

**Investigating how ICT has enhanced SME businesses in Zimbabwe
: the case of SMEs in harare's CBD**

BY

Chikumbirike Samson

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SUPERVISOR: Mrs C. M. Tsikirayi

DEDICATION

This study is dedicated to my lovely wife, Winmore, and our lovely beautiful daughter Kelly Tawananyasha, my parents, my in laws and my extended family at large for their support during my time of study.

This research project is dedicated to my lovely wife Winmore Bonzo Chikumbirike who spent all her energy and resources ensuring that I receive the best education. She tirelessly supported and encouragement me throughout this journey. I also dedicate this project to my beautiful daughter Kelly Tawananyasha, my parents, my in-laws and my extended family at large for their support during my time of study. I also dedicate this to my work mates for the beautiful times we spent together guiding me and encouraging me as well.

DECLARATION

I Samson Chikumbirike, do hereby declare that this dissertation is the result of my own investigation and research, except to the extent indicated in the acknowledgements, references and by comments included in the body of the report, and that it has not been submitted in part or in full for any degree to any other university.

Student's
Signature.....Date.....

Supervisor's
Signature.....Date.....

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To God Almighty and to the Lord Jesus Christ who sustained me through the study period I say greater is your Holy name

ABSTRACT

The research presents the results of the study carried out to investigate how Information Communication and Technology (ICT) has enhanced Small and Medium Enterprises (SME) businesses in Zimbabwe. Information and Communication Technology (ICT) has been used to add value to Small Medium Enterprises (SMEs) in Zimbabwe. This study had four objectives, The first objective was to find out which ICTs Zimbabwean SMEs are currently using. The second objective was to investigate the benefits of using ICTs in enhancing their businesses. The third goal was to find out on the various barriers which these SMEs are facing in adopting and using ICT. Finally the study sought to recommend how ICT can be engaged by these SMEs so that their businesses will be enhanced.

The methodology used was a mixed one, where both qualitative and quantitative methods were used. Data was collected using interviews and questionnaires. Interviews were conducted with the owners and or managers of the SMEs. The questionnaires were also self-administered to the owners and or managers of the SMEs. The sample was drawn from the Harare's CBD. The sampling method used was the stratified random sampling. This involved dividing the SMEs into a number of groups (strata).The stratum were clothing, hardware, stationery and Fastfoods. The SMEs in the same sector were grouped together and then randomly selected. This method provided greater accuracy than a simple random sampling of the same size and was less expensive because a smaller sample provided greater precision. Findings from the study showed that ICT has enhanced SME businesses in different ways although they faced challenges in adopting them. Evidence showed that there are many benefits SMEs can get from using ICTs. The researcher recommends that owners and managers of SMEs should adopt and use ICT so that their businesses will be enhanced.

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Investigating how ICT has enhanced SME businesses in Zimbabwe – The Case of SMEs in Harare's CBD.

CHAPTER ONE

1.1. INTRODUCTION

Information technology has had a great impact in all aspects of life and the global economy is currently undergoing fundamental transformation. Information technology impacted in most industries and in all the aspects of the economy, while businesses and enterprises continue to undergo considerable changes (Parker & Castelman 2007). Information and Communication Technologies (ICTs) have revolutionized and transformed the way modern businesses are conducted through the quick and cheap exchange of information. We are currently in a knowledge economy age where ICT enables us to closely connect to a virtual network regardless of geographical location, gender and race (Martin & Matlay, 2001). The society is changing and is becoming more dependent on new technologies, where knowledge and information are very crucial and are key factors of production. (Ramsey, 2003:252).

The Modern businesses are greatly affected by information technology, which is also having a significant impact on the operations of Small and Medium Sized Enterprises (SMEs) the world over. ICTs are also claimed to be essential for the survival and growth of economies in general (Kaibori, 2001). In order to be successful, SMEs need high quality information. (Pollard, 2006:221). In this regard, it is important to look at the ICTs that are used by the SMEs and evaluate the benefits and investigate how they had enhanced SME businesses in Zimbabwe.

This dissertation will therefore investigate how ICT has enhanced SME businesses in Zimbabwe, with particular attention to those in the Harare Central Business District. The researcher wanted to investigate the SMEs in the CBD since most of

them are operating from there. The Harare CBD is the hub of the SMEs, and most of the business activities are taking place there.

1.2 BACKGROUND OF THE STUDY

Small and Medium Enterprises (SMEs) are recognized as potential engines for economic and social growth all over the world (Lucchetti and Sterlacchini, 2004; Acs and Vagra, 2005). Since SMEs play a major role of increasing importance in the economy, it is desirable that SMEs are stimulated into adopting and using these technologies more rapidly, so that they create innovative products and become more competitive (Hartigan, 2005). In particular, ICTs have valuable potential for developing SMEs through more effective use and better integration of ICTs in business processes while assisting them to make more efficient decisions relevant to their performance. This can also be applicable to our own Zimbabwean SMEs as ICTs have the potential to improve the performance of the business processes if they are used effectively and efficiently. In this 21st century, ICTs are taking a centre stage and as such, organizations should take full advantage and use them. Organisations using ICTs are believed to be performing better than organisations that are not using ICTs this speaks volumes on the importance of using ICTs in SMEs today in Zimbabwe.

1.2.1 General Global Overview of SMEs

Small and Medium Enterprises (SMEs) play a major role in both the developing and developed world. They are regarded as the engine of economic growth in all economies of the world (Amin and Banerjee, 2007). Madsing (1997:46) says that small and medium enterprises (SMEs) are responsible for 65% of employment and 57% of Gross Domestic Product (GDP) within the UK. Many countries including Zimbabwe have special policies and programmes on SMEs because they make a major contribution that appears to be increasing over time to private sector output and employment (Storey, 1994). SMEs play tremendous roles in the provision of goods and services, employment generation, enhancing competition and

entrepreneurship. They contribute to the Gross Domestic Products (GDPs) of many countries and they create a better standard of living (Beck, Asli Demirguç-Kunt, 2005:70).

1.2.2 SMEs in Zimbabwe-General Overview

SMEs in Zimbabwe have grown since the introduction of the Economic Structural Adjustment Program ESAP in 1991 (Bhalla, Davies, Chitiga Mabugu, and Ramos Mabugu, 1999). The introduction of ESAP in 1991 resulted in loss of employment and the shrinking of the formal job market, and impoverishment of people, thereby creating conditions for the mushrooming of the SMEs. The emergence of Zimbabwe's SMEs sector coincides with the country's economic slide and internal political conflict, resulting in the shrinking of the formal productive sector, a rise in unemployment and the growth of informal economic activities (CZI Business Intelligence Report, 2010). Rural to urban migration in Zimbabwe also resulted in cities and towns becoming overpopulated with people looking for employment in an economy with decreasing formal employment, resulting in them joining the SME sector.

The other reason which contributed to the mushrooming of SMEs was the expansion of the Zimbabwe's education system which saw many people seeking for jobs annually, however with little chance of finding work since closer to 400 companies closed down in year 2000 (Kumbawa, 2002:June 12). Another factor that gave rise to the SME sector growth is the pandemic of HIV and AIDS. Many people particularly women and children suddenly acquired new roles of being bread winners after their bread winners got sick or died of the pandemic. They were forced to find employment in SMEs or start their own businesses, mainly in the informal sector, to earn a living (Bhalla 1999).

The retail and commerce sector in Zimbabwe constitute the highest number of SMEs at 40%, followed by service and manufacturing sectors, each constituting 19% of the SMEs respectively. Agriculture constitutes seven percent of the total SMEs; construction five percent; mining five percent and others, five percent (Government of Zimbabwe, 2003). From the year 2000, there was an economic downturn,

resulting in companies closing down or downsizing their operations. Most Foreign companies who had operations in Zimbabwe left the country and invested in other countries like South Africa, Botswana and Zambia. This led to many people in Zimbabwe losing their jobs and had to start their own businesses, resulting in a high proliferation of SMEs in the different sectors of the economy (Kumbawa, 2002, June 12). The growth of SMEs in Zimbabwe according to Bhalla (1999:26) represented annual growth in turnover of 28 per cent between year 1991 and 1995. The SMEs in the manufacturing sector played a bigger role where they contribute about 10.1% to gross output, 10.9% to net output, about 13% to employment and 11% to wages and salaries. The informal and micro-enterprises sector accounted for an estimated 15-20% of Gross Domestic Product according to the Reserve Bank Governor in his Monetary Policy Statement, of January (2005:48).

From the above discussion, it is evident that SMEs play a critical role in respect of both output and employment. SMEs can contribute significantly to the economy providing the goods and services that will in short supply during the period when large companies will be failing to produce enough to meet the demand. They are the hope of the economic recovery in distressed economies like Zimbabwe.

However although the SMEs sector has effectively become the mainstay for the majority of the Zimbabwean population, it continued to suffer from great challenges in as far as technology is concerned and this is hindering their smooth development and an ultimate graduation into large organisations. The research will therefore investigate how ICT has enhanced those SME businesses in Zimbabwe that have adopted it, particularly in the Harare CBD where most of the SMEs are found.

1.2.3 ICTs in Zimbabwe General Overview

Zimbabwe has recorded significant progress in the development and application of ICTs in all sectors of the economy since independence in 1980. However, the benefits from this investment have been sub-optimal, primarily due to lack of policy, programme and project design coordination, and the implementation of such. It is from this background that the Government embarked on the development of a comprehensive policy and strategy document for effectively harnessing ICTs for

sustainable national development. This is according to what the Zimbabwe National Information and Communication Technology (ICT) Policy Framework of 2005 highlighted. The same policy further highlighted that the world is embracing Information Communication Technologies (ICTs) as tools that enable efficient and timeous exchange of data and information in an effort to contrive a society which is informed where time, space and distance collapse to create what for some is 'a new communication paradigm' with instantaneous and simultaneous dimensions (ICT Policy 2005:8).

According to the Ministry of ICT's (2010) the government of Zimbabwe has progressively shown an awareness and deep appreciation of Information and Communication technology (ICT) since the inception of Central Computing System, which was under the Ministry of Finance in year 1972, and has a mandate to provide a central computer facility to all government ministries and departments. The same policy document further highlighted that the significant progress has been registered in Zimbabwe in the development and application of ICTs in all sectors of the economy. The "digital divide" which is the disparity between those who have access to, and are enabled to utilize ICTs, and those who do not is evident at all levels including at national, regional and global level .The developing countries like Zimbabwe the uneven diffusion and inequitable access to the benefits of ICT applications is evident in so many ways which have affected it socially, economically and politically.

1.2.4 How ICT has impacted on SMEs in general

Globalization and digitalization have changed the way business is done in terms of competition in the market and this has not spared the SMEs. This change has been necessitated by the exposure to Information and communication technology (ICT). A new economy known as the "knowledge economy" has resulted from this. This Knowledge is an asset to the economy as it is what is sold and bought (Lucchetti and Sterlacchini 2004:227). It is further highlighted the fact that the high growth rate in the US economy in 1990s contributed to productivity and employment rise was attributed to the adoption of ICT which is foundation on which the knowledge economy is based.

Galloway and Mochrie (2005:97) substantiated the findings of Lucchetti and Sterlacchini, as they acknowledged that proper leverage of ICTs is a driver of economic growth, and this was also echoed by Handzic (2004) when he highlighted that "organisations which recognised that information, knowledge and their intelligent application are the essential factors of success in the new economy where currently at the forefront of organisational performance. They were taking advantage of information technology to achieve high level of efficiency and effectiveness". Other authors like Mutula and Van Brakel (2006:23) concurred that information was an important asset that gives small and medium enterprises (SMEs) a competitive advantage in that new economy. Therefore it is important for small and medium enterprises to adopt and use ICT within their organisation so that they will maximise the benefits from using them.

1.3 RESEARCH PROBLEM

The recent increase in technological advancement had a strong impact on SMEs. However, most SMEs are not using ICT to improve their businesses due to the lack of knowledge on the benefit of ICT to their businesses. Most of them are still using the traditional tools to stay competitive, but with the current economic possibilities and benefits of ICT, they should be adopting and using it. However they are not doing that therefore more intensive and concentrated efforts on increasing awareness among SMEs on the benefits of using ICTs are needed. Therefore the focus of this research was to assess the degree to which the use of ICT can enhance the SME businesses in Zimbabwe.

1.4 RESEARCH OBJECTIVES

1. To analyze ICTs used by SMEs in Zimbabwe
2. To investigate benefits derived from the use of ICTs by SMEs
3. To establish and assess the challenges SMEs face in using ICT in business transactions.

4. To recommend how ICTs can be effectively engaged to enhance SME business

1.5 RESEARCH QUESTIONS

1. Which ICTs are used by SMEs in Zimbabwe
2. What are the benefits of using ICT to SMEs?
3. What are the challenges faced by SMEs in using ICTs?
4. How can ICTs be engaged in improving the SMEs?

1.6 RESEARCH PROPOSITION

The study proposes that successful and effective use of ICTs will enhance and improve performance of SME businesses.

1.7 JUSTIFICATION

Since ICT is taking a centre stage in this 21st century and since it is also envisaged to play an important role in transforming the SMEs, it is very relevant for a study to be carried out and investigate how these ICTs have enhanced the SME businesses. The study will therefore assist the two parent ministries Ministry of Small to Medium Enterprises and the Ministry of Information Technology to focus more on policies that compliment the growth and innovation of economies and the long term economic development through SMEs using ICTs. This study will also assist the ministries in their policy formulations. The study will assist the SMEs by equipping them with necessary tools to strategically position themselves in the market, as it is going to give recommendations on how ICTs can be used to enhance their businesses. It is also anticipated that the body of knowledge in the field of ICTs as an enabler of SMEs will be enriched by this study. The government is also going to benefit, as the study will assist it in resource allocation to the relevant ministries like the Ministry of Small and Medium Enterprise and the Ministry of Information and Technology. The SMEs themselves are going to benefit from this research as the benefits of using

ICTs are going to be explored at length and eventually this will contribute to the growth of the economy. The other researchers are going to be assisted as the research will give them a platform to further explore similar or same areas of study, thereby contributing to the academia.

1.8 SCOPE OF RESEARCH

Scope as defined by Richard (2006:76) is the domain of the scientific inquiry, the coverage and the reach of the project. It often involves substantive area of investigation. This research focused on the SMEs operating in Zimbabwe specifically those in Harare CBD. According to a SEDCO survey carried in 2012, Harare CBD makes up to at least sixty percent (60%) of the total SMEs in the country, and this makes up a good representation of the sector. The theoretical underpinnings of the study focused on investigating how ICT has enhanced the SME businesses. The SMEs owners and managers were the targeted respondents. The population was not entirely all the SMEs in Harare CBD, but the researcher focused on SMEs in stationery, hardware, Fastfoods and clothing industries.

1.9 LIMITATION TO THE STUDY

Since the study was focused in the Harare CBD, which is the hub of the SMEs, the researcher faced a challenge of convincing the respondents that they were categorized as SMEs. There was a misconception of what constitute SMEs with most of the respondent preferring to refer those businesses in areas like Glen View, High Glen, and Mbare as SMES. The respondents were also hesitant to answer to some of the questions asked by the researcher since it was their first time involved in a research. The Central Business District is usually busy and as such the respondents had little or no time to attend to the researcher for the interviews, and questionnaires. There was also a challenge on interrupted sessions of interviews, since the offices of most of the SMEs were also the reception and the work area, so clients would walk in and the owners and or the managers would want to attend to

business first. However the researcher overcame this been patient, and sometimes he had to reschedule the interviews.

1.10 DISSERTATION STRUCTURE

The research document was organized into five chapters. Chapter one looked at introduction the study, and then gave a background as to why the study was carried out. It also looked at the problem statement, and then formulated the research objectives and the corresponding research questions. The researcher also made a proposition of the study, and justified as to why that study was carried out. Finally the chapter looked at the limitations of the research. The second chapter critically reviewed the literature, which contributed to the study. It revealed studies that have been done before, different approaches by different authors. The theoretical and empirical concepts that underpin the topic were also reviewed. Chapter three looked at a comprehensive methodology that was used in the research. It focused mainly on the research design, the population and sampling, the issue to do with data collection and how it was analysed. The reliability and validity of the study will also be highlighted. Chapter four then discussed the presentation and analysis of the results of the research to answer the research questions. Finally, Chapter five concluded the research by summarizing the key findings and gave made further recommendations.

1.11 CHAPTER SUMMARY

This chapter introduced the area of study and sought to establish the problem being investigated. The research objectives were highlighted and questions to be addressed were clearly spelt out. The chapter also sought to justify why such a study was carried out and spelt the limitations to achieve the desired results.

CHAPTER 2

LITERATURE REVIEW

2:1 INTRODUCTION

This chapter is an evaluative report of information related to the area of study selected by the researcher, in this case its information relating to ICTs and how they enhance SME businesses (Cooper, 2002). The chapter will review, describe, summarize, evaluate and clarify concepts, theories and approaches regarding the area of study. It will give a theoretical base for the research and helps to determine the nature of the research. This chapter presents literature on Information Communication and Technology and its benefits in enhancing the SMEs businesses in Zimbabwe. The theories on value of ICT to SMEs will also be highlighted and discussed. The role-played by ICTs in SME and the barriers of adopting it will be discussed.

2.2 DEFINATION OF TERMS

2:2.1 Definition of ICT

Ritchie and Brindley (2005:203) defined ICT as the arrangement of primarily digital technologies which are premeditated to bring together, organise, store, process and communicate information within and outside an organisation and in our case the SMEs. Technologies that are covered include among others a simple telephone, point of sale systems, and computers, stand alone or networked, Internet and credit

facilities. He further highlighted that ICT was a broad concept, which also covers Information Systems (IS), Information and Technology (IT) and digitalization. Other authors like Martin and Matlay (2001) and Fulanteli & Allegra (2003) concurred with Ritchie and Brindley (2005), that ICT brings changes in the global information flow, behavior patterns and options of customers and SMEs stand to immensely benefit from ICT in reduced transactions cost, inventory controls, quality controls, access to a wider market space and leveraging economies of scale. Another well renowned author Moodley (2002), propounded that ICT is also contributing to “global networking” economy, implying that ICT offer enterprises including SMEs a wide range of possibilities for improving their competitiveness, proving mechanisms for getting access to new market opportunities and specialized information service in and around the World. Duncombe and Heeks (2001) define ICT as the ‘electronic means of capturing information, processing it and storing it then disseminate it.’ According to Ndlovu (2009), ICT is an umbrella term that includes all information technologies for the manipulation and communication information.

2.2.2. Definition of SMEs

There is no one clear definition of SME but generally the proponents of this subject use the number of the employees as an attempt to define it. Southern and Tilley (2000) define small to medium enterprises (SMEs) as businesses that employ 150 people or fewer and are not a subsidiary of a public limited company. Taylor and Murphy (2004) and Martin and Matlay (2001) agree and acknowledge that each individual SME is different and should be treated as such. This reinforces the "small firm and ICT from the small firm perspective" which advocates the uniqueness of each SME and the purpose of adopting or implementing ICT. One common agreement that these authors have is that SMEs are owner managed. The owners usually greatly influence the business decisions and direction.

The Bolton committee (1971) formulated an economic and statistical definition. With regards to the economic definition, a firm is regarded as small if it has a relatively small share of their market place, managed by owners or part owners in a personalized way and not through the medium of a formalized management structure and is independent in the sense of not forming part of a large enterprise.

The European Commission (EC) coined the term ‘Small and Medium Enterprise’ (SME) (EC, 2003), and they highlighted that qualification should see both the employee and the independence criteria satisfied. EC (2003) defines SMEs as indicated in Table below.

Table 2.1: The European Commission Definition of SMEs

Enterprise Category	Headcount Annual Work Units	Annual Turnover	Annual Balance Sheet Total
Medium sizes	< 250	≤50million Euros	≤43million Euros
Small	< 50	≤10million Euros	≤10million Euros
Micro	< 10	≤2million Euros	≤2million Euros

Source: European Commission Recommendation (2003:14)

According to Mukras (2003:60), the government of Zimbabwe applies the following definitions for the different classes of enterprises. SEDCO defines SME as a business with not more than seventy-five employees (SEDCO, 2003). The Confederation of Zimbabwe Industries (CZI) Newsletter (2010, April) defines a small business as a business with an employment capacity of one to twenty hired employees and an annual turnover below US4 million dollars. A medium scale enterprise is defined as a business with an employment capacity of twenty one to thirty five hired employees and an annual turnover of US4 million dollars to US4.5 million dollars.

The researcher adopted Mukras’ (2003) definition of SMEs using the employment-based proxy. The SMEs in the Harare Central Business District have different numbers of employees. Those with less than five employees are classified as micro enterprises, those with five to twenty employees are classified as small enterprises

and those with employees above twenty but less than seventy-five are classified as medium enterprises. In this research, all the enterprises in Harare's CBD are classified as SMEs. The researcher preferred use of the number of employees in defining SMEs.

2.3 ICTS USED BY SMES

Today, new technologies, especially Internet technology are changing the global flow of information, trade and investments and competitive advantage of industries, services and regions (Comb, 1995:124). In order to understand the concept of ICTs it is first necessary to express what our understanding of technology is. In brief terms, technology may be considered as a set of useful technical means for a certain economic activity and the knowledge needed for its efficient use. In other words, technology assembles *software*, *hardware* and *knoware*. This concept deflects from the common trend of linking technology only to technical means, putting aside the skills and knowledge needed to use them. According to Castells (1996), ICTs assemble a set of technologies within the areas of microelectronics, informatics (software and hardware), telecommunications and optoelectronics. Taking into account the rationale behind the definition of technology, ICTs are not just the tools and its application. They are processes of development. The knowledge to apply the tools is essential for its correct and efficient use. The recent evolution of ICTs, its fast development and its widespread use changed the way people, firms and institutions live and act. Most importantly, ICTs shape access to information, services, technical means and people (Dutton, 1998). ICTs not only changes the way people get information, but also alter the whole corpus of knowledge and information availability at any given time and place. Regarding services, ICTs do more than simply change the way we consume products and services. They also influence what products and services we consume and whom we purchase them from. ICTs can render obsolete a local business or an entire industry, but also create a new business or industry. Access to particular technical means– equipment, know-how and techniques – shapes access to other technical means as ICTs interconnect and depend on one

another in many ways (e.g. to access the Internet it is necessary to have a computer and a telephone line or cable connection). Finally, ICTs shape access to people in a way that, not only provide new ways to communicate with others, but also influence and are influenced by the existence of social networks.

Other school of thought pushed forward an argument, that in the last part of the twentieth century and beginning of the twenty first century, Internet and mobile phones not only changed the face of communication, but also gave impetus to economic growth. Computers and the Internet catalyzed the growth of the knowledge economy by enabling people to put knowledge into a digital form easily transmitted to anywhere around the world. ICT has sped up the pace of globalization and increase the complexity of business practices because firms not only need to be familiar with their local context but also with global developments. Countries need a strong ICT literate skills base that can innovate and adapt quickly to changes to compete in the knowledge economy. The knowledge economy relies heavily on ICT and more value is placed on the knowledge worker and this has led to the rapid growth of ICT sectors. Information technology is playing a critical role in transforming the world into a global village with a global economy. It is also envisaged that SMEs would need effective information systems to support and to deliver information to the different stakeholders. These information systems would support decision-making, provide information for the manager's daily operations of the enterprises and provide effective interface between stakeholders and the technological tools. Information is very important aspect of decision making at all levels of management in enterprises (Hicks, 1993:648), especially in competitive business environment and managers utilize information as a resource to plan, organise, staff administer and control activities in ways that achieve the tended objectives of the organisation .The aptitude of SME's to recognize their goals depends on how well the organisations acquires, interprets, synthesises, evaluate and understands information and how well its information supports organisational processes.

2.4 ICT AND GROWTH IN SMES

According to world development report (1999), the balance between knowledge and resources for the leading countries in the world economy has shifted so far towards

the former. Knowledge has become perhaps the most important factor determining the standard of living more than land, tools, and labour. The countries or economies, which are technologically advanced, are truly knowledge based. Countries in the world are moving from an industrial economy to a knowledge economy in which economic growth is dependent on a country's capability to craft, amass and circulate knowledge. Computers and the Internet have catalyzed the growth of the knowledge economy enabling people to put knowledge into a digital form easily transmit to anywhere around the world. ICT has sped up the pace of globalization and increased the complexity of business practices because firms not only need to be familiar with their local context but also with global ones. SMEs need a strong ICT literate skills base that can innovate and adapt quickly to change so that they can compete in the knowledge economy.

Many countries, such as, India, the Republic of Korea, Taiwan and China, have created enabling environments to ensure that SMEs are well positioned to capture these emerging business opportunities. India for example, offered relief from import duties for IT hardware, tax deductions for income earned from software exports, and tax holidays, and developed infrastructure in software technology parks. India's thriving ICT sector has in turn propelled the country's economic growth. Zimbabwe is also promoting ICT, by not charging duty on imported ICT products. SMEs outside the ICT sector have also benefited by adopting ICT in their own operations. They have enabled them to communicate promptly and increase productivity. They also enhance development of new business opportunities, and connection to global networks.

2.5. THE USE OF ICT AMONG SMES: CURRENT SITUATION

Nowadays, the use of ICT by SMEs is increasingly common according to a survey for OECD countries. Internet access is also very popular among SMEs although Internet penetration is normally higher in larger enterprises. However it is detected that the gap between larger firms and SMEs is narrowing with most OECD countries Internet penetration rates for medium-sized companies with 50- 249 employees are approximately the same as larger enterprises with more than 250 employees (OECD Report, 2012).

The literature however highlights the gap between the first world countries and the third world countries in terms of the impact of ICTs in the SME businesses, so the research will try to fill in the gap by analyzing how ICT has enhanced the businesses in Zimbabwe.

2.6 ICT VALUE TO SMES

According to Schubert and Leimstoll (2007), there are two schools of thought with regard to the issue of ICT value. These are Porter's theory and Millar's theory and they both agree that competitiveness of an SME depends on the ways in which ICT is viewed and used to support business processes.

✓ Porter's Theory on ICT value

Porter's theories say that ICT adds value to SMEs if they are used in a prescribed manner. He emphasized that ICT can add value to the business processes.

✓ Millar's Theory on ICT Value

Millar's theory stipulates that ICT does not really add any value since it is a commodity, just like electricity, available to everyone.

The researcher adopts Porter's theory as he sought to establish how ICT can enhance SME businesses in Harare's CBD.

2.6.1 Porter's Theory on ICT Value

According to Porter's competitive forces model, the success or failure of a business depends on its ability to respond to its external environment. Laudon and Laudon (2009). These external environmental factors are:

- **Competitors**- where other firms who are in the same business or same market are competing against each other. The firms will be producing similar or substitute products or services.
- **New market entrants**-These are new players that join in a particular market or business by producing similar or substitute products or services and serve the same market.
- **Substitute products and services**- where within the same market similar or substitute products or services are offered by competitors. The customers can easily switch to competition because they will be offering better quality or low price.
- **Customer**-These are potential buyers in a given market. The customers can make more informed decisions on their choice of product or service they want to buy given the abundance of information at their disposal.
- **Suppliers**- Entities that supply goods or services to the organization. They can also be more informed as they will be exposed to abundant information

A number of studies have shown that effective and efficient ICTs allow SMEs to respond positively to the external factors Katz and Green, (2010). SMEs can use ICTs to respond to external factors, thereby gaining a competitive advantage in one of the following four ways according to D'Atri and Sacca (2009) and Dhillon (2009): low-cost leadership, product differentiation, focuses on market niche, and growth of customer and supplier intimacy. These are discussed below:

1) Low-cost leadership

SMEs can use ICT to lower their operational costs, thereby lowering the prices of their products or services. This will make it challenging for their perennial competitors and new market entrants to match their prices. The lowered operational cost will enable SMEs to not only stick to the local market, but also expand regionally and internationally. The funds saved as a result of ICT usage could be used to address other, more pressing areas of their business.

2) Product differentiation

SMEs can take advantage of the ICT ability to create products or services that are so different that they create barriers for their competitors.

3) Focus on market niche

By focusing on a narrow market segment rather than a larger general market, SMEs can use ICT to gather specific data about its customers, and hence, be able to meet the unique needs of its customers.

4) Strengthening customer and supplier intimacy

Supply chain management (SCM) systems can be used to manage and strengthen supplier intimacy. On the other hand, customer relationship management (CRM) systems can be used to improve customer relationship. SMEs can, therefore, make use of such systems to better its relationship with suppliers and customers.

According to Katz and Green (2010) SMEs can tap into the enormous potential advantages offered by these systems to gain a competitive advantage. SMEs can use their flexibility and relatively small size to their benefit (Datta, 2007). With their flexibility and small size, SMEs will not need complex structures to facilitate the diffusion and application of ICTs Datta (2007), and can easily change to accommodate the requirements of the new ICTs solutions. It is widely accepted in ICT literature that organizations do go through a series of stages in their utilization of ICTs according to Galliers (2003:147).

2.7 EVOLUTION OF ICT USAGE WITHIN SMES

According to Katz and Green (2010), it is postulated that SMEs have scarce resources at their disposal and because of this. They cautiously venture into ICT investment. Many SMEs initially use ICTs primarily to automate their simple and single existing processes Dhillon (2009). This can be attributed to the fact that

automation requires less financial resources and less restructuring. In this phase of ICT usage, matters relating to ICT within the enterprise are left to specialists, and managers are hardly involved Ayyagari (2007). However as Dhillon (2009), put it across, that with positive benefits trickling to them after initial venture into the use of ICT, most SMEs owners/ managers start gaining more confidence in the technology and are more willing to further invest in it. As a result the SMEs management begins to explore other possibilities that can be offered by ICTs Caruso and Marchiori (2003). It is at this stage that ICT roles of information and transformation are explored. The strategic significance of ICT begins to be more appreciated, and the use of ICT to upgrade quality, improve customer service, and also enhance integration with suppliers becomes the order of the day Laudon and Laudon (2009). These roles in ICT usage have further leveraged the competitiveness of SMEs who have deployed the use of ICT. Most SMEs now are beginning to view ICT as strategic tools that they can use to gain competitive advantage and more SMEs management are becoming more directly involved with ICTs because of the abilities of these technologies to enable them to fulfill their duties efficiently and effectively (Megginson 2008:56).

2.8 ICT IMPLEMENTATION AND SMES COMPETITIVE ADVANTAGE

Implementing ICT in a business does not necessarily give the business any competitive advantage but linking it to the business processes and strategy will most likely give a competitive advantage. In general, it appears that SMEs that employ ICT are better placed and have a better chance of becoming commercially successful (Taylor and Murphy, 2004). There are critical success factors that contribute to this position which are:

- Owner motivation, experience and management skills;
- Expertise in managing growth;
- Access to resources (money, technology and people);
- Innovation, a competitive advantage and flexibility;
- Close contact with customers;
- A center of attention on profits rather than sales;

These SMEs need to embark on the following in:

- A clear ICT strategy that will preside over the adoption process within that particular SME.
- Aligning of ICT strategy with the business strategy so that it supports and achieve business goals.
- Employing the right skills and identifying the roles that the skills will play in making sure that the SMEs are successful in leveraging ICT.

2.9 THE IMPACT OF ICT ON SMES

It is only in the 1990s that empirical evidence was found that computers had a substantial effect on firms' output levels. Brynjolfsson and Hitt (1995) observed that alongside firm effects, ICT capital contributes positively and significantly to output and productivity for large firms. Similar results are also found when examining the effects the use of various ICTs has on productivity. Recently in 2000 Brynjolfsson and Hitt consolidated even further in a study which underscored the importance of complementary factors such as restructuring the enterprise and improving the skills level of the personnel to get productivity growth as a result of investment in ICT. There are hardly any studies that analyze the effect of ICTs on small enterprises in countries, which are still developing like Zimbabwe, partly because of data problems. However Müller-Falke (2001) found out that for Indian manufacturing SMEs that uses more advanced forms of ICT have on average a higher labour productivity and a higher growth rate. However in a survey carried out in India with 59 electric and electronic manufacturing SMEs mainly employee less than 50 people, but because they will be using ICT they have higher profit margins, skill, export and import intensities (Lal 1996.) The use of ICT according to Susanna (2001:90), could give flexibility, which is considered to be a major source of competitiveness as they, link with trading partners because of faster and more reliable communication channels.

2.10 ROLE OF INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) IN SMALL AND MEDIUM ENTERPRISES (SMES).

ICTs are technologies and tools that are used to share, distribute, collect, and communicate information with one another through the use of computers and interconnected networks (Lucchetti and Sterlacchini 2004). In addition, nowadays we

have tools like cellphones, smart phones and other social networks, which are also used besides computers. ICTs are mediums that utilize both telecommunications and computer technologies to transmit information. The environment helps in fast and accurate decision-making and should SMEs use them correctly, efficiently and effectively, they will increase mobility on their transactions. The critical components before SMEs are swiftness of services, access to information and empowering employees in terms of skills (Ritchie and Brindley 2005).

Zimbabwean SMEs need ICT based solutions to multi-task, expand their customer bases, raise productivity, control cost, work remotely, effecting payments, fast and accurate decision making and facilitating collaboration with customers and suppliers. These SMEs have various needs in order to function in an aggregate manner to reach out for value addition by keeping in mind the variable cost model, (Casolaro and Gobbi, 2007).

According to Lucchetti and Sterlacchini (2004), the use of ICT by SMEs raises productivity of the sector in particular and the economy at large. The SMEs need to be product leaders; to have operational excellence and a good customer relationship and this can be enhanced by the use of ICTs. SMEs need to make good decisions, plan on strategies regarding the type of technology they need to use so that they will realize value out of it. Schware (2003) highlighted that in a time of globalization where competition is increasing drastically, SMEs must start to become global, meaning to say they need to be agile. Agility in business performance is the ability of a company to prosper in rapidly changing environments. In this endeavour, information and communication technology (ICT) plays an important role in facilitating the introduction of new products and services and improving business processes, and managerial decision making.

SMEs would greatly benefit by using ICTs in their business processes. However, as SMEs continue contributing to the economy, there are still challenges that inhibit them not to compete with large enterprises. Although it is commonly accepted that ICTs provide many benefits to organisations so as to make them more efficient, effective and competitive most of them are not using ICTs (Fink and Disterer, 2006). There is also growing evidence that ICTs will increasingly empower SMEs to

participate in Knowledge management by facilitating connectivity to create and deliver products and services on a global scale MacGregor (2004). ICTs usage by SMEs has transformed the business operations. They have enabled rapid, reliable and efficient exchange of information. Information is need for various purposes and serves as an invaluable commodity or product. Information is a very important aspect of decision making in all levels of management in enterprises especially in a competitive business environment and managers utilize information as a resource to plan, organise, and staff administer and control activities in ways that achieve the enterprises' objectives (Hicks 1993).

In this globalization era ICTs have affected the way business operates. It has changed the businesses structures and altered the degree of competition through social networks like facebook, whatsapp and twitter, which are used to advertise and do business with potential customers. It has also created competitive advantage for businesses using it, taking, for instance SMEs which are using Internet banking or ecocash which can actually receive or process payments instantly. The coming aboard of smartphones, social networks, ecocash, and Internet banking has affected the businesses' operation positively. These changes have compelled SMEs to use ICTs in order to cope with the technological trends and remain relevant in the market according to Casolaro and Gobbi (2007). Using ICTs in an organisation provides means to access, process and distribution of greater amounts of information to the personnel concerned within an organisation. This aids management to make quick and thoughtful decisions to assist SMEs in strategic planning Jimmy and Li (2003). SMEs should use the state-of- the art technologies in order to penetrate both in domestic and international markets since they are faced with competition from large organisations locally Sharma and Bhagwat (2006). Using ICTs increases productivity and increase efficiency of internal processes, and assists in connecting SMEs to their customers and suppliers easily and more economical Pokharel (2005).

On the other hand Taylor Murphy (2004) and Schware (2003), highlighted that using ICTs will improve the operational efficiency of SMEs, reduce operation costs and create global market access.

However, according to Cela (2005:221) ICT applications can provide several benefits across a wide range of intra- and inter-firm business operations and transactions.

ICT applications have contributed to information and knowledge management inside the firm and have reduced transaction costs. They have also increased the speed and reliability of transactions. These applications are effective tools for improving external communication and quality of services for established and new customers. SMEs can benefit from use of these ICT applications. Some of these benefits includes among others:

1. Enhance the productivity and effectiveness of certain activities or functions.
2. Enable the access to new environments as well as the generation of new markets and business models.
3. Improve the qualification and specialization of human resources, which increases the efficiency of the business.

ICTs play an important role in enhancing the productivity and effectiveness of certain activities or functions made of SMEs Brady (2002). For example, ICTs facilitate the selective automation of processes related to supporting the field sales force and integrating sales activity into the company's information resources and facilitate the gathering of valuable competitive knowledge and consumer-related information that simplifies marketing decision making processes. ICTs can also provide the marketer with extraordinary capability to target specific groups of individuals precisely and enable them to practice mass-customisation and different marketing strategies (Pine, Pippers and Rogers, 1995).

ICTs also greatly enhance a company's ability to exploit linkages between activities both within and outside the company Porter and Millar (1985). Thus ICTs can create new, strong linkages between organisation internal activities. They also assist in coordinating the actions more closely with customers and suppliers to facilitate organisational integration. Leenders & Wierenga, (2002). Relationships are sometimes established among businesses or company units that are physically separate. In this case, ICTs enhance the company's ability to coordinate activities regionally, nationally, and globally creating many new interrelationships among them and expanding the scope of industries in which the company must compete to achieve competitive advantage (Prasad 2001).

2.11. ICT ADOPTION AND SMES PERFORMANCE

Despite the potential benefits of ICT there still is a debate on whether their adoption improves performance of an entity and if so how. Authors on the topic of adoption of ICT hold three viewpoints that are: the technology perspective, management and organisation of technology perspective and the small firm and ICT perspective. According to Southern and Tilley (2000), the first two have dominated the field of enquiry. Ritchie and Brindley (2005) and Southern and Tilley (2000) agreed that the focus has been on the three highlighted perspectives as discussed below.

2.11.1 Technology perspective.

This perspective examines ICT adoption from a technology point of view. It focuses mainly on technology aspects like the Internet or e-mail technology though it does not look at how the business uses this technology to its advantage. Emphasis is placed on the success of the technology driving the business only, but it does not look at the SME. Measurement of achievement is from a technology point of view not on the success of the business. This perspective holds dangers for both SMEs and large businesses. There are a number of things that the organisation needs to take into consideration when implementing technology which include among others issues to do with organisational culture and business processes. One also needs to check on the availability of IT skills required for implementing the technology. Lack of consideration of these factors might cause failures in the adoption process (Ritchie and Brindley 2005).

2.11.2 Management and organisation of technology perspective.

A similar view to the one above, but which put more emphasis on the management or organisational aspects, Southern and Tilley (2000). It places emphasis on the

strategic approach to ICT by SMEs and on the capabilities and structures of those SMEs.

2.11.3 Small firms and ICT from the small firm perspective.

Focus is placed on the SMEs and how they use technological tools to enhance their operations. It takes into consideration the vision of the SMEs. This is now the much-emphasized viewpoint by authors on this topic. Ritchie and Brindley (2005) and Southern and Tilley (2000) share this view and agree that this is the next focus area for many research endeavors. This was also adopted in this research with a particular focus on the owner- managers and how they incorporate technology into their business strategies.

In this regard it will be necessary to understand the characteristics and differentiating factors of SMEs. The aspect of owner-manager is very crucial part of the SME. Owners or managers make all, or most of the decisions, regarding the direction and growth of the business (Southern and Tilley2000). This view is very instrumental to this research topic particularly discussing how ICT can enhance the SME businesses, because it requires strategic influence for the management or owners. However, Martin (2005) points out that the owner-managers have limitations, which include among others the capability gaps, or knowledge gaps, which prevent effective technology use and selection. The intuitive and organic styles of management have important consequences for the way in which they evaluate and use technology. Their personal skills and mind-sets influence organizational culture. This means that if the owner manager is technology averse it will be difficult to adopt ICT and use it as a tool.

2.12 BARRIERS TOWARDS SMES' ADOPTION OF ICT AS A COMPETITIVE TOOL

There are a number of stumbling blocks or barriers that make it difficult for SMEs to adopt ICTs. Ngwenyama and Morawczynski (2007) argue that everyone assumes that ICT will successfully bring benefits. This however is not the case as not all environments are the same. There are socio-economic and technological issues affecting successful implementation or adoption of ICTs. MacGregor and Vrazalic

(2006) also concurred that the barriers to adopting ICT by SMEs were both socio-economic and technological. He also pointed out that the barriers can be caused by factors which are external and/or internal to the organisation. The following are the categories of barriers that prevent SMEs from adopting ICT exist:

2.12.1 Lack of knowledge about the strategic use of ICT.

There is a lack of knowledge about the potential benefits of ICT and strategies to support SMEs in achieving their business objectives. SMEs face the challenge that generally they are owner managed and the owner makes all or most of the decisions about the business. These limitations unfortunately become limitations of the business. This is a strategic level problem and ICTs are needed as key player for the SME in reaching their goals (Martin, 2005)

2.12.2 Lack of necessary IT skills-base.

As already expressed, the owner is the centre of the business, making all or most of the decisions in the small business. The decision to adopt ICT by the small business will depend on the owner's ICT skills, his/her personality and attitude towards technology. The Zimbabwean Government, through the Ministry of Information and Technology has set up events like the ICT show to try to persuade and increase ICT skills. However, the owner-managers' attitudes towards ICT and its value need to be revisited. SMEs need expertise to work with and ideal staff level for an SME that will considers ICT to be the core of its business strategy. Organisations need to have a well-trained ICT staff which are most likely to adopt and use ICT tools as a successfully.

2.12.3 Perceived high setup cost.

SMEs usually don't have budgets for ICT as they perceive them to be expensive. Usually most ICT solutions are associated with thousands of dollars and stories of

ICT solutions are synonymous with running over budget. There are different types of costs associated with ICT which include among others product/solution, development, connectivity, hardware, software, maintaining costs such as annual license fees and upgrade fees (Jackson, 2007; Herselman, 2003).

2.12.4 Ever-changing ICT environment.

The ICT environment is ever changing so constant learning and updating of technologies is needed. The Technology is constantly evolving, getting faster, smaller, and more powerful. There is need for SMEs to monitor the kind of technologies that their clients are using and try to make sure that they are on par in order to serve them. There is also a need for the SMEs to change every time there is a change in technology although this will depend on the focus area of the SMEs. The ICT strategy of the SME needs to take into consideration that technology changes so different technologies need to be monitored as they evolve into the future, and this calls for the staff to be excited and have interest in the changes as they evolve. All these factors can contribute to a non-adoption of ICTs by SMEs. This research therefore examines how the adoption of ICTs has enhanced the SME businesses and how this contrast with SMEs without ICT (MacGregor and Vrazalic 2006).

2.13 CHAPTER SUMMARY

The chapter looked at the definitions of ICT and SMEs and established the position of ICTs in enhancing SME businesses, the benefits of using ICT have been highlighted and the challenges faced by the organisation in adopting ICT were also highlighted, this was done so as to make some comparisons of how the organisations with and those without ICT are doing in their businesses. The chapter also looked at the relevance of ICTs to the SMEs in Zimbabwe. The role of ICT was analyzed; so as to see what benefit it has to offer to the SME businesses in Zimbabwe

2.14 CONCLUSION

From the literature reviewed it is clear that ICT plays an important role in enhancing SME businesses in Zimbabwe. Businesses using ICTs are better positioned than those who do not have ICT, although there are barriers to ICT adoption it is strongly recommended from the roles and benefits accrued from ICT that SMEs need to use ICT to enhance their business performance and remain viable in this knowledge economy. The problem is that SMEs are mainly using traditional tools to stay competitive. In order to survive in this highly competitive environment SMEs need to take advantage of the power of ICT. Both the traditional and the ICT tools are very important for the competitiveness of the business as they reduce business costs, improve productivity and strengthen growth possibilities. Nowadays economy must be understood as a global process. In this scenario ICT can provide a wide variety of benefits to different firms.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 INTRODUCTION

This chapter critically looks at the research methodology and the corresponding justification of the methodology adopted. The chapter looks at the research design, research philosophy, research strategy, population and sampling techniques that were used in the research. Furthermore, the chapter highlights the instrument used to collect the data, including methods implemented to maintain validity and reliability of the instrument. Finally the chapter will indicate the procedures that were used to collect data and how the data was presented and analysed. The research limitations will also be discussed.

3.2 RESEARCH DESIGN

This is the basic plan for a piece of research, and includes main ideas such as, sample, and tools and procedures to be used for collecting and analyzing the data (Punch, 2000).

There are two approaches to research, namely quantitative and qualitative approach. Burns and Grove (1993:77) define quantitative research as a formal and objective, systematic process to illustrate and test relationships and examine cause and effect interactions among variables. Qualitative research is a type of scientific research that

brings access to analysis, which will be well grounded with rich descriptions, and explanations of processes

• This study adopted a combined research approach of qualitative and quantitative method, although it was more qualitative in nature hence the development of a research proposition as opposed to the research hypothesis of the quantitative approach. Hurmerinta-Peltomaki and Nummela (2004) argue that, if only one method is used, some important elements of the research problem will remain unresolved so the combined method was used to take advantage of the strength of the two methods.

According to Miles and Huberman (1994:122) the findings from qualitative studies have a quality of undeniability. The words especially organised into incidents or stories have a concrete, vivid, and meaningful flavor that often proves far more convincing to the reader. Another advantage of qualitative design is use of open-ended questions and probing which gives the participant the opportunity to respond using their own expressions rather than forcing them to choose from fixed responses, as quantitative methods do. These open-ended questions have the ability to evoke responses that are meaningful and culturally salient to the respondents. The responses are usually rich and explanatory in nature. Qualitative research design also allowed the researcher the flexibility to probe initial respondents' responses- that is, to ask why or how. The other strength is its ability to provide complex textual descriptions of how the people experience a given research issue. In addition, the qualitative approach is appropriate for the phenomena under study, which focus on how ICT has enhanced SME businesses in Zimbabwe. It is thus the intention of the study to investigate ICTs used by Zimbabwean SMEs and how they are helping their businesses.

Quantitative research was used in this research to make useful descriptions of observed phenomena and explaining the possible relationship between descriptive surveys.

3.3 RESEARCH PHILOSOPHY

A research philosophy is a belief about the way in which data about a particular research area (phenomenon) should be gathered, analysed and used (Marshall & Rossman 1989:56). Amaratunga (2002:131) argue that a discussion of philosophy should precede a research project. Ignoring these philosophical issues can seriously affect the quality of the research in management sciences. The questioning of basic fundamental concepts and the need to embrace a meaningful understanding of a particular field was defined as a philosophy by Burke (2007:476). In this case the concepts of ICT needed to be understood as the researcher investigated how they have assisted SME businesses. There are two major research philosophies that have been identified and these are positivist (scientific) and anti-positivist (Interpretivism) approach.

3.3.1 Positivism Approach

According to Saunders (1997), positivist research owes much to what we would think of as scientific research. Healy and Perry (2000) argue that positivists assume independence of the observer from the world under scrutiny. Positivists believe that reality is stable and can be observed and described from an objective point of view without interfering with the phenomena under investigation. Naslund (2004:323) argues that positivists believe that an “objective world and objective reality exists”. Positivism studies placed emphasis on measurement and the analysis of causal relationships between variables.

According to Vermeulen (1998), in positivism, the social and physical reality is independent of those who observe it, and that observations of this reality may constitute scientific knowledge. Positivism searches for causal explanations and the creation of fundamental laws through scientific analysis. Gill and Johnson (1997) as cited by Saunders, Lewis and Thornhill (2003:83) say that, with positivism, there is an emphasis on a highly structured methodology to facilitate replication and on quantifiable observations that lend themselves to statistical analysis. Positivists believe that reality is stable and can be observed and described from an objective viewpoint. This often involves manipulation of reality with variations in only a single independent variable thereby assisting in identifying regularities, and forming relationships between some of the constituent elements of the social world.

3.3.2 Interpretivism Approach

According to Bryman and Bell (2003:269), the contrast to positivism is known as interpretivism and its proponents argue that the subject matter of the social sciences, people and their institutions is fundamentally different from that of the natural sciences, hence the need for a different research procedure. Griseri (2000) describes interpretivism as the group of approaches which comes out of the idea that we construct social reality, that social phenomena are products of human thought and remain dependant on thought for their meaning and life. Amaratunga (2002) concurred that the basic belief under this approach is that, the world is socially constructed, the observer is part of what is observed and science is driven by human interests as opposed to the positivism approach which assumes that, the world is external and objective, the observer is independent and science is value-free. Interpretivists contend that only through the subjective interpretation of and intervention in reality can that reality be fully understood.

Saunders (2003:84) takes the view that the social world of business and management is far too complex to lend itself to theorizing by definite 'laws' in the same way as the physical sciences. The argument is that if such complexity is reduced to a series of law-like generalizations, rich insights into this complex world is lost. Saunders (2003) adds that this argument would be persuasive for business and management cases because business situations are complex and are also unique to each particular situation. They are a function of a particular set of circumstances and individuals (Saunders 2003:84). This is what the researcher took into account in taking the interpretivism approach in this research, as the case of SMEs in Harare's Central Business District (CBD) is unique. Gilbert (1993), cited in Lancaster (2005), affirms that this approach builds theories based on gaining knowledge of the world. Thus theory is built through observation of phenomena in the real world. The author goes on to say that it is theory, which follows observation.

3.4 RESEARCH STRATEGY

According to Blaikie (2002), research strategies provide a set of steps in order to answer the research questions. There are two strategies, which are, deductive and inductive.

3.4.1 Deductive Theory

Deductive approach to research therefore uses empirical observation to test theory or hypotheses. According to Lancaster (2005:22), the first step in deductive research is the generation of theory or hypotheses. Leedy and Ormrod (2001) argue that deductive logic begins with one or more premises, which are self-evident and widely accepted truths. From the premises reasoning then proceeds logically toward true conclusions. The theory can be generated in several ways that include a desire to work out a solution from a given problem or from an idea based on previous experience or from a literature search. The generation of theory is then followed by data collection, testing and the confirmation or rejection of the hypotheses (Bryman and Bell, 2003).

3.4.2. Inductive Theory

Durrheim (1999) explains that an inductive method proposes an immersion in the details and specifics of the data to discover important categories, dimensions and interrelationships and begins by exploring genuinely open questions rather than testing theoretically derived (deductive) hypothesis. The inductive research attempts to understand meanings that people give to their deeds or to social phenomena and in this case, concerning how ICTs have enhanced SME businesses in Zimbabwe. The inductive research generated rich, detailed and valid data that contributed to in-depth understanding of how ICTs have enhanced the SME businesses in Zimbabwe. The researcher adopted this theory.

3.5 POPULATION AND SAMPLING TECHNIQUES

3.5.1 Population

According to Burns and Grove (1993:779), a population is defined as all elements (individuals, objects and events) that meet the sample criteria for inclusion in a study.

Martin and Guerin (2006) define a population as an aggregate or an entire group of people, events, or things under study, where a sample is defined as a sub-group of a population that is measured in some way; and a subject being a single member of a sample. Gall (1996) defines population as a large group of individuals that is to be investigated through studying a smaller group. In this research the researcher wanted to study how ICT has enhanced SME businesses in Zimbabwe, paying particular attention to those SMEs in the Harare's CBD.

3.5.2 Sampling

Mouton (1996:132) defines a sample as elements selected with the intention of finding out something about total population from which they are taken. Martin and Guerin (2006) highlighted that sample selection involves determining which subjects to include in the sample. There are two ways of coming up with a sample, probability and non-probability sampling. Probability sampling ensures that the chances of each case being selected from the population is known and is usually equal for all cases whereas with non probability sampling it is not known, and cannot answer questions that require statistical inferences about the population's characteristics (Saunders 2003:34)

3.5.2.1 Probability Sampling

Wegner (1999) stated that, in probability sampling, sample observations are selected on a purely random chance or basis. *Simple random sampling* is when all the members have an equal probability of selection. This method has got the advantage that the introduction of any bias is unlikely and it is free from human intervention. However, it is not practical in the sense that it requires a population list, which may not be available (Emory, 1980). *Systematic random sampling* begins by selecting the first observation and then subsequently selecting observations at uniform intervals relative to the first (Wegner, 1999). Crawshaw and Chambers (1994) argue that this method is easy to check for errors and is quick to use. This method may fail to give consistent results if different intervals are used where there are periodic cycles within the survey frame. Saunders (1997) describes *stratified random sampling* as a

modification of random sampling in which one divides the population into two or more relevant and significant strata based on known attributes. Random samples are then selected from each stratum. The sampling units in each stratum should be fairly homogenous. Stratified random sampling enables the researcher to study in detail the behavior of elements in each stratum (Leedy and Ormrod, 2001). This has the advantage of improving the accuracy of the results. The challenge with the stratified random sampling is in the determination of the stratus and the basis for stratification.

3.5.2.2 Non- Probability Sampling

Saunders (2003) argues that with non probability sampling, the probability of each case being selected from the total population is not known. The non-probability sampling methods include purposive sampling, snowball sampling, convenience sampling and quota sampling. Quota sampling requires the choice of representatives of the various elements in the proportions in which they occur in the population. Saunders (2003) observes that the population is divided into specific groups from which a quota of each category is selected. Silverman (2005) says that purposive or judgmental sampling illustrates some feature or process of interest and it requires the researcher to think critically about the population parameters under study and selects the case on that basis. It enables one to use judgment to select cases, which will best suit the research at hand. Snowball sampling technique is used when it is difficult to identify members of the desired population. Robson (1997) expounds that one or more cases are identified which then act as informants in identifying other cases. The cases identified will also identify others. This sampling technique has a bias in of representativeness and it may prove difficult to identify the initial contact cases. Leedy and Ormrod (2001) are of the view that Convenience sampling involves selecting those cases, which are easiest to obtain for the sample. It is prone to bias and is suitable for less demanding research problems.

In this study, the researcher applied the stratified random sampling technique to determine the total population of SMEs in Harare CBD. This involved dividing the SMEs into a number of groups (strata). The strata were clothing, hardware, stationery and Fastfoods. The SMEs in the same sector were grouped together and then randomly selected. This method provided greater accuracy than a simple

random sampling of the same size and was less expensive because a smaller sample provided greater precision.

3.6 DATA COLLECTION METHODS

Data collection methods that can be employed include interviews, questionnaires and observations. These methods can be used separately or in combination.

3.6.1 Interviews

Robson (1997:79) refers to an interview as a situation where one-person talks and another listens. Interviews serve a purpose of establishing research-relevant information and focus on content specified by the interviewer. They can be structured or unstructured interviews. According to Kvale and Brinkmann (2009:121) semi-structured interviews are most appropriate for face-to-face meetings. The freedom offered by semi-structured interviews was crucial to the researcher's findings, as the interviewees were able to express the issues and their thoughts regarding how ICTs enhanced SMEs businesses. The other reason, of why a semi-structured interview was preferred, was the possibility to come with follow up questions, and thus make it more of a discussion, so that a greater level of details would come up, although keeping it centered on the main topic. A Large amount of effort was put before the interview, in order, to be able to thoroughly understand the problem area, and correctly grasp interviewees' statements. That also affected the ability to put follow up questions in the moments where it was felt that additional explanation was needed from interviewees. The questions in the interview were carefully structured in a guiding manner. The interviews were recorded using an audio recorder, and where then transcribed. The Interviews allowed the researcher to observe non-verbal communication and make inferences. They also increased the response rate because the interviewer was in control of the information-gathering

process. Interviews were time consuming but thorough and produced more useful information for the research. Interviews may also raise concerns about bias, if not handled properly. They therefore, demand experience on the part of both the interviewer and interviewee (Wegner, 1999).

The researcher had interviews with owners and managers of the SMEs. These were targeted in order to get the lived realities of the ICTs they were using and how it has enhanced their business processes pertaining to the relevance of ICT and the efficacy of modern technology in business transactions. The researcher also sought to find out from SMEs if they were aware of any benefits they could get from ICTs, the challenges that they faced in making use of ICTs and their views so that he could, perhaps, make some recommendations on how ICTs can be effectively engaged to enhance SME business in Zimbabwe. The researcher managed to conduct twenty-nine (29) interviews.

3.6.1.1 Analysis of Guided Interviews

The interviews allowed the researcher to interact with the data sources, and they also allowed him to hear from the participants. The researcher used the interviews to explore issues surrounding how ICT has enhanced SME businesses in Zimbabwe.

Data collected resulted in the accumulation of large amount of data, primarily qualitative data. The data collected was in the form of transcripts of interviews. The majority of data was in machine-readable format, as interviews were tape recorded and transcribed. The researcher transcribed and summarized the portions of the interview that were relevant to the research in a tabular format. The researcher recorded all the interviews and then transcribed the tape of each interview. Although this was time consuming, the richness of many of the interviews warranted such an effort. Lofland and Lofland (1995:88) suggested that “it is generally not necessary for you to transcribe every word, exclamation, or pause that occurs in an interview...You do not need a verbatim transcription of everything the respondent said...” This was process was adopted by the researcher as it was not very tedious. However there were cases where interviewee did not want the conversation or interview recorded,

the researcher wrote up detailed notes of the interviews as soon as possible after the interview was conducted.

3.6.1.2 Limitations of Interviews.

From what the researcher gathered, the interviews were intrusive. For example, some owners of the SMEs stated that they were not interested in discussing the company's issues for academic purposes while others were hesitant to discuss the intent and benefits of the ICTs they were using. This experience was confirmed by Sewell (2007:49) who states that the disadvantages of interviews included:

- ✓ Participants giving more Information than they intended to disclose only to regret later.
- ✓ Interviewees becoming more reactive to personality's moods and interpersonal dynamics between the interviewer and interviewee which is not the case with methods such as surveys. This was confirmed in one of the interview sessions where the owner did not want to admit that he was not familiar when it comes to issues to do with information and technology.
- ✓ Interviews becoming more subjective than quantitative interviews because the researcher decides which quotes or examples to report on. Most of the quotes in the interviews were given in vernacular language, which was difficult to interpret, so the researcher used the quotes given in English.

Personality moods were also experienced during interactions, which could have influenced some subjective research conclusions as stated by Sewell (2009:124). An example of mood was experienced when one manager refused to clarify the statement he had made saying that he did not want to be misquoted. Another weakness of the qualitative design is that it did not provide the owners/management enough time to prepare for the interviews. This was reflected through postponement of interviews by some managers who possibly wanted to buy more time before meeting the researcher as one owner of the SME admitted that the reason why he rescheduled the interview session was that he was not ready and he did not want to be disturbed.

3.6.1.3 Questionnaires

Saunders (2005:09) defined the questionnaire as a general term to include all techniques of data collection in which each person is asked to respond to the same set of questions in the predetermined order. It therefore, includes structured interviews and telephone questionnaires as well as those in which the questions are answered without an interviewer being present.

Questionnaires were personally distributed by the researcher to managers or owners of the SMEs to complete. A total of 75 questionnaires were distributed. However because of time, the researcher had to wait for the respondents to complete the questions. To ensure anonymity the questions were in English, and the respondents were given assurance that the answers would not link their responses to them at the stage of data analysis. The questionnaires had section A and B. Section A aimed at gaining demographic data such as age, level of education, years in the organisation and gender. This information could assist the researcher when interpreting the results, for example, whether the level of education or age of the respondents influences the adoption of ICT. Section B aimed at determining the knowledge and views of managers or owners of the SMEs about ICT, its benefits, challenges in adopting it and other issues in line with ICT enhancing their businesses.

The researcher used both the interviews and questionnaires to collect data. Since the research had mainly focused on the interviews, he used the same questions from the interview guide. A questionnaire is designed to elicit information that can be obtained through the written responses of the subjects. Since the information obtained through a questionnaire is similar to that obtained by from the interview the questions had less depth, the researcher used both to complement each other.

3.6.1.4 Pre-testing Questionnaires

A pre-test according to Dillion (1993:68), is a process of determining appropriateness of a set of responses categories. However Zigmund (2003:89) said it was a trial run with a group of respondents used to find problems with the questionnaire design. Pre-testing a questionnaire helps refine it so as to avoid respondents having

problems in completing it and this can also allow for easier data analysis. For this research fifteen questionnaires were distributed to owners and managers of the SMEs for pre-testing. The questionnaires were modified according to the changes suggested and were sent out to the respondents.

3.6.1.5 Limitations of Questionnaires

One major limitation is that the questionnaires were administered in a rush, and respondents were being asked to complete them whilst the researcher waits. Kervin (2000), states that the researcher could face some challenges in the process because there is no control over who completes the questionnaires. This was the case with this research. The opportunity to clarify some items was limited and extra questions could not be asked or added to get the respondents to express themselves fully. Most of the respondents could not understand some of the wording in the questionnaires. The respondents misinterpreted most of the questions. This led to an analysis with incomplete results.

3.7 RESEARCH PROCEDURE

In order to achieve the research objectives, an appropriate approach and methodology had to be adopted for data collection. The researcher used interviews and questionnaires to collect the data. The interviews were administered one on one and in other cases telephone interviews had to be used, because most of the respondents, were rarely in the office for a one on one interview. The researcher used a same interview guide in both one on one and telephone interviews. A tape recorder was used to record the one on one-interview sessions and later own transcribed so as to analyze the responses given. However, the researcher faced challenges when conducting telephone interviews, as there was no tape recorder used, instead notes were taken down as soon as possible after the interview were conducted. The researcher also designed a questionnaire that was aimed at

achieving the research objectives guided by the literature review framework, and also by the interview guide used for the interviews.

3.8 DATA ANALYSIS AND PRESENTATION

Since the researcher used both interviews and questionnaires to collect data, the data analysis began with transcribing data from the interviews followed by editing and coding of the data from the questionnaires. According to Zikmund (2003:74), editing includes checking of the data collection forms to check for omissions, legibility and consistency in classification, as well as discarding of uncompleted responses with missing data, identifying potential errors in the data collection methods and discussing its implications. Data was converted to statistics to facilitate qualitative and quantitative analysis of responses. Some questions were open ended so the results were transcribed, tabulated and codified according to the most common responses provided by users so as to develop the data analysis. The results were then expressed as percentages after being classified into answer categories. The excel package was used to analyse some of the data.

A qualitative approach was employed for analyzing the data from the interviews. This therefore means inferences and induction of findings were widely used in this research. Pie Charts were used as the most appropriate way of showing comparative and classified data in a simplified manner. Tables were also used as they summarized huge amounts of information and enabled easy comparison of variables. They captured information and presented it in columns and rows and they saved space and time.

3.9 VALIDATION

Cooper and Schindler (2008) state that validity measures the degree to which a study succeeds in measuring intended values and the extent to which differences found reflect true differences among the respondents. Validity refers to measuring correctly what that was intended to be measured. Trochim (2006) suggests that in order to assure validity, one must ask, him or herself whether the measures used in

the research brought the valid results. For the validity of the data in this research, the researcher pre-tested the interview guides and was convinced that they measured what they purported to measure.

3.10 ETHICS AND VALUES

Kvale (1996:67) suggested that the core issues in research ethics are beneficial consequences, consent and confidentiality. The research participants were informed about the purpose of the study beforehand, thus they wanted to participate in the study. The research participants were notified about their right to be anonymous in this study. The moral choices which affected decisions, standards and behavior of the researcher and among others issues to do with how and when to meet the people for the interviews were considered. The researcher also looked at which data to sample and how to deal with respondents changing their mind about being part of the study. There were also issues of getting at the appropriate people, which were a challenge, and they needed to be addressed ethically well. The respondents' permission for answering some of the questions was a challenging undertaking, which needed to be dealt with. There were also issues of time and of response rate. The researcher however tried to get around these issues, by taking into consideration the input of the sample respondents. Interviews were conducted with respondents who had given a green- light to do so, and questionnaires were pre-tested first before distributed to the respondents.

3.11 CHAPTER CONCLUSION

The chapter looked at the route taken by the researcher to undertake the research. The chapter provided the description of the methodology applied in this study. It focused on the research questions posed. The research was conducted through the use of questionnaires and interview questions, where the respondents were the owners and or managers of SMEs. The results will be presented in chapter four.

CHAPTER 4

RESULTS AND DISCUSSIONS

4.1 INTRODUCTION

This chapter presents an analysis and a discussion of the findings of the data collected by the researcher using interviews and some questionnaires. As highlighted in chapter 3, the interviews were done with the management and the owners of the SMEs, and the questionnaires were also administered to the owners and managers of the SMEs, and they sought to get information on how ICT has enhanced SME businesses in Zimbabwe.

4.2 RESPONSE RATE

This refers to the percentage of the sample that cooperates and participates in the interviews and questionnaires (Dillion, Madden& Firtle 1993). The researcher used both interviews and questionnaires to collect the data.

Table 4.2: Response Rate

Questionnaires	Owners	Managers	Overall
Sent	40	35	75
Received	30	21	51

Response rate %	75	60	68
Interviews	Telephone Interviews	One on One Interviews	
No of Interviews scheduled	10	25	35
No. Of. Interviews done	6	23	29
Response rate %	60	92	82.9

A total of seventy -five questionnaires were distributed to the sample of selected SMEs in Harare CBD and fifty-one (51) were successfully completed and returned to the researcher for analysis. Overall response rate that was achieved in that respect stood at 68% as shown in the table above. Owners and managers of the SMEs completed the questionnaires.

Out of 10 scheduled telephone interviews, the researcher managed to conduct 6. The response rate was 60% for telephone interviews. For one on one interview the researcher managed to record a 92% response rate where out of the twenty-five (25) scheduled interviews, he managed to interview, twenty-three (23). In general, the response rate was significant, and as such the results are a true reflection of what the SME owner and managers think about ICT in enhancing their businesses. The results from management and owners interviews assisted in bringing out a broader perspective on the research.

4.3 DEMOGRAPHIC CHARACTERISTICS OF THE RESPONDENTS

The study targeted owners and managers of the SMEs in Harare Central Business District in investigating how information communication and technology has enhanced SME businesses in Zimbabwe. As such, the results on demographic characteristics were investigated in the first section of the questionnaire and the interview guide. They are presented in this section under composition of respondents, gender distribution of the respondents and age of the respondents.

4.3.1 Composition of Respondents

The sample was made up of owner and managers of SMEs in Harare's CBD as indicated in Figure 4.1 overleaf.

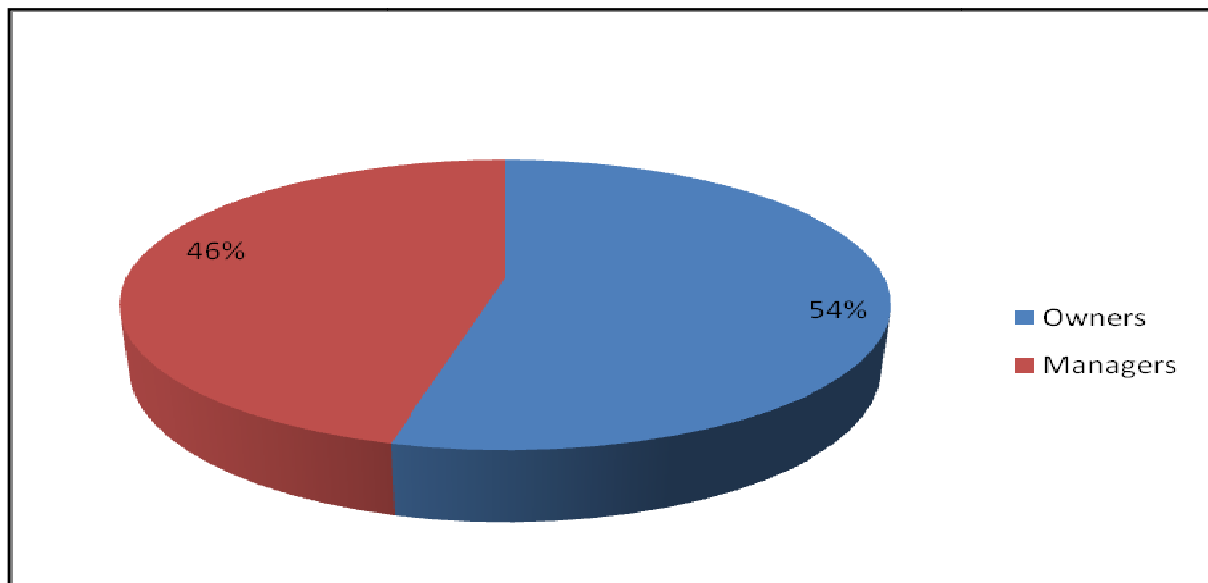


Figure 4.1: Composition of Respondents

Figure 4.1 above shows the composition of the respondents in the SMEs in Harare's C.B.D. The majority of the respondents were SME owners (54%) and SME managers constituted 46%. This gives a high probability that the information given is valid since the business owners have more information about their businesses, which managers may not have.

4.3.2 Distribution of the Respondents by Gender.

The research sought to find out the gender of the respondents. In this study the respondents sampled were expected to comprise either male and female owners or managers. As such, the study required the respondents to indicate their gender by ticking on the spaces provided in the questionnaire. Out of the 51 questionnaires returned and out of the 29 interviews conducted, the distribution of the respondents by gender is shown below.

Table 4.3 Distribution of the respondents

Gender of the respondent	No of Respondents	Percentage
Male	51	63.75
Female	29	36.25
Total	80	100

Accordingly, 63.75% of the respondents were male while 36.25% of them were female. If this information can be generalized it could indicate that the majority of the owners and/ or managers of the SMEs in Zimbabwe are males. Males are believed to be early adopters of ICT than females.

4.3.4 Distribution of Respondents by Age

The role of information communication and technology in enhancing SME businesses in Zimbabwe is about a technological advancement concept which is likely to be taken up differently by different age groups. In order to avoid bias, this study thus had to investigate the composition of the respondents in terms of age brackets to understand their familiarity with this technological concept in enhancing SME businesses. The study posed a question to the respondents to indicate their age brackets. Table 4.4 shows the results of the findings on the age brackets of the respondents.

Table 4.4 Age brackets of respondents

Age Bracket	No of respondents	Percentage (%)
20-30 years	35	43.75
31-40 years	23	28.75
41-50 years	17	21.25
51-60 years	8	10
Total	80	100

The majority of the respondents were aged between 20 and 30 years comprising 43.75 percent of the respondents, 28.75% of the respondents were aged between 31 and 40 years. Those aged between 41 and 50 years constituted 21.25%, while 10% of the respondents were aged 51 to 60 years. Out of the 80 respondents that participated, the study finding could be generalized to show that most of the respondents because of their age were active in technological advancements and productivity and hence can contribute constructively in this study. However according to Koning and Gelderblom (2007), the notable proportion of above 50 years is a disadvantage to the organisation as their investment in ICT training is very low and so is their productivity level. However in this case those in that age group only constituted a small percentage, which might not be significant in interpreting the results.

4.4 Years in operation as SME using ICT

The respondents were asked on the time they have been using ICT and the findings are shown in Figure 4.2 below

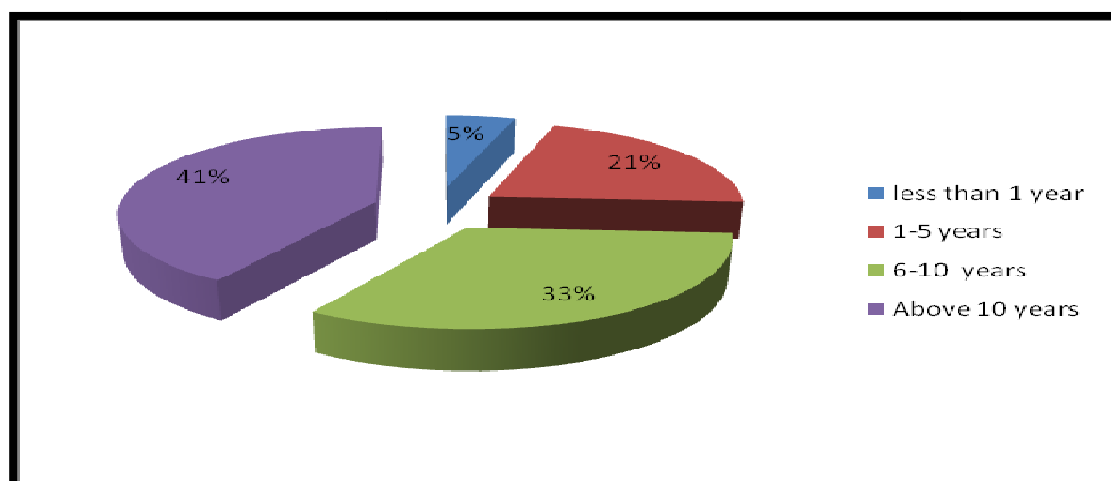


Figure 4.2: Years in Operation using ICT

From the findings, 5% of the respondents have been using ICTs for less than one year, whereas those using it for a period of one-to five years constituted 21%. Those operating as SMEs for more than five (5) years using ICT are represented by those in the range of six to ten years who constituted 33% and those above ten years who contributed 41% as shown on figure 4.1. Therefore, one can infer that the level of

understanding and experience of the respondents is proper to respond to the research and that their answers may reflect a true picture of how ICT has enhanced their businesses over the years. Most of the respondents who have been using ICT for more than five years are believed to be aware of how ICT has enhanced their businesses. Their responses would be from an informed position of a person who has used ICT for a lengthy period of time and hence this would be a true representation of the study.

4.5 ICT tools used daily business operations.

Since ICT encompass the array of primarily digital technologies designed to collect organise, store, process and communicate information within and outside the organisation. The respondents were asked on the ICT tools they were using in their business, and the results are shown in figure 4.3 below:

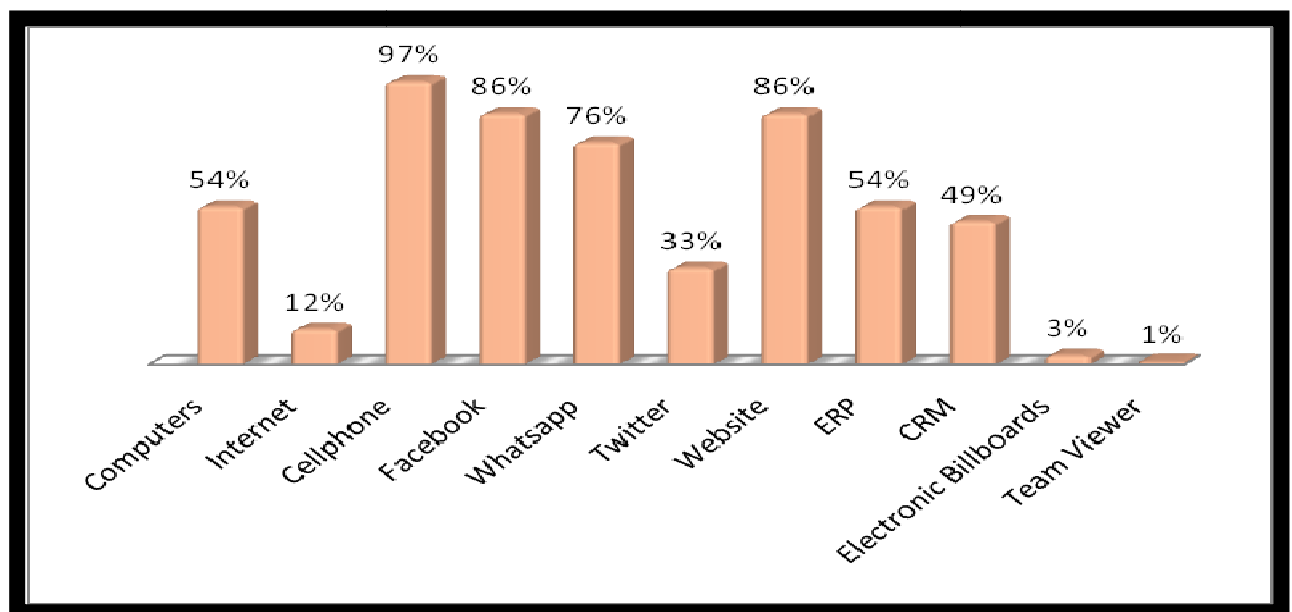


Figure 4.3: ICT tools used by SMEs.

The general use ICTs consisted of the following technologies: computers, Internet, cellphone, facebook, whatsapp, twitter, websites, ERP, CRM, electronic billboard and team viewer. The findings showed that 97% of SME owners or managers had a cellphone, 54% of them have a computer, 86% had access to facebook, and 76% had access to whatsapp, whereas 33% had access to twitter. All of these

respondents accessed these platforms from their cellphones, which constituted a total of 97% of SMEs who had it. Twelve percent (12%) of the SMEs in the sample have Internet access. For those who used accounting softwares, there were 54% who were using Enterprise Resource Planning system (ERP) and 49% had customer relationship manager (CRM) software. There are some who highlighted that they had electronic billboards and these constituted 3%, there was also a 1% of SMEs using a system called team viewer though the research did not get much information on how it works.

Most of the respondents (SMEs) use ICT tools in their day-to-day business operations. This is an indication that people understand the importance of using ICT tools. This was also confirmed in the interviews where one respondent highlighted that having a website improved their presence in the market and subsequently improved their performance. This implies that most of the people are aware about ICT and understand its importance and therefore use ICT tools in their day-to-day business operations. From the respondents who were interviewed, only a few of the total respondents do not use any kind of ICT tools. This was attributed to the fact that most ICT tools were regarded as very expensive for them.

4.6 BENEFITS OF ICT TO SMES IN ZIMBABWE

This section is derived from the main objective of the study, which sought to investigate how ICT has enhanced SMEs businesses in Zimbabwe. This section will therefore present analysis in terms of how SMEs have benefitted in using ICT.

4.6.1 Distribution and gathering of information

The respondents were asked whether they agree or disagree that ICT has assisted them in the distribution and gathering of information and what they said is diagrammatically shown overleaf:

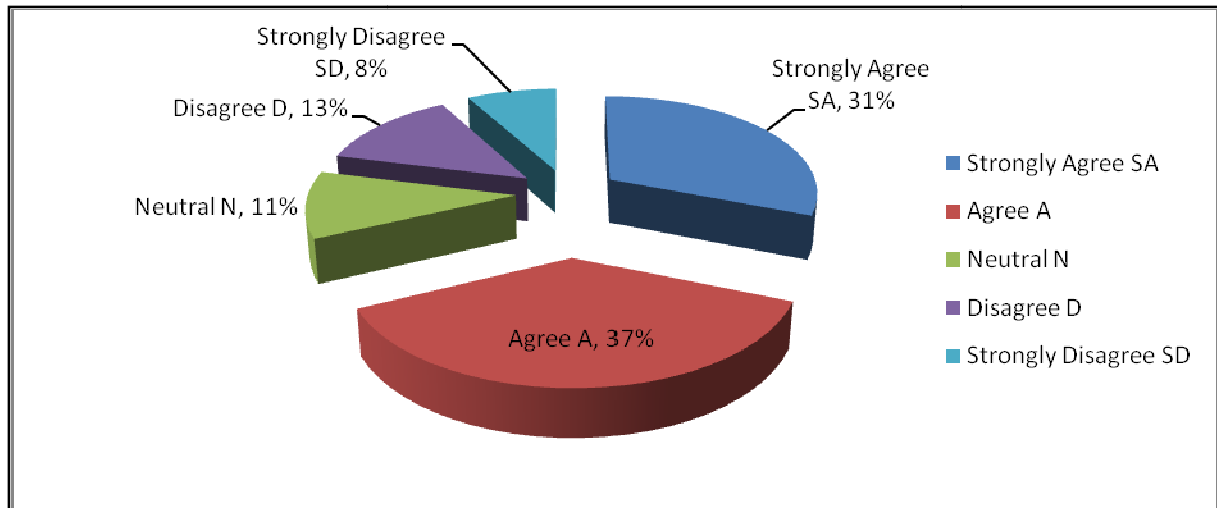


Figure 4.4: Distribution and Information gathering.

From the findings, 37% of the respondents agreed that their distribution and information gathering was enhanced by ICT. Those who strongly agreed constituted 31%. Eleven percent (11%), were neutral. This could be because a higher percentage (68%) shared the same notion that ICT has assisted them when it comes to distribution and gathering of information. Information is distributed by other SMEs using the facility of bulk sms, which is offered by telephone providers. They will be using cellphones and even emails. The respondents said that that they managed to gather information using Internet for those who had Internet. Distribution of the information was also enhanced by website platforms. However, there were a few who did not agree that ICT has assisted them in distribution and gathering of information, they were represented by 13% for those who disagreed and 8% for those who strongly disagreed. It was however established that those who disagree were either not using ICT because of financial challenges or they lacked? Information is a key component in the business; as such, SMEs need to keep up to date with what will be happening in the market that is why we had an overall higher percentage who agreed with the statement that ICT assisted them in information gathering and distribution.

4.6.2 ICT and Operational Efficiency and Effectiveness

Respondents were asked if they agreed or disagree that ICTs would enhance their business operational efficiency and effectiveness. The findings were as shown in the figure 4.5 below:

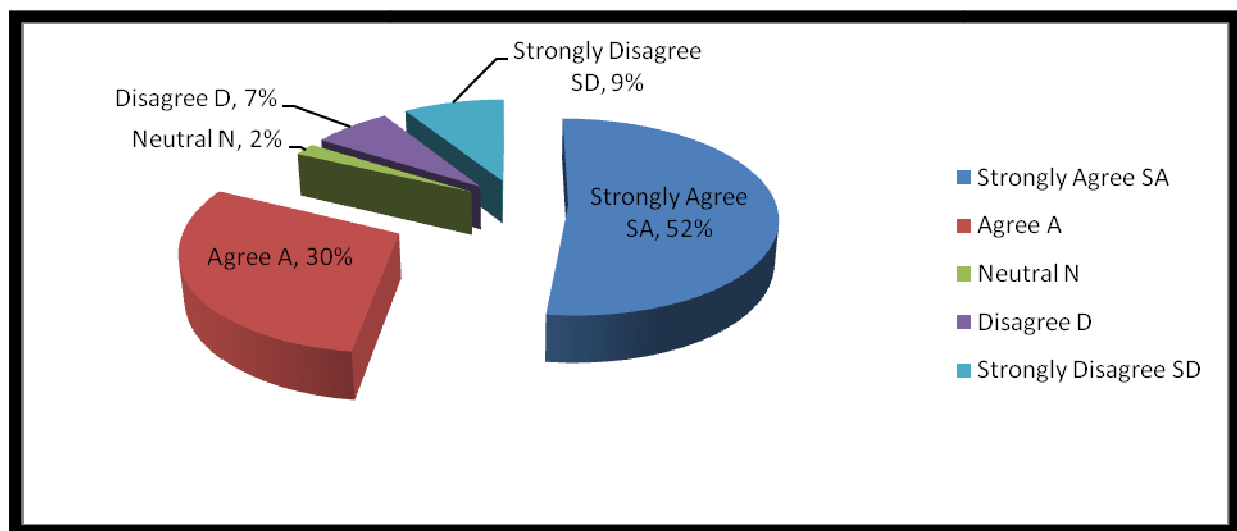


Figure 4.5: ICT and SME efficiency & Effectiveness.

From the findings all of the respondents either strongly agreed (52%) or agreed (30%), that using ICT has enhanced their operational efficiency and effectiveness in one way or another. It can be inferred from these results that the respondents were aware of the advantages that ICT can bring to the SMEs. This is in line with what Shinks (2003:78) highlighted when he stated that information technology has a history of cutting costs and raising output by automating basic repetitive operations.

4.6.3 Effective and improved communication

The respondents were asked about their communication, and most of them confirmed that it has actually improved because of social network platforms like whatsapp, twitter and facebook. Generally most of the respondents concurred that ICT has improved their communication. This is shown in figure 4.6 below

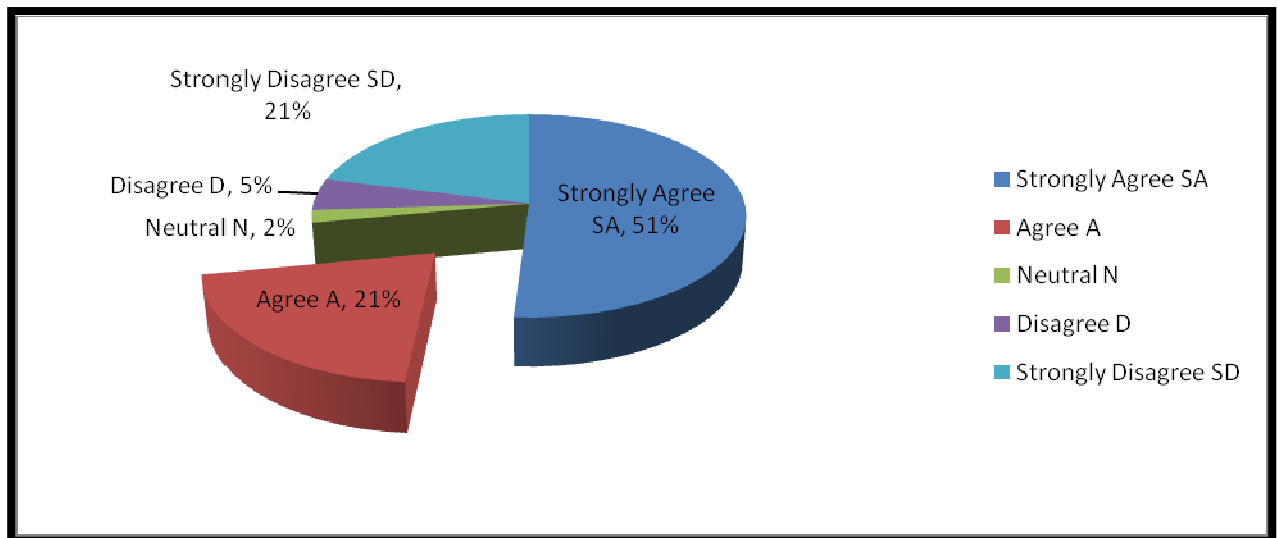


Figure 4.6 Effective and Improved Communication

There is a strongest agreement that ICT has brought effective and improved communication for the SMEs using it. Fifty one percent(51%), strongly agreed to the sentiment that indeed ICT has improved their communication. Twenty one percent(21%) agreed to the statement, and another 21% strongly disagreed whereas 5% just disagreed. 2% were neutral. This shows that in general the higher percentage of the SMEs were in agreement that ICT has improved their communication, and that communication has become very effective as a result of ICT tools used.

The interviews confirmed these findings and they said in general, the benefits of ICT systems offer, not only increased decision making-speed, improved control of operations and costs, and cost reduction, but also more importantly improved –wide information dissemination (Davenport 2000:8).

4.6.4 ICT and access to new markets

The respondents were further required to indicate their level of agreement with various statements about increased access to new markets. Figure 4.7 shows the results on the respondents' agreement with various statements on increased access to new markets. The findings are presented on figure 4.7 below:

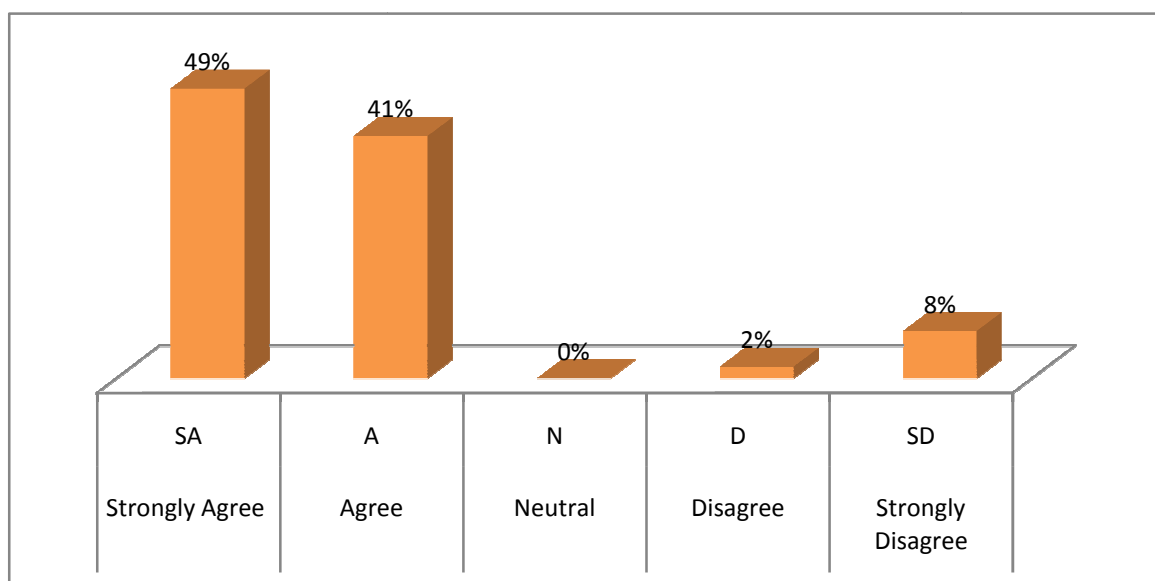


Figure 4.7 ICT and access to new markets.

From the study, forty nine percent (49%) of the respondents agreed that ICT has led to increased access to new markets through the use of Internet. The Internet and mobile technology is playing a major role in trying to breach the gap that exists between the large organisations and the SMEs. Forty one (41%) agreed that ICT assisted them in accessing new markets. Two percent (2%) disagreed with the statement and 8% strongly disagreed. From the findings it is clear that ICT has assisted SMEs to access new markets. The interviews also confirmed these findings, and they attributed this to Internet and websites. The respondents confirmed that they have been accessing new markets because of Internet and websites.

4.6.5 Costs controlled as a result of ICT

The researcher sought to find out if there was a significant control of running costs as a result of using ICT. The respondents were asked to indicate whether they agreed that ICT has assisted them in cost reduction and what they said is shown in the figure 4.8 below:

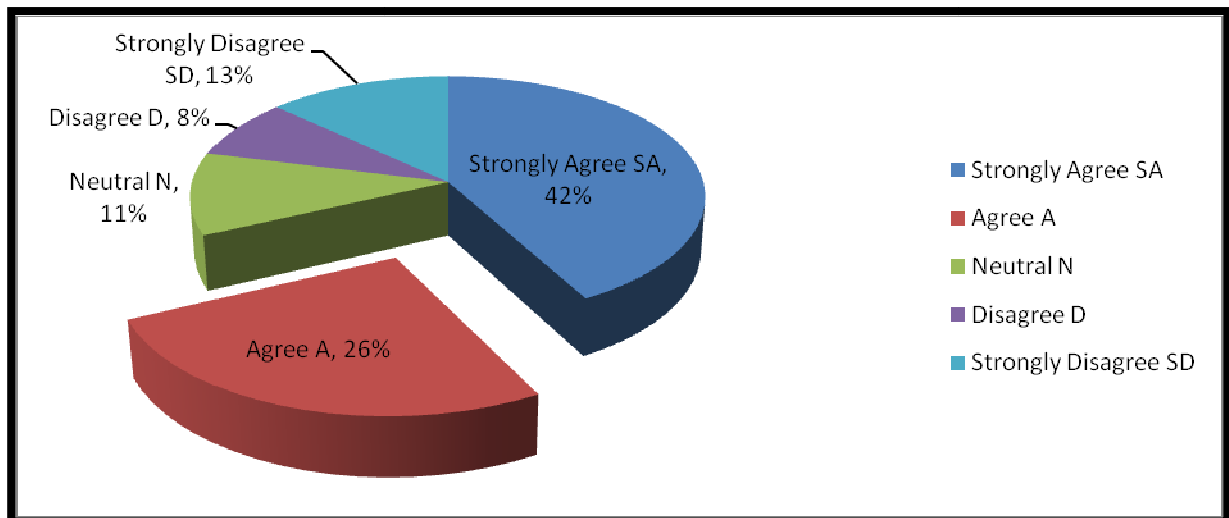


Figure 4.8 Costs controlled as a result of ICT.

Although this was a hot issue, the respondents highlighted that the cost of setting up some ICT tool was exorbitant; however those that were using it realized some cost reduction in their business operations. Forty two percent (42%) of the respondents strongly agreed that ICT has contributed to cost reduction. This was also confirmed in the interviews where 23 respondents agreed *"costs are now low because of some of the tools that we are using like Internet... We are reaching a wide market using website advertising; our advertising costs have been reduced by about 27%"*. From the same findings, 26% agreed that the costs were reduced, 11% were neutral, whereas 8% and 13% disagreed and strongly disagreed respectively. In general, most of the respondents agreed to the fact that costs were reduced, although the investment associated with setting up ICT was highlighted as very high.

4.6.6 Working Remotely

ICT tools like Internet, whatsapp and cellphone are believed to have assisted businesses to operate remotely. The researcher sought to find out if SMEs are in agreement with that notion. The interviews confirmed that for those using tools like cellphones, and were accessing facebook; whatsapp and or twitter are able to work away from their offices. This is evident from what one of the respondents said:

“Of course we are now able to work even when we are in transit, and that’s a positive development brought about by these Smartphones, I am moving around with my computer, my internet and all my database, all in one, because of this gadget”, Another respondent concurred and said “ I can send emails to all my suppliers and customers, and I can be paid via ecocash, so I don’t need to have an office.... all I need is my Smartphone and internet access”.

These responses were confirming that with ICT, SMEs can now work remotely and this is in line with the global trends, where business is now done globally without borders, as the world has become “flat”.

4.6.7 ICT and decision-making

Decision-making is very crucial in every business operation. According to Literature, ICT has enhanced the process of decision making, and the respondents were asked if their decision making processes have been affected by the use of ICT.

Most of the respondents who were using Enterprise Resource Planning Systems (ERP), as an ICT tool concurred that, *“ERP solution, brings all aspects of our operating environment together, giving us the ability to control our financial situation as well as our relationships with customers, suppliers and employees”.* This statement confirms to the fact that ICT has assisted most of the respondents in their decision-making. ICT tools are used for recording keeping, and this has also assisted in quick decision-making. Information is readily available as a result of Internet, websites and other ICT tools and as such SMEs are in a position to use ICT to make decisions concerning their business operations.

4.6.8 Collaboration with customers and suppliers

The ICT tools like the an accounting software, called Customer Relationship Management(CRM) was attributed to as a tool that most of the respondents confirmed that *“it lets you manage the interaction between your business and your customers, potential customers, suppliers and even your fellow company members”.*

This is evident that ICT has played a critical role in linking up customers and their suppliers.

SMEs are also in a position to keep a database of their customers in their cellphone phone book, and they can actually call or send messages to their customers above promotions and other relevant information. SMEs are also in a position to track activity that takes place in their business using some of these tools. The information gathered could be used to track sales and this can contribute to the growth of the business.

Since businesses are constantly changing they need to modernize for them to be more competitive and as such ICT tools like cellphones extends SME businesses to the market as they take advantage of tablets devices which are sometimes able to facilitate real-time and face-to face interactions with their customers.

4.6.9 Improved marketing Strategies

With the advent of website and Internet, most of the respondents agreed that with ICT, they are now able to do more marketing, and they have improved on their strategies. One of the respondents actually highlighted that their *“advertising has improved because our company now have a website”*

SMEs have managed to take their products to the market using these ICTs, and they are also able to do research and development with ease using these ICTs, and they are now exposed to more information and are also taking aboard concepts like e-marketing and e-billing using these tools.

4.7 CHALLENGES FACED BY THE SMES IN USING ICT

The respondents were required to indicate the various challenges faced by SMEs in adopting and using different ICT tools. The results were presented in the table 4.7 below:

Table 4.7: Challenges Faced by the SMEs in using ICT

Factors	% Of respondents
Lack of financing options	47%
Lack of ICT Knowledge	32%
Inadequate awareness campaigns	12%
Poor communication infrastructure	9%
TOTAL	100%

The findings show that most SMEs who are not using ICT do not have financial resources (47%) and some just lacked the ICT knowledge (32%). The other respondents (12%) highlighted an issue of inadequate awareness campaigns highlighting the benefits of using ICT as a reason why some of the SMEs are not using ICT. The other 9% said that they do not have the infrastructure, which can be used to have ICT tools.

The findings from the interviews also confirmed the same position, as they all seem to agree that the most outstanding factor perceived to be a barrier to ICT adoption was the lack of finance. This is evident from what one of the respondents said

“I don’t have money my friend to be investing in those tools, I can use my manual system... we cannot get funding from the banks so how do you expect us to be using ICT? It’s for the large organisations, we cannot afford”

The other respondent also reinforced the issue of funding. He claimed that he does not possess sufficient funds to afford ICT tools.

“My friend do you know how much we are using to bring our stocks from Dubai and you ask me about do you have internet, do you have a computer? Sorry my friend we cannot afford that now. Please may you leave my office and leave me to worry about paying my workers”.

This respondent was very emotional when asked about the ICT tools he was using, and this may be an indication that he had financial constraints to accommodate ICT in his business. The tone and reception of this respondent also tells a story about the issue of funding as a challenge for adopting ICT.

Of the 32% who said they lacked knowledge on ICT, the finding also followed up the position from the interviews. The respondents confirmed that they do not use ICT tools in their business activities because of lack of knowledge about ICT. This was evidenced by what one of the respondents said.

"I cannot even use the computers as I am old now. I just need to know that we are making profits, I don't even know how to switch on this computer, it was sitting there since it was bought and its even accumulating dust, because I cannot operate it."

There were a few who said that they do not use ICT tools because they don't have the infrastructure and they don't need ICT in their business activities.

"I don't need a computer to make money, Internet is for Internet cafes I don't need it. What for? I just need to make sure that people are getting their food and are satisfied".

These responses are in line with what MacGregor and Vrazalic (2006) said were the barriers to adopting ICT when they highlighted that the barriers to ICT adoption are both socio-economic and technological. They also pointed out that the barriers could be caused by factors external and/or internal to the organisation.

4.8 WHAT GOVERNMENT CAN DO TO ENCOURAGE SMES TO ADOPT ICT?

Although most of the respondents focused more on financial assistance from the government, the researcher emphasised on getting information related to ICT adoption. So a general feeling amongst the respondents was the Government *should* *"Develop or create technology parks where various ICT services are accessed on bargain under one roof"*. Others said *"They should hold workshops in order to educate the people, so that they will understand the advantages"* There are other respondents who had just graduated from university who brought in an academic perspective when they concurred that *"ICT should be introduced at primary level, and at least capture the young people at an early age"*. The issue of finance eventually found its way into the discussion when the respondents proposed *"Government grants in training and investing in ICT infrastructure"*.

The government of Zimbabwe was also tasked on advising SMES “how ICT can help their companies grow” through forums like ICT shows and other platforms. Other respondents thought that government should open *“more competition in the market for SMEs, and lower prices for ICT gadgets”* There is also another respondent who thought government should *“donate to SMEs that do not afford to buy ICT tools”*.

4.9. CONCLUSION

This chapter presented the study findings and their discussion. The major issues under discussion included the demographic information, the benefits derived from using ICT, its relevance to the SMEs and the challenges that those SMEs, which are not using ICTs, are facing in adopting them. In summary it is evident that ICT has enhanced SME businesses in Zimbabwe. The conclusions and recommendations will be discussed in depth in the next chapter.

CHAPTER FIVE

CONCLUSIONS, ANALYSIS AND RECOMMENDATIONS

5.1 INTRODUCTION

This chapter outlines the summary of the findings, discussions and conclusions drawn from the research as well as the recommendations based on the analysis of the results in Chapter Four. The interpretation is the researcher's own analytical views about the findings. The findings are expected to be useful to policy makers in the Ministry of ICT and SMEs, support institutions and the SMEs in embracing ICTs in Zimbabwe. This study is based on the interviews of current owner/managers, the responses from questionnaires and hence its immediate relevance. The chapter finally presents the suggestions for further studies. The specific objectives of this study were to investigate how ICT has enhanced SME businesses in Zimbabwe.

5.2 CONCLUSION

5.2.1 ICTs used by SME businesses in Zimbabwe

From the results discussed in the previous chapter, most of the SMEs were using computers, Internet, and cellphone as their major ICT tools, although they had other tools like websites, ERP, CRM and electronic billboards which were also using. Most of the SMEs were also abreast with the social platforms like facebook, twitter and whatsapp as they seek to enhance their businesses.

5.2.2 Benefits of using ICTs

The potential benefits of Information and Communication technologies (ICTs) to small and medium sized enterprises (SMEs) are well known. ICTs enhance efficiency, reduce cost, improve communication, improve marketing strategies and broaden market reach locally and globally. These benefits are increasingly transforming the businesses by enabling them the rapid, reliable and efficient

exchange of large amounts of information. ICTs will increasingly empower these SMEs to participate in the knowledge economy by facilitating connectivity, helping create and deliver products and services on a global scale, and providing access to new markets and new sources of competitive advantage to boost the Zimbabwean economy.

5.2.3 Barriers towards adopting ICT

The researcher sought to come up with reasons why most SMEs are slow or reluctant to use information and communication technology. Evidence from the researcher showed that lack of funds to finance ICT tools, lack of understanding on how to use ICT, lack of awareness campaigns on the benefits of using ICT and lack of infrastructure to support ICTs are the major reasons why SMEs are slow to adopt and use information and communication technologies.

However most of these barriers could possibly be overcome by learning more about ICT and by employing knowledgeable ICT staff. The SMEs should invest in educating their staff and management about ICT and its benefits.

5.3 VALIDATION OF RESEARCH PROPOSITION

The researcher proposed that successful and effective use of ICTs will enhance and improve performance of SME businesses. The proposition has proved to be true as shown by the findings from the interviews and the questionnaires. A lot of SME businesses are successful because they are using information communication technology. The results also show that the respondents appreciate the benefits that are associated with using ICT. SMEs that have been using ICTs for more than 10 years have their decision-making process improved and their communication with customers and suppliers are very effective.

5.4 RECOMMENDATIONS

The study recommends that:

1. SMEs should adopt ICTs as it brings positive changes in their business processes and their operations. ICT can also improve customer satisfaction.
2. SMEs need to see the immediate returns on investment (ROI), whereas ICT is a long-term investment.
3. In order to get better results from ICT in enhancing SME businesses in Zimbabwe, SMEs should embrace the latest technological developments like mobile banking and e-marketing.
4. The study also recommends that SMEs and other stakeholders should work towards putting in place the necessary technological tool in order to realize benefits of ICT in enhancing SME businesses.
5. The study also recommends that SMEs be involved in forums that discuss policies to do with ICT and should focus on their needs and using the right technology to achieve goals, rather, than acquiring technology because other organizations have it.
6. The study further recommended that, since ICT is an important tool to the SMEs, its customers and the government, the relevant authorities should try and improve the policies governing the SMEs and use of ICT in enhancing business operations.
7. The study recommends that ICT should be established as a functional area by SMES, just like the functional areas of finance, marketing or human resources.

8. The study recommends that SMEs build a culture that is innovative and favorable to technology, by making the business process more reliant on technology and less on manual processes.
9. The study also further recommends that SMEs develop different ICT roles and name them in such a way that everyone can relate to them with ease.

5.5 RECOMMENDATIONS FOR FURTHER STUDIES

The study has explored the role of information communication and technology in enhancing SME businesses in Zimbabwe, looking at the benefits, the challenges in adopting it and the position of those which are not using it. The study looked at the sample in Harare's CBD, but the researcher recommends that future researches look at SMEs which are outside Harare. The researcher also recommends that:

1. Study be carried out using SMEs in the same industry
2. Research is done with the involvement of the Ministry of Youth, Gender and Employment Creation, as this will give the policy makers an indication of the trends of ICT and how it can assist in some policies like the indigenisation policy.

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APPENDICES

COVER LETTER

APPENDIX 1

Graduate School of Management
University of Zimbabwe
Mt Pleasant
P.O. Box MP 167
Harare

Dear Respondent

My name is Samson Chikumbirike, an MBA student at the Graduate School of Management, University of Zimbabwe. I am currently conducting a research for my MBA dissertation entitled "*Investigating how ICT has enhanced SME business in Zimbabwe- The case of SMEs in Harare CBD*". To gather information on this research area I have attached a questionnaire for your consideration, as you are part of my respondents.

I am therefore kindly requesting you to complete the questionnaire and return it back to me before end of June. May you try by all means possible to provide responses that are honest? Where you are not sure, please feel free to give your best guess. Your responses will be strictly confidential.

Should you need more information, please feel free to contact Samson Chikumbirike on 0772679 or drop an email at samson@chips.co.zw or my research supervisor Mrs. Tsikirayi on nomazwi@yahoo.com or call her on 0772105191.

Your cooperation and assistance would be greatly appreciated

Yours Faithfully

Samson Chikumbirike

LETTER REQUESTING FOR AN INTERVIEW

APPENDIX 2

RE: MASTERS IN BUSINESS ADMINISTRATION RESEARCH INTERVIEW

Dear Sir/Madam

The researcher is an employee of Chips Enterprise Solutions and he is final year student studying for a Master of Business Administration (MBA) degree with the University of Zimbabwe's Graduate School of Management. The researcher is conducting a research, which seeks to investigate "how ICT has enhanced SME businesses in Zimbabwe- The case of SMEs in Harare CBD".

You are one of the few people who are being asked to give your opinion on this subject matter. The researcher would greatly appreciate it if you could make yourself available for an interview to be conducted at your offices onof June 201, at your convenient time.

Please may you kindly confirm your availability for the interview by contacting Samson Chikumbirike on 0772679551 or send an email at, samson@chips.co.zw. All information gathered in the interviews will be purely for academic research and all information gathered will be treated in strict confidentiality and will not be disclosed to third parties without your consent.

Thank you in advance for your consideration of granting me an interview.

Yours Faithfully

Samson Chikumbirike
MBA Research Student
Cell 0772679552

QUESTIONNAIRE

APPENDIX 3

Questionnaire No.....
(For Official use only)

Instructions

1. Do not write your name for confidentiality purposes
2. Please put a tick in the appropriate box where needed
3. If a question is difficult to answer, please put an intelligent guess
4. Please answer in full if an explanation is necessary.

SECTION A

A1. Please tick appropriate box- Composition

Owner		Manager	
-------	--	---------	--

A2. Please tick appropriate box- Gender

Male		Female	
------	--	--------	--

A3. Please tick appropriate box- Age Group

20-30 years		31-40 years		41-50 years		51-60 years	
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A4. Years in Operation using ICT

Less than 1 year		1-5 years		6-10 years		Above 10 years	
------------------	--	-----------	--	------------	--	----------------	--

SECTION B- DATA GATHERING

Instructions

For your answers, please use the five (5) point Likert's scale, which varies from "Strongly Disagree" (1) through to "Strongly Agree" (5) as shown below:

Strongly Disagree (SD)	Disagree (D)	Neutral (N)	Agree (A)	Strongly Agree (SA)
1	2	3	4	5

Objective 1

1.1 Information Communication technology (ICT) tools are relevant to your business.

Strongly Disagree (SD)	Disagree (D)	Neutral (N)	Agree (A)	Strongly Agree (SA)
1	2	3	4	5

1.2 Which of the following tools are you using?

ICT Tool	Currently used. Yes or No
Computer	
Internet	
Cellphone	
Facebook	

Whatsapp	
Customer Relationship Management (Accounting Software) CRM	
Electronic Billboards	
Websites	
Accounting Software (ERP)	
Twitter	
Team Viewer	

1.3 These ICTs tools have assisted and improved your business operations.

Strongly Disagree (SD)	Disagree (D)	Neutral (N)	Agree (A)	Strongly Agree (SA)
1	2	3	4	5

1.4 ICT tools listed above are easily available and affordable

Strongly Disagree (SD)	Disagree (D)	Neutral (N)	Agree (A)	Strongly Agree (SA)
1	2	3	4	5

1.5 For how long have you been using these ICTs as a business?

Less than 1 year	
1-5 years	
6-10 years	
Above 10 years	

Objective 2

2.1 Were your information distribution and gathering improved by using ICTs?

Strongly Disagree (SD)	Disagree (D)	Neutral (N)	Agree (A)	Strongly Agree (SA)
1	2	3	4	5

2.2 Do you think ICT can enhance your business operational efficiency and effectiveness?

Strongly Disagree (SD)	Disagree (D)	Neutral (N)	Agree (A)	Strongly Agree (SA)
1	2	3	4	5

2.3 Did ICTs contributed to effective and improved communication in your organisation?

Strongly Disagree (SD)	Disagree (D)	Neutral (N)	Agree (A)	Strongly Agree (SA)
1	2	3	4	5

2.4 Where you exposed to new markets because of using ICT tools like Internet, and websites.

Strongly Disagree (SD)	Disagree (D)	Neutral (N)	Agree (A)	Strongly Agree (SA)
1	2	3	4	5

2.5 Does using ICTs assist you in your cost reductions?

Strongly Disagree (SD)	Disagree (D)	Neutral (N)	Agree (A)	Strongly Agree (SA)
1	2	3	4	5

2.6 Do ICTs assist you to work remotely?

Strongly Disagree (SD)	Disagree (D)	Neutral (N)	Agree (A)	Strongly Agree (SA)
1	2	3	4	5

2.7 Please state other benefits brought about by using ICTs

1.....

- 2.....
- 3.....
- 4.....

Objective 3

3.1 The following are some of the reasons why there is slow adoption and use of ICT. Indicate the extent to which you agree with them.

	1	2	3	4	5
Lack of Financing options					
Lack of ICT knowledge					
Inadequate awareness campaigns					
Poor communication infrastructure					

3.2 What are the challenges you are facing in adopting and using different ICT tools in your organisation? Please list them.

- 1.....
- 2.....
- 3.....
- 4.....

3.3. What are the other factors you think act as barriers to adoption of ICTs in SMEs.....

Objective 4

4.1 What do you think should be done by other stakeholders like the Government to encourage SMEs to engage ICTs in their businesses

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4.2 Besides, ICT is there anything else that you think can help /enhance SME businesses in Zimbabwe particularly those in Harare

CBD.....

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INTERVIEW GUIDE:

APPENDIX 4

1. What is your understanding of ICT?
2. Are you using ICT in your organisation?
3. Which ICTs are you using in your organisation, and for how long have you been using them?
4. Which ICT tools do you use daily?
5. What are the advantages or benefits of using these ICTs?
6. Do you agree that ICTs have enhanced your business, and if so how?
7. Please if you could indicate how you have operated without ICTs and compare to what you are doing now with ICTs
8. What can you say are the limiting factors for adopting and using ICTs by those SMEs not using ICTs?
9. Are there any other ICT tools or systems you would recommend to SMEs that would improve their businesses?
10. Besides ICT, is there anything else you think can help/enhance SME businesses in Zimbabwe?

Thank you for your time and support.