AN ASSESSMENT OF PROBLEMS ENCOUNTERED BY EXPORT ORIENTED SMALL TO MEDIUM ENTERPRISES (SMES) OPERATING IN THE JEWELRY INDUSTRY IN ZIMBABWE

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DECLARATION
I, Namatayi Nyoka, do hereby declare that this dissertation is a result of my own investigation and research, except to the extent indicated in the Acknowledgements, References and comments included in the body of the report, and that it has not been submitted in part or in full for any other degree to any other university.

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Student Signature Date

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Supervisor Signature Date
ACKNOWLEDGEMENTS

Anything that happens happens for a reason. The success of this research is God's work and I have him to give all the glory and honour. I dedicate this MBA dissertation to my husband, Ruka Nyoka for his unwavering support. My dedication also goes to my two handsome sons Lionnel and Mukudzei for being my joy in this world. I am very grateful to my supervisor, Mr. E. Makoni, whose encouragement, supervision and support from the beginning to the end of the project enabled me to appreciate and understand the subject. I am grateful for the knowledge he imparted to me, his patience and support.

My gratitude and regards are extended to all those who supported me in any respect for the duration of this project not forgetting my parents and my siblings for the encouragement.

Lastly, I would like to thank all respondent organizations and their staff for participating in the interviews. I also extend my appreciation to the Graduate School of Management lecturers and staff for the knowledge that I have gained during my MBA studies.
ABSTRACT

The general conclusion from literature on major problems faced by SMEs in the jewelry exporting sector are financial issues, poor management skills and marketing expertise, poor IT Infrastructure, unsupportive policies, lack of proper communication on strategies and limited implementation of strategies. Literature reveals that if the above are handled well, it results in organizations yielding improved sales, profitability, improved product offering, increased brand awareness as well as reduced costs. While this literature has been confined to some parts of the world and across various other industries, it is not so in the jewelry industry especially in Zimbabwe; therefore, the purpose of this research was to try and fill the research gap by doing an evaluation of the major problems, implications and key success factors in the fine jewelry industry of Zimbabwe. The research its findings, conclusions and potential applications were aimed at adding value for the policy makers in the country, the corporate world, and the academic community. This research was based on a survey done in the jewelry industries operating in precious stones and metals.

Empirical data was obtained through questionnaires from management and staff. The respondents were taken across the board from directors, managers to non-managers. In-depth information was acquired from respondents through the use of structured and unstructured questions. The researcher employed a both quantitative and qualitative philosophy. Data displays in the form of content analytic summary tables and graphs were used in the analysis.

The study found out that most of companies in the jewelry industry are poorly financed and in some cases funds are misused. Poor management skills, poor technology infrastructure and poor communication characterize most of them in the industry. The study also found that the staff complement in the industry is highly short of marketing expertise. There is limited implementation of marketing strategy and while the theoretical benefits are evident from the feeble marketing strategy implementation being done, the industry's products are still unknown in the market.

The research validates the proposition that Lack of marketing expertise has a negative impact on business growth in SMEs in the jewelry exporting sector in Zimbabwe. The study recommends that educational authorities should look into making custom-made marketing, policy redrafting and operations qualifications for jewelry industry. Captains of the industry are recommended to send their staff for such trainings. It is further recommended that managers across companies in the
jewelry industry should embark on a full scale implementation of any new marketing and exporting strategies, with emphasis on control measures to check its effectiveness. The regulatory authorities should remove adverse licensing and policies to enable an environment where the industry can grow.
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**LIST OF ABBREVIATIONS**

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>RBZ</td>
<td>Reserve Bank of Zimbabwe</td>
</tr>
<tr>
<td>GM</td>
<td>General Manager</td>
</tr>
<tr>
<td>MD</td>
<td>Managing Director</td>
</tr>
<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>FDI</td>
<td>Foreign Direct Investments</td>
</tr>
<tr>
<td>CAGR</td>
<td>Compound annual growth rate</td>
</tr>
<tr>
<td>KPCS</td>
<td>Kimberley Process Certification System</td>
</tr>
<tr>
<td>MMCZ</td>
<td>Minerals Marketing Corporation of Zimbabwe</td>
</tr>
<tr>
<td>SMEs</td>
<td>Small and Medium Enterprises</td>
</tr>
<tr>
<td>ROC</td>
<td>Return on Capital</td>
</tr>
<tr>
<td>AMA</td>
<td>American Marketing Association</td>
</tr>
<tr>
<td>PEST</td>
<td>Political, Economic, Social and Technological analysis</td>
</tr>
<tr>
<td>ZIMSTATS</td>
<td>Zimbabwe National Statistics Agency</td>
</tr>
<tr>
<td>CBD</td>
<td>Central Business District</td>
</tr>
<tr>
<td>ZIMRA</td>
<td>Zimbabwe Revenue Authority</td>
</tr>
<tr>
<td>UZ (GSM)</td>
<td>University of Zimbabwe (Graduate School of Management)</td>
</tr>
<tr>
<td>USA</td>
<td>United States of America</td>
</tr>
<tr>
<td>UK</td>
<td>United Kingdom</td>
</tr>
</tbody>
</table>
CHAPTER ONE

1.0 INTRODUCTION

Today, it is a well-established fact that Small to Medium Enterprises (SMEs) are the engine of economic growth, through employment generation, contribution to the Gross Domestic Product (GDP), technological innovations, and other aspects of economic and social development, SMEs are the emerging private sector in poor countries (Analou and Karami, 2009).

The contribution of the SME sector to various economies has attracted the attention of academics and policy makers in both developed and transition economies (Krasniqi, 2009). Halberg (2001) highlights that SMEs form the base for private sector-led growth in many countries. Cross-country evidence, however, also shows that SMEs are more constrained in their operation and growth than large enterprises and access to financial services features importantly among the constraints (Beck, 2007). Because of this, there is need to give serious attention to the set of barriers which hinder and impede the growth of potentially fast growth firms which have the greatest capacity to provide much needed employment and bring in innovations as well as new technologies (Louis, 2012).

Generic advertising of jewelry was the marketing norm in the 1940s. Branded advertising started in the early years of the millennium century with De Beers taking centre stage campaigns with their Forevermark brand (Global Diamond report 2014). However, the major question for the future is, "What strategies of maintaining jewellery's appeal to retain and expand the export market will emerge?" (Global Diamond Report 2014).

The jewelry industry is anchored by the demand of gemstone and gold products from the retailers end. Although, products can be sold along the value chain as rough gemstones or as gold from the mines and sometimes as cut and polished from the manufacturer, it is evident that the real value of precious stones and metals is perceived from their potential to attract consumers as a fully made jewelry item. Of late, cheaper synthetics from Asia and diamond recycling have been reported as threats in jewelry retail (Global Diamond Report, 2014). As a general rule, the performance of the downstream segments of the jewelry industry correlates closely with the performance of the global market for luxury and hard luxury goods such as jewelry. In 2013, the global luxury market grew
5% to $288 billion, on the strength of unexpected shifts in regional trends (Global diamond report 2014) hence the need for SMEs to be competitive in such a growing market.

This research is centered on the subject of the challenges that are faced by SMEs in the Jewelry industry and the key success factors and implications of such to the industry. Fine jewelry retailing commands the demand for locally produced gemstones and precious metal, therefore, the improvement of retailing spews mining growth and develops the manufacturing industry while adding to employment and livelihood as well as making it cheaper to export in the above mentioned growing global luxury market. It is against this background that this research was sought.

1.1 Background Information

The Small to Medium Enterprise Association of Zimbabwe (SMEA) estimates that SMEs in Zimbabwe contribute at least 50% of GDP as is the norm in both developed and developing economies (SMEA, 2013). Maseko & Manyani, (2011) postulate that SMEs account for about 57% of total employment in Zimbabwe with the jewelry industry contributing about 5% only. In Taiwan, for example, over the past 50 years the SMEs have made a significant contribution to Taiwan’s rapid economic growth and the last industrialization process. In India SMEs account for over 40 percent of the country’s total exports (Krasniqi, 2009). Internationally, in the United Kingdom, SMEs account for approximately 40% of the country’s GDP and employs 85% of the extra jobs created by new business (Analou & Karami, 2009). The importance of SMEs is also evident in the economy of the United States. SMEs make 69% of the businesses in the United States and create more than 65% of the new jobs (Hunger and Wheeler, 2001). Fan (2009), notes that Malaysia, SMEs account for about 60% of total business establishments and contribute 45% to the nation’s Gross Domestic Product (GDP). It is against this background that various survival strategies have been put forward to salvage the economy of Zimbabwe. Top amongst them is the need for local jewelry companies to improve their exports.
In Zimbabwe, the establishment of a fully-fledged government ministry responsible for spearheading the development of SMEs is a clear indication of the importance of SMEs to the country’s economy. The Zimbabwe National Policy and Strategy Framework for Small and Medium Enterprise Development (2008-2012) was premised on the credence that “the nation’s need for growth and employment opportunities can effectively and sustainably be met through giving immediate attention to investment in the development of SMEs (Ministry of Small to Medium Enterprises 2007). Zimbabwe has experienced a sharp decline in the export oriented investment and performance over the past five years. An analysis of Zimbabwe’s global jewelry exports reinforces the fact that the country’s exports are on a declining trend for the period mentioned above. This is as shown in table 1.1 below.

**Table 1.1 - Zimbabwe Jewelry export values ($000) for 2011 to 2015**

<table>
<thead>
<tr>
<th>Importers</th>
<th>Exported value in 2011</th>
<th>Exported value in 2012</th>
<th>Exported value in 2013</th>
<th>Exported value in 2014</th>
<th>Exported value in 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>World</td>
<td>470</td>
<td>837</td>
<td>228</td>
<td>404</td>
<td>287</td>
</tr>
<tr>
<td>UK</td>
<td>30</td>
<td>293</td>
<td>138</td>
<td>161</td>
<td>139</td>
</tr>
<tr>
<td>USA</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>49</td>
<td>82</td>
</tr>
<tr>
<td>Kenya</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>7</td>
<td>36</td>
</tr>
<tr>
<td>Zambia</td>
<td>0</td>
<td>8</td>
<td>0</td>
<td>2</td>
<td>19</td>
</tr>
<tr>
<td>Mauritius</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>11</td>
</tr>
<tr>
<td>South Africa</td>
<td>440</td>
<td>535</td>
<td>89</td>
<td>101</td>
<td>1</td>
</tr>
<tr>
<td>Australia</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Botswana</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>84</td>
<td>0</td>
</tr>
</tbody>
</table>

**Sources: ITC calculations based on UN COMTRADE statistics 2016**

The declining trend shown in the table 1.1 is a cause for concern, there is therefore need to support the growth of this sector in Zimbabwe so that it contributes more meaningfully to the economic development, hence the need to look into the challenges that cause such a declining trend.
1.3 Background to the problem

According to Data monitor (2010), the global jewelry market had total revenue of $181,454.8 million in 2009. This represents a compound annual growth rate (CAGR) of 3.7% for the period 2005-2009. The market had reached a value of $229,421.5 million by end of 2014. In 2009, global jewelry sales had total revenues of $149,463.3 million which is equivalent to 82.4% of the market’s overall value (Datamonitor 2010). In this global village of jewelry, the Zimbabwean industry acknowledges insignificant values in terms of share to the growth proportion mentioned ($0.192 million in 2014) (MMCZ 2014 Annual report). This shows the need for the industry to grow and be a force to reckon. Contrarily, the country is known to have flooded the diamond market after the formalization of the Marange diamonds fields under the KPCS with the MMCZ 2014 annual report stating sales of about USD350million in rough diamond sales for the same year.

Most Jewelry companies in Zimbabwe remain small and medium enterprises with the exception of the RBZ subsidiary Aurex. This is mainly attributed to lack of technology, capital investment, technical skills, poor structures and managerial skills. Furthermore, some government policies hamper the growth of the industry, for example, the Diamond cutting and manufacturing license was increased from USD20,000 per year in 2013 to USD100,000 per year. This move led to the closure of most of the diamond manufacturing industries and the dispelling of Foreign Direct Investment then. However, the policy has been reviewed to USD20,000 for ten years and there is a ray of hope in the industry. The export process is rather too long, bureaucratic and cumbersome and as a result it impedes the zeal to export by SMEs.

While on the surface, the above mentioned issues raised appear to be the problems encountered by jewelry export oriented SMEs, no known assessment studies have been done to reveal the actual nature and magnitude of problems these SMEs face.

1.4 Macro environment factors (Industry Analysis)

The demand for SMEs to deliver has increased over the years. This entails that the SMEs’ delivery depends on the performance of other factors. In the section below, the operations of SMEs in the jewelry sector was affected by macro environmental factors as explored below:
1.4.1 Political and legal factors

1. Unstable political environment and unfavorable taxation policy
These affect long term strategic planning destroying the investor confidence and hence reduced production capacity thereby increasing cost impacting negatively on the overall cash flow situation of the organization. Shareholders get reduced dividends and employees and suppliers are affected and this leads to a compromised image and identity of the organization to the stakeholders.

2. Perceived uncoordinated, misaligned and inconsistencies in Zimbabwe mining and marketing regulatory frameworks
This will lead to loss of customer and investor confidence.

3. Consolidation of diamond mines
This reduced business confidence by shareholders who lost out from this as they were not compensated. Employee contracts were just terminated and they became jobless in a blink of an eye. Suppliers had dues to be paid to them.

This is being amended and this has led to a lot of speculation and hesitation to invest in the mining sector. Lack of proper communication on the proceedings of the amendment. Employees and suppliers are not being paid on time leading to negative image and identity of the mining sector. Zimbabwe reviewed labor laws, as a result, companies can now terminate employment of their redundant employees on a three months’ notice or pay a 3 months' salary as a result, and retrenchments are now cheaper thereby affecting the skills base.

1.4.1.2 Economic factors

The Zimbabwean projected economic growth rate was revised downwards for 2015 from 3.2% to 1.5% due to low FDI, company closures and employee retrenchments (Unemployment rate is estimated at 95 % and GDP per Capita at $500 (Zimstat 2015), there is also tight liquidity challenges attributable to low exports of minerals (Zimbabwe Country Mining guide, 2015). This leads to low
disposable income hence lower consumption levels for Jewelry which is considered more of a luxury by many leading to reduced sales and revenues. Year on year inflation as at June 2015 equated to -2.8%. The unreliable energy availability leads to unlikeliness of good production capacity which may lead to reduced volumes for sale hence reduced revenues. No borrowing capacity and with interest rates ranging from 20 to 24% leads to lack of capital to increase operational capacity (Chamber of Mines Annual report, 2015). The exchange rates also affect the firm because Jewelers import diamond cutting technology and its spares from other countries. The government only services 7-8% of its debts. As a result the government has introduced an increasingly vicious tax department as the government looks for money for its coffers. These economic factors could be the reasons behind limited financing in the jewelry sector.

1.4.1.3 Social factors

Changes in the consumption patterns especially of diamonds which are considered to be a luxury product. Globally, there is a trend towards ‘quality over quantity’ hence consumers are not sensitive to prices giving room to premium prizing and hence improved revenue. Population demographics is also affecting the consumer behavior, where the productive population ages of 25 to 54 is at 33.4% of the Zimbabwean population of which only less than 10% are employed. Sixty (60%) of the population are 24 years and below this shows a ballooned group of dependent people thereby exerting pressure on the disposable income which is very minimal. The population growth rate in Zimbabwe is currently estimated at 2.21% (Zimbabwe Country Mining guide, 2015). The death rate has also increased due to the HIV/AIDS pandemic (Prevalence at about 16.7%), reducing productivity and skills base and also increasing training cost for new members. Increased use of internet and social networks leading to customers exposed to other global markets thereby increasing competition. This possibly affected most of the SMEs especially the marketing aspect where the industry seem to be a red ocean one hence the need to find out how best to penetrate the market as SMEs.

1.4.1.4 Technological factors

Zimbabwe is characterized by low speed of technology transfer and low spending on research and training leading to slow new product development process, innovation, research and development
which in turn affect productivity and competitiveness of companies. There is also a new threat from synthetic diamonds which are now produced technologically in the laboratory thereby cutting costs of mining and labor by almost 60%. This may give competitors cost advantage against the jewelry SMEs leading to reduced sales and revenue. Use of website market to diamond Worldwide (e-marketing) and Use of Internet to communicate on real time with customers (e-communication) reduces cost and time of communicating with customers hence improved turnaround time leading to improved sales and revenue. These technological factors could be contributing to a greater extend to the slow adoption of technology by SMEs in the Jewelry sector, therefore, the need to find out to what extend is the contribution.

1.4.1.5 Environmental factors

Environmental legislation was passed to ensure that after mining, miners reclaim the land mined and replace the same flora and fauna that existed on the land before mining began. This requires a huge investment to able to reclaim the environment. Globally customers are now consuming products that are produced in an environmentally friendly manner. Extreme weather conditions has also affected businesses in that water shortages have resulted in power shortages and businesses are using alternative source of energy and this has increased operational costs. Increased concern on radiation by the Environmental Management Agency leading to losses through theft, since the use of scanners is being prohibited. The above explored factors could have possibly led to the decline in the growth of SMEs in the jewelry sector hence the need for an in-depth assessment through this study.

1.4.2. Porter’s Five Forces Model.

Porter's five forces analysis is a framework that attempts to analyze the level of competition within an industry environment and business strategy development. It draws upon industrial organization (IO) economics to derive five forces that determine the competitive intensity and therefore profitability and attractiveness of an Industry. The section below serves as an analysis of the profitability and attractiveness of the jewelry sector.
1.4.2.1 Threats from substitutes

The extent to which substitutes determine prices and profits depends on the propensity of the consumers to substitute between alternative products (Mazzucato, 2007). The difficulties of discerning performance difference lead to buyer’s reluctance to substitute on the basis of price. Globally, diamonds have been threatened by synthetic diamonds mainly manufactured in Asia and currently finding their way into the genuine diamond markets. Further to that, recycled jewelry is finding its way back to the market and challenging virgin supply of gemstone jewelry. In Zimbabwe, gemstone jewelry is threatened by cheap plastic synthetics, cubic zirconium, and art jewelry. There is an influx of these substitutes from Asian countries and whilst the local market seems to be reluctant on fine jewelry, they are active on these substitutes because of their affordability and their short-lived luster.

1.4.2.2 Threat of new entrance

Any industry earning a return on capital employed (ROCE) in excess of its cost of capital possesses an attractive force to firms outside the industry. If there are limited entry barriers, many firms will
flood that industry, forcing the industry to earn only normal profits. Government regulations and legal barriers are great hindrances to new entrants into this industry. Established companies may engage in aggressive price cutting, increased advertising, sales promotion but this is dependent mainly on the financial muscle of the company. The Zimbabwean gemstone companies are mainly small scale. This may mean that they may not be well equipped financially to fight off new entrances. However, there are licenses that are required, for example, the Gold buying license which is charged at about USD2,000.00 per annum and the diamond manufacturing license which in 2014 had been hiked to USD100,000.00 per annum but was later revised to USD 20,000.00 per decade as mentioned earlier on in this paper (Source: MMCZ Annual Report, 2014). Nevertheless, the industry is still prone to entrances by big players from across borders especially in the gemstone manufacturing businesses.

1.4.2.3 Rivalry

In most industries, a threat from new entrants is only secondary. The nature of competition and the level of profit are determined by the companies within that industry. The jewelry market in Zimbabwe has low rivalry since most jewelry businesses are SMEs which lack the required financial muscle to engage in fine Jewelry. However, the greater proportion of those who operate in fine jewelry, manufacture their own jewelry designs, with some even cutting and polishing their own jewelry designs. The effect is product differentiation and limited price wars amongst themselves. However, price wars are already imminent with the coming in of substitutes.

1.4.2.4 Bargaining power of buyers

The higher the perceived value of the industry’s products, the less sensitive are buyers to the prices charged. But when there is a strong competition for buyers, their eagerness for price reduction rises (Mazzucato, 2007: 89) and they can unite to bring pressure on their sellers to reduce prices. Gemstone jewelry customers are limited in Zimbabwe since jewelry is considered to be a luxury product and sellers are forced to negotiate prices with the buyers. This is due of the reduction in
disposable income as indicated under economic factors. Hence buyers do have a higher bargaining power, depending on product uniqueness and the perceived target market's buying ability.

1.4.2.5 Bargaining powers of suppliers

The bargaining power between firms in an industry and their suppliers are analogous to the analysis of the relationship between producers and the buyers (Mazzucato, 2007). Supplier power has been described as the mirror image of buyer power and as such, analyzing supplier power focuses on the size and concentration of their suppliers in relation to that of the firms in the industry and on the degree of differentiation in inputs supplied to these firms (Karagiannopoulos, 2005). Suppliers of gemstones in Zimbabwe are entertained by the foreign markets in India, Belgium, Dubai and China. Suppliers, therefore, have a higher bargaining power. In 2010, the government through the MMCZ has gazetted a statutory instrument (SI 157/2010) to channel at least 10% of all diamonds produced in the country to the local cutting and polishing industry. However, this has given its fair chance of challenges with high licenses, shortage of skills, lack of funding and lack of trending technology being major.

1.5 Problem statement

As cited in section 1.1 of this chapter, literature concludes that SMEs contribute to a larger extend towards generation of employment, promoting innovation, creating competition and generating economic wealth in both developed and developing countries. There is no doubt that private firms contribute significantly to any economic transformation process (Rondinelli et al, 1993). Given this finding by Rondinelli et al (1993), the SME jewelry export sector in Zimbabwe can contribute significantly to economic transformation (IMANI, 1992). Many Zimbabwean people awaiting to transformation of economy after realizing a major blow of a recession. The Zimbabwean recession has been characterized by shortage of foreign currency, shortage of inputs, high interest rates, unemployment at 95% as indicated in the industry analysis, high crime rate, corruption which is now everywhere, overvalued exchange rate, deteriorating infrastructure, restrictive exchange
control environment, prohibitive tariff and non-tariff barriers and above all these have negatively affected the Balance of Payment (BOP) of the country at large.

However, contrary to literature, the gemstone jewelry industry in Zimbabwe is less indicative of success features such as business expansion, world market share and customer awareness, and investment attraction, in spite of the diversity of gemstone deposits, gold and platinum, the industry still operates at a minimum. To the loss of the country, the industry has failed to add value to the huge supplies of the Marange diamonds fields that were formalized for mining by the Zimbabwean government in 2008, let alone attract foreign investment or partnership to do so. This has resulted in the country's resources being whisked away to Europe, India, China and the Middle East as raw material thereby bleeding the country of potential revenue and obvious employment and infrastructural development opportunities that may be brought about by beneficiating the products locally through these companies.

The situation is set to proceed as is, or slide into a worse position if relevant authorities, entrepreneurs and jewelry businesses do not take heed and exploit the industry's export potential. The research problem is, therefore, to assess the nature of major constraints faced by export oriented SMEs jewelry manufacturers and make recommendations that will create value contribution of the industry to Zimbabwe’s economy and indirectly encourage the development of gemstone mining and manufacturing in the country.

### 1.6 Research Objectives

The Specific objectives for the study are as follows:

1. To establish the nature of major problems in the SME jewelry export sector.
2. To investigate the implications of the problems to the operations of the SMEs in the jewelry industry.
3. To establish key success factors to SMEs in the jewelry industry.
To recommend ways or strategies to be employed by jewelry exporting SMEs to increase export earnings.

1.7 Research Questions

The study will be guided by the following research questions:

1. What is the nature of the major problems faced by SMEs in the jewelry exporting industry?
2. What are the implications of the problems that hinder successful operations and exporting?
3. What are the key success factors to SMEs in the jewellery industry?
4. Which strategies can be employed to improve in export earnings?

1.8 Research Proposition/Hypothesis

The study makes the following propositions:

Lack of marketing expertise has a negative impact on business growth in SMEs in the jewelry exporting sector in Zimbabwe.

1.9 Justification of the Research

It is believed that this study will be of immense importance because it will reveal the nature of the major problems, the prevalence and the major implications as well as the key success factors to the exports. Secondly, it will be of great importance as it will add to the body of knowledge on the contribution of SMEs to the economic growth of Zimbabwe. The study will equip the researcher, with the relevant knowledge SMEs challenges and contribution to the Gross Domestic Product. Finally, this study will point the direction to Policy makers to consider favorable and flexible policies that will enable the widening of Zimbabwe’s export base. Most importantly, the study will, therefore, fill in the gap of the country’s fiscus. Furthermore, this research may be used as a framework for similar research in other sectors or for more specific in depth research in this sector.
There has been growing academic interest into the factors that are leading to the varied fortunes for the SME sector (Maseko & Manyani, 2011). The research seeks to add to this existing body of knowledge which could help jewelry business owners in formulating appropriate growth strategies for their businesses. There have not been much academic researches carried out in the Zimbabwe jewelry SMEs sector context to date. The local context of the research also implies that the results obtained can be more applicable to Zimbabwean situation.

1.10 Research Scope

The study restricted itself to Jewelry Exporting SMEs that are in Harare. This was for easy access to information for study. The research also collected information from relevant stakeholders like ZIMTRADE, and Ministry of SMEs. Political, Legal, Economic, Technology, Environmental and Social factors are going to be considered in coming up with conclusions and recommendations as they are explained under industry analysis section in this chapter.

1.11 Assumptions

1. Politics have directly or indirectly affected the SMEs export sector operations.

2. Exporters are ignorant to major success factors in exporting.

3. Information is going to be readily available to carry out this study.

1.12 Limitations

A few limitations were faced in carrying out the study. Due to resource limitations (time and financial) the research was limited to SMEs in the jewelry export sector in Harare. This reduced the national generalizability of the study as barriers for this region and other places in Zimbabwe may be different in nature. Secondly, the research is limited to the SMEs in the Jewelry Export sector and as such further inferences were limited for other sectors.
1.13 Dissertation Outline

Chapter 1 (Introduction): The chapter covers the background, research problem statement, export performance in Zimbabwe, research objectives, research questions, hypothesis or proposition, justification of research, scope of research assumptions, limitations, and outline.

Chapter 2 (Literature Review): The chapter consists of an introduction, and an in-depth review of literature which is relevant to the study.

Chapter 3 (Methodology): The chapter discusses the research methodology used in this study; the research philosophy, research approach, research strategy and research methods.

Chapter 4 (Results and discussions): The chapter presents an analysis and interpretation of findings from the used sources of data through the use of tables and graphs and statistical packages.

Chapter 5 (Conclusions and Recommendations): The chapter has conclusions, recommendations and suggest areas for future research.

1.13 Chapter Summary

This chapter first articulated the background of the study and the research problem was highlighted. The chapter also looked into the research objectives, research questions, hypothesis or proposition. The justification of research was pondered upon at as well as the scope of research. Last on this chapter were research outline and the chapter summary.
CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter is going to look at the secondary information that already exists. Procter (2012) defined literature review as an account of previously published material by experts and researchers in a particular area of interest. The literature review, therefore, serves as the driving force and the jumping off point for your own research investigation (Ridley, 2008). Literature review helps to test the research question against what was already published about the subject being discussed. The other benefit of literature review is that it helps understand research findings and assists in relating the research to previous researches (Leedy and Ormrod, 2012). It will also assist the researcher in crafting research instruments that are relevant to the study.

2.1 Definition of Key Terms

Export performance: This is whether export business is growing or shrinking.

Export Consortium: A voluntary alliance of firms with the objective of promoting the products and services of its members abroad and facilitating the export of these products through joint actions.

Export Clusters: A geographically bounded concentration of similar, related or complementary businesses with active channels for business transactions, communication and dialogue that share specialized infrastructure, labor markets, and services and that face common opportunities and threats in the industry.

Bilateral Trade Agreement: is a mutual trade agreement between two countries, which outlines trade and governs trade activities.

Tariffs: these are taxes or customs levied against goods imported from another country.

Quotas: these are imposed limitations on the quantity of certain goods to be imported during a specific period.

Export sector: This the group of organizations which are Exporting goods and services
**MSMEs (Micro, Small to Medium Enterprises):** These are organizations employing less than 75 people.

### 2.2 Exporting

The Guide to Export Import Basics (2003) defines exporting as the selling of goods beyond borders and the process involves the real shipment of physical goods and the complementary documentary exchanges. The same publication goes on to say that exporting requires key documents such as: Contract of Sale, Bill of Lading (or other related transport documents), payment related documents (particularly the documentary credit and the bill of exchange or blank draft, insurance document and other important documents that include the inspection or quality certificates). The ZimTrade Company Database (2012), also highlights that services too can be exported. These include training and insurance services. The United States department of commerce (2010) also defines Exports as the goods and services that are made in one country and transmitted to foreigners. It doesn't matter what the good or service is or how it is sent. It can be shipped, sent by email, or hand-carried in personal luggage on a plane. If it is produced domestically and sold to someone from a foreign country, it is an export. For example, tourism products and services are considered exports, even though they are sold to foreigners who are visiting here.

#### 2.2.1 Motives of exporting

According to The Guide to Export-import Basics (2003), in the past companies exported only after the domestic markets had been saturated or after realizing that high profit margin could be earned from sales to particular foreign markets. In today’s increasingly integrated global markets and in Zimbabwe in particular many companies export as a necessary part of the competitive strategy that is, “export or die”. Companies have also realized that if their competitors are exporting, they may also need to do so, in order to avoid being disadvantaged and remain competitive.
The Guide to Export-import Basics (2003) further observes that one of the main sources of competitive advantages today lies in a company’s ability to learn and adapt faster than its competitors. Thus exporting activities enhance a company’s status as a learning organization. As the company exports it will be exposed to International customers, foreign marketing, and distribution techniques that can teach the firm lessons that can become useful in its operations in the local market. International Trade Centre (ITC) (2006) notes that exporting help diversify risk. This is explained by the fact that as it exports, a company no longer becomes wholly dependent on sales from a single local market.

Exporting also tends to diminish the impact of domestic deceleration in sales. In many cases the life cycle in foreign export market tends to lag behind that of domestic market. When sales are slow in the domestic market they are usually still strong in the export markets. Transitions can now be made more easily to new markets. Economies of scale can also be achieved with export training. Once personnel in company have been trained for international trade with one country, such knowledge can be applied to trade with other future markets (Leonidou, 2004). The researcher, however, does not agree with Leonidou, 2004 in the Zimbabwean context because usually when sales are slow in the domestic market, the export markets tend to slow down as well.

2.3 Small to Medium Enterprises

There is no common definition of SMEs among nations, each country applies its own definition and in some countries the definitions vary even among ministries. (Michael, 1991). In Zimbabwe, the definition of Small to Medium Enterprise is defined in the Ministry of SME policy document by reference to the number of employees, total net assets and the legal structure. To qualify as a small or medium scale enterprise, the employment criteria must be met as well as one of the other two.

Enterprises that are not formalised through a legal structure such as registration in terms of the Companies Act or a Partnership Agreement will be referred to as Micro- enterprises. Registered co-
operatives under the Co-operatives Society’s Act will fall under the category of small-scale enterprises. The same definition in terms of employment levels for small-scale enterprises applies to the Small Scale Commercial Agriculture under model 2B commercial farmers’ scheme. A registered enterprise with employment levels ranging from 30 to 70 employees and depending on the type of industry will be referred to as small or medium enterprise McPherson, Michael, (1991).

Table 2.1 Indicative parameters of Small-Scale Enterprise

<table>
<thead>
<tr>
<th>Sector</th>
<th>No. of People</th>
<th>Asset Base</th>
<th>Legal structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>Less than 50</td>
<td>Less than $12 000 000</td>
<td>Formal</td>
</tr>
<tr>
<td>Other</td>
<td>Less than 30</td>
<td>Less than $6 000 000</td>
<td>Formal</td>
</tr>
</tbody>
</table>

Medium-Scale Enterprise

<table>
<thead>
<tr>
<th>Sector</th>
<th>No. of People</th>
<th>Asset Base</th>
<th>Legal structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>50 to 75</td>
<td>$12 000 000 to $24 000 000</td>
<td>Formal</td>
</tr>
<tr>
<td>Other</td>
<td>30 to 50</td>
<td>$6 000 000 to $14 000 000</td>
<td>Formal</td>
</tr>
</tbody>
</table>

Adapted from Michael (1991: 79)

2.4 Major constraints faced by Small to Medium Enterprise Jewelry Sector

Kapoor (1997) notes that the small-scale sector in Zimbabwe has traditionally faced a variety of constraints on account of historical circumstances. Constraints such as the lack of a suitable policy environment, the lack of management skills, lack of access to finance, lack of infrastructure, inappropriate technology and the attitude of local and municipal authorities have repeatedly been cited as major reasons responsible for SME failure and the unwillingness of informal establishments to enter into the formal economy. These constraints are discussed in turn below:
2.4.1 Legal and Regulatory Impediments

In analyzing the impact of regulations on SMEs the specific types of regulations can be classified into the following categories; restriction on availability of foreign exchange; restriction on type of ownership of enterprises, labor regulations on wages, hiring and firing, price controls on input or output, restriction on location of firms, restriction on firm activities, and the total cost of acquiring with licenses (Biggs and Srivastova, 1996). Studies undertaken over three years by World Bank (1996) in seven countries in Africa revealed that some regulatory constraints are more severe than others and that, in general, regulatory obstacles are more important to the larger firms compared to smaller firms. In particular, foreign exchange controls and labor market regulations appeared more important than other categories of regulations.

Chidavaenzi (1998) also highlighted that the small-scale sector in Zimbabwe, as indeed the whole private sector, suffered from policy neglect for most of the first decade following independence and it was only with the advent of the structural adjustment program that efforts have been made to address the constraints facing the enterprise sector in a systematic manner. Despite these efforts, policy towards the sector is highly fragmented with the various Government agencies dealing with the SME sector lacking an overall sense of direction and co-ordination. The microenvironment analysis in chapter one also shows how much these SMEs are affected.

2.4.2 Registration and Licensing

Mugwara (1999) notes that the process of registering a business and gathering the necessary licences can be a major deterrent for the small-scale sector and is an important reason why informal units are often reluctant to becoming legal. Kapoor (1997) furthermore advocated that the process of registering a company in terms of Chapter 190 of the Companies Act can be cumbersome. Although on paper the process of forming a company appears to be relatively easy and inexpensive in reality the process can be extremely time consuming and very expensive. It is not uncommon for the registration process to take up to a year, with the applicant having to visit numerous
Government offices several times a year with no results. In addition, staffing and capacity constraints within the Registrar's office further serve to delay the process.

Procedures to comply with regulations such as registration, taxation, health and environmental regulations and procedures necessary to benefit from government incentives are difficult to comply with partly because of bureaucratic requirements. While large firms have staff specialized in these matters, such requirements represent an enormous burden for SMEs. The required change is not therefore, exemption for SMEs or complete de-regulation but simplification of procedures (Gerry, 2006).

Bradburd et al (1995) observed that the other problem is centralized administration. Regulations and policies have to be implemented by administrative institutions and authorities only. In many developing countries, bureaucracy has displayed a high degree of centralization of resources and decision-making. Initiatives by local authorities to promote SME activities are often stifled by a centralized decision-making processes and lack of financial resources at the local level.

2.4.3 Financial Constraints

Finance has been identified in many business surveys as the most important factor determining the survival and growth of SMEs in both developing and developed countries. Access to finance allows SMEs to undertake productive investments to expand and grow their businesses and to acquire the latest technologies, thus ensuring their competitiveness and that of the nation as a whole. Poorly functioning financial systems can seriously undermine the microeconomic fundamentals of a country, resulting in lower growth in income and employment, United Nations (2001). McPherson Michael (1991) contended that the two principal financial constraints affecting the small-scale sector in Zimbabwe today are the lack of access to finance and the high cost of finance. Indeed, financial constraints are repeatedly cited as being among the most binding for all segments of the private sector.
In the researcher’s view, given Zimbabwe's historical legacy, and the dualistic economy, there has traditionally been limited interaction between the financial sector and emerging entrepreneurs. With the opening of the economy and the dismantling of numerous controls such interaction has increased, particularly through the small business units that have been established within most financial institutions. However, the financial system continues to remain extremely conservative with the perceived risk of financing small entrepreneurs being significantly greater than the actual risks (Kunjeku et al, 1992).

Most financial institutions are extremely reluctant to provide medium-to-long term loans to SMEs and the short-term loans provided generally mature long before the project begins to generate a stable cash flow. In this regard, several emerging entrepreneurs have cited the important function performed by state-owned financial institutions, such as SEDCO, which were instrumental in providing initial support to enterprises that would otherwise never have been able to start. According to a recent survey, of the 47 enterprises sampled that had used loans, 36 had received loans or guarantees from one or more parastatal or nonprofit organization, including 18 from SEDCO (ZimTrade, 2014). Many of these organizations are now viable enterprises and are able to source financing from the commercial banking system.

World Bank (2004) also highlights that Small firms finance a smaller share of their investment with bank loans and other formal sources of external financing than large firms, especially in countries where financial and legal systems are not well developed. They face more hindrances than large firms, in the form of higher interest rates, more bank paperwork, and less access to long-term loans, foreign banks, non-bank equity, and export finance.

2.4.4 Management Skills.

Levy et al (1995) observes that lack of management skills and business know-how is a major constraint impeding the progress of the small-scale sector. Several studies in Zimbabwe suggest that
entrepreneurs in the SME sector attach low priority to training and are often unwilling to participate in programs which require them to finance even a small proportion of their total training costs. While these entrepreneurs are extremely vocal about the lack of credit facilities and the high cost of capital, they are less aware of the importance of acquiring the skills necessary to run a business. Areas of weakness identified include financial management, operations management, cost accounting, marketing, and general business management.

Hamilton et al (1997) argue that traditional types of training programs, such as seminars in "how to start and succeed in business" still have a role to play; analysis of SMEs in developing countries suggests that a powerful learning mechanism for emerging enterprises is learning by working on-the-job, often assisted by using local and retired business experts. The provision of matching grants to stimulate the use of domestic and foreign support services and to enable firms to travel overseas in order to establish international contacts, identify niches in the international marketplace and enhance competitiveness can be extremely valuable. Zimbabwe Allied Banking Group’s business banking unit responsible for SMEs, point out that a poor micro-economic environment, expensive capital working facilities coupled with lack of collateral and technical management skills are some of the challenges dogging the sector notwithstanding the ovation it received during its inception in the late nineties.

SME owners and managers think they have no need, money or time for training, evidence suggests that training often constitutes a very cost effective intervention. General awareness training is less useful than training in specific industry skills within a sector, which is more relevant to the SME’s operations. Vocational training and programmes that focus on teaching mastery of the skills and procedures encountered by small enterprise personnel in their day-to-day business management and operations have the greatest effect (Nelson and Winner, 1982).

Biggs, Shah and Srivastova, (1995) advocates that having acquired the market, the management is supposed to be committed to exporting and have tangible strategies to penetrate foreign markets. Strickland (2005) defines a strategy as a roadmap of a company’s future in terms of the direction;
the business position it intends to stake at, capabilities it plans to develop and customer needs it intends to serve. The same author has also defined the concept as the competitive moves and business approaches management employs in running a company. The management’s game plan is to please customers, position a company in its chosen and lucrative market, compete successfully and achieve good business performance. Strategies are needed mainly to proactively shape how a company’s business will be conducted and to mold the independent actions and decisions of managers and employees into a coordinated companywide game plan. Ross and Khami, (2002) as quoted by Strickland (2005) contend “Without a strategy, the organization is like a ship without a rudder, going around in circles”. According to prescriptive literature as analyzed by the researcher, organizations should formulate and implement strategies for achieving sustainable competitive advantage.

2.4.5 Information, Technology and Infrastructure

It is increasingly recognized that technology plays a significant role in the trade patterns not only of developed countries but also of developing countries (Fagerber, 1996). Technology has been described by Galbraith (1971:85) as "the systematic application of scientific and other organized knowledge to a practical task". Technological capabilities are the information and skills - technical, managerial and institutional - that allow productive enterprises to utilize equipment and technology efficiently and effectively. While there are some constants, such capabilities are in general sector and firm specific, a form of institutional knowledge that consists of the combined skills accumulated by its members over time. Technological development is the process of building up such capabilities, Nelson and Winner (1982).

Studies undertaken in Africa (Biggs, Shah and Srivastova, 1995) have indicated that; Africa appears to suffer from two significant technology gaps. The first is a large, and in many cases widening, gap between the technological capabilities employed by African firms and those employed by firms in other parts of the world. Part of this gap in average capabilities appears to be due to a large variance in domestic capabilities that exists among firms within manufacturing industries. Africa exhibits
much more inter-firm technological heterogeneity than other developing regions. The second is a gap in the "learning" environment in Africa appears weak, in that many key learning mechanisms that proved the basis for these gaps can be traced to Africa's development history, to the current business environment and to the process of technological development itself. As African countries liberalize trade and expose their firms to the rigours of import and export, competition, the hope is that these technology gaps will start to close.

Donald .C et al (1992) indicates that most SMEs have problems accessing information and do not know where to go for assistance or how to access resources such as credit facilities. They are not aware of the procedures and documentation required when they apply for licenses or where to go for information. According to the researcher, while this constraint partly reflects the complexity of the regulatory environment and the multiplicity of bureaucratic requirements, as discussed earlier, it is also a reflection of the poor managerial capacity that exists within the sector that prevents the SMEs from undertaking the research and analysis necessary for starting or developing an enterprise.

Studies undertaken in Zimbabwe, Kenya and Ghana by Biggs, Shah and Srivastova, (1995) revealed that a very small proportion of firms engage in formal Research and Development (R&D) given that many of these firms do not have the personnel to carry out sophisticated R&D activities. The studies also identified that only 15 percent of the firms held foreign technology licenses in Zimbabwe, 5 percent in Kenya and 11 percent in Ghana. As for technical assistance contract, only 13 percent in Zimbabwe, 17 per cent in Kenya and 10 percent in Ghana.

Levy (1995) advocates that the lack of access to appropriate technology and equipment is central to some of the capacity problems encountered by the small-scale sector. Surveys of the SMEs sector often indicate respondents complaining about not knowing where to go for procuring the most cost-effective technology to enable them to service their clientele. In this context, the recent establishment of government departments, and its overtures to the SME sector, is a step in the right
direction that will enable small businesses to get access to equipment, while at the same time reducing start-up costs.

UNDP (1999) notes that SMEs in developing countries suffer from a lack of information on available support and market signals, including those for local and export markets. This may lead to errors in the judgment about which products to supply and pricing, causing economic loss. More efficient flows of information lead to more efficient and equitable markets. Gibbs (2006:12) argued that governments are expected to play a leading role in the ICT policy development and also to increase intervention strategies and programmes that take cognisance of the needs and concerns of SMEs to facilitate ICT adoption in high involvement innovative ways.

2.4.6 Tax Policies and other policies.

Trade policy should aim to make it as easy for SMEs to engage in international transactions as doing business locally. Governments need to simplify their own regulations regarding importing/exporting and harmonize their trade procedures with the international standards. Most West European countries have established national trade and transport facilitation committees, bringing together representatives of relevant public and private sector institutions, to reach this objective (Nigel, 1981). Kapil (1997) points out that high taxation is another issue raised by many SMEs as impacting negatively on their decision of whether or not to export. According to industry representatives, the tax regime does not distinguish between a large firm and a small-enterprise and, consequently, the financial burden on the latter can be very substantial.

The impact of government taxes on the SMEs depends largely on whether the taxes levied are direct or indirect. Double taxation (direct and indirect taxes) erodes profit thus minimizing re-investment, working capital and profits. Exceptions from duties on imported inputs for foreign investors also create stiff competition for locally produced inputs. Taxation may prevent vertical expansion of the SMEs and their integration with the larger governments to achieve certain objectives such as
income distribution, employment creation, transfer of technology, and market expansion (Biggs, Shah and Srivastova, 1995).

The adjustment of the exchange rate through devaluation's can also have both negative and positive effects on the production and competitiveness of the SME sector. Generally, the immediate effect of exchange rate devaluation is to raise the local price of imported goods and created temporary shortages in imported items leading to higher demand for SME sector products. Thus, to the extent that the SME sector rely mainly on local inputs, exchange rate adjustments can result in competitive advantage for SME products vis-à-vis larger enterprises (Mead et al, 2006).

Dessing (1990) reiterated that the changes resulting from the fiscal and momentary reforms might open many opportunities for SME sectors. For instance, in cases where SMEs products are good substitutes of large enterprises output, it is possible that the impact of a fall in real income because of adjustment policies may decrease demand for the latter and increase demand for the former through the substitution effects. (Tesfachew, 1992 and Mulat, 1996) argue that this would be a positive development for SMEs since it may involve not only a shift in demand but also a movement in factors of production from large enterprises to SMEs. This point is supported further by the findings from the study undertaken in Ghana and Tanzania (Dawson, 1990:67). The study notes that the economic vacuum created because of public and private sector was subsequently occupied by SMEs. Dawson observes further that with the decline of public and private enterprises, there was an increase in sub-contracting arrangements between the public and private sector and SMEs as the former contract jobs that they previously did in-house.

In other African countries, the problem has often been the government’s inconsistency and lack of transparency in policies implementation. Take the case of Nigeria, for example, In recognition of the key role played by SMEs, the government formulated special policy measures and programmes to encourage their development. It included favorable laws and regulations on contracts, leasing, and corporate tax, as well as fiscal and export incentives for SMEs. However, the political will for proper implementation was never serious. Corruption diverted the support programmes from the
supposed beneficiaries. Illegal permits and licenses were given at all levels to family members and friends operating informal micro-enterprises that did not qualify for tax relief and incentives. Consequently, there was little or no impact on the original target group (Economic Commission for Africa, 2001).

2.4.7 Market Access and Marketing strategies

World Bank (2004) reveals that access to markets, both local and foreign, remains a significant constraint facing the small-scale entrepreneur. The SME sector is not geared for exports and most entrepreneurs find the costs and complications of exporting erroneous.

Kotler (1997) agrees with Strickland (2005) on the fact that once a company decides to go international, it has to determine the best mode of entry if it is to realize meaningful results. Different modes of entry may be more appropriate under different circumstances, and the mode of entry becomes an important factor in the success of the project. Its broad choices include indirect exporting, direct exporting, licensing, joint ventures, and direct investment. It is also important to note that each succeeding strategy involves more commitment, risk, control and profit potential. The general trend is that companies begin with indirect exporting then proceed through later stages as they gain more experience in the international markets.

UNESCAP (2005) notes that the challenges facing SMEs in competing on global markets are many and varied. Because of their size and isolation individual, SMEs are constrained from achieving economies of scale in the purchase of inputs such as equipment, raw materials, finance, and consulting services; are often unable to identify potential markets; and unable to take advantage of market opportunities that require large volumes, consistent quality and homogenous standards, and regular supply. Small size is also a constraint on accessing such functions as training, market intelligence, logistics and technology. These constraints make it difficult for SMEs to access global markets; and also limit their performance in increasingly open, competitive local markets. World Bank (2004) highlighted that lack of proper planning on how to enter markets usually causes the SMEs constraint of market access and contribute significantly to their failure. Biggs, Shah and
Srivastova, (1995) advocated that having acquired the management skills the management is supposed to be committed to exporting and have tangible export plan to penetrate foreign markets. They went on to note that these are some of the critical success factors in exporting. Levy (1995) observed that a good export plan helps a firm to obtain financial assistance, investors or any strategic partners necessary to make the export venture a success. Denmark Training services (1996) agrees with Kotler (1997) that an export plan is a must for any exporting company, as it becomes a source of direction for the particular company as it ventures into foreign markets.

2.5 Defining Marketing strategy

Kotler and Keller (2010) defined marketing strategies as whatever strategies a company adopts, their ultimate goal is to convince non-consumers of a product to start consuming that product, or to persuade existing customers to remain loyal to that product or brand. Thus marketing strategy is a plan that allows a marketer to direct activities that are consistent with the goals of the business to achieve customer loyalty, profitability at minimum possible cost. Porter’s forces (1996) cited in Zhou (2013) also pointed out that marketing strategy is the goal of increasing sales and achieving a sustainable competitive advantage. The point to note is that the definitions agree on the inputs and functions of a marketing strategy while converging also to the ideal or expected benefits of a marketing strategy to an organization.

2.5.1 Benefits of marketing strategies

Kotler and Armstrong (2005) indicated that it is necessary for companies to employ proper marketing strategies for the products or services they offer. This section discusses branding, customer retention, market share, competitive advantage and assessment of market dynamics as the benefits. Jones (2007) pointed out that these benefits affect the financial performance of a company.
2.5.1.1 Branding

Jobber, and Chadwick, (2010) defined a brand as knowing what the company is selling, and to whom the products are sold to. In other words, the audience must be defined. Without knowing who to market to, business owners can lose valuable time. A marketing strategy creates an impression of an organization. If a strategy for a specific product is ineffective, it gives customers the impression that the company is not viable. There is need of marketing strategies to focus on promoting your brand and now much of it should show the specific benefits of a particular product. Kotler (2008) argued that the dilemma can be handled by dividing the marketing into two phases. In the first phase, focus is on marketing of the product. Once it gains acceptance, the brand must be tied on product. Because consumers already have a favorable impression of the product, they will be likely to transfer that impression to the brand. This strategy minimizes the disadvantage of harming a brand which is not favorable to the market. According to Smith et al (2010) branding can create customer loyalty and build a competitive advantage for the company.

2.5.1.2 Customer retention

Stewart (2005) argues that the most important reason for investing in retention of profitable customers is the cost of acquiring new customers compared with the cost of retaining and a choice of service providers available. Using modern marketing strategies such as online marketing for jewelry create and deliver a better quality service and responses to customer requests; keep customers informed, reduce costs and not prices; be faster at providing service inquiries. According to Yuri (2012), China has been able to retain its customers through effective online marketing. Individuals in third- and fourth-tier cities actually spend a higher percentage of disposable income shopping online than first- and second-tier residents (Dobbs et al., 2013). Jewelry companies like Bird, a pioneer in China’s Internet diamond jewelry sales, have spent years building customer confidence in online purchases. Several Western luxury jewelry retailers, including Cartier, Bulgaria, and Tiffany, rank among the most followed luxury brands on social media (Dobbs et al., 2013).
Customers are loyal to services and this will retain the customers Kong and Wong (2010) maintained that customer retention has become the main agenda for the firms who emphasize on maintaining a productive relationship with customers, besides functioning as a key instrument to generate financial gains (Kumar et al., 2007).

### 2.5.1.3 Market share

An ever improving market share is the key to ever increasing sales revenue and profitability. This requires that a firm focus firstly on retaining the customers they have and also to focus on attracting new customers. Moghaddam and Foroughi (2012) established that the marketing mix strategies increase market share. The existence guarantee of quality of the product, brand awareness, easy and more convenient accessibility of the product and affordability are effective factors that positively influence the market share growth.

### 2.5.1.4 Competitive advantage

Scholars have applied several dimensions to indicate that strategies affect competitive advantage. The researchers concluded that marketing strategies have a meaningful impact to competitive advantage (Adis, 2010). Mavrogiannis, et al., (2008) stated that an effective marketing strategy in gemstone jewelry causes customers to get attached to one brand hence creating a competitive advantage.

### 2.5.1.5 Assessment of market dynamics

Marketing conditions are particularly important, because marketing strategy allows the assessment of market dynamics and respond to changes. Ramamaiiskiene (2008) argues that marketing strategy is aimed to adjust the market segments on which the organization plans to focus its efforts. These market segments differ in their needs and demands, the reaction to the marketing measures and profitability. The organization must possess certain skills to be able to target its resources and
energy at preparing these segments, where it could obtain the maximum possible benefits of competition. Each target segment should have a separate marketing strategy. Ramnuskiene (2008) further noted that marketing strategy focuses on targeted customers. The organization chooses the market, divides it into several segments identifying the most viable ones and focuses attention to those segments of the service and satisfaction. It will draw up a marketing mix consisting of the controlled components, product price, distribution and promotion.

2.5.2 Challenges of marketing strategies

2.5.2.1 Costs

According to Johnston (2014), marketing strategies are encountered by costs. Each marketing strategy has costs that must be evaluated in terms of how effectively money and resources are spent. Adis (2010) argued that the costs involved with some marketing strategies places them out of reach many businesses. In a study carried by West (2010) in the Indian market, stated that the gemstone jewelry industry, innovative and top-class marketing strategies must be employed in order to access the targeted customers. Gemstone jewelry is an expensive product and the target customers also are maneuvered by coordinated marketing strategies. According to Gororo (2013), Zimbabwean businesses are not able to accumulate data, purchase information and produce specified marketing campaigns to address each segment of the market in the same way that large corporations can. Those that do have the means to develop and launch a comprehensive marketing strategy may find it difficult to rebound with new material should changes occur or the return on investment may not be as expected (Gororo, 2013). Hence Kotler and Keller (2010) emphasized that without a marketing strategy, a company is not likely to grow as quickly, so while expenses stay down, so does revenue. There are some marketing strategies that are cheap such as an e-mail campaign may be relatively cheap, but it could waste your marketing message by getting lost in your customers’ spam filters (Walker, 2011). Magazine advertising, on the other hand, may cost more than your capacity. Direct mail can be cheaper than print ads, but the product or service may not be well-suited to this kind of campaign such as jewelry may not suit any marketing strategy (West, 2010). West (2010) also alluded that there is need to constantly weigh costs against benefits for any marketing strategy, so that money and resources are used well.
2.5.2.2 Lack of marketing skills

Shortage of the proper marketing skills has been found to be hampering business performance. (Beer et al, 2008). Furthermore, employers place less importance on training their employees to better implement the new strategies Al-Ghamdi, 2010) according to Tindike (2012) jewelry companies in Zimbabwe do not invest in training and developing their employees. Tindike (2012) also mentioned lack of exposure to well up marts and international standards of jewelry companies in Zimbabwe affect their ability to employ marketing strategies.

2.5.2.3 Lack of Marketing Resources

Hooley et al (2005) establish that marketing resources impact on a firm’s performance indirectly through creating sustainable advantage. They further assert that by leveraging marketing resources, firms will be in a stronger position to succeed in the market place. Best (2005) also suggest two classifications of marketing resources as market based resources and market support resources.

2.5.2.4 Lack of marketing budget

According to ZIMSTATS (2014), the Gemstone jewelry industry in Zimbabwe is dominated by small business. Small business at times operates on hand to mouth. Most companies do not have a budget that is set aside for marketing due to limited finances. In the study carried out by Tapera and Gororo (2013), small business maximizes profits by avoiding any business activity that expend from the business. Some small businesses do not invest in their businesses for growth hence marketing strategies are not considered to be important.

2.5.2.5 Potential of Failure

Harridge-March (2008) highlighted that marketing strategies have a potential to fail. According to Tapera and Gororo (2013), a company can invest it time and money designing and advertising a
sale, and sacrifice normal profits during the promotion, only to achieve moderate results. Moreover, the long term benefits might not offset the costs of the promotion (Return on Marketing Investment). Ernest and Young (2010) proposed that a careful research and expert advice from a marketing consultant can help maximize chances for success, although nothing is guaranteed.

### 2.5.2.6 Decreased Value

Zimmerman and Blythe (2013) established that the longer a sales promotion lasts, the more the decrease the perceived value of a product or service. For example, if discounts are offered on jewelry to attract couples, there is likelihood that they would resist paying more after they heard of the promotion or purchase with low prices or even when they have heard about the promotion low prices. According to Towson and Woetzel, (2014) a promotion must be kept short since long-term damage may damage an overall pricing strategy.

### 2.5.2.7 Ineffective Marketing Leadership

Ineffective leadership is a factor mentioned by most researchers as a reason hindering the planning of marketing strategy. Alexander (2008) pointed out that ineffective coordination of planning activities was one of the causes of failure in coordinating activities. When exporting, it is important to realize that the global market will frequently have different tastes, needs and social customs. Good marketing strategies will help the exporter to understand and address the needs according to every market.

Cavusgil and Zou (1994) propose a conceptual framework that both correlates with export marketing strategy and its impact upon the performance of an export venture. Their model is based upon the contingency paradigm from strategic management, namely that export performance is the result of the fit between export marketing strategy and the export company’s internal and external
environments. The basic question of interest in this research concerns the impact if any of the fit upon export performance.

The export marketing literature has tended to dwell upon issues such as the correlation of export marketing strategy as defined by the degrees of product/promotional adaptation, (Cavusgil, Zou and Naidu, 1993) and the effects of standardization upon export performance, (Aaby and Slater, 1989; Cavusgil and Zou 1994).

A major observation in export marketing literature is that authors have made contradictory statements concerning the effect of strategy on export success. Ansoff (1965) is of the view that firms that intend to grow can select and pursue growth options such as market penetration, market development, product development and diversification. (Douglas, 1996; Madsen, 1989) and export market diversification, (Lee and Yang, 1990; Piercy, 1981).

Douglas (1996) and Madsen (1989) recommend a market concentration strategy based on the traditional rationale that a large market share is associated with higher profitability in the long run. Other researchers, Da Rocha et.al (1990), Lee and Yang (1990); Piercy (1981) recommends a market diversification strategy based on the rationale that taking low market share in widely dispersed markets may be more profitable than concentrating on niche markets. They argue that those firms following a diversification strategy and a concentric diversification strategy have better export performance than those that concentrate on niche markets. Thus according to them there is no significant relationship between the selection of a number of markets and relative export profitability.

Chetty and Hamilton (2003) argued that market selection have a significant effect on export success in their meta-analysis of export performance studies. On the other hand Donthu and Kim (1993) find no significant relationship between international market expansion strategy and export growth.
Due to these contradictory arguments, the researcher suggests that a much more insight into these determinants of export profitability is necessary.

2.6 Export marketing strategies

Denmark Training Services (1996) pointed out that an export plan is a must for any exporting company as it becomes a source of direction for that particular company as it ventures into foreign markets. It is common knowledge that export success starts with careful planning.

**Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis**

Careful planning begins with identifying the Strengths, Weaknesses, Opportunities and Threats to the company. SWOT analysis is a tool for auditing an organization and its environment. It is the first stage of planning and helps business to focus on key issues. Once the key issues have been identified, they feed into marketing objectives. Strengths and weaknesses are internal factors whilst opportunities and threats are external factors.

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The following issues form part of the **strengths** of an exporting company:
### Table 2.2 SWOT Analysis

<table>
<thead>
<tr>
<th>STRENGTHS</th>
<th>WEAKNESSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Capable and enthusiastic management</td>
<td>• Inexperienced or uncommitted management</td>
</tr>
<tr>
<td>• The company’s specialist marketing expertise</td>
<td>• Lack of marketing expertise</td>
</tr>
<tr>
<td>• Company’s ability to meet demand</td>
<td>• Undifferentiated products or services (in relation to competitors)</td>
</tr>
<tr>
<td>• Existence of new, innovative products or services</td>
<td>• Poor quality goods or services</td>
</tr>
<tr>
<td>• High quality products or services which can face competition</td>
<td>• Lack of capital or access to financing</td>
</tr>
<tr>
<td>• Location of business relative to export market</td>
<td>• Damaged reputation</td>
</tr>
<tr>
<td>• Quality processes and procedures</td>
<td>• Location of your business relative to export market</td>
</tr>
<tr>
<td>• Any other aspect of the business that adds value to the products or services</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OPPORTUNITIES</th>
<th>THREATS</th>
</tr>
</thead>
<tbody>
<tr>
<td>• A developing or new market</td>
<td>• A new competitor in your market</td>
</tr>
<tr>
<td>• Possibility of having mergers, joint ventures or strategic alliances</td>
<td>• Price wars with competitors</td>
</tr>
<tr>
<td>• Poor quality or unreliable competition</td>
<td>• A competitor has a new, innovative product or service</td>
</tr>
<tr>
<td>• A market vacated by an ineffective competitor</td>
<td>• Competitors have superior access to channels of distribution</td>
</tr>
<tr>
<td>• New trends that favor the company’s products or services</td>
<td>• Political or social instability in target country</td>
</tr>
<tr>
<td>• Changing political and economic climate that encourages exporting</td>
<td>• Fluctuating costs of production or scarcity of raw materials</td>
</tr>
</tbody>
</table>
2.6.1 Market Objectives

Van der Walt (1997) acknowledged that the first step in developing the plan is to establish export market objectives. These should be attainable, realistic and clear. They should be communicated throughout all levels of the company. Since these objectives will determine the company’s direction and its activities, executive management will have to devote considerable time and effort to setting these objectives. Beamish (1994) revealed that a SWOT analysis will provide a guide to the development of effective and realistic objectives. A company’s strengths are its competitive advantages which will provide it an edge on export markets, its weakness are its constraints, which may inhibit movement in certain directions. To assess a company’s opportunities on possible markets, the following should be carefully evaluated, export customers; competing products; market structure; and competing suppliers. Such an evaluation may reveal that there is good fit between the company’s threats and opportunities.
2.6.2 Product Characteristics

Barone et al (2002) posited that the company should consider the products it has to offer, the modifications they require, packing changes needed, labeling requirements, brand name, after sales service expected if any. Madsen (1989) advocates that many products must undergo significant modifications if they are to satisfy the customer and market requirements abroad. Other products require changes at the discretion of the producer only to enhance their appeal on export markets.

2.6.3 Market Segmentation

Piercy, Nigel (1981) notes that an export-marketing plan is not complete until the company has identified its target segment in the export market. Countries are not homogeneous, different consumer groups exist depending on such issues as age, income, life, occupation and education. Any large market has a variety of market segments which may differ substantially. One of crucial elements of the export marketing plan is to identify the market segments which the company intends to service.

2.6.4 Marketing Research

Walt et al (1997) notes that to succeed in exporting, the company must identify attractive export markets and estimate the export potential for its products as accurately as possible. Marketing research and forecasting are therefore of great importance. One should evaluate the size of the market, the demand characteristics, consumer requirements, and trade channels as well as social and cultural differences that may affect the company’s way of doing business with the market. According to Tinniswood (1991:54), marketing research is a “systematic process of gathering, recording and analysis of data about problems relating to the marketing of goods and services”. Marketing research focuses on specific problems and phenomena such as marketing actions, marketing performance and better understanding of the market as a whole.
2.6.5 Export Pricing

Hamilton et al (1993) highlights that in setting an export price, the company should consider additional costs that do not enter into pricing for the domestic market. These include such items as international freight and insurance costs, product adaptation cost, tariffs and import duties, commissions to foreign distributors or agents, cost of changes in currency rates as well as possible government price controls. Export pricing analysis should begin with these questions; what value does the target market segment place on the company’s product? And how do differences in this product add to, or detract from, its market value? The same author went on to note that in practice these are difficult questions to research, but analyzing the price and product characteristics of existing competitive products may reveal critical information.

2.6.6 Promotion

Yang et al (1990) notes that the export marketing plan should consider the following aspects in relation to the promotion strategy, sales methods, advertising (who will be responsible for advertising, what is the budget for advertising, other promotional activities, trade missions, local export assistance, visiting buyers where and how to contact them). An export effort will be successful to the extent that the firm provides effective customer support. The same author went on to note that an exporter should remember that even the best product may fail without company support to trade intermediaries and end –user. In addition customer support creates goodwill and loyalty to the exporter.

2.6.7 Distribution Channels

Cavusgil (1994) points out that a potential exporter should consider the following issues:

- Should it export through a domestic exporting firm that will take over full responsibility for finding sales outlets abroad?
Should the company set up its own export organization?
Should it sell through representatives abroad?
Should the company set up warehouse abroad?
Should it set up wholly owned sales subsidiaries?

The choice of distribution channels depend on the company’s export strategy and export market. If the company intends to export a product that has a differential advantage to a market segment that is well supplied; it may need to create greater awareness of the product through an appropriate promotion strategy. Barone et al (2002) advocates that distribution channels may be a problem if they are not chosen well and if good relations are not maintained. The Company should formulate agency agreements that are beneficial to both itself and its agents.

2.7 Market focused strategy

Peter and Donnelly (2007) pointed out that the market focused strategies are based on the Ansoff’s (1989) matrix which suggests four alternative marketing strategies which hinge on whether products are new or existing. The four market focused strategies are market penetration, product development, market development and diversification as shown below.

![Figure 2.2: Market focused strategy: Source: Ansoff (1989)](image-url)
2.7.1 Market penetration

According to Kotler and Armstrong (2006), market penetration happens when a firm enters a market with its current products. This strategy is employed by businesses so as to increase sales revenue without necessarily diverting from the already developed product-market strategy. Oliver (2008) states three ways in which companies may penetrate markets: stealing customers from the competitors, reviewing and adding to the product quality, stimulating non-users of the product to begin consumption or convincing the current customer base to increase its usage, with the use of marketing communications tools like such as advertisement (Lynch, 2010). This strategy offers a cheaper alternative of retaining customers than the expensive one of recruiting new customers.

2.7.2 Product development

Lynch (2010) stated that the existing products have to have major as opposed to minor changes, to be fit as product development. This is done because the business wants to utilize excess production capacity, to counter new entry, to maintain the firm’s reputation as a product innovator among other things (Lynch, 2010).

2.7.3 Market development

Christensen et al, (2005) consider market development as investigation of new sections of a market, new exploits for the firm’s products, or new locations in order for the acquisition of new customers. Lynch, (2010) augmented that companies can attract new customers when existing consumers identified new uses of their product.

2.7.4 Diversification

As stated by Thomas and Mason (2006), diversification strategically removes the organization from its current products and target markets with the intention of increasing the diversity that must be
considered by the organization. Diversification is a more risk related strategy and should be done on related products or markets (Lynch, 2010).

2.8 Key Success factors in exporting

Exporting can be a complex process but if it is approached with careful deliberation, it can be a rewarding growth strategy for many businesses. It becomes important to recognize the key/critical success factors in exporting (KSF). These are the prerequisites for success in exporting. In other words these are the key steps that should be followed by any company that wants to realize success in exporting.

In Zimbabwean exporter can get such information from a number of organizations such as ZimTrade, the National Trade Promotion Organization. This organization has a business service information centre that provides up to date information on international market trends. The Trade Information Centre has a specialized trade reference library, trade advisory service and a trade information publications service.

Other organizations that provide market information on foreign markets include the Confederation of Zimbabwe Industries (CZI), Zimbabwe National Chamber of Commerce, banks, Shipping and Forwarding companies, embassies and high commissions. ZimTrade (1995) emphasizes the need for field research or primary market research helps an exporting company fill in critical gaps through direct contact with key experts, customers and Trade Promotion Bodies in the foreign market. This kind of research is usually done after one has carried out the desk market research and it employees personal contact techniques such as interviews and consultations.
2.9 Identifying and selecting entry modes

Kotler (1997) agrees with Strickland (2005) on the fact that once a company decides to go international, it has to determine the best mode of entry if it is to realize meaningful results. Different modes of entry may be appropriate under different circumstances, and the mode of entry becomes a very important factor in the success of the project. Choices include indirect exporting, direct exporting, licensing, joint ventures and direct investment. It is important to note that each succeeding strategy involves more commitment, risk, control and profit potential. The general trend is that companies begin with indirect exporting then proceed through later stages as they gain more experience in the international markets. The researcher is going to concentrate on joint ventures (JVs) and foreign direct investment (FDI).

2.9.1 Joint ventures

Kotler (1997) observes that joint ventures have become more popular than ever in international marketing. They are a partnership of two or more participating firms that have joined forces to create a separate large entity in which they share ownership and control. A foreign investor might join a local investor to form this partnership.

2.9.1.1 Joint Venture strategies (JVs)

There are various forms of JVs as propounded by a number of experts in joint ventures. They include the spider’s web; go together then split strategy and successive integration strategy. The spider’s web involves establishing JVs with large competitor. Examples include AT and T and Olivetti and Ford Motor Company and Mazda. The go-together strategy involves co-operating over extended periods. These are suitable for limited projects especially those in construction. Successive integration strategy usually starts with weak inter firm linkages, develops towards interdependence and ends with take-over or a merger. An example is that of Imperial and Derby A/s of Denmark which had relationships before they actually came into a joint venture strategy.
Another more common strategy is shared management strategy. This type of a joint venture is managed by both parents and is most common in manufacturing situations. This can be explained by the fact that it involves exchange of technology with knowledge of local market. The independent joint venture involves relationships which are relatively free of interference from both parents. However, it is important to note that such types of JVs are rare for the simple reason that parent companies are reluctant in giving joint ventures, the autonomy and freedom to be independent autonomies.

2.9.4.2. Advantages of Joint ventures

Kotler (1997) outlines the following as some of the advantages of JVs:

Some countries do not want foreign firms to establish in their countries and they discourage foreign direct investment (FDIs). Therefore, JVs allow multinational companies to enter and function in such markets where the complexity and the demand for local participation offer few other alternatives. When Anglo-Dutch giant Unilever wanted to enter China’s ice cream market, it joined forces with Sum star; a state owned Chinese Investment Company. Mexico is one such country which is known for restricting FDIs ventures in favor of shared ownership ventures. JVs facilitate the transfer of technology, transfer of foreign management, marketing and production expertise that will be transferred to the local partners. One can also say that JVs allow sharing of risk among partners and the ability to combine strengths. From an international point of view, JVs provide access to resources, access to markets that pose legal and cultural barriers, and curbs potential competition. Thus a local or foreign company might lack the financial, physical or managerial resources to go it alone but can only manage if it pulls resources with another firm. JVs with local partners face a low risk of being subject to nationalization or other forms of adverse government interference. It also gives potential for learning and gaining experience.
2.9.4.3 Disadvantages of joint ventures (JVs)

There are problems associated with JVs. These include the following:

Research has shown that JVs experience difficulties in control and co-ordination as a result of joint ownership. Large investment of financial, technical or managerial resources favors greater control than is possible in a JV. Denmark Training Services (1996) observes that the shared ownership management can lead to conflicts and battles for control between the investing firm if their goals and objectives change or if they take different views as to what the strategy should be. One partner might want to reinvest earnings for growth whilst the other partner might want to withdraw the earnings. Kotler (1997) highlights that one partner may be satisfied with slower progress while the other may need shorter term results.

It is believed that joint ventures create competitors unnecessarily. A proposed joint venture in 2002 between Boeing and Mitsubishi Heavy Industries to build a new wide-body jet, raised fears that Boeing might unwittingly offer its commercial airline technology to the Japanese. This argument has been criticized in view of the fact that the pace of technological change has resulted in shorter product life cycles and that technology supplier will probably be constantly updating existing technologies. Another option would be to “wall off” from a partner, technology that is central to the core competence of the company, while sharing other technology. Another disadvantage of joint ventures is that it does not give a firm full control over subsidiaries that it might need to realize experience curve or location economies or that it might need for engaging in coordinated global attacks against its rivals. JVs usually results in loss of flexibility and confidentiality. At one time partners might feel uneasy in sharing technology and one partner may form alliance with partner’s competitor. This usually happens through knowledge spillovers. It also poses dilution of control and shared weaknesses often results in failure of projects.
2.9.5 Foreign Direct Investment (FDI)

Kotler (1997) views Foreign Direct Investment as an entry mode that involves direct ownership of facilities in the target country and it is characterized by transfer of resources including capital, technology and personnel. The mode involves high degree of control of operations, high level of resources, high degree of commitment, ability to know better customers and competitive environment. The mode can be achieved either by acquiring an already existing entity or establishing a new entity.

2.9.5.1. Advantages of FDI

FDI minimizes knowledge sharing. A company can realize economies of scale in the form of cheap labor, raw materials, foreign government investment incentives and freight savings. The company can also be viewed as an insider once it creates a good image for itself. This can be achieved through providing employment to the locals. Once a company acquires greater knowledge of the local market, it develops good relations with the different stakeholders involved in its operations. Hence the company can end up adapting its products to suit the local marketing environment. FDI also enables a firm to retain full control over its manufacturing and marketing policies and as such be in a position to fulfill its objectives.

2.9.5.2 Disadvantages of FDI

Denmark Training Services (1996) observes that there are disadvantages associated with FDI. It is an entry mode that requires more resources and commitment hence it carries more risk than any other entry mode. Kotler (1997) illustrates this point by citing India’s Bhopal disaster in which a poisonous gas leak in Union Carbide Corp plant killed over 2,000 people and permanently disabled thousands. In the wake of this disaster most countries tightened safety and environmental regulations. Recently a Chinese factory in Zambia exploded and killed many employees. A firm might also find it difficult to manage local resources. A company usually faces problems when it
wants to close down its operations. The host country or government might insist that the firm must first of all pay off all its employees.

With regards to what literature says, the framework of this research is built on the nature of major problems faced by SMEs in the jewelry sector as well as the implications and possible solutions to such. These are mainly financial issues, issues of management skills, marketing strategies and the implementation, registration and licensing issues, policies as well as the key success factors for successful exporting.

2.10 Chapter Summary

Literature was reviewed on the various constraints that can hinder growth of export oriented SMEs in the Jewelry industry and literature on strategies that could possibly be followed for survival. The following chapter explores the research methodology employed for this study.
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The research methodology specifies a plan that generates the evidence that was used to answer the research questions (McMillan and Schumacher, 2014). This plan showed in general, the methods of collecting data, the participants, and how the research was set up. This study took both qualitative and quantitative approach. Information was collected on the perceptions and previous experiences of randomly sampled employees and players in the jewelry industry by asking them structured and unstructured questions and tabulating their answers. The ultimate goal was to generalize the findings on a larger population. The items were to find out how the respondents perceived as the major problems faced by SMEs in the jewelry sector as well as the prevalence and implications of these problems to the operations and output.

3.2 Research Strategy

Research design requires a choice of research strategy. This study used the survey method. A survey provides a numerical description of attitudes or opinions of a population by studying a sample of a population (Zou, et al., 2014). It is used to gather data from a large group in a fairly short space of time (Wagner, et al., 2012) using questionnaires. A survey was conducted in a particular socio-cultural context within a target population. Data was collected from a representative subset for analysis. A cross sectional survey was used in this study. It allowed the researcher to compare all the variables at the same time. It looked at different respondents from different companies and data was collected using structured questionnaires. Data was collected at the same time and a large body of data was generated for descriptive and correlation analysis. A survey captures “a fleeting moment in time of an ongoing activity, of which by drawing conclusions from one transitory collection of data we may extrapolate about the state of affairs over a longer period of time” (Leedy and Ormrod, 2010:187). Although it might have shortcomings, it is the best way to
generalize the findings. It provided information only and did not seek to answer why respondents feel the way they do. According to Yin (2008) there are several ways of doing research which include case studies, experiments, surveys, histories and the analysis of archival information. He further states that each of these strategies has peculiar advantages and disadvantages, depending on three conditions: the type of research question, the control the investigator has over actual behavioral events and the focus on contemporary as opposed to historical phenomena.

This study took both a quantitative and qualitative approach. A quantitative research is typified by the collection of numerical data using deductive reasoning (Bryman, 2008). As the quantitative approach helped the researcher to summarize large amounts of data, it helped to reach generalizations based on statistical projections. This method was suitable for the study in that it provided a measure of how many people have a particular perception about the major problems faced by SMEs in the Jewelry industry as well as the prevalence and implications. This was done by observing how strongly respondents agree or disagree with certain positions and also what they suggest. It is possible to make use of statistical analysis to determine the results. This approach was more reliable and objective with the subjectivity of the researcher in the methodology being minimal. However, quantitative approach has its own shortcomings and that is why the researcher considered qualitative approach also. It failed to distinguish people from the natural world (Bryman, 2008). It also overlooked the fact that people can interpret the world around them whereas natural science objects cannot. Bias was not completely eliminated; it possibly occurred as respondents’ actual behavior may be different to their responses (Bryman, 2008). A qualitative research refers to a descriptive approach using words. The qualitative approach excels at "telling the story" from the viewpoint of people involved, providing the rich descriptive detail. Rubin (2005) notes that qualitative research allows for in-depth, more open and detailed study of selected issues which in this study is going to be captured through the unstructured questions as well as the follow up questions during interviews.
3.3 Research Design

In this particular research, the researcher used a combination of two research designs which are exploratory and descriptive research designs. According to Arker et al (1997) exploratory research is used when one is seeking insights into the general nature of the problem, the possible decision alternatives and relevant variables that need to be considered. Exploratory research was used because the researcher was seeking an insight into the general nature of the problem at hand with regard to the decline of performance of SMEs in the jewelry industry, the possible decision alternatives and relevant variables that need to be considered. It was also useful for establishing priorities among research questions and for learning about the practical problems of carrying out the research. Typically, there was little prior knowledge on which to build on. The research methods are highly flexible, unstructured and qualitative for the researcher begins without firm preconceptions as to what will be found.

Exploratory research was also useful for establishing priorities among research questions and for learning about the practical problems of carrying out the research. Descriptive research was used because the researcher wanted to have an accurate snapshot of some aspect of the SMEs operating environment, and in this context the analysis of the exports trends of SMEs. Descriptive research also proved useful and justified to be executed because it gave room for the researcher to draw inferences about the operational environmental for SMEs or other phenomena of concern. Descriptive research embraces a larger proportion of marketing research. The purpose is to provide an accurate snapshot of some aspects of the market environment. Descriptive research uses a set of scientific methods and procedure to collect raw data and create data structures that describe the existing characteristics of a defined target population or market structure. Descriptive studies generally allow decision makers to draw inferences about their customers, competitors; target markets environmental factors or other phenomena of concern which was an important aspect to be considered by the researcher.
3.4 Target Population

The Jewelry Industry has a population of 15 companies with an average of 10 employees of people who are eligible to be respondents. Hair et al (2003) a target population is a specified group of people or objects for which questions can be asked or observations made to develop required data structures and information. In the context of this research the researcher, had the following groups as the target population:

- SMEs Jewelry exporting companies in Harare with a structure that showed role clarity not a one man band or a family affair. (The CEO and Head of Marketing and Operations. departments, and non-managerial employees in the marketing and operations department).
- Ministry of Small to Medium Enterprises (SME promotions official).
- ZimTrade (Market Analyst).

3.5 Sampling frame

This is a group of respondents available for participation in the research which is drawn from the population. There are 15 operational companies in the jewelry SMEs sector, 10 were selected according to the structure (with defined roles as mentioned above). The researcher aimed at a total of five respondents from each of the ten organizations used bringing it to a sample of 50 respondents. In this research, the sample constituted company executive management (CEO, Head of marketing, Chief Operating Officer), and non-management staff (a marketing officer and Operations personnel) who were able to answer research questions which were pertinent to the study objectives. Respondents were taken across the board. Zimtrade and Ministry of Small to Medium Enterprises officials were interviewed.

3.5.1 Sampling Procedure

From the description of the sample framework above, this study used a purposive/judgmental sampling to identify respondents representing the fine jewelry industry for the study who would provide relevant information required for the study. The sample was taken based on certain
judgments about the whole population. The researcher selected elements that are characteristic of the population although Selltiz et al (2008) indicates that there is no way to check and guarantee this. The critical issue here is objectivity. This type of sampling is subject to the researcher's errors and is perhaps even more inaccurate than random sampling. The researcher's pre-conceptions should be more accurate as the representativeness of the sample to the population depends on this. The researcher wanted to select the key informants of this research and make discretion that amongst all the employees in the gemstone jewellery industry the marketing managers and the top management can provide in-depth information concerning the study area basing on their experience and knowledge and the non-managerial employees were used as a control as well as officials who hold certain positions in governing bodies like Zimtrade (Market Analyst), Ministry of Small to Medium Enterprises (Advisor). The researcher selected five subjects from each company.

Sampling procedure according to Blanche et al. (2006) refers to the process of selecting elements to be observed. Ghauri and Gronhaug (2005) broadly divide sampling procedure into probability and non – probability sampling. Probability sampling is a sample that has been selected using random selection so that each unit in the population has a known chance of being selected for the sample. That is, each element in the sampling frame has an equal and independent chance of being selected for the sample. The aim of probability sampling is to keep sampling error to a minimum. This aspect of probability sampling procedure permits statistical inferences. Blanche et al. (2006) give examples of probability sampling to include systematic sampling, stratified sampling, cluster and simple random samplings.

Blanche et al. (2006: 139) define non – probability sampling as “any kind of sampling where the selection of elements is not determined by the statistical principle of randomness”. Examples of non-random sampling include convenience, purposive or judgmental and snowball sampling. In convenience sampling, the researcher uses volunteers who are willing and available to participate in the research. This is most useful in a homogeneous population. This method is economical and does not require the population list. The main disadvantage is that variability and bias of estimates cannot be measured or controlled. In purposive sampling, dependence is not only on availability
and willingness to participate, but on cases that are typical of the population are selected. This process of gradually accumulating a sufficiently large sample through contacts and references is described by Blanche et al. (2006) as snowball sampling. The advantages of purposive and snowball sampling methods is that they are economical and do not require a list of the population.

3.5.2 Sample

Table 3.1 Sample of Respondents

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>RESPONDANTS-SAMPLE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>CEO, Head of Marketing, Head of operations, Marketing officer and operations personnel</td>
<td>5</td>
</tr>
<tr>
<td>2</td>
<td>CEO, Head of Marketing, Head of operations, Marketing officer and operations personnel</td>
<td>5</td>
</tr>
<tr>
<td>3</td>
<td>CEO, Head of Marketing, Head of operations, Marketing officer and operations personnel</td>
<td>5</td>
</tr>
<tr>
<td>4</td>
<td>CEO, Head of Marketing, Head of operations, Marketing officer and operations personnel</td>
<td>5</td>
</tr>
<tr>
<td>5</td>
<td>CEO, Head of Marketing, Head of operations, Marketing officer and operations personnel</td>
<td>5</td>
</tr>
<tr>
<td>6</td>
<td>CEO, Head of Marketing, Head of operations, Marketing officer and operations personnel</td>
<td>5</td>
</tr>
<tr>
<td>7</td>
<td>CEO, Head of Marketing, Head of operations, Marketing officer and operations personnel</td>
<td>5</td>
</tr>
<tr>
<td>8</td>
<td>CEO, Head of Marketing, Head of operations, Marketing officer and operations personnel</td>
<td>5</td>
</tr>
<tr>
<td>9</td>
<td>CEO, Head of Marketing, Head of operations, Marketing officer and operations personnel</td>
<td>5</td>
</tr>
<tr>
<td>10</td>
<td>CEO, Head of Marketing, Head of operations, Marketing officer and operations personnel</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>50</strong></td>
</tr>
</tbody>
</table>

**Interviews**

<table>
<thead>
<tr>
<th>Company</th>
<th>Position</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zimtrade</td>
<td>Market Analyst</td>
<td>1</td>
</tr>
<tr>
<td>Ministry of SMEs</td>
<td>SMEs Promotions Officer</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>2</strong></td>
</tr>
</tbody>
</table>

3.6 Data Collection Procedure

The researcher used both primary and secondary data sources.
3.6.1 Secondary data sources

Secondary data is collected from another source other than the original, Krishnawasmy et al (2006). This study used secondary data from ZimTrade report, Central Statistical office reports as well as MMCZ 2014 Annual report. The researcher enjoyed the time saving aspect of secondary data collection method although accuracy of findings now relies further on the third party. The other commonly used sources include company financial reports, journals, newspapers, gazettes and other publications.

3.6.2 Primary data

In primary data collection, the researcher collects the data, Krishnawasmy et al. (2006). The data is in its raw state as extraction from sources in this case employees of SMEs in the jewelry sector. Commonly used tools are surveys, case studies, interviews and questionnaires. Primary data in this research was gathered using questionnaires as well as interviews in the case of the governing bodies’ officials.

3.6.3 Research Instruments

The researcher used questionnaires to scout for information from the specified respondents. The questionnaires had both structured questions and unstructured questions. The structured questions were closed ended questions that required the respondents to choose from a predetermined set of responses like (Yes/No) or scale points. This reduced the amount of thinking and effort required by respondents. The unstructured questions included in the questionnaires were open-ended questions formatted to allow respondents to reply in their own words. There were predetermined list of responses available to aid or limit respondent’s answers. This type of questions required more thinking and effort on the part of respondents. These provided the researcher with a rich array of information. The use of questionnaires was an advantage because participants responded to questions with the assurance that their responses were anonymous (Leedy and Ormrod, 2010).
Respondents were encouraged to put the completed questionnaires in sealed envelopes in order to maintain confidentiality of responses.

Guided interviews were also carried out with experts in the exports and also organizations responsible for SMEs promotion. Close-ended questions were employed in order to gather specific views and ideas on SMEs constraints and export strategies without constraining the responses and without making omissions in fundamental aspects. A higher response rate was achieved. The author of this study found it easier to get responses from respondents because questioning allowed probing for reasons, data collection took place immediately and it also became possible to take note of non-verbal responses. More questions could be asked and responses are obtained immediately. However, the exercise was time consuming and information collected might be biased because people have a tendency to try and please the interviewee.

There are also other various methods used in data gathering, especially in the social sciences and business include questionnaires, interviews, focus group discussions and observation of participants (www.answers.yahoo.com ; 21/06/2016). Each of the methods of data collection has its own, unique advantages and disadvantages.

### 3.7 Research Procedure

Consent forms were issued to all the participants in the selected sample where they indicated their willingness to take part in the research. These forms were distributed together with the questionnaires. Services of a research assistant were used to distribute and collect the questionnaires from the companies and the researcher handled the personal interviews with organizations that deal with SMEs. This arrangement saved on time and travelling costs. This made the data collection process quicker and cheaper to administer. Five questionnaires per company were issued, one to the General Manager/CEO and two to Marketing and Operations head of departments, and the last two to non-managerial employees in the marketing and operations department. A reminder was sent
immediately after the due date for returning the completed questionnaires stressing the importance and necessity of completing the questionnaire. Questionnaires which were not returned one week after the reminders were sent were deemed ‘not returned’.

3.8 Data Analysis

Quantitative data analysis entails the techniques that researchers use to covert data to a numerical form and then subject it to statistical analysis (Rubin and Babbie, 2005). This involves reducing the data to an intelligible and interpretable form in order to study the relations of the research problem and draw conclusions (De Vos, et al., 2011). They, however, warn that data analysis does not provide answers, it merely summarizes, classify numerical data to obtain meaning. Answers are found in the interpretation of the organized data and the results. Descriptive statistical methods will be used to report the distributions of the sample across a wide range of variables while inferential statistical methods will be used to test the hypothesis and whether the descriptive results are due to random factors or to real relationship (Kreuger and Neuman, 2006).

Primary data was collected through the questionnaires. The Statistical Programme for Social Sciences (SPSS) was used to organize and summarized the data into tables, graphs and summary statistics. Preliminary data analysis produced frequency distribution tables and compute reliability co-efficiency tables. The frequency distribution tables assisted in the data cleaning process and to derive demographic statistics. The demographic statistics were used to describe sample characteristics while reliability coefficients were used to evaluate the internal consistency of the sub-sections of the questionnaire. The main focus of the analysis was to provide answers to the research questions. The main aim of statistical data analysis (De Vos, et al., 2011) is not just to organize data into tables and graphs but to make probability statements concerning the population from which the sample was drawn. Regression analysis also was performed.
3.9 Internal Validity

Internal validity means (Wagner, et al., 2012) the extent to which a researcher can say that no other variables save for the one under study caused the results. The researcher randomly selected the participants and construct questionnaire items that collected data on challenges faced by the jewelry exporting Industry and not on any other variables. This implies that evidence exists to suggest that what was done caused the outcome. There are threats to internal validity which make it difficult to prove that the independent variable indeed caused changes in the dependable variable. Wrong selection of the sample can compromise the internal validity.

3.10 External Validity

External validity is the extent to which the result of a study can be generalized to other situations and to other people (Wagner, et al., 2012). Research data was collected at the same time from the participants and a larger geographical area was covered using data collected from a representative sample. Sampling error can threaten external validity. To minimize this threat, a fair sample size which is representative of the population from which it is drawn, was used to conduct the research. Because the sample was representative of the population, the results were generalized back to the population. External validity is generally threatened by people (sample size); place where research is carried out and the time during which the study happened.

3.11 Ecological Validity

Ecological validity refers to the extent to which the findings of a research study are able to be generalized to real-life settings. Ecological validity was ensured in that the study took place in a natural setting, where participants completed the questionnaire at their own pace and anonymity of their responses was guaranteed.
3.12 Reliability

Reliability is the degree to which “an instrument measures a construct consistently under the same conditions with the same respondents” (Wagner, et al., 2012:80). For this study, internal consistency reliability was used to measure the extent to which items on the questionnaire were measuring the same construct consistently. The questionnaire was applied only once to the respondents and the Cronbach’s coefficient alpha was used to measure the internal consistency.

The researcher also piloted the research instruments for refinement before distributing them to the relevant respondents. The researcher offered copies of questionnaires to the academic supervisor and the attachment supervisors to correct the questions on them, that is how best to put them across. The respondents were asked not to write their names on the questionnaires so that they would freely provide information without the fear of back tracking on them. Data collected from this research may not be taken as 100% efficient taking into account the limitations of the study where some managers considered some of the information as of strategic importance to their companies and hence confidential. There is also room for some marginal errors. Any instrument used to collect data has to be reliable. However, there are threats to reliability of measuring instruments, hence there was need for the researcher “to apply rigor to the design and implementation of the measuring instruments” (Wagner et al., 2012:81) to ensure reliability of the results.

3.13 Ethical Considerations

This research was primarily focused on human beings. The researcher had the responsibility to protect the rights and welfare of the participants. The researcher took the responsibility to ensure that participants were not harmed as a result of their taking part in the research (Wagner, et al., 2012). They submit that harm includes physical, emotional, psychological, as well as reputational damage. Bryman, (2008) adds that, ethical issues are important in conducting research and they must include notifying the participants about the aim of the study. The researcher ensured confidentiality of responses.
In this research the researcher also adhered to the following ethical considerations as outlined by Maldonado (2009). Participants were advised of the voluntary nature of their participation and that they can withdraw from the study at any time without penalty. They were also advised that at any time during the process they could decline to answer any question. The research objectives were clearly delineated and articulated to the participants before and during interviews of key informants. The participants were informed of all data collection methods and activities. The final decision regarding participants’ privacy was fully with the participant. There was no requirement whatsoever of the identities of the respondents and their completed questionnaires were returned in sealed envelopes.

### 3.14 Chapter Summary

This chapter looked at the research methodology, which is how the research was actually conducted, the research instruments. The next chapter is going to look at the presentation and analysis of data.
CHAPTER 4

PRESENTATION, ANALYSIS AND DISCUSSION OF DATA

4.1 Introduction

The results of the analysis, interpretation and discussion of the assessment of problems encountered by export oriented small to medium enterprises (SMEs) operating in the jewelry industry in Zimbabwe are reported in this chapter. Data collection procedure was basically accomplished through the use of a questionnaire.

Fifty questionnaires were distributed to a target population of 50 SMEs and 47 were successfully distributed and returned representing a response rate of 94%. A response rate of this magnitude is deemed highly impressive given the limited given time to the respondents. A 100% response rate could have been preferred, would it not have been that some SMEs were reluctant to answer questions fearing that the information they would provide would end up in the hands of tax authorities and competitors, despite having been assured in black and white that all information provided is solely for academic purposes and will be treated confidentially.

In describing the sample characteristics in terms of organizational profile, respondents profile, nature of problems, prevalence of the problems, implications of the problems that hinder successful operations and exporting, descriptive statistics, frequencies and percentages were employed. In terms of addressing the hypothesis of the study linear regression analysis was utilized. Thematic narrative analysis was used with regards to the analysis and presentation of responses from open-ended questions and interviews.
4.2 Organizational and Respondents Profiles

It is important to assess the organizational and respondent characteristics of the SMEs in the study as these are primary indicators of the possible causes of constraints the SMEs face in the jewelry industry. Table 4.1 presents the general organizational and respondents profiles that constituted the sample with regards to position, age, profession or academic background, years worked for the organization and the size of the organization as determined by the number of people employed. These will help with analyzing the relationships between these profiles and characteristics to be looked at in the other sections of this analysis.

4.2.1 Positions of Respondents

In terms of all positions nearly all were equally represented, CEOs (17.0%) and Chief operating officers, 19.0% constituted the sample compared to heads marketing, marketing and operations personnel who accounted for 21.3% of sample each. The distribution implies a fair representation of owners, senior management and the workers in the sample. The workers act as a control group, with regards to the authenticity of results.

4.2.2 Age of Respondents

With regards to age, 52.5% of the sample was aged between 25 and 45 compared to only 10% who were under the age of 26 years and only 2.8%, over 45 years. The age distribution is skewed towards the economically active age group, the youth and the middle adulthood. The age findings are of paramount importance in that entrepreneurs in their prime age consider investment in business a source of livelihood, while older people after retrenchment or retirement indulge in such activities as a way of passing time. Osei (1993) asserts that younger generations invest in enterprises because they view SMEs as business whereas the older generations venture into SMEs after retrenchment and view SMEs as a way of passing time. The age distribution of the sample makes the research valid because it constitutes part of the productive population as indicated under social factors on the macro environmental analysis.
Table 4.1: Organizational and respondents profile

<table>
<thead>
<tr>
<th>Organizational/Respondent Profile</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Position in Organization</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CEO</td>
<td>8</td>
<td>17.0</td>
</tr>
<tr>
<td>Head of Marketing</td>
<td>10</td>
<td>21.3</td>
</tr>
<tr>
<td>Chief Operating Officer</td>
<td>9</td>
<td>19.1</td>
</tr>
<tr>
<td>Marketing personnel</td>
<td>10</td>
<td>21.3</td>
</tr>
<tr>
<td>Operations Personnel</td>
<td>10</td>
<td>21.3</td>
</tr>
<tr>
<td><strong>Age of Respondent (Years)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 25 years</td>
<td>7</td>
<td>14.9</td>
</tr>
<tr>
<td>25-35 years</td>
<td>25</td>
<td>53.2</td>
</tr>
<tr>
<td>36-45 years</td>
<td>12</td>
<td>25.5</td>
</tr>
<tr>
<td>46-55 years</td>
<td>3</td>
<td>6.4</td>
</tr>
<tr>
<td>above 56 years</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td><strong>Professional/Academic Background (Multiple Response)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>None</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Basic in-house training</td>
<td>35</td>
<td>23.8</td>
</tr>
<tr>
<td>High School /Certificate</td>
<td>48</td>
<td>32.7</td>
</tr>
<tr>
<td>Diploma</td>
<td>45</td>
<td>30.6</td>
</tr>
<tr>
<td>Degree</td>
<td>15</td>
<td>10.2</td>
</tr>
<tr>
<td>Postgraduate</td>
<td>4</td>
<td>2.7</td>
</tr>
<tr>
<td><strong>Years worked for organization</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 – 5</td>
<td>12</td>
<td>25.5</td>
</tr>
<tr>
<td>6 – 10</td>
<td>20</td>
<td>45.6</td>
</tr>
<tr>
<td>11-15</td>
<td>12</td>
<td>25.5</td>
</tr>
<tr>
<td>16-20</td>
<td>2</td>
<td>4.3</td>
</tr>
<tr>
<td>More than 20</td>
<td>1</td>
<td>2.1</td>
</tr>
<tr>
<td><strong>Number of employees</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15 or less</td>
<td>5</td>
<td>10.6</td>
</tr>
<tr>
<td>16 – 30</td>
<td>17</td>
<td>36.2</td>
</tr>
<tr>
<td>31 – 45</td>
<td>20</td>
<td>42.6</td>
</tr>
<tr>
<td>46 – 60</td>
<td>5</td>
<td>10.6</td>
</tr>
<tr>
<td>60&lt;</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Number of people who handle exports</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1-3</td>
<td>69</td>
<td>97.8</td>
</tr>
<tr>
<td>4-6</td>
<td>2</td>
<td>2.2</td>
</tr>
</tbody>
</table>
Education / Academic Qualifications

Looking at education, 43.5% of the sample had a tertiary qualification, and these only 12.9% had at least a first degree. The remainder who happened to be the majority had in-house training and / or a high school certificate. The sample distribution can mean that the majority of the sample had no sound educational background which can have negative impacts with regards to SMEs growth. Some studies have shown that there seems to be a relationship between level of education and the performance of SMEs. Sibanda (2005) found that the higher the educational standards of the entrepreneurs the higher the probability that the enterprise would be successful particularly in an economically “turbulent” business environment as the business establishment is most likely to be run professionally. Basing on the arguments of Sibanda and the level of education of the current sample, one can conclude that challenges SMEs in the jewelry sector are facing are grounded in poor educational background.

Regarding size of SMEs, most SMEs, 33.8% employed between 31-45 employees and second largest SMEs, having between 16-30 employees. Findings indicate that most companies had a workforce of between 16 and 45 employees accounting for a total variance of 59.2% of the SMEs. Since none of the SMEs had a workforce of over 90 employees this implies the SMEs in the area understudy in Zimbabwe are not growing.

Years of Experience

In terms of years of service within the industry the majority, 74.7% of the sampled SMEs had experience of less than 10 years in the present line of business. The results are skewed towards lack of experience in the SMEs. SMEs in the jewelry industry in Zimbabwe might be involving themselves in business that they have very little knowledge about. The implications are that lack of experience can have a strong bearing on the SMEs operations and their development.
Reliability of the Questionnaire

Table 4.2  Reliability Statistics

<table>
<thead>
<tr>
<th>Cronbach's Alpha</th>
<th>N of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.711</td>
<td>29</td>
</tr>
</tbody>
</table>

As outlined in the methodology section, a pilot study was conducted prior to data collection. Pilot study data were scrutinized for internal consistency using Cronbach’s Alpha in SPSS. Table 4.2 shows the results and it was computed as 0.711. An alpha value of this magnitude is fairly good as the minimum acceptable value is 0.7 to consider the questionnaire internally consistent. The implications are that the instrument actually measured what the researcher had set it out to measure.

4.3 SECTION B: NATURE OF PROBLEMS FACED BY SMES IN THE JEWELRY SECTOR

4.3.1: Finance

Finance is a very significant component for any business entity. It is the key determinant on the success or failure of a business venture. This section describes the characteristics of the sample in terms of the nature of the problems faced by SMEs and the prevalence of such problems due to finance, which is the first object of this section under the current study.

In terms of availability of financial resources to sufficiently fund organizations to venture into exports, only 10.6% had the capacity. This indicates that most of the SMEs in the jewelry industry do not have enough financial resources to export. This concurs with McPherson (1991) when he said that the two principal financial constraints are lack of finances and high cost of finance. With regards to application of loans or disbursed SMEs funds the majority, 90.2% applied and of these, 70% got the loans (figure 4.1). Findings indicate that SMEs are applying for loans and institutions are availing the much needed capital to export jewelry. Indications are that financial resources being allocated to SMEs might be inadequate to take the jewelry enterprise to greater heights or the SMEs are mismanaging the loans. Inadequacy may be linked to Kunjeku et al (1992)’s view that the financial system remain extremely conservative with the perceived risk of financing SMEs. The
majority, about 90% of the SMEs indicated that they had no capacity to export, yet they received financial support.

Figure 4.1: SMEs funding and Loan application.

4.3.2. SMEs Management skills

The success of any enterprise is determined to a large extent on the effectiveness and skills of its management. A leadership team which is dynamic motivated and employs different strategies can drive an enterprise to greater heights. This section reveals the management skills of the sampled SMEs in terms of training; the frequency management sends for training, their perceptions towards
training and appropriate suggestions on training to improve the organization performance. All SMEs sampled (100%) were sending their managers for training between 1 and 3 times every six months indicating lack of seriousness when it comes to training issues. This result supports what Levy et al (1995) said SME sector attach low priority to training and are often unwilling to participate in programmes that requires them to finance even a bit.

To the question on how many people handle exports, 95.7% had 1-3 people, 4.3% had 4-6 as tabulated below:

**Table 4.3: People who handle exports**

<table>
<thead>
<tr>
<th>Range</th>
<th>Frequency</th>
<th>Percentage %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 – 3</td>
<td>45</td>
<td>95.7</td>
</tr>
<tr>
<td>4 – 6</td>
<td>2</td>
<td>4.3</td>
</tr>
<tr>
<td>Total</td>
<td>47</td>
<td>100</td>
</tr>
</tbody>
</table>

This is an indication that limited attention is given to the export issues (operations) in most of the SMEs because it may be difficult for all the three people to gather much information necessary for successful exporting. Levy et al (1995) went on to point out areas of weakness as financial management, operations management, cost accounting, marketing and general business management.

The respondents were further asked the qualification distribution of the workforce and the results were as tabulated below:
Table 4.4 Distribution of Respondents by qualification

<table>
<thead>
<tr>
<th>Responses</th>
<th>Value</th>
<th>Percentage %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. “A” level</td>
<td>22</td>
<td>46.8</td>
</tr>
<tr>
<td>2. Certificate</td>
<td>40</td>
<td>85.1</td>
</tr>
<tr>
<td>3. Diploma</td>
<td>42</td>
<td>89.3</td>
</tr>
<tr>
<td>4. Degree</td>
<td>12</td>
<td>25.5</td>
</tr>
<tr>
<td>5. Masters</td>
<td>5</td>
<td>10.6</td>
</tr>
</tbody>
</table>

**Source:** Survey data

Table 4.4 above shows that most of the respondents had multiple qualifications from “A” Level to Diploma (46.8%, 85.1% and 89.3% respectively) and only 25.5% degree and 10.6% with Masters. This is an indication of a distribution which is basically skewed towards low levels of education given the complexity of the industry and that most of the respondents belong to the productive group in the nation (25 to 54 years)

4.3.3 Technology Utilization of SMEs

The success of modern day businesses is dependent on information technology. With this in mind it is important to examine the extent to SMEs has adapted the use of ICTs and the success rate, figure 4.3 illustrates the findings.

To the question on being technologically equipped for export venture, 28 out of 47 responded saying “Yes” representing 60 %, 19 responded saying “No” representing 40%.
Those who were not equipped were further asked if they have made use of organizations like Zimtrade to acquire information on new technology, responses are as tabulated below:

Table 4.5 Responses to technology acquiring

<table>
<thead>
<tr>
<th>Response</th>
<th>Yes</th>
<th>No</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>6 (29%)</td>
<td>12 (71%)</td>
<td>19</td>
</tr>
</tbody>
</table>

Source: Survey data

It is important to note that SMEs have not fully embraced the use of technology, a key determinant of business success nowadays. Only 60% are well equipped technology wise. Of the 40% who are not well equipped, only 29% of them have solicited advice from organizations such Zimtrade, with 6.9% benefited with regards to ICTs usage. 71% did not even make an effort to try and acquire
information and training from assigned governing bodies like Zimtrade. SMEs have to embrace the use of ICT in their day to day operations, but lack resources to house the infrastructure and lack of ICT skills are the main challenges. The SMEs are not using technology; this has negative consequences in terms of running a successful business venture. Biggs, Shah and Srivastova (1995) have indicated that; Africa appears to suffer from two significant technological gaps which are; large variance in technological capabilities and weakness in the “learning” environment, which seem to support these findings.

4.3.4 Registration and Licensing of SMEs

In order to run a successful business venture, the entity has to be registered according to the Zimbabwe laws. In this section challenges faced in the registration and finally getting the license are unearthed. The impact of the registration and licensing process on business operations are also presented.

The respondents were asked if they had faced difficulties in registering and getting licenses for exporting, 45 out of 47 responded saying, “Yes” representing 90%, and 2 out of 47 responded saying “No” representing 5%, as tabulated below:

Table 4.6 Response to registering and licensing

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>45</td>
<td>95.0</td>
</tr>
<tr>
<td>No</td>
<td>2</td>
<td>5.0</td>
</tr>
<tr>
<td>Total</td>
<td>42</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Survey data

Table 4.6 provides evidence that, 95% of the SMEs sampled experienced difficulties when they were registering and licensing for export. The researcher attributes this mainly to the issue of red tape and bureaucratic systems. Gerry, (2006) seem to concur with these findings when he said many developed countries have displayed a high degree of bureaucracy through centralization of resources and decision making.
4.3.5 Market Access and Marketing Strategies

The success of any enterprise is determined by established strategic linkages. This section attempts to explore whether the SMEs in the jewelry sector in Zimbabwe have any constraints in accessing foreign markets through the use of trade promotion organizations.

Fig 4.4 Challenges in foreign markets access and use of trade promotion organizations

Nearly all SMEs in Zimbabwe, 91.5% have experienced constraints in accessing foreign markets, and 90% failed to utilize the use of trade promotion organizations. The findings can imply that the environment in Zimbabwe is not conducive to doing business globally. The lack of ICT structure coupled with lack of expertise in information technology could be the barrier in accessing foreign markets. According to the World Bank, (2004), access to markets, both local and foreign, remains a
significant constraint facing the SMEs. Most SMEs find the cost and complications of exporting erroneous.

**Fig 4.5 Success Rate of SMEs**

The success rate of using trade promotion organizations, such as ZimTrade, MMCZ or any other organization with market information is at 30%. Six of the 47 SMEs, representing 13% of the SMEs viewed success rate as highly successful, 9% rated it as successful and lastly but not least 8% felt the rate of success is moderate (figure 4.7). The result might imply that the trade promotion organizations initiative is not bearing any fruits.

### 4.3.6 Marketing Strategies and management support

The entrepreneurs used different forms of strategies to advertise market and sell their products as indicated in table 4.7 below.
Table 4.7 Forms of Marketing Strategies employed and Senior Management and Executives Support in marketing strategy Implementation

<table>
<thead>
<tr>
<th>Item</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Forms of Marketing Strategies employed</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product: compromised quality due to inexperienced personnel who cannot innovate and machinery which is not up to date.</td>
<td>33</td>
<td>70.2</td>
</tr>
<tr>
<td>Custom made jewellery to suit the customer’s needs</td>
<td>13</td>
<td>27.7</td>
</tr>
<tr>
<td>Price: competitive locally but not in the global market</td>
<td>40</td>
<td>85.2</td>
</tr>
<tr>
<td>Promotion: mainly print media and social media</td>
<td>42</td>
<td>89.4</td>
</tr>
<tr>
<td>Place: limited retail outlets</td>
<td>46</td>
<td>97.9</td>
</tr>
<tr>
<td><strong>Communicated marketing strategies</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>20</td>
<td>42.5</td>
</tr>
<tr>
<td>No</td>
<td>27</td>
<td>57.4</td>
</tr>
<tr>
<td><strong>Actions taken for successful implementation to those communicated</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Setting of targets</td>
<td>7</td>
<td>35</td>
</tr>
<tr>
<td>Executives share ideas periodically</td>
<td>13</td>
<td>65</td>
</tr>
<tr>
<td><strong>Support</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Most managers find information from competitors and some help with the market intelligence</td>
<td>14</td>
<td>29.8</td>
</tr>
<tr>
<td>Management rarely supports marketing activities</td>
<td>20</td>
<td>42.6</td>
</tr>
<tr>
<td>Finance manager funds the marketing department for printing of advertising material</td>
<td>13</td>
<td>27.7</td>
</tr>
<tr>
<td><strong>Nature</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Use of intranet</td>
<td>47</td>
<td>100.0</td>
</tr>
<tr>
<td>Use of social media</td>
<td>47</td>
<td>100.0</td>
</tr>
<tr>
<td>Use of telephones</td>
<td>47</td>
<td>100.0</td>
</tr>
<tr>
<td>Top down approach</td>
<td>15</td>
<td>31.9</td>
</tr>
</tbody>
</table>

Source: Survey data

Seventy percent of respondents indicated that the quality of the product is compromised by lack of expertise as well as uncompetitive machinery. They also indicated that there is no high involvement innovation. 27.7% responded that they make according to the customer’s taste. Prices are competitive locally as indicated by 85.2% of the respondent showing that they are price takers in the global market. Promotion wise, it shows that there is limited awareness because there are only a
few activities that are employed by almost all (89.4%) of SMEs. In most responses (97.9%) SMEs even have limited outlets locally. These results are supported by Beer (2008) when he said shortage of proper marketing skills have been found to be hampering business performance.

When asked about communicated marketing strategies 20 out 47 (42.6%) indicated that their strategies are communicated and 27 out 47 (57.4%) said no showing lack of seriousness in communicating strategies for all the employees to be well aware of what the company is intending to achieve. Alexander, (2008) concurred with this when he said ineffective coordination and communication of planning activities is one of the failures in strategy implementation. Those with communicated strategies were further asked about measures taken for successful implementation of the strategies. In order to ensure that the strategies are well implemented, 65% of these, the executives periodically share ideas, and in 35% of the cases targets are set. A point of concern is the large number of SMEs, (57.4%) who do not communicate (Figure 4.6).

![Figure 4.6 Communication of marketing strategies and actions implemented](image)
In most cases, 42.6% of the SMEs, managers do not support marketing activities. However, 29.8% of those who do find information from competitors with the help of the market intelligence and in 27.7% of the SMEs advertising are financed by the SME. Dissemination of information is achieved through the use of intranet, social media and use of telephones in all organizations. Only, 31.9% of the sampled SMEs used top down approach. Findings can mean that SMEs using the telephone as a communication tool, in the absence of a sound IT infrastructure.

4.3.7 Policies

![Trend Analysis of Policies Hindering SMEs motives](image)

Fig 4.7: Trend Analysis of Policies Hindering SMEs motives

Results show that most organizations in Zimbabwe are highly affected by government policies when exporting commodities. All organizations, 100% indicated that the major drawback in terms of exporting is government tax regime. The second highly ranked inhibitor is trade protection policy which affected 37.9% of the sampled SMEs. Infrastructure policies and foreign exchange policies were considered as moderate players with this regards according 62.1% and 48.3% of the SMEs respectively. The findings can imply that SMEs may be competitive in jewelry exporting
venture if the government provides an enabling environment by revisiting its tax policy. The foreign exchange regime is a neutral player because of the multicurrency system approach adopted by the government, while infrastructure is available in the country. Kapil (1997) points out that high taxation is an issue raised by many SMEs as impacting negatively on their decision of whether or not to export.

Those who had problems were further asked if they have communicated with policy makers for negotiation or adjustments, responses showed that 100% of the respondents never bothered to engage policy makers for negotiation. As shown by information presented some SMEs are having problems with Government policies that are hindering their export initiative. All have not yet made an initiative to communicate with the implementers their dissatisfaction that keeps them in their current position that is not favorable.

4.4 SECTION C: THE IMPLICATIONS OF THESE PROBLEMS

4.4.1 Implications of capital on business activities and possible solutions

Finance is vital to the success or failure of a business venture, and hence has a strong bearing on the operations of the enterprise. Table 4.8 shows the implications of unavailability of funding with regards to current performance of the jewelry industry and the possible solutions as perceived by SMEs. Decline on returns on investments was revealed as the major constrain the sampled SMEs were experiencing due to shortage of money. The majority of the sampled SMEs, 53.5% indicated so. Financial constraints, have also resulted in challenges associated with capacity utilization (25.4%), shareholder value (9.9%) and limited marketing activities (8.5%). In 4.2% of the SMEs, morale maintenance is becoming increasingly difficult. United Nations (2001) advocates that poorly functioning financial systems can seriously undermine the microeconomic fundamentals of a country, resulting in lower growth in income, capacity and employment levels.
Table 4.8 Implications of unavailability of funds

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low capacity utilization</td>
<td>18</td>
<td>25.4</td>
</tr>
<tr>
<td>Poor return on investments</td>
<td>38</td>
<td>53.5</td>
</tr>
<tr>
<td>Affects employee motivation</td>
<td>3</td>
<td>4.3</td>
</tr>
<tr>
<td>Poor brand value and brand reputation</td>
<td>2</td>
<td>3.8</td>
</tr>
<tr>
<td>Limited funds for marketing activities</td>
<td>6</td>
<td>8.5</td>
</tr>
<tr>
<td>Affects shareholder value</td>
<td>7</td>
<td>9.9</td>
</tr>
</tbody>
</table>

4.4.2 Management skills and training

In 62% of the sampled SMEs, major impact of training was recorded in the area of day to day improvement in operations, while significant inroads in 45.3% of the SMEs; have been made in understanding diverse industry dynamics. Slightly above a quarter, 26.4% of the SMEs have gained knowledge and 22.2% have improved in terms of proactiveness as a result of training.

Table 4.9 Impact of training

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diverse understanding of industry dynamics</td>
<td>24</td>
<td>45.3</td>
</tr>
<tr>
<td>Improves proactiveness</td>
<td>12</td>
<td>22.2</td>
</tr>
<tr>
<td>Helps in small day to day improvements in operations</td>
<td>33</td>
<td>62</td>
</tr>
<tr>
<td>Improved knowledge and works as a learning curve</td>
<td>14</td>
<td>26.4</td>
</tr>
</tbody>
</table>

4.4.3 Impact of lengthened export license registration

The lengthened process resulted in increased turnaround time, loss of clients and reduced morale of the employees. In 18.1% of the cases SMEs lost trust with clients. The results point to the fact that getting an export license in Zimbabwe is difficult and this is negatively impacting on the performance of SMEs. Chidavaenzi (1998) articulated that the registration can take up to a year and this affects the already built relationships with customers leading to poor reputation.
Fig 4.8: Export License Registration, its impact on business operations

4.4.4. Implications of communication and unimplemented marketing strategies

Table 4.10 Implications of communication on strategy implementation

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Slow growth of business</td>
<td>15</td>
<td>31.9</td>
</tr>
<tr>
<td>Uncoordinated activities within the organization</td>
<td>10</td>
<td>21.3</td>
</tr>
<tr>
<td>Creation of silos</td>
<td>5</td>
<td>10.6</td>
</tr>
<tr>
<td>The company becomes less competitive</td>
<td>17</td>
<td>36.2</td>
</tr>
</tbody>
</table>
Kotler and Keller (2010) emphasized that without a marketing strategy a company is not likely to grow as quickly, so while expenses stay down, so does revenue. This is well indicated by the results in table 4.10 where 31.9% indicated that poorly implemented strategies implies slow growth of business as well as uncoordinated activities as pointed out by Alexander (2008) as referenced in section B of this paper.

4.5 SECTION D: CRITICAL/KEY SUCCESS FACTORS IN EXPORTING

This section analyses responses on critical success factors in the exporting industry. These are the key steps or prerequisites that should be followed by any company that wants to realize success in exporting. Respondents were asked about their mode of entries into external markets, activities done to fill in critical gaps and any partnerships entered into. The findings are as indicated below in figure 4.9 below.

Figure 4.9 illustrates that in terms of filling in gaps of critical factors 56.5% of the organizations are employing market research to gather information, 22.2% are interacting with customers and 21.3% are interacting with experts. The implications of the findings are that market research is being employed to fill the critical gaps. ZimTrade (1995) emphasizes the need for field research or primary market research helps an exporting company fill in critical gaps through direct contact with key experts, customers and Trade Promotion Bodies in the foreign market.

Information emanating from figure 4.11 also reveals that with regards to mode of entries organizations penetrated the global market, nothing much has been done according to 77.8% of the companies. Only 22.2% of the organizations are exporting through the establishment of joint ventures. The results might imply that organizations involved in jewelry manufacturing with no partnerships find it difficult to exploit the external market. Strictland (2005) supported the importance of mode of entry as a key success factor when he said that once a company decides to go international, it has to determine the best mode of entry if it is to realize meaningful results. Different modes of entry may be more appropriate under different circumstances, and the mode of entry becomes a very important factor in the success of the project.
ZimTrade (1995) emphasizes the need for field research or primary market research helps an exporting company fill in critical gaps through direct contact with key experts, customers and Trade Promotion Bodies in the foreign market.

![Figure 4.9](image)

**Figure 4.9 What Organization has done to fill Critical Gaps in Exporting, Mode of Entries used on Penetrating Global Market and Recommendations for Successful Organization**
4.6 SECTION E: SUGGESTED SOLUTIONS TO THE MAJOR PROBLEMS

4.6.1 Finance

In terms of solutions the majority of the SMEs, 54.4% perceived stakeholder injection of capital as the major solution to financial constraints inhibiting the growth, while 39.1% advocated for the relaxation of interest rates and lending rates. Only 6.5% viewed joint ventures with mining companies to be financially sound (figure 4.3.2). The results point towards, lack of proper funding in terms of financial resources from financial institutions, for SMEs to fully expand their businesses. SMEs are advocating for injection of funds by stakeholders as the possible practical solutions for SMEs to succeed in this volatile macro-economic environment. With proper financial support, the SMEs jewelry industry might realize its full potential.

4.10 Summary of implications and possible solutions to financial constraints
4.6.2 Management skills and training

![Figure 4.11 Summary of possible solutions improving management skills](image)

In response to the question asking the views of respondents on ways of improving training, 93.4% of the SMEs advocated for increase in frequency of training, followed by extension of the service to all employees (59.5%) and lastly involvement of consultants regards (figure 4.11). Results points towards the fact that SMEs realizing and appreciating the importance training as an integral part of their business operations. Results might imply that SMEs only managers for training and the SMEs are realizing the positive bearing training has on the growth of their enterprises. However, more benefits can be derived if; training becomes all inclusive irrespective of position and also increasing the frequency of attendances. Hamilton et al (1997) argue that while traditional types of training programs, such as seminars in "how to start and succeed in business" still have a role to play;
analysis of SMEs in developing countries suggests that a powerful learning mechanism for emerging enterprises is learning by working on-the-job, often assisted by using local and retired business experts.

4.6.3 Technology Utilization

Figure 4.12: Summary of possible solutions to technological advancement in SMEs
Majority of the respondents recommended that proper training (46.8%) and assistance in setting up strong IT infrastructure (85.1%) will help them improve in the proper utilization of technology. A few respondents also pointed out that knowledge sharing (4.3%); consistent information gathering (8.5%) as well as being innovative (14.9%) will assist in this regard as summarized in figure 4.12 above. Technology being one of the major factors in success, it is important for organizations to consider pursuing these suggestions.

4.6.4 Control measures and Ways of improving Marketing Strategies

![Figure 4.13 Control measures and ways of improving marketing strategy implementation](image-url)
In terms of ensuring that marketing strategies are implemented some SMEs have put control measures in place. The majority (55.3%) of the SMEs assesses or monitors changes in operations and returns, whilst 46.8% of the organizations would use progress reports with this regards. With regards to ways of improving marketing strategy implementation, 48.9% of the SMEs are training people on marketing issues and nearly an equal number of SMEs, 46.8% are holding seminars and workshops on marketing. Hamilton et al (1997) argue that while traditional types of training programs, such as seminars in "how to start and succeed in business" still have a role to play and this supports the suggestions on seminars and workshops.

4.6.5. Policies

![Pie chart showing the percentage of recommendations for policy makers to improve the jewelry industry.](image)

**Figure 4.14: Suggestions to policy makers to improve the jewelry industry**

Organizations recommend that policy makers should consider putting in place policies that attract foreign direct investment. This was the view of 87% of the SMEs. Very few organizations, 7% urge policy makers to appreciate the contribution exports make to the fiscus and 6% felt that policy makers should consider potential the sector has in terms of employment. Economic Commission of
Africa (2010) said African governments should consider favorable laws and regulations on contracts, leases and corporate tax, as well as fiscal and export incentives for SMEs.

4.7 Research Proposition/Hypothesis

The study makes the following propositions or hypothesis:

Lack of marketing expertise has a negative impact on business growth in SMEs in the jewelry exporting sector in Zimbabwe. Regression analysis was used to address the hypothesis of the study:

H1: Lack of marketing expertise has a negative impact on business growth in SMEs in the jewelry exporting sector in Zimbabwe.

Before regression was used it was of paramount importance to test whether any relationship existed between marketing expertise (Years of experience in the organization), the predictor and the dependent variable success rate. A negative and statistically significant relationship existed between the two variables ($r=-0.418$, $p=0.047$) measured at $p<0.05$. Correlations were computed to avoid suspicion of serious collinearity problem if correlation value exceeds 0.9. Hair (2006) asserts that the highest correlation value should not exceed 0.9. The correlation value with this regards is $-0.418$, thus eliminating the assumption under investigation in this research (Correlation table).

### Table 4.11 Correlations

<table>
<thead>
<tr>
<th></th>
<th>Success Rate</th>
<th>Marketing Expertise</th>
</tr>
</thead>
<tbody>
<tr>
<td>Success Rate</td>
<td>Pearson</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Correlation</td>
<td>-.418</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.047</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>47</td>
</tr>
<tr>
<td>Marketing Expertise</td>
<td>Pearson</td>
<td>-.418</td>
</tr>
<tr>
<td></td>
<td>Correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.047</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>47</td>
</tr>
</tbody>
</table>

Regression Analysis
Multiple was computed a coefficient of determination of $R$-squared = .321, which indicates that, in this research 32.1% of the dependent variable (success rate) variations is influenced by the predictor (Lack of experience).

Table 4.12 Model Summary$^b$

<table>
<thead>
<tr>
<th>Mode</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>-.528$^a$</td>
<td>.321</td>
<td>-.413</td>
<td>.94761</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Years of experience  
b. Dependent Variable: Success rate

The Anova table provides an analysis of variance in the dependent variable and results indicate that a statistically significant relationship exists between the lack of marketing expertise and success rate. F (1) = 0.798, p<0.05.

Table 4.13 ANOVA$^a$

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>.357</td>
<td>1</td>
<td>.357</td>
<td>.398</td>
<td>.046$^b$</td>
</tr>
<tr>
<td>1</td>
<td>Residual</td>
<td>28</td>
<td>.898</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>25.500</td>
<td>29</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Success rate  
b. Predictors: (Constant), Experience in marketing

The coefficients table indicate that experience in marketing greatly influence success of a business venture of SMEs (Beta= -.324, p<0.05) standardized. This model can be a representative of the relationship between experience in marketing and success of SMEs in Zimbabwe.
Table 4.14 Coefficients\textsuperscript{a}

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>-3.810</td>
<td>.520</td>
<td>3.477</td>
<td>.002</td>
</tr>
<tr>
<td>1</td>
<td>Years of Marketing experience</td>
<td>-.329</td>
<td>.189</td>
<td>-.324</td>
</tr>
</tbody>
</table>

\textsuperscript{a} Dependent Variable: Success rate

Since the relationship between the two exists, \( p<0.05 \), then an unstandardized coefficient linear equation can be formulated:

\[ \text{Success} = -3.810 - 0.329 \text{ ME (Years)} \]

Findings reveal that there is a negative impact of employing inexperienced marketers in the SMEs jewelry sector in Zimbabwe. Findings to some extent point to the fact that knowledge and experience is of paramount importance in ensuring that SMEs are competitive.

In conclusion, the hypothesis that Lack of marketing expertise has a negative impact on business growth in SMEs in the jewelry exporting sector in Zimbabwe is adopted. Results concur with previous investigations done by Fairoz (2010) and Talaia (2011) who found that lack of experience negatively correlated to performance.

4.8 Interviews of Trade Promotion Organizations Officials

The researcher made interviews to Ministry of SMEs (1), and ZimTrade (1), executives in Harare. The respondents were asked about the major constraints which the SMEs export sector is facing and if there are any, what are the strategies at hand to solve the problems. The executives sighted the following problems as the major constraints SMEs export sector is facing:

Access to finance remains the critical challenge facing SMEs worldwide. Accessibility and availability of finance is very limited, as the majority of SMEs are owner capitalized.
Zimtrade official sighted Limited access to finance as a major obstacle to development of SMEs in Zimbabwe. Their inherent higher perceived risk and lack of collateral make financial institutions reluctant to lend them.

Both the respondents pointed out lack of capacity to conduct research and development needed to commercialize ideas and grow businesses. Absence of supportive institutional structures was also a major concern to the respondents, there is no proper structure to support business acumen. All highlighted that most businesses do not have proper structures and qualified workforce.

A poorly defined legal and regulatory framework was another highlighted obstacle. All noted that that SMEs are using poor marketing strategies and channels that is contributing to their failure as well as difficulties in adapting to environmental changes. Official from Ministry of SMEs also noted insufficient management resources; finance, Human Resources and technology as major drawbacks.

From the interviews it can be noted that SMEs are having problems in accessing finances, poor marketing channels, and capacity to carry researches that are critical to export ventures as these are sighted by all of the respondents. Some are also reluctant to approach the Trade Promotion Organizations for support and advice.

To the question relating to measures to address the constraints, the executives echoed the sentiments that in a view of the challenges faced by SMEs, it is imperative that tailor-made support be given to this critical sector. Effective interventions include the provision of financial support and entrepreneurial development training, as well as mentorship frameworks.

To financial support the respondents sighted, diverse credit finance (loan program); equity finance; credit Guarantee Schemes for SMEs; and tax breaks for the sector

Under entrepreneurial and management support, the following are the main areas they are going to intervene; start up business support; mentorship programmes and sub-contracting by bigger corporates: business diversification support; strengthening of management base; SME turnaround support.

The interviews were carried out as a control measure to validate the results from the collected data. From the findings, the results seem to be in agreement. Interview respondents indicated lack of access to finance, poor marketing strategies, absence of supportive institutional structures, poor capacity to carry out proper market research which is one of the key success factors, poorly defined legal and regulatory frameworks just to mention but a few. The concurrence of these responses validates the results from the survey carried out.
5. CHAPTER 5

5.0 CONCLUSION AND RECOMMENDATIONS

1.1 Introduction

In this chapter the researcher makes inferences and conclusions of the research using information obtained from the findings as discussed in chapter four. It also reflects the extent to which this dissertation achieved the objectives set. Recommendations and areas of further study will also be given in this chapter.

5.2 CONCLUSIONS

The research provided the following conclusions;

5.2.1 Nature of major problems faced by SMEs in the jewelry industry

5.2.1.1 Lack of adequate finance.

From the findings it can be noted that most SMEs are highly hindered due to lack of adequate finance as shown by having close to 90% affected by this constraint. However, this problem is aggravated by lack of information within the SMEs on how to access loans that are available for them to Banks and Trade Promotion Organizations. Findings also indicate that SMEs are applying for loans and institutions are availing the much needed capital to export jewelry. Indications are that financial resources being allocated to SMEs might be inadequate to take the jewelry enterprise to greater heights or the SMEs are mismanaging the funds. The majority, about 90% of the SMEs indicated that they had no capacity to export, yet they received financial support.
5.2.1.2 Lack of management skills and marketing expertise

From the findings it can be noted that management skills is also a constraint to export boost. This can be noted from the findings where 70% sight not having enough and qualified workforce. It is further noted that though they recognize it as one of the major constraints, they seem not to invest in training of the workforce. Lack of training makes them uncompetitive and causes failure in the foreign markets. The research also concluded that the industry puts less emphasis on marketing qualifications and trainings hence the industry lacks the technical power of marketing. To a larger extent the employees have poor complement of marketing skills and abilities for people involved in formulating and implementing an efficient marketing strategy. There is limited outsourcing of marketing services. All this implies that the jewelry industry takes less importance of the marketing expertise which they employ. This is a huge block to the efficiency of marketing strategy in the jewelry industry of Zimbabwe because without expertise, there is no strategy or it is there but it is wrongly implemented. Both situations lead to loss of benefits implied by marketing strategy and subsequent loss of business leading to a crumble in industry.

5.2.1.3. Lack of competitive Information and technology;

From the findings, technology is a major constraint as 60% of the questions asked they were positive showing that they were equipped for exports. Most of them indicated that they lag behind in terms of trending IT Infrastructure and this affects the quality of their products and hence make them less competitive in the global market.

5.2.1.4 Market Access and marketing strategies

From the research findings, it can be noted that the SMEs export sectors facing market access problems. This might be due to lack of maximization of available services for example use of Trade Promotion Organizations and qualified personnel as they help to penetrate a marketing a more efficient and professional manner. In this case most of executives who handle exports are Diploma
qualified which might contribute to their failure. More so, due to lack of quality focus can also contribute to uncompetitive in international markets. Most of the SMEs have marketing strategies but less than 50% have these well communicated to all the employees. This affects the final result as well aiding in the creation of silos within organizations.

5.2.1.5 Levels of implementation of marketing strategies

The research concluded that marketing implementation strategy in the jewelry industry is not effective. The players have limited financials and resources to support marketing strategy implementation. Strategy is as good as its implementation. Poor implementation equals loss of good ideas to rescue or fortify the jewelry industry. Implementation is as major as having the strategy itself so it would be correct to say the industry lacks marketing strategy.

5.2.1.6 Tax policies and other policies

As noted from findings it can be observed that SMEs are having problems with Government policies that are hindering their export initiative it also appears that these SMEs have not made initiatives to express their dissatisfaction to the responsible authorities.

5.2.1.7 Registering and Licensing

From the findings it can be concluded that most companies are facing a serious problems in registering and getting licenses for operations and this is mainly attributed to bureaucratic nature of responsible authorities and this as a barrier to their export initiatives as this makes customers lose confidence in the system leading to poor reputation in the global market. According to the World Bank’s ‘Ease of Doing Business Report 2014’ Zimbabwe is ranked 157 out of 183 countries and this is deters most people from doing business with Zimbabwean companies, SMEs included.
5.2.2. Implications of these problems

5.2.2.1 Finance

Finance is vital to the success or failure of a business venture as articulated earlier in this paper, and hence has a strong bearing on the operations of the enterprise. From the findings, decline in returns on investments was revealed as the major constrain by most of the sampled SMEs. Financial constraints, have also resulted in challenges associated with capacity utilization, shareholder value, and restricted marketing budget. SMEs, morale maintenance is becoming increasingly difficult yet employee morale is important because they are the ambassadors of the organizations in reputation building.

5.2.2.2 Management skills and training

The results shows that, SMEs, major impact of training was recorded in the area of day to day operations, while significant inroads in the SMEs have been made in understanding diverse industry dynamics. Slightly above a quarter, of the respondents have gained knowledge and some have improved in terms of proactiveness as a result of training.

5.2.2.3 Export license registration

The findings revealed that, the lengthened process resulted in increased turnaround time, loss of clients and reduced morale of the employees. In some of the cases clients lost trust and confidence in the capabilities of the SMEs. The results point to the fact that getting an export license in Zimbabwe is difficult and this is negatively impacting on the performance of SMEs.
5.2.2.4 Implications of communication and unimplemented marketing strategies

The responses also indicated that uncommunicated and unimplemented marketing strategies cause redundancy in business growth hence less competitive in the market. It also leads to uncoordinated activities leading to the creation of Silos within an organization.

5.2.1 Suggested solutions

5.2.3.1 Finance

In terms of solutions the majority of the SMEs, perceived stakeholder injection of capital as the major solution to financial constraints inhibiting the growth, while some advocated for the relaxation of interest rates and lending rates. Only a few viewed joint ventures with mining companies to be financially sound. The results point towards, lack of proper funding in terms of financial resources from financial institutions, for SMEs to fully expand their business. SMEs are advocating for injection of funds by stakeholders as the possible practical solutions for SMEs to succeed in this volatile macro-economic environment. With proper financial support, the SMEs jewelry industry might realize its full potential.

5.2.3.2 Management skills and training

The views of respondents on ways of improving training indicated that almost all of the SMEs advocated for increase in frequency of training, followed by extension of the service to all employees and lastly involvement of consultants regards. Findings also points towards the fact that SMEs realizing and appreciating the importance training as an integral part of their business operations realize better results than those that do not. Results might imply that SMEs send only managers for training, and the SMEs are realizing the positive bearing training has on the growth of their enterprises. However, more benefits can be derived if training becomes all inclusive irrespective of position and also increasing the frequency of attendances.
5.2.3.3 Technology Utilization

Findings revealed that majority of the respondents recommended that proper training and assistance in setting up strong IT infrastructure will help them improve in the proper utilization of technology. A few respondents also pointed out that knowledge sharing; consistent information gathering as well as being innovative will assist in this regard. Technology being one of the major factors in success, it is important for organizations to consider pursuing these suggestions.

5.2.3.4 Control measures and Ways of improving Marketing Strategies

In terms of ensuring that marketing strategies are implemented some SMEs have put control measures in place. The majority of the SMEs assesses or monitors changes in operations and returns, whilst of the organizations would use progress reports with this regards. With regards to ways of improving marketing strategy implementation, of the SMEs proposes training people on marketing issues and nearly an equal number of SMEs, proposes holding seminars and workshops on marketing.

5.2.3.5 Policies

Organizations recommend that policy makers should consider putting in place policies that attract foreign direct investment. Very few organizations, urged policy makers to appreciate the contribution exports make to the fiscus and felt that policy makers should consider potential the sector has in terms of employment creation.

5.2.4 Key Success Factors

From the research findings, the following were cited as key success factors for SMEs: Top management commitment to exporting; Proper planning for export ventures; Adequate field research to fill in the critical gaps; Interactions with key experts and customers; Ability to produce and adapt
products with real export potential using cost-effect method; Sufficient production capacity such as machinery, factory space, warehousing and access to raw materials and machinery spaces.

5.3 Evaluation of proposition

The proposition is that Lack of marketing expertise has a negative impact on business growth in SMEs in the jewelry exporting sector in Zimbabwe

Findings reveal that there is a negative impact of employing inexperienced marketers in the SMEs jewelry sector in Zimbabwe. Findings to some extent point to the fact that knowledge and experience is of paramount importance in ensuring that SMEs are competitive.

The researcher therefore concludes that the hypothesis that Lack of marketing expertise has a negative impact on business growth in SMEs in the jewelry exporting sector in Zimbabwe is adopted. Results concur with previous investigations done by Fairoz (2010) and Talaia (2011).

There is limited marketing expertise in the jewelry industry because the employees do not possess the desired marketing qualifications. Although the industry has experienced staff they do not have the technical know-how of marketing. In addition to that most companies had no emphasis on training of employees to enhance skills. Due to that, the proposition is validated.

5.4 Managerial Recommendations

The research provides the following managerial recommendation:

- The research recommends full implementation, providing the necessary resources thereof, of any new IT Infrastructure introduced.
- There has to be communication channels in all direction and control measures to check on the marketing strategy's effectiveness.
- Research recommends training and education of jewellery staff in the subject of marketing and operations or otherwise outsources the services.
- The research recommends the use of aggressive advertising, branding, and exhibition and fairs to promote product awareness.
- Opening of multiple branches and delivery of products by couriers to the doorstep for distribution.
- The research recommends the use of discounts, lay byes and promotions as three important components of overall promotion strategy.

5.5 Policy Recommendations

The research provides the following policy recommendation:

- Educational institutions such as the University of Zimbabwe should identify tailor-made courses to improve the jewellery industry’s expertise.
- Trade Promotion bodies should assist in staging promotional activities such as jewellery fairs and exhibitions so that the local jewellery industry is promoted.
- The regulatory authorities should liberalise the gold and precious gemstone market to the advantage of the industry. Licenses should be set at regionally competitive charges.
- Partnership between the mines and jewellers should be rolled into play so that there is vertical integration without due requirements of capital to buy raw material or equipment in value addition and beneficiation of the Zimbabwean precious minerals.
- The government should put high import duties on all imports of fine jewellery substitutes and reduce the export duty for finished jewellery products. They should further assess the capability of the jewellery industry to partner with the mines and if positive, then ZIMRA should increase export duties on raw mineral exportations.
- The Government should be committed to ensuring that doing business in Zimbabwe is as less cumbersome as possible through various initiatives the latest being the establishment of the One Stop Shop by the Zimbabwe Investment Authority which will result in time taken to set-up a business in the country being reduced.
- The government should develop SMEs Act, which will facilitate the growth of the sector.
The act is supposed to be used as a basis to define SMEs and facilitate provision of support to the SMEs and to create an effective mechanism for giving incentives to SMEs and specify rewards and penalties for non-compliance with the provisions.

- The responsible authorities for business formation are supposed to simplify and minimize procedures for establishing a business.
- There should be Tax relief for SMEs thus they should not be subject to the full rate of tax. SMEs should be given enough time grace period on Taxation during their startup phase so that they are competitive and able to enter export markets.
- Secondary Markets for SMEs should be promoted for it will increase the attractiveness of SMEs to the lending community and will allow the lenders to meet the credit needs of SMEs through equity involvement. This will provide a hedge against liquidity problems of the sector.
- There is need for strategic alliances and joint ventures by the SMEs exporters so that they can boost their capital base and achieve economies of scale

### 5.6 Limitations

The research had the following limitations which may affect the results of the study:

- Time to carry out the research. A more conclusive study would require a lot of time to carry out. The GSM stipulates 6 months to research study and hence results are limited to this period of research.
- The respondents were people at work and their time in the interview would be limited due to work demand. The questionnaire had to be kept short because of this.
- The research was carried out in Harare. Maybe results in other large cities would have yielded different results.
5.7 Areas of further research

The direction for future research in this area of study is abundant. This study was carried out with only jewelry companies in Harare due to time and financial limitations. This sample may not be a true representative of jewelry industry. Extending to other cities may produce different results.
REFERENCES


Dear Sir/Madam

RE: REQUEST FOR YOUR COMPANY TO BE A RESPONDENT IN A RESEARCH

I kindly request your permission to include your organization as one of my research sample units. My name is Namatayi Nyoka (Student I.D R9917223) and am an MBA student at the UZ GSM. I am currently doing a dissertation which is a pre-requisite for my graduation entitled:

AN ASSESSMENT OF EXPORT PROBLEMS ENCOUNTERED BY EXPORT ORIENTED SMALL TO MEDIUM ENTERPRISES (SMES) OPERATING IN THE JEWELRY INDUSTRY IN ZIMBABWE

As a researcher, I am bound by research ethics. The research requires me to make observation, interviews, recordings and questionnaires. It will involve staff and management. For any further detail feel free to contact:

Supervisor: Mr. E. Makoni
: Cell 0772428285

The UZ GSM: The Director
Tel (04) 745316 emakoni2003@yahoo.com
gsm@commerce.uz.ac.zw

I hope you will accept my request

Yours faithfully

Namatayi Nyoka
QUESTIONNAIRE

SECTION A: Background of Respondent

i. What is your position in the organization?
   - CEO
   - Head of Marketing
   - Chief Operating Officer
   - Marketing personnel
   - Operations Personnel

ii. Please state your age
   - Less than 25 years
   - 25-35 years
   - 36-45 years
   - 46-55 years
   - Above 56 years

iii. What is your professional/academic background. *(tick multiple if applicable)*
   - Non
   - Basic in-house training
   - High School /Certificate
   - Diploma
   - Degree
   - Postgraduate

iv. How many years have you been employed by the organization?
   - 1 – 5
   - 6 – 10
   - 11-15
   - 16-20
   - More than 20

v. How many workers are in your organisation? *(Tick the applicable)*
Section B Nature of problems faced by SMEs in the Jewelry Industry

Finance: *Tick the applicable*

i. Is your organization sufficiently funded to venture into exports?

<table>
<thead>
<tr>
<th>Response</th>
<th>Failed</th>
<th>Successful</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

ii. If answer is No have you attempted to apply for loans or disbursed SMEs funds?

<table>
<thead>
<tr>
<th>Response</th>
<th>Failed</th>
<th>Successful</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No</td>
<td></td>
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</tbody>
</table>

iii. If you have tried what was the result?

<table>
<thead>
<tr>
<th>Response</th>
<th>Failed</th>
<th>Successful</th>
<th>TOTAL</th>
</tr>
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</table>

Management skills and Training

i. How many people handle exports? *Tick the applicable*

<table>
<thead>
<tr>
<th>Response</th>
<th>Failed</th>
<th>Successful</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - 3</td>
<td></td>
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<td></td>
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<tr>
<td>4 - 6</td>
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<td>7 - 9</td>
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<td></td>
</tr>
<tr>
<td>10 - 12</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

ii. What is the qualification distribution of your workforce?

<table>
<thead>
<tr>
<th>“A” Level</th>
<th>Certificate</th>
<th>Diploma</th>
<th>Degree</th>
<th>Masters</th>
</tr>
</thead>
</table>

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iii. How frequent does your management go for training or business forums in a period of six months?

<table>
<thead>
<tr>
<th>Response</th>
<th>1 - 3 times</th>
<th>4 - 6 times</th>
<th>7 – 9 times</th>
</tr>
</thead>
</table>

Technology
i. Do you think your organization is technologically equipped for export ventures?

<table>
<thead>
<tr>
<th>Response</th>
<th>Yes</th>
<th>No</th>
<th>Not Applicable</th>
</tr>
</thead>
</table>

ii. Have you made use of organizations like Zimtrade to acquire technological information?

<table>
<thead>
<tr>
<th>Response</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
</table>

If yes, what was the success rate?

<table>
<thead>
<tr>
<th>Failed</th>
<th>Successful</th>
</tr>
</thead>
</table>

Registering and Licensing
i. Have you faced difficulties in registering and getting licenses for exports?

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
</table>

Market Access and marketing strategies
i. Have you faced difficulties to access foreign markets?

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
</table>

ii. If yes have you used trade promotion organisations for example Ministry of International Trade or ZimTrade, MMCZ or any other organizations to acquire market information?
iii. What was the success rate? On a scale of 1-4 where

1. *Indicates failed*
2. *Indicates successful*
3. *Indicates moderately successful*
4. *Indicates highly successful*

<table>
<thead>
<tr>
<th>Response</th>
<th>Failed</th>
<th>Successful</th>
<th>Moderately successful</th>
<th>Highly successful</th>
</tr>
</thead>
</table>

iv. Which marketing strategies are used in your organisation?

…………………………………………………………………………………………………………
…………………………………………………………………………………………………………

v. Does the company have communicated marketing strategies?

Yes
No

vi. If yes, describe the actions that have been taken to make sure your marketing strategies are well implemented?

…………………………………………………………………………………………………………
…………………………………………………………………………………………………………

vii. Briefly describe the frequency and nature of support from senior management and executives in marketing strategy implementation.

…………………………………………………………………………………………………………
…………………………………………………………………………………………………………

viii. Describe the nature of communication within the organization.

…………………………………………………………………………………………………………

**Tax Policies and other policies**

i. Is your organization highly affected by government policies in trying to export?
ii. What are the policies that are hindering your motives?

RATE from 1-5 where

1. Indicates Strongly hinder
2. Indicates hinder
3. Indicates Neutral
4. Indicates favourable
5. Indicates Strongly favourable

<table>
<thead>
<tr>
<th>Tax policies</th>
<th>Trade protection Policies</th>
<th>Foreign Exchange Policies</th>
<th>Infrastructure Policies</th>
</tr>
</thead>
</table>

SECTION C: IMPLICATIONS OF MAJOR PROBLEMS TO BUSINESS OPERATIONS

i. What are the implications of the finance issues to the business activities?

What is the impact of training on your day to day business activities?

ii. What were the implications of delays in registering the business and getting operating license to the business operations?

SECTION D- CRITICAL SUCCESS FACTORS IN EXPORTING

Critical Success Factors in exporting

i. What has the organisation done to fill in critical gaps in exporting?

ii. Which mode of entries has the organisation considered to penetrate global market?
iii. What do you suggest should be done for successful exporting?

SECTION E: POSSIBLE SOLUTIONS TO THE PROBLEMS

i. What do you suggest should be done for your organization to be financially sound?

ii. In what ways do you suggest training should be improved in your organization?

iii. In your view, what should be done to improve technology utilization in companies like yours?

iv. Explain any control measures that have been put in place to monitor the marketing strategy implementation.

v. What do you suggest should be done to improve marketing strategy implementation in your organization?

vi. What do you suggest the policy makers should consider for the improvement of the industry?

THANK YOU
INTERVIEW QUESTIONS

What are about the major constraints which the SMEs export sector is facing and if there are any?

What are the strategies at hand to solve the problems?