions and their influence on employee retention in the small and medium enterprises furniture manufacturing sector in Zimbabwe”.

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## LIST OF ABBREVIATIONS

ESAP	Economic Structural Adjustment Programme
GoZ	Government of Zimbabwe
ICT	Information and Communication Technology
ITU	International Telecommunications Union
MERP	Macro-Economic Policy Framework
MSME	Micro, Small and Medium Enterprises
MSMECD	Ministry of Small and Medium Enterprises and Corporative Development
MTP	Medium Term Plan
NERP	National Economic Recovery Program
SADC	Southern Africa Development Community
SEDCO	Small Enterprises Development Cooperatives
SMEs	Small and Medium Enterprises
STERP	Short Term Economic Recovery Programme
ZANU PF	Zimbabwe African National Union Patriotic Front
ZIM-ASSET	Zimbabwe Agenda for sustainable Socio- Economic Transformation
ZIMPREST	Zimbabwe Programme for Economic and Social Transformation

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## **ABSTRACT**

This mixed methods study aimed to critically examine employment conditions in the Small and Medium Enterprises sector (SMEs) in Zimbabwe; and their contribution to the retention of employees, within the furniture manufacturing businesses in Glen View Home Industry Complex in Harare. The research adopted a pragmatic study approach where statistical and narrative data were generated and correlated through questionnaires and interviews. The quantitative data was analysed using SPSS version 21.0 and on the qualitative side, narratively through the themes and categories analysis model. A total of 367 respondents, that is, 176 business owners and 191 employees in the quantitative sample, were randomly selected for this study. The site was carefully selected for its size, intensity and accessibility in the Glen View high density suburb. The existing labour laws in Zimbabwe govern employer-employee relations and this includes the SMEs of the furniture manufacturing sector in the Glen View Home Industry Complex. Key findings established that employment conditions, including recruitment and selection; learning and development; remuneration and disciplinary handling, all contributed towards the retention of employees. However, other factors such as succession planning contributed the least towards the retention of employees in the SMEs furniture manufacturing sector in the Glen View Home Industry Complex of Harare. The study also established a huge absence of documented employment conditions and subsequent lack of implementation of labour regulations which resulted in workers operating in deprived employment conditions, leading to unethical strategies for retention of employees at Glen View Home Industry Complex. The employees absorbed by the SMEs in the furniture manufacturing sector held greater expectations in relation to employment conditions though the employers were not able to fulfil the employees' expectations, resulting in retention of employees based on lack of alternative employment. Some employees moved from their employers to start and duplicate similar businesses, causing excessive duplication of the same products. Disgruntled employees easily secured new employment within the same complex. Challenges faced by managers in SMEs furniture manufacturing sector included failure to build capital resources that promote business growth and offer employee basic benefits including medical aid, pension schemes and mortgage schemes. The SMEs owner and their managers engaged their own relatives as a cheaper strategy for their businesses.

The study recommended that SMEs businesses ought to be valued as crucial contributors to the growth of the Zimbabwean economy. The government of Zimbabwe, through the relevant ministries, needs to urgently implement workable policies that address the change from the industrialisation era to SMEs era.

# CHAPTER 1

## INTRODUCTION

### 1.1 Background to the Study

The Small and Medium Enterprises sector (SMEs) in Zimbabwe contributes greatly to the Zimbabwean economy, yet most of its members have remained stagnant in terms of growth due to failure to implement appropriate human resources practices. People are an important asset of an organisation and the performance of organisations depends especially on people (Muloli, Islami, & Skenderi, 2015). Furthermore, the SMEs in Zimbabwe are facing several challenges such as financial, economic, social, political, technological and skilled human capital constraints. Earlier research (Cardon & Stevens, 2004) points out that SMEs managers experience numerous resources challenges related to attracting and retaining talented employees.

Chapter one (1) presents an over view of the research. It introduces the background to the economic problems faced by the Zimbabweans, focusing on the roots in colonial and post-colonial contexts and the emergence of SMEs. The objective of the study, research questions and rational for conducting the study are also summarised in this chapter. Finally, chapter one highlights the assumptions, limitations and delimitations of the study, followed by the context on which the problem of the study is being experienced. The chapter closes with the definitions of key terms in relation to the study.

### 1.2 Background Information

This study explored and analysed employment conditions, their impact on human resources management and retention within the small and medium enterprises

furniture manufacturing sector in Zimbabwe. The factors that militate against policy implementation success were also analysed. The key focus was to understand how the economic policies employed in Zimbabwe's post-independence context have either succeeded or failed to make business sense in the current environment. An analysis of the economic situation in relation to this study is, therefore, divided into two broad periods, namely; the pre-independence era (1965-1979) and post-colonial era (1980-2018).

### **1.2.1 Pre-independence era (1965-1979)**

The pre-colonial period in Zimbabwe provided a background for understanding in reasonably full context, how the pre-colonial historical commercial activities in Zimbabwe shaped the human resources management practices. True to the point, the current Zimbabwean economic situation has its valuable history rooted in the political and economic policies of the pre-colonial context. Therefore, the history of trade and commerce provides significant influence on aspects related to how people think and act economically. In attempting to reconstruct the business culture in Zimbabwe, the indigenous craft industries are heavily reflected in the lives of the great majority of SMEs. Duve and Maitireyi (2011) observe that the colonial government in Zimbabwe, through the Masters and Servants Act (MSA) of 1901, specifically targeted the control of labour. This piece of legislation was designed to inhibit the freedom and independence of the working class in the pre-colonial Zimbabwe. There was no room for negotiations for terms related to working conditions between the employer and employee.

In 1934, the Industrial Conciliation Act (ICA) introduced arbitration law for the first time. However, literature (Gwisai, 2007; Duve & Maitireyi, 2011) commonly agree that the Industrial Conciliation Act remained a secondary method hardly used throughout the

colonial period. As the industry grew, a series of reforms led to the enactment of the Industrial Conciliation Act (ICA) of 1945 which was designed to control employment matters. Furthermore, Cheater (1991) notes that the motive behind the ICA was the state's perception of conflict between labour and industrial capital, with the state's view that this perceived conflict required a system of bureaucratized adjudication. However, since the ICA regarded employment and dispute resolution as strictly private affairs (Cheater, 1991), the unbalanced weight of industrial capital over labour during this period meant there was no meaningful participation of labour in resolving industrial disputes. Resultantly, the outcomes of conciliation and arbitration of labour disputes predominantly favoured employers who, in turn, were predominantly of a European background. The Minister of Labour during the ICA period was incapacitated from actively intervening in industrial matters and this left the workers disadvantaged since their power was inferior to industrial acts. From this context, the situation would not assist in improving working conditions for employees, since power was excessively vested in the employer.

The pre-independence period also saw the government adopting policies that promoted domestic manufacturing in major basic consumer goods. Interventions in the economy included controls in wages, interest rates and exchange rates. During this period, increased numbers of people were absorbed in government institutions and formal companies. The government policies resulted in reinvestment of blocked profits and contributed to high growth rates (Makina, 2010). Inflation averaged 4% a year during the pre-independence era and the economy grew at an average of 8% annually compared to any post-independence period. During the pre-independence period, the business concept of SMEs was not heavily pronounced in the business sector, and the SMEs' existence could not be felt.

## **1.2.2 Post-colonial era (1980-2018)**

### **1.2.2.1 Growth with equity era (1980-1990)**

The period 1980-1990 is usually referred to as the *growth with equity* era (*Gutsaruzhinji*<sup>1</sup> - in the predominant ChiShona language). During this era, government pursued economic redistributive policies, which were designed to ensure stimulation of demand in the economy and opening it up to external markets. By adopting redistributive policies, the post-colonial government sought to redress the pre-independence inequalities that existed within the labour relations. This period initially saw the new Zimbabwean government growing the economy at a rate of 4.3% per annum and the formal employment proportionally growing by 1.9% per annum. During this early period, the Zimbabwean government policies were pro-labour. They supported workers in every one of their concerns. Makina (2010) describes this early post-colonial era as a period of boom and bust experience for Zimbabwe. The boom was explained by the lifting of economic sanctions, and the ushering in of favourable world market conditions and exceptionally supportive rainfall seasons. However, the opposite bust experience was viewed from two consecutive natural droughts (1982-1983 and 1984-1985) which resulted in the reduced ability for Zimbabwe to meet its share of demand for exports around the world markets. This added to the decline in foreign investments. Makina (2010) further states that the post-colonial Zimbabwean government failed to provide adequate and predictable export flows and incentives for long established investments.

According to the Central Statistics Office (CSO), compared to the pre-independence context, the economy of Zimbabwe had a positive average growth in the 1980s

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<sup>1</sup> A period declared by government to ensure food sufficiency for the majority—also referred to as the period of ensuring equity

averaging 5% GDP growth per year and 4.3% GDP growth per year in the 1990s. This statistical growth evidence was mainly clear support of the evidence of confidence built and sustained through the improved labour relations that were introduced by the post-colonial government in the formal economy of Zimbabwe. The positive growth in GDP was realised in the period 1980-1985 when the government adopted socialist policies. However, the socialist policies were skewed towards '*satisfying the needs of the masses*' at the expense of balancing economic business issues. The implications of these policies to the national economy and the business climate meant that the gradual signs of decline in the economy required that government reactivates the economic climate to ensure persistent economic growth and increase in employment levels. A number of reactive policies were introduced to ensure that the economy stayed afloat.

This section discusses some of the firefighting policies that were used to rejuvenate the sliding economy.

### **1.2.3 The legal environment created by government**

#### ***1.2.3.1 Economic Structural Adjustment Policies and Employment (ESAP) (1990-2000)***

The redistributive policies introduced earlier by the government in the first decade of independence in Zimbabwe heavily placed strains on the economy. This is so because expenditure on social amenities was very high while revenue from both the social and economic context was low. As a result, the government ran into deficit of a functional national budget. This affected the employment patterns and working environment as conditions began to deteriorate with many companies showing signs of struggling to

survive. Some companies began liquidating, necessitating the adoption and adaption of the ESAP programme to resuscitate the ailing economy.

The ESAP, as an economic policy, was the brainchild of the Bretton Woods Institutions that set conditions for giving loans and supportive facilities for the ailing economies in developing countries. These conditions included reducing government expenditures, privatisation of parastatal companies and commercialisation of public services, together with implementing free trade or unregulated economy. As the government of Zimbabwe was facing heavy economic downturn from the period 1986-1990, it was forced to adopt such a package in order to resuscitate its economy. The resuscitation of the economy would be done through acquiring funds from the Bretton Woods Institutions, hence the need to adopt and meet their set conditions to get the funding.

Between 1990 and 2000, Zimbabwe government introduced the ESAP. The idea was to inject foreign capital to enable domestic industry to recover through increased export earnings. For Zhou and Zhoushe (2012), ESAP is a neo-liberal market-driven policy measure which was adopted by Zimbabwe as a prescriptive solution to the economic crisis of the 1980s. It advocated for the reduction of government expenditure by forcing government to retrench 25 percent of the civil service establishment, withdrawing subsidies, commercializing and privatizing some state-owned companies, introducing user fees in the health and education sectors, among others.

The ESAP era was characterised by heavy privatisation of companies and changes in labour practices. Unlike the growth with equity era (*gutsaruzhinji*), ESAP was pro-capital and valued labour issues lowly. In light of this, a number of workers lost their jobs as massive retrenchments were carried out in many government parastatals,

including Zimbabwe United Passenger Company (ZUPCO), Cold Storage Commission (CSC) and National Railways of Zimbabwe (NRZ). This development resulted in the emergence of an informal sector, because the retrenched workforce regrouped to form small businesses which included private transport operations, butcheries and small repair workshops such as those located at the “*Magaba*” in high density residential areas. These small enterprises or businesses were not formally registered, as they were make-shift options for survival. This is the economic restructuring policy that gave birth to SMEs in Zimbabwe.

The implementation of ESAP in Zimbabwe became very disastrous because of corruption in high offices and it impacted negatively on the labour relations in the country. These challenges included persistent retrenchment of workers, high cost of living, and poor social amenities together with the fall in value of the local currency versus foreign currencies. These challenges in Zimbabwe’s post-colonial era resulted in high unemployment rate and the increase of SMEs in the informal sector, in addition to constant formal sector company closures.

Literature sources (Sounders, 2000) show that about 22000 public service employees were retrenched alongside large cutbacks in real recurrent expenditure on services. The Zimbabwean Congress of Trade Unions (ZCTU) estimated that 55000 jobs were lost by 1995. In addition, the working conditions in the public sector declined reducing the real income for those in the formal sector within the same ESAP period. At the start, the informal sector was mainly composed of hawkers, SMEs and cross border traders. The poor working conditions and uncompetitive pay rates forced many skilled public servants out of government employment.

### **1.2.3.2 Zimbabwe Programme for Economic and Social Transformation (2000–2010)**

From 2000, the economic meltdown in Zimbabwe resulted in further decline from 5% in 2000 to 18% in 2003 before everything went loose, thereafter (Government of Zimbabwe, 2006). Inflation continued to rise to an estimated 11200000% in August 2008 (Government of Zimbabwe, 2009). Proportionally, the levels of unemployment increased, resulting in the majority of the people being absorbed by the small and medium enterprises sector. However, the declining economy also affected the SMEs sector, because the survival of the SMEs business was heavily threatened by the non-performing national economy. Access to finance is a critical prerequisite for the development and creation of SMEs but, during this period, finance was not easily accessible since one of the objectives of the ESAP was to reduce government expenditure. Therefore, during ESAP, a huge number of SMEs collapsed. This is similar to what Ramis (2002) concluded in a related study carried out in Peru in which SMEs were not capable of surviving in challenging economy. Similarly, the economic downturn in Zimbabwe caused the collapse of small production companies that were on the fringes of the economy. The lack of foreign currency to operate rocked the SMEs causing their collapse. Owners of the SMEs had not been trained on how to handle workers; hence they offered no respect for workers. There was no clear code of treating workers in the SMEs due to lack of clear governmental guidance or policies that regulated employment in that sector. In light of these observations from literature, it can be argued that, up until this day, policies are still required for government to protect SMEs from both internal competition (from large corporate) and from external competition as these have not fully recovered since the economic meltdown.

From 2005, there was a surprising realization by authorities that the SMEs had taken over the employment sector and were now in control of the economic activities in

Zimbabwe. This realisation necessitated the establishment of structures to govern the SMEs sector because there was no revenue coming into government coffers through the SMEs, yet they now employed the majority of workers in Zimbabwe. Although the Ministry of Small to Medium Enterprises was set up in 2002, its legal work structure was still not crafted in terms of clear governance of the sector because of the economic decline. In line with the above, Kaufman, Kraay and Mastruzzi (2003) and Koushi, as cited by Gombarume & Mavhundutse (2014), opined that SMEs in Africa are weak because of difficult business environments, which include cumbersome official procedures and unattractive tax regimes. Furthermore, imports competition negatively impacts on SMEs. Similarly, Zimbabwean regulatory constraints still pose serious threats to the operations and existence of SMEs. These constraints include start up points, licensing and regulatory requirements. The World Bank (2004) states that, for example, it takes 952 days to deal with registration licensing issues in Zimbabwe. Although various initiatives have been put in place to support the SMEs sector, there is a need for an integrated and coherent policy and strategy for the development of the SMEs sector in Zimbabwe (Nyoni, 2008, as cited by Gombarume & Mavhundutse, 2014).

### **1.3 Statement of the Problem**

The SMEs businesses are facing challenges related to managing skilled employees because of the malfunctioning employment conditions. Earlier research reveals that the SME sector in Zimbabwe makes huge contributions to national economy earnings in diverse ways that include creation of employment opportunities, development of strategic infrastructure and adding value to the GDP of the country. However, the economy still experiences problems. This could be due to the fact that, as the emerging key employment sector in Zimbabwe, the SMEs are still going through development

issues that are being hampered by inefficient managerial skills, lack of application of technological knowledge and reduced access to profit making international markets. In addition, the Zimbabwean government has not developed a taxation base structure for a whole host of unregistered SMEs that are already operating as small-scale businesses, thus, affecting the earnings in terms of national revenue base. Furthermore, the unreliable economic conditions and environment for raising national income in Zimbabwe including corruption, collapsing industrial infrastructure, high operating costs, under-capitalization in addition to lack of government support, affect the way SMEs operate in Zimbabwe. There are no clear guidelines related to taxation of SMEs since their operations have not been formalised. Very little is known about the challenges that the managers in the furniture manufacturing SMEs sector in Zimbabwe are facing in creating a solid skilled employee-base that may be predictably taxed and support the national economy. The conditions highlighted affect both the employment conditions and employee retention within the SMEs sector in Zimbabwe. It is against this background (of the study) that this researcher sought to examine the prevailing employment conditions and their influence on employee retention in the SMEs furniture manufacturing sector in Zimbabwe.

## **1.4 Objectives of the Study**

### **1.4.1 The overarching objective of the study**

The main objective of this study was to investigate and assess how the employment conditions within the SMEs affect employees' retention in the furniture manufacturing sector of Zimbabwe.

### **1.4.2 Specific objectives**

To achieve the purpose of the study and the main objective, the researcher broke down the broad objective into smaller but manageable specific objectives to ensure a systematic approach to investigating the main objective as follows:

- 1) To understand the employment conditions obtaining in the furniture manufacturing SMEs sector.
- 2) To critically examine the level of implementation of the employment conditions and their implication on the retention of employees in the furniture manufacturing SMEs sector in Zimbabwe.
- 3) To identify challenges faced by furniture manufacturing SMEs management in attracting and retaining highly skilled employees.
- 4) To evaluate the extent to which the Zimbabwean labour laws address SMEs sector with regards to employment and taxation practices.

### **1.5 Research Questions**

The overarching research question for this study was: *What are the employment conditions and their influence on employee retention in the small and medium enterprises sector in Zimbabwe?*

Similar to the section on the broad objectives, the following specific research questions were derived from the broad research question of this study to ensure a systematic approach to addressing the main question:

- 1) What are the employment conditions obtaining in the furniture manufacturing SMEs sector in Zimbabwe?

- 2) What is the structure of the implementation levels for the employment conditions and the implication in relation to employee retention within the furniture manufacturing SMEs sector in Zimbabwe?
- 3) What are the challenges faced by furniture manufacturing SMEs management in attracting and retaining highly skilled employees?
- 4) To what extent do the Zimbabwean labour laws address SMEs sector with regards to employment and taxation practices?

### **1.6 Justification of the Study**

Since 2002, the Zimbabwean economy has been going through serious hyperinflations rising to huge numbers of up to 11000% surpassing any levels in world history. Currently, Zimbabwe has no currency of its own, and is always deciding between adopting currencies of other countries (including the US dollar and the South African rand) as official currencies or reintroducing its own currency. Between 2008 and 2017, the Zimbabwean government used multiple currencies to trade before phasing out that economic regime and introducing the bond notes and coins. When the economy began to crumble dramatically in Zimbabwe, industry gradually came to a halt. The agriculture industry slowed down as the violent land reform dispossessed the established white farmers of their farms. A new driver of the economy has since emerged in the form of SMEs. However, the government has not created policies to guide how this new face of the economy should finance government business or account for the gross domestic product (GDP) in a systematic way.

Some of the reasons leading to the collapse of the economy in Zimbabwe included the dramatic increase in hyperinflation which has phased out the Zimbabwean dollar. Once one of Africa's prosperous agro-based economies, the Zimbabwean economy

collapsed because of fiscal indiscipline on the part of the government and the unstable political environment. This resulted in the highly qualified labour force of Zimbabweans abandoning the country and seek employment elsewhere across the world. This included experts in mining, agriculture and tourism; some of which were the key drivers of the economy. In response to the economic challenges which have seen most companies closing down and downsizing leading to increased unemployment rates in the formal sector, unemployed Zimbabweans are now being absorbed by the SMEs sector.

Zimbabwe needs to maintain low inflation and low unemployment levels to ensure a stable economy because, when there is high unemployment employers by-pass salary increase request through hiring other unemployed people who in turn are willing to work for even lower earnings. For Zimbabwe, with its high unemployment levels, employees cannot make demands for improved wage earning because the SMEs costs will rise hence employers will end up spreading the costs to consumers to make profit. In an unstable economy, people are willing to buy more than necessarily available causing things to go out of control, especially when people are not sure whether the commodities will be in supply. Literature describes this reaction as demand pull inflation characterised by shortages which affects prices more than their output (Gillespie, 2007, as cited by Asante, 2012).

This study argues that, if the employment conditions in the SMEs sector in general, and particularly in the furniture sector are not improved, the retention of employees in the sector may not be achieved. It is therefore, of interest at policy level for researchers to study the employment patterns in the furniture manufacturing sector of SMEs to

understand how these may be improved since the industry plays a pivotal role in the stabilisation of the economy in Zimbabwe.

### **1.7 Significance of the Study**

This research will have the following implication for government and SMEs.

- 1) At policy level, this study has potential to shed light on the challenges being faced by the Zimbabwean government to grow the SMEs sector in its efforts to revive the economy through increased job creation.
- 2) Findings of this study may help make information available to the government of Zimbabwe as it makes efforts to formulate and implement sustainable policy for the SMEs sector. The pivotal role played by the SMEs sector in Zimbabwe in relation to economic transformation, the implementation of policy documents such as economic blueprints (for example, ZimAsset) and the SADC industrialization agenda will be enhanced.
- 3) For businesses and other entrepreneurs, the findings of the study and their conclusions have the potential to reveal the employment conditions in the SMEs manufacturing sector as well as highlight problems experienced by SME managers in attracting and retaining skilled employees. The research may help to improve the understanding by the SMEs in their role of developing the Zimbabwean economy and the need for them to participate in changing the livelihoods of their employees.
- 4) Furthermore, this study shares the conceptual framework for improving the performance of Zimbabwean SMEs for businesses sustainability.
- 5) With regards to employment conditions in the SMEs, no literature is currently available investigating the employment conditions and the retention of employees particularly in the furniture manufacturing sector as discussed in this

study. The current research sought to explore *recruitment and selection, learning and development, remuneration, succession planning and disciplinary handling* in the SMEs. This study ought to influence how managers strategize for the importance of implementing proper human resources management practices for the sustainability of their businesses.

- 6) The study sets the stage for new studies conducting comparative studies of the SMEs from both developing and developed countries. Although governments in various countries have taken steps to recognise the role of SMEs, the context and nature of employment conditions and their impact on employee retention is still not fully clear in Zimbabwe, and this study sought to provide that information.
- 7) The study focused on the furniture making sub-sector of the SMEs. A sample of 367 respondents was drawn from the sub-sector in Harare. It was a field study which was conducted in on-going enterprises. However, because this research focused at the furniture making sector of the SMEs in the Glen View Complex, the findings may not translate to other furniture making sectors in different locations because the conditions under which they operate may be different. The results from the Glen View study might, however, still be widely applicable, like in the study by Chan (2009), which alludes to universal employment challenges such as difficulties in recruitment and conditions of service as contributing factors to employee retention challenges. The assumption in both studies is that attractive conditions of services could help with employee retention in the SMEs sector in all parts of the world. This current study was conducted in a natural setting among furniture manufacturing businesses at Glen View Complex in Harare; hence the use of Interpretivism and grounded theory employed throughout the data generation and interpretation processes.

## 1.8 Limitations of the Study

Every research meets with some militating factors or variables that need to be controlled by the researcher. By definition, limitations to any study refers to those methodological characteristics of the research design that have some influence related to the data generation or collection in addition to the impact of the interpretation of the research findings (Punch, 2009; Patton, 2001). Limitations may affect the ability of the researcher to generalise findings, question the application of the findings to the general practice in the field of study and they may finally affect the establishment aspects like internal and external validity. Similarly, at the beginning of this research, the researcher referred to anticipated limitations of the study. However, the actual limitations specific to this study were identified when the researcher moved into the field to collect and generate data. The actual limitations are found in Chapter 4 of this research thesis. Consequently, in Chapter 1, the researcher presents those general methodological limitations found in research methods literature and had the potential to interfere with the research. The following anticipated limitations had the potential to intervene in the study during the research.

- 1) This study was conducted in Zimbabwe where the economic trends had become so unpredictable. The costs of doing the research were not easy to budget for, although this researcher made efforts to create and sustain a strong budget to meet the needs of the study
- 2) Participants would provide answers that they felt would please the researcher so as to maintain their relationships with the gate keepers of the SMEs operating legally and illegally.
- 3) Some participants could return the questionnaires without completing them, or even having completed part of them.

## **1.9 Delimitations of Study**

This research sought to investigate the employment conditions in the small and medium enterprises (SMEs) sector in Zimbabwe and their influence on employee retention. The focus of the study was delimited to understanding only the furniture manufacturing sector within the Glenview Furniture Complex because it was not feasible to study all of the over 5000 furniture manufacturing SMEs throughout Harare Metropolitan. However, the actual study population from which the sample was selected included a total of 2000 furniture manufacturing SMEs that were located within the Glen View Furniture Complex. The Glen View Complex is situated 14 kilometres outside the Central Business District (CBD) of Harare, the capital city of Zimbabwe.

## **1.10 Assumptions**

- 1) The assumptions of this study included those untested beliefs or philosophies that immediately came to mind as issues that would assist in this study. This is where, as a researcher, one could easily base the conclusions and strategies for conducting this study. However, these assumptions also helped the researcher to make instant adjustments to strategies if at any given stage the researcher realised the assumptions or position of thinking were not correct, hence could mislead the study. Some of the assumptions that the researcher carried when she entered the field of study included the hope that respondents to the questionnaires and interviews would furnish responses to the best of their knowledge without fear.
- 2) The variables under study were going to be the most significant in terms of employment conditions in the SMEs sector in Zimbabwe.

### **1.11 The Context of this Study — Glen View High Density Area**

The Glen View furniture complex is located in the suburb called Glen View, which is found in the south-western part of Zimbabwe's capital city, Harare. It is 14 km from Harare's Central Business District. Glen View suburb borders with other high-density townships like Glen Norah and Budiro. It is divided into sections numbered 1 to 8 in addition to earlier extensions. The study site, Glenview Furniture Complex, is located in an area that is slowly encroaching towards the restricted wetlands.

Glen View high density suburb is one of the most populous in Zimbabwe with a population of 104,000 (Parliament of Zimbabwe, 2011). Glen View High Density suburb has community halls in areas 1 and 3 which were originally designed to help young unemployed people to look for employment opportunities information. The community halls were also constructed as commercially open units to the public so they could be rented out for social activity such as religious gatherings and weddings. The centres are local government-owned and, at times, were used for public information and information gathering related to available rental opportunities for houses. In post-independent Zimbabwe, the government extended the use of the buildings to include political gatherings and evening classes for adult education purposes. The government schools have since been extended to provide facilities for larger gatherings like polling stations during elections.

There are also, a number of public and private institutions operating in the area, from kindergartens to primary and secondary schools. Zimbabwe's Ministry of Primary and Secondary Education (MoPSE) governs up to ten schools within Glen View high density suburb, but only a few continue to offer evening classes for adults. These schools are popularly known as night-schools. There are also four private education

institutions operating within the Glen View high density suburb. The populace in Glen View, like in all other spaces in Zimbabwe, is highly literate with most of the people having attained secondary education. A good number have diplomas from higher education institutions, including degrees from universities around Zimbabwe.

There are a number of industries near Glen View although most of them have since closed down. This explains the emergence of SMEs in large numbers in the suburb. Glen View's informal sector plays a larger part of investment in the community though the unforeseen hinders progress. For example, during the period of study, fire gutted Glen View furniture manufacturing complex on three occasions, and the SMEs businesses were affected. The furniture manufacturing industries established in the area continue to pose a threat to the environment. There is no visible effort by the Harare City Council to redesign the Glen View-furniture manufacturing complex which is the area of study.

### **1.12 Definitions of Key Terms**

The following terms have been identified for use in this study and shall be defined in the context of the research.

**Employee:** means “any person who performs work or services for another person for remuneration or reward on such terms and conditions that the first-mentioned person is in a position of economic dependence upon or under an obligation to perform duties for the second-mentioned person, and includes a person performing work or services for another person” This definition is in in terms of Section 2 of Zimbabwe Labour Act Chapter 28:01

**Employer:** means “any person whatsoever, who employs or provides work for another person and remunerates or expressly or tacitly undertakes to remunerate him, and includes; the manager, agent or representative of such person who is in charge or control of the work upon which such other person is employed...” This definition is in terms of Section 2 of the Zimbabwe Labour Act Chapter 28:01

**Employment conditions:** Refers to information relating to an environment in which an employee works. It starts with recruitment. According to De Cieri and Kramar (2008), recruitment is the process of searching for and attracting potential employees. It also refers to conditions which guides all employees on their entitlements with regards to remuneration, pension, leave, working hours and other entitlement as these form part of the employment contract. Investigations of these are used to establish whether the SMEs are fulfilling them in an effort to attract and retain skills.

**Employee retention:** Is “A systematic effort by employers to create and foster an environment that encourages current employees to remain employed by having policies and practices in place that address their diverse needs.” In his book entitled, *Retaining Top Employees*, Mckeown (2010) asserts that, “Fostering long lasting relationships with employees begins with right recruitment practices and ends with effective retention tools adopted by an organisation.”

The investigation attempted to establish whether the SMEs business offer retention strategies such as learning and development opportunities, remuneration, succession plan, among other strategies, as motivators for attracting employees to stay on the job and give their best.

**Employee motivation:** It is the combination of factors fulfilling the needs and expectations of employees from work and the workplace that enable them to give their best performance. The investigation sought to determine whether SMEs are fulfilling the needs and expectations of employees as incentives to employees' performance.

**Economic transformation:** Refers to rapid economic growth driven by increases in productivity, technological capability, economic diversification and international competitiveness that foster job creation and shared prosperity.

**Learning and development:** According to Storey and Sisson (1993), training involves preparing or equipping employees with skills they require to perform on their jobs and is a continuous process which reflects employers' commitment to their employees. Investigation of learning and development systems was used to determine whether the SMEs businesses offer these for improved performance by employees and business.

**Informal sector:** It is that part of an economy where workers are self-employed, or where employees work for those who are self-employed and the businesses are not taxed by government or included in the gross domestic product (GDP) computations.

**Formal sector:** The economic activity occurs within the purview of state regulation or a business that is registered with the state for purposes of taxation. Comparison of business activities assisted the research to understand the formal sector and the informal sector in which the SMEs are said to be operating under. This would be of interest to government in its effort to register the SMEs and collect taxes from these contributors to the economy of Zimbabwe.

***Micro, small and medium enterprises:*** In Zimbabwe, these are defined by the number of employees, according to the Small Enterprises Development Corporation Amendment of 2011, including individual entrepreneurs (0 employee), micro businesses (1 to 5 employees), as well as small business (6 to 30/40 employees) depending on the sector, and medium size businesses (31/41 to 75 employees). MSMES also include agricultural activities if 50% or more of the produced goods are sold. Investigation of the MSMES will assist in establishing the category of the study in the Zimbabwe context.

### **1.13 Structure of the Thesis**

The remaining part of the thesis consists of six chapters, which are organised as follows:

**Chapter 2** focuses on the literature review, and provides information on what other researchers and authors have written about employment conditions in the SMEs sector. The chapter reviews the definition of SMEs to understand its meaning and application in different countries including Zimbabwe. It also gives a description of theoretical framework guiding the study.

**Chapter 3** focuses on my proposed conceptual framework which takes into consideration theoretical models from other researchers and authors who have written about employment conditions in the SMEs sector.

**Chapter 4** outlines the research methodology adopted and demonstrates how the data for the thesis was collected and analysed. It discusses in detail the sampling methods, data collection methods and ethical dilemmas encountered during this research.

**Chapter 5** presents the results from the data analysed to come up with information from employers and employees about employment conditions in the SMEs furniture manufacturing sector.

**Chapter 6** discusses the research findings in line with the data analysed in the preceding chapter specifically on the retention elements, namely learning and development, recruitment and selection, remuneration, succession planning and disciplinary handling.

**Chapter 7** concludes the research and makes recommendations for future study based on the findings.

#### **1.14 Chapter Summary**

The chapter highlighted the background to the research on employment conditions and their influence on employee retention in the SMEs furniture manufacturing sector in Zimbabwe and advanced the research argument. The chapter also explained why the research problem is a problem and who it is affecting. In addition, it describes the context of this study, that is, -Glen View high density Area. The significance of investigating these employment conditions is to come up with a model through which government can assist the SMEs to grow and contribute to the national growth through taxes and employment creation. Through policy recommendations, this study could make employers in the SMEs realise their critical role in contributing to the growth of the Zimbabwean economy and to encourage the employers to consider introducing various retention strategies that lead towards employee retention and business growth. The objectives of the study and research questions were also highlighted in this chapter. The chapter also defined the key terms for the reader.

## CHAPTER 2

### REVIEW OF RELATED LITERATURE

#### 2.1 Introduction

The purpose of conducting a review of literature for this study was to allow me, as a researcher, to gain deeper understanding of the current existing body of research relevant to this topic on human resources management in the SMEs. Conducting a systematic review of related literature also helped the study to build preliminary knowledge in this relatively new field of study and gave the researcher a clear panorama of the existing knowledge about the topic. As the researcher conducted this study, one question that the researcher persistently asked herself was: *What does literature say about human resources management within the context of SMEs in Zimbabwe?* The question allowed this study to place the reviewed works within the context of how each contributed to the understanding of the research problem that the researcher was looking at. This allowed the study to build an understanding around the current body of literature hence, creating a relationship between each work from others, that is, the current research problem. One very important reason for conducting a review of literature was that the researcher was able to identify new approaches to interpret prior research in relation to the study. This chapter also reviews literature related to how other scholars define Small and Medium Enterprises (SMEs) and how it is practised elsewhere outside this study population. The chapter also focuses on the role of SMEs in employment creation and what other researchers and authors have written about employment conditions in the SMEs sector. Furthermore, the chapter delves into the challenges faced by SMEs managers with regards to retention of skilled employees and discusses the various forms of retention of employees in the SMEs sector.

## **2.2 Towards a Definition of Small and Medium Enterprises**

In Zimbabwe, like other developing economies, SMEs now play a crucial role in economic development, poverty reduction and employment creation (Katua, 2014). The small and medium enterprises (SMEs) are considered a backbone of industrial development and they represent a large, diverse and important sector worldwide. In recent years, the SMEs have come under public policy limelight and received the attention of policy makers in developed and developing countries (Schlogl, 2004, cited by Katua, 2014).

Literature accepts that there is no single accepted universal definition of SMEs (Khalique, Isa, Shaari, & Ageel, 2011; Hooi, 2006; Omar & Ismail, 2009). The definitions of small and medium enterprises (SMEs) are as many as the individuals trying to define the concept SMEs, and indeed they differ from individual-to-individual, and are usually defined according to sectors, number of employees and balance sheet. For example, in a study undertaken across African countries, namely Kenya, Tanzania, Uganda and Zambia (Calice, Chando, & Sekioua, 2012), the African Development Bank defines SMEs differently among participating banks and it was evident too that the definitions were also influenced by the size of the participating banks. The small banks had lower thresholds, whilst the traditional commercial banks had higher thresholds for SMEs. The widely used criteria were loan size and company turnover. Staff size was an additional definition used by Kenya and Tanzania to define SMEs.

In Malaysia, the definition of SMEs is based on annual sales turnover and total number of full-time employees. The SMEs are aggregated into three main sectors which include general businesses, manufacturing and agricultural businesses. Enterprises that employ between 50 and 150 employees are considered as medium, while those

employing between 5 and 50 are considered small and less than 5 are considered as micro enterprises. In China, the general agreement of their local literature when defining SMEs is principally based on the number of people employed, volume of sales or output and value of assets (Zheng, O'Neill, & Morrison, 2009). The main theme used in the United Kingdom is from the Companies Act of 1985 which views SMEs as 'small' if it satisfies at least two of the following criteria, namely; a turnover of not more than 5.6 million pounds, a balance sheet total of not more than 2.8 million pounds and/or not more than 50 employees. A medium sized company must satisfy at least two criteria, namely a turnover of not more than 22.8 million pounds, a balance sheet of a total of not more than 11.4 million and/or not more than 250 employees. From these definitions or ways of looking at SMEs, it is clear that characteristics of the businesses qualify each to enter into a certain category depending on output or size in terms of employees.

In Kosovo, the writers found that the definition of SME's is regulated by the number of employees as illustrated in Table 2.1:

Table 2.1: SMEs Registered in Kosovo by Number of Employees

<b>Classification by size</b>	<b>Number of employees</b>	<b>Number of enterprises</b>	<b>Percentage in total</b>
Micro	1 - 9	102,070	98.37
Small	10 - 49	1,406	1.35
Medium	50 - 249	221	0.22
Large	250 or more	58	0.06
Total		103,755	100.00

Source: Government of Kosovo (2011)

The World European Commission defines SMEs using the annual turnover and annual balance sheet as shown in the Table 2.2:

Table 2.2: Definition of Small to Medium Enterprises by the World European Commission

Enterprise indicators (2/3)	Number of employees	Total assets	or	Total annual sales
Medium	> 50; ≤ 300	>\$3,000,000; ≤\$15,000,000	or	>\$3,000,000; ≤\$15,000,000
Small	> 10; ≤ 50	>\$100,000; ≤\$3,000,000	or	>\$100,000; ≤\$3,000,000
Micro	< 10	≤\$100,000	or	≤\$100,000

Source: World European Commission (2009)

The World Bank defines SMEs using the number of employees, total assets in United States dollars and annual sales in United States dollar as shown in Table 2.3.

Table 2.3: Definition of Small and Medium Enterprises by World Bank Standards

Enterprise indicators (2/3)	Number of employees	Total assets	or	Total annual sales
Medium	> 50; ≤ 300	>\$3,000,000; ≤\$15,000,000	or	>\$3,000,000; ≤\$15,000,000
Small	> 10; ≤ 50	>\$100,000; ≤\$3,000,000	or	>\$100,000; ≤\$3,000,000
Micro	< 10	≤\$100,000	or	≤\$100,000

Source: Independent Evaluation Group (2008)

The European Union and the World Bank's definitions of SMEs have a difference in denomination where one uses the Euro and the other uses the United States dollar as a basis for measuring company power. Furthermore, the European Union uses the criteria of annual turnover and balance sheet total, whilst the World Bank uses total assets and total annual sales. This clearly shows how difficult it is to come up with a common definition for SMEs. They differ according to country perspectives and their flexibility to define SMEs in line with their environments. The commonality that the researcher noticed from all these diverging views is that small and medium-sized enterprises (SMEs) may be regarded as independent small companies that employ a number of employees who are less than a standard number of workers also depending on financial balances that each small organisation has.

This study wanted to establish how this concept is defined. However, from the above citations, there is no universal definition for SMEs since all the views depend on who is defining the concept. However, the definition of SMEs fell into three categories, where SMEs were defined by national laws, industrial performance and number of workers. As a result, there is no universal definition since it may end up in sharp contrast with economists, academics and industrialists (Berisha & Pula, 2015).

The Table 2.4 shows the differences used in numbers to define the standard numbers for engaged employees as defined by different countries.

Table 2.4: Description by Firm Sizes of Number Count of Employees in Different Countries

	Micro	Small	Medium	SME	Large
EU countries, Iceland, Norway, and Switzerland	1 - 9	10 - 49	50 - 249	1 - 249	250 +
Australia	0 - 9	10 - 49	50 - 199	0 - 199	200 +
Canada	0 - 9	10 - 49	50 - 499	0 - 499	500 +
Japan	4 - 9	10 - 49	50 - 249	1 - 249	250 +
Korea	5 - 9	10 - 49	50 - 199	5 - 199	200 +
Mexico	0 - 10	11 - 50	51 - 250	1 - 250	251 +
New Zealand	1 - 9	10 - 49	50 - 99	0 - 99	100 +
Turkey	1 - 19	20 - 49	50 - 249	1 - 249	250 +
United States	1 - 9	10 - 99	100 - 499	1 - 499	500 +

Source: OECD (2010)

### 2.2.1 Definition of small and medium enterprises by Zimbabwe standards

The previous sections viewed the definitions of SMEs from a worldwide perspective. There is need to understand the same definition from a Zimbabwean context. This will help to evaluate the local SMEs and provide a standard understanding of how to classify businesses. In Zimbabwe, there is a clear dearth of literature on how the Companies Act defines or classifies small businesses. However, the SMEs Act [Chapter 24:12, Part 1] defines “micro-enterprises, small enterprises or medium enterprises” (MSMEs) as “business entities whether corporate or unincorporated that are managed by one person or jointly by two or more persons and carry out business in various sectors or subsectors of the economy.” The Act goes further to classify the MSMEs in terms of three factors, namely; number of employees, annual turnover and gross value of assets excluding immovable property. Table 2.5 illustrates the criteria used to classify MSMEs in Zimbabwe.

Table 2.5: The Classification of SMEs in Zimbabwe

Sector or Subsector Of the Economy	Size Or Class	Maximum total number of full-time employees paid	Maximum total annual turnover (\$)	Maximum gross value of assets Excluding immovable property (\$)
Agriculture	Medium	75	1, 000, 000	500, 000
	Small	30	500, 000	250, 000
	Micro	5	30, 000	10, 000
Arts Entertainment, Culture, Education and Sport	Medium	75	1,000,000	500, 000
	Small	30	500, 000	250, 000
	Micro	5	30, 000	10, 000
Mining and Quarrying	Medium	75	3, 000,000	2,000,000
	Small	40	1, 500,000	1,000,000
	Micro	5	30, 000	50, 000
<i>*Manufacturing</i>	<i>Medium</i>	<i>75</i>	<i>1, 000,000</i>	<i>1,000,000</i>
	<i>Small</i>	<i>40</i>	<i>500, 000</i>	<i>500, 000</i>
	<i>Micro</i>	<i>5</i>	<i>30, 000</i>	<i>10, 000</i>
Construction	Medium	75	2,000,000	2,000,000
	Small	40	1, 000,000	1, 000,000
	Micro	5	50, 000	10, 000
Energy	Medium	75	1, 000,000	2, 000,000
	Small	40	500, 000	1, 000,000
	Micro	5	50, 000	10, 000
Financial Services	Medium	75	1, 000,000	500, 000
	Small	30	500, 000	250, 000
	Micro	5	30, 000	10, 000
Transport	Medium	75	1 million	500, 000
	Small	40	500, 000	250, 000
	Micro	5	30, 000	10, 000
Retail	Medium	75	1, 000,000	500, 000
	Small	30	500, 000	250, 000
	Micro	5	30, 000	10, 000
Tourism and Hospitality	Medium	75	1, 000,000	500, 000
	Small	30	500, 000	250, 000
	Micro	5	30, 000	10, 000
Services	Medium	75	1, 000,000	500, 000
	Small	30	500, 000	250, 000
	Micro	5	30, 000	10, 000

Source: Ministry of MSME, Zimbabwe

The figures in the table columns are based on the prices and values prevailing in the Small Enterprises Development Corporation Amendment of 2011; and the figures are adjustable in accordance with the field index of operation as stipulated by the

Zimbabwe National Statistics Agency (ZIMSTAT). This places the different SMEs in a form of a non-static state. The furniture manufacturing SMEs, a focus of this study, fall under manufacturing industries. The definition of SMEs is therefore found under the statistics provided for by the law. From these statistical definitions of SMEs, there is a danger of these playing around with the index figures in order to stay at an advantage on the taxation system. This will in turn spoil the definitions of SMEs as presented from the international context. However, it is important to embrace these statistical definitions as working definitions because they shape the way SMEs operate in Zimbabwe.

Having discussed the various definitions of SMEs, this researcher is of the view that there is no universal definition because available definitions depend on who is defining the SMEs and the point of entry for defining the concept. It can be noted that the common way to understand the definitions of SMEs is by matching the number of employees and the sector of operation for the SMEs. However, the available definitions in the table appear to ignore the contribution by the SMEs to the gross domestic product (GDP) of a country. Governments recognise and expect the SMEs to contribute to the GDP, but no deliberate efforts are being made to include the SMEs sector into the annual plans.

In a few cases where governments have created ministries to be in charge of the SMEs sector, this is usually viewed as a reaction to a need by governments to increase the collection of revenue through taxation. However, such efforts are not backed by the necessary support to grow the productive power of the SMEs sector in terms of financial, infrastructure or supportive labour laws for this special economic group. This position leads to definitions being contested from the view that definitions alone cannot produce the required results, including the impact on the country's economy. From

owners of the SMEs, their survival is viewed in terms of the ability to provide food for their families. This is, however, not enough if governments' intentions are for the sector to contribute to the GDP of the country. For this study, the definition for SMEs needs to include the contribution to the GDP by the SMEs as part of the definition. This inclusion is persuasive to authorities (governments) to provide enabling economic and political environments so that they are conducive to the operations of the SMEs. Creating environments with such key characteristics could attract adequate funding, business training, and inclusion of the SMEs in the various legal instruments like the Labour Act and proper monitoring and evaluation of the businesses. But these definitions from the different sources do not provide a basis for understanding how the management of employee, recruitment and their retention is acted out within SMEs. Therefore, for this study, it was critical to find how SMEs are defined in Zimbabwe and whether the definition includes the furniture manufacturing industry, to ensure that the operations are placed in the centre of national economic development.

### **2.2.2 The state of small to medium enterprises in Zimbabwe (2010-2015)**

According to the ZIMSTAT (2012) economic survey, results reveal that, like in many other countries, Zimbabwe has since 1995 experienced and is still experiencing stunted economic growth for more than two decades. In 2012, it was estimated that, of the Zimbabwean employed population of 5.4 million, 84% were in the informal employment, 11% were in formal employment and 5% were in unclassified employment. This shows that the majority of the employed population in Zimbabwe was in the SMEs. However, the key aspect of interest to this study is that the majority of the SMEs who employ most of the people are not registered or licensed. Being unregistered implies that the majority of these employees are not paying tax to the government, hence making it impossible for government to generate revenue. Some

of the businesses were relatively young since inflation only plunged to its worst in 2008. These Zimbabwe National Statistics Agency (ZimStat) survey results were confirmed by Finmark Trust through the FinScope MSME Survey Zimbabwe 2012 (FinMark Research Continental, 2012) which revealed that 85% of the MSME businesses in Zimbabwe were informal. The increase in SMEs in post-colonial Zimbabwe was also energised by the government's efforts to empower the native population of Zimbabwe. Indigenous Zimbabweans were held back by many factors after the end of the colonial rule in 1980 as the laws of the day deliberately discriminated against indigenous black people. For example, the Factory Act No. 20 of 1948 and Companies Act No. 47 of 1951 were designed with discriminatory legal conditions for registration to side-line blacks. For example, the Public Health Act No.19 of 1924 (Chapter 328) was designed to protect the established white businesses while black owned small businesses were subjected to harassment for failure to meet the required standards.

The post-colonial government enacted several legislations in an attempt to address the colonial imbalances and empower indigenous black people of Zimbabwe. The Acts included the Communal Lands Act (1981) which resulted in the shift of land authority from traditional leadership to local authorities, the Land Acquisition Act (1985) and the Indigenisation and Economic Empowerment Act (2008). However, to further constraint the intended creation of an enabling business environment for the black population, were various factors that caused the economic decline since 2001, including corrupt practices at the top echelons of the government; cases of mismanagement of the system; poor strategic decisions; payment of gratuities to the liberation war veterans; the violent land redistribution initiative; and the introduction of economic sanctions imposed by the Western countries (Chingono, Hove, & Danda, 2013). All these factors

threatened and added challenges to Zimbabwe's development efforts particularly creation of employment opportunities.

### **2.2.3 The impact of Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZimAsset)**

Efforts to stabilise the runaway inflation and economic decline were also enhanced by the introduction of an economic blueprint known as the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZimAsset) to run from October 2013 to December 2018. The ZimAsset economic development plan outlined the drive for sustained socio-economic transformation. Despite the introduction of this enabling economic blueprint, whose objective was to achieve sustainable development through business empowerment, and the strategies anchored on indigenization, empowerment and employment creation, the hurdles militating against the implementation of the SMEs agenda persisted. Sibanda (2017) argues that Zimbabwe's economic problems cannot be solved by more blueprints but require policy makers to change and apply prudent economic management while re-engaging the world. What Zimbabwe needs is an economic environment that inspires investment. However, it is common cause that investors have no interest investing in unstable economies because they could lose their investments. Without investment, it is difficult for Zimbabwe to grow its economy because there is no money for businesses especially the SMEs to grow in systematic ways that strengthen the national economy (FinMark Research Continental, 2012). For example, the SMEs in Zimbabwe cannot create more employment that will improve the economy through offshoots like taxation and exportation.

In any economy, higher levels of production will help to reduce levels of inflation. In Zimbabwe inflation shoots up because there is less employment, less production and

exportation. Some of the responses by the economy to the reduced levels of employment include constant increases in prices for basic commodities and other goods. In economic terms, the increase in prices of goods is directly proportional to inflation increase rates. Because the industry, which has become dominated by SMEs is failing to increase production, Zimbabwe now specialises in importing goods and this is a move that is expensive since that requires foreign currency hence, increasing inflation further. The question that arises is how the management of SMEs is helping the economy to produce enough for export.

#### **2.2.4 The Small and Medium Enterprises and employment creation in Zimbabwe**

Ayyagari et al. (2007, as cited by Fjose, Grunfeld, & Green, 2010) contend that the contribution of the SMEs sector to job opportunities is important for African economies. The SMEs account for about three-quarters of total employment in manufacturing. According to Abdullah et al. (2007), high employee turnover definitely affects productivity, profitability and further obstructs growth of any business, small, medium and large alike. In line with this, small and medium industries (SMIs) should upgrade their employees' skills and government policies should be more favourable so as to create a working environment that is more conducive to job creation and satisfaction in SMIs (Abdullah, et al., 2012). A situation noted in Zimbabwe shows that entrepreneurs of the 21<sup>st</sup> century now get rapid enrichment through trading in goods and services while their employees work under highly exploitative conditions with little job security and no legal protection (Afrikainstitutet, 2004). Supporting this, Loewenson (2013), in a study to evaluate health efforts by the government in Zimbabwe, concluded that there are common health hazards such as poor hygiene, poor working arrangements, and hazardous work hand tools affecting the informal sector including the furniture manufacturing sector.

An analysis of literature on SMEs in countries such as Kenya, Tanzania, Uganda and Zambia (Fjose, Grunfeld, & Green, 2010) demonstrates the idea that there are several obstacles which constrain the engagement of banks with SMEs. The obstacles included “macroeconomic factors, business regulation, the legal and contractual environment, the lack of a more proactive government attitude towards the segment, some areas of prudential regulation and some bank-specific factors”.

### **2.2.5 The small and medium enterprises recognition and practice in Zimbabwe**

The government of Zimbabwe (GoZ) recognises and accepts the role played by SMEs in sustaining the economy and improving livelihoods. It enacted the Small and Medium Enterprise Act [Chapter 24:12] “to promote and develop micro, small and medium enterprises in Zimbabwe, whether operating in the formal or informal sector of the national economy, for sustainable development”. In 2002, Zimbabwe set up the Ministry of Small and Medium Enterprises, specifically to manage the SMEs sector, and became one of the few countries in Africa with such a cabinet portfolio. Later, the Ministry was renamed “Ministry of Small and Medium Enterprises and Cooperative Development” in 2009 after the added responsibility of managing cooperatives in Zimbabwe. The fifth schedule of the Act uses a formula to determine whether an enterprise is micro, small or medium as Table 2.5 illustrates. It looks at the number of employees, turnover and assets to categorise the enterprise as micro, small or medium. For the purpose of this study, this researcher will use the term SMEs.

Recently, the post-Mugabe dispensation, which was inaugurated on 17 November 2017, introduced some changes that reduced the number of ministries and, as a result, the Ministry of SMEs now falls under the Ministry of Industry, Commerce and Enterprise Development. While this change had its focus on reducing government

expenditure, the move did not reduce the pivotal role played by the SMEs sector in terms of employment creation and adding value to the socio-economic growth of Zimbabwe.

While there is confusion in how the SMEs should operate, the SMEs enterprises continue to face problems related to retention of skilled personnel because of unfavourable employment conditions (Reid, Morrow, Bridgita, & McCartan, 2002). The SMEs cannot make reference to the existing labour laws to address related problems today because the narratives of the legal instruments do not embrace SMEs specifically but simply as small businesses. So, this study wanted to know, how the SMEs sector attend to issues of labour laws regarding employee retention. This is because labour laws in Zimbabwe were designed to address matters relating to formal employment in the industries. They excluded the informal sector which is currently playing a pivotal role in the growth of the economy today. The SMEs sector has remained significantly informal and yet it has an impact on skilled employees. An estimated 5.7 million people in Zimbabwe work in the SMEs sector and yet there seems to be no labour law specifically addressing issues of SMEs because most of the workers are employed by their relatives and do not usually sign formal contracts of employment.

The FinScope MSME employment survey that was undertaken in 2012 revealed that 9% of SMEs in Zimbabwe work in the manufacturing sector and this includes the furniture manufacturing cluster which is the focus of this study. Table 2.6 below shows the trend in real average earnings for the period 2009 to 2014, including in the manufacturing sector. The real earnings have been responding to unemployment rates and the weakening economy in general.

Table 2.6: Real Average Earnings Index (2009-2014)

Sector	2009	2010	2011	2012	2013	2014
Agriculture	100	106.7	96.7	95.3	113.3	126.7
Mining	100	270.8	112.5	114.8	107.8	114.5
<b>Manufacturing</b>	<b>100</b>	<b>130.7</b>	<b>108.3</b>	<b>112</b>	<b>104.9</b>	<b>105.3</b>
Electricity & Water	100	98.7	171.7	107.3	121.8	98.9
Construction	100	182.5	98.6	128.1	131	66.9
Financial Services & Real						
Estate	100	223.2	111.1	124.7	131.7	78.5
Distribution	100	211.3	106.6	109.7	95.1	94
Transport & Communication	100	149.5	119.2	147	95.2	104.3
Public Administration	100	143.6	171.4	106	123.5	98.2
Education	100	<b>142.6</b>	157	98.9	100	100
Health	100	414.3	146	185.9	105.1	77.5
Private Domestic Services	100	435.8	12	135.2	105.9	104.8
Other	100	53.2	139	123.8	139.9	76.5
Total	100	159	119.7	113	111.5	95.8

Source: ZIMSTAT

The real earnings, as depicted in the above table, fall far below the poverty datum line in Zimbabwe for the same period as shown in Table 2.7 below. The poverty datum line is the threshold below which families or individuals are considered to be lacking the resources to meet the basic needs for a healthy living.

Table 2.7: The Poverty Datum Line (PDL) for Zimbabwe for the Period 2009 to 2016

2009	2010	2011	2011	2012	2013	2014	2015	2016
PDL	453.38	476.37	485.75	543.3	503.81	505.99	491.26	478.9

Source: ZIMSTAT

The real earnings, as depicted in Table 2.6 and the poverty datum line, as shown in Table 2.7 seem to echo that employment conditions, which include earnings for the employees in the SMEs furniture manufacturing sector, are poor. As a result, the employees are not retained. This can hamper the ability of a country to harness the potential in the SMEs. Given that the needs of SMEs differ among countries, there is a gap that needs to be addressed concerning employment conditions for the employees because findings of other researches may not be applicable to Zimbabwe.

### 2.2.6 Education system and SMEs in Zimbabwe

Similar to the USA government's decision to revamp the education system after being threatened by Russia's successes in launching a Sputnik satellite into space in 1957 (Herold, 2009), the Government of Zimbabwe, in recognition of the pivotal role of education in shaping industry, introduced a new curriculum in the education system. This new curriculum was designed to help educationists identify learners with special skills at an early age (Government of Zimbabwe, 1999). Furthermore, "... Because of their deep faith in education, [the government] not only look to their schools to solve most of their problems, but they frequently blame the schools when things go wrong..." (Government of Zimbabwe, 1999). It was clear that the government of Zimbabwe thought that the solution to the inadequate development of technical and vocational skills among the Zimbabweans would only be achieved within the schools system. Therefore, first, in 2013, the government introduced the department in the Ministry of

Education which specialised in the development of Psychomotor Skills in Education and the Vocational Training. This resulted from the findings of the presidential commission of inquiry into the Zimbabwean education system whose findings described the Zimbabwean education system as academically good but irrelevant to the industrialisation of Zimbabwe.

This development in the education system in Zimbabwe was meant to create a mindset of entrepreneurship among learners at an early stage, that is, early childhood development (ECD) level. This thrust is believed to have the potential to cause a positive impact on the quality of graduates from the education that would ensure retention of employees absorbed by SMEs in general but specifically for the furniture manufacturing sector, which is of interest to this study.

### **2.2.7 Recruitment practices in various organisations**

There are some recruitment practices that are used to attract critical talent in organisations that are known to be successful. Van Hoyer and Lievens (2009) express the need to use traditional recruitment practices which are divided into two information sources, namely external information sources and internal information sources. External information sources include word-of-mouth and publicity which the organisation cannot control. The internal information sources involve recruitment through advertising which is created and controlled directly by the human resources departments of an organisation. This researcher examines the employment methods in the ensuing paragraphs. The key question that needs to be answered by each of these approaches is: *How does each method support the recruitment and retention of skilled individuals for the purposes of organisational development?*

### **2.2.7.1 Word-of-mouth**

Word-of-mouth is an external information source which is basically not under the direct control of the organisation (Van Hove & Lievens, 2009). Marketers define “word-of-mouth” as “an informal, person-to-person, communication process of information searching between a perceived non-communicator and third parties about consumers’ feelings after services post-consumption” (Baker, Donthu, & Kumar, 2016). In this study, the after service would mean the employee’s feelings after being employed by an organisation. In a recruitment context, this includes interpersonal communication of an organisation’s recruitment activities. Word-of-mouth may include conversations with friends and suggestions from relatives. Both positive and negative information may be passed by ‘*word of mouth*’ and this may have the potential to impact on an organisation’s ability to attract employees (Van Hove & Lievens, 2009).

In their study on how word-of-mouth affected attractiveness of an organisation, Collins and Stevens (2003) contend that strong positive word-of-mouth information had impact on organisational attraction. This argument was further confirmed by Van Hove and Lievens (2009) who insist that both positive and negative messages propagated by word-of-mouth may have an effect on organisational attractiveness. Furthermore, Van Hove and Lievens (2009) claim that negative word-of-mouth had more impact than positive word-of-mouth.

Research in general, and specifically this study, emphasises that in economies that are heavily dominated by SMEs, it is easily predictable that the ‘*word of mouth*’ may become the key attraction and retention for employees. This recruitment method is cheaper than the modern methods because advertising costs are becoming too expensive. Furthermore, the researcher argues that, even after spending excessive money on advertising, there is no guarantee that at the end of the advertisements the

organisation will attract and retain the employees. Indeed, there are other factors after the recruitment processes such as the employment conditions offered by the organisation, political, economic, sociological and technological environment in which the organisation is operating.

#### ***2.2.7.2 Recruiting from internal sources***

This involves recruiting from sources within the organisation where the targeted recruit is known to have potential for the next level. Unlike external recruits who are based on less reliable sources such as references and brief encounters through interviews, the internal candidate knows the advantages and disadvantages of the organisation as well as the culture of the organisation. Internal promotions result in employees being motivated and they create a sense of commitment to the organisation. This relates to the power of the methods to ensure retention. If skilled employees believe that their performance will lead to promotion, they are likely to be religiously involved in developmental activities. There is a need, therefore, to establish in this study how often the SMEs use this strategy to ensure employees grow together with the job.

#### ***2.2.7.3 Job fairs***

This involves bringing people who are interested in finding jobs to attend job markets in those organisations that are searching for applicants. The prospective employers exhibit the posts that they have and have presenters who discuss the expected qualities for people to be employed. They also discuss the best that they have to offer, and the job seekers can make an informed decision to express interest in the jobs. Through job fairs, the recruiting agents work hard in developing the employer brand that they may desire. It also creates an opportunity for the employer to justify to candidates why their company needs them.

#### **2.2.7.4 Online recruiting**

Online recruitment depends on the size and economic status of the SMEs or company. The process itself involves prospective employees accessing jobs through the internet and has become popular due to the information and communication technology (ICT) world where job seekers can apply for jobs on-line as long as they have access to the internet. The key question for this mode of recruitment is to what extent it ensures access to the best especially considering that internet is not easily accessible. On-line recruiting allows fair participation by job seekers who could be leaving outside the main cities or country. The question is: *How do employers in the SMEs ensure that job opportunities also reach those in remote areas?* This strategy requires that the employer should perfect their hiring strategies to be able to close in on employee who will stay on the job.

This discussion was designed to understand the hiring practices to be able to establish hiring methods used by the SMEs sector to recruit its employees. This would help the study because, if the recruitment and selection is accurate for both the employer and employee, it may have an impact on the business sustainability when the employees stay in the organisations.

### **2.3 Strategies for Employee Retention in Organisations**

Balogun and Johnson (2004) advise that an organisation's greatest asset is its human resources. Drawing from this advice, organisations need to attract, recruit and retain key talent if they are to succeed (Frank, Finnegan, & Taylor, 2004). Failure to retain essential talent has serious implications for the success of a business. Whilst other studies reveal that human resources are considered as the organisation' asset and that there is a need to attract and retain critical talent for the organisation to succeed, there is no literature available to address how attitudes towards work affect retention

of employees. There is a need for recruiting and retaining employees with positive attitudes towards work. The retention of employees is a clear intention by the employer to ensure that employees continue to work within the same organisation. Understanding methods used by employers for the achievement of this focus is critical for the current study because it helps to relate employment objectives to economic growth. Some of the strategies used in general include: (a) offering benefits and wages that are highly competitive within the same environment; (b) hiring individuals with the required skills and attitude; (c) creating a happy working environment; (d) engage effective management who ensure continuous conversations with employees; and (e) set standards that create a desired brand that others will prefer. In the context of this study, attraction and recruitment successes in the organisation are therefore, viewed as strategies which ensure that, after successfully recruiting employees, the organisation retains them through good employment conditions.

There is a dearth of literature on how SMEs in Zimbabwe strategize for purposes of employee retention. This makes the employment contracts sound and read like less engaging hence, for governments, there is no clear intention for business growth. Organisations need to make deliberate efforts to develop policies and procedures that make employees remain in employment for a longer period of time (Sanda & Ntsiful, 2013). In the majority of cases, employees who add value to the organisation leave the organisation when they feel less valued. This results in the employers spending resources to engage, train and develop new employees (Sanda & Ntsiful, 2013). One strategy for reducing that tendency is to develop organisational policies and procedures for employee retention. It is the key reason why this study wanted to examine how employment conditions impact on retention of skilled employees in the SMEs sector.

Negative attitudes towards work may impact on the organisation in negative ways too. Some questions this researcher wanted to understand included: *What is the recourse for the SMEs where relatives that have been employed, develop or join the business with an attitude problem? Are the labour laws designed to address attitude problems? Assuming that the laws are designed with that in mind, can the SMEs invoke the relevant provision of the law to relatives/employees?* These approaches and variables definitely affecting business performance and growth of the SMEs sector, including the furniture manufacturing sector, which has absorbed people who lost their jobs in the formal sector. In addition, poor remuneration is a known problem that affects employee retention in organizations. In a study about remuneration of employees, Khan (2013) concluded that employees in the SMEs sector are paid less than their counterparts in the formal sector employment thereby increasing the challenges faced by SMEs in retaining skilled employees. By creating good employment conditions, employees can be retained through attractive compensation management which increases motivation and job satisfaction (Adeoye & Fields, 2014). Formal human resources management practices such as pay level and performance-based pay can affect employees differently (Delery & Gupta, 2016) but these are not found in the SMEs in the furniture manufacturing industry. Thus, the use of well-crafted human resources practices is likely to improve the employment conditions of employees in the SMEs furniture manufacturing sector in Zimbabwe depending on the environment and type of work.

Long, Ajagbe and Kowang (2014) encourage human resources practices such as managing performance, administration of compensation policy, training and employee relations which have been proved to be critical for retaining employees and there is need for managers in SME's to effectively execute the practices that create attractive employment conditions. Knowledge management activities such as sales growth and

improvement in processes also contribute to employee retention, innovation and creativity in SMEs (Edvardasson & Durst, 2013). In line with this, it is clear that there is a relationship between employment conditions and employee retention and, the poor the employment conditions, the poor the retention capacity of the SMEs. Thus, the nexus between the malfunctioning employment conditions and employee retention capacity has been tantamount to the defective growth of the SMEs furniture manufacturing sector in Zimbabwe.

### **2.3.1 How beliefs, norms and values influence employee retention in SMEs**

Norms and values of an organisation refer to the organizational culture (OC). This refers to those psychological underlying beliefs of the people, their assumptions, values and their ways of interacting that make organisations unique. From the organisational culture, the organisation sets up its work ethics standards, work experiences by workers, including the values that shape worker behaviours. This is the organisational image, the interactions which the workers experience with the external world that comes to do business with their organisation. Organisational culture therefore, encompasses all shared beliefs, attitudes and organisational custom rules developed over time. Part of the organisational culture includes understanding and acting out the organizational vision and values systems (Needle, 2004). While this is an expression of how beliefs play out at the workplace, they also stress how employee behaviours directly act on the organizational images while in turn it influences employee behaviours. From these definitions, this study accepts the definition of organisational culture as a set of shared assumptions that shape what happens during a working environment by defining acceptable workplace behaviour at different levels (Ravasi & Schultz, 2006). Organizational culture affects:

- a) how workers and groups relate to each other,

- b) How workers interact with clients,
  - c) Response to stakeholders demands; and
  - d) Influences how employees like to identify with the organization they work for
- (Paul, 2002).

Culture in organisations is built from shared beliefs between members of an organisation (Robbins & Coulter, 2008). Kerr and Slocum (2005) submit that the culture and core values can have a direct influence on employee retention in an organisation. Similarly, Watson, Clarke, Swallow and Forster (2005) contend that the core values of an organisation depend on the mood in which employees act within their organisational unit, and these can lead to internal conflict. The culture in an organisation, according to Kerr and Slocum (2005), has influence on the type of employees that the company successfully retains.

Incidentally, literature says there is a relationship between job performance and organisational culture (Sheridan, 1992). Therefore, management needs to understand and make adequate provisions for the way in which organisational culture exerts influence on a wide range of variables, including job satisfaction, organisation commitment and performance (Casida & Pinto-Zipp, 2008; Denison, Lief, & Ward, 2004). Practice has revealed that, despite the shared beliefs, norms and values which make up the culture of the organisation, there is no proper measurement of how much of these would constitute an ideal culture of an organisation for the SMEs employee retention.

#### **2.4 Employee Retention in Small and Medium Enterprises in Sub-Saharan Africa**

According to Cardon and Steven (2004), the most frequently mentioned subjects in human resources management and SMEs are compensation and motivating workers.

However, training, performance management, retaining labour force, labour relations and organisational change have received less attention and, in the context of this study, there was a need to establish whether the employment conditions in the SMEs have influence on the retention of employees. In a study conducted with Ghanaian SMEs, it was found that some human resources practices such as inflexible workplace practices and poor reward system impacted negatively on employee (Sanda & Ntsiful, 2013).

In a related study conducted in Nigeria, Sanda and Ntsiful (2013) discovered and concluded that unfavourable conditions of service impacted negatively on the retention of employees. Das and Baruah (2013) assert that knowledge and skills are central to companies' ability to be economically competitive hence the need to secure and retain skilled employees in any organisation. In this study, the researcher sought to confirm whether the findings on employment conditions and their influence on employee retention in the furniture manufacturing SMEs sector in Zimbabwe would produce similar results to those from Ghana and Nigeria.

## **2.5 Managerial Challenges Faced by SMEs Affecting Employee Retention in Sub-Saharan Africa**

According to the Sanda and Ntsiful (2013), there are a number of challenges faced by managers in the SMEs in Ghana. Findings of that study present the argument that there is no separation of roles between strategic, operational and administrative roles by managers who are also owners. Furthermore, Sanda and Ntsiful (2013) found that there was non-separation of owner-managers and other factors meant to motivate employees in Nigeria. Viviers, Van Eeden and Venter (2001) affirm that it is both the internal and external factors of an organisation that can affect the growth of SMEs.

Kangasharju (2000)'s research findings revealed that internal factors that involve actions, decisions and behaviour of managers and their teams are potentially controllable.

Vicziany, Navaratnam, Thornton and Wong (2001) confirm the finding by Viviers, Van Eeden and Venter (2001) on the internal and external factors that affect SMEs negatively in terms of growth. They affirm that internal factors such as organisational culture and human resources matter as well as shortage of resources, for example, infrastructure and non-adaptation to technological changes. Saleh and Ndubisi (2006) point to globalisation, high international competition, government bureaucratic systems and financial access as challenges faced by managers of SMEs. A study in Ugandan SMEs by Barton (1997, cited by Ishengoma & Kappel (2008), revealed that growth in small business is affected by problems related to human resources development and management, access to raw materials, infrastructure and business facilities.

Based on their study in Zimbabwe, Chipangura and Kaseke (2012) concluded that the growth of SMEs at Glenview Furniture Complex is affected by inadequacy of financial, infrastructural and technological resources and diseases like cholera which interfere with their operations. The arguments by Chipangura and Kaseke on issues that affect growth of the SMEs business are consistent with the focus of this research in that, during the period of study, the Glen View Complex was gutted by fire three times, in addition to slowed operation from the cholera outbreak. Property worth thousands of dollars was destroyed leaving the employer and the employees stranded.

According to Razao (2016), this was the second time within a period of two years that fire had destroyed raw materials, finished goods and infrastructure in the Glen View

furniture manufacturing complex. This researcher visited the complex to assess and confirm the damage. Fire had gutted the complex and the SMEs were busy rebuilding the structures in order to start manufacturing furniture. The researcher also discovered that, besides the infrastructure, the fire had also destroyed raw materials and finished goods. The fire incident in the prevailing economic situation marked by high unemployment rate and liquidity crunch results in negative growth of the SMEs who are playing a critical role in the Zimbabwean economy.

As part of the challenges faced by SMEs, Cardon and Stevens (2004), as cited by Choi, Musibau & Tan (2013), submit that SME managers face many unique human resources management challenges such as difficulty in attracting and retaining talented employees. SMEs can grow their business by creating a suitable environment that results in retaining skilled employees and, therefore, eventually augmenting their returns in the competitive free market economy. There is a need to comprehend employee viewpoints and analyse their retention factors for the success of businesses. Employees' decision to resign is influenced by two factors: their "perceived ease of movement", which refers to the assessment of perceived alternatives or opportunity, and "perceived desirability of movement", which is influenced for instance by job satisfaction (Morrell, Loan, & Wilkinson, 2004; Abdullah, et al., 2012). This describes how balance is struck both for the organisation and its employees in terms of inducements such as pay, and contributions such as work, which ensure continued SMEs efficiency.

In general, when inducements are increased by the enterprise, this will lower the trend of the worker to leave and vice versa. SME managers should also be in a position to assess whether the decision by employees to leave the enterprise could have been

prevented or not, if at all the intention is to grow the business. The non-retention of employees can also be described as “necessary causalities” (Morrell, Loan, & Wilkinson, 2004) since enterprises are increasingly concerned about their capability to retain essential employees who make an important contribution to innovation. It is crucial for SMEs to administer human resources management practices properly in order to retain employees. Managers need to efficiently and effectively manage performance, compensation policy, training, and employee relations.

Williamson (2000) argues that SMEs have more difficulty in retaining employees because they are more likely to have lower levels of employer legitimacy than larger organisations. Whilst the SMEs in Zimbabwe are less likely to be perceived as desirable, proper, or appropriate employers, as we will see later in this study, it is inevitable for SMEs to change from being informal to formal businesses in order to grow and benefit from government incentives. The perception that SMEs are perceived as undesirable employers, may be because SMEs lack the financial resources required to retain talented employees. Employees desire a compensation system that they perceive to be fair and commensurate with their skills and expectations. Remuneration, therefore, is a major consideration in an organisation because it provides employees with a tangible reward for their services as well as a source of recognition and livelihood (Thwala, Ajabge, Long, Bilau, & Enegbuma, 2012; Abdullah, et al., 2007). Formalisation of SMEs creates an enabling environment for funding by financial institutions and this allows growth of SMEs, job creation, better employment conditions and retention of employees.

## **2.6 Employment Terms and Conditions in Zimbabwe**

In the interest of complying with the Labour Act, the general information relating to employment guides for all employees on their entitlements with regards to leave entitlements, working hours, pay while on sick leave; and notice, among other issues, should be documented. These terms and conditions of employment apply to all employees and should be read in conjunction with particular terms and personalised offer letters and contracts that are appended to each agreement. For the SMEs owners, the personalised offer letters and contracts give more details relating to employment that includes job title, grade, rate of pay, and date of commencement of duties. This is regardless of whether the employment is for a fixed period or continuous employment period which is also known as a contract without time limits. In line with the above, Breucker (2001) advises that employment terms and conditions in the ideal situation, empower employees with the right to claim their entitlement from the time they sign their contracts of employment throughout the duration with the employer.

According to Breucker (2001), generally, the small enterprises pay little attention to issues of safety, occupational health and workplace health promotion. In another related study, Ishengoma and Kappel (2007), cited by Chipangura and Kaseke (2012), findings revealed that many SMEs do not have the capacity to administer the regulatory requirement such as occupational health and safety at workplace. These come at a cost to businesses as production costs tend to increase and discourage the SMEs from expanding their businesses. However, if SMEs paid attention to health and safety issues, this could result in productive employment conditions as well as improved efficiency and competitiveness. The researcher proceeds to discuss the various variables that affect employment conditions.

### **2.6.1 Variables for employment conditions**

There are several identified management activities and practices that are easily affected by employment conditions which the researcher wanted to understand in relation to this study. This was in an effort to measure them against the spirit of the conceptual framework identified for this study. The variables include recruitment and selection *strategies, learning and development among the employees, disciplinary handling, remuneration, succession planning and organisational structure*. These variables have direct indicators regarding how organisations and, in this case, SMEs recruit and retain employees. Next, the study proceeds to discuss these variables to bring them into context with the research question: *What are the employment conditions and their influence on retention of employees in the SMEs sector in Zimbabwe?*

#### **2.6.1.1 Recruitment and selection**

Tardos and Pedersen (2011) studied recruitment channels and strategies for employing low-skilled workers in Europe. Their study discovered that formal, informal and direct recruitment strategies need to be differentiated on the basis of the labour market. Employers need to balance several factors such as costs, time and processes for implementing recruitment. Full assessment of candidates' abilities, interests, aspirations, and values are important because they are key to influencing organisational culture and levels of production (Risher & Stopper, 2002).

According to Carless (2007), organisations that are less discriminating in terms of quality and quantity of candidates ignore processes like job analysis whilst filling vacancies. Russo, Rietveld, Nijkamp and Gorter (2000) concur when they state that organisations that pay attention to the process of recruitment use more search

channels than organisations that do not. Chan and Kuok (2011) add that organisations that do not pay particular attention to proper recruitment risk increased recruitment costs and high employee turnover. In developing countries such as Zimbabwe, SMEs are individually owned businesses that largely employ relatives or referrals. The language of corrupt SMEs is rarely used because the owner/employer philosophy of thinking cannot be dishonest to himself or his family member or relative hence the need to study whether this variable of conditions of service has any influence on retention of employees including on levels of production in the small and medium enterprises (SMEs) in Zimbabwe.

#### ***2.6.1.2 Learning and development***

According to Storey and Sisson (1993), training involves preparing employees with the skills they require to perform on their jobs and is deemed to represent employer's commitment to its employees. Supporting this finding, Bassi and Buren (1999) add that successful organisations attract and retain the best employees by using effective budgeting strategies for learning and development activities. It is very important for organisations to provide opportunities for their employees to learn and grow with the organisation (Arnold, 2005; Bernsen, Segers, & Tillema, 2009). *This study questions the extent to which SMEs as organisations focus and influence their newly recruited employees to grow with the organisation.* Proactive development schemes motivate and subsequently improve employee morale (Kyndt, Dochy, Michielsens, & Moevaert, 2009). More studies across such sectors like health have revealed a positive relationship between investment in training and employee commitment (Irving & Thomas, 1997; Bassi & Van Buren, 1999).

It would appear, from the related literature reviewed, that the absence of measuring the effectiveness of training by organisations leads to unintended results as a good number of organisations become training grounds when the employees move to their next jobs in the market. It also appears there is need to go further than just budgeting for training with the belief that the training will be a motivator. The situation is further worsened by the current thinking today that bonding of employees by organisations after training is no longer considered best practice.

Despite the reasons advanced by previous researchers for learning and development, there is a gap in research as the advantages of “on job training” by SMEs was not mentioned. Bernsen, Segers and Tillema (2009) posit that the on-job training work out faster and much cheaper than the other formal training by the big organisations. Reality on the ground is that there is no guarantee that organisations benefit from the employees that they would have spent so much money training. There is no proper measurement of the benefits of the training. Despite that lack of measurement, organisations still continue to budget highly for training. This study sought to examine whether this variable of employment conditions has influence on retention of employees in the small and medium enterprises (SMEs) in Zimbabwe.

### ***2.6.1.3 Remuneration issues in SMEs***

Remuneration is the total amount of the monetary and non-monetary pay provided to an employee by an employer in return for work performed. It also includes payments such as bonuses, profit sharing, overtime payment, achievement rewards and commission. Barney and Wright (1998), Davies (2001), Parker and Wright (2001) and Taplin and Winterton (2007) aver that the irregularity or non-payment of bonuses results in retention challenge. According to Willis (2000), organisations need to design

good remuneration packages so as to attract and retain skilled employees. This notion is supported by Parker and Wright (2001) when they stated that monetary reward can persuade behaviour and form a bond between the employer and employee. Khan (2013), however, found that employees in the SMEs sector are paid less than their counterparts in formal employment thereby increasing the challenges in attracting and retaining skilled employees.

Despite the findings by researchers, highly remunerated skilled employees commit fraud that involve huge amounts of money, and this is not in line with the finding by previous researchers that monetary reward shapes behaviour and form a bond between employer and employee. There is no proper measurement of the benefits of monetary rewards as a retention strategy. As a result, Willis (2000) posits that well remunerated skilled employees still move from one organisation to another. Organisations, however, still continue to budget highly for salaries and benefits. This study, therefore, sought to examine whether this variable (remuneration), as a condition of service, has an influence on retention of employees in the small and medium enterprises (SMEs) in Zimbabwe.

#### ***2.6.1.4 Succession planning in the SMEs***

In its publication on human resources succession and retaining of skills, the Government of Alberta (2012, p. 2) argue that,

Succession planning is the process of identifying and developing employees to fill key positions in an organisation [in the event of some unexpected changes]. It can prepare an organisation for when other employees leave and for employee promotions. Succession planning can also prepare an organisation for expansion or reorganisation.

In the legal instrument to guide SMEs, the government also states that the retention of skills and knowledge is especially important for SMEs who often have more critical knowledge concentrated in fewer employees. For example, Avanesh (2011) advises that there is a positive relationship between succession planning and organisational performance. Established succession planning leads to effective organisational performance, while unstructured succession planning leads to defunct organisational performance. Despite the findings on succession planning by the previous researchers, there was no consideration of the practice by SMEs in Zimbabwe where an employee, who is an all-rounder and is able to manufacture a product from its beginning up to its completion, is considered in a succession plan. This study aimed to examine whether this variable (succession planning), as a condition of service, has influence on retention of employees in the SMEs sector in Zimbabwe.

#### ***2.6.1.5 Discipline handling strategies in SMEs***

Disciplinary action involves situations and processes where an employer needs to raise standards and improve organisational cultural issues with employees. The discipline issues and the related actions are considered corrective measures to prevent misconduct or substandard performance. The common disciplinary actions include warnings, suspension from work, removal of certain privileges, demotion and, in serious cases, dismissal. Disciplinary handling procedures should be taken out as a corrective tool rather than as punishment and should not disrupt employees' commitment and motivation (Chirasha, 2013). There is need to understand how these regulations apply within the SMEs as several disciplinary actions are taken in conflict situations.

Although punishment is considered a corrective tool by literature, disciplinary handling procedures may be considered as punishment when one cannot draw a line between corrective action and punishment. For example, in the SME sector in Zimbabwe, punishment is often abused as a corrective measure but in real terms being used as a dismissal stance against workers. Furthermore, referring some disciplinary cases for criminal prosecution can be a corrective action because circumstances or cases differ, and this should not be regarded by employees as disrupting motivation and commitment. This study intended to examine whether this variable, as a condition of service, has an influence on retention of employees in the SMEs sector.

#### ***2.6.1.6 Organisational structure***

Organising is when managers establish working relationships among employees to achieve goals. Dammen (2001) notes that organisational structure is a formal system of task and reporting relationships within an organisation. The structure is shown in the form of a diagram showing the connection and relationship between positions. There are various determinants of organisational structure such as the business itself, the environment, the strategy and the human resources. Some organisations have flat structures while others have tall structures and structures are bound to change depending on the thrust or the intentions of the management.

According to Dammen (2001), the relationship between employees and management should be built on trust, and this should be reflected through organisational structure. The change of hierarchy and power structure and the absence of qualified personnel in the SMEs affect implementation and adoption of, for example, information technology to grow the business (Bruque & Moyano, 2012). It also affects the way employees think and feel about staying at the same employment for extended periods.

Additionally, it affects the way employees speak about their employment and the employer. Despite the findings from previous research, there is a glaring absence of any mention of the suitable structure for the SMEs sector considering that the business owner can be the employer and the employees can be close relatives or referrals. This study aimed to examine whether this variable, as a condition of service, has an influence on retention of employees in the SMEs sector in Zimbabwe.

## **2.7 Labour Legislation in Zimbabwe**

### **2.7.1 Historical perspective**

In Zimbabwe, the Industrial Conciliation Act promulgated in 1934 and amended in 1960 dealt with employee matters. Following her study on labour legislation in Zimbabwe, Sachikonye (1985) concluded that, over the years, there has been a link between the Industrial Conciliation Act promulgated in 1934 and the evolution of the Labour Relations legislation that was enacted at independence in 1980 and amended in 1981. For example, during the colonisation of Zimbabwe (then Rhodesia), the Industrial Conciliation Act (1934) was the labour legislation that dealt with employee matters. Its purpose was to provide for the prevention and settlement of disputes between employers and workers by conciliation, registration and regulation of trade unions and employers' organisations and other incidental purposes. The Act omitted the bulk of the working class in agriculture and domestic services because they were "natives." Therefore, after independence in 1980, Zimbabwe enacted labour legislation to address employee matters and these were later incorporated into the comprehensive Labour Relations Bill of 1985. The Bill was passed into an Act, The Labour Relations Act, Number 16 of 1985, which came into operation on 15 December 1985.

## 2.7.2 The Labour Relations Act in post-colonial Zimbabwe

The Act was promulgated to address employee matters in relation to employment as per the following Table 2.8:

Table 2.8: Post-Colonial Zimbabwe labour relations Act matters and intentions	
✓ declare and define the fundamental rights of employees; to define unfair labour practices	✓ provide for the appointment and functions of workers committees;
✓ regulate conditions of employment and other related matters; to provide for the control of wages and salaries;	✓ provide for the formation, registration, and functions of trade unions, employers organisations, and employment councils;
✓ regulate the negotiation, scope and enforcement of collective bargaining agreements; to provide for the establishment and functions of the Labour Court;	✓ provide for the prevention of trade disputes, and unfair labour practices;
✓ regulate and control employment agencies; and	✓ regulate and control collective job action;
✓ provide for matters connected with or incidental to the foregoing provide for matters connected with or incidental to the foregoing	

Further to the Labour Act, the Minister of Public Service, Labour and Social Welfare in Zimbabwe, has, in terms of section 101(9) of the Labour Act [Chapter 28:01], made regulations known as Labour (National Employment Code of Conduct) Regulations, 2006, whose primary objectives, among other issues, include:

- a) To provide machinery for careful investigation of offences before corrective/disciplinary action can be administered; or
- b) To ensure consistence and prompt action by the responsible/administering official or committee on issues concerning discipline; or
- c) To ensure equating an offence to the result corrective action allowing for mitigation or aggravating factors; or
- d) To provide guidelines on procedural and substantive fairness and justice in handling disciplinary matters at the workplace.

These regulations give guidance to employers on the mechanisms of dealing with disciplinary cases committed at workplace and define who constitutes disciplinary committee or authority. The regulations also guide employers on the types of 'misconduct.'

These regulations are a fall-back position where an organisation does not have an internally approved and registered Employment Code of Conduct to use for their employees or in cases where for one reason or another an organisation cannot use its Employment Code of Conduct to deal with disciplinary matters. If SMEs abide by the Labour Act, they would be expected to have developed and registered an internal employment Code of Conduct and in the absence of such a Code, the SMEs would resort to the National Code. This study sought to find what disciplinary strategies are being used by SMEs to ensure a transparency process in handling or correcting employees' behaviour at a workplace. Application of the correct procedures to discipline or correct employee behaviour at a workplace, as one of the variables that influences employee retention, was of concern to this study as the researcher attempted to answer one of the questions in Chapter One (1), that is: To what extent do the Zimbabwean labour laws address SMEs sector with regards to employment and taxation practices?

In this study, understanding the labour legislation in Zimbabwe helped to examine any provisions that address issues of employment relations in the SMEs sector in the existing labour laws. The study also intended to establish how the labour laws influence retention of employees in the SMEs sector in Zimbabwe. In 1992, the Labour Relations Act was amended (Act No. 12 of 1992) and became law with effect from 1 January 1993 following the President's assent. The amendments allowed, among other issues, more than one union per industry and announced the replacement of

Employment Boards by National Employment Councils (NECs). The amendments also sought to shorten and streamline the dispute resolution mechanisms and increased the inspection powers of labour officers. In 1994 Act No. 20 of 1994 made various amendments to the Labour Relations Act under Clause 19. The Labour relations Act was allocated a new reference number, that is, Chapter 28:01.

Similar to the observations by Collins (1982), this study also accepts that history is useful for explaining various forms of change within a system. In the present study, the researcher uses history to highlight how the changes in the labour legislation in Zimbabwe have impacted on the growth of the SME's sector.

On 14 August 2015, for example, the 'Labour Amendment Bill' was gazetted primarily to deal with the unique situation whereby an estimated 25000 permanent employees were dismissed on 3 months' notice following a Supreme Court's ruling on 17 July 2015 that employers had same common law right to terminate the services of permanent employees by giving them 3 months' notice just like employees also had the right to give their employers 3 months' notice. A lot of companies which were facing challenges with the economic downturn took advantage of the ruling and dismissed their employees. This exceptional situation in the history of Zimbabwe resulted in parliament being recalled from recess to deal with the bill as a matter of urgency. The bill was fast-tracked through the house of assembly in one day on 18 August 2015 and Act No. 5 of 2015 was passed and came into effect on 26 August 2015. This development stopped the dismissal of employees.

However, close to 25000 employees that had lost their jobs were absorbed by SMEs sector. Under this broad shakeup from the legal instruments, the SMEs became the cushioning fall back ground for the Zimbabwean economy. However, the SMEs have remained stagnant in terms of growth due to failure to implement appropriate human

resources management practices. This study sought to *examine employment conditions in the SMEs sector in Zimbabwe; and their influence on employee retention by examining the provisions in existing labour laws in Zimbabwe*. In addition, the study sought to address issues of employment relationship between the owner of the business and the employee in the SMEs sector.

## **2.8 Chapter Summary**

In this chapter, various definitions of SMEs have been reviewed. This researcher defines an SME in the Zimbabwean context, as a business in which most of the owners have been forced by economic circumstances to venture into without the adequate preparation in terms of critical resources such as infrastructure, finance, human and technology that are important for a business to succeed. The SME may not have a formal document like a business plan detailing the goals that the business will have, why these goals and how they will be met. This researcher goes further to aver that the SME may not have formalised documents showing employment conditions that can be referred to for transparency and proper application of rules. As a result, the SME may face risk of survival in the event that the economy is harsh. For the purpose of this study, the SME refers to a furniture manufacturing business employing less than five people on full time basis.

In their study conducted in such countries as Kenya, Tanzania, Uganda and Zambia, Calice, Chando and Sekioua (2012) contend that the definitions of SMEs differed between small banks and big banks as different thresholds' were used to define SMEs. There is a lack of universal definition for SMEs as a lot depends on who is defining the SMEs. Countries have the flexibility to define SMEs in line with their environments. In a broader sense, in this study, SMEs in Zimbabwe are defined in terms of the sector

or sub-contractor of the economy, number of full-time paid employees, maximum total annual turnover and maximum gross value of assets excluding immovable property.

The chapter focussed on the role of SMEs in employment creation and what previous researchers and authors have written about employment conditions in the SMEs sector. Previous researchers argued that internal and external factors such as the organisational culture and human resources matter as well as shortage of resources such as infrastructure and non-adaptation to technological changes. These affect SMEs negatively in terms of growth and this, in turn, has impact on the attraction and retention of employees.

This chapter gave the historical perspective of the Labour Relations in Zimbabwe in order to explain the various forms of change leading to the current Labour Act. The Act was promulgated to address employee matters in relation to employment. The chapter, by looking at the Labour Legislation in Zimbabwe, aimed at addressing the research gap by examining whether there are any provisions that address issues of employment relations in the SMEs sector in the existing labour laws, and if any, whether the labour laws have influence on retention of employees in the SMEs sector in Zimbabwe. Given the different needs, SMEs may differ among countries. The findings in other countries on whether employment conditions have influence on employee retention in the SMEs furniture manufacturing sector, may not be applicable to Zimbabwe. This study therefore aimed at addressing this research gap.

The next chapter focuses on theoretical framework and my proposed conceptual framework. This takes into consideration literature that was pertinent to the employment conditions and their influence on employee retention. In addition, it is

cognisant of the theoretical models from other researchers and authors who have written about employment conditions in the SMEs sector.

## CHAPTER 3

### THEORETICAL AND CONCEPTUAL FRAMEWORK

#### 3.1 Introduction

This study on SMEs in Zimbabwe sought to examine employment conditions, and their influence on employee retention in the SMEs' furniture manufacturing sector in Zimbabwe. Chapter 2, reviewed literature related to employment conditions in the SMEs sector, including challenges faced by SMEs managers with regards to retention of skilled employees.

Findings from literature review revealed that employee retention remains a fundamental challenge to organisations, small, medium and large. Literature review also revealed that employee behaviour is affected by human managerial variables that include recruitment and selection; learning and development; remuneration, disciplinary handling, succession, planning, organisational structure and culture. Employees who are highly motivated become committed to their work and the organisations are likely to achieve lower turnover of employees than those with low motivation levels (Porter & Steers, 1973; Allen & Meyer, 1990). For the purpose of this study, this researcher analysed several theoretical models that may be used for ensuring human resources retention. The researcher then identified a theoretical framework that would advise the researcher on how to interpret data and to theorise on how SMEs sector may strategize to examine the prevailing employment conditions that influence employee retention in the furniture manufacturing sector in Zimbabwe. From the analysis of the several theoretical models in this research, the researcher emerged with a hybrid conceptual framework that triangulated a few frameworks in the field of human resources management.

### 3.2 Theoretical Framework

Theories are constructed in order to explain, predict and master phenomena such as relationships, events, behaviours and other variables. Theoretical framework is defined as empirical or quasi-empirical theory of social and/or psychological processes that researchers may use to guide their focus and understanding of events in the research. (Tamene, 2016). It is an application of theory to offer an explanation to a research problem. There are several theories on employment conditions that affect employees. This study identified five variables related to employment conditions and these were used to anticipate responses from participants. According to the theoretical framework, the variables are applicable to SMEs sector in both the developed and developing world. The Maslow's hierarchy of needs, the Basic Structural Model (BSM) and the Employees Knowledge Retention Model (EKRM) are among the several theoretical models to be considered.

#### 3.2.1 Maslow's hierarchy of needs and its implications for retention of employees

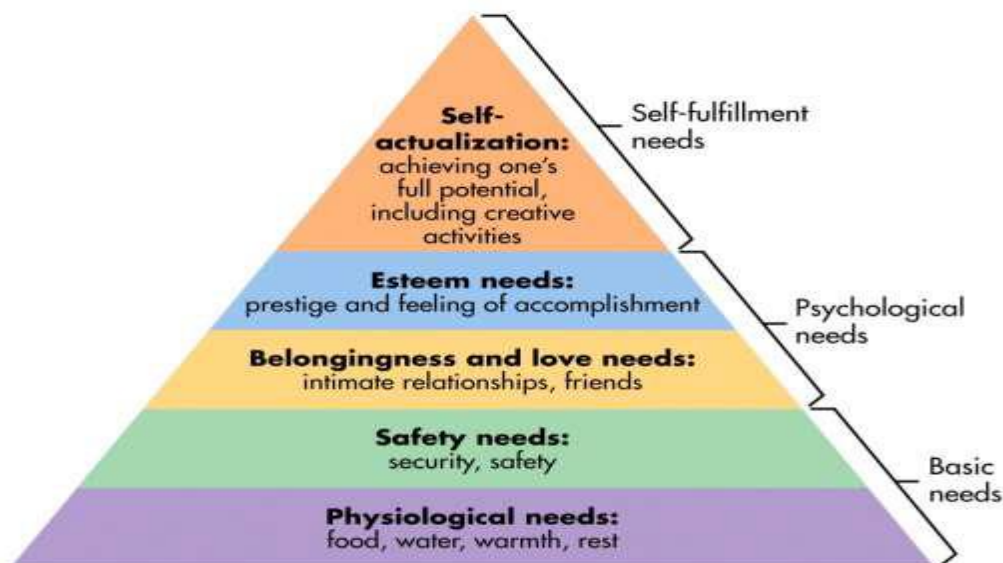


Figure 3.1: Maslow's Hierarchy of Needs

Source: Maslow Hierarchy of Needs (Maslow 1970)

Mitchell (1982) as cited by Yufei, (2016, p. 16) is of the view that “motivation becomes the degree to which an individual wants and chooses to engage in certain specified behaviours.” Through a series of studies, Maslow (1943), discovered the hierarchy of needs theory and then introduced the argument “humans have five levels of needs and [they] act to satisfy [all] their unmet needs. [For example,] at the base of the hierarchy of the needs, are fundamental physiological needs, followed in order by safety, social, esteem, and self-actualization need.” This arrangement describes the most descriptive way to understand organisation of human motivation because it shows the factors that motivate people. Maslow (1943) illustrated his way of understanding human motivation in the form of a pyramid shape as shown in the Figure 3.1 above. It is divided into five levels of motivators, starting from the lowest level to the highest: physiological needs, safety needs, belongingness and love needs, esteem needs and self-actualization. Maslow argued that as long as individuals are satisfied at the lowest level with such items as food, water, warmth, then they will adjust their behaviour to get the satisfaction from higher level needs such as security and social satisfaction. By implication to the purpose of this study, this theory reveals that Maslow's Hierarchy of Needs is critical for running a business and above all, SMEs. From this view, this study also wanted to understand if SME owners understand that it is critical to fill the lower physiological needs of the workers first. This is because needs like safety, esteem, and social interaction are not that significant when the employee's motivation or drive to do work is to survive. After the first level motivators, people begin to look for satisfaction of intimate relationship and if this is satisfied, there is a feeling of prestige and accomplishment and the highest level is self-actualisation. Maslow and Stephens (2000), suggest that at the self-actualisation stage, people regard their work as the self-part of the individual definition of themselves. The SMEs should make the working environment comfortable by building improved structures that continue to upgrade the structures and at this point becomes a motivator for the employees. When the employees are motivated, their needs are fulfilled and in turn they improve their commitment to work and all this results in business growth. This is how the human needs combine to motivate people:

1. **Physiological needs** are those needs required for human survival such as air, food, water, shelter, clothing and sleep. As a manager, you can account for physiological needs of your employees by providing comfortable working

conditions, reasonable work hours and the necessary breaks to use the bathroom and eat and/or drink.

2. **Safety needs** include those needs that provide a person with a sense of security and well-being. Personal security, financial security, good health and protection from accidents, harm and their adverse effects are all included in safety needs. As a manager, you can account for the safety needs of your employees by providing safe working conditions, secure compensation (such as a salary) and job security, which is especially important in a bad economy.
3. **Social needs**, also called love and belonging, refer to the need to feel a sense of belonging and acceptance. Social needs are important to humans so that they do not feel alone, isolated and depressed. Friendships, family and intimacy all work to fulfil social needs. As a manager, you can account for the social needs of your employees by making sure each of your employees know one another, encouraging cooperative teamwork, being an accessible and kind supervisor and promoting a good work-life balance.
4. **Esteem needs** refer to the need for self-esteem and respect, with self-respect being slightly more important than gaining respect and admiration from others. As a manager, you can account for the esteem needs of your employees by offering praise and recognition when the employee does well, and offering promotions and additional responsibility to reflect your belief that they are a valued employee.
5. **Self-actualization needs** describe a person's need to reach his or her full potential. The need to become what one is capable of is something that is highly personal. While I might have the need to be a good parent, you might have the need to hold an executive-level position within your organization. Because this need is individualized, as a manager, you can account for this need by providing challenging work, inviting employees to participate in decision-making and giving them flexibility and autonomy in their jobs. (Mullins 2007)

### **3.2.2 Basic structural model for retention of employees (modified version of Herzberg's 1968 two-factor theory)**

Herzberg (1968)'s two factor theory suggests that motivation of workers does not have a single dimension as described in Maslow's hierarchy of needs. Instead, Herzberg

theorised that it has two dimensions: (a) the motivational factors that are controlled by job related factors that lead to job satisfaction; and (b) the maintenance factors. These maintenance factors are also known as hygienic factors that should always be present within the work environment and their presence will activate the motivational factors so that they keep making a motivational input to move the work attitudes forward. Therefore, in this context, Herzberg accepts that it is not complete that the absence of job satisfaction signifies the presence of job dissatisfaction. It is, according to Herzberg, correct to always conclude that eliminating those aspects that cause job dissatisfaction from work will introduce job satisfaction. There is need to go directly to the sources of dissatisfaction, and only then will human resources managers have acted on the real causes of dissatisfaction of the worker. Similar to Maslow's hierarchy of needs, not all workers are equally motivated by the same motivational factors. The motivational factors and needs of individual workers depend on the individual's level of existence. Therefore, the motivation of works does not depend on the way the human resources manager acts on the dissatisfiers, but on first understanding, the impact and the sources of the dissatisfiers, then eliminate or reduce that dissatisfier. Thereafter, the manager needs to introduce motivators that apply to the needs of that individual worker. Madziyire, Makombe, Makoni and Mugwangi (1998, p. 67) submit that, "Maintenance factors are concerned with the administrative polices and conditions of services. These are the factors which make the working environment conducive to effective performance". The implication of this literature finding is that researchers should aim to find out if the human resources management of SMEs as department of a larger body, is doing anything to ensure that general working motivational conditions need to be present for all workers. However, additional conditions should specifically touch on the individual needs of workers. For example, Herzberg specifies that improving salary conditions is not sufficient for developing an

improved working conditions culture, but may only reduce dissatisfaction. The salary conditions and other factors such as being given extra-responsibility at work, promotion to higher positions, personal or individual recognition, the challenges related to the job that one is doing, and the promotion that is assigned to individuals due to their level of performance are clustered into what Herzberg refers to as hygienic factors or maintenance factors. The major focus of hygienic factors is that their presence works to reduce or eliminate dissatisfaction and create workplace conditions where they raise the morale of workers, making the working environment to be amicable and hence motivate workers. It is critical to understand that in Herzberg's theory, the findings suggest that the hygienic factors are not sufficient motivators for all workers, but does not follow that they are not important. Herzberg's conclusion was that the adequate presence of hygienic factors should have the power to reduce dissatisfaction, hence the effect to retain workers with their minimum levels of motivation. For example, a less challenging job assignment may cause a worker to feel insecure, and believe that the job may be taken away at any given time, hence a feeling of being insecure at that job. This may cause workers to be on the move seeking more challenging positions elsewhere.

For example, Madziyire, Makombe, Makoni and Mugwangi (1998) say:

The motivation-hygiene [two-factor] theory provides simplified answers to rather complex questions. While the theory suggests that by and large only the satisfiers motivate [the worker], it would be wrong to conclude that some people are not motivated by the alternate factors (p. 68).

The implications for SMEs human resources management practices are many, but the critical implication is that the management should enrich the working environment for all employees so that they enjoy the working environment and find reason for wanting to stay within the same employment. Therefore, there should be continuous

redesigning of the job assignments that people within the SMEs engage in to continuously motivate their challenging levels. Redesigning work assignments means making the work itself very interesting to workers so that this may tap into their levels of motivation.

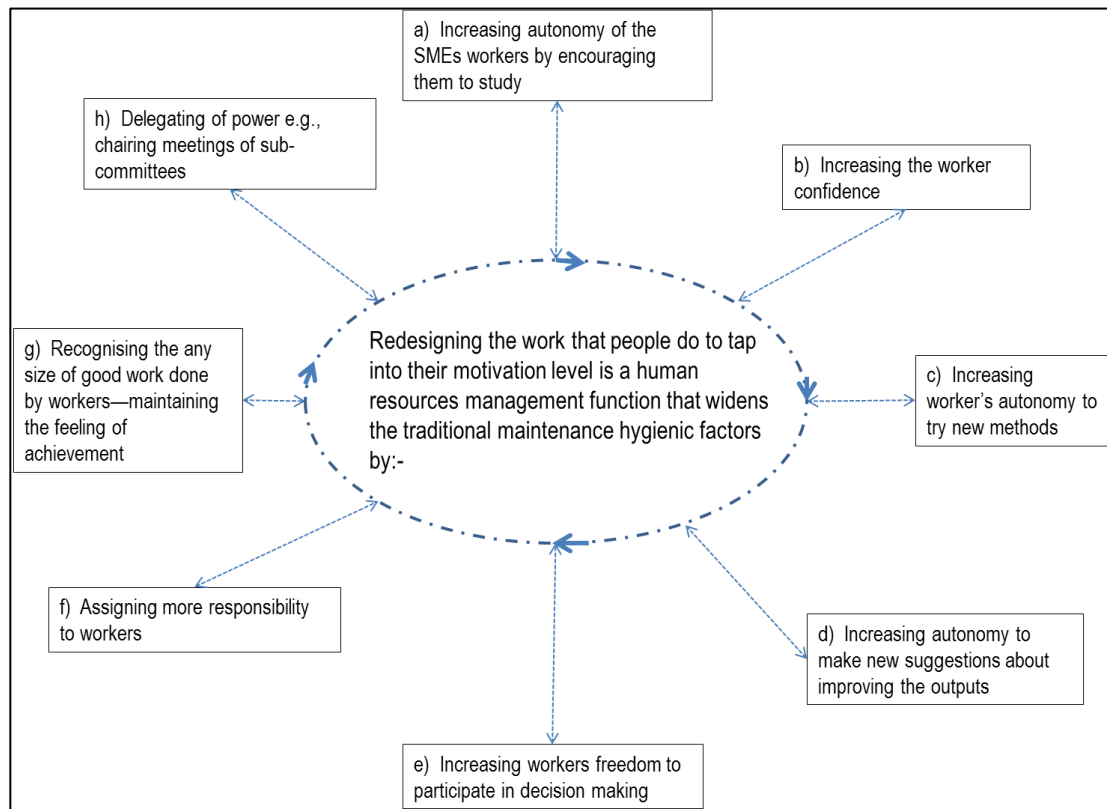


Figure 3.2: Implications of Herzberg’s Two Factor Theory to Human Resources Management

**Source:** Researcher’s own, adapted from Madziyire, Makombe, Makoni and Mugwangi (1998)

The two factors in Herzberg’s theory are directly associated with Maslow’s hierarchy of needs and these are found in the lower order needs that are known to influence workers to continuously feel motivated to like their work. From Figure 3.1, the hygienic factors are extrinsic. This means that it is the responsibility of the human resources managers to ensure that the workers are active. Motivational factors are the ones that are associated with Maslow’s hierarchy of needs, and they are intrinsic in nature. The implication for this to the current study is that, human resources management needs to be aware of these relationships of the factors that help to keep workers on the job. The knowledge of these factors also helps to understand how to recruit workers, train

them and motivate them by maintaining their hygienic factors. In summary, Madziyire, Makombe, Makoni and Mugwangi (1998) theorise that:

Despite any criticisms, Herzberg's model remains useful because of its [ability to place] distinction between factors that motivate staff and factors that primarily help maintain employees in a ready condition to be motivated. The two theories by Maslow and Herzberg assume that workers are likely to be productive if their needs are satisfied. The central difference between them is that Maslow believes that every need is a potential motivator, with a range of human needs in a proponent hierarchical order. Herzberg, on the other hand, argues that only the higher order needs are truly motivating while the lower order needs are conceptualised as maintenance factors (p. 69).

In a study conducted in Malaysia, Zin et al. (2012) developed a motivation model for employee retention for SMEs sector in that country. They adapted the two-factor, or motivation-hygiene theory (Herzberg, 1968) which looked at job satisfaction in an employee within an organisation and improved on it by constructing a proposed model in the area of employee retention and turnover behaviour.

The theory examined how the nature of the work has the potential for stimulating both satisfaction and dissatisfaction of employees. Zin et al. (2012) contend that redesigning of work and making it more challenging could lead to better performance and improved employee motivation. The argument was confirmed by Appelbaum, Bailey, Berg and Kalleberg (2000) who state that jobs which require skills and abilities are challenging and they bring intrinsic value to the employees. Managers need to design jobs that are more satisfying and varied.

This research considered Zin et al. (2012)'s theory as depicted in Figure 3.3 to examine the challenges being faced by small and medium enterprises (SMEs) in Zimbabwe with regards to attracting and retaining skilled employees.

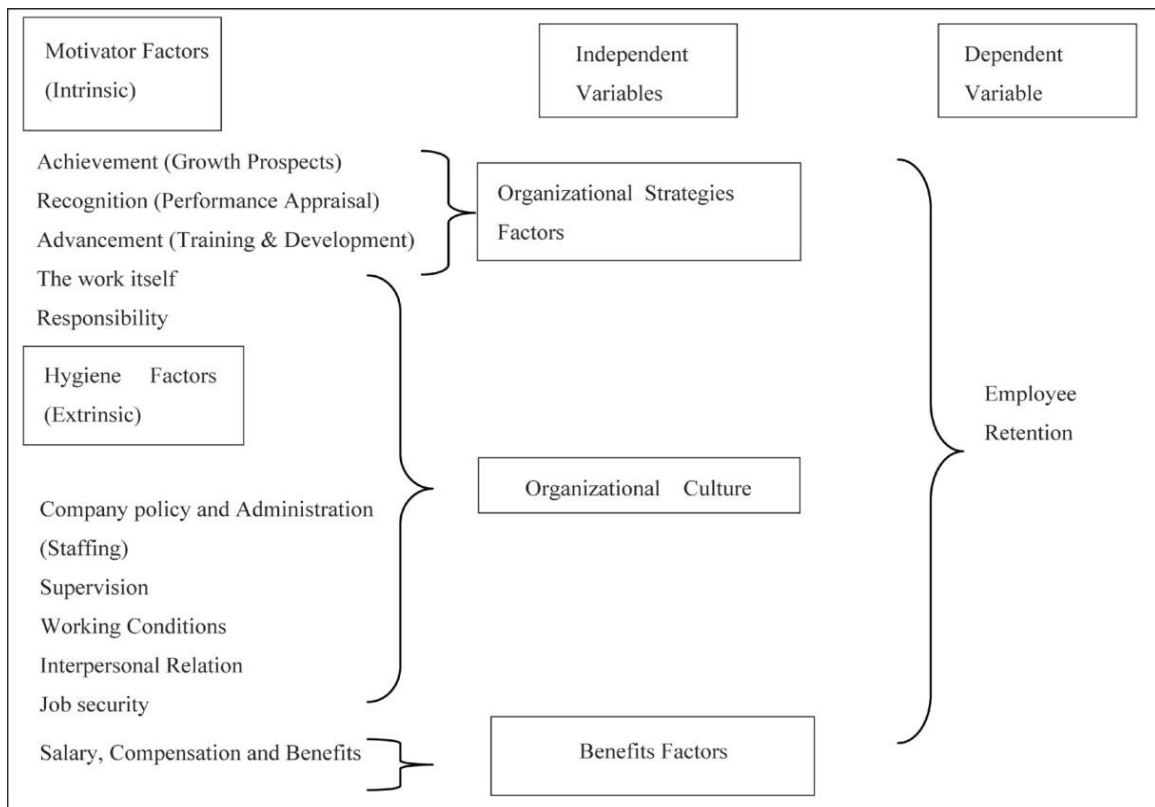


Figure 3.3: Basic Structural Model for Retention of Employees: A Modified Version of Herzberg's Two-Factor-Theory

Source: Zin et al. (2012)

Figure 3.3 depicts three sets of independent variables, namely organisational strategies factors, organisational culture and benefits factors for the retention of employees.

### 3.2.1.1 Organisational strategies factors

The Zin et al. model generalised the organisational strategy factors by looking at achievement, recognition and advancement, it however did not look at the trend with regards to business growth opportunities for the SMEs. Legitimate human resources management practices in an organisation can be judged through high performing employees who are motivated to grasp any recent information and knowledge (Tsai, Yen, Huang, & Huang, 2007).

### **3.2.1.2 Organisational culture factors**

Organisational culture is a set of shared beliefs between members of an organisation who are operating as a group or organisation (Robbins & Coulter, 2008). The values shape employees' perceptions of the issues and demands that they encounter on a daily basis in a way that underpins their workplace behaviours and outlook (Scott-Findlay & Estabrook, 2006)

When putting in place a human resources management system, effort should be placed in creating workplace conditions that are conducive to increasing the employee's job satisfaction (Maierhofer, Kebanoff, & Griffin, 2002; Tsai, Yen, Huang, & Huang, 2007). This notion is supported by (Mayson & Barerett, 2007) who agree that employees' satisfaction is created by their superiors through functional human resources systems. However, despite the effort to create an environment conducive to employee job satisfaction, as indicated by other studies, whenever there is a change in management in Zimbabwe, and probably in other countries, the culture of the organisation tends to change too. This is despite the length of time it may have taken to build the current culture. This may lead to employees being called upon to make adjustments to their way of doing things and the way they respond to the workplace environment. This alone causes multiple levels of confusion, some of which may force employees to seek new comfort zones or contexts nearer to what they already know.

### **3.2.1.3 Benefits factors**

According to Willis (2000), Terera and Ngirande (2014), attractive and fair remuneration packages are crucial to attracting and retaining employees. Burrett and Khan (2004) contend that SMEs pay less attention to their employees' compensation and benefits as a motivational factor because it is difficult for SMEs to compete with

larger firms in terms of compensation. Long, Ajagbe and Kowang (2014) assert that proper human resources practices are crucial in retaining employees in SMEs, especially in such practices as managing performance, administration of compensation policy, training and employee relations. However, in other findings, Dalton, Ernest, Deal and Leslea (2002) criticises the practices of SMEs managers for demotivating employees through poor compensation practices. Similarly, in a separate study, Mayhew (2012) affirms that employee satisfaction is a reliable predictor of employee retention.

#### ***3.2.1.4 Variations of Herzberg's two factors theory: The Zin et al. model***

Using the Maslow model of workers' needs, Zin et al. (2012) created a model which researchers like Mitchell and Daniels (2003) criticise heavily. They argue that human resources managers neglect the needs of employees. Literature (Van-Dijk & Kluger, 2004; Cascio, 2002) view the needs of employees as essential for self-actualization within the firm, and taking care of their needs is an advantage because it boosts employee morale and encourages the employee to stay on the job. The other advantage is that, if managers take care of employees' needs through awarding rewards, the employees would get used to rewards as a right and demand more. In some cases, money may be a motivator, and could result in employee retention in other cases.

The disadvantage of viewing workplaces from this model's perspective is that it does not take into consideration the changing environment where the use of information and communication technologies (ICTs) enhances employees' work inputs in employee motivation. As postulated by (Cascio, 2002), the model does not give employees the opportunity to be innovative because when employees come up with innovations that

enhance the organisation, they have every reason to stay on the job and allow themselves to see the end product of the innovation. Similar to Herzberg (1968), this approach promotes loyalty and reduces employee turnover, but this study sees a dearth of literature regarding how this is being applied in the Zimbabwean SMEs context.

However, at times, if employees are given wide spaces to come up with innovations of their interest, this may affect business growth as production may go down when employees are busy innovating (Mitchell & Daniels, 2003). This affects revenue inflow during the time employees concentrate on innovations. Innovations may not necessarily result in financial rewards for employees; but this may have the effect of inducing employee retention. Different employees have diverse priorities at different times under varied circumstances and this is a disadvantage to the SMEs who may not have the capacity to invest in diversity.

### **3.3 Knowledge Sharing as a Retention Model for Employees**

Doan Rosenthal-Sabroux and Grundstein (n.d.) produced a reference model related to how employees retain knowledge within SMEs (KR-SME). The elements of the model include knowledge retention process, top management support, knowledge retention strategy, learning culture, human resources practices and ICT tools. They argue that SMEs are concerned with knowledge retention as a critical factor for improving their efficiency. According to Liebowitz (2011), competitive advantage can be gained through embracing knowledge retention strategies. SMEs are however more vulnerable than larger organisations in terms of losing personnel. As a result, the KR model is important for the SMEs who have emerged as a critical force in running economies. Doan, Rosenthal-Sabroux and Grundstein (n.d.) also argue that the model

can also be used to kick start the KR process and measure maturity of the SMEs. Furthermore, Doan, Rosenthal-Sabroux and Grundstein (n.d.) proceed to define the elements of the model in order to understand the various characteristics.

### 3.3.1 Defining knowledge

Knowledge is a mixture of experiences, values, contextual information and expert insight that is used for evaluating and incorporating new experiences and information. It starts off in the minds of the knowers, also known as experts. It is then stored in documents and can be identified also from the organisational routines, processes, practices, and norms (Davenport & Prusak, 1998). The model of the SMEs on knowledge retention (KR) is summarised in Figure 3.3:

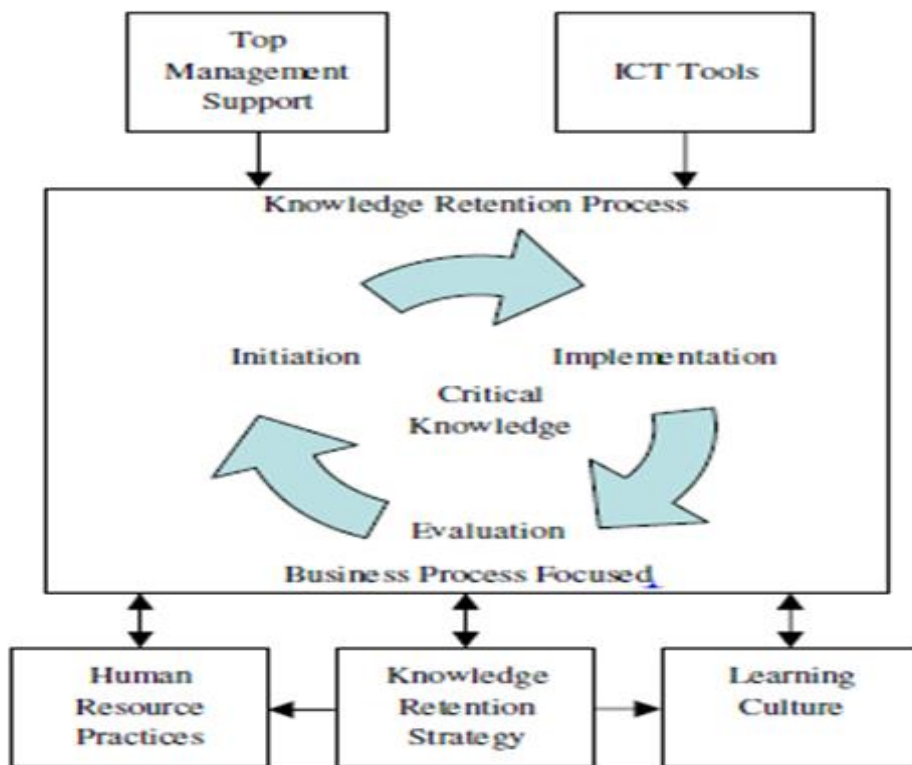


Figure 3.4: KR-SME Model

Source: Doan, Rosenthal-Sabroux and Grundstein (n.d.)

The KR-SME model assists in understanding how the knowledge retention could be practised within SMEs as well as effective implementation of the knowledge retention process.

Wright (2007) argues that knowledge retention process consists of three stages, namely initiation, implementation and evaluation. At initiation stage, the potential for critical knowledge loss is greatest, and most imminent positions or individuals are identified by the organisations. This is then followed by implementation of the potential critical knowledge and drawing of retention plans. The process related knowledge that is at risk of loss will be captured, transferred, stored and reapplied effectively. Lastly, the organisations evaluate and monitor the success of knowledge retention plans in accomplishing stated goals.

The impact of knowledge retention process is at the same time also assessed in the overall organisational performance. The researchers also argue that top management need to support knowledge retention activities by providing the necessary resources, including ICT tools, which can be used to facilitate the process of knowledge retention (Wright, 2007). Knowledge retention strategy has to do with business alignment strategy, transparency, feasibility, and flexibility. Learning culture involves teamwork, collaboration, adaptability and solidarity. Human resource practices involve staffing, job design, performance appraisal systems, reward and compensation systems, and training and development. The researchers argue that KR-SMEs model is tailored to kick start knowledge retention for SMEs and assessment of maturity levels. This researcher considered this model in coming up with the conceptual framework for the study.

### **3.4 Best Practice for Conditions of Service Applied to Retain Workers**

An Oracle White Paper (2012) advises that the best practice for attracting and retaining talent is for organisations to focus on six best practices.

- i) First, recruit the right people;
- ii) Improve the line managers ability to manage;
- iii) Give employees constant feedback about clear meaningful goals;
- iv) Empower employees to manage their own careers;
- v) Proactively drive talent mobility; and
- vi) Continuously measure and improve retention strategies.

Literature commonly suggests that the political, legal, technological, institutional, economic and socio-cultural context influence the employment practice and organisational performance (Paauwe, 2004; Brewster, Sparrow, Vernon, & Houldsworth, 2011). This view is extended by Das and Baruah (2013), who add that, for an organisation to retain its employees, there is a need for securing the employees by empowering them through skills enhancement because knowledge and skills are the blood stream that supplies energy to all parts of the company to remain economically competitive.

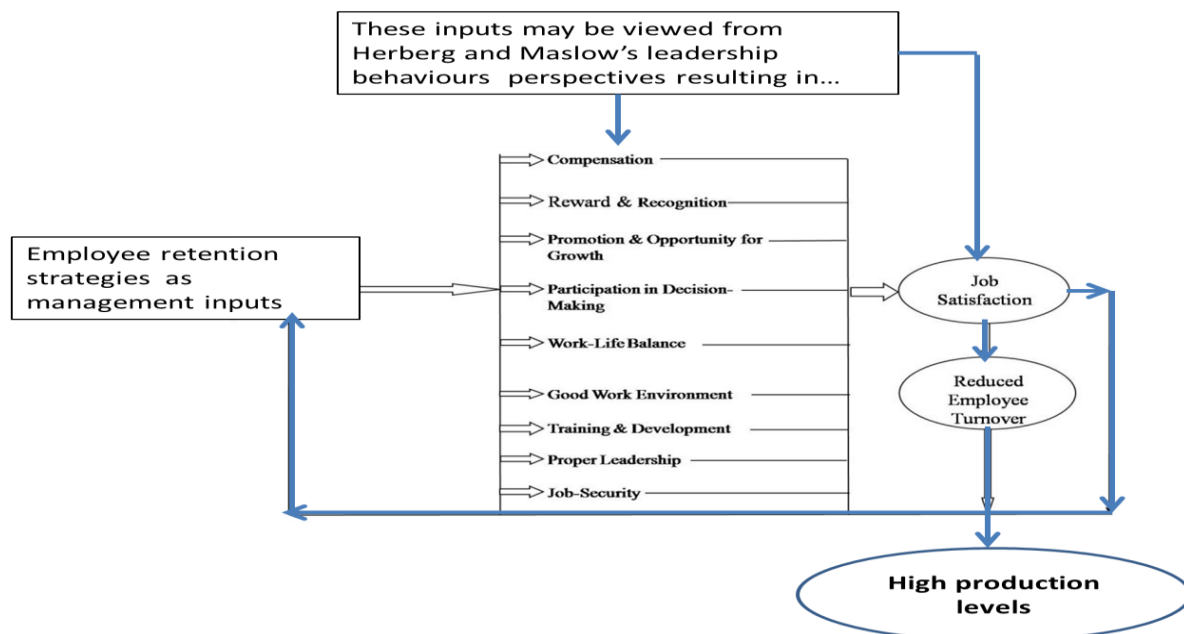


Figure 3.5: The Employee Retention and Job Satisfaction Model

Source: Adapted from Das and Baruah (2013)

According to the model, there is a direct relationship between employee retention and job satisfaction. If organisations satisfy the nine factors, then the tendency of separation is reduced.

Despite the nine factors depicted by the model, the researchers ignored some key factors such as communication, continuous assessment of employee performance and feedback. They also ignored transparency and fairness in handling employee matters as motivation factors. ICT is necessary in the global environment that the SMEs sector operates in and the researchers did not consider this important tool as well. However, despite the shortcomings, this researcher considered the employee retention and job satisfaction model in coming up with a conceptual framework for the study. This researcher also adopted the Das and Baruah (2013) model and improved on it. In addition, the researcher also incorporated the KR-SME model as depicted by Doan, Rosenthal-Sabroux and Grundstein (n.d.) to kick start the SMEs.

### **3.5 Conceptual Framework**

The primary purpose for including a conceptual framework to provide the current research with a standard for developing a way of thinking about a phenomenon in the data analysis and discussion stage of this study. By definition, a conceptual framework is an analytical model or tool that has a number of variations and contexts. This is applied in different stages of a study and it will provide an overall model of some of the findings. One uses it to organise ideas in a research.

The conceptual framework in this study was used to guide the entire research process. This assisted the researcher to rethink and revise the way she viewed the findings of the study. Therefore, the conceptual framework acted as a reflection mirror to help in the preparation of final statement for developing recommendations for policy on SMEs that may be used for guiding management at company levels, especially those that may not have been covered in the existing framework or standards as it were. A conceptual framework is therefore a principal reference point that may be used for the discussion of findings of a study.

The conceptual framework explains either graphically or in narrative form the key factors, concepts or variables and the presumed relationships among them (Miles & Huberman, as cited by (Tamene, 2016). The researcher identified models discussed in the theoretical framework to build her own conceptual model for the SMEs using the five variables affecting the retention of employees. The researcher's proposed conceptual framework took into consideration theoretical models from other researchers and authors who have written about employment conditions in the SMEs sector.

### **3.5.1 Model suitable for the retention of human resources in the SMEs sector**

From the theoretical models discussed in this chapter, this researcher pursued the knowledge retention model (KR) as the most suitable for SMEs because knowledge retention improves the efficiency of SMEs. Furthermore, the argument was that organisations that embrace knowledge retention gain a competitive advantage. The use of ICTs for knowledge retention is an added advantage for SMEs. Continuous research on the trends in the global village assists SMEs in gaining competitive advantage. Organisational performance is an indicator of knowledge retention processes in SMEs which may face challenges when it comes to competing with big conglomerates. On the basis of the models by Zin et al. (2012), Doan, Rosenthal-Sabroux and Grundstein (n.d.), and Das and Baruah (2013)) that this study looked at, a conceptual framework or model emerged which, in this researcher' opinion, best describes the situation on factors affecting employee retention. This proposed model is presented in the Figure 3.5.

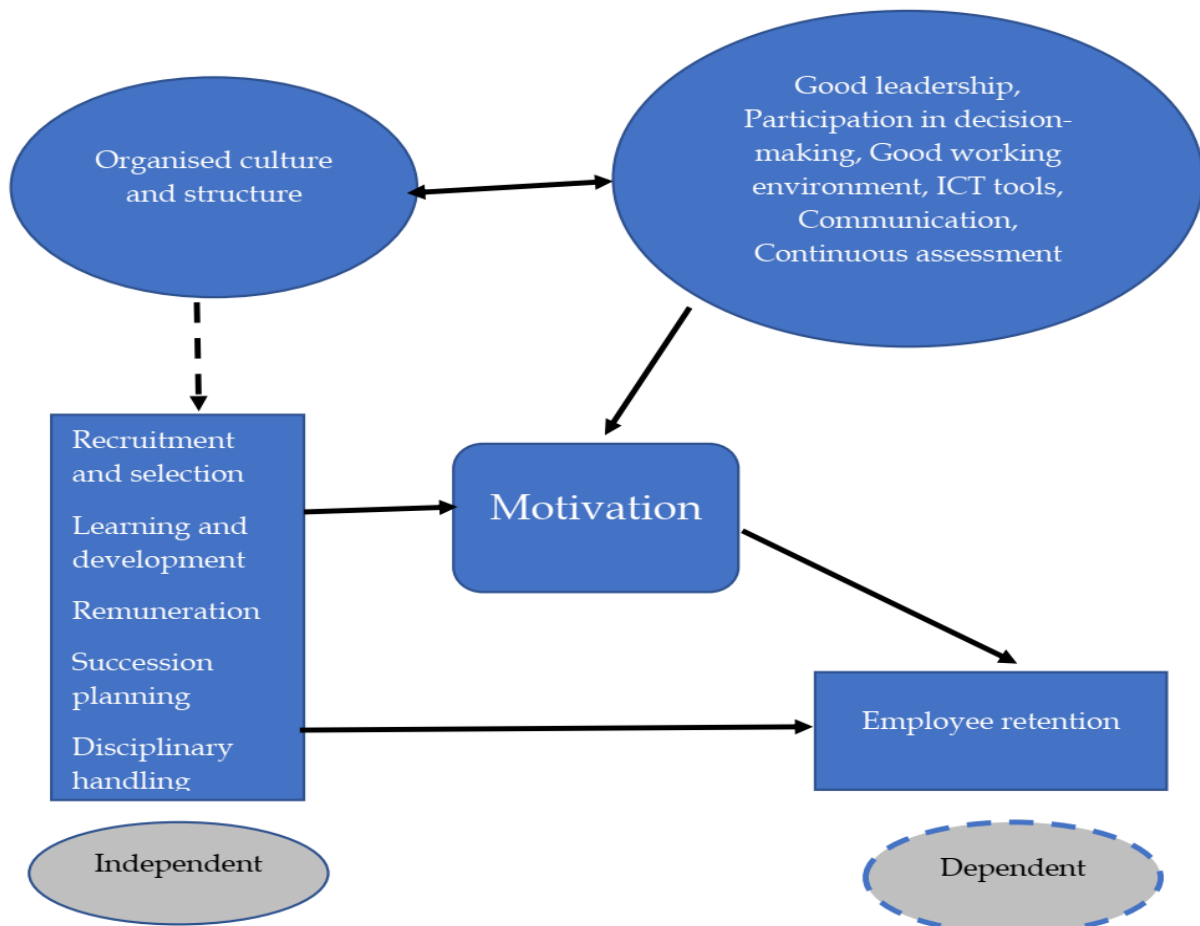


Figure 3.6: Conceptual Framework of Factors Affecting Employee Retention

Source: Own proposed model

The above conceptual framework serves to explain the relationship between the five variables and the retention of employees in the study of SMEs. The five variables are influenced by the organisational culture and structure. This research adopted the Das and Baruah (2013) model and improved on it. This research also incorporated the Knowledge retention model as depicted by (Doan, Rosenthal-Sabroux and Grundstein (n.d.) to kick start the SMEs.

If the recruitment and selection is right, the structure of the organisation is shaped correctly. The other variables, namely learning and development, remuneration, succession planning and disciplinary handling, make the culture of the organisation

hence we talk of organisational culture and structure. However, the organisational culture and structure involves employees in matters that affect them. There is need for continuous assessment of employee performance and feedback. If communication is clear, there is no room for ambiguity and the environment is conducive to working and once this is achieved, employees are motivated, and this leads to employee retention.

There is need for transparency and fairness in dealing with employee matters. Failure to be transparent and fair in handling employee matters leads to a lot of speculation and a lot of production time can be lost when employees engage in informal meetings Doan, Rosenthal-Sabroux and Grundstein (n.d.). The grapevine or gossip may become the order of the day and this is too risky for the organisation. If all variables are properly executed, it leads to motivation, and once employees are motivated, it eventually leads to employee retention.

### **3.6 Chapter Summary**

The theoretical framework guiding this study was discussed in this chapter. In addition, this chapter looked at the Maslow's hierarchy of needs, basic structural model and the employees' knowledge retention model in an effort to identify the most suitable for the SMEs sector. The theoretical models from other researchers and authors who have written about employment conditions in the SMEs sector, as discussed in the chapter, led to my proposed conceptual framework. Good leadership, good working environment as well as transparency and fairness create the organisational culture. This chapter adopted the theoretical model by Das and Baruah (2013) and improved on it.

The diagrammatic conceptual model shows that the organisational culture and structure influence the independent variables, namely recruitment and selection, learning and development, remuneration, succession planning and disciplinary handling. The independent variables have effect on employee motivation which in turn affects employee retention. The same independent variable also directly affects employee retention. Employee retention is a variable that is dependent on the independent variable.

## **CHAPTER 4**

### **RESEARCH METHODOLOGY**

#### **4.1 Introduction**

This study sought to examine the prevailing employment conditions and their impact on employee retention in the SMEs furniture manufacturing sector in Zimbabwe. To ensure that the methods used in this study were effective, the researcher went back to the research question and analysed how the questions and its sub-questions needed to be addressed. The researcher was therefore, guided by the research question which in turn influenced the choice of related literature to be reviewed. Research refers to the systematic method consisting of enunciating the problem... collecting the facts or data, analysing the facts and reaching certain conclusions in the form of solutions towards the concerned problem (Kothari, 2004). Kumar (2011) adds that research is one of the ways to find answers to a research question around a problem and its sub-questions, procedures, methods and techniques that have been tested for their validity. The researcher applied the process within a framework of set philosophies. The research question, as the focus problem of inquiry, requires the researcher to persistently remain flexible in the choice of strategies, hence allowing this study to use triangulation as a key strategy to finding answers to the research problem. This study thus, borrowed from Patton (2001, p. 247) who advises that, "Triangulation strengthens a study by combining methods. This can mean using several kinds of methods or data, including using both qualitative and quantitative approaches". The researcher used four basic types of triangulation. They include: (a) triangulation of research theories; (b) triangulation of researchers; (c) triangulation of types of data; and (d) triangulation of data sources (Denzin, 1978; Denzin, 2001).

Using Kumar (2011)'s definition, this research methodology chapter describes the researcher's specific strategy for finding answers to the research questions (methods) by explaining how the study was conducted. The chapter demonstrates why selected procedures were used for data collecting and generation in order to answer the main research question presented in Chapter 1. The research question sought to *examine the employment conditions and their influence on employee retention in the small and medium enterprises sector in Zimbabwe.*

In this chapter, the researcher discusses the methodology which includes the research paradigm, research design and type of the study. The specific methods included the selection of population sample, identification of the research site/location, sampling strategies, type of research instruments, data collection strategies, ethical consideration and data analysis procedures used in carrying out the research. Because the researcher used a mixed methods research design, the study also describes the quantitative side of the study and then describes the qualitative side of the research approach (Denzin & Lincoln, 2000).

## **4.2 Research Methodology**

In this study, research methodology refers to the thinking processes used to select ways for collecting and or generating data in research for the purpose of answering research questions or describing solutions to a research problem. The methodology section specifically identifies the philosophy or paradigm that leads to making certain decisions like choice of methods such as interviewing, surveying, experimenting and observing as research techniques. This research methodology section for this study was a preparation of the thinking processes and answers two principal questions in the research process: *How does the researcher collect or*

*generate the information for answering the research questions?* Secondly, the researcher had to ask, how she would analyse her data or how she would organise the data to make sense to the research question. In this study, the researcher used pragmatism as a research philosophy which guided the research design choice and the type of the study that she used.

### **4.3 Research Paradigm Adopted for the Study**

#### **4.3.1 Pragmatism research paradigm**

Research methods literature suggests that a research philosophy is a belief about the ways through which data about a phenomenon is to be collected, analysed and used (Creswell J. , 2008). According to Creswell (2008), there are four worldviews for research philosophy, namely post-positivism, constructivism, transformative and pragmatism. In this study, the researcher was guided by 'pragmatism' as the most appropriate research philosophy. Taking expert research methods advice, the researcher embraced (Tashakkori & Teddlie, 1998)'s experienced views that when conducting research:

Most good researchers prefer addressing their research questions with any methodological tool available, using the pragmatist credo of "*what works.*" For most researchers committed to the thorough study of a research problem, method is secondary to research question itself and the worldview hardly enters the picture, except in the most abstract sense.

This citation suggests and advises that, when conducting research, there is need for a rich variety of methodological permutations or combinations that should be used to ensure that the data illuminates effectively on the research problem or the question. Pragmatism, as a research paradigm, emerged as a suitable philosophy for guiding

the current study because of its characteristics that matched the problem that the researcher was investigating.

Table 4.1: Four Worldviews

<b>Post-positivism</b>	<b>Constructivism</b>
<ul style="list-style-type: none"> <li>✓ Determination</li> <li>✓ Reductionism</li> <li>✓ Empirical observation and measurement</li> <li>✓ Theory verification</li> </ul>	<ul style="list-style-type: none"> <li>✓ Understanding</li> <li>✓ Multiple participant meanings</li> <li>✓ Social and historical construction</li> <li>✓ Theory generation</li> </ul>
<b>Transformative</b>	<b>Pragmatism</b>
<ul style="list-style-type: none"> <li>✓ Political</li> <li>✓ Power and justice oriented</li> <li>✓ Collaborative</li> <li>✓ Change-oriented</li> </ul>	<ul style="list-style-type: none"> <li>✓ Non-political</li> <li>✓ Consequences of actions</li> <li>✓ Problem-centred</li> <li>✓ Pluralistic</li> <li>✓ Real-world practice oriented</li> </ul>

Source: (Creswell J. , Mixed methods research: Design and procedures, 2008)

First, pragmatism matched the characteristics of the research question which required the researcher to maintain flexibility and follow the direction where the study would take her as a researcher. However, the researcher also wanted to ensure that the data collected and, some of it, generated, would also ensure some degree of generalizability to a wider population since the question around SMEs in Zimbabwe would need to be viewed from a national perspective. Therefore, in the spirit of triangulation, she ensured that using a diversity of research philosophies ensured the researcher to stay on track regarding knowing how management of SMEs in Zimbabwe would be used to shape policies that would help these companies to grow the economy but at the same time ensuring retention of employees. The paradigms combined in this study included *positivism (uses quantitative data) and the interpretivist (uses qualitative data) to understand a research problem*. The pragmatic research paradigm was chosen because it draws heavily on a combination of both inductive and deductive reasoning (Patton, 2001). Ihuah and Eaton (2013) embrace this view through their

belief that it is important and necessary to triangulate the inductive approach with deductive thinking in order to fully analyse a phenomenon under study. Pragmatism, as a research paradigm, accepts that researchers should use knowledge to act on things. For pragmatists, an idea may be true only when it has been made to be of practical efficiency through testing the new knowledge using a diversity of ways of knowing. Research conducted and guided by pragmatism insists upon testing for consistency from a number of perspectives of knowing. Pragmatic research studies are therefore both inductive and deductive as they move from a multifaceted or complex research problem to a generalised way of understanding the problem in order to improve how people experience that problem.

Pragmatism focuses on understanding the experiences of beings through defining concepts as they are applied to the human experience and, in this case, human experiences with management practices in SMEs. This pragmatic research was interested in putting practical solutions to the research questions. Because this study was guided by the pragmatist paradigm, it drew upon a mixed-methods research design approach. In this case, both qualitative and quantitative research methods were used following the belief that whatever methods used may provide a relevant approach to answer the research questions. This approach enables the researcher to tackle a real-world problem such as in the case of the current study which sought to investigate the employment conditions and their influence on retention of employees in the SMEs furniture sector with specific attention to Glen View furniture manufacturing complex in Harare, Zimbabwe.

In general terms, the first side of this study, guided by the positivist research philosophy, was appreciated because it provided three critical things for this study:

- a) positivism was used to conceptualise reality about SMEs in terms of some selected variables;
- b) using positivism helped to measure the variables in terms of their effect on the management of human resources; and
- c) It was used to determine the relationships between the identified variables about the study (Punch, 2009).

On the other hand, the interpretivist side was used to ensure that participants qualified the statistical representation with the actual experiences of the problem. From this view, the study drew out the significance of pragmatism as current practical world of thinking about a problem that answers to a research aim, objectives and questions which focus on real-life situations about Glen View furniture manufacturing sector.

In line with Creswell (2012), the study also adopted the pragmatic research philosophy because the ontology (objective) and axiology (ethical/moral philosophy) of pragmatism are appropriate for this study. The pragmatic worldview is not committed to any one particular philosophy and reality. It applies to mixed method research as it draws liberally from both qualitative and quantitative assumptions in research.

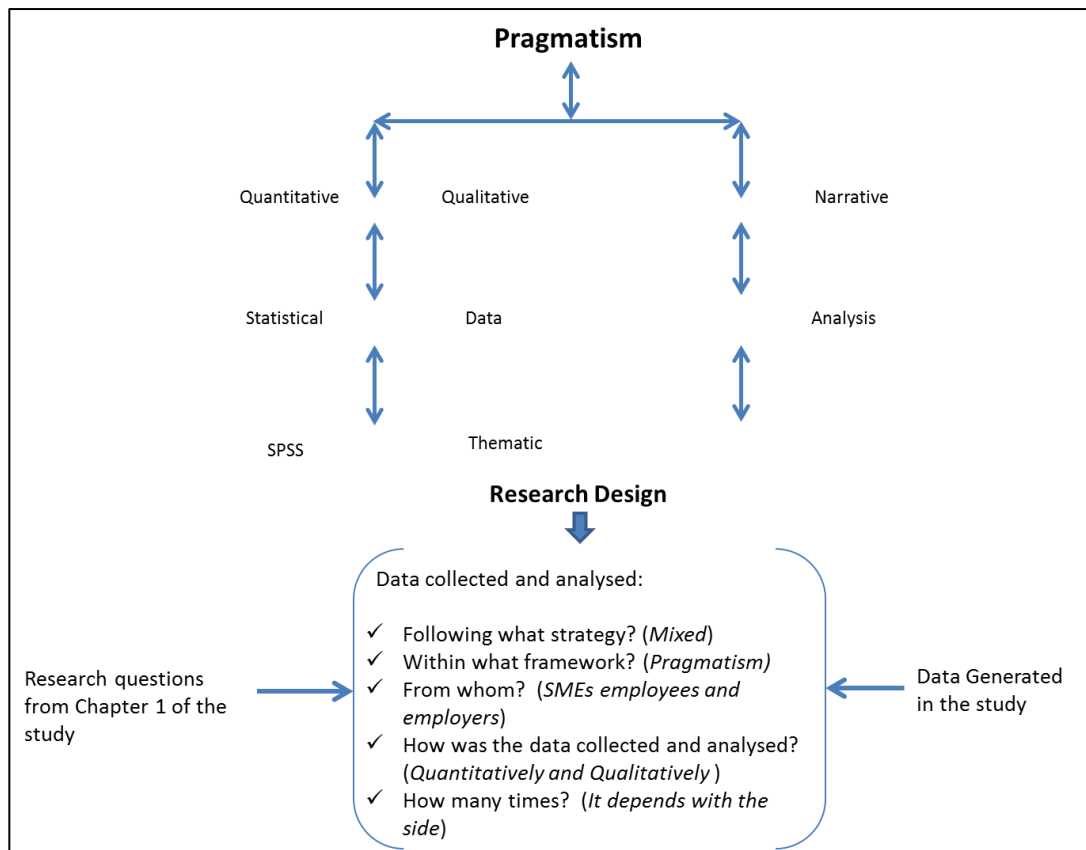


Figure 4.1: The Research Design Connects with the Research Questions and the Research Paradigm

Source: A Hybrid model adapted from Creswell (2012) and Punch (2009)

In the next section, the researcher discusses the research design that was used in this study. As illustrated in Figure 4.1, the research design is only identified after the research paradigm is discussed. It is the research paradigm that influences the choice of the research design.

### 4.3.2 Research design

As part of the methodology (philosophy) of this study, a research design is a “plan or framework for conducting a research project, with the details of the procedures necessary for obtaining the information needed to structure and/or solve research problems” (Kumar, 2011). There are three basic categories of classifying research, namely quantitative, qualitative and mixed methods (Kothari, 2004; Creswell J. 2008; Gliner, Morgan, & Leech, 2009; Cohen, Manion, & Morrison, 2007). The research

design for a study was expected to connect the research questions identified from Chapter one to the data that was collected and or generated (Punch, 2009) as illustrated in Figure 4.1. To satisfy the objectives for this study, a concurrent mixed methods design was utilised as explained in the next section.

### **4.3.3 Concurrent mixed methods research design**

Mixed methods research has been defined as a philosophically underpinned model of inquiry combining qualitative and quantitative models of research so that evidence from the data from each side of the mixed methods approach may complement each other rather than what either model would achieve if used as a single methodology (Creswell & Plano Clark, 2007). Throughout this study, the researcher ensured that flexibility was maintained as a cross-cutting theme incorporating elements of both (Creswell J. , 2008). However, embracing the advice from Garrison (2011), this study was imbedded in the quantitative research approach as the primary method that guided the research while the secondary data base incorporated the qualitative methodology as the complementary source.

As a budding researcher, I do not view the world as an absolute unity, and this justifies the selection of a mixed method for collecting, presenting and analysing data to provide the best understanding of the research question. The researcher adapted and adopted this model of the mixed methods research design from Creswell (2012) to show the interconnection of pragmatism philosophy for the study as shown in Figure 4.1.

The framework in Figure 4.1 shows how the mixed methods research is influenced by and interconnected to the pragmatist research paradigm used in this study. On the top section of the illustration, one side of the data collection and analysis procedures uses the quantitative design, while the qualitative processes of data generation and analysis

runs parallel to the larger sample from the quantitative methods. Creswell (2012) also illustrates the same design as Figure 4.1 using the research onion as shown in Figure 4.2. This is to show that not everything moves in straight lines as simplified in the figures that the researcher adapted from the texts that she read.

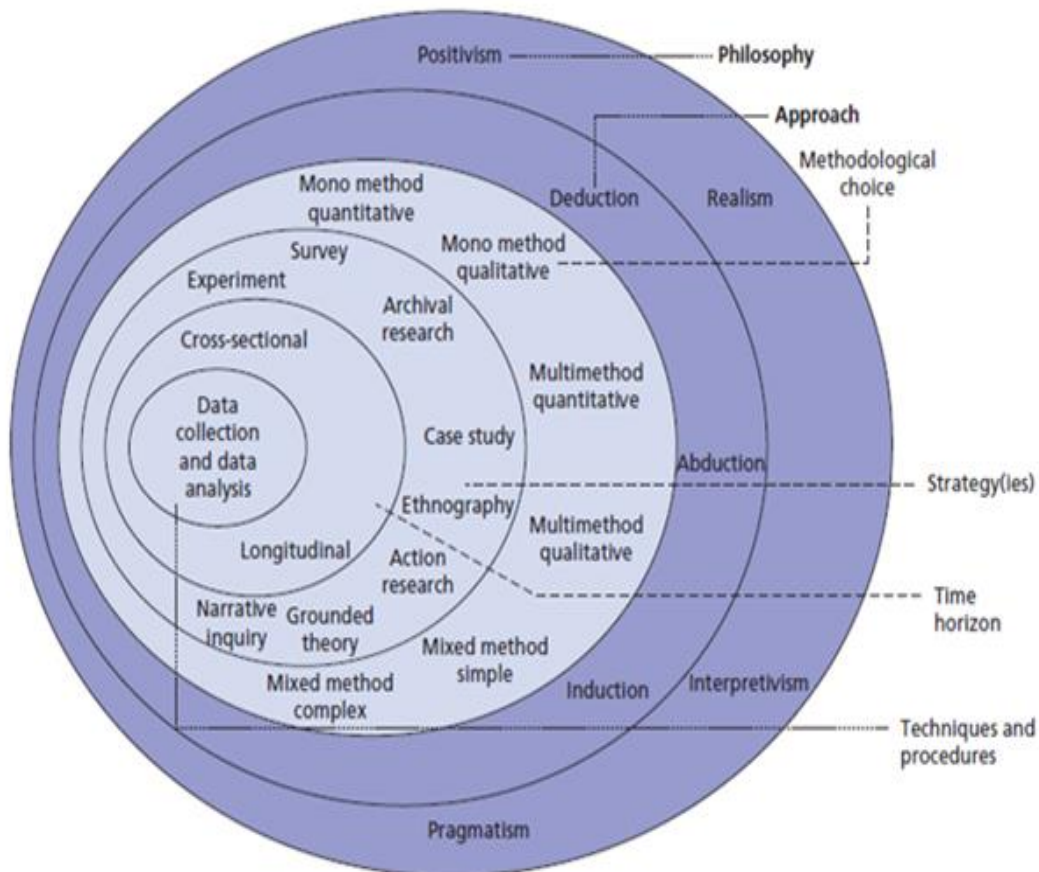


Figure 4.2: Creswell (2012)'s research philosophy illustrated as an onion

Source: Creswell (2012)

The outer layer is the research paradigm and, in this case, it is a triangulation of positivism, realism and the interpretivist research paradigms. The second layer explains what happens during the research thinking processes, that is, deductive and inductive approaches. The third layer separates the specific methods for deductive and those that match the inductive method. Creswell (2012) refers to these third layer activities as mono-quantitative and mono-qualitative methods which, when combined, they produce the mixed-methods or multi-methods. In the current study, the researcher

used a triangulation of the aspects of the fourth layer of the research onion by Creswell (2008). The aspects include experimental, case study and the grounded theory. Both the experimental and case study were designed to build the quantitative and qualitative data that was used. For the grounded theory part, it was meant to build up conclusions which were grounded in the experiences of participants. The cross-sectional layer represented in the fifth layer of the research onion includes how the researcher looked at and tried to make sense of the data from across the two sections, the quantitative and the qualitative data.

#### **4.4 Research Type**

##### **4.4.1 Narrative and survey research**

The type of the study, as can be deduced from the research design, is a triangulated type of research referred to as narrative and survey research type. The narrative side is the qualitative side of the research where the researcher generated and analysed qualitative data. On the other hand, the study also conducted a survey research which collected and analysed data from the quantitative side of the data. The most important thing to understand from this parallel case study was that data was collected and generated in a parallel form and analysed at similar level. The same applies to the identification of respondents (for the quantitative side) and participants (for the qualitative side). Therefore, the data produced from both the quantitative and qualitative sides complemented each other in the sense that the quantitative data gave a statistical lens into the meaning of the data, while the qualitative data provided the narrative (words) into what the statistical data meant as illustrated at the centre of the research onion. The participants for the qualitative side were purposively selected from the larger sample of the quantitative side. This means that the same people who provided the quantitative data extended their qualitative knowledge to provide the

narratives that simplified the quantitative data that the researcher had gathered hence the mixed methods concept. Data resides in the same individuals in its mixed form, and the interpretation was easier to solicit from the same participants.

#### **4.5 Specific Research Methods Used**

Researchers draw research methods following the research paradigm selected or worldviews which provide the theories on reality (ontology), the route to reality (epistemology), and the procedure to acquire knowledge (methodology). The specific methods for this study describe what the researcher did to achieve the objectives or to answer the research questions for the study. For this mixed methods study, the bigger sample of participants came from the quantitative side of the study. The qualitative side of the data used a smaller sample of purposefully selected participants from those who provided their responses to the quantitative survey questions. Therefore, the researcher discusses the quantitative methods used in this study first then she discusses the qualitative methods used.

##### **4.5.1 Quantitative research methods**

This study adopted a quantitative research method to collect and analyse the quantitative side of the data for this mixed methods study. According to Lawson (2006), a survey descriptive side of the mixed-methods research is concerned with conditions that exist, practices that prevail, processes that are going on and trends that are developing. This research applied the mixed approach to derive data by using questionnaires/surveys and structured interviews to answer the research question that sought to find the conditions of service in the SMEs sector. The research methodology is thus descriptive in nature.

## **4.5.2 Selection of participants**

### **4.5.2.1 The population and sample**

The Glen View Complex is situated 14 kilometres outside the Central Business District (CBD) of Harare, the capital city of Zimbabwe, and is easily accessible using either public or private transport. Glen View is located in a high-density residential area. In this study, the total population (P) consisted of 5000 furniture manufacturing SMEs in Harare Metropolitan. The focus of the study was designed to understand and describe only the furniture manufacturing sector that is located within the Glenview Furniture Complex. It was not feasible to study all of the over 5000 furniture manufacturing SMEs throughout Harare Metropolitan. The actual study population (P) included a total of 2000 furniture manufacturing SMEs in Glen View Furniture Complex because this is the number of SMEs that was operating in the Glen View Furniture Complex. From this total (P) of 2000 SMEs, the researcher randomly selected a representative sample to participate in this mixed methods study. Before identifying the sample, this study included all the elements from the population for which the researcher wanted to make inferences (Cooper & Schindler, 2003; Neuman, 2000).

During the selection of the survey respondents for this study, the researcher made a deliberate attempt to initially ensure that all categories of human resources characteristics and their businesses, based on the products they produced, had gender equality in terms of representation. The reason was to allow selection of different types of furniture products to enable equal representation for each category of furniture and equal representation by gender producers. However, it was discovered during the pilot study that *almost all businesses* were owned by males and the businesses produced the same kind of furniture, depending on what was trading during the time.

### 4.5.3 Sampling procedures

The researcher employed a simple random sampling method. When using the random sampling technique, all businesses have an equal probability of being selected to participate in the research (Reaves, 1992). The simple random sampling technique is a probability sampling technique which produces a sample that is representative of the population from which they are drawn. This, however, does not imply that the results one gets from the sample will be the same as those for the entire population, but it is possible to mathematically determine how different the population is likely to be from the sample (Reaves, 1992).

The assumption by the researcher was that the research expected to be 95% sure that the responses are within 5% of the true proportion. The sample size was calculated using the formula below,

$$\text{Sample size} = \frac{\frac{z^2 \times p(1-p)}{e^2}}{1 + \left(\frac{z^2 \times p(1-p)}{e^2 N}\right)}$$

Figure 4.3: The Formula Used to Calculate the Sample Size that Participated in the Study

Source: [www.surveymonkey.com/survey/sample-size-calculator](http://www.surveymonkey.com/survey/sample-size-calculator)

Population Size = N; Margin of error = e; z-score = z

With e- as percentage, put into decimal form (for example, 3% = 0.03).

The z-score is the number of standard deviations a given proportion is away from the mean. The table below shows the right z-score to use:

Table 4.2: Right z-score for Standard Deviation

<i>Desired Confidence Level</i>	<i>z-score</i>
80%	1.28
85%	1.44
90%	1.65
95%	1.96
99%	2.58

The study site was carefully selected for its size, intensity and accessibility in the Glen View high density suburb. The study sample was selected from a list of the businesses within the complex. A total of 367 respondents including 176 business owners and 191 employees for the quantitative side were randomly selected through the above formula for this study. The list of businesses was obtained from the chairperson of the executive committee in the business complex. The sample was randomly picked from the list as guided by the calculated sample size in Table 4.2 above. The participants for the qualitative side of the study were purposefully picked from the 367 participants who had completed the quantitative survey. The researcher collected and generated data from both employees and employers to ensure inferences (quantitative) and comparisons (qualitative) where necessary. Using the calculated sample size, the researcher finally settled to interview 176 business owners who agreed to participate in the study and at least one employee from each of the businesses responded to the survey questionnaire. In some cases, the researcher managed to interview more than one employee. Therefore, the number of employees interviewed totalled 191.

#### **4.5.4 Selection of participants for the qualitative side of the study**

To supplement the interviews held with sample participants, face-to-face interviews were conducted with purposefully selected key informants drawn from two managerial representatives from the Small Enterprises Development Corporation (SEDCO). The participants were purposefully selected by being invited through a written invitation

attached on the survey questionnaire. This was to ensure that the participants who had participated in the quantitative side of the study would also participate in the interviews. This was a member-checking approach that ensured the same participants provided the qualitative answers to the interview questions, hence complementing the data from the quantitative side of the study. The participants were chosen because the organisation (SEDCO) is a parastatal of the Ministry of SMEs. It is responsible for housing and advancing loans to people who want to start furniture businesses like the SMEs under study. The respondents and participants therefore, had information and records that could add value to the study. One informant was interviewed from the Ministry of SMEs because this is the Ministry that is responsible for SMEs. One person was also interviewed from the Harare Chamber of SMEs because the chamber is a body that advances the interests of the SMEs and lobbies government for the betterment of SMEs. Three people were interviewed from the leadership of the furniture manufacturing complex in Glen View because they are responsible for the day-to-day administration in the complex, they keep records of what happens in the complex and they act as the middlemen between government, donors and the SMEs. All these participants were purposefully selected. The categories of participants interviewed were determined by the research question which sought to establish the employment conditions and their influence on employee retention in the SMEs sector in Zimbabwe.

#### **4.6 Research Instruments**

According to Leedy (1980), research instruments are data gathering tools used to collect the required data at a specific time and for specific needs. There were three sets of instruments developed for use during data collection for this study, namely:

- 1) Questionnaires - Structured
- 2) Interviews – Focus groups discussions and one-on-one
- 3) Observation –Complete observation

#### **4.6.1 Interview guides**

The key informants' interview (KII) guide consisted of an introductory section which was designed to ensure that the researcher did not deviate from the objectives of this study. This was critical as respondents' views and even silent guesses regarding the purpose of the discussion are known to affect their responses. Boyce and Neale (2006) posit that, where potential participants may not be comfortable talking openly about an issue or where a researcher may want to distinguish opinions about an issue, in depth interviews should be used. Thus, the discussion topic had to be introduced in exactly the same manner for all participants.

#### **4.6.2 Data collection and data generation strategies**

Five fieldworkers were deployed at the Glen View Home Industry Complex to serve the participants with the surveys and questionnaires. On the first day, the researcher accompanied the participants to ensure that data collection started under close supervision. As a quality control measure, the researcher created an instant messaging platform on which all research team members would ask questions or share their experiences using their mobile devices while collecting data. The researcher's group responses would ensure that other research assistants who had similar questions were answered well before they asked their questions. This ensured that corrective action was taken immediately while the team was still in the field and ensured uniformity in data collection behaviours as messages were broadcast to all respondents at the same time. Data collection for the quantitative data started on the 4th of October 2016 and ended on the 15th of October 2016. The research assistants

would start work from 10:00 a.m., daily, break for lunch for an hour then complete their day's work at 16:00 pm daily.

#### **4.6.3 Questionnaires administration**

The self-administration method was used to collect data. Fieldworkers left the questionnaires with the intended respondent and collected the questionnaires on the next day. This method was used for several reasons. First, during business hours, the furniture makers would be busy with either making furniture or calling out for customers; hence there was little time for respondents to complete the questionnaires while the fieldworkers waited. Secondly, some respondents felt they could not concentrate while their bosses would be interrupting them with errands or were not comfortable responding to some questions in the presence of their superiors. Finally, the noisy environment at the business complex made it difficult for respondents to concentrate, so the employers and employees suggested doing it after work.

The administering of the questionnaires commenced with the fieldworker explaining the purpose of the study to the respondent. The fieldworker also explained that all the information shared during the interview would be treated confidentially, hence the participants were not expected to write their personal details on the questionnaires. Only after informed consent was granted by respondents were they given the questionnaire to complete, following the procedures discussed during fieldwork. Upon collection of the questionnaires on the next day, the field workers or assistant researchers thanked the respondents and allowed them opportunities to ask any questions.

#### **4.6.4 Focus group Interviews**

For the qualitative side of the study, the researcher conducted focus group discussions (FGDs) to obtain information on what participants thought about the study area (Freitas, Oliveira, Jenkins, & Popjoy, 1998). The FGD interviews were used in conjunction with the survey questionnaires as a mixed method in order to augment the other methods applied to this study. The results obtained from the FGDs were particularly effective in supplying information about how participants viewed their experiences in terms of their feelings or actions regarding a specific research topic: "Employment conditions and their influence on employee retention in the SMEs furniture manufacturing sector in Zimbabwe." The use of the FGDs as a technique increased the reliability of the findings, and allowed the researcher to collect an appropriate amount of data in a short period of time.

In line with Krueger (2002)'s advice to researchers, the research used focus group discussion guides (FGDs) to obtain information from participants. Two groups of five participants each were invited to an agreed selected venue. The researcher introduced the purpose of the FGD and the ground rules were also clarified. Specifically, the researcher emphasised the need for participants to respect each other's opinions. The selected environment permitted participants to discuss freely and, where necessary, the researcher sought explanations from the participants. The researcher also used an MP3 recorder to record the discussions and took notes. At the end of the interviews, the researcher made the highlights of the discussions in a summarised version and thanked participants for their roles. The data produced during the FGDs were audio recorded and then transcribed into word written notes.

**4.6.5 In-depth interviews with key stakeholders**

A generic guide that had been developed by the researcher was tailor-made for the respective key informants who represented policymakers, SEDCO managers, Harare Chamber of SMEs and the leadership in the Glen View Home Industry Complex. The meetings followed a prior appointment made through a telephone call in which the purpose of the meeting was explained to the informant. The researcher explained that she was especially interested in information that the informants were prepared to share with regards to the research topic. The researcher sought permission from the participants to record the interview proceedings to be transcribed for data analysis purposes. The purpose of the recording was to enable the researcher to get all the details and, at the same time, be able to carry on an attentive conversation with the informant. The researcher assured the informants that the information they volunteered was going to be handled in strict confidentiality. After confirmation of the proceedings, the interviews proceeded.

The key informants interviewed comprised one from the Ministry of SMEs, two representatives of the Small Enterprises Development Corporation (SEDCO), one from the Harare Chamber of SMES and three from the leadership in the Glen View Home Industry Complex as shown in the table below.

Table 4.3: Key Informants Interviewed

	Representatives	Number
Ministry of SMEs	Permanent Secretary	1
SEDCO	Management	2
Harare Chamber of SMEs	Chairman	1
Leadership in the Glen View Home Industry Complex.	Chairman, Treasurer and Secretary	3

The researcher asked questions and sought clarification on issues discussed to gain a deeper understanding of the underlying reasons and motivations as to *whether the*

*conditions of service have any influence on retention of employees in the furniture manufacturing SMEs sector in Zimbabwe.* The interviews were recorded using a voice recorder in order to capture all the information.

#### **4.7 Pilot Study**

In order to ascertain the suitability of the research, the researcher conducted a pilot study. The importance of a pilot study was to test whether the data generation instrument was asking the intended questions clearly and in a uniform manner, whether the format was comprehensible and whether the tool was appropriate for the target population. Hassan, Schattner, Mazza and Keluarga (2006) describes a pilot study as a “small study to test research protocol, data collection instruments and other research techniques in preparation for a larger study”. The research assistants were given the opportunity to administer the research questionnaires with two SME owners and two employees. The researcher interacted with pilot study respondents while they were filling in their responses to enable her to figure out problematic questions.

The only challenge the questionnaire presented was the issue of its length and the respondents complaining that it took much of their time, hence some questions on reasons/explanations were not responded to. However, the researcher could not find questions that could be removed otherwise parts of the research questions were not going to be answered. The researcher realised the importance of checking through the questionnaires upon collection of the completed questionnaires from respondents to make sure that respondents would at least respond to all questions and if not, asked them politely to do so.

The pilot study also helped the researcher to make necessary adjustments to the data capturing screens for the survey questionnaires. Adjustments were done especially in areas where explanations were required; more space to accommodate more characters was created.

#### **4.7.1 Recruitment and training of field staff**

The size of the study sample was big; hence the researcher could not manage to collect all the data on her own. Therefore, she sought assistance from carefully selected fieldworkers. The fieldworkers or research assistants used were third year students from the psychology department at the University of Zimbabwe. The researcher sought assistance from university students because they were readily available during their semester break. Additionally, the students were used to conducting research and they had certain knowledge of the discipline that ensured that the researcher would meet ethical standards for conducting research at this level. The research assistants were motivated by the benefit from the incentive allowances that the researcher had offered as part of the budget for this research work. The research assistants were also selected based on their gender with two female and three male students. Besides the English language used in Zimbabwe, the students spoke the local vernacular languages that were commonly spoken at the sites of the research.

A one-day research assistants' training process was conducted to cover a broad range of issues including but not limited to:

- Ensuring a common understanding of the study's goals and objectives;
- Ensuring a clear understanding of the items in the questionnaire and the processes and procedures to be followed during questionnaire administration;

- Ensuring that all research assistants knew exactly how to navigate their way around the data collection tools and use the same response procedures to each question;
- Ethical considerations and how they should be handled including signing a confidentiality clause form; and
- Contractual agreements between researcher and fieldworkers.

After lunch on the day of training, fieldworkers took part in a mock pilot study. Each fieldworker was given an opportunity to “administer” questionnaires to 4-5 pilot respondents, after which a feedback session was held to discuss any challenges/difficulties experienced. The feedback information was used to further refine the data collection tools in a constructive manner.

#### **4.8 Research Strategy**

The research strategy for this dissertation was established by adopting a way in which the research objectives can be answered. There are two main types of research strategies, namely quantitative and qualitative. The study also used the case study strategy because of the relationship that exists between the employer and employee, that is, the employment conditions in the Glen View Home Industry Complex. The strategy was to capture reality in greater detail through complete observation by the researcher when she spent hours in the complex sitting at a chosen SMEs site.

Glen View furniture manufacturing sector can also be taken as a case study because it is typically restricted to a single complex. It is difficult to generalize the findings since it is hard to find similar cases with similar data that can be analysed in a statistically meaningful way.

## **4.9 Data Processing**

The data collection yielded two types of data, namely quantitative data from questionnaires and qualitative data from in-depth interviews. The two sources of information were triangulated at the interpretation stage, appropriate data processing and analysis procedures were used for each type of data. The two forms of data were presented at parallel levels according to the questions that were used. For example, if a qualitative question was created from the quantitative question three (3), the qualitative data was presented to match the quantitative data so that the narrative explanations would give laymen language meaning to the complicated numbers from SPSS.

### **4.9.1 Quantitative data**

Quantitative data was collected using questionnaires. The questionnaires were numbered for their easy identification and easy tracking. The numbering was such that each of the two questionnaires sets was numbered separately and a separate data capturing screen was developed for each questionnaire type. Codes for all closed questions were developed in a questionnaire capturing screen, including questionnaire identification numbers.

All quantitative data was captured using CPro, a specialized data capturing software package that combines the features of Integrated Microcomputer Processing System (IMPS) and the Integrated System for Survey Analysis (ISSA) in a single windows environment. CPro enabled the user and data-capturing manager to easily monitor and control the data capturing process when multiple data capturers are used. The data from all the capturers was then merged and analysed using Statistical Package for Social Scientists (SPSS) version 21.0 to come up with findings. The data was then

analysed by generating frequency tables. Cross-tabulations were also performed on the data using the variables where it was deemed necessary and the data presented in the form of tables, graphs and pie charts. Quantitative data interpretation was triangulated with the qualitative data in situations where this was deemed to be both feasible and appropriate.

This research produced two datasets; one for SMEs employees and the other for SMEs' employers. Standard data cleaning techniques were implemented, for example, confirming all missing values against original questionnaires, checking for data integrity, cross-checking outliers on individual variables. Data cleaning involved running frequencies on each variable and making sure there were no out-of-range values in the data and running internal consistency checks on the data.

#### **4.9.2 Qualitative data analysis**

The MP3 audio-recorded sessions of the in-depth interviews with key informants and stakeholders were transcribed. Qualitative data in the form of transcribed word documents produced from audio-recordings made during in-depth interviews was analysed using qualitative data analysis. A procedure known as *content thematic analysis* was used to identify key themes that emerged from the data. The use of content thematic analysis permitted this study to identify core themes and codes from the data, allowing this researcher to proceed from the particular to the general. The methods that Miles, Huberman and Saldana (2014) refer to as the interactive model involves three steps, viz., (a) "data reduction; (b) data display; and (c) drawing and verifying conclusions" (Punch, 2009). Data reduction occurs throughout the data generation process and it involves summarising data to make themes. The advantage of using data displays in the study constituted the avenue to a systematic data analysis

and interpretation. In some cases, specific direct quotations by participants were relevant for providing deeper insights into the patterns observed from quantitative data as they were extracted from the qualitative data and included alongside the quantitative data in the findings section of the thesis.

Some of the qualitative data from the quantitative questionnaires were also coded and converted to quantitative data and analysed using SPSS Version 21.0 that was provided by the university; and presented in the form of tables and graphs. SPSS was chosen over other packages primarily because it is fairly simple to use.

Field notes based on observations during data collection were used to gain a deeper understanding of the issues emerging from the study throughout the fieldwork. The field notes were intended to be used by this researcher as evidence of the situation or phenomenon being studied (Schwandt, 2015)

Other qualitative data was coded to come up with meaningful themes to help in data analysis. The approach confirms the argument by Mason (1996), as quoted by Welsh (2002, p. 54), that different approaches are used to analyse qualitative data. This assisted in interpreting the meaning in language and making sense of the research participants as the researcher contributes to the data creation and analysis process. From the analysis, the results were divided to come up with information from the employers and the employees.

#### **4.10. The Limitations for this Study**

- 1) The process of the “leadership” in Glen View Home Industry Complex accepting and trusting the researcher to move around the complex distributing

questionnaires and talking to business owners or employees was regarded with suspicion. The suspicions were related to politics. Tension was felt as the researcher walked around the complex. This delayed the distribution of questionnaires as some participants wanted to get clearance from some powers that the researcher did not have access to. After a prolonged investigation, access was given through one of the SMEs and the researcher moved around with her when she purchased some of the materials that she used for making lounge suites. This changed the researcher's role to becoming a participant and observer at the same time. This change demanded personality adjustments and multitasking although it was not always easy to perform the two roles instantaneously, especially when the researcher needed to take notes. This approach however assisted in proving the researcher's genuineness.

- 2) The researcher went through the difficult task in deciding which data to integrate in the research from the enormous data collected and this delayed the processing of data. The researcher adopted Silverman (2004)'s advice that, if due to the specific context within which information is collected whilst absorbing at least the sense of the group discussion as a whole is not easy, focus group interviews could be used as a quick and thought-provoking approach to motivate participants. Arranging for interviews in a quiet atmosphere without interruptions from walk-in customers was not easy at all although the researcher finally found ways of doing that.
- 3) The physical location, work stations and buildings for Glen View furniture manufacturing complex are in a residential area. The risk of safety is very high for the people in the complex. For example, on at least thirteen occasions, the complex was gutted by fire (Tapatapa, 2019). This situation disrupted the study when the business owners were busy erecting temporary structures to work

from. The researcher had to wait for the structures to be erected in order to gain access to the complex.

#### **4.11 Ethical Considerations**

According to Hellriegel et al. (2008, p. 64), as cited by Fatoki and Marembo (2012), ethics refer to moral principles and values that direct the behaviour of an individual or a group in terms of what is right or wrong. Prior to the commencement of data collection, letters of introduction explaining the research (one from the University of Lusaka and another from the Ministry of SMEs) were presented to the executive committee within the Glen View Home Industry Complex. This research observed ethical conduct by ensuring integrity through adhering to generally accepted moral principles of honestly reporting data results and others listed below:

- ✓ *Voluntary participation* in the research and explaining to participants their right to withdraw from the study without any negative consequences.
- ✓ Ensuring the *confidentiality* of personal level data through several mechanisms (assigning participants to control identification numbers, making sure that no interviews or questionnaire administration occurred in their home area etc.).
- ✓ Ensuring *anonymity* of participants by not writing their names or any other personally identifying information on questionnaires or anywhere else where their details could be accessed by people who are not involved in the project, etc. Even though names of the in-depth interviewees (IDI) were known, they were not recorded anywhere.

- ✓ Secure data handling at all stages. Data in the form of completed questionnaires was kept under lock and key and data files on computers were password protected.

A combination of integrity, objectivity, and legality was applied during the study. The research assistants explained to the intended respondents, in vernacular in some cases, the aim of the study and that the data would be purely for academic purposes.

#### **4.12 Chapter Summary**

The study adopted a mixed method design because the researcher realised that there are some characteristics of both qualitative research and quantitative research that are necessary for the study. The mixed approach adopted here is consistent with Burgess (1982)'s views that there is no single method for research that can yield the truth about a situation. This approach was expected to help the researcher gain an understanding of underlying reasons, opinions and motivations and be able to quantify attitudes, opinions, behaviours and other defined variables.

Five fieldworkers were deployed at the Glen View Home Industry Complex and data from the complex was collected using questionnaires. Interviews were carried out with the leadership of the Glen View furniture manufacturing sector as well as a representative from the Ministry of SMEs, SEDCO and the Harare Chamber of SMEs. Focus group interviews were employed to augment the mixed method because of the research objective. Ethical considerations were also followed to protect the identity of the informants.

## **CHAPTER 5**

### **PRESENTATION OF RESULTS**

#### **5.1 Introduction**

Chapter 5 presents results of the research obtained from examining the employment conditions and their influence on employee retention in the SMEs manufacturing sector in Zimbabwe. This mixed method study was guided by the research objectives and questions as stated in Chapter 1. Findings are presented in the form of frequency tables, graphs and pie charts. In accordance with the research instruments presented in Chapter 4, Chapter 5 is divided into three sections comprising results from: (a) the employers; (b) results from the employees; and (c) results from the key informants.

#### **5.2 Employer Perspectives on Employment Conditions and Worker Retention**

##### **5.2.1 Demographic and socio-economic profiles of respondents**

The demographic and socio-economic status of the respondents was analysed and presented in terms of respondent's age, gender, economic activity, status in employment and educational achievements. The findings enabled this study to be able to locate the conclusions of this study in the context of how participants were distributed in the activities of employment according to gender and age. These demographic variables are critical determinants for the understanding of how the SMEs in the furniture manufacturing cluster operate in terms of recruiting and retaining employees.

Table 5.1 presents an outline of the demographic characteristics of the respondents. Almost all respondents (98.9%) were male while 1.1% were female. This finding revealed that the furniture manufacturing business participating in this study is male dominated. The finding led this study to conclude that the reason for male domination

was that this type of employment demands heavy manual work in carpentry. Further findings from the demographics of the sample reveal that 4% of the survey respondents were under the age 25 years. The majority of participants (84.1%) were aged between 26-34 years, 10.2% were between 35-44 years whilst 1.7% were between 45-49 years old. Generally, age is a critical background variable for determining the viability of the SMEs in Zimbabwe.

Table 5.1: Demographic Profile of Respondents

Demographic Characteristics		Percent
Sex	Males	98.9
	Females	1.1
	<b>Total</b>	<b>100</b>
Age group	18-24 years	4.0
	25-34 years	84.1
	35-44 years	10.2
	45 years and above	1.7
	<b>Total</b>	<b>100</b>
Highest level of Education	A' level	10.2
	O' level	80.1
	No formal qualification(s)	7.4
	Tertiary education	2.3
	<b>Total</b>	<b>100</b>
Respondents' Position in the Business	Director	98.9
	Supervisor /Manager	1.1
	<b>Total</b>	<b>100.0</b>
Status in Employment	Full Time	98.9
	Part Time	1.1
	<b>Total (N= 191)</b>	<b>100.0</b>

Data from the table shows that the majority of the respondents (80.1%) who participated in this survey attained O-level as their highest educational achievement and a 10.2% had an A-level certificate. Study findings revealed that only 7.4% of the respondents had no formal education, and a small percentage, 2.3% attained tertiary level education.

### **5.2.2 Respondents' position in business and status in employment**

The study also inquired on the participants' positions in business and their status in employment. Findings revealed that the majority of respondents (98.9%) were either directors or managers who were actively involved in the activities of their furniture manufacturing enterprises. A small percentage of respondents (1.1%) reported that they were supervisors. The majority of directors were full time managers as compared to only 1.1% who operated on part time basis. All respondents (100%) reported that they were sole proprietors of businesses. This result confirms the absence of documented employment conditions in the SMEs sector as the directors may not find merit in crafting such documents.

### **5.2.3 Number of business sites operated by the SMEs' operators**

The respondents operate from the main business site, that is, the Glen View Home Industry Complex, which is the site of this study. However, some have also branched into other areas besides the main business activity allocated at the site. Table 5.2 summarises the statistics of the number of business sites from which the SMEs operate.

Table 5.2: Statistical Summary of the Number of SMEs Sites of Operation

Number of Business Sites	Frequency	Percent
<b>One</b>	120	68.2
Two	56	31.8
Total	176	100.0

Results from the table show that the majority (68.2%) of the SMEs operate from only one business site which is located in Glen View Home Industry Complex. This was the main research area of this study. Another 31.8% of the SMEs confirmed that they operate their businesses from two different sites, all within the Glen View Home Industry Complex although others spread their chances at other sites.

#### 5.2.4 Employment quotas in the Glen View Home Industry Complex SMEs

Table 5.3: Number of Employees by Quota

Quotas	Frequency	Percent
1-5 Employees (Micro)	141	80.1
6-30 employees (Small)	35	19.9
Total	176	100.0

The results from Table 5.3 show that a bigger percentage of the furniture manufacturing enterprises (80.1%) were still operating as micro enterprises as they employed between 1 and 5 employees. A smaller group of SMEs (19.9%) in the Glen View Home Industry Complex were operating at a macro level as revealed in the employment patterns of at least 6 employees in their operations.

#### 5.2.5 The principal business activity found at the Glen View Home Industry Complex

Results displayed in Figure 5.1 shows that the majority of the respondents (95.5%) were all working in manufacturing of kitchen units and wardrobes as their core

business, while a total of 2.3% were engaged in manufacturing of sofas and beds. The rest (2.3%) participated in manufacturing of both sofas and beds.

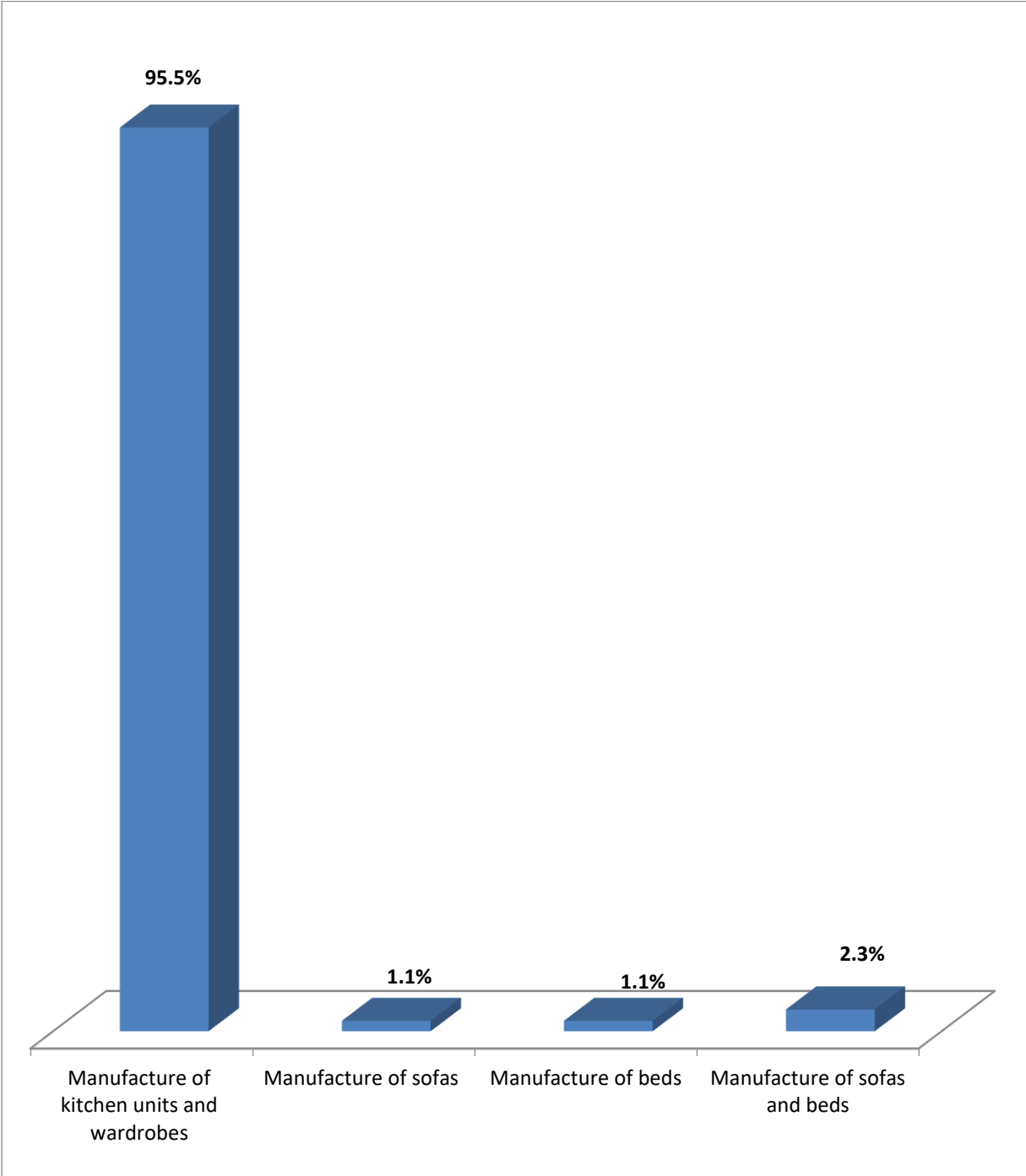


Figure 5.1: Illustration of the Principal Business Activity Found at the Glen View Complex

**5.2.6 Ownership of SMEs at Glen View Home Industry Complex**

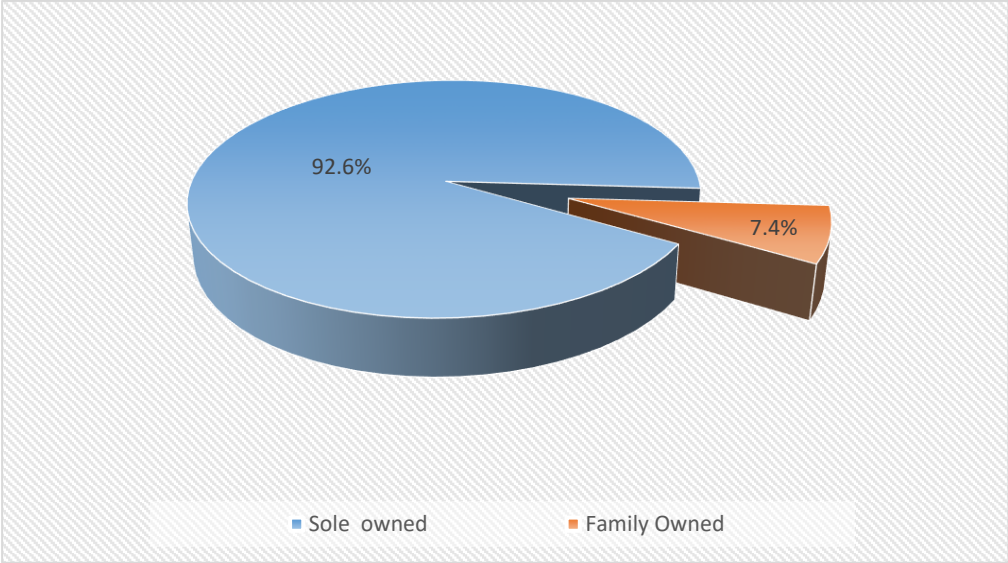


Figure 5.2: Legal Status of Ownership of Business in Glen View Home Industry Complex

Figure 5.2 shows that a majority (92.6%) of the businesses in Glen View Home Industry Complex are owned by individuals. The rest (7.4%) of the businesses are family owned.

**5.2.7 Distribution of business according to registration status**

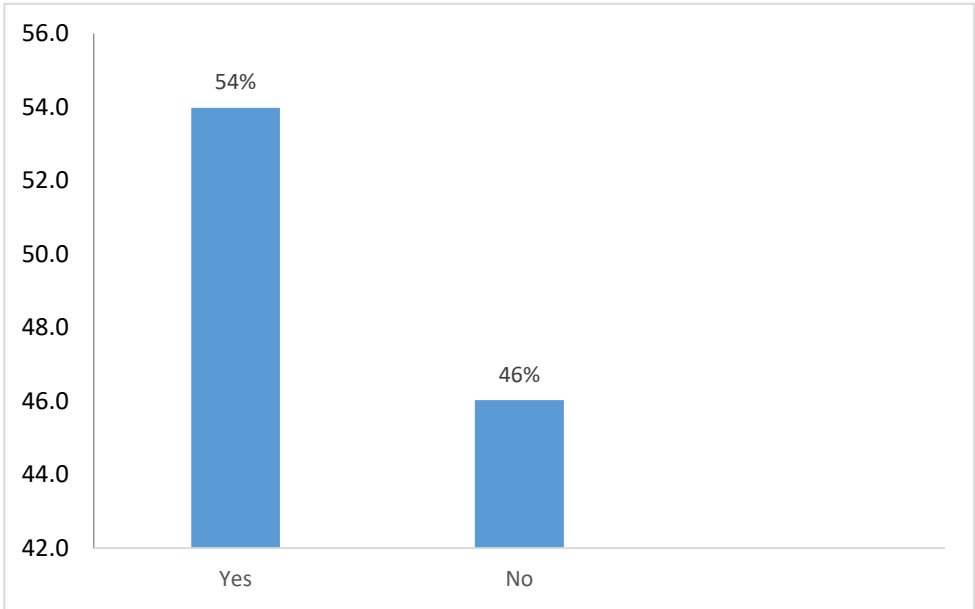


Figure 5.3: Business Registration Status

Results shown in Figure 5.3 indicate the percentage distribution of business according to registration status. The majority (54%) of the SME businesses were registered and the rest (46%) of the businesses in Glen View Home Industry Complex were not registered. The implications of these findings indicate that those that are not registered have the potential to abuse their workers and do not offer them job security.

**5.2.8 Period of operation by the SMEs**

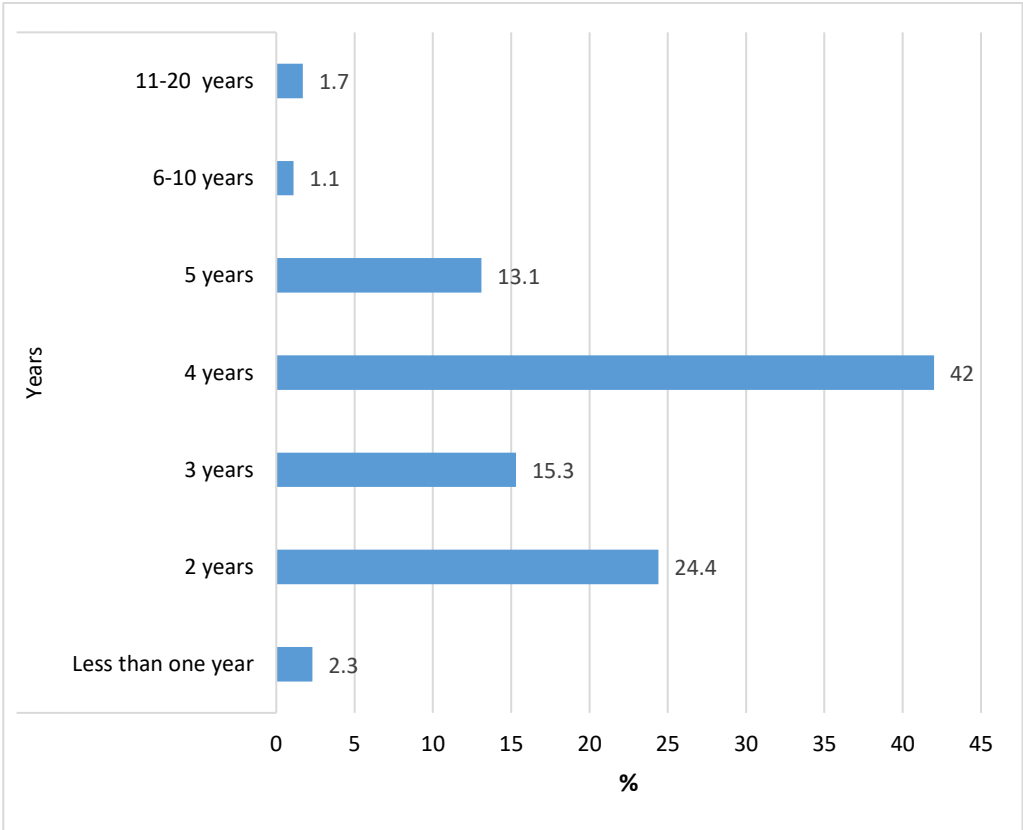


Figure 5.4: Number of Years of Operation by the SMEs

Less than half of the respondents (42%) of the businesses revealed that they have operated for 4 years. Slightly above 24% of the business have been operating their SME businesses for a minimum of two years. 15.3% have been in operation for a period of 3 years, 13.1% have been in business for 5 years, while another 1.1% for 6-10 years; and the rest, 1.7 % have been in operation for periods ranging between 11-20 years.

**5.2.9 Change of business ownership in the past 3 years**

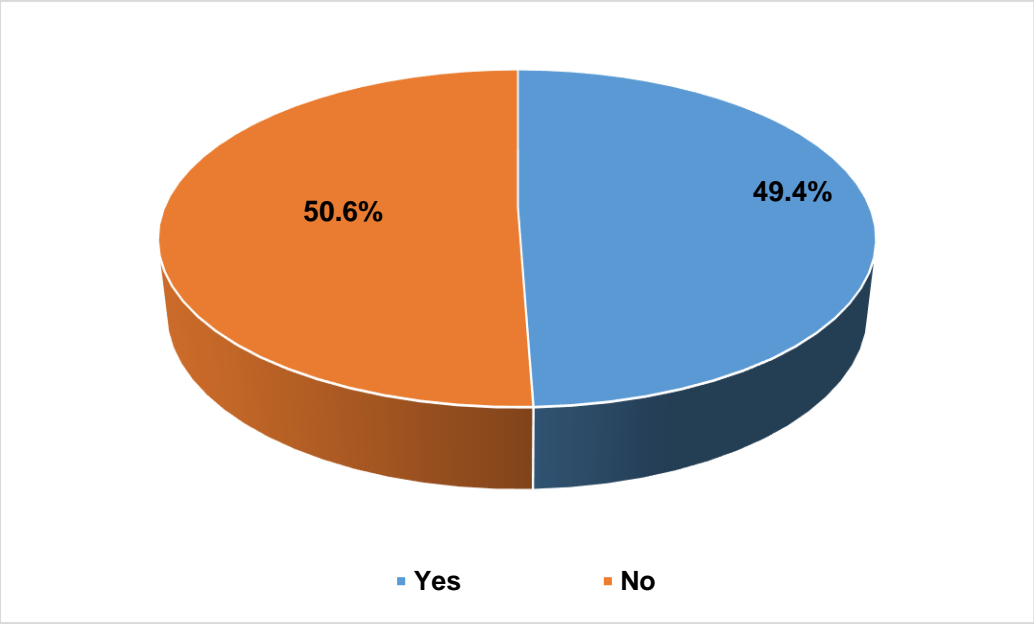


Figure 5.5: Change of Business Ownership in the Past 3 Years

The results show that a majority (50.6%) of the enterprises have not changed business ownership in the past three years whilst 49.4 % have changed business ownership in the past 3 years. In the context of the broad research question, the implication of the almost 50% who have changed business ownership in the past 3 years is that the introduction of new ownership would bring in new regulations which would affect the retention of employees. Some of the new owners would also bring in new employees and dismiss the current groups. The 50.6% of the group who have been under the same ownership revealed that the workers were able to get used to their employer and the other employees, meaning that they were able to experience what Maslow would refer to as workplace affection. That would motivate workers to stay at the same workplace place.

**5.2.10 Business advice seeking behaviours of SMEs at Glen View Home Industry Complex**

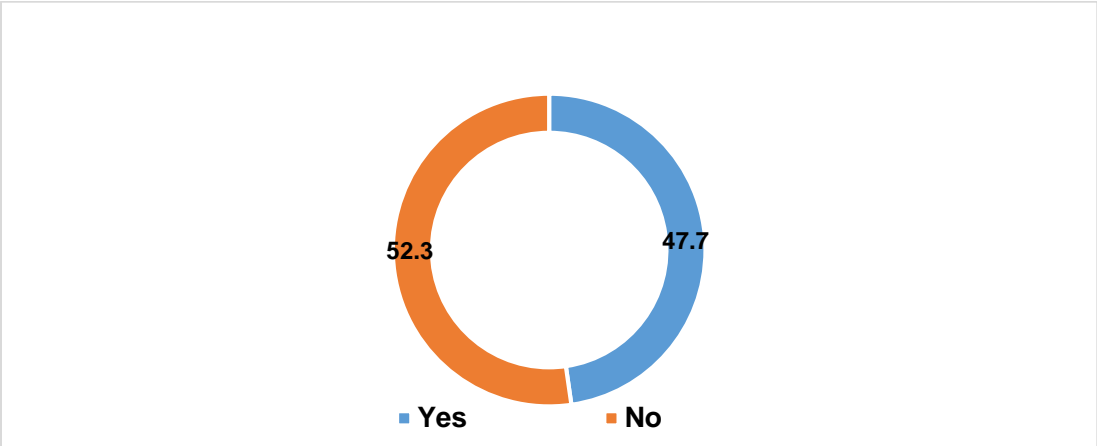


Figure 5.6: Business Advice Seeking Behaviours of SMEs at Glen View Home Industry Complex

Figure 5.6 shows the percentage distribution of those enterprises which sought external advice in the last 12 months. Slightly more than half (52.3%) of the SMEs sought external advice whilst 47.7% did not seek external advice.

Table 5.4: Type of Business Support Sought

Type of advice sought	Sought Advice	Did Not Seek advice	Total
Business Growth	0.0	0.0	0.0
E-commerce/technology	8.0	92.0	100.0
Employment law/redundancy	0.6	99.4	100.0
Equal opportunities /discrimination	4.0	96.0	100.0
Exporting	14.2	85.8	100.0
Financial Advice e.g. how and where to get finance	8.5	91.5	100.0
Financial advice e.g. accounting, for general running of business	30.7	69.3	100.0
Health and Safety	6.3	96.7	100.0
Innovation	4.0	96.0	100.0
Legal Issues	4.5	95.5	100.0
Marketing	4.0	96.0	100.0
Regulations	4.5	95.5	100.0
Tax/NSSA payments	1.1	98.9	100.0
Training/Skills needs	1.1	98.9	100.0
Other Specify	4.0	96.0	100.0

In order to gain deeper insight into the SMEs operations, one question that was asked the respondents was the type of advice the SMEs sought that would result in running the business better. The results show that the majority of the SMEs did not seek advice on how to make their businesses grow. Of those who sought advice, the majority (30.7 %) sought financial advice on accounting in the general running of business. Only 14% of the enterprises sought information on how to export their products. This finding is crucial in that it reveals that the SMEs ran businesses with scant information to help them grow their businesses and to enhance the economy of the country. The paltry 4.0% did not indicate the advice sought. These results show that SMEs in Glen View furniture manufacturing sector were affected by lack of financial advice, infrastructural and technological development as well as informational resources. Additionally, they did not seek information to be used to advise workers on health issues.

**5.2.11 Strategies used by the Glen View SMEs to seek business advice**

Figure 5.7 shows the percentage distribution of how business advice was sought by owners of furniture manufacturing enterprises in Glen View Home Industry Complex.

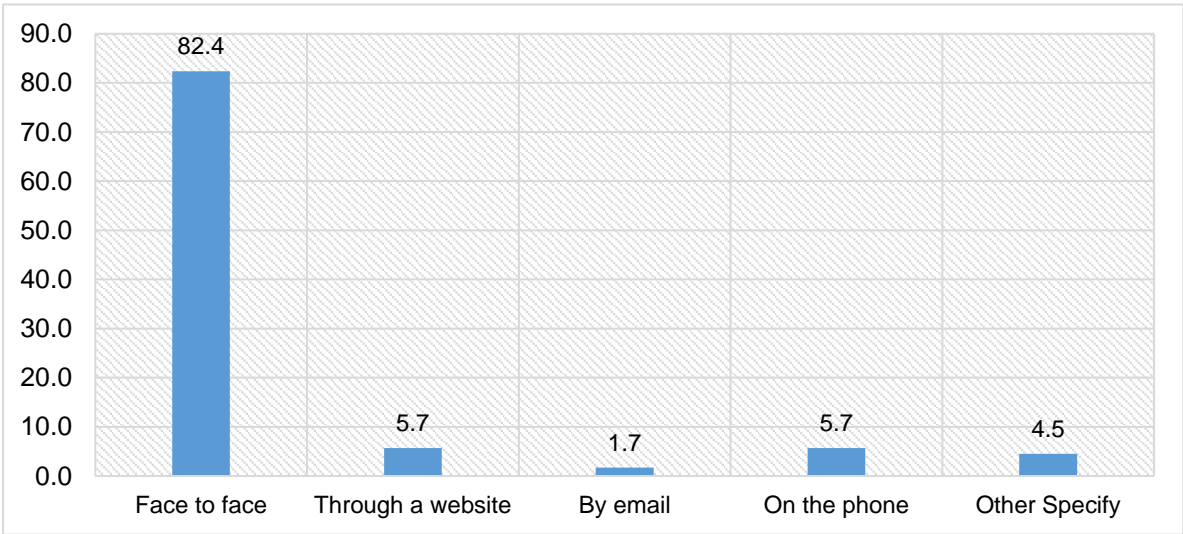


Figure 5.7: Methods Used to Seek Business Advice

The results in Figure 5.7 revealed that the majority of the SMEs management (82.4%) sought business advice through face-to-face approaches. A small number (5.7%) of the SMEs sought business advice through internet websites and mobile phones, while another small percentage of 1.7% uses e-mail to seek advice. There was also a smaller sample (4.5%) that did not specify methods they used to seek business advice. These results lead to the conclusion that the nature of the furniture business requires some form of marketing strategies to ensure higher levels of visibility. From the respondents, SMEs business owners find it easier and cost effective to talk to each other face-to-face than spend money on other means. However, these same businesses are competitors in a very hostile economic environment and this could make the SMEs' leadership to be non-responsive to all other means of information they may have in relation to important business strategies like marketing and innovation.

**5.2.12 Satisfaction with business advice**

One question that this researcher posed for the participants was focused on understanding how they valued the business advice that they came across.

Table 5.5: Percentage Distribution of Satisfaction with Business Advice

<b>Nature of Satisfaction</b>	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Very Satisfied	124	70.5	70.5	70.5
Fairly Satisfied	50	28.4	28.4	98.9
Fairly Dissatisfied	2	1.1	1.1	100.0
<b>Total</b>	<b>176</b>	<b>100.0</b>	<b>100.0</b>	

The results in Table 5.5 illustrate that 71% of participants were very satisfied with the business advice that they received, while 28% were fairly satisfied with the advice. A total of those with some degree of satisfaction is therefore 99%. The rest (1%) of those who sought business advice were fairly dissatisfied with the advice they got.

**5.2.13 Number of employees employed by business**

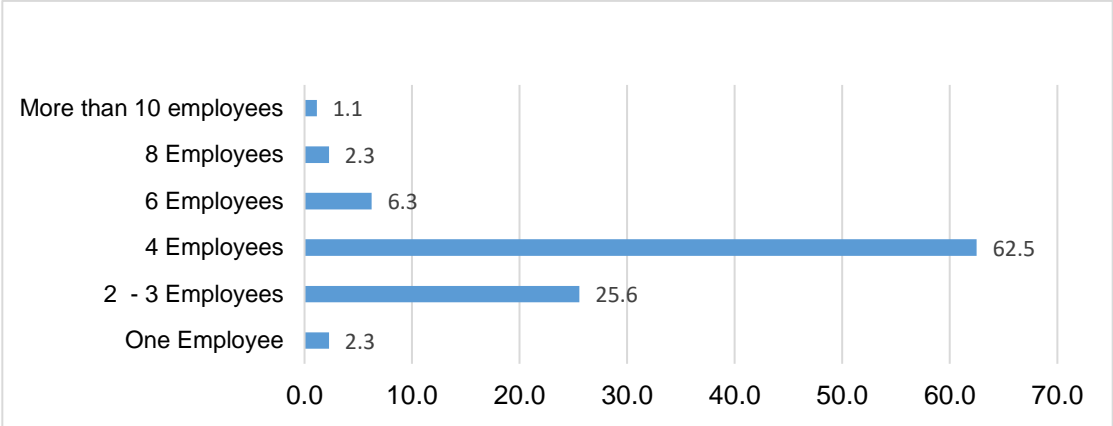


Figure 5.8: Number of Employees Employed by the Businesses in the Study Sample

The results emerging from the responses show that 62.5% of the participating 176 business owners in the furniture manufacturing SMEs employ four employees on average, while 25.6% employ 2-3 employees per enterprise. Only 1% of the furniture manufacturing SMEs employs more than 10 employees. The tendency in the statistics patterns answer the question: *Why do figures decline as they get closer to bigger number of employment?* This finding shows that the SMEs, as single entities, are still growing.

**5.2.14 Expected number of employees in the next 12 months (excluding owners and partners)**

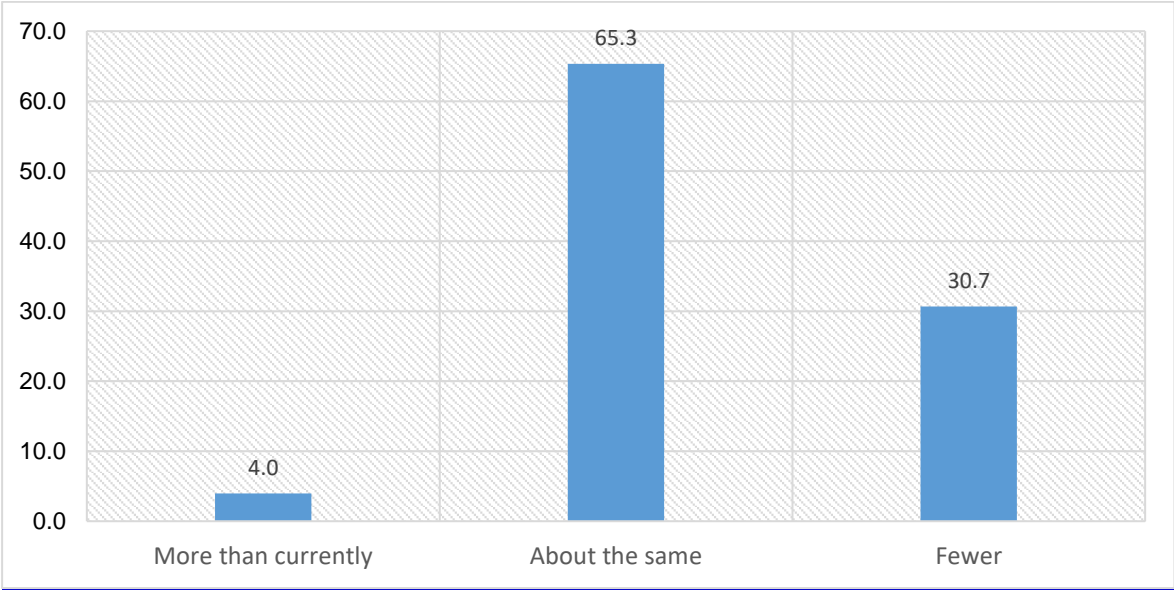


Figure 5.9: Expected Number of Employees in the Next 12 Months

The results from Figure 5.9 reveal the tendency by 65.3% of the businesses to maintain same numbers of hired employees annually. This suggests that there could be some unforeseen variables that were interfering with their expected growth patterns. Meanwhile, 31% of the businesses foresaw their employment growth patterns hiring fewer employees during the following year as compared to their current employment. The optimistic group (4%) of the participating business envisioned themselves hiring more than their current numbers of employees.

**5.2.15 Exportation patterns and the SMEs Sector in Glen View Home Industry Complex**

The focus of this question in the survey was to establish how the furniture SMEs were contributing to the economic growth of Zimbabwe in general. This question would bring value to the SMEs business growth and even help to allow recommendations to be made in this study so that policy would be used to enhance the growth in this sector.

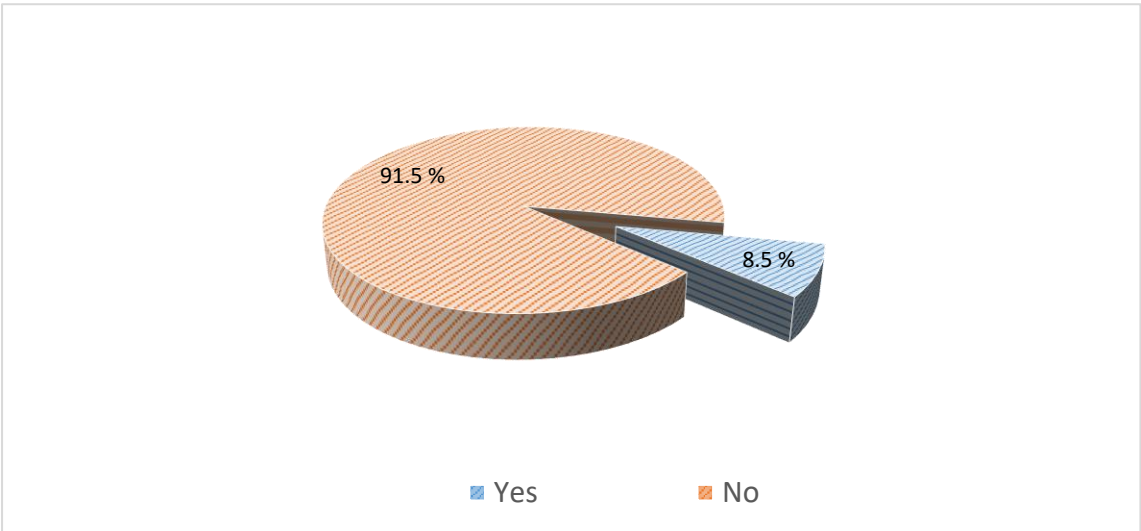


Figure 5.10: Percentage Distribution of Businesses Exporting Products

The findings of this study, as illustrated in Figure 5.10 above, indicate that the majority (91.5%) of furniture manufacturing SMEs were not exporting their products outside the country whilst 8.5% were exporting their products. This finding is critical for policy making in terms of a number of issues that include education and policy support to

ensure that furniture manufacturing SMEs businesses become registered and that the owners be encouraged to export and to know more about outside markets. Some of the SMEs participating in this study did not value exporting their products because they were insecure about the security of their products in transit to outside markets. In addition, they lacked knowledge about the way they would be paid for their exported products. Some feared that the government itself would cheat them of their money. This finding is critical for purposes of policy development; and is also very unique to the economic context of Zimbabwe. One crucial indicator of this finding was that *there is lack of trust between government and the business sector*.

**5.2.16 Number of years exporting**

Table 5.6: Period in Years Exporting Products by SMEs

<i>Number of Years</i>	<i>Frequency</i>	<i>Percent</i>	<i>Valid Percent</i>	<i>Cumulative Percent</i>
Less than 1 year	13	7.4	7.4	7.4
6-10 years	2	1.1	1.1	8.5
Not Applicable	161	91.5	91.5	100.0
<b>Total</b>	<b>176</b>	<b>100.0</b>	<b>100.0</b>	

The results displayed in Table 5.6 show that a total of 91.5% of the SMEs were selling their products in Zimbabwe. Of those who are exporting products outside Zimbabwe, 7.4% have sold their products for less than 1 year while slightly above 1.1% have sold their products for a period of about 6-10 years. This explains the earlier finding that, despite the importance of exports to business, SMEs regard it with caution due to lack of trust and even knowledge of how to do it. As previous findings in Figure 5.10 also revealed, Table 5.6 adds to the new knowledge about the SMEs in Zimbabwe showing a gap in training or informational needs to assist SMEs export their products. Next, this

study also wanted to establish which plans the SMEs under study had for exporting their products.

**5.2.17 Plans to export products**

Figure 5.11 shows the percentage distribution on plans to export products outside Zimbabwe.

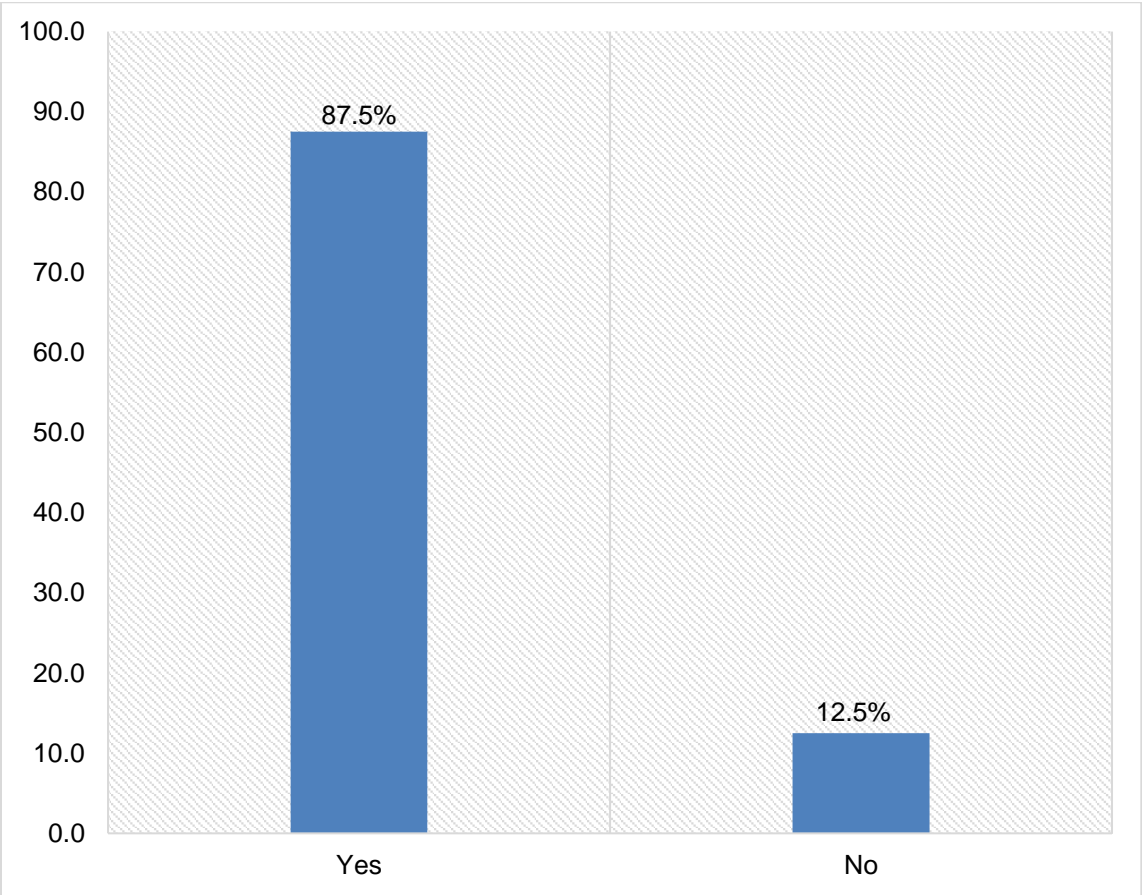


Figure 5.11: Indications of Plans to Export Products by SMEs

Indications from the results in the above table show that 87.5% of the SMEs had plans to export their products outside the country while the remaining 12.5 % stated that they had no intentions to export their products. Furthermore, this study intended to gain insight into the operations of the SMEs under study. The researcher sought additional information related to the barriers that could be preventing SMEs from exporting. The results, as shown in Table 5.7, reveal that 28% of SMEs were not exporting their products outside Zimbabwe because of little knowledge regarding how to export their

products, while about 16.5% of SMEs had other reasons of not exporting their products.

Table 5.7: Percentage Distribution of Barriers that Prevent SMEs from Exporting their Products

<b>Barriers</b>	<b>Percent</b>
Do not have a product or service suitable for exporting	6.3
Have sufficient market in Zimbabwe already	1.7
Little knowledge of how to export	27.8
Difficulty finding outside Zimbabwe customers	1.1
Difficulty finding opportunities	1.7
Concerns about paper work	2.3
Fear of payment problems	6.8
Too risky	5.7
Lack of management time to pursue export opportunities	1.1
Too costly	4.0
Other barriers	16.5
Refused	17.6
Not Applicable	7.4
<b>Total</b>	<b>100.0</b>

### 5.2.18 Export enquiries

Table 5.8: Percentage Distribution of Unsolicited Enquiries or Orders from Potential Outside Zimbabwe Buyers

	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Yes	68	38.6	38.6	38.6
No	108	61.4	61.4	100.0
Total	176	100.0	100.0	

The results from Table 5.8 above show that 61% of the SMEs did not receive enquiries or orders, solicited or unsolicited, from potential buyers outside Zimbabwe. Only about

39% of the SMEs received unsolicited enquiries from potential buyers outside Zimbabwe. This result reveals that due to the Zimbabwean economic environment, the majority of employees in Glen View Home Industry Complex were not formally registered hence no buyers outside Zimbabwe would know about their products.

**5.2.19 Likelihood of making export sales as a result of any of the enquiries**

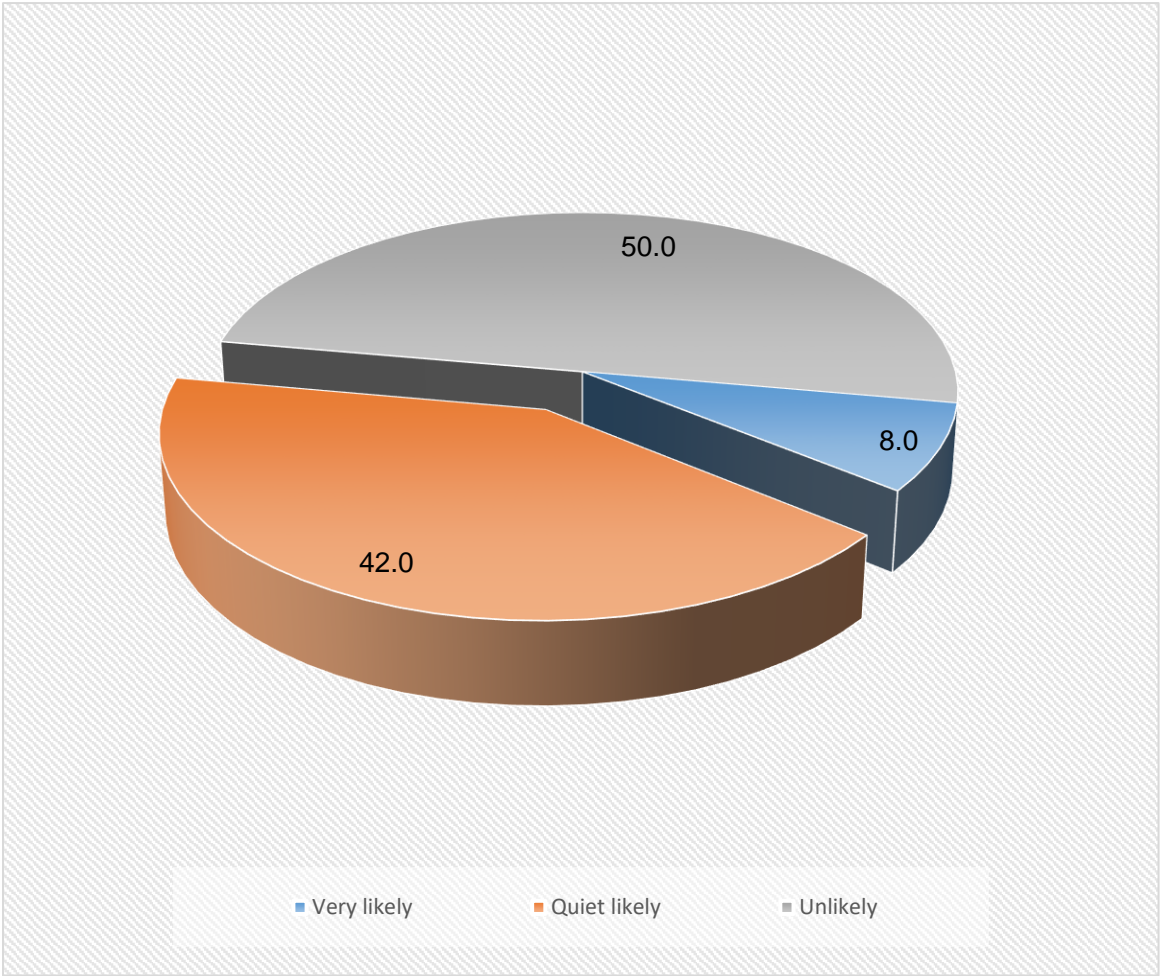


Figure 5.12: Percentage Distribution of Business Plans to Export Products as a Result of Enquiries

The results from Table 5.12 reveal that 50% of SMEs are unlikely to make follow-up business-initiated plans as a result of the enquiries made. Less than half (42%) of the SMEs reported that they were quite likely to make business plans according to these enquiries. Only 8% were unlikely to make business plans because of the enquiries.

**5.2.20 Percentage distribution on decisions to start up business**

Figure 5.23 shows the percentage distribution on decisions to start up business.

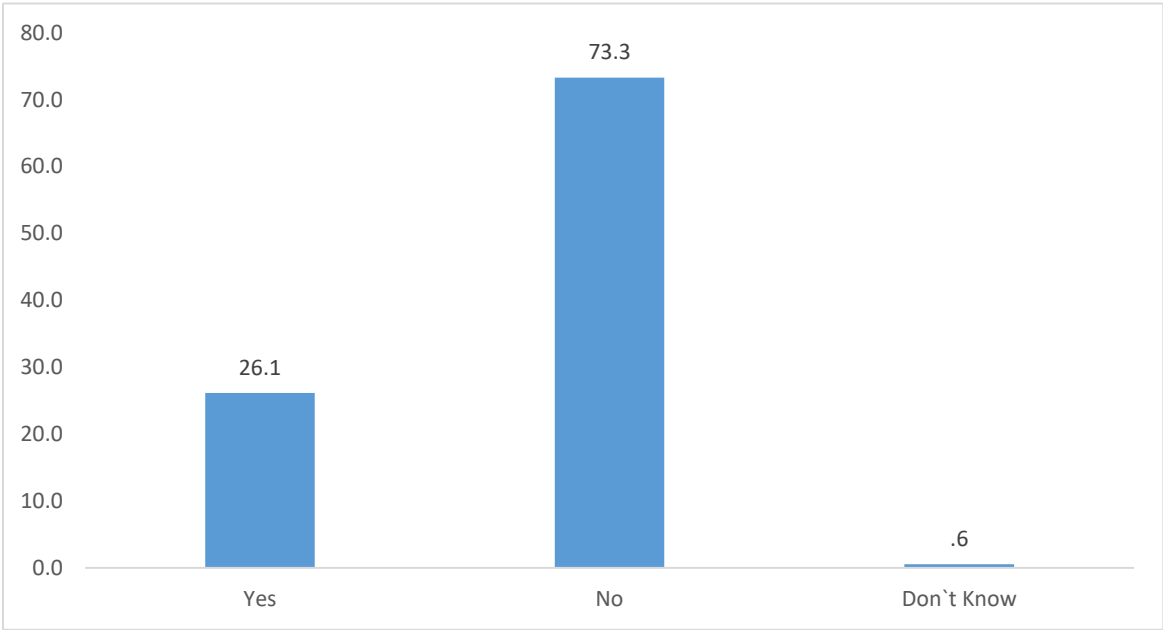


Figure 5.13: Percent Distribution on Decision to Start-up Business

The results show that the majority of the SMEs managers (73%) whose businesses were trading for less than four years were not involved in the decision to start up the businesses at that time. Only 26% of the managers were involved in the decision to start up business.

**5.2.21 Activity before starting business**

**Table 5.9: Activity before Starting Business**

	<i>Frequency</i>	<i>Percent</i>	<i>Valid %</i>	<i>Cumulative %</i>
Running another business	13	7.4	7.4	7.4
Self-Employed	13	7.4	7.4	14.8
working as an employee	144	81.8	81.8	96.6
for another business				
Retired	2	1.1	1.1	97.7
Unemployed	2	1.1	1.1	98.9
Other specify	2	1.1	1.1	100.0
<b>Total</b>	176	100.0	100.0	

The result in Table 5.12 shows that 81.8% of the SMEs directors were working as employees for another business before they started their furniture manufacturing businesses. This result confirms that the majority of the people who had lost their jobs ended up starting businesses similar to their previous employment. One clear indicator of this finding is that when people gain experience in a field, they are bound to initiate similar businesses at the time of losing employment.

**5.2.22 Reasons for starting up business**

Figure 5.14 shows the percentage distribution of reasons for starting up business.

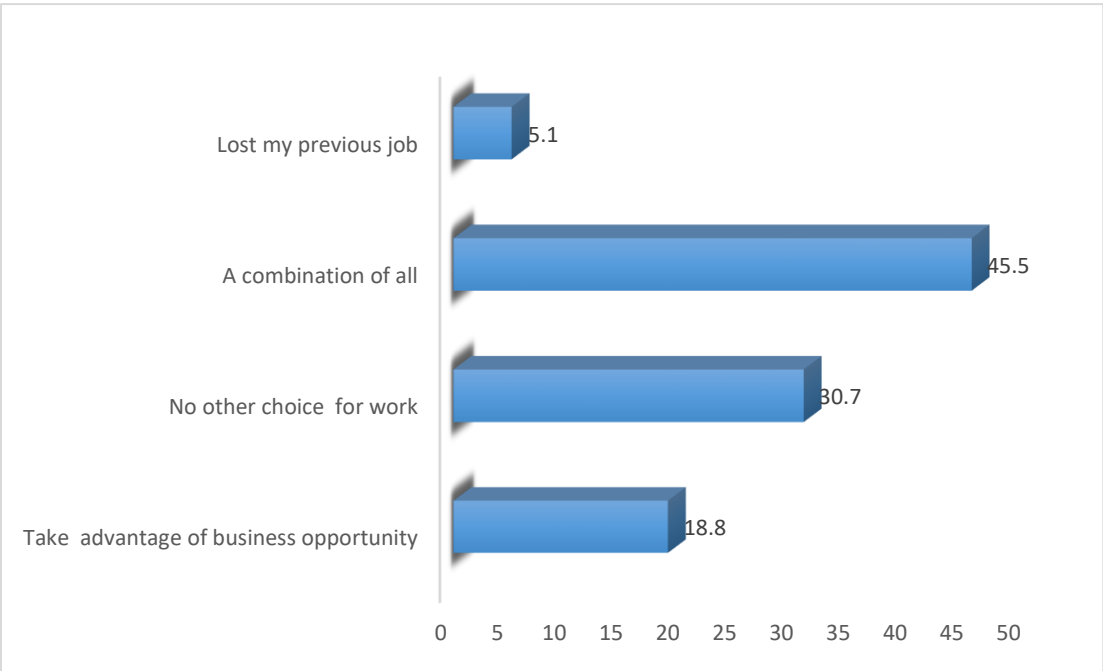


Figure 5.14: Percentage Distribution Reasons for Starting up Businesses by SMEs Owners

The results in the figure above show that 45.5% of the SMEs directors reported that they started their businesses due to a combination of reasons. Some respondents (30.7%) reported that there was no other form of employment, 18.8% took advantage of business opportunities whilst the remainder, 5.1%, reported that they started their business because they had lost their jobs.

Table 5.10: Percentage Distribution of Main Motives to Pursue the Business

	Frequency	Percent	Valid %	Cumulative %
Better working conditions	6	3.4	3.4	3.4
Greater independence /wanted to be own boss	4	2.3	2.3	5.7
Increase personal income/more money	143	81.3	81.3	86.9
Just to maintain income	2	1.1	1.1	88.1
Joined the family business	4	2.3	2.3	90.3
Passion/Challenge	12	6.8	6.8	97.2
Saw the demand /market	5	2.8	2.8	100.0
<b>Total</b>	<b>176</b>	<b>100.0</b>	<b>100.0</b>	

The findings from Table 5:10 reveal that for 81% of the SMEs, the motive to pursue business opportunity was to increase personal income. Congruent to the economic situation of Zimbabwe, many formal companies closed down due to economic downturn leading to loss of jobs and reduced incomes.

Table 5.11: Reasons Directors/Managers of SMEs Had No Better Choice for Work

Reasons	Frequency	Percent	Valid Percent	Cumulative Percent
Did not like working conditions in previous job	2	1.1	1.1	1.1
Lost my job	14	8.0	8.0	9.1
My partner lost his/her job	3	1.7	1.7	10.8
Found no job suiting my skills	150	85.2	85.2	96.0
Previous business closed	2	1.1	1.1	97.1
Took redundancy from previous job	1	0.6	0.6	97.7
Other specify	4	2.3	2.3	100.0
<b>Total</b>	<b>176</b>	<b>100.0</b>	<b>100.0</b>	

The results in Table 5.11 above show that the majority (85%) of directors /managers found no job matching their acquired employment skills as the main reason that caused them not to have profitable employment.

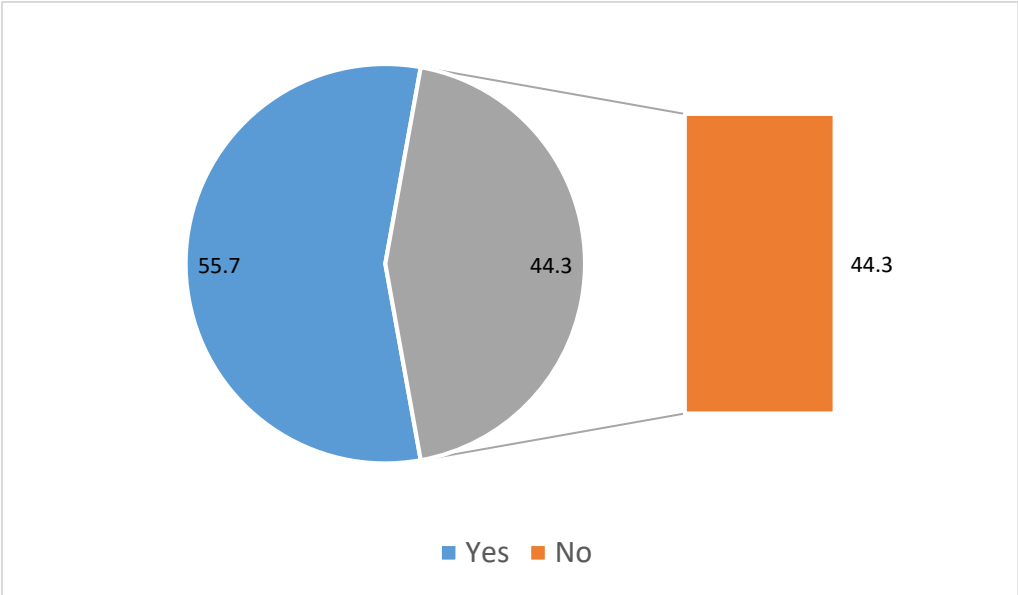


Figure 5.15: Change of Business Ownership in the Past Three Years

Data presentation in Figure 5.15 shows that 56% of SMEs directors/managers took over their current business after change of ownership.

**5.2.23 External finance for business growth**

Table 5.12: Plans for Creating Strategies for Financing Businesses for Business Growth

	Frequency	Percent	Valid Percent	Cumulative Percent
Very likely	61	34.7	34.7	34.7
Fairly likely	94	53.4	53.4	88.1
Not likely	19	10.8	10.8	98.9
Not at all likely	2	1.1	1.1	100.0
<b>Total</b>	<b>176</b>	<b>100.0</b>	<b>100.0</b>	

Table 5.12 above shows that 53.4% of SMEs have the potential to approach external financiers to enlist for provisions for supporting their business growth while 34.7 % were

very unlikely to seek external finance to fund their businesses. The key reasons were grounded in the view that some of the SME owners had no collateral to enable them to get financiers.

### 5.2.24 Business plan over the next two-three years

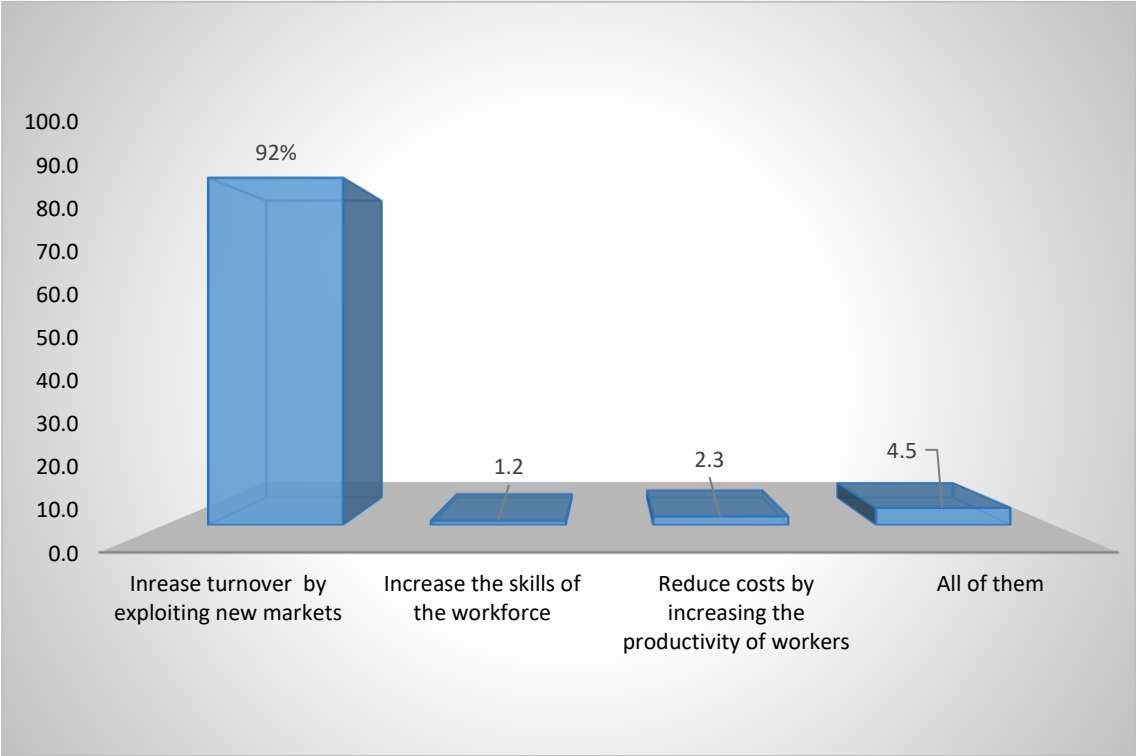


Figure 5.16: Percent Distribution on Business Plan over the Next Two Years

The findings displayed show that 92% of respondents had the plans to increase their turn-over within the next two-three years by exploiting new markets as shown in Figure 5.16. Close to 4.5% of the SMEs had intentions to use all the business plans like exploiting new markets, increasing the skills of the workforce and reduce costs in an effort to increase their turn-over

## 5.2.25 Capabilities of SMEs in running businesses successfully

Table 5.13: Statistics on the Capabilities of SMEs in Running their Businesses

Capability area for running a successful business	Very Poor	Poor	Average	Strong	Very Strong	Percent Total
Producing a clear organisational structure and a culture	63.6	30.1	2.8	1.1	2.3	100.0
Managing the recruitment and selection process	71.6	21.0	6.3	1.1	0.0	100.0
Developing and applying a reward system	68.2	25.6	5.1	1.1	0.0	100.0
Learning and developing your employees	69.3	13.1	14.8	2.3	0.6	100.0
Employee Disciplinary handling	69.9	14.8	13.1	0.3	0.6	100.0
Continuous assessment of employees' performance and feedback	64.8	23.9	10.4	0.0	0.0	100.0
People management practices such as succession planning	68.8	18.8	12.5	0.0	0.0	100.0
People management practices such as succession, communication and involving employees in decision making	71.1	19.9	4.5	4.5	0.0	100.0
Management practices such as involving employees in developing new products or participate in operational improvement	73.3	18.8	3.4	3.4	1.1	100.0
Providing tools of trade including ICT	70.8	9.7	6.8	10.2	2.8	100.0

Table 5.13 shows that there were a diverse number of areas that contribute to the success of SMEs. Results in the table show that the majority of SMEs in the Glen View Home Industry Complex were not running their businesses to improve the capability areas that contribute to the success of the businesses. The SMEs' biggest challenges were identified as recruitment and selection, human resources management, involvement of the workers in operations and provision of tools of trade including ICT.

Findings from the study revealed that SMEs had scored very poorly at 70% in areas such as human resources development and in the selection and retention of human resources. The findings showed that SMEs also revealed that producing an organisational structure, developing and applying a reward system, learning and developing their employees, employee disciplinary handling, employee continuous assessment and succession planning was very poor. In all the areas, the SMEs rating scored above 60%. The results confirm that employment conditions have an impact on retention of employees.

**5.2.26 Availability of written business plans**

Table 5.14: Percent Distribution of Availability of Written Business Plans by SMEs in Glen View Home Industry Complex

	Frequency	Percent	Valid Percent
Yes - Kept up to date	24	13.6	13.6
Yes- but not kept up to date	131	74.4	74.4
No	19	10.8	10.8
Don` t Know	2	1.2	1.2
<b>Total</b>	176	100.0	100.0

Findings displayed in Table 5.14 reveal the distribution of the availability or non-availability of written business plans by SMEs in Glen View Home Industry Complex. According to the SMEs policies in Zimbabwe, business plans are reviewed annually so as to track and monitor any changes. Research findings from the Table 5.14 show that 74.4% of the SMEs had written business plans but they were not updated by tracking any changes and executing any remedial action. A small percentage (13.6%) of the SMEs had written business plans which were not updated. The study findings established that 10.8% did not have business plans while 1.2% did not know anything regarding the importance of creating business plans.

### 5.2.27 Operational challenges encountered by SMEs when running their businesses

Table 5.15: Operational challenges encountered by SMEs when running their businesses

CHALLENGES	YES	NO	PERCENT TOTAL
Do you face challenges in hiring employees	6.2	93.8	100.0
Limited Financial resources	23.9	76.1	100.0
Prolonged absence of workers when away on training	17.6	82.4	100.0
Lack of training programmes and methods suitable for small furniture manufacturing business	13.6	86.4	100.0
Lack of knowledge of trainings on offer	14.2	85.8	100.0
Workers not motivated for further training	18.2	81.8	100.0

Table 5.15 shows that the majority (94%) of the SMEs did not experience challenges in hiring skilled employees. A great number of respondents (76.1%) reported that financial resources were not limited while 82.4% reported that they did not have challenges with prolonged absence by employees when they were away on training. The conclusion that emerges from this finding is that SMEs do not necessarily send their employees for training that would ensure the needs of their human resources compatible with that of the formal sector.

### 5.2.28 The importance of putting in place benefits for employees

Table 5.16: A Display of the Distribution of the Importance of Good Employment Practices

Employment Practice	Yes	No	Percent Total
Leadership	95.5	4.50	100.0
Good relations	97.7	2.3	100.0
Recognition for work done	97.7	2.3	100.0
Promotion	98.9	1.1	100.0
Job security	98.9	1.1	100.0

The findings displayed in Table 5.16 revealed that the SMEs were aware of the importance of putting in place tested and workable employment practices for their employees. Promotion and job security were some of the items that were rated high in terms of importance in good employment practices with a rating of 99% as shown in the table.

**5.2.29 Other employee benefits**

Table 5.17: List of Employment Benefits Offered by the SMEs

Employment Benefits	Yes	No	Percent Total
<b>Clear Reward System</b>	2.3	97.7	100.0
<b>Leave days Accumulation</b>	1.1	98.9	100.0
<b>Funeral Policy</b>	1.1	98.9	100.0
<b>Medical Benefits</b>	3.4	96.6	100.0
<b>Pension</b>	1.1	98.9	100.0

This SPSS statistical output of research findings presented in Table 5.17 show that the SMEs in the furniture manufacturing cluster do not offer the listed employment benefits as listed. From the findings, there is no clear reward system. Furthermore, the sector has no medical benefits. The worst neglected areas of human resources management include leave days accumulation, funeral policy, and pension with a negative rating of 99%.

**5.2.30 Business obstacles**

This study wanted to find out business obstacles, if any, that the SMEs experienced. Figure 5.17 shows the percentage distribution of business obstacles experienced within the furniture manufacturing SMEs.

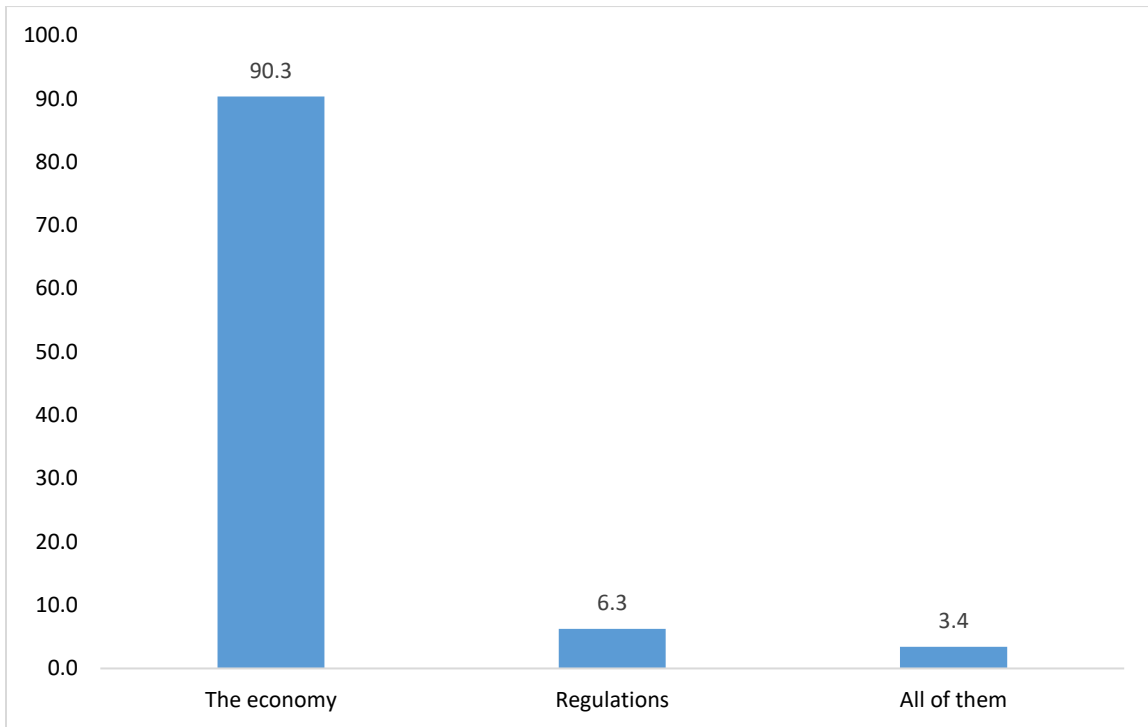


Figure 5.17: Business Obstacles Experienced in the SMEs in Glen View Home Industry Complex

Figure 5.17 revealed that the majority (90.3%) of SMEs directors/managers concluded that the economy is the biggest obstacle to the success of their businesses, followed by regulations.

### 5.2.31 Specific issues affecting business

The Figure 5.18 shows specific issues affecting the business.

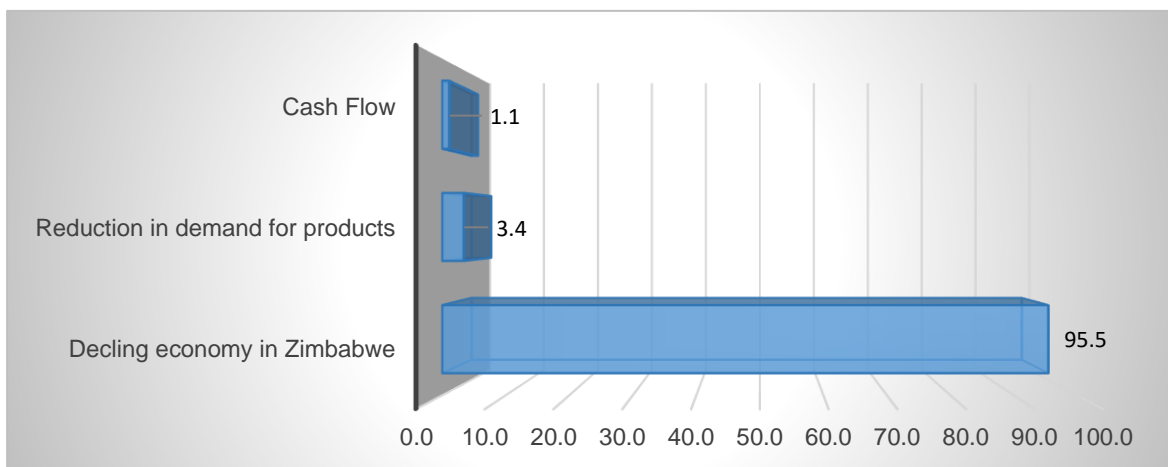


Figure 5.18: Specific issues affecting business functioning in Glen View Home Industry Complex

In Zimbabwe, the declining economy (96%) is the major issue affecting the SMEs business. Figure 5.18 shows the three major variables that affect the functioning of SMEs. Slightly higher than 3% of the respondents reported that reduction in the demand for products is the second biggest contributing factor affecting the business.

**5.2.32 Causes of cash flow difficulties in business**

Table 5.18: Distribution of the Causes of Cash Flow Difficulties

	Frequency	Percent	Valid Percent	Cumulative Percent
Difficult/ expensive to get credit from suppliers of raw materials	45	25.6	25.6	25.6
Early payment required by suppliers of raw materials	4	2.3	2.3	27.8
High levels of working capital required by business	1	.6	.6	28.4
Individual customers expect you to offer credit	5	2.8	2.8	31.3
Default or late payment from individual customers to whom credit would have been extended	2	1.1	1.1	32.4
Other specify	39	22.2	22.2	54.5
Uncertain	80	45.5	45.5	100.0
Total	176	100.0	100.0	

The majority (46%) were uncertain and did not understand the economic patterns related to the causes of the cash flow difficulties in the SME businesses as shown in Table 5.19.

### 5.2.33 Regulations which are obstacles to the success of business

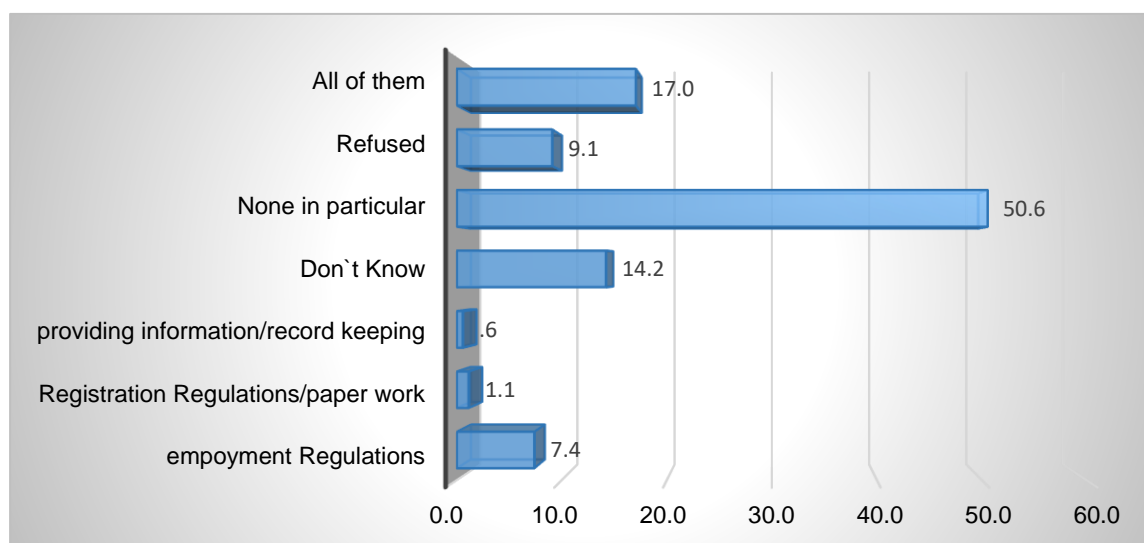


Figure 5.19: Regulations which are Obstacles to the Success of SMEs as Businesses

Slightly more than half (51%) of participating respondents reported that there are no regulations that are obstacles to the success of business as revealed in Figure 5.21. This shows that the SMEs in Zimbabwe have remained informal and are not participating in raising revenue for the government through the tax system.

### 5.2.34 Taxation

Table 5.19: Taxation Forms Part of the Obstacles to Business Success

	Frequency	Percent	Valid Percent	Cumulative Percent
NSSA	8	4.5	4.5	4.5
VAT	6	3.4	3.4	8.0
Other specify	1	.6	.6	8.5
Don't Know	14	8.0	8.0	16.5
None of them	147	83.5	83.5	100.0
<b>Total</b>	<b>176</b>	<b>100.0</b>	<b>100.0</b>	

A strong majority of 84% reported that all the taxation forms were not obstacles to business success as shown in Table 5.19. Close to 5% of respondents did not regard contributing to the National Social Security Authority (NSSA) as an obstacle to their business success. This result is probably influenced by the fact that the SMEs are not registered to participate or contribute to the tax of the country.

### 5.2.35 Health and safety regulations

Table 5.20: Distribution of Workplace Health and Safety Issues in the Sample

Health and Safety Regulation	Frequency	Percent	Valid Percent	Cumulative Percent
Maintaining a fire management plan	4	2.3	2.3	2.3
preventing people from being killed, injured, or made ill by work	5	2.8	2.8	5.1
None of these	63	35.8	35.8	40.9
Don't Know	9	5.1	5.1	46.0
All three	95	54.0	54.0	100.0
Total	176	100.0	100.0	

Slightly more than half (54%) reported that all of the three specific issues, namely; maintaining a fire management plan, preventing people from being killed or injured and preventing people from being ill from work related activities are covered by workplace health regulations.

### 5.2.36 Finance

Figure 5.20 summarises the percentage distribution on the relationship between business and Banks

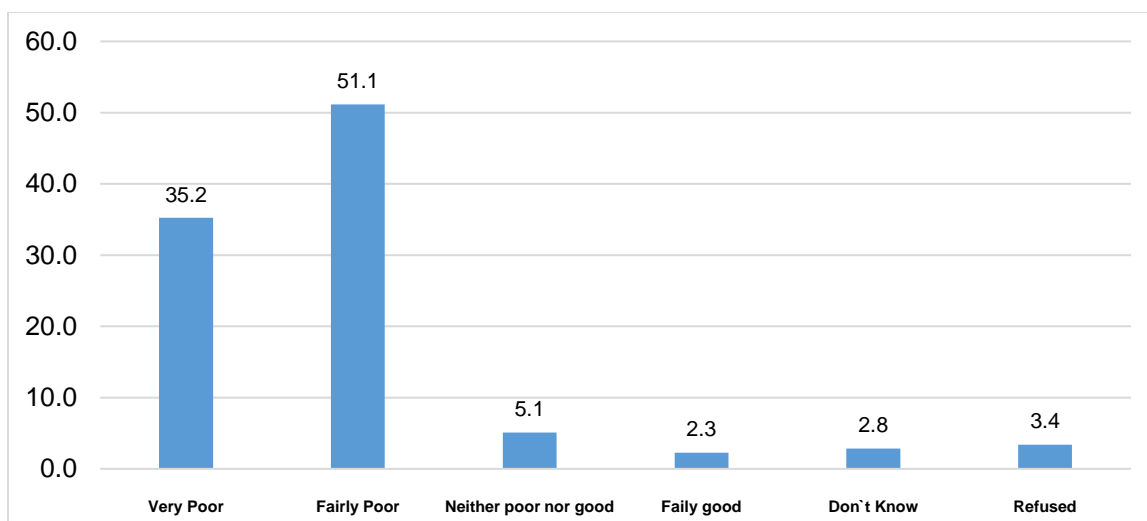


Figure 5.20: Bank Financing Relationships with Business

Slightly more than half (51%) of respondents reported that their relationship with the banks was fairly poor. When combined with those who also accepted that their business relationships were very poor (35.2%) makes a total of 86.3%. This finding reveals that there is a weak relationship between banks and the small-scale businesses.

Table 5.21: Types of External Finance to Fund Business

Source of External Finance	Frequency	Percent	Valid Percent	Cumulative Percent
Peer to Peer lending group	45	25.6	25.6	25.6
Bank	52	29.5	29.5	55.1
SMEDCO	2	1.1	1.1	56.3
Relatives	64	36.4	36.4	92.6
None of these	13	7.4	7.4	100.0
<b>Total</b>	176	100.0	100.0	

Due to financing sector relationships with small businesses sectors, most of the SMEs directors/managers would approach relatives for financing of their businesses. This was echoed by 36% of the respondents as shown in Table 5.23, while about 26% of the respondents revealed that they would approach their peers for business funding.

**5.2.37 Business funding in the past 12 months**

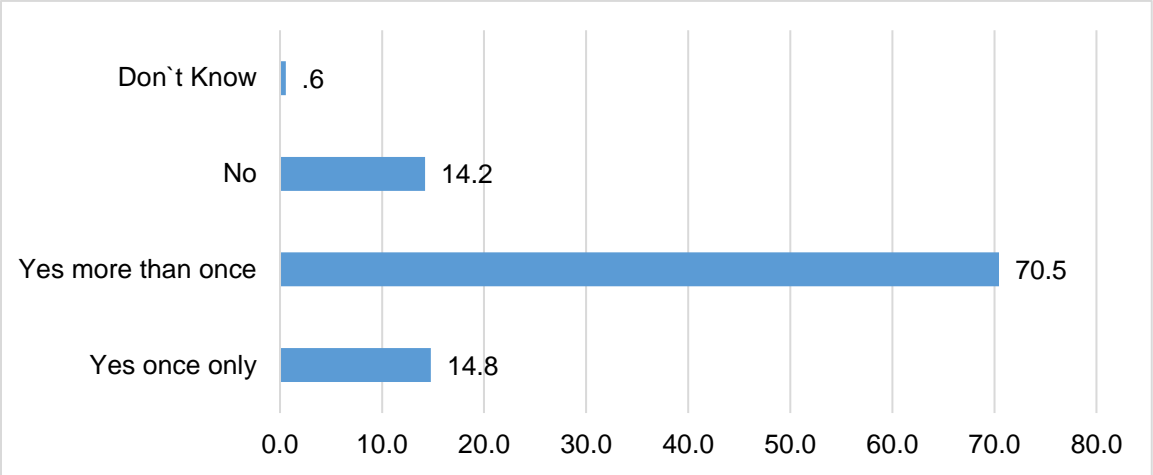


Figure 5.21: Business Funding Received by SMEs in the Last 12 Months

Nearly three quarters (71%) of the SMEs obtained external funding to help their businesses more than once within a period of 12 months prior to the study as shown in Figure 5.21. This leads to the tentative conclusion that the SMEs at the Glen View Home Industry Complex experience cash flow challenges due to lack of support in their day-to-day running of businesses; and this is common given the economic meltdown currently experienced in the Zimbabwean economy.

**5.2.38 Reasons for obtaining external funding**

Table 5.22: Reasons for Obtaining External Funding

	Frequency	Percent	Valid Percent	Cumulative Percent
Working Capital/cash flow	72	40.9	40.9	40.9
Buying land/buildings	2	1.1	1.1	42.0
Acquiring capital equipment or vehicles	1	.6	.6	42.6
Unwilling to answer	2	1.1	1.1	43.8
Not applied	99	56.3	56.3	100.0
<b>Total</b>	<b>176</b>	<b>100.0</b>	<b>100.0</b>	

More than half (56%) of the SMEs did not apply for external finance while 41% obtained finance as a working capital/cash flow for their businesses.

**5.2.39 Type of finance obtained**

Table 5.23: Description of the Types of Finances Obtained by SMEs

	Frequency	Percent	Valid Percent	Cumulative Percent
Bank loan	64	36.4	36.4	36.4
Loan from a SMEDCO	2	1.1	1.1	37.5
Loan from family/business partner	2	1.1	1.1	38.6
Loan from peer to peer lending networking/crow funding	2	1.1	1.1	39.8
Other specify	2	1.1	1.1	40.9
Unwilling to answer	2	1.1	1.1	42.0
Did not Apply	102	58.0	58.0	100.0
<b>Total</b>	<b>176</b>	<b>100.0</b>	<b>100.0</b>	

Above half (58%) of the respondents did not obtain any funding. Of those who obtained funding, 36% were bank loans.

**5.2.40 Amounts obtained**

Table 5.24: Ranges of Amounts Borrowed to Finance the SMEs

	Frequency	Percent	Valid Percent	Cumulative Percent
Less than \$499	20	11.4	11.4	11.4
\$500-\$999	8	4.5	4.5	15.9
\$1000-\$1499	44	25.0	25.0	40.9
Refused	6	3.4	3.4	44.3
Did not Apply	98	55.7	55.7	100.0
<b>Total</b>	<b>176</b>	<b>100.0</b>	<b>100.0</b>	

Close to 56% of the SMEs did not obtain any funding. A quarter of the SMEs participating in this study (25%) obtained amounts ranging from \$1000-\$1499 as shown in Table 5.24.

**5.2.41 Difficulties experienced in obtaining finance**

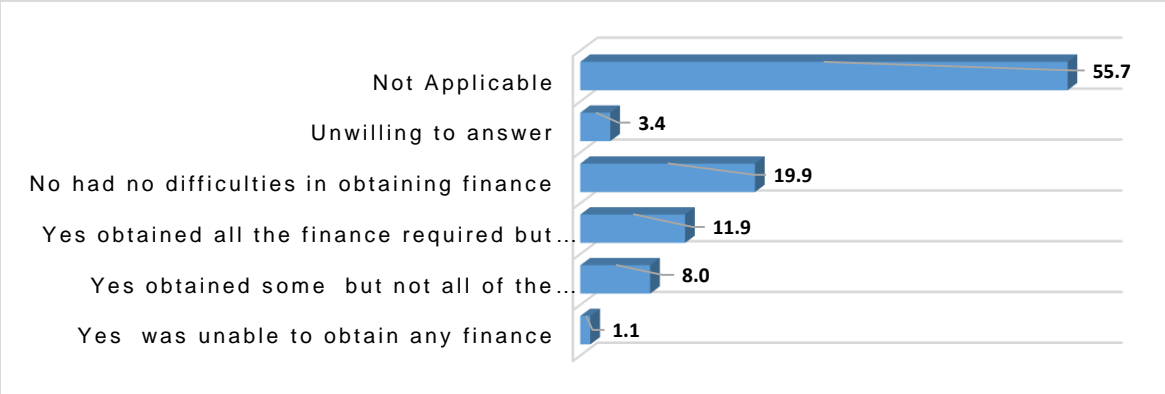


Figure 5.22: Percentage Distribution of the Experiences of Difficulties in Obtaining Finance

According to the results shown in Figure 5.22, close to 56 % of the SMEs did not obtain any funding, while about 20% of the SMEs had no difficulties in obtaining finance. These results support the key finding that there is a huge relationship between the performance of the economy and the funding that accrues to the manufacturing industries. From these results, the major finding is that only a small number of the SMEs receive funding. Those that were able to access funding were reluctant to reveal the strategies that they used to access funding.

**5.2.42 Difficulties in obtaining finance from the first source approached**

Table 5.25: Indications of Difficulties Experienced in Obtaining Finance from the First Source Approached

	Frequency	Percent	Valid Percent	Cumulative Percent
Yes, was unable to obtain any finance	2	1.1	1.1	1.1
Yes, obtained some but not all of the finance required	14	8.0	8.0	9.1
Yes, obtained all the finance required but with some problems	21	11.9	11.9	21.0
No had no difficulties in obtaining finance	35	19.9	19.9	40.9
Unwilling to answer	6	3.4	3.4	44.3
Not Applicable	98	55.7	55.7	100.0
Total	176	100.0	100.0	

Close to 20% of the SMEs did not have problems in obtaining finance from the first source, while 19.9% obtained finance with some difficulties. Slightly above 1% of the SMEs did not get finance applied for, as shown in Table 5.25.

### 5.2.43 Reason for not applying for finance in the last 12 months

Table 5.26: Distribution of Reasons SMEs Did Not Apply for Finance in the Last 12 Months

	Frequency	Percent	Valid Percent	Cumulative Percent
You thought it would be rejected	3	1.7	1.7	1.7
You thought it would be too expensive	14	8.0	8.0	9.7
You don't want to take on additional risk	14	8.0	8.0	17.6
Now is not the right time because of economic conditions	83	47.2	47.2	64.8
You don't know where to find the appropriate to finance	3	1.7	1.7	66.5
Not applicable	59	33.5	33.5	100.0
Total	176	100.0	100.0	

Slightly less than half (47.2%) did not apply for finance. Reasons advanced by the respondents indicated that the economic conditions did not support the application for finances as indicated in Table 5.26.

### 5.2.44 Problems with customers

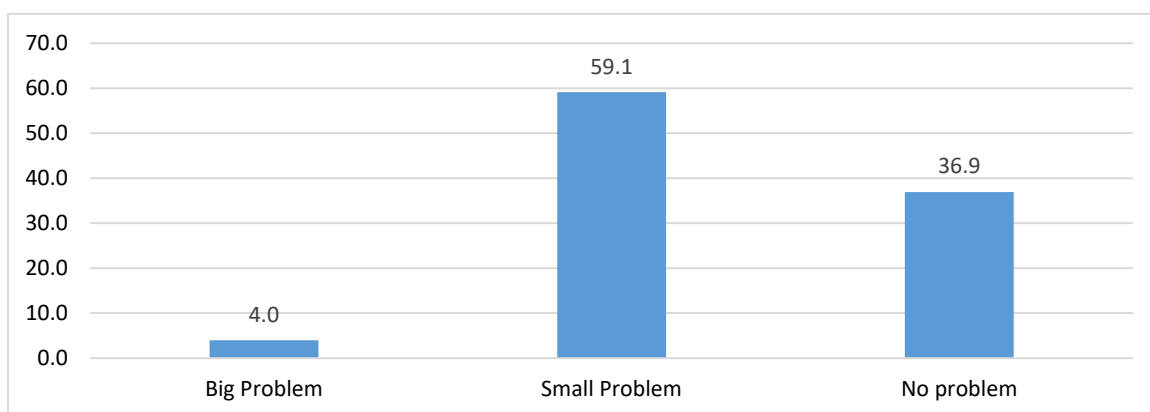


Figure 5.23: Problems experienced with Customers

Only 4% of the SMEs experienced big problems with customers, while more than half (59%) had small problems with customers. A 36.9% of respondents experienced no problems with their customers.

### 5.2.45 Innovation

The purpose for asking the question on innovation as an economic factor for each SME was to establish the extent to which they were creating any new innovations that would be exported to other countries. This would bring in foreign currency which had become a scarce commodity in Zimbabwe. The economic power of any country is based on the volume of exports of products produced in the country. It is also empowered by the level of innovation and creativity which drive the quality of goods exported. Figure 5.24 shows the percentage distribution on business innovation.

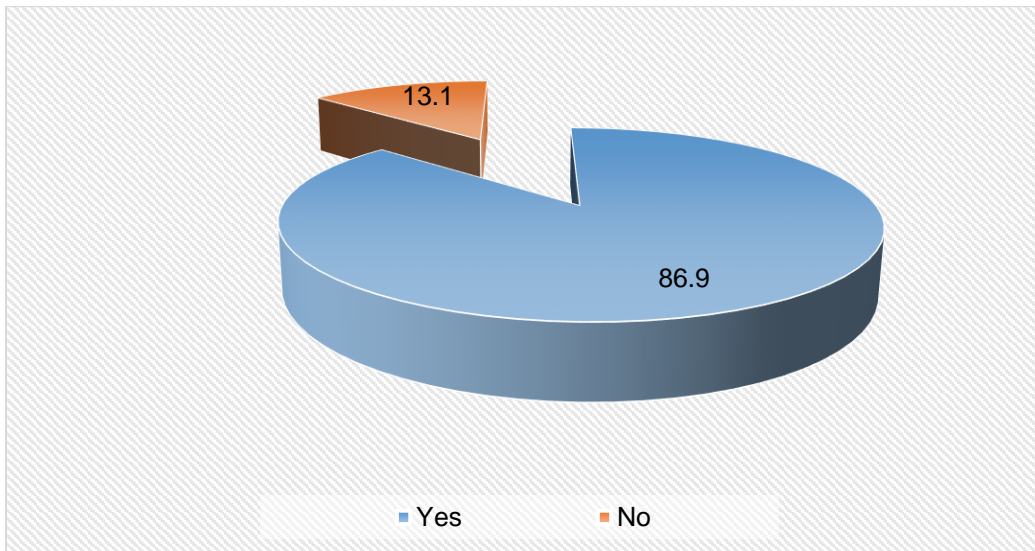


Figure 5.24: Percentage Distribution on Business Innovation

Only 13% of the SMEs had introduced new or significantly improved products or services they offered in the past 12 months as compared to 87% of the SMEs that had not done anything in business innovation by then. This finding is critical and important to the economic development of Zimbabwe. No other research has been conducted within the Zimbabwean context to establish innovative power in SMEs. This study and the finding itself is the first to be published. This finding is important because it also raises questions regarding the quality of graduates that schools are offering to local industries. Innovation is heavily nested in the quality of education system of the country, in this case, Zimbabwe. However, in response to this situation, the Zimbabwean government established the 1998 Nziramasanga Commission of inquiry into education and training. This led to the introduction of the competency-based curriculum (CBC) in January 2017, almost 19 years after the study was completed. This has implications at the slow response the Zimbabwean government gives to commissions of inquiry that are set up by the highest office in the country. The new CBC education curriculum was designed to drive innovation and creativity of the curriculum of education in the Zimbabwean Schools.

**5.2.46 Introduction of improved products**

Table 5.27: Distributions of New or Significantly Improved SMEs Products

	Frequency	Percent	Valid Percent	Cumulative Percent
New to business	170	96.6	96.6	96.6
Completely new	5	2.8	2.8	99.4
Unwilling to answer	1	.6	.6	100.0
Total	176	100.0	100.0	

According to the findings of this study, the majority of the SMEs (97%) had introduced new products in their businesses, while 2.8% had introduced completely new products that have not been introduced by anyone before (innovation) as shown in Table 5.27. The implication of this finding is huge in as far as the SMEs in the furniture manufacturing industries are concerned. This finding is not documented in any available literature in Zimbabwe. From this finding, the study revealed that there are several innovations being produced out there in the furniture manufacturing SMEs but the patenting procedures are not being followed. This means there could be a number of innovations that have been exported as finished goods and those who were privileged to buy the goods can now reproduce the same goods without violating any legal procedures. The exportation and local sales may have cost both the innovators and the country in many ways. This makes it easy for outsiders and locals to plagiarise these innovations. The concept of educating the SMEs to know that innovation is a huge contribution to the world of knowledge is critical. This finding is important and unique to this study as it has the potential to impact policy making. This finding is also supported by the findings in Figure 5.26.

**5.2.47 Conducted business with the public sector**

Table 5.28: Distribution of SMEs that Have Done Business with the Public Sector

	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	14	8.0	8.0	8.0
No	162	92.0	92.0	100.0
<b>Total</b>	176	100.0	100.0	

The SPSS output displayed in Table 5.28 shows that a majority (92%) of the SMEs have not done any business with the public sector. However, a small percentage of only 8% had done business with the public sector. This finding implies that, while the SMEs under study may be producing products that are locally based, the local authorities have a hard taste for goods imported from other countries instead of those from the same SMEs that may save the national budget and help to grow the economy. From this finding, this researcher concluded that it is not sanctions that are affecting the national economy, but lack of knowledge and usage of local content and manufactured goods that tends to syphon the money from government coffers.

**5.2.48 Environmental impact by SMEs**

Table 5.29: Distribution of Steps to Reduce the Environmental Impact by SMEs

	Frequency	Percent	Valid Percent	Cumulative Percent
Yes, many steps	5	2.8	2.8	2.8
Yes, a few steps	12	6.8	6.8	9.7
No	155	88.1	88.1	97.7
Don't Know	4	2.3	2.3	100.0
<b>Total</b>	176	100.0	100.0	

A majority (88%) of the SMEs have not taken any steps to reduce the impact of their business operations on the environment. Only about 10% of the SMEs have taken

some steps to reduce the environmental effect caused by the nature of their business operations.

**5.2.49 Training**

Table 5.30: Distribution of Formal and Informal Training/Development for Employees of SMEs

	Frequency	Percent	Valid Percent	Cumulative Percent
Yes - formal on the job	4	2.3	2.3	2.3
Yes - informal on the job	16	9.1	9.1	11.4
Yes - Both	5	2.8	2.8	14.2
No	151	85.8	85.8	100.0
<b>Total</b>	<b>176</b>	<b>100.0</b>	<b>100.0</b>	

Close to 86% of the SMEs did not offer off the job or on the job training for their employees. Only 2.3% and 9% have offered formal and informal on the job training to their employees respectively, while 3% of the SMEs have done both on/off the job training courses as shown in Tables 5.30 and 5.31 which, respectively, describe training for employees and managers.

**5.2.50 Training for managers**

Table 5.31: Distribution of Formal and Informal Training for Managers During the Last 12 Months

	Frequency	Percent	Valid Percent	Cumulative Percent
Yes - formal off the job	4	2.3	2.3	2.3
Yes - informal on the job	9	5.1	5.1	7.4
Yes - Both	2	1.1	1.1	8.5
No	161	91.5	91.5	100.0
<b>Total</b>	<b>176</b>	<b>100.0</b>	<b>100.0</b>	

Any form of professional development that is designed and presented well in a continuous approach is critical for the growth of the organisations because it carries benefits to individual workers, the work they will be doing and the clientele. On the job training ensures that the capabilities of managers keep in tandem with all current

developments in the field and also keep pace with standards of other organisational managers in the same field. From the SPSS data output graph and table, the majority (92%) of the SMEs did not offer any training to their managers as shown in Table 5.31. Only 7.4 % of the SMEs offered training to their managers in the last 12 months. This finding has important implications for the SMEs and their current status in Zimbabwe, and this researcher feels this finding adds important information for SME managers and the Ministry of Small and Public Enterprises in Zimbabwe. Any organisation is as good or as bad as the management in it. The absence of evidence of a deliberate policy for up-to-date skills training for both workers and their management, as revealed throughout this study, is a clear pointer to the idle development policies exercised by the SMEs and the parent Ministry. There is no policy that enforces the need for improved strategies for running SMEs in the furniture manufacturing industry.

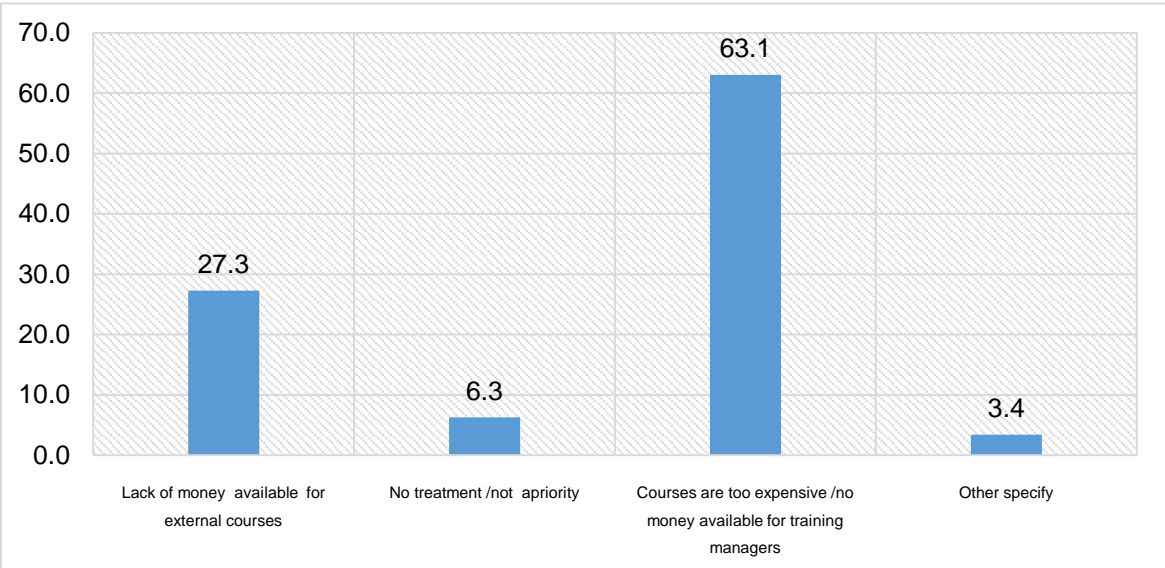


Figure 5.25: Reasons for Training Managers

The researcher wanted to understand the knowledge that participants had in relation to the importance of training manager of SMEs for recent management skills. Above half (63%) of the SMEs did not train their managers because courses are too expensive, or they did not have available money to train managers as shown in Figure 5.25. Similar to the general comment on Table 5.27, this finding also shows reduced

interest in assisting small manufacturing enterprises in the furniture manufacturing sector.

**5.2.51 Technology**

Table 5.32: Distribution of SMEs Business Owned Websites

	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	57	32.4	32.4	32.4
No	119	67.6	67.6	100.0
<b>Total</b>	176	100.0	100.0	

Sixty-seven point six (67.6%) of the SMEs did not own a company website. Only 32.4% have a website as shown in Table 5.32. This finding is critical for policy making. Website builders in Zimbabwe are too expensive. It is difficult for economically struggling SMEs to pay the large sums demanded. Since this is a tax-revenue base for the government, there is need for policy makers to come up with a way to help such groups to have websites of their own and to train them on how to use them. This was evident in the participants’ voices during the qualitative interviews.

**5.2.52 Internet access**

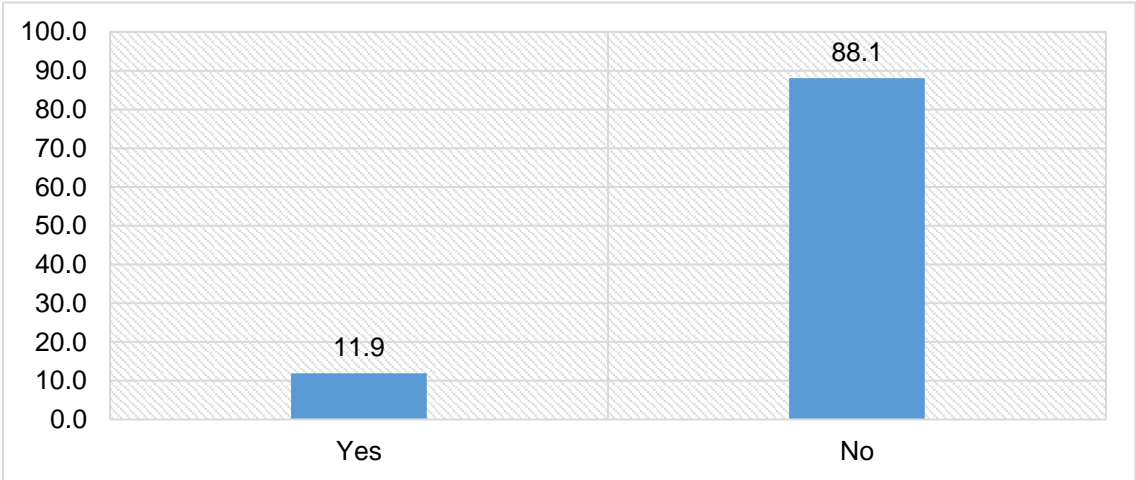


Figure 5.26: Percent Distribution on Internet Access for Business Purposes

Most (88.1%) SMEs had no internet websites or even internet access for business purposes. This implies that the SMEs had been shut off from the world-wide web (www) of business; hence they were incapacitated to do business the way others in developed and some developing countries do business. This speaks volumes regarding management development strategies used in the local SMEs, especially those under this study.

**5.2.53 Location of internet access**

Table 5.33: Distribution of Information Related to Availability of Internet Access to SMEs

Location	Frequency	Percent	Valid Percent	Cumulative Percent
At work	4	2.3	2.3	2.3
At home	36	20.5	20.5	22.7
Via a smart phone (e.g.)	25	14.2	14.2	36.9
Somewhere else	111	63.1	63.1	100.0
<b>Total</b>	176	100.0	100.0	

Data from the SPSS output ran on availability and accessibility of internet resources by the SMEs shows that 63% of the directors and employers have access to internet from some other sources of service provision as seen in Table 5.33. This shows that the respondents did not make a cost-effective analysis of having internet services within the complex but rather out sourced the services. Again, this places a lack of knowledge on the education system and on the job training. This finding emerged throughout the research and there is need to highlight the importance of this finding as an issue of policy recommendation emerging from this study. This result also shows the impact of lack of general knowledge related to business management, high cost of

raw materials, import competition and unavailability of credit as the major causes of the failures of most SMEs in Zimbabwe.

**5.2.54 Business turn over in the last 12 months**

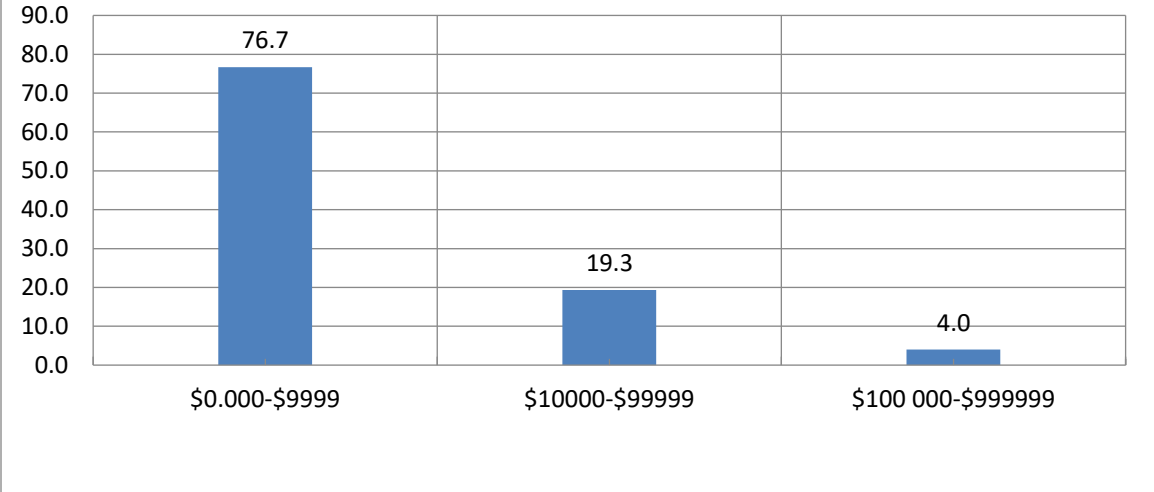


Figure 5.27: Percentage Distribution of Business Turnover

Data shows that more than three quarters (77%) of the SMEs had a turnover of between \$0 and \$9999.00 per annum (Figure 5.27).

However, more than half (68%) of these SMEs indicated that their turnover had decreased in the last 12 months as shown in Figure 5.28.

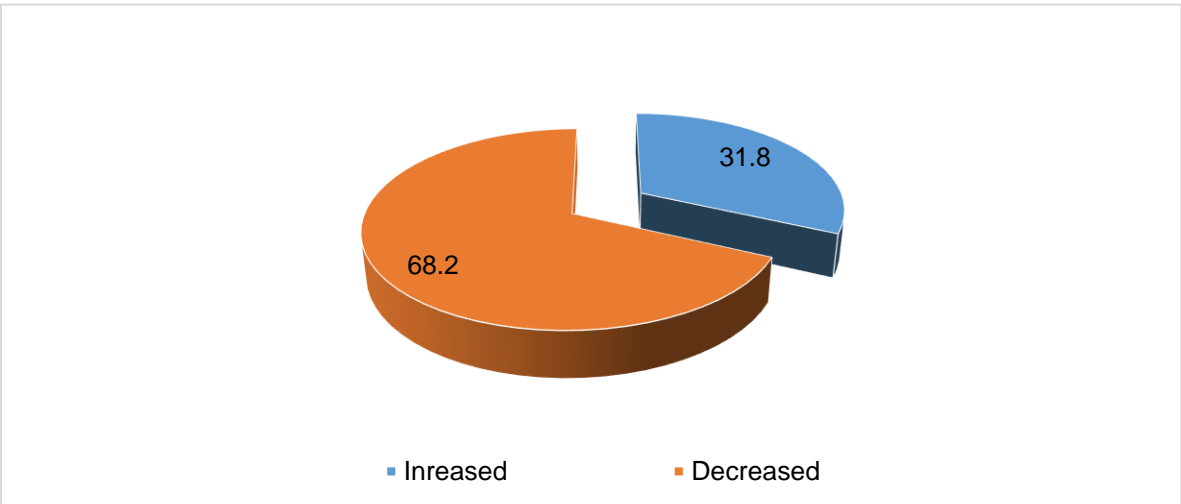


Figure 5.28: Percent Distribution of Increase/ Decrease in Business Turnover

Furthermore, 40-50% of the SMEs had their turnover decrease by 87% as shown in Table 5.34 below.

Table 5.34: Turnover Rates Decrease for SMEs

Percentage Change	Frequency	Percent	Valid Percent	Cumulative Percent
10-30%	17	9.7	9.7	9.7
40-50%	156	88.6	88.6	98.3
50-80%	3	1.7	1.7	100.0
<b>Total</b>	<b>176</b>	<b>100.0</b>	<b>100.0</b>	

5.2.55 VAT registration status

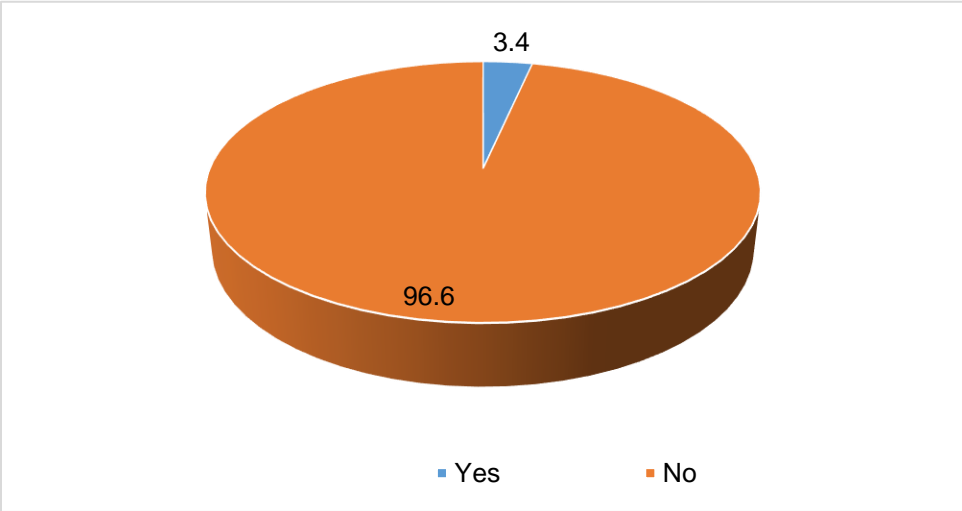


Figure 5.29: Vat Registration Status

For the purpose of establishing the extent to which the SMEs were registered to pay value added taxes, this researcher asked one question that helped this study to collect quantitative data on this aspect. Findings reveal that the majority of the SMEs (97%) were not VAT registered to pay VAT. The rest of the data indicated that slightly above 3% of the SMEs were VAT registered. This finding reveals why SMEs were not contributing to the fiscus since they were not registered to pay VAT.

**5.2.56 Business ownership**

Table 5.35: Distribution of Business Ownership

Family/sole Owned	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	167	94.9	94.9	94.9
No	9	5.1	5.1	100.0
<b>Total</b>	<b>176</b>	<b>100.0</b>	<b>100.0</b>	

Almost all (95%) of the SMEs are sole/family owned businesses as shown in Table 5.35. A small number (5.1%) of the SMEs are not solely/family owned.

**5.2.57 Percentage of business owned by women**

Table 5.36: SMEs Owned by Female Proprietors

Percent	Frequency	Percent	Valid Percent	Cumulative Percent
20%	1	.6	.6	.6
30%	1	.6	.6	1.1
40%	5	2.8	2.8	4.0
50%	1	.6	.6	4.5
More than 50%	2	1.1	1.1	5.7
None	166	94.3	94.3	100.0
<b>Total</b>	<b>176</b>	<b>100.0</b>	<b>100.0</b>	

Table 5.36 shows the percentage distribution of business ownership by women. This finding shows that the majority of the SMEs under this study were owned by men. The fact that only 6% of the SMEs falling under this randomly selected sample were women reveals that women are heavily segregated in this industry with 94% of them not owning any furniture manufacturing SMEs.

**5.2.58 Number of years business has been in operation**

Figure 5.30 shows the percentage distribution of the number of years the business has been in operation.

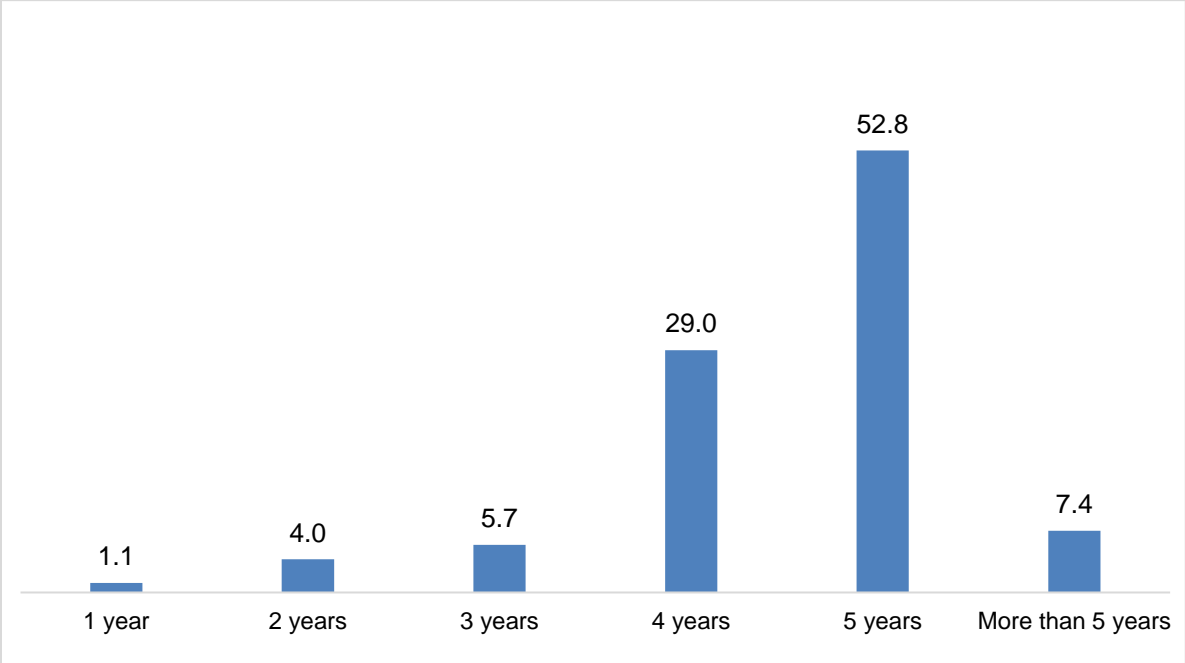


Figure 5.30: Number of Years Business Has Been in Operation

Slightly more than half (53%) of the businesses have been in operation for five years.

**5.2.59 Anticipating closure of business**

Table 5.37: Distribution of Anticipating to Close or to Transfer Ownership of SME Business

	Frequency	Percent	Valid Percent	Cumulative Percent
Yes, I anticipate Closure of Business	5	2.8	2.8	2.8
Yes, I anticipate a full transfer of the ownership of my business	13	7.4	7.4	10.2
Not anticipating closure	158	89.8	89.8	100.0
<b>Total</b>	<b>176</b>	<b>100.0</b>	<b>100.0</b>	

The majority (90%) are not anticipating closing or transferring their businesses in the next five years. Low statistic showing fewer intentions to close down is a major indicator of channels of revenue earnings for the state. On the contrary, high statistics

should be seen as a drawback to the economic development of the state. This finding is important to this study because it showed that lack of taxation on these SMEs is a political stance to attract votes. This finding, read together with the finding on taxation, is important to draw conclusions on the causes of the failure of the economy of Zimbabwe. In Zimbabwe, SMEs established both in the formal and informal sectors are already acting as undiscovered engines of economic growth.

**5.2.60 Anticipating transfer of business**

Table 5.38: Percentage Distribution of SMEs Anticipating to Transfer Business

	Frequency	Percent	Valid Percent	Cumulative Percent
Own family	13	7.4	7.4	7.4
Somebody else	6	3.4	3.4	10.8
Refused	2	1.1	1.1	11.9
Not Anticipating transfer of business	155	88.1	88.1	100.0
<b>Total</b>	176	100.0	100.0	

Table 5.38 shows the percentage distribution of SMEs anticipating to transfer businesses. A majority (88%) were not intending to transfer their business ownership within the next five years or any time in the near future.

**5.3 Responses from Employees**

The second part of the presentation and analysis deals with the employees as respondents. A mix of face-to-face interviews and completion of questionnaires by respondents and research assistants was done. As set out in the methodology chapter, data was drawn from questionnaires after conducting a cross sectional survey on SMEs in the Glen View Home Industry Complex in Zimbabwe. The quantitative data were presented in the form of tables and graphs. Face to face interviews were conducted with 191 respondents and the response rate was 96%.

**5.3.1 Demographic and socio-economic profile of respondents**

The demographic and socio-economic status of the respondents was analysed and presented in terms of respondents’ age, gender, economic activity, employment status and educational accomplishments. These demographic variables were critical determinants in the analysis and interpretation of the operations of SMEs in the furniture manufacturing cluster.

Table 5.39 presents an outline of the demographic characteristics of the respondents. Details of the findings reveal that the respondents were aged between 25 and 64 years. Specifically, 20% of these participants were under 25 years and less than half (41%) were between 25-34 years old. The majority (84.8%) of the employees were males.

Table 5.39: Demographic Characteristics of the Participants/Respondents

<b>Demographic characteristics</b>		<b>Percent</b>
Sex	Males	84.8
	Females	15.2
	<b>Total</b>	<b>100</b>
Age range	Under 25 years	19.9
	25-34 years	40.8
	35-44 years	30.4
	45-49 years	2.6
	50-54 years	3.7
	55- 64 years	2.6
	<b>Total</b>	<b>100</b>
Educational Achievement	A degree or equivalent	1.0

	A' levels	8.9
	O' level	65.4
	Other Specify	2.6
	No formal qualifications	21.5
	Unwilling to answer	0.5
	<b>Total</b>	<b>100</b>
Employee Skills	Carpenter	66.5
	Builder	7.9
	Tailor	2.1
	Painter	1.0
	Welder	1.6
	None	17.8
	Other	3.1
	<b>Total</b>	<b>100.0</b>

### 5.3.2 Educational status of respondents

Respondents who participated in the survey had a highest educational achievement of ordinary levels. Sixty-five, (65%) had completed ordinary level education, while 8.9% had completed advanced level of education. Findings revealed that 22% of the respondents had no formal education.

### 5.3.3 Employee skills and current job

Study findings in Figure 5.31 below revealed that the majority, 61.8% of the employees had skills tallying with their current employment, thus confirming the view that SMEs ended up contracting some employees who already had skills but had lost their employment or had not found jobs tallying with their skills. The rest (36%) of the respondents had skills which did not tally with their current job.

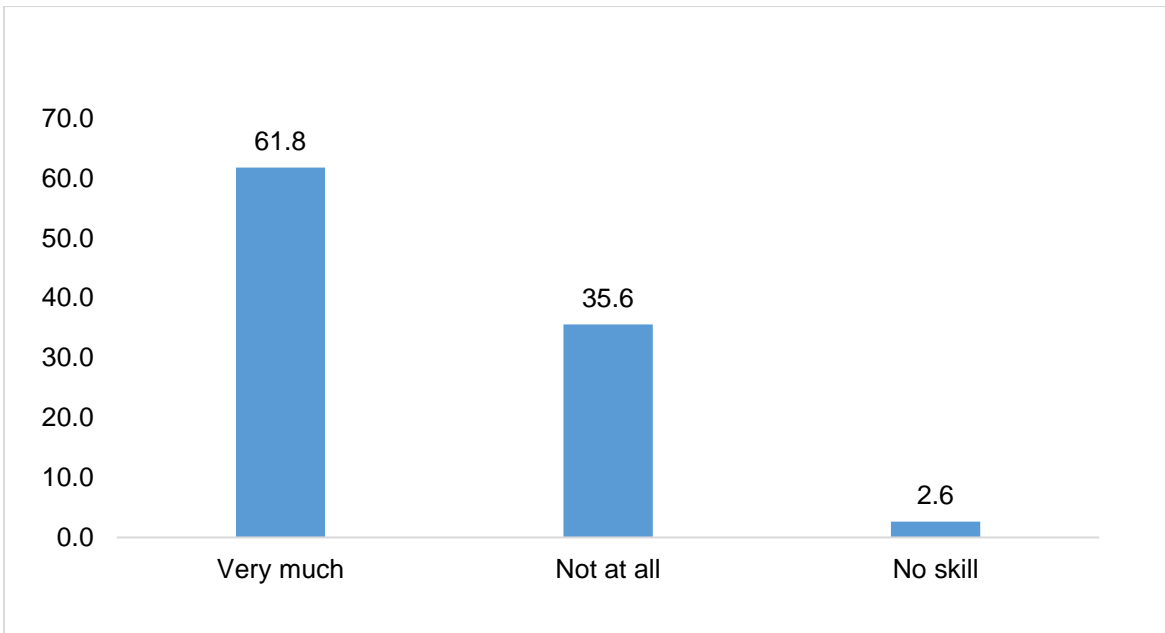


Figure 5.31: Percentage Distribution of Employee Skills Tallying with Current Job

### 5.3.4 Number of years in current job

Table 5.40 below shows the percentage distribution of number of years worked in current job. Close to 35% of the employees have worked for more than 5 years in their current job.

Table 5.40: Experience or Number of Years Working at the Current Job			
Number of years	Frequency	Percent	Cumulative Percent
1 year	15	7.9	7.9
2 years	12	6.3	14.1
3 years	23	12.0	26.2
4 years	28	14.7	40.9
5 years	38	19.9	60.7
More than 5 years	66	34.6	95.3
Unwilling to answer	9	4.7	100.0
<b>Total</b>	<b>191</b>	<b>100.0</b>	

### 5.3.5 Number of previous work places

Figure 5.32 shows the percentage distribution of the number of places where the employees have worked before.

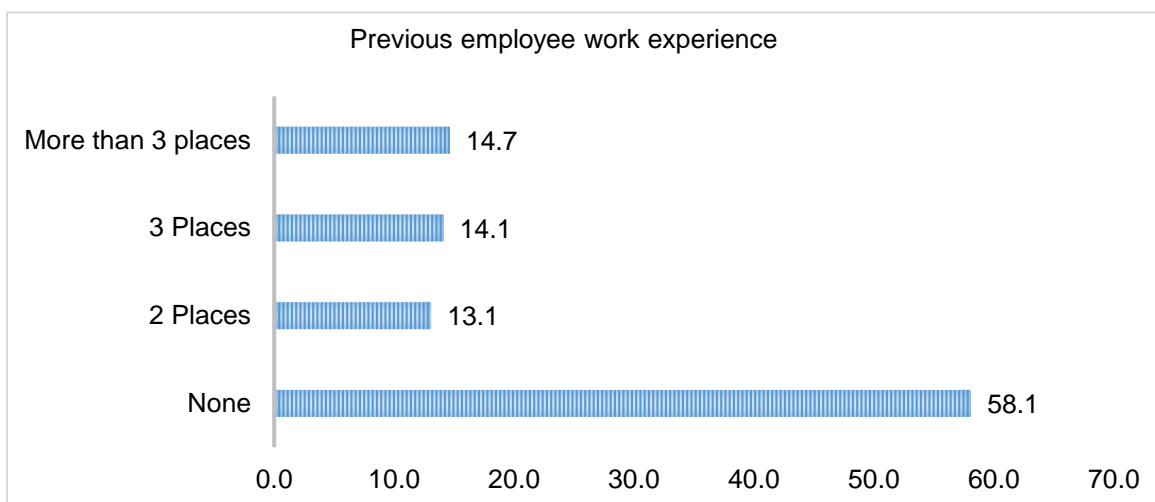


Figure 5.32: Previous Employee Work Experience

The majority (58%) of the employees in Glen View Home Industry Complex had no previous experience working elsewhere.

### 5.3.6 Reasons for quitting the previous job

Table 5.41: Reasons for Quitting their Previous Employment

Reasons for quitting previous job	Frequency	Percent	Cumulative Percent
Dismissed	5	2.6	2.6
Less Pay	42	22.0	24.6
No Pay	28	14.7	39.3
Contract Terminated	14	7.3	46.6
Company Closed	22	11.5	58.1
Retrenched	8	4.2	62.3
Other	27	14.1	76.4
Not Applicable	45	23.6	100.0
<b>Total</b>	<b>191</b>	<b>100.0</b>	

The majority (22%) left their previous employers because of low salaries. This points to the poor performing economy in Zimbabwe which has wiped out the middle class. For example, close to 15% of the employees left their previous jobs due to non-

payment of salaries by their former employers. The non-payment of salaries is still going on even in some of these SMEs that were studied. Nearly 12% of the employees left their previous jobs because their companies closed down. Closure of companies has been a pattern that is currently permeating the economic context of Zimbabwe. Table 5.41 above shows the distribution information of reasons for quitting previous jobs by employees.

**5.3.7 Level of competition to get current job**

Figure 5.33 shows the percentage distribution of the level of competition to get current job.

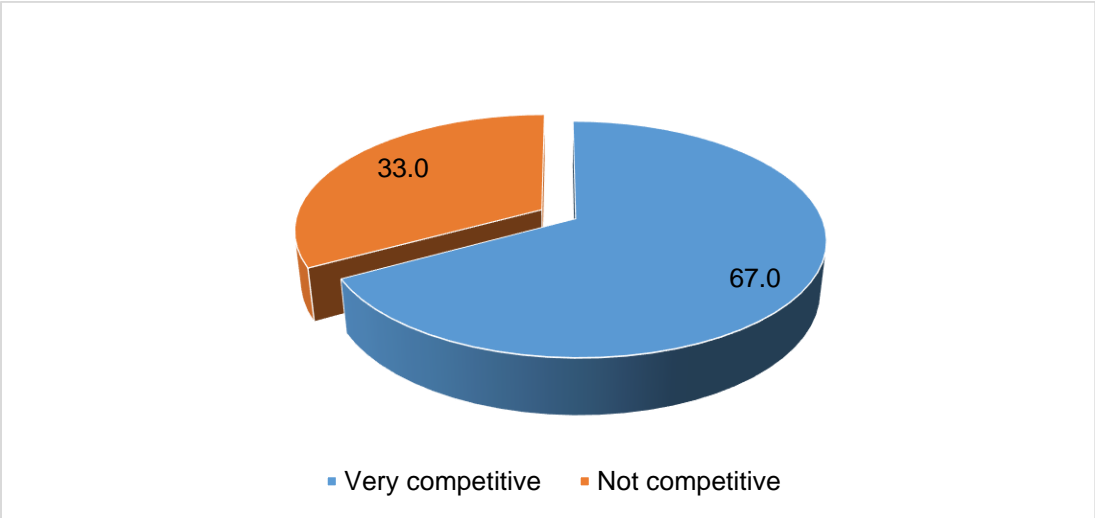


Figure 5.33: Percentage Distribution of The Level of Competition to Get Current Job

The findings displayed in the Figure 5.33 reveal that the majority at 67% of the responding employees reported that the employment chances were highly competitive reducing their chances of securing employment and they feel like they were lucky to secure their current job.

**5.3.8 Length of the recruitment process**

Figure 5.34 shows the percentage distribution of recruitment time.

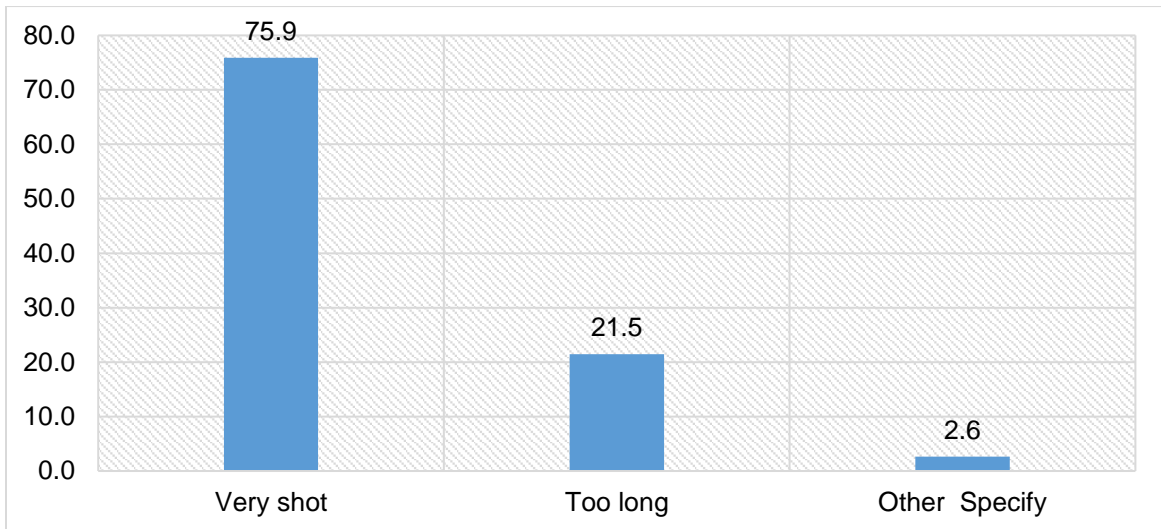


Figure 5.34: Percentage Distribution of Time for Recruitment

The majority (76%) of the employees reported that the recruitment time was very short compared to about 22% who reported that it was too long. This may infer that the recruited employees could have minimum or even less qualifications expected.

### 5.3.9 Motives to join the furniture manufacturing SMEs

This study also collected quantitative data regarding the distribution of the participants' motives for joining the furniture business. Table 5.42 shows these findings.

Table 5.42: The Percentage Distribution of the Motives to Join the Furniture Employment Industries

Motives for joining Enterprise	Frequency	Percent	Cumulative Percent
Better working conditions	47	24.6	24.6
Increased personal income/more money	71	37.2	61.8
Joined the family business	29	15.2	77.0
Lost my job	33	17.3	94.3
Passion/ Challenge	9	4.7	99.0
Other specify	2	1.0	100.0
<b>Total</b>	191	100.0	

Information related to joining business showed the overall motives of respondents (37%) were heavily skewed towards increasing their incomes.

**5.3.10 Recruitment processes**

Participants also described their views regarding recruitment as illustrated in figure 5.35 relating to the access to human resources by furniture manufacturing employees.

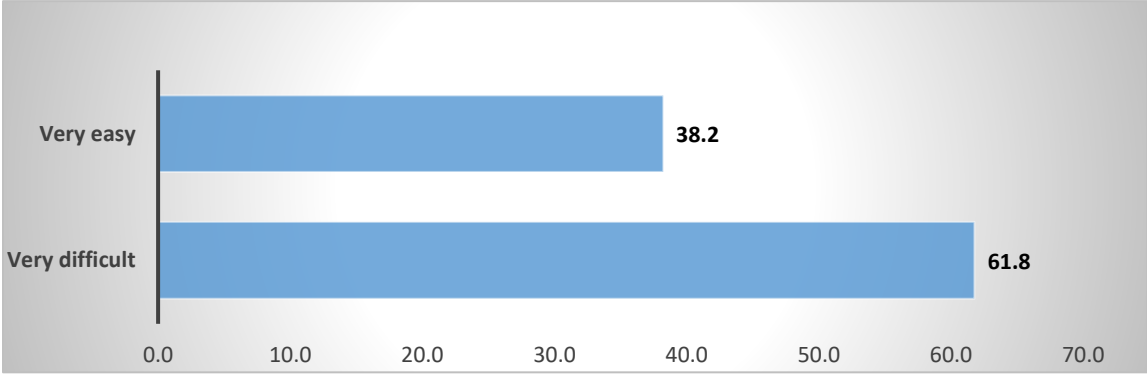


Figure 5.35: Percentage Distribution of the Description of the Recruitment Process

This chart display shows findings that indicate that a majority (62%) viewed the recruitment processes that they experienced as very difficult.

**5.3.11 Conditions of service for employees**



Figure 5.36: Percentage Distribution of Conditions of Service Currently applicable in the Industry

The majority (61%) of the respondents indicated that the conditions of service that were highlighted during recruitment processes were user friendly.

**5.3.12 Benefits offered to employee**

Figure 5.37 shows the percentage distribution of employee benefits which are being offered by their employers.

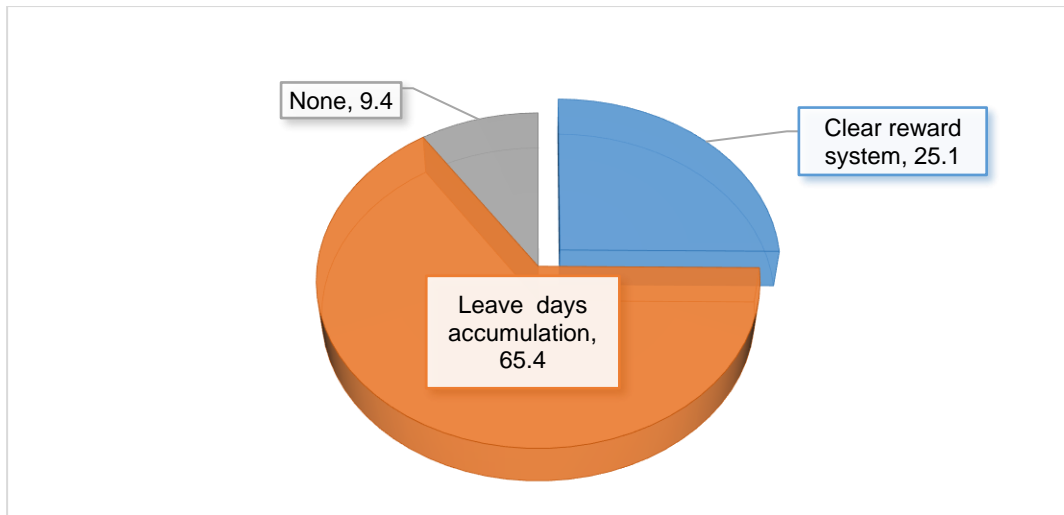


Figure 5.37: Percentage Distribution of Employee Benefits

Of those SMEs that offer reliable benefits to their employees, the majority (65%) offer leave days accumulation. This finding informs the research question in that there is an understanding that employees have to be motivated to stay within the groups to accumulate benefits. A quarter (25%) of the employees reported that a clear reward system was offered by their employers, while 9% had no benefits being offered by their employers.

### 5.3.13 Importance of various work ethics by SMEs

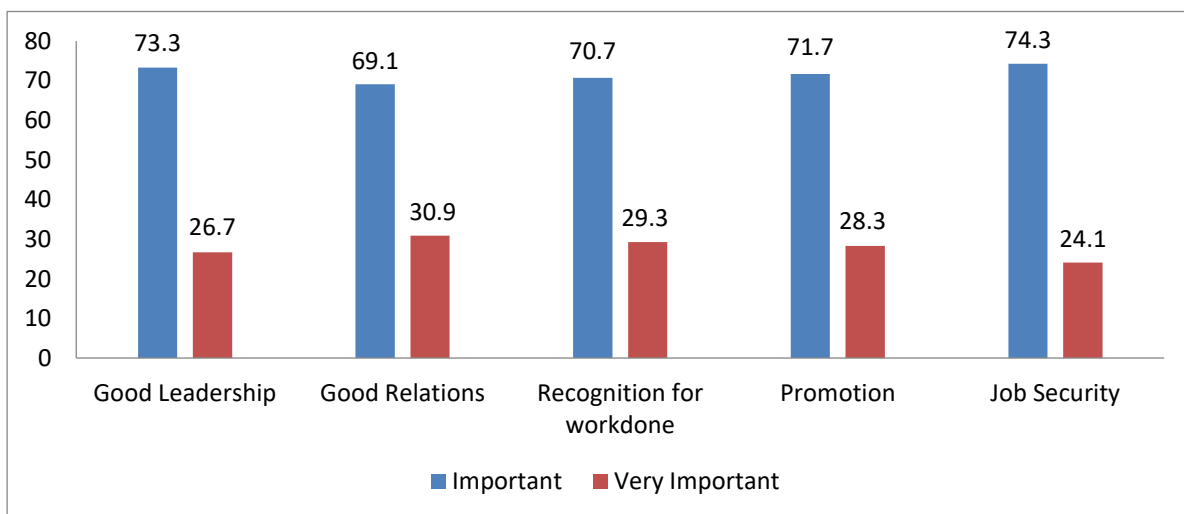


Figure 5.38: Percentage Distribution of the Importance of Various Work Ethics

Nearly three quarters (74%) of the furniture manufacturing SMEs employees consider job security as a critically important aspect for their employment conditions, followed by good leadership (73%), promotion (72%) and recognition for work done (71%).

**5.3.14 The most suitable working conditions considered by employees**

Figure 5.42 below shows the percentage distribution of the most suitable working conditions in the furniture manufacturing SMEs.

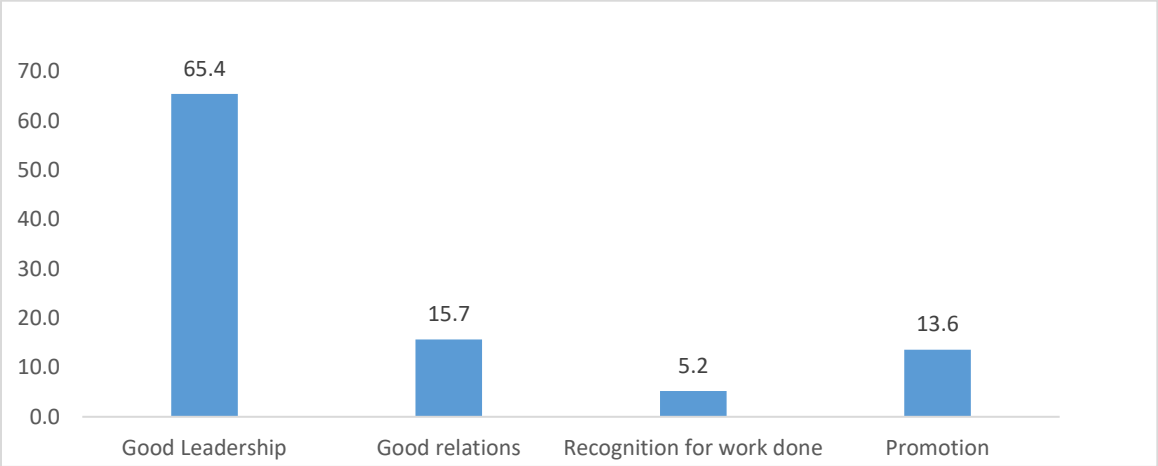


Figure 5.39: Percent Distribution of the Most Suitable Working Conditions

The majority of employees value the importance of organisational leadership as a critical condition for a healthy working environment in the furniture manufacturing SMEs.

**5.3.15 Employee salaries as motivation**

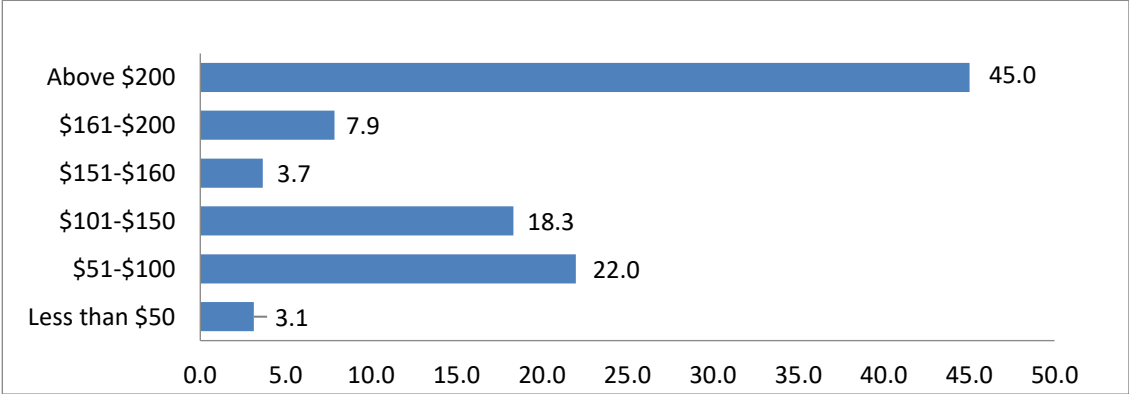


Figure 5.40: Percentage Distribution of Employee

Slightly less than half (45%) of furniture manufacturing SMEs employees earn above US\$200 per month compared to 3% of the employees earning less than US\$50 per month. Clearly from the findings the majority of the employees earned money in the form of US\$ currency which is considered strong currency. However, as the study concluded, the economic situation had even changed to new levels. But the conclusion that this study arrived is that income is an important indicator for motivation.

**5.3.16 Employee salary increment**

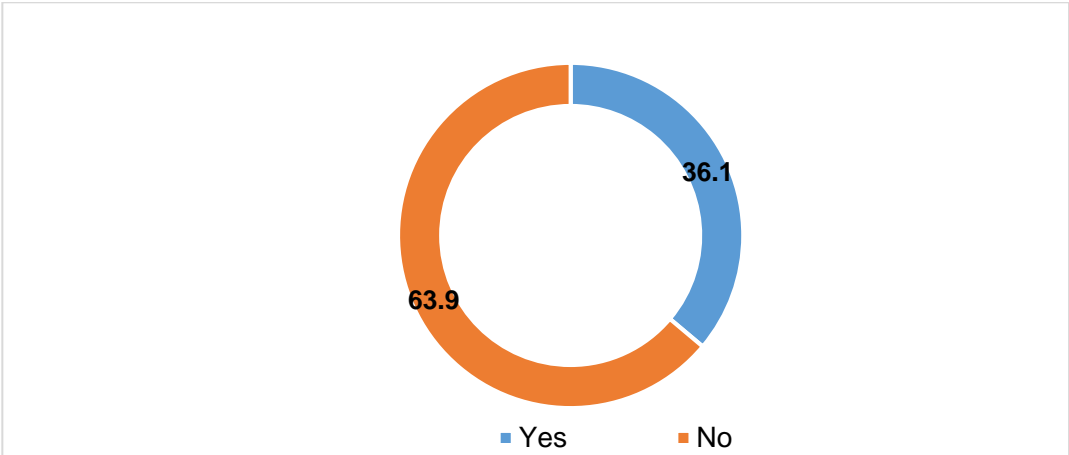


Figure 5.41: Percent Distribution of Salary Increment

More than half (64%) of the SMEs employees did not get any salary increment since they started working at their current SMEs. This finding showed that the general economic performance of a nation affects the earnings of the workers in the furniture manufacturing industry.

**5.3.17 Frequency of salary increments**

Table 5.43: Distribution of Frequency of Salary Increments

Frequency of salary increment	Frequency	Percent	Cumulative Percent
Once a year	32	16.8	16.8
Twice a year	33	17.3	34.0
Thrice a year	4	2.1	36.1
No increment at all	122	63.9	100.0
<b>Total</b>	191	100.0	

The majority of employees (64%) did not receive any salary increment, while 17% were awarded salary increments once or twice a year since they started working. Only 2% of the employees received salary increments three times a year.

**5.3.18 Additional benefits for employees**

This study also looked at the availability of any other additional employee benefits that employees earned as a way to motivate them to continue to seek employment with the same employer since they started working.

Table 5.44: Percentage Distribution for Additional Employee Benefits

<b>Additional Benefits</b>	<b>Frequency</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Transport Allowances	17	8.9	8.9
Lunch Allowances	11	5.8	14.7
Both lunch and Transport allowances	11	5.8	20.4
None	142	74.3	94.8
Other	10	5.2	100.0
<b>Total</b>	191	100.0	

Similar to Maslow’s hierarchy of needs, these additional benefits for employees play a big role in motivating and retaining employees. From the SPSS output a majority (74%) of employees did not receive any additional employment benefits. This causes employees to change workplaces regularly looking for greener pastures. Only 9% of the SMEs employees received transport allowances while 6% received both lunch and transport allowances.

**5.3.19 Frequency of employee benefits**

Table 5.45: Distribution of Frequency of Employee Benefits

<b>Frequency of Employee Benefits</b>	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Percent</b>
Once a year	41	21.5	21.5
Twice a year	5	2.6	24.1
Daily	3	1.6	26.7
No Benefits	142	74.3	100.0
<b>Total</b>	191	100.0	

Findings in Table 5.45 above indicate that a majority (74%) of SMEs employees did not receive any benefits. Only 22% of those who received got their benefits once a year. Distance in availability of benefits is less motivating. The lack of constant benefits on employees makes the retention levels to be too low.

**5.3.20 Awareness of trade unions representing the interest of workers**

Figure 5.45 shows the percentage distribution on awareness of the roles of trade union’s role.

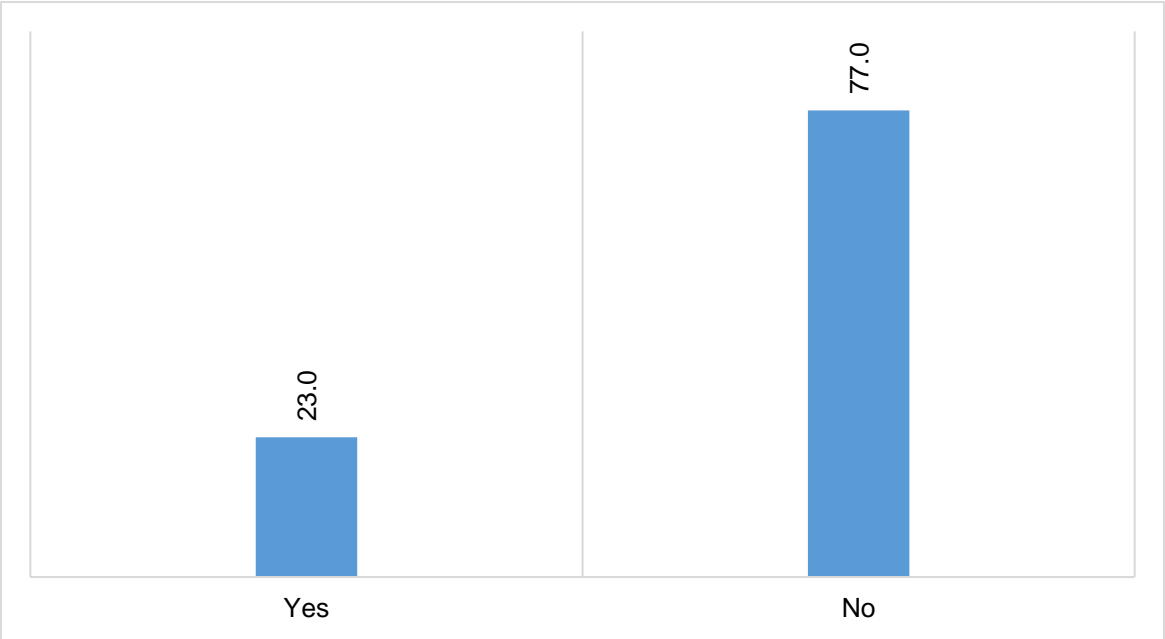


Figure 5.42: Percentage Distribution on Awareness of Trade Unions' Role

The findings of the study show that the majority (77%) of the SMEs employees were not aware of trade unions representing the interest of furniture manufacturing employees. Only 23% of the employees were aware of trade unions’ role in representing their interests. This implies that employees work with the fear of losing their employment since they feel unprotect from unfair labour practices.

**5.3.21 Affiliation to a trade union**

Findings below reveal an interesting percentile distribution of employees who were members of a trade union and others who were not affiliated to any group.

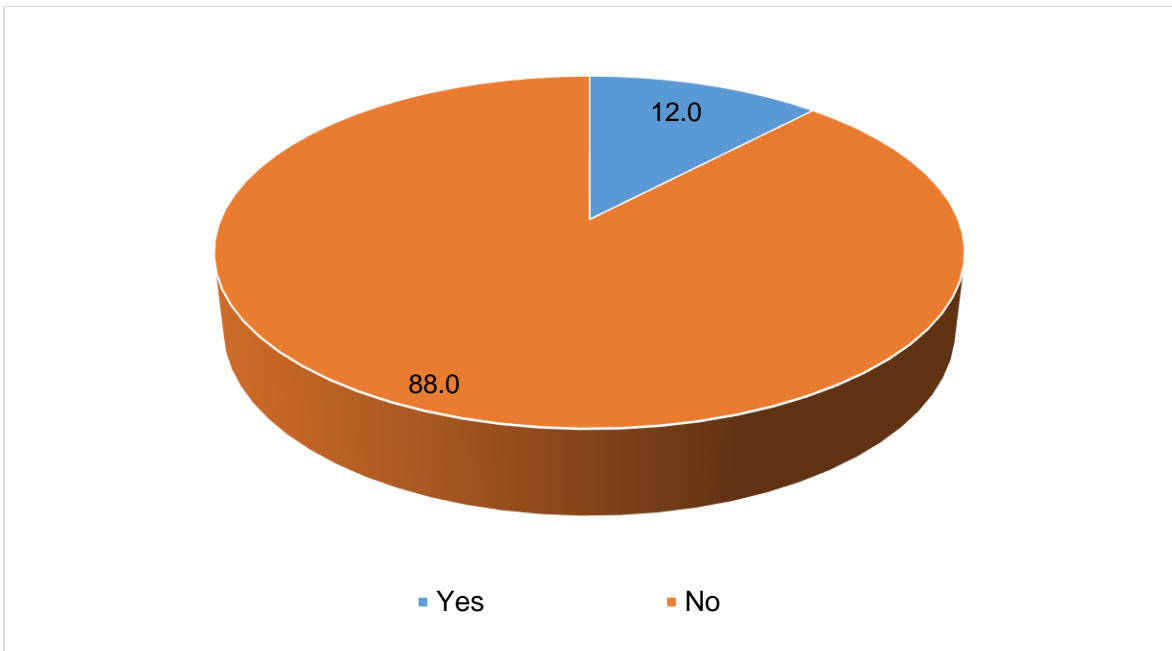


Figure 5.43: Percentage Distribution on Employees Who Are Members of a Trade Union

The above figure shows that only 12% of the SMEs employees are members of a trade union whilst 88% are not members of a trade union.

### 5.3.22 Participation in decision-making at work

Table 5.46: SMEs Employees Participation in Decision-Making at Work

Response	Frequency	Percent	Cumulative Percent
Yes	118	61.8	61.8
No	73	38.2	100.0
<b>Total</b>	191	100.0	

Close to 62% of the SMEs employees participate in decision-making at their work places, compared to 38% of the employees who do not take part in decision making. Those who participate in workplace decision-making feel the ownership of the decisions that affect their workplace conditions. That ownership motivates them to stay at the same job due to satisfaction levels.

**5.3.23 Employee creativity and innovativeness at work**

Creativity at the work place is critical since it drives the growth of an organisation. In this study, the percentile distribution of employees who are allowed to use their creativity and innovativeness at work is 89.5%.

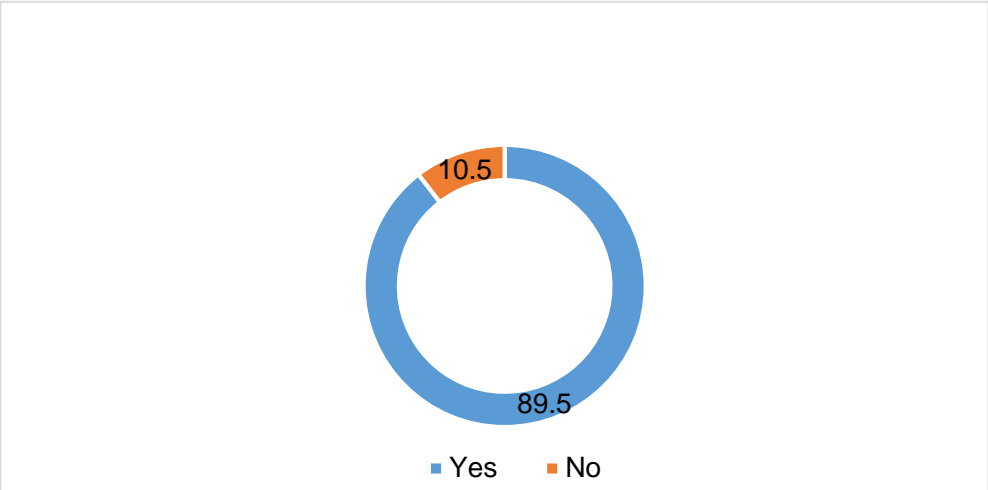


Figure 5:44: Percentage Distribution of Employee Creativity and Innovativeness at Work

I concluded that the majority (90%) of workers were allowed to use their own creativity and innovativeness at work hence they would feel motivated to stay within the same organisation and help it to grow.

**5.3.24 Extent of creativity and innovativeness by employees**

Figure 5.48 below shows percentage distribution the innovativeness.

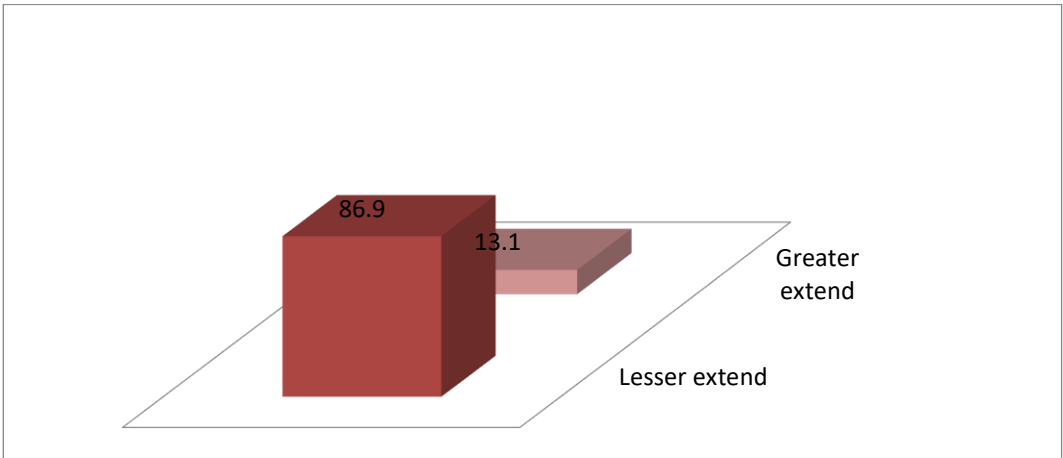


Figure 5.45: Percentage Distribution the Innovativeness

Most (87%) employees were allowed to use their creativity and innovativeness to a lesser extent as shown in Figure 5.49.

**5.3.25 Health and safety systems at workplace**

Research findings on health and safety systems by SMEs in the furniture manufacturing sector showed that 78% of the SMEs have no health and safety systems at their workplaces. This implies that the health security for employees is not a key focus or concern for SMEs employers. Table 5.47 below shows the percent distribution of health and safety systems at workplaces.

Table 5.47: Distribution of Health and Safety at Work

	Frequency	Percent	Cumulative Percent
Yes	42	22.0	22.0
No	149	78.0	100.0
<b>Total</b>	191	100.0	

**5.3.26 Number of hours worked per week by employees**

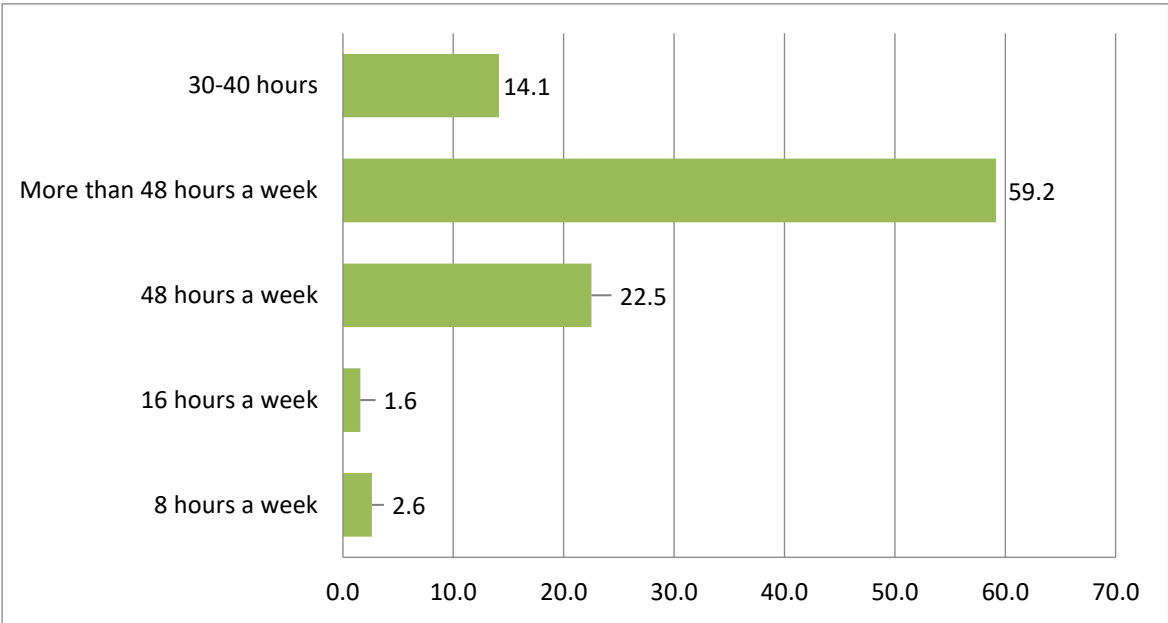


Figure 5.46: Hours Worked Per Week by Employees

More than half (59%) of employees worked for more than 48 hours per week. This standard is 8 hours more than the internationally acceptable number of hours that employees should be exposed to. However, in the SMEs under study, the employees were not paid for overtime benefits. It was the SMEs who benefitted excluding their employees. Close to 23% of the employees worked for 48 hours a week while 14% of the employees worked for 30-40 hours a week. The participating employees also claimed that they go on paid leave sometimes, as a motivational issue.

**5.3.27 Promotion of employees**

Figure 5.47 shows the percentage distribution of employees who were promoted since they started working.

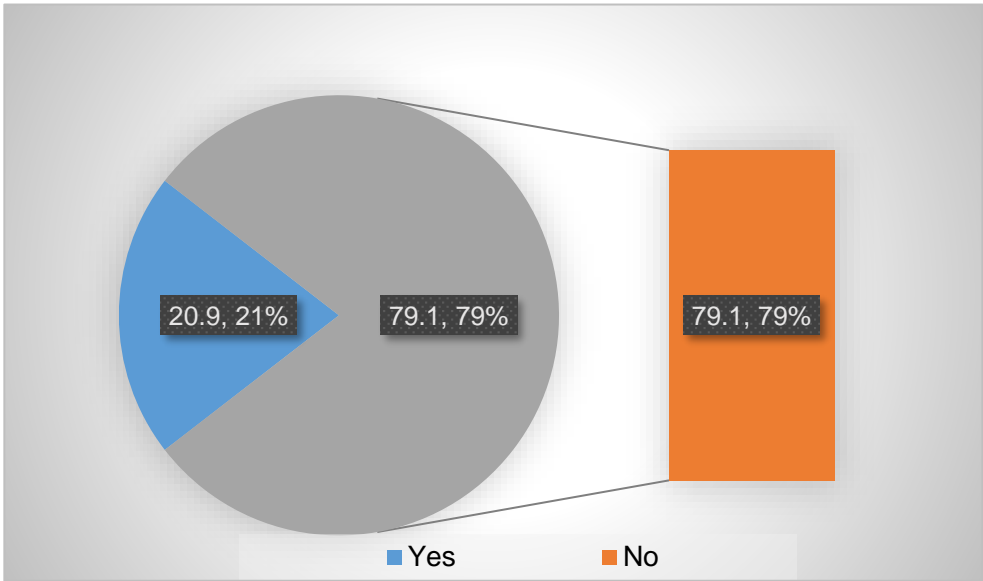


Figure 5.47: Percentage Distribution of Employees Who Were Promoted Since They Started Working

The majority (79%) of workers had not been promoted since they started working for their current employer. As indicated also from the qualitative results, lack of promotion dampens the spirits of the workers, causing them to go out and look for opportunities elsewhere”.

**5.3.28 Awareness of the current financial state of the business by employees**

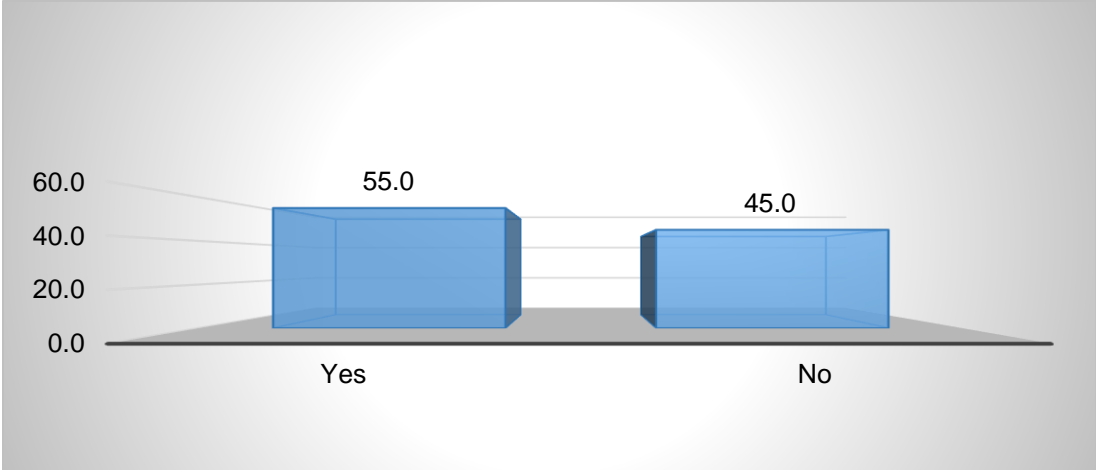


Figure 5.48: Percentage Distribution of Awareness OF THE Financial State of Business by Employees

Most employees (55%) were aware of the financial state of their employer`s business. Only 45% of the employees were not aware of the financial position of their employer`s business as shown in Figure 5.48.

**5.3.29 Employee insurance**

Figure 5.49 provides some statistics on the insurance status of the SMEs employees in Glen View Home Industry Complex.

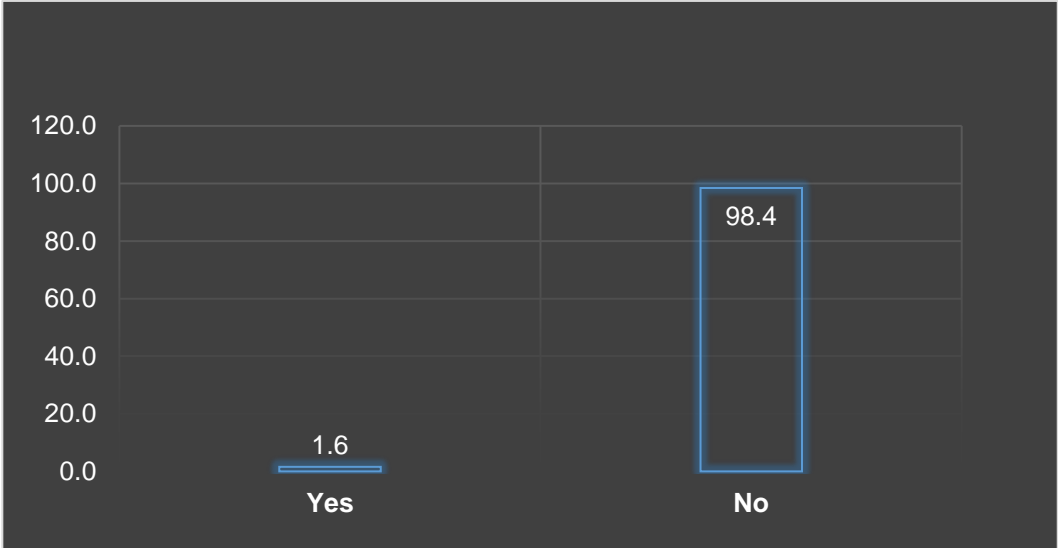


Figure 5.49: Percentage Distribution of Employees Who Are on Insurance

The research findings show that in general, a majority (98%) of employees in the furniture manufacturing sector were not insured against any form of accidents at work or other unforeseen circumstances at work.

**5.3.30 State of working conditions**

Table 5.48 shows the percentage distribution of working conditions by SMEs employees in the Glen View Home Industry Complex.

Table 5.48: Distribution of Working Conditions by SMEs Employees

State of working conditions	Frequency	Percent	Cumulative Percent
Very dangerous	111	58.1	58.1
Very safe	80	41.9	100.0
<b>Total</b>	191	100.0	

The state of working conditions is an important variable in the analysis of the situation of employees at work. More than half (58%) of the employees thought that state of working conditions is very dangerous whilst 42% thought it was very safe.

**5.3.31 Employees notice period before laying off**

In the event that there is need for separation, the study also sought to find if the employees are given any notice before being laid off from work as this is an issue of interest to the labour laws.

Figure 5.50 shows the percentage distribution of employee notice period before being laid off.

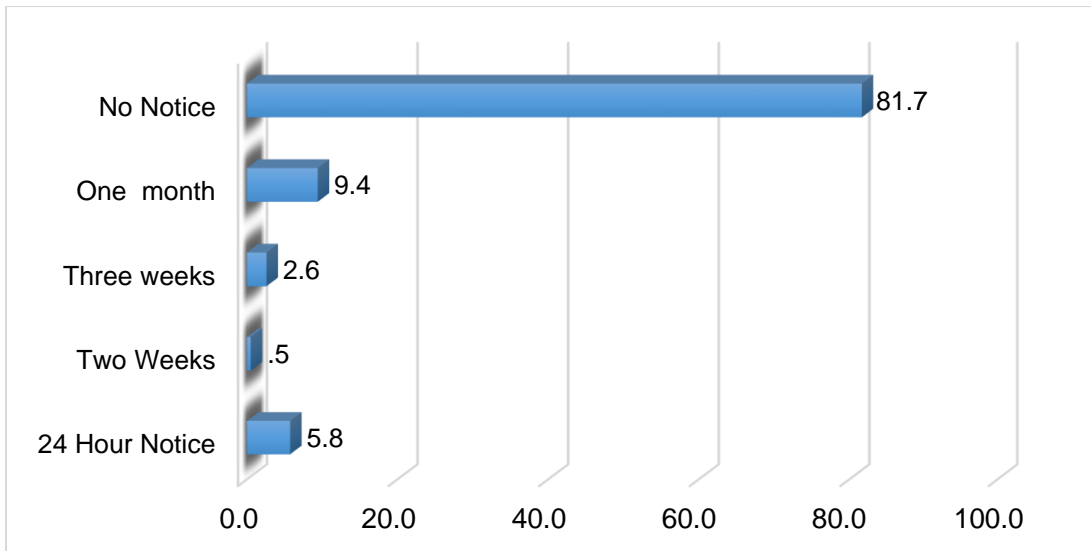


Figure 5.50: Percentage Distribution of Employee Notice before Laid Off

Close to 82 % of the SMEs employees were not given any notice before they were laid off, while about 6% of the employees were given 24-hour notice. The majority of the employees therefore, were working in fear of being dismissed at short notice which would not allow them to prepare for life post-employment period. This reduces the morale of workers.

### 5.3.32 Employees disciplinary measures

Table 5.49: Distribution of Disciplinary Measures Taken against Errant Employees

Disciplinary Measure	Frequency	Percent	Cumulative Percent
Fired	82	42.9	42.9
Arrested	35	18.3	61.3
No action	37	19.4	80.6
Suspension	18	9.4	90.1
Other	19	9.9	100.0
<b>Total</b>	<b>191</b>	<b>100.0</b>	

Generally, the SMEs have put in place some disciplinary measures against errant employees. The majority (43%) of the employees in the furniture manufacturing business knew that they would be laid off if they breach their conditions of service, while 18% reported that they could be arrested.

**5.3.33 Employees’ views on disciplinary measures**

Figure 5.51 reveals the percentage distribution of employees’ views on disciplinary measures.

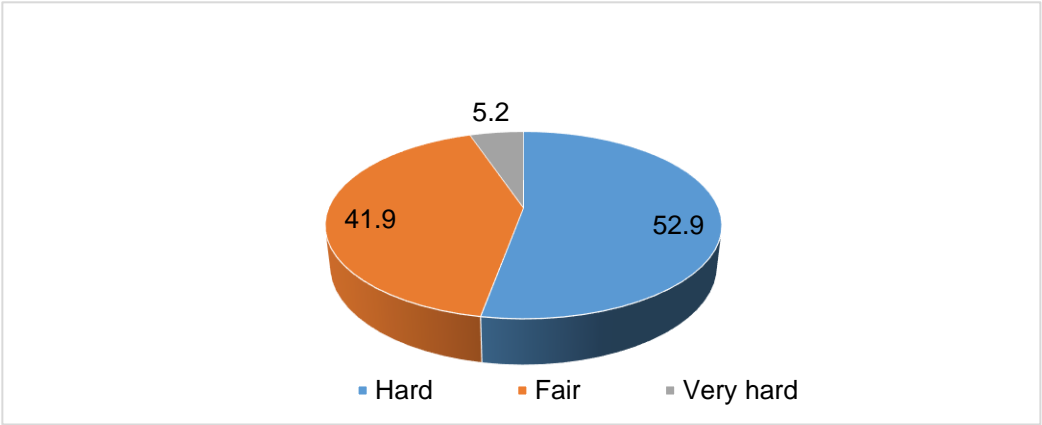


Figure 5.51: Percentage Distribution on the Views of Employees on Disciplinary Measures

The chart of the research findings shows that a majority of the employees in the SMEs furniture manufacturing cluster consider the disciplinary measures as too strict (53%) while about 42% consider the disciplinary measures as fair. According to the qualitative findings, the responses generally showed that the participants needed clarification and guidance on the rules of employment

**5.3.34 Compensation for working overtime**

Table 5.50: Distribution of Compensation for Working Overtime

Response Category	Frequency	Percent	Cumulative Percent
Yes	59	30.9	30.9
No	132	69.1	100.0
<b>Total</b>	<b>191</b>	<b>100.0</b>	

Most (69%) of the SMEs employees were not compensated for working overtime. Close to 31% of the employees reported that they are compensated for working overtime. The major differences in responses from the qualitative data was that employees revealed that compensated workers are more inclined to invest their commitment to the employer while those not compensated would seek new employment.

**5.3.35 Work satisfaction**

Figure 5.52 shows the percentage distribution on work satisfaction by employees.

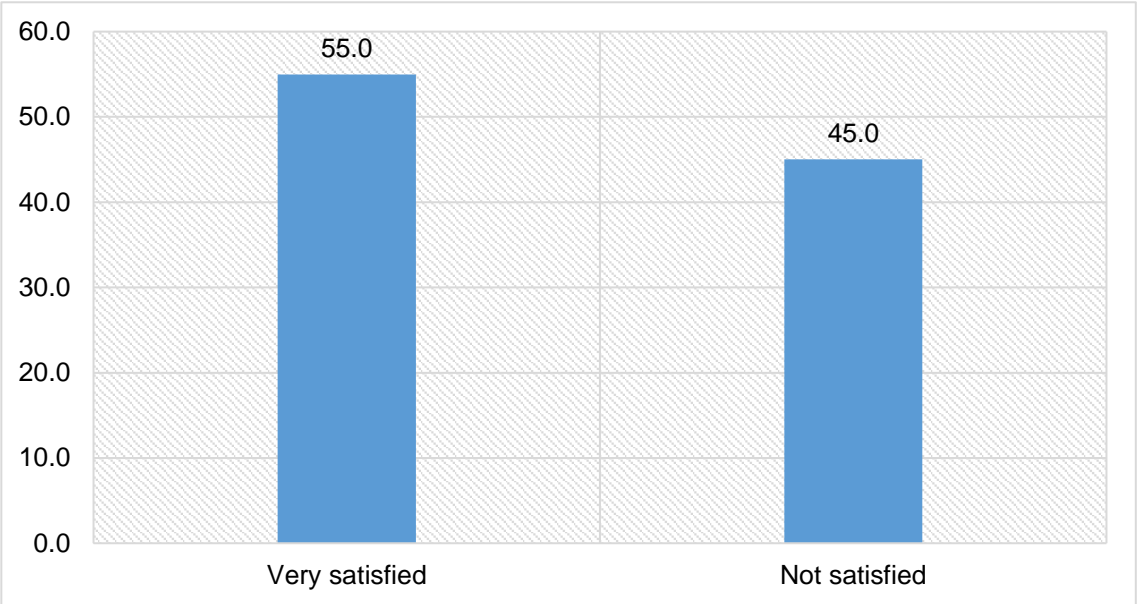


Figure 5.52: Percent Distribution on Work Satisfaction Index

Slightly above half (55%) of employees are very satisfied by their work while 45% are not satisfied at all.

**5.3.36 Employee relationship with fellow staff**

In order to determine whether the working environment including, among other issues, the relationship with work colleagues, the research sought to find such relationship with fellow staff as it also determines whether an employee stays on the job or not.

Figure 5.57 shows the percent distribution of relationships with fellow staff members.

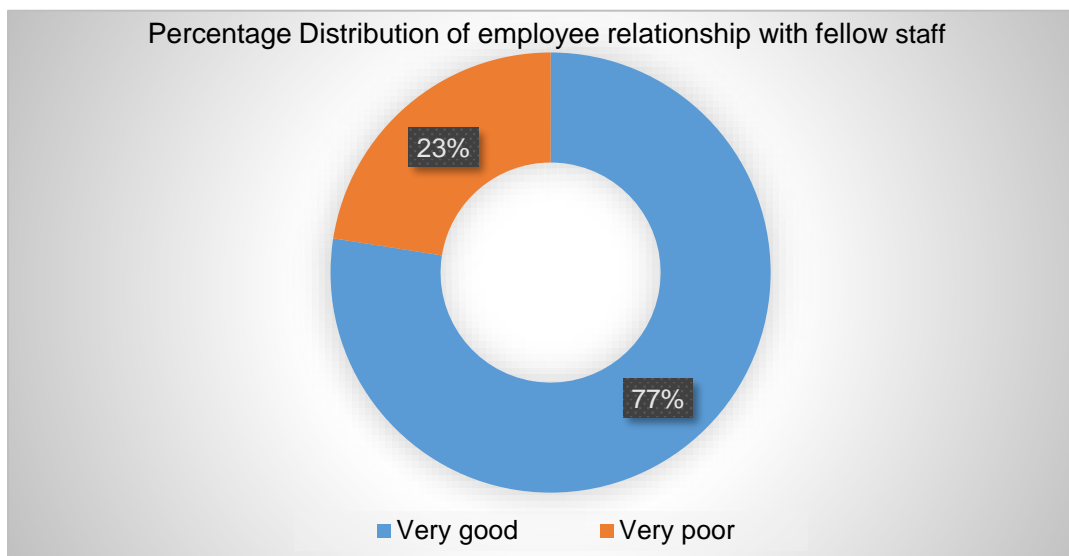


Figure 5.53: Percentage Distribution of Employee Relationship with Fellow Staff

The majority (77%) of employees experienced bad relationships with fellow staff members compared to 23% who reported that they enjoyed positive workplace relationships with fellow employees.

### 5.3.37 Employees` future aspirations in next 3 to 5 years

Table 5.51: Distribution of Employees` Future Aspirations In The Next 3 to 5 Year

Future aspirations	Frequency	Percent	Cumulative Percent
Change job	79	41.4	41.4
Start own business	64	33.5	74.9
Remain on the same job	41	21.5	96.3
Other	7	3.7	100.0
<b>Total</b>	191	100.0	

Less than half (41%) of the respondents reported that they would change their jobs, while about 34% of the employees had intentions to enter into their own business using the skills that they acquired from doing the current jobs. Less than a quarter (22%) of the employees had no intentions to leave their current positions for next 3 to 5 years.

### 5.4 Interviews with Key Informants

SMEs are a key source of current employment in Zimbabwe, especially for women, people with low skills, including the youth who never had seen industries operating in Zimbabwe. The purpose of this current research was specifically to evaluate the role of SMEs recruiting and retaining employees. However, results are also pointing to the need to extend the lens of this study in understanding the SMEs role in local economic development. It has become apparent that SMEs add to the government focus on creation of employment, creation of national wealth, poverty reduction and even the income generation at family level. This study also conducted interviews with the following key players in the SMEs industry.

Table 5.52: Interviews with Key Informants

Sector	Interviewees	Number
Ministry of SMEs	Permanent Secretary	1
SEDCO	Management	2
Harare Chamber of SMEs	Chairman	1
Leadership in the Glenview business complex.	Chairman, Treasurer and Secretary	3
<b>Total</b>		<b>7</b>

The key informants, as shown in the table above, were advised that the interviewer would take notes of the proceedings while a mobile phone audio recorder would act as back up. The informants were assured that the recording was only going to be used for academic purposes and, as such, the information gathered would be kept confidential and only be used for the intended purpose. To allow a smooth flow of the process, an interview guide with pre-set questions was prepared. Because this study used parallel questions with participants, the same guide was used for all the informants to enable the researcher to triangulate the responses from different

participants and compare their responses to a particular question. Clarity was sought from either party during the discussion as and when it became necessary. The following summaries of the findings were discovered:

- 1) The leadership from the complex and the other group were aware of the problems with the location of the Glen View Home Industry Complex. One problem cited was the location of the complex in a residential area, in addition to being too close to a fuel service station. There was a very high risk of fire erupting from either side of the businesses, which could spread to the petrol service station and vice versa. This posed a threat to human lives. They gave an example of two situations where the complex was gutted to ashes by fire. The fire may have been caused by human error or electrical faults. Within the workshops of the complex, there were highly flammable products like glue, paraffin and thinners used in the manufacture of furniture and this situation worsens the risk. Fortunately, when fire broke out in both incidents, human lives were not lost because the incidents happened at night after the complex had been vacated for the day. The informants from the complex however suspected that the problems may also have been caused by human beings trying to settle disputes.

The informants from the complex also highlighted that there were other problems that emanated from intervention of other people who have no direct relationships with the operations of the SMEs, for example *middlemen* who are not involved in the production of furniture. One participant summarised the general views of the rest of the interviewees this way,

“The middlemen or furniture touts capture prospective buyers and they charge them exorbitant prices for the furniture [that they

are not involved in making]. The producers cannot rectify the situation as they face the danger of being threatened or physically harmed by the middlemen.”

The producers just watch whilst the customer is being overcharged as long as they receive what is due to them at the end of the processes. The producer is told that as long as they get what they require (as the charge for the furniture), they should not complain.

Participant: “The consumer is the one who suffers at the end, because of the high cost of the goods caused by middlemen who may otherwise need to create their own employment.”

The informants blame the situation on the high unemployment rate in Zimbabwe, a situation which has resulted in the middlemen creating “employment” for themselves by taking over the marketing procedures from the manufacturers. The informants advised that there is need for government intervention to come with clear policies on the sector. The participants also revealed that the complex is overcrowded because it was built to house 484 SMEs but currently accommodates over 2000 SMEs. This information reveals that SMEs have particularly become the key source of employment in Zimbabwe nowadays especially to the revival of the economy. The SMEs have also become the significant source of the job creation, not only for struggling economies like Zimbabwe, but in any modern-day economy. This researcher concludes that SMEs contribute significantly to gross domestic product (GDP) growth and they ensure proper flow of money across the economy.

The informants at the complex proposed intervention by both the government and the Harare City Council to build proper structures because most of the

structures were built as temporal structures using plastic material or other alternative cheap material.

- 2) The participants at the complex revealed that allocation of the stands was done based on Zone 3 covering residential areas of Glen View, Budiriro, Glen Norah and Highfield. The interviewed participants indicated that names were submitted to City of Harare who then allocated the stands. This study revealed that the allocation was done by City of Harare, although it was clear that the political arm was in full control, specifically the ruling Zanu PF party whose structures were controlling occupancy of the stands. For example, when this researcher approached the complex, she was viewed with suspicion at the entrance point. However, through advice from other sources, this researcher had secured the political card of the ruling party in the event that it was required. The researcher however, was fortunate to recognise one individual she had worked with before. The researcher took advantage of this previous network to gain access to key informants for the study. It turned out that the one participant was related to the lady and this assisted a lot concerning the screening and clearance to proceed with the interview. The researcher produced the clearance letter from the Ministry responsible for SMEs as well as the clearance letter from the University of Lusaka to undertake the study.
- 3) Participants revealed that the complex was occupied by SMEs responsible for manufacturing of furniture, therefore, it was in line with the study area.
- 4) The informants revealed that the strongest points for the complex are that it is assisting with job creation for school leavers who are waiting to go to university or had no means to proceed with their education or have not passed their ordinary or advance levels exams.

The researcher also found that, before the complex was opened, there were reported cases of murder every week by the bridge situated a kilometre or so away from the Glen View Home Industry Complex. The opening of the furniture manufacturing complex assisted a great deal in reducing the crime rate. For example one participant said,

Participant: "Before this complex was opened, that area near the bridge was our dark spot in this area. For example, every week there were some incidences of robbery, murder and even women being attacked for purposes of rape. It was really very bad madam. Since this complex was opened, there has been a serious reduction of crime in the area..."

The participants generally revealed that their major concern regarding the complex was the several unfruitful meetings with City of Harare in connection with producing a design plan which meets regional standards. One participant said,

Participant: "The meetings addressed issues related to having the SMEs properly housed in safe environments. Regrettably, the meetings bore no fruit... The selected developer submitted plans that were approved. Currently at this complex, there is no security for our products and finished goods can be subject to theft and this is a high risk to the businesses and needs attention".

5) Through the interviews with several participants selected from the sample for the quantitative study, the study established that the interviewees were concerned about political intervention in which the Minister responsible for the SMEs would use the complex to gain political clout. This finding however could have been overtaken by developments in the political arena where there is a new interim government while the country was waiting for the next elections.

This researcher also recognised that the interim government moved the Ministry of Small and Medium Enterprises to the Ministry of Trade and Commerce. This change, however, does not reduce the critical role of the furniture manufacturing sector in creating employment and contributing to the economy hence the focus of this study.

- 6) Qualitative results of the study revealed that the complex was still experiencing problems of self-imposed middle men who charge exorbitant prices to the consumer for them to access furniture makers whom they had been directed to see after seeing some of their products elsewhere. This affected the businesses of marketing the furniture effectively.
- 7) Data analysis from the qualitative interviews of the research revealed that some furniture manufacturers at the Glen View Home Industry Complex were supplying *quality furniture* to the regional countries, including Zambia and South Africa. From this view, the Central Bank of Zimbabwe (RBZ) has advised that the SMEs should consider venturing into exporting more of their products to other countries in order to earn foreign currency. The advice from the central bank agrees with the justification for conducting this study that the SMEs are a key player and contributor to the GDP of the country, especially where the RBZ has taken interest in the furniture manufacturing.

## **5.5 Chapter Summary**

This chapter presented results and analysed them in line with the study's findings, research questions and literature reviewed. SPSS version 21.0 was used to generate some tables, bar graphs, pie charts as these aided in understanding through their visual effect. Interview guide, in which face-to-face interviews were conducted with

key informants, aided in supplementing sample. The next chapter interprets and discusses the results of the research findings.

## **CHAPTER 6**

### **INTERPRETATION AND DISCUSSION OF FINDINGS**

#### **6.1 Introduction**

This study sought to understand the employment conditions affecting the retention of employees in the SMEs furniture manufacturing sector in Zimbabwe. Several variables related to employment conditions were identified by participants, namely recruitment and selection, learning and development, disciplinary handling, remuneration, succession planning, organisational structure and organisational culture. This section of the study attempts to give meaning to the findings by discussing them in detail as guided by the research questions and objectives of this study. The chapter makes necessary cross referencing with related literature reviewed in order to address the main question raised in Chapter 1 so that we come up with a position for Zimbabwe.

#### **6.2 Employment Conditions Obtaining in the Furniture Manufacturing Sector**

In this study, conditions of service referred to employment contexts which guide all employees in their entitlements with regards to leave, working hours and other benefits. These form part of employment contracts. The results showed that SMEs were solely owned and family owned businesses with the implication that interest was in the elevation of families not workers. The workers were only entitled to their salaries. The absence of benefits was a clear indicator that most of the SMEs were too fluid and this pointed out to the reduced levels of commitment and creativity among workers. In relation to these observations, economic growth within the current tax regime may not address the economic growth along the GDP lines. This also tends to affect the gains that accrue to individual workers hence the lack of worker retention. Some of the results indicated that employees enjoyed very good conditions of services at 67.7%.

This had implications on government to refocus regulations so as to develop statutory instruments that would improve the qualities of conditions enjoyed by SMEs employees. The question that requires an answer now is: *Are the SMEs still an informal sector and should the ZIMRA Department, as a revenue collection authority, stay out of the formalization of collecting revenue in the SMEs?* This has greater implications for developing a model in which Zimbabwe takes a modified version of formalization of the SMEs sector to inject the growth of the economy from that perspective. Similarly, the Chinese model is viewed as the fastest economic growth model and the government indeed took notice of their SMEs, and some of the exports that Africa and the rest of the world are buying are a minimum creation of the SMEs. The employees' creativity will only be revealed if they begin to see that they have permission to use their own creativity and innovativeness at work to a greater extent so as to earn foreign currency for the company and country.

Generally, the combined findings clearly produced the bigger picture that employment conditions in the Glen View furniture manufacturing sector were unsatisfactory and they had a huge impact on the employee retention and or movement. These results confirmed the theoretical model discovered by Das and Baruah (2013) which demonstrated that, for organisations to retain employees, there is a need for securing employees through retention strategies that include *compensation, reward and recognition, promotion and opportunity for growth*. Participation in decision-making also is key for raising interest in the development process of the SMEs. The study, in addition to literature, suggested strategies that influence employee retention through the introduction of job satisfaction which reduces employee turnover. In agreement with this finding, Sanda and Ntsiful (2013) also discovered that some human resources practices such as inflexible workplaces practices, poor reward system and other

unfavourable conditions of service impacted negatively on the retention of employees in the SMEs sector as revealed in their study conducted in Ghana. This therefore clearly implies that the quality of employment conditions has influence on employee retention.

The study findings also implied that SMEs do not have agreed written down information in place to guide employees on their entitlements such that they would easily claim terminal benefits. As established in the study, employees did not have medical aid benefits, funeral policies, clear reward system and leave day accumulation, hence in many cases some would move on to a new employment without claiming benefits. This shows that the rights of employees are heavily infringed upon as the SMEs are operating in an informal manner where employees are not benefiting from any entitlements. Congruent to findings by Cardon and Stevens (2004), this study established that lack of worker entitlements reduces worker motivation which in turn leads to low creativity and productivity in a firm, in this case, SMEs. There are no written employment contracts that state employee entitlements, although employees only claimed their current salary at the point of separation with the key employer. This caused the SMEs employers to fail to keep legal documents highlighting the general conditions of service.

Similar to the findings by Cascio (2002), the study revealed a need for SMEs to develop capabilities of running their day-to-day businesses because they are crucial in unearthing the issues of employee retention and working conditions. In light of this, Cascio (2002) explains that the capabilities of owners of an organisation to run their day-to-day productive activities determine their worker retention and employment conditions they offer. In this study, the interrogation of the capabilities of SMEs in

running businesses on a daily business was clearly illustrated through findings shown in Table 5.13.

The poor working conditions were also highlighted in terms of the working hours and the employment entitlements. When workers are engaged, the SMEs owners tend to value the number of hours that they put into their work versus the earning power that should increase depending on the number of hours put into an honest day's work. This is exemplified by lack of evidence of insured workers against any form of accidents or other unforeseen circumstance at work. In view of these statistics related to lack of employer concern, the study arrived at one conclusion that the poor working conditions in the SMEs have a heavy bearing on the weak employee retention that characterises these businesses in Zimbabwe.

The failures by SMEs were consistent with study findings which revealed that employees' entitlements that form part of employment contract are not clearly stated and documented in the SMEs studied. This finding was similar to the ownership of the businesses where the majority of the businesses are solely owned and family owned and, as such, the employers are still in the development stages before coming up with clear conditions of service and clear reward system, leave days accumulation, funeral policy assistance, medical benefits and pension. The majority of the SMEs owners are their own bosses hence they find no basis for giving themselves contracts; they did not know how to separate themselves from the businesses. In light of this, Avanesh (2011) notes that family owned businesses are fraught with problems linked to issues of entitlements as these exploit the worker's rights based on family relations. The researcher concluded that family owned businesses did not show any indications of interest in putting in place employment conditions that may have negative impact on the family relationship in the event that the '*contracts*' are violated.

### **6.2.1 Recruitment and selection**

The efficiency and efficacy of the recruitment and selection process in the SMEs sector has been largely contested by scholars. Chan (2009) alludes to difficulties in recruitment and conditions of service as contributing factors to employee retention challenges. Khan (2013) found that employees in the SMEs sector are paid less than their counterparts in the formal sector employment. This study also confirms these positions as the recruitment by SMEs at Glen View Home Industry Complex is not systematically done but flawed in nature as it is based on relations or desperation of the employee. The absence of documented employment conditions therefore makes it difficult for the employee to raise grievance against the employer.

The study findings of this research are instructive as they appear to be contradictory in the sense that, on one hand, the respondents reported that the recruitment and selection time was very short and the same respondents, on the other hand, reported that the recruitment process was very difficult. However, Wright (2007) agreed in part with some of these findings stating that recruitment in the SMES is slow and highly disorganised as it is not formal but depends on expediency. From this finding, the researcher arrived at the conclusion that, if the recruitment process is short, then it is not very difficult. It is easy to understand why the recruitment process is short because most of the employees were revealed to be relatives or distant relations hence the recruitment process was short. Such job seekers do not apply for jobs as expected in the formal employment. Instead, it is more of referral through word of mouth which results in the job seekers just walking into the complex and approaching the SMEs. In the case of relatives, again, it is a question of a word of mouth where the relatives are just advised to come and start work. This finding confirms findings by Van Hoyer and

Lievens (2009) who contend that in economies that are based on SMEs, it is inevitable that the '*word of mouth*' can be used for attraction and retention of employees.

Confirming an earlier discovery by Abdullah et al. (2007), it was clear from the findings of this study that, from both the employer and the employee, the recruitment and selection is an important variable which needs to be managed strategically because it has potential to influence the retention of employees in the SMEs. .

From the findings, the tendency shows that, if recruitment and selection is not brought to its finality by putting in place the conditions of service that are clear and implemented, this recruitment and selection variable may have an impact on retention of employees in the furniture manufacturing SMEs sector in Zimbabwe. The findings in this study, also agreed with other findings by Breucker (2001) that alluded to small enterprises paying very little attention to issues of safety, occupational health and workplace health promotion as part of employment terms and conditions. Organisations that do not pay attention to proper recruitment procedures experience high risk of recruitment cost and high increase in employee (Chan & Kouk, 2011) as confirmed by findings that confirm the theory that recruitment and selection decide the future survival of SMEs. From the proposed conceptual framework adopted for this study, the recruitment and selection variable was influenced by the organisational culture and structure. The furniture manufacturing SMEs participating in this study need to use proper organisational culture and structure to guide this principle. This is critical if the SMEs are to employ and retain skilled employees, and this could be further complemented by documented employment conditions.

The recruitment and selection variable at Glen View Home Industry Complex, as depicted in the proposed conceptual framework, had impact on employee retention. If this variable is addressed together with the other variables, it results in motivation of

employees and employee retention. Motivation of employees is strongly linked to the recruitment process, especially the clear terms and conditions of service agreed during the recruitment process by both the employee and the employer (Arnold, 2005). These have a bearing on how the employee would behave in relation to the conditions of service guaranteeing the extent of worker retention for the employer. In light of this observation, this researcher concludes that faulty recruitment would also lead to poor worker retention due to untenable working conditions that the employee would be exposed to, as highlighted in the presentation of results.

### **6.2.2 Learning and development**

Similar to the knowledge retention (KR) model by Doan et al. (2012), learning and development in human resources management is an important component for organisations. This entails job training and having refresher courses in the development of staff members so that they execute their duties well. Edvardson and Durst (2013) posit that the SMEs have been lagging behind in employee staff development such as training and workshops that enhance employee ability to execute their duties with precision. As confirmed in this study on the Glen View furniture manufacturing sector, it was revealed from a sample using questionnaires that the employees had skills that matched their current jobs. This implies that learning and development was not considered by the employees as an issue affecting conditions of service.

On the employers' side, it was revealed that employers were not capable of developing their employees, suggesting that the employer may also not be considering the variable as important in the retention of employees. This finding was echoed by Khan (2013) whose study concluded that the primary concern of SMEs is to make profit, the

development of workers is seen as luxury as the goal of making profit is supreme to anything else in the firms. Although this study discovered that the responses from the employer and employees suggested that this variable was not taken seriously, it was however likely to have an impact on the retention of employees in the SMEs sector if it was not addressed.

In this study's findings, the learning and development variable was not valued seriously by both the employers and employees. However, in literature (Storey & Sisson, 1993), training should involve preparing employees with the skills they require for them to perform highly on their jobs and that it needs to represent employer's commitment to its employees. The conclusion from the combined revelations of this study and the reviewed literature was that there is a positive relationship between investment in training and employee commitment (Bassi & Van Buren, 1999; Irving & Thomas, 1997).

Earlier findings by Arnold (2005) and Bernsen, Segers and Tillema (2009) indicate that it is important for organisations to provide learning opportunities to their employees. The reason for this is based on the theory of diffusing knowledge to empower the economy; a thrust which Zimbabwe currently desires. This study also confirmed these earlier findings but the importance of the current finding is that the majority of participants did not agree with this conclusion from literature.

The study further examined findings on SMEs financing of businesses and business turnover per year as well as the fixed costs related to the businesses. Findings from that data analysis established that the learning and human development variable requires a clear budget at the level of each SME and that financing obtained by the

furniture manufacturing SMEs needs to be channelled towards running the business and meeting fixed costs. This partially agrees with Bassi and Buren (1999) whose study concluded that successful organisations attract and retain the best employees by budgeting efficiently for learning and development activities. However, there is no answer to how this may be achieved under the type of economic environment where a country like Zimbabwe is experiencing a plethora of problems. There is a need for further studies to identify what works for Zimbabwe. In light of this, it can be noted that financing plays a very pivotal role in the learning and development of workers and this variable requires adequate funding.

The study also established that the resources to finance business activities and the level of funding could not meet training needs even if the furniture manufacturing SMEs were to embrace learning and development in their budgets. This finding reveals difficult times ahead for SMEs. In Zimbabwe, funding for SMEs comes from peers and relatives and one can safely conclude that such funding would not be enough to meet training budgets. There is no available model beyond these current practices in the Zimbabwean context.

In addition to the above, a study by Sanda and Ntsiful (2013) showed that training involves preparing employees with the skills they require to perform on their jobs and that it is deemed to represent employers' commitment to their employees. The understanding is that training is a continuous process so that employees continuously improve their performance at their jobs.

### **6.2.3 Remuneration of the employees at the Glen View Home Industry Complex's furniture manufacturing sector**

Willis (2000) defines remuneration as the total amount of the monetary and non-monetary pay provided to an employee by an employer in return for work performed. It also includes payments such as bonuses, profit sharing, overtime payment, achievement rewards and commission. According to Willis (2000), organisations need to design fair remuneration packages so as to attract and retain skilled employees. This finding is also supported by Parker and Wright (2001) who submit that monetary rewards can persuade behaviour change and help to form a bond between the employer and employees. Khan (2013), however, found that while employees in the SMEs sector are paid less than their counterparts in a formal sector, they still work to produce quality products although this difference increases the challenges in attracting and retaining skilled employees. In the case of SMEs, for example, Nyoni (2010) observes that workers in the SMEs sector are heavily exploited as they receive meagre salaries which are not even above the poverty datum line of \$500. The SMEs reward system is also heavily flawed as it is based on great levels of exploitation.

The fact that the SMEs were individual owned businesses meant that they were also their own employer, and this resulted in the absence of clear remuneration policy. The tendency was to just use the money from the business for upkeep or household use as and when need arises.

The ownership also explains why there was no written contract stating remuneration and other benefits of employees. This could be the reason why the SMEs did not offer employee benefits as highlighted in our findings. The findings from both the employers and employees clearly showed that remuneration is a crucial condition which had impacted on retention of employees.

The SMEs also faced a number of challenges that affected their worker retention and the employee working conditions that they provided. Adeoye and Fields (2014) agree with this position of the current study because they say worker retention and employee working conditions should not be constructed in a vacuum, but are heavily influenced by the SMEs' muscle to withstand challenges they face. From the sample studied in the Glen View furniture manufacturing sector, the study established a number of challenges related to remuneration such as unclear reward system offered by the employer, employees earning less than US\$50 per month and some not getting any salary increment since they started working. Some employees did not get any additional benefits since they started working and others did not receive any additional employment benefits. This showed the direct connection between the owner and the SMEs. They think more about themselves than the business itself.

The irregularities in employment conditions created major problems that negatively affected employee retention as discovered also by other studies (Barney & Wright, 1998; Parker & Wright, 2001; Taplin & Winterton, 2007) which commonly agree that irregularities or non-payment of bonuses results in retention challenge. The employees may also not be aware of their rights with regards to working conditions and the work environment. The employee retention and job satisfaction model by Das and Baruah (2013) shows that there is a direct relationship between employee retention and job satisfaction. Employee retention is therefore dependent on the remuneration given by the firm to its workers leading to job satisfaction. Abdullah et al., (2007) posits that job satisfaction, which is a key factor in worker retention, hinges greatly on good remuneration. The more sustainable the remuneration, the higher the chances of good worker retention. It is clearly confirmed in this study that, in the furniture manufacturing SMEs sector in Zimbabwe, remuneration is a retention strategy. Those who stay in the

SMEs for extended periods know that their chances of survival or growth depend on the remuneration strategy they employ. However, in as much as worker retention depends on the remuneration strategy, the depressed economic situation over the years has contributed to the challenges in the failure by SMEs to provide good remuneration.

#### **6.2.4 Succession planning in the SMEs at the Glen View Home Industry Complex's furniture manufacturing sector**

According to Adewale and Abolaji (2011), succession planning is the process of identifying and developing employees to fill key positions in an organisation. It can prepare an organisation for when other employees leave and for employee promotions. Similarly, Avanesh (2011) found the relationship between succession planning and organisational performance as positive. Succession planning prepares an organisation for expansion or reorganisation (Government of Alberta, 2012).

SMEs in most developing nations lack credible and sustainable succession plans. The availability and implementation of a succession plan in SMEs is dependent on the ownership structure of the business. Yon and Evans (2011) submit that the SMEs in developing nations lack clear succession plans because of how they are managed. From the sample that participated in this study in the Glen View furniture manufacturing sector, the results from the qualitative questionnaires revealed that the majority of SMEs were either solely owned or family owned. This finding has implications for the succession plan or matrix in management of the business. For example, it was found that there was no clear development plan of takeover.

Job security and succession planning are interwoven. Clear succession planning guarantees employees good and credible job security in a firm (Cardon & Stevens,

2004). In light of this, the study established that job security is an important aspect suggesting that the majority of employees do not consider succession planning an important variable since they would prefer to stay on the job if the working conditions are favourable. With regards to job security on the employees' response, this study concluded that this may only be achieved when employees get promoted to occupy higher positions. Meanwhile there is need to close the gap that is likely to be created by preparing human resources for succession planning through an '*on the job training or external training*,' both of which are subject to affordability by the organisation. The finding that job security is important in terms of work ethics is critical and can be achieved by implementing a good succession plan.

From the actual spoken words of participants in this study, the succession plan needed to be based on the strong quality of leadership that should be able to foster such policy. This agrees with Cascio (2002)'s analysis and discussion that highlights that one aspect of successful SME leadership is to manage the SMEs with clear, sound and sustainable succession plan. This management variable is important for the growth and success of the furniture manufacturing SMEs in Zimbabwe and a critical employment condition requirement. Assuming that the solely owned businesses need to continue in operation in the future, there is need to plan for succession in recognition of the pivotal role of SMEs in contributing to the economy in Zimbabwe. As growing organisations, SMEs need to prepare for human leadership replacements when senior employees leave and when there are employee promotions. This succession planning could assist in preparing an organisation for expansion or reorganisation and this would be consistent with the key role and space that the furniture manufacturing SMEs want to occupy in Zimbabwe.

### **6.2.5 Disciplinary handling in the SMEs in Glen View Home Industry Complex's furniture manufacturing sector**

Chirasha (2013) posits that disciplinary action involves situations and processes where an employer might need to raise serious issues with an employee. The actions are considered a corrective measure to prevent misconduct that may lead to reduced quality of performance. The known common disciplinary actions are warnings, suspension from work, removal of certain privileges, demotion and, in serious cases, dismissal. Disciplinary handling should be taken out as a corrective tool rather than as punishment and should not disrupt employees' commitment and motivation (Chirasha, 2013).

Although punishment is considered a corrective tool as highlighted above, disciplinary handling can also lead to punishment when one cannot draw a line between corrective action and punishment. Delery and Gupta (2016) explain that disciplinary actions come in different ways which include dismissals, hearings, sanctions and suspensions from the firm. None of the standard procedures were reported in Table 5.49, showing that there is lack of knowledge procedures for handling discipline problems. Not only does this affect retention, but also continuity. Findings from both employers and employees revealed that this variable was not given the importance it deserves although has the potential to impact on the retention of employees in the SMEs sector.

Furthermore, referring some disciplinary cases for criminal prosecution as corrective action because of the different circumstances may damage reputation of some of the SMEs. However, this should not be regarded as disrupting motivation and commitment. Chan (2009) explains that disciplinary handling is indeed unavoidable and can lead to *punishment* or *prosecution* as corrective action. From both the employer and employee, this variable is important as an employment condition

because employees who lack discipline cannot be retained by the employer; hence separation is inevitable. Disciplinary handling has therefore an impact on the retention of employees in the SMEs sector.

### **6.3 Other Employment Conditions Affecting the Retention of Employees**

The nexus between the labour legislations and the employment conditions in the SMEs were revealed by the findings of this current study as a factor that affects the retention of employees. However, in contrast, Chan (2009)'s decade old findings highlighted that labour legislations and the SMEs have no symbiotic relationship as these are not acquainted with each other well. This study's revelation that 80.1% of the business owners and 65% of the employees had been educated up to ordinary level implies that there was a knowledgeable sample in this study. However, this study also established that SMEs employees were not aware of trade unions representing their interests in furniture manufacturing industry. This finding led to the researcher questioning the quality of education received by SMEs employees in the manufacturing sector. This lack of knowledge exposed the employees to poor employment practices which could be addressed by engaging the trade unions of the sector. The failure to get assistance from the trade unions meant that the employees did not have job security. When the employees were exposed to unfavourable employment conditions, they opted to leave their jobs, hence the challenge with retention.

In addition to the above, in as much as workers may be knowledgeable about the financial status of their employer's business, there was no guarantee for good employment conditions. Cardon and Stevens (2004) highlighted that dealing with a firm's finances does not guarantee good employment conditions for workers. If the employees could use the knowledge to negotiate for better employment conditions, this would result in employee retention and possible business sustainability and growth

of the SMEs furniture manufacturing sector. Poor employee retention strategies used by some of the SMEs has led to stifled and stunted growth of their businesses in developing nations. According to the basic structural model for retention of employees by Zin et al. (2012) employee retention is enhanced by three controllable variables which include *organisational strategies, organisational culture and benefits factors*. In as much as employers may know some of the good employment conditions that guarantee good employee retention, putting them into practice still remain a challenge for these (De Cieri & Kramar, 2008). All these matters fall under employee benefits and form part of employment conditions which are viewed as retention strategies by employers. Absence of these benefits has impact on the retention of employees. Despite the challenges, this study revealed that in 2002, the government of Zimbabwe was one of the few countries in Africa that set up the Ministry of SMEs specifically to manage the SMEs sector. This was in recognition of the role played by SMEs in the economy.

#### **6.4 Chapter Summary**

This chapter interpreted and discussed the findings in detail in line with the results in the preceding chapter and literature reviewed. This approach addressed the main question raised in Chapter 1 so that the researcher comes up with a position for Zimbabwe. The next chapter draws conclusion and makes recommendations in line with the objectives of the study.

## CHAPTER 7

### CONCLUSION AND RECOMMENDATIONS

#### 7.1 Introduction

This study looked at the employment conditions and their impact on the retention of employees in the furniture manufacturing SMEs sector in Zimbabwe. Findings show that the four variables, namely *recruitment and selection*, *learning and development*, *remuneration* and *disciplinary handling* are employment conditions that have an impact on employee retention in the furniture manufacturing SMEs sector in Zimbabwe. The fifth variable, *succession plan* did not have an impact on employee retention in the SMEs furniture manufacturing sector. Although the findings from both the employer and employee suggest that this variable is not considered critical, it is likely to have impact on the retention of employees in the SMEs sector because there is a need to plan for succession in order to grow and sustain businesses in terms of skills retention. Basing on the findings in the study of the SMEs in Glen View furniture manufacturing sector, the following conclusion and recommendations can be drawn guided by the objectives of the study:

##### 7.1.1 Objective 1

- To understand the employment conditions obtaining in the furniture manufacturing SMEs sector.

In terms of prevailing employment conditions obtaining in the furniture manufacturing SMEs sector in Zimbabwe, the study revealed that these did not address the five variables, namely recruitment and selection, learning and development, succession planning, remuneration and disciplinary handling. After borrowing from various

theoretical frameworks by other researchers and improved on them, the study proposed a conceptual framework hereby recommended as the most suitable for the administration of the SMEs.

### **7.1.2 Objective 2**

- To critically examine the level of implementation of employment conditions and their implication on the retention of employees in the furniture manufacturing SMEs sector in Zimbabwe

In terms of level of implementation, the study revealed that the majority of the SMEs did not offer benefits such as leave accumulation, funeral policy, medical aid and pension to their employees. Despite the finding, there is realisation that some of the SMEs offer the said benefits where, for example, an employee is given some days off to visit their rural home, attend funerals or go on sick leave or even get cash to go to the clinic, hospital or doctor. However, the level of implementation of these employment conditions becomes a challenge because of the absence of documented benefits in the employment conditions handbook or employee contract both of which were not available. The absence of the written employee handbook and written employment contract makes implementation difficult or unfair and this has implication on retaining the employees in the SMEs furniture manufacturing sector.

### **7.1.3 Objective 3**

- To identify challenges faced by furniture manufacturing SMEs management in attracting and retaining highly skilled employees.

In terms of other challenges faced by furniture manufacturing SMEs managers in attracting and retaining skilled employees, the study revealed that SMEs face financial challenges, for example, accessing bank loans to grow their businesses.

The Glen View Home Industry Complex was considered as very dangerous place for SMEs in terms of safety. Structures in the complex are makeshift structures because they are now housing more than 10 times the capacity they were designed for. This affects the employee health and wellness. Power supply and storage of goods posed safety and security risks.

The study concluded that almost all SMEs in the Glen View Home Industry Complex do not export their products leading to the general conclusion that the sector is not playing its role in growing the economy of Zimbabwe through foreign currency earnings. Furthermore, the SMEs face challenges that affect their operations and these have an impact on employee retention. The researcher concluded that employees cannot be retained on SMEs jobs whose working environment is not safe, with little access to finance, with little use of technology and where there is shortage of foreign currency to enable managers to import material for use in their businesses.

#### **7.1.4 Objective 4**

- To evaluate the extent to which the Zimbabwean labour laws address SMEs sector with regards to employment and taxation practices.

In terms of whether the existing labour laws in Zimbabwe address issues of employment practices in the SME's sector, the findings show that the existing labour laws (Sections 2 and 3 of the Labour Act Chapter 28:01) as amended, address employment relationships in all sectors including the SMEs sector. The major challenges come wherein the businesses are not registered. The businesses remain informal and this makes invoking the provisions of the Labour Act as well as taxation of the SMEs difficult. The following conclusion and recommendations are drawn from the research.

## 7.2 Conclusion

The results of the study confirm that employment conditions in the small and medium enterprises furniture manufacturing sector in Zimbabwe have impact on employee retention. The study revealed a strong absence of documented employment conditions and this affected the level of implementation of labour regulations by the SMEs managers. There were no clear rules and procedures to guide both managers and employees in terms of implementation of labour regulations.

The present study and the reviewed related literature lead to the conclusion that the four variables, namely recruitment and selection, learning and development, remuneration and disciplinary handling as employment conditions are critical in the survival of the SMEs sector. The study revealed that SMEs managers in the furniture manufacturing sector at Glen View Home Industry Complex face challenges that include inadequate funding for their businesses, poor infrastructure resulting in high security risk for the business leading to stagnated growth in their companies. The abilities by SMEs to attract and retain skilled employees are affected by the unsafe working environment. Whilst Zimbabwean Labour laws include the SMEs sector, the employment practices in this key sector have not abided by the labour laws. The non-participation in trade union activities by SMEs employees confirms the informal tag.

The employees remain ignorant of the rights which could have been or were violated when the SMEs did not award basic benefits like medical aid, pension or even payment of salaries in some cases. The violations of fundamental labour rights go unchecked as there is no redress to the labour issues experienced in the sector. As a result, employees leave their jobs to try elsewhere or set up their own businesses.

Regrettably, things do not work out and the employees find themselves back at their previous employers in some cases, and this becomes a challenge for the SMEs sector.

The study revealed that a majority of the businesses are sole owned, or family owned, and this affects proper application of reward systems and benefits where, for example, a father employs his children or relative and views such employment as a favour to the children and relative. As a result, the SMEs owner does not feel obligated to pay the “employees” and this has impact on the retention of employees.

The taxation practices have not been fulfilled as the sector continued to exist as informal and not contributed to the growth of country’s economy.

Having spotlighted conclusions above, the study recommends the following:

### **7.3 Recommendations**

From the conclusions, this study proffers recommendations, first, for the employers, second for the employees and then for the government, as the policy maker responsible for growing the sector so that the SMEs contribute to the economy of the country.

#### **7.3.1 Recommendations at employer level**

There is a need for clear business plans to increase turnover, proper training in areas that assist in running the business and putting in place documented benefits for employees. This would result in good human resources management practices which would sustain the Zimbabwean SMEs sector. The managers of SMEs need to realise the importance of proper human resources management practices for the sustainability of their businesses. SMEs ought to secure enough resources to allow for

growth and be able to offer retention strategies such as basic medical aid, pension schemes, loan facilities and mortgage schemes.

### **7.3.2 Recommendations at employee level**

The employees need to take interest in knowing the financial status of the SMEs business that they are employed in. Such knowledge would assist in negotiating for better employment conditions whilst at the same working towards contributing to business growth. The employees should be innovative because this is crucial in the creation of better products that compete on the market. Continuous research through use of technology would broaden their minds and create better ideas for the business. If employees understand their contribution to improving the financial position of the business that they are employed in, they are in a better position to negotiate for good employment conditions. Innovative minds by employees would result in them enjoying their jobs better as they come up with unique products that compete on the market. The buyer visiting the Glen View furniture manufacturing sector does not get excited when viewing similar products across the work stations. There is need for employees to create products that attract the buyer. These recommendations have impact on employee retention because the employment conditions would be more favourable.

### **7.3.3 Recommendations at policy level**

The government of Zimbabwe should continue to recognise the pivotal role played by the SMEs sector with regards to growing the economy. Incentives such as financial support should be offered to attract formalisation of this sector which is playing a crucial role in the economy. The SMEs should be given a grace period to pay back any loans advanced to them by government whilst they grow their businesses. Sustainable solutions, such as financing the businesses to allow growth, should be implemented. Government policies on SMEs should, during drafting, involve the various interested

groups including SMEs representing their own interests. The policies should be accessible and usable by all SMEs. If the government policies are good, the SMEs sector will be more focused and their role in growing the economy will be enhanced. Their role in the country will be more visible as they contribute to the economy of the country. The SMEs would be formalised and assisted to grow to absorb more employees. If the employment conditions match those of formal companies in terms of the various policies and benefits, the employees could be attracted and retained by the SMEs sector. This results in labour stability and addresses the skills flight that the country is facing.

Lastly, the education system should be improved to teach children entrepreneurial skills and the role of SMEs in the economy. All SMEs should be formalised and regulated as any other business.

#### **7.4 Further Areas of Study**

Further research should consider replicating this study in other SMEs sectors in the country because the SMEs have become the in-thing and they contribute greatly to the Zimbabwean economy. The universities in Zimbabwe are channelling large numbers of graduates who are not being absorbed in the same economy that has a lot of challenges.

Another study looking at a different sector may enhance and extend findings from this study's experiences to that of the furniture manufacturing sector that this research looked at. Maybe the different products, different physical location and different resources may point at other critical issues to be understood. The availability of this study has therefore created gaps that need to be addressed regarding other sectors of the SMEs.

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## APPENDICES

### Appendix 1: Expository-SMEs Employees Survey

#### Expository - SMEs Employees Survey Questionnaires

The employees' survey questionnaire consisted of 38 questions. The questions were arranged in chronological order according to the main subject matter and the questions were closely related. The introductory part of the questionnaire simply asked whether the respondent was an employee or not and the respondent's preferred language of response. There was also a need to find out the respondent's willingness to proceed with the interview. The researcher's intention was to make sure that the research was dealing with the employee. The confirmation would assist the researcher at the end to compare the responses of the employer to those of the employee.

- **Q.1** - as a follow up to the introduction and confirmation of employment, sought to find out how long the respondent had been employed. This would assist in establishing the attraction and retention element being sought in this study.
- **Q.1-7** - sought to establish the level of education, skills that the employee holds, whether skills tally with the job that the employee holds. The questions also sought to establish whether the employee was trained on the job or whether the employee has embarked on any other training or skills improvement outside the job, as well as establish who sponsored the training. The questions were meant to establish the responses from the employer in the area of the qualifications of employees they recruit, the skills in relation to the job and the training that the employees offer to their non-managerial employees as well as the financial ability for the business to train its employees. By asking these questions, the researcher would be in a position to assess the objective of the study with regards to examining the conditions of service in the SMEs sector and their impact on attracting and retaining employees.

- **Q.8-10** - solicited for information on the age of the employee, how many places the employee had worked before, the reason for quitting previous jobs. By asking these questions, the researcher sought to establish the retention element of the research and whether this is related to the conditions of service.
- **Q.11-14** - sought to establish the recruitment process that the employee went through in terms of competition, time and attraction. The researcher wanted to establish the SMEs competences in attracting and retaining employees and whether the respondents' opinion is tallying with that of the employee as this will address the objective of whether the processes attract and retain employees.
- **Q.15-20** - solicited for conditions of service being offered by the employer. Specific questions were related to clear reward system, leave days, funeral policy, medical benefits and any other additional benefits. The questions also sought to check whether the employees valued good leadership, recognition for work done, promotion and job security. Furthermore, the questions sought to find out the salary range and how often the salary has been increased. By asking these questions, the researcher sought to compare what the employers claimed to be offering their employees with what the employees were actually receiving. The researcher intended to address the key objectives to the study wherein there is need to determine whether the obtaining conditions of service have impact on attracting and retaining employees in the SMEs sector.
- **Q.21-22** - sought to find out whether the employee is aware of the existence of a Trade Union that represents workers and if so, whether the employee was a member of the trade union for their specific industry. The researcher is aware of the existence of trade unions for various sectors and their role in representing workers. The trade unions assist in wage negotiations for the specific industries

and this assists in the case of employees who may not have the muscle to negotiate wages. In so doing, the trade unions assist in improving the conditions of service for the workers. The researcher will then establish whether the conditions of service have impact on attracting and retaining workers.

- **Q.23-24** - where designed to establish whether the employee takes part in decision making and whether the employee is allowed to use own creativity and innovativeness in the work place as well as asking to what extent. The researcher was probing this area as a possible retention strategy for the employee wherein the employee can exercise their mind and skill to innovate and produce products that are different from the usual and likely to attract both old and new customers for business growth as a retention strategy.
- **Q.25-31** - helped the researcher to understand the working environment with regards to safety and health insurance cover. The questions also sought to find how many hours' employees work per day, whether they go on leave and for how long, whether they get paid overtime and whether they were ever promoted/ appraised since joining the SMEs. The questions also sought to find out whether the employee knew the financial position of the organisation. The researcher was asking these questions to establish the working conditions in relation to the financial situation of the business and the impact on the attraction and retention of skilled employees.
- **Q.32-34** - sought to understand disciplinary issues and whether the employee can explain the form of disciplinary measures taken against an errant employee as well as the employees view on disciplinary measures. The researcher wanted to gain an understanding of the conditions of services in relation to instituting

disciplinary measures in an attempt to meet the objectives related to the retention of employees.

- **Q.35-37** - sought to find out whether the employees are satisfied with their work as well as describe the relationship with fellow staff as the researcher sought to establish the culture of the organisation as a working condition and whether this has impact on the retention of employees.
- **Q.38** - was the last question for the employee which sought to find out the future plans or dream of the employees say in the next three to five years. The research sought to find out what steps the employee was taking towards achieving the plan. The researcher also intended to alert the employer to think around succession planning or strategizing their businesses in the event that employees decide to move on or start similar or closely related business. The question addresses the challenges faced by SMEs managers in attracting and retaining skilled employees.

# Appendix 2: Employees Survey Questionnaire

## SMEs Employees Survey Questionnaires

Good morning / afternoon. My name is Avilla Dororosa Goba and I am conducting research on SMEs in Zimbabwe.

I would like to ask your opinion about a range of issues concerning employment conditions in the SMEs furniture manufacturing sector in Zimbabwe. It will take about 15 minutes, depending on your responses.

The results of the survey will be fed back to government and will be used to inform government policy on SMEs. Is now a convenient time to talk?

- Your co-operation will ensure that the views expressed are representative of all SMEs in the furniture manufacturing businesses
- The results will be available next year and will be posted on the SMEs website [www.smes.gov.zw](http://www.smes.gov.zw)
- All information collected will be treated in the strictest confidence. Responses will not be attributed to any individual or business. Results will be reported in the form of aggregated statistics.
- Contact for UNILUS is Dr. Lumbwe on +260 977 377 430
- SMEs have been randomly chosen from SMEs furniture manufacturing data base
  - Continue 1
  - Transfer to another respondent 2
  - Refused 3
  - Hard appointment 4
  - Soft appointment 5
  - Dead/unobtainable number 6

**Would you prefer the interview to be carried out in Shona or English?**

Shona	
English	

**Can I just check, are you an employee in this business?**

Yes	
No	

**1) For how long have you worked in your current employment?**

1 year	
2 years	
3 years	
4 years	
5 years	
More than 5 years	
Unwilling to answer	

**2) What skills do you hold?**

**3) How much does this job tally with your skills set? (Scale: Very much to Not at all)**

**4) If none where you trained on the job?**

**5) Have you embarked on any other training or skills improvement course? If yes, how often?**

**6) If yes, who sponsored the training?**

**7) What is your level of education?**

A degree or equivalent	
A levels	
O Levels	
Other [PLEASE SPECIFY]	
No formal qualifications	
Unwilling to answer	

8) Would you be able to tell me if you are ....?

Under 25	
Between 25 and 34	
Between 35 and 44	
Between 45 and 49	
Between 50 and 54	
Between 55 and 64	
Over 64	
Refused	

9) How many places have you worked in previously?

10) State the reason(s) for quitting previous employment?

11) How would you describe the level of competition to get the current job?  
(Scale: Very competitive to Not competitive)

12) How long was the recruitment process?

13) What were the main motives for joining this business as an employee?

Better working conditions	
Increase personal income / more money	
Just to maintain income	
Joined the family business	
Lost my job	
Passion/challenge	
Other (SPECIFY)	

14) How would you describe the recruitment process? (Scale: Very Difficult to Very Easy)

15) (a) What conditions of service are currently applicable in the industry?

(b) Do you have the following in place being offered by your employer?

a) Clear reward system

b) Leave days accumulation

- c) Funeral policy/assistance
- d) Medical benefits
- e) Pension

**(c) To what extent do you consider the importance of the following in your**

- a) Leadership
- b) Good relations
- c) Recognition for work done
- d) Promotion
- e) Job security

- 16) Which of the above conditions do you find most useful and why?**
- 17) What other conditions do you think should be applied in the industry?**
- 18) What is your salary range?**
- 19) Has your salary been increased since you started working here? If yes, How frequently?**
- 20) Do you receive additional benefits and allowances or other forms of remuneration? If yes, what are they and how often?**
- 21) Are you aware of a trade union that represents the interest of workers in the furniture manufacturing sector?**
- 22) If yes, are you a member of the trade union?**
- 23) Do you take part in making decisions in the company?**
- 24) Are you allowed to use your own creativity and innovativeness in your place of work? If yes, to what extent?**
- 25) Are there any health and safety systems at your workplace?**
- 26) How many hours do you work in a week?**
- 27) How often do you go on paid leave and for how long?**
- 28) Have you been promoted since you began working for this company?**
- 29) Are you aware of the current financial state of the business?**

- 30) Are you on any form of insurance in case of accident or other unforeseen circumstances?
- 31) How would you describe the state of the working conditions at your work place? (Scale: Very dangerous to Very Safe)
- 32) How much notice does the employer give before laying a worker off?
- 33) What forms of disciplinary measures does the employer take against an errant member of staff?
- 34) How do you view these disciplinary measures? (Scale: Very hard to Fair)
- 35) Are you compensated for overtime worked? Yes/No
- 36) How satisfied are you with your work? (Scale: Very satisfied to Not satisfied)
- 37) How would you describe your relationship with your fellow staff? (Scale: Very good to Very poor)
- 38) Where do you see yourself in the next 3 to 5 years from now?

**END**

I may want to carry out further research in the future. Would you be willing to help with that research?

Yes	
No	

Data will only be used to inform research on SMEs in aggregate - we will never reveal information that identifies any individual business - and your survey responses remain strictly confidential.

Do you give your consent for us to do this?

Yes	
No	

RESPONDENT'S JOB TITLE

Male	
Female	

THANK RESPONDENT AND CLOSE INTERVIEW

I declare that this survey has been carried out under University of Lusaka instructions and within the rules of the UNILUS Code of Conduct in Research.

Interviewer signature:

Date:

**Start time:**

**Finish time:**

**Interview Length:** mins

## Appendix 3: Expository - SMEs Employers Survey

### PRIVATE & CONFIDENTIAL

#### Expository - SMEs Employers Survey Questionnaire

The employers' survey questionnaire consisted of 18 sections numbered as Section A to R.

- **Section A** - was designed to gather information on the size of the business in terms of the number of operating sites, the number of employees, the principal activity, legal status and the number of years the business has been in operation. This section enabled the researcher to have an appreciation of the basic information about the business.
- **Section B** - is on business support information that the business owners tried to get on how to run the business, improve on operations, marketing of products, financial and legal advice and the information sources utilised. The researcher tried to establish whether the business owners make informed decisions in terms of attracting and retaining skilled workers. The business is able to attract and retain skilled manpower if it's operating viably and within the confines of the Zimbabwean labour laws.
- **Section C** - solicits information on the number of people recruited in the past 12 months preceding the research. This section provides information on whether the business is growing in terms of employment whether it is downsizing or maintaining the same number of people.
- **Section D** - is on the nature of products produced and whether their market goes beyond the Zimbabwean borders. It also discusses the barriers limiting the exportation of products. The business is able to retain skilled manpower if it is operating viably and operating at full capacity.
- **Section E** - was designed to gather information on the reasons for starting the business or what triggered the starting of kind of business that the respondent is in. This section helped the researcher to establish whether the business

owner/employer is technically skilled about the business' core activities and employee management. This will feed into retention of staff based on the technical knowledge of the core business and management practices.

- **Section F** - focused on the growth of the business. In this section the research sought to investigate the business owners' intention and ability to expand the business and, in the process, attracting and retaining or developing manpower skills. This section has questions on developing organisational structure and culture, managing employee recruitment, disciplinary management and other human resources issues.
- **Section G** - requests the business owners to highlight obstacles that are affecting the success of the business such as retention of skills, the economy, regulations, finance issues, competition in the market, energy costs and other costs that affect the business.
- **Section H** - solicits information on how the business manages its finances and its relationship with financial institutions as well as checking whether the business has sourced for capital elsewhere.
- **Section I** - solicits information on innovation. In this section the researcher sought to investigate whether the business had introduced new products or improved processes with the intention to expand the business. Innovation would improve the employees' morale as they would be given the opportunity to exercise their minds and to be part of the business reengineering process and hence want to stay on the job.
- **Section J** - sought to find out whether the SME had ever done any business for the public sector and specifically for the Ministry of Defence, Health Service, Education and local authorities. By doing business for public sector, this would enhance

visibility, grow the business, employ more people and specialise in line with the demand for the goods. With more employment being created through expansion, there would be a need to achieve the objectives of attracting and retaining employees.

- **Section K** - was on the impact of the business on the environment. It sought to investigate whether the business had taken any steps towards reducing the impact of their wastes on the environment. The section specifically asked for steps taken towards the disposal of damaged products, products recycling power consumption and water usage. The section sought to assess the impact of the working environment on the employees' health and the surrounding suburbs as this would assist in achieving the objectives. on whether the employment conditions have impact on employee retention.
- **Section L** - was on training and sought to find out whether the business arranged to train their managerial or non-managerial employees on site or off site at any point as a retention strategy and whether there had been any such training during the past 12 months. The section also sought to find out type of training offered and to whom it was targeted.
- **Section M** - was on technology use. It sought to find out whether the business was using technology such as ICT and internet. The section sought to find out whether there is access to internet at work, at home or on the phone. The use of technology and such access would address the objective of this study for attracting and retaining employees and would be linked to the demographic information sought in section Q.
- **Section N** - was on turnover of the business with a request for the business to indicate the approximate turnover in the past 12 months. The question would assist

in addressing whether the objectives to attract and retain employees would be achieved because the higher the turnover the better the chances of attracting and retaining employees and the reverse is true.

- **Section O** - was on VAT and Legal Form. The question solicited for information on whether the business is VAT registered or not. If registered, when the business got registered. The question was meant to establish the legal status of the business and compliance issues with the county's laws.
- **Section P** - was on ownership where the researcher sought to find out whether the business was a sole or family- owned business as well as whether the business was male, or female owned. The ownership status would assist in addressing the objectives related to the conditions of service that the employer offers and whether these have impact on attraction and retention of employees. The conditions of service offered have effect on the type of employee to be attracted.
- **Section Q** - is on personal demographics in which the researcher solicited information on the qualifications of the employer and the age as these have a bearing on the way the business is run including the skills that are relevant to enable the employer to attract and retain employees.
- **Section R** - is the last part of this research tool in which the researcher sought to find out whether the respondent would be willing to assist in future research. This part also assured the respondent that the survey responses will remain confidential and the section requested the respondent to indicate their job title and gender.

SCREENER - ASK TO SPEAK TO OWNER/OTHER SENIOR DECISION MAKER

## Appendix 4: SMEs Employers Survey Questionnaire

### SMEs Employers Survey Questionnaire

Good morning / afternoon. My name is Avilla Dororosa Goba and I am conducting research on SMEs in Zimbabwe

I would like to ask your opinion about a range of issues concerning small businesses; it will take about 20-30 minutes, depending on your responses.

The results of the survey will be fed back to government and will be used to inform government policy on SMEs. Is now a convenient time to talk?

- Your co-operation will ensure that the views expressed are representative of all SMEs in the furniture manufacturing businesses
- Whether or not you like the government's actions this is your chance to influence them – everyone's views will be taken into account
- The results will be available next year and will be posted on the SMEs website [www.smes.gov.zw](http://www.smes.gov.zw)
- All information collected will be treated in the strictest confidence. Responses will not be attributed to any individual or business. Results will be reported in the form of aggregated statistics.
- Contact for UNILUS is Dr. Lumbwe on +260 977 377 430
- SMEs have been randomly chosen from SMEs furniture manufacturing Data base

- Continue 1
- Transfer to another respondent 2
- Refused 3
- Hard appointment 4
- Soft appointment 5
- Dead/unobtainable number 6

S1) Would you prefer the interview to be carried out in Shona or English?

Shona		
English		

S2) Can I just check, are you one of the most senior persons in day-to day control of the business?

Yes	
No	

**Sections to Ask**

<b>About the Business</b>	<b>A</b>	<b>Public Sector</b>	<b>J</b>
<b>Business Support</b>	<b>B</b>	<b>Environment</b>	<b>K</b>
<b>Employment</b>	<b>C</b>	<b>Training</b>	<b>L</b>
<b>Exports</b>	<b>D</b>	<b>Technology</b>	<b>M</b>
<b>Start ups</b>	<b>E</b>	<b>Turnover</b>	<b>N</b>
<b>Growth</b>	<b>F</b>	<b>VAT &amp; Legal</b>	<b>O</b>
<b>Obstacles</b>	<b>G</b>	<b>Ownership</b>	<b>P</b>
<b>Finance</b>	<b>H</b>	<b>Personal Demography</b>	<b>Q</b>
<b>Innovation</b>	<b>I</b>	<b>End</b>	<b>R</b>

**SECTION A: ABOUT THE BUSINESS**

A1) (Q1) How many sites in the Zimbabwe does your business operate from?

Number

A2) (Q1a) How many employees does your business currently employ across all sites, excluding owners and partners?

- include full and part time
- include temporary employees /casuals,
- exclude self-employed
- exclude owners/partners,

Number

A2 (Q1b)

QUOTAS	CODE
0 None	1
1-5 employees (Micro)	2
6-30 employees (Small)	3
31-75 employees (Medium)	4

A3) (Q2a) I have come up with 480 furniture manufacturing businesses in Glen View complex. As a general classification of your business activity and bearing in mind that this is a general classification only, does this sound about right? Please tick

Yes	
No	

A3) (Q2b) **If your answer is No to A3 (Q2a) What is the classification of your business activity?**


A4) (Q3) **What is the principal activity of your business?**

**What is the main product or service of this business?**

- **What exactly is made or done at this business?**
- **What material or machinery does that involve using?**

A5) (Q4a) **What is the legal status of your organisation? Please tick**

<b>Sole owned</b>	
<b>Family Owned</b>	
<b>Other (SPECIFY)</b>	
Refused	

A5) (Q4b) **Are you registered or not registered? Please tick**

Yes	
No	

A6) (Q5) **And how many years has your business been operating? This includes under all ownerships and all legal statutes. Please tick**

Less than one year	
--------------------	--

1 years	
2 years	
3 years	
4 years	
5 years	
6 – 10 years	
11 – 20 years	
More than 20 years	
Don't know	

A7) (Q6) **Has there been a change of ownership of the business in the past three years? Please tick**

Yes	
No	

**SECTION B: BUSINESS SUPPORT**

B1) (Q7) **Now I would like to move on to discuss the sources of advice and information you use when running your business. In the last 12 months have you sought external advice or information on matters affecting your business?**

Yes	
No	

B2) (Q8) **Was the assistance, information or support that you sought, related to**

	Yes	No
Business growth		
E-commerce/technology		
Employment law/redundancies		
Equal opportunities/discrimination		
Exporting		
Financial advice e.g. how and where to get finance		
Financial advice e.g. accounting, for general running of business		
Health and safety		

Innovation		
Legal issues		
Marketing		
Regulations		
Tax/NSSA payments		
Training/skills needs		
Other (SPECIFY)		

B3) (Q9) How did you mainly seek the piece of information or advice)?

Face to face	
Through a website	
By email	
On the phone	
Other (SPECIFY)	

B4) (Q10) Overall how satisfied or dissatisfied are you with the advice or information you received?

Very satisfied	
Fairly satisfied	
Neither satisfied nor dissatisfied	
Fairly dissatisfied	
Very dissatisfied	
Don't know	

**SECTION C: EMPLOYMENT**

C1) (Q11) You said earlier that your business currently employs [ ] people, excluding owners and partners. How many people did the business employ 12 months ago across all sites (still excluding owners and partners)?

Number

C2) (Q12) **Could I just check that you employed fewer staff a year ago than you do now?**

Yes	
No	

C3) (Q13) **Could I just check that you employed more staff a year ago than you do now?**

Yes	
No	

C4) (Q14) **How many people do you expect the business to employ in twelve months' time (excluding owners and partners)?**

**Could you tell me whether you expect to be employing**

<b>More than currently</b>	
<b>About the same</b>	
<b>Fewer</b>	

#### **SECTION D: EXPORTS**

D1) (Q15) **I'd now like to ask you a few questions about the nature of your products. So, first of all, does your business sell goods or product outside the Zimbabwe?**

Yes	
No	

**If currently selling outside Zimbabwe, How many years has your business been selling its products Outside Zimbabwe?**

Less than one year	
1 years	
2 years	
3 years	
4 years	

5 years	
6 – 10 years	
11 – 20 years	
More than 20 years	

D2) (Q16a) **Do you have plans to start exporting your products or services outside Zimbabwe?**

Yes	
No	

D3 (Q16 b) **If no, What are the barriers that prevent your business exporting products?**

Do not have a product or service suitable for exporting	
Not part of business plan	
Have sufficient markets in the Zimbabwe already	
Little knowledge of how to export	
Difficulty finding outside Zimbabwe customers	
Difficulty identifying opportunities	
Concerns about paperwork	
Fear of payment problems	
Too risky	
Lack of management time to pursue export opportunities	
Too costly	
Other (SPECIFY)	
Don't know	
Refused	

D4) (Q17) **Within the past 3 years, has your business received any unsolicited enquiries or orders from potential outside Zimbabwe buyers?**

Yes	
No	

Don't know	
------------	--

D5) (Q18) Looking ahead over the next 3 years, how likely is your business to make any export sales as a result of any of these enquiries?

Very likely	
Quite likely	
Unlikely	
Very unlikely	
Don't know	

**SECTION E: START UPS**

E1) (Q19) You said earlier that your business had been trading for less than 4 years. May I just ask, were you involved with the decision to start up the business at that time?

Yes	
No	

E2) (Q20) What were you doing before you started this business? Were you...

Running another business?	
Self-employed?	
Working as an employee for another business?	
Retired?	
Unemployed?	
In full time education?	
Other (SPECIFY)	
Refused	

E3) (Q21) I would like to ask you about your reasons for starting a business, was it mainly to take advantage of a business opportunity or because you have no better choices for work?

Take advantage of business opportunity	
No other choices for work	

A combination of both	
Lost my previous job	
Another reason (SPECIFY)	

E4) (Q22) **What were the main motives for pursuing this opportunity?**

Better working conditions	
Family commitments / wanted to work at home	
Greater independence/wanted to be own boss	
Increase personal income / more money	
Just to maintain income	
Joined the family business	
Passion/challenge	
Saw the demand / market	
Took redundancy from previous job	
Other (SPECIFY)	

E5) (Q 23) **What were the main reasons why you had no better choices for work?**

Did not like working conditions in previous job	
Lost my job	
My partner lost his/her job	
Family commitments / needed to work at home	
Found no job suiting my skills	
Previous business closed	
Took redundancy from previous job	
Other (SPECIFY)	

E6) (Q24) **What would have made it easier for you to start your business?**

Bank finance	
Government finance/grants	
General/other finance	
Information on how to start a business	
Advice on how to start a business	
Better economy	
Other (SPECIFY)	

E7) (Q25) **You said earlier that the business had changed ownership in the past three years, can I just clarify that it was you who took over the business?**

Yes	
No	

**SECTION F: GROWTH**

F1) (Q26) I'd now like to turn to the future that you foresee for your business. Over the next two to three years, do you aim to grow your business?

Yes	
No	

F2) (Q27) How likely is it that you will approach external finance providers to help fund this growth?

Very likely	
Fairly likely	
Not very likely	
Not at all likely	

F3) (Q28) Does your business plan to do any of the following over the next two to three years?

Increase turnover by exploiting new markets	
Increase the skills of the workforce	
Increase the leadership capability of managers	
Employ more staff	
Reduce costs by increasing the productivity of your workers	
Develop and launch new products/services	
None of these	

F4 (Q29a) I'd now like to turn to the range of tasks that you need to do when running a business, and for you to tell me how capable you think your business is at doing them.

I'm going to read out a list of business activities and I'd like you to rate your business from 1 to 5, where 1 is rated as very poor and 5 as very strong. You can include in your assessment any external expertise you use to achieve the task.

How capable would you say your business is at:

	V. Poor	Poor	Average	Strong	V. Strong
<b>Producing a Clear organisational structure and build a culture</b>	1	2	3	4	5
<b>Managing the recruitment and selection process</b>	1	2	3	4	5
<b>Developing and applying a reward system</b>	1	2	3	4	5
<b>Learning and developing your employees</b>	1	2	3	4	5
<b>Employee Disciplinary handling</b>	1	2	3	4	5
<b>Continuous assessment of employees performance and feedback</b>	1	2	3	4	5
<b>People management practices such as succession planning</b>	1	2	3	4	5
<b>People management practices such as Communication and involving employees in decision making</b>	1	2	3	4	5
<b>Management practices such as involving employees in developing new products or participate in operational improvement</b>	1	2	3	4	5
<b>Providing tools of trade including ICT tools</b>	1	2	3	4	5

F5) (Q29b) **Do you have a formal written business plan? IF YES: Is this kept up to date? Place a tick**

Yes – kept up to date	
Yes – but not kept up to date	
No	
Don't know	
Refused	

F6) (Q29c) **I'd now like to turn to the challenges if any that your business faces in the day to day operations and ask you to tell me how capable you think your business is, at doing them.**

**You can include in your responses any external expertise you use to achieve the task.**

- i) **When hiring new workers, do you face challenges of availability of skilled workers in the furniture manufacturing area? Yes/No**

ii) **In the event that you employed unskilled workers, how do they learn their jobs?**

(Are they send elsewhere for formal training/ They learn on the job)

iii) **Do you face the following challenges when trying to develop skills of your employees?**

- a) Limited financial resources (Yes/No)
- b) Prolonged absence of workers when away on training (Yes/No)
- c) Lack of training programmes and methods suitable for small furniture manufacturing businesses? (Yes/No)
- d) Lack of knowledge of trainings on offer (Yes/No)
- e) Workers not motivated for further training (Yes/No)

iv) **To what extent do you consider the importance of the following in your business?**

- a) Leadership
- b) Good relations
- c) Recognition for work done
- d) Promotion
- e) Job security

v) **Do you have the following in place in your furniture manufacturing business?**

- i) Clear reward system
- ii) Leave days accumulation
- iii) Funeral policy/assistance
- iv) Medical benefits
- v) Pension

## **SECTION G: OBSTACLES**

G1) (Q30a) **I am going to read you a list of issues and for each I would like you to tell me which, if any, currently represent the biggest obstacle to the success of your business?**

	Yes	No
The economy		
Regulations		
Obtaining finance		
Availability/cost of premises I operate from		
Competition in the market		
Shortage of managerial skills/expertise		
Shortage of skills generally		
Retention of skills		
Any other obstacles (SPECIFY)		
No obstacles		
No opinion		
Unwilling to answer		

G1) (Q30b) Which of these, if any, are specific issues that affect your business that relate to the economy?

Declining economy in Zimbabwe	
Reduction in demand for products	
Cash flow	
Pressure to reduce prices	
Increased costs of raw materials	
Increased energy costs	
Shortage of energy source	
High labour costs in Zimbabwe as compared to the region	
The regional economy generally	
Other (SPECIFY)	
Uncertain / Don't know	

G2) (Q31) You mentioned earlier that cash flow is an obstacle to the success of your business.

Which, if any, of the following do you consider to be causes of this cash flow difficulty?

Difficult/expensive to get credit from suppliers of raw material	
Early payment required by suppliers of raw material	

<b>High levels of working capital required by business</b>	
<b>Income tends to fluctuate</b>	
<b>Individual customers expect you to offer credit</b>	
<b>Default or late payment from individual customers to whom credit would have been extended</b>	
<b>Other (SPECIFY)</b>	
Uncertain / Don't know	

G3) (Q32) **Which regulations do you consider to be obstacles to the success of your business?**

Employment regulations	
Environmental regulations	
Registration regulations/paperwork	
Health and safety	
Minimum wage regulations	
Pensions	
Providing information/record-keeping	
Sector specific regulations	
No specific regulations/all regulations	
Other (SPECIFY)	
Don't know	
None in particular	
Refused	

G4) (Q33) **Which types of taxation, VAT, PAYE, NISSA, do you consider to be obstacles to the success of your business?**

NSSA	
PAYE	
VAT	
Other (SPECIFY)	
Don't know	
None of them	
Refused	

G5) (Q34) Which of the following specific issues do you think are covered by workplace health and safety regulations?

Maintaining a fire management plan	
Preventing people being killed, injured or made ill by work	
Controlling workplace pollution through waste management	
None of these	
Don't know	

**SECTION H: FINANCE**

H1) (35) How would you describe your business's relationship with its bank? Please answer on a scale of 1 to 5, where one signifies the relationship is very poor and 5 that it is very good.

1 – Very poor	
2 – Fairly poor	
3 – Neither poor nor good	
4 – Fairly good	
5 – Very good	
Don't know	
Refused	

H2) (Q36) Which of the following types of external finance would you approach to fund your business?

Peer to peer lending groups	
Bank	
SMEDCO	
Relatives	

None of these	
Don't know	

H3) (Q37) **Have you tried to obtain finance for your business in the past 12 months?**

Yes, once only	
Yes, more than once	
No	
Don't know	
Unwilling to answer	

H4) (Q38) **What did you try to obtain finance for?**

Working capital, cash flow	
Buying land or buildings	
Acquiring capital equipment or vehicles	
Training/staff development	
Buying another business	
Payment of Wages	
Other [PLEASE SPECIFY	
Unwilling to answer	

H6) (Q39) **What type of finance did you seek? Please include all types of finance including where you failed to obtain it.**

Bank loan	
Bank overdraft	
Loan from a SMEDCO	
Loan from family/business partners	
Loan from peer to peer lending network/crowd funding	
Other (SPECIFY)	
Unwilling to answer	

H7) (Q40) Which of these ranges does the amount of finance that you sought fall into?

\$	Less than \$499	\$500 to \$999	\$1000 to \$1499	\$1500 to \$1999	\$2000 to \$2499	\$2500 to \$2999	\$3000 to \$3499	\$3500 to \$3999	\$4000 to \$4999
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Refused

H8) (Q41) Did you have any difficulties in obtaining this finance from the first source you approached?

Yes, was unable to obtain any finance	
Yes, obtained some but not all of the finance required	
Yes, obtained all the finance required but with some problems	
No, had no difficulties in obtaining finance	
Unwilling to answer	

H9) (Q42) which of these, if any, are reasons why you have not applied for finance in the last 12 months?

You thought you would be rejected	
You thought it would be too expensive	
You don't want to take on additional risk	
Now is not the right time because of economic conditions	
You didn't know where to find the appropriate finance you	
Other (SPECIFY)	
Don't know	

H10) (Q43) **And which of these is the main reason for not applying for finance?**

<b>You thought you would be rejected</b>	
<b>You thought it would be too expensive</b>	
<b>You don't want to take on additional risk</b>	
<b>Now is not the right time because of economic conditions</b>	
<b>You didn't know where to find the appropriate finance you</b>	
Other (SPECIFY)	
Don't know	

H11) (Q44) **Do you have a problem with customers paying you later than you require them to in your normal terms of business?**

Big problem	
Small problem	
No problem	
Not relevant, as don't provide them with credit	
Unwilling to answer	

**SECTION I: INNOVATION**

I1) (Q45) **I'd now like you to think about innovation within your business i.e. new products and processes. Have you introduced new or significantly improved products or services in the past twelve months?**

Yes	
No	
Unwilling to answer	

I2) (Q46) **If you introduced new or significantly improved products are these new to your business or completely new (i.e. not introduced by anybody before you?)**

New to the business	
Completely new	
Unwilling to answer	

I3) (Q47) Have you introduced new or significantly improved processes in the last twelve months?

Please tick

Yes	
No	

I4) (Q48) Are you planning to introduce new or expand your business, in the next 12 months (or has anybody introduced new or expanded the business before you)? Please Tick

	Yes	No
<b>New to the business</b>		
<b>Completely new</b>		
<b>Expanded the business</b>		
Don't know		
Unwilling to answer		

## **SECTION J: PUBLIC SECTOR**

J1) (Q49) Have you actually ever done any business for the public sector?

Yes	
No	
Refused	

J2) (Q50) If yes which public sector did you do business for?

Ministry of Defence	
Local authorities e.g. local council	
Health Service, including Primary, secondary	
Higher/further education institutions	
Other	

**SECTION K: ENVIRONMENT**

K1) (Q51) **Has your business taken any steps to reduce the environmental impact it makes, such as reducing energy consumption, waste reduction or switching to recycled/sustainable materials?**

Yes – a lot of steps	
Yes – a few steps	
No	
Don't know	
Unwilling to answer	

K2) (Q52) **If yes, what steps have you taken so far to reduce the environmental impact?**

Changed products/services to reduce waste	
Increased waste recycling	
More teleconferencing/Skyping with clients/colleagues	
Reduced energy used in business processes	
Reduced paper consumption/recycled paper	
Reduced water consumption	
Reduced usage of environmentally damaging products	
Other (SPECIFY)	
Don't know	

**SECTION L: TRAINING**

L1) (Q53) **Over the past 12 months have you arranged or funded any formal off-the-job, or informal on-the-job, training or development for employees?**

**By off-the-job training we mean training away from the individual's immediate work position, whether on your premises or elsewhere.**

Yes – formal off the job
Yes – informal on the job
Yes - Both
No

L2) (Q54) Did any of the managers in the business receive this formal off-the-job or informal on-the-job training or development during the last 12 months?

Yes – formal off the job	
Yes – informal on the job	
Yes – Both	
No	
Don't know	

L3 (Q55) Was any of this training and development designed to lead to a formal qualification, regardless of whether this has been achieved or not?

Yes, most	
Yes, some	
No	
Don't know	
Unwilling to answer	

L4 (Q56) Was this the case for managers, for other staff, or for both of these?

Yes, managers only	
Yes, other staff only	
Both managers and other staff	
No	
Unwilling to answer	

L5) (Q57) Thinking now about the training or development that managers in the business have received in the last 12 months, what subjects or disciplines did that training or development cover?

Leadership and management skills	
IT skills	
Health and Safety	
Technical, practical or job-specific skills	
Team working skills	

L6) (Q58) Thinking of all the training which was undertaken by your managers in the last year, can you say which of the following were involved in funding that training?

The business	
Managers themselves	
An external fund	
Other (SPECIFY)	

L7) (Q59) What are the reasons for not providing any training for managers in the last 12 months?

What other reasons have there been?

Dates or times of the courses are inconvenient	
Lack of money available for external courses	
No need for training/not a priority	
No relevant training available	
Courses are too expensive/no money available for training managers	
Other (SPECIFY)	

## **SECTION M: TECHNOLOGY**

M1) (Q60) Does your business have its own website?

Yes	
No	

M2) (Q61) Do you have internet access that you use for business purposes?

Yes	
No	

M3) (Q62) Where do you have internet access?

At work?	
At home?	
Via a smart phone (e.g. Iphone)?	

Somewhere else?	
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**SECTION N: TURNOVER**

N1) (Q63) Can you please tell me the approximate turnover of your business in the past 12 months?

\$0,000-\$9,999	
\$10,000-\$99,999	
\$100,000-\$999,999	
\$1,000,000-\$9,999,999	

N2) (Q64) Compared with the previous 12 months, has your turnover in the past 12 months increased, decreased or stayed roughly the same?

Increased	
Decreased	
Stayed the same	
Unwilling to answer	

N3) (Q65) By what percentage has your turnover decreased? Range

10- 30%	
40- 50%	
50- 80%	
Refused	

N 4) (Q66) You said that your turnover increased?

By what percentage has your turnover increased?

10- 30%	
40- 50%	
50- 80%	
Refused	

**SECTION O: VAT AND LEGAL FORM**

O1) (Q67) Is your business VAT registered?

Yes	
No	
Unwilling to answer	

O2) (Q68) How long after start-up was the business registered for VAT?

Prior to start up	
At the time of start up/when VAT was introduced	
Within 6 months of start up	
7 – 12 months	
After 1 year but no more than 2 years	
After 2 years but no more than 4 years	
After 4 years	
Unwilling to answer	

## **SECTION P: OWNERSHIP**

P1) (Q69) Is your business a sole/family owned business? (A family business is majority owned by members of the same family)

Yes	
No	
Unwilling to answer	

P2) (70) What percentage of the business is owned by women?

P3) (Q71) If family owned, for how many years has the family business been operating?

1 year	
2 years	
3 years	
4 years	
5 years	
More than 5 years	
Unwilling to answer	

P4) (Q72) **Do you anticipate the closure, or a full transfer of the ownership of your business in the next 5 years?**

Yes, I anticipate the closure of the business	
Yes, I anticipate a full transfer of the ownership of my business	
No	
Don't know	

P5) (Q73) **If transfer will the ownership of your business transfer partly or wholly to somebody within your own family, or to somebody else?**

Own family	
Somebody else	
Don't know	
Refused	

P6) (Q74) **You said earlier that your business is a sole proprietorship. Can I just confirm that there are no other managers involved in running the business except yourself?**

There are no others involved	
There are others involved	

P7) (Q75) **As a sole proprietor, do you work full time or part time in running the business?**

Full-time	
Part-time	

**SECTION Q: PERSONAL DEMOGRAPHICS**

Q1) (Q76) **Can I ask do you currently hold any qualifications?**

Yes	
No	
Unwilling to answer	

Q2) (Q77) From the following list I am going to read out, can you tell me when we come to a qualification that you hold?

A postgraduate degree or doctorate,	
A degree or equivalent	
A levels	
O Levels	
Other [PLEASE SPECIFY]	
No formal qualifications	
Unwilling to answer	

Q3) (Q78) Would you be able to tell me if you are ...?

Under 25	
Between 25 and 34	
Between 35 and 44	
Between 45 and 49	
Between 50 and 54	
Between 55 and 64	
Over 64	
Refused	

**SECTION R: END**

I may want to carry out further research in the future. Would you be willing to help with that research?

Yes	
No	

Data will only be used to inform research on businesses in aggregate - we will never reveal information that identifies any individual business - and your survey responses remain strictly confidential. Do you give your consent for us to do this?

Yes	
No	

RESPONDENT'S JOB TITLE

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Male	
Female	

THANK RESPONDENT AND CLOSE INTERVIEW

I declare that this survey has been carried out under University of Lusaka instructions and within the rules of the UNILUS Code of Conduct in Research.		
Interviewer signature:	Date:	
Start time:	Finish time:	Interview

Source: [www.nationalarchives.gov.uk/doc/open-government-licence](http://www.nationalarchives.gov.uk/doc/open-government-licence)

## Appendix 5: Expository - Interview Guide for Key Informants

### Expository - The Key Informant Interview (KII) Guide

The Key Informant Interview (KII) guide consisted of eight questions.

- **Question 1:** "Are you aware of any problems with the location(s) of SMEs?" (If so, "What have the problems been?", "Do you know why these problems are occurring?", and "Do you have any suggestions on how to minimize these problems?") By asking these questions, the researcher was trying to get information to address the research objective on the conditions of service specifically with regards to the working environment in the Glen View Complex. The researcher would also compare the responses with those from the other business owners and employees in the complex.
- **Questions 2:** "How were decisions made with respect to allocation of stands in the complex?" By asking this question, the researcher was trying to establish whether there was a transparent way of allocating business stands and to also establish whether such allocation was politically motivated or not.
- **Question 3:** "What is taking place in the Complex?" This question was meant to probe further on what exactly was obtaining on the ground in order to establish whether indeed there was employee attraction and retention.
- **Question 4:** "What do you think are the strongest points of the Complex? Why do you say this?" These questions were meant to establish the positives about the SMEs in Glen View Complex and their impact to creating employment, attracting and retaining employees.
- **Question 5:** "What types of concerns have you had or heard regarding the Complex?" The question was meant to establish whether there was a

relationship between the SMEs owners in the complex and the leadership in terms of communication or resolving issues in the complex.

- **Questions 6:** "What other problems are you aware of?" The question was meant to gather more information from the key informants so as to establish whether the business owners or leadership in the complex are in a position to resolve problems in the complex.
- **Question 7:** "What do you think about the businesses in the complex?" The researcher also sought to establish facts on the ground about the business and whether these had remained static or had the potential to grow as this had impact on attracting and retaining employees.
- **Question 8:** "Is there any other information about the aspects of businesses in here that you think would be useful for me to know?" The researcher was giving the KII to volunteer any further information that may be useful for this study.

## Appendix 6: Interview Guide for Key Informants

### Interview Guide for Key Informants - Questions

- 1) **Question 1:** Are you aware of any problems with the location(s)? (If so: What have the problems been? Do you know why these problems are occurring? And; Do you have any suggestions on how to minimize these problems?)
- 2) **Question 2:** How were decisions made with respect to allocation of stands in the complex?
- 3) **Question 3:** What is taking place in the Complex?
- 4) **Question 4:** What do you think are the strongest points of the Complex? Why do you say this?
- 5) **Question 5:** What types of concerns have you had or heard regarding the Complex?
- 6) **Question 6:** What other problems are you aware of?
- 7) **Question 7:** What do you think about the businesses in the complex
- 8) **Question 8:** Is there any other information about the aspects of businesses in here that you think would be useful for me to know?