GRADUATE SCHOOL OF MANAGEMENT

UNIVERSITY OF ZIMBABWE

RESEARCH PROJECT

TOPIC: AN ASSESSMENT OF THE IMPACT OF DE- DOLLARISATION ON BUSINESS PERFORMANCE IN A HYPER INFLATIONARY ENVIRONMENT IN ZIMBABWE: A CASE STUDY OF THE RETAIL SECTOR IN HARARE

BY

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DISSERTATION TITLE					
An assessment of the impact of de-dollarisation on business performance in a hyper inflationary environment in Zimbabwe, A case study of the retail sector in Harare.					
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DEDICATION

To my loving husband for the outstanding support to God be the glory.

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My sincere gratitude goes to my supervisor Doctor Kaseke and all the lectures for impacting their knowledge to me throughout the program.

Special mention goes out to my husband Tandai Mujuri, my family and my study partners for the great support that you showed to me throughout this journey you were my pillar of strength.

ABSTRACT

The primary objective of the study was to assess the impact of de-dollarisation on business performance in Zimbabwe. The research focused on the retail sector in Harare as a case study. The study used the quantitative approach as it enabled the researcher to quantify the effect of de-dollarisation on business performance. A sample size of 250 employees was used to enable generalization of results. The participants were drawn from the big players in the retail sector. Data was analysed using the Statistical Packages for Social Sciences v20.

The study revealed that business operations have been affected negatively by the de-dollarisation process. It also discovered that pricing of goods has been affected by inflation and an unstable exchange rate system as businesses have to charge higher prices to hedge against losses. Shortage of foreign currency has been observed to have also affected business operations as they have to import goods from outside our borders as local manufactures are operating below capacity.

Strategies to overcome the impact of de-dollarisation were also discussed and these include having consistent policies to boost confidence from the public and business community, development of credible monetary and exchange rate framework, promotion of exports and building of synergies to create value. The retail sector can also invest in marketing and advertising activities.

The study concluded that de-dollarisation impacts negatively on business performance and provided areas for further studies to cover other sectors of the economy and its effect on national income, economic growth and economic development.

Key words :de-dollarisation, business performance ,hyper inflation, exchange rate , business operations

TABLE OF CONTENTS

LIST OF FIGURES

LIST OF TABLES

LIST OF ABBREVIATIONS

COVID-19 - Corona Virus Disease 2019

FCD - Foreign Currency Deposits

FDI	- Foreign Direct Investment
GDP	- Gross Domestic Product
IFI	-International Financial Institutions
IMF	- International Marketing Fund
RBZ	- Reserve Bank of Zimbabwe
RTGS	- Real Time Gross Settlement
SPSS	-Statistical Package for Social Sciences
ZIMASSET	- Zimbabwe Agenda for Sustainable Socio Economic Transformation

CHAPTER 1

INTRODUCTION AND BACKGROUND

1.1 Introduction

The study sought to assess how de-dollarisation impacts business performance in a hyper inflationary environment in Zimbabwe. The Zimbabwean government through the Statutory Instrument 142of 2019 introduced the Zimbabwean dollar as the sole currency for legal tender purposes and banning the use of multiple currencies locally. This marked the beginning of the de-dollarisation process. The de-dollarisation policy requires for credible monetary and exchange rate frameworks, low and stable inflation and confidence from the public and business among other factors for it to succeed. In Zimbabwe the situation on the ground is different as there is hyperinflation, unstable exchange rate framework and low confidence from investors, individuals and businesses. The research therefore sought to assess the impact of de-dollarisation on business performance in a hyper inflationary environment in Zimbabwe and provide recommendations on measures that can be used to overcome the impact of de-dollarisation to improve business performance and benefit all the stakeholders. This chapter outlines the background of the study, statement of the problem, research objectives, questions and hypotheses, the significance of the study, scope of the study and organization of the research.

1.2 Study Background

Zimbabwe suspended its local currency in April 2009 and adopted the multi-currency system at a period of hyperinflation which left a trail of de-industrialisation and market shortages of basic goods and services. The government lost control of the growing economy through government expenditure. Externalisation was on the high as corporates, individuals externalised foreign currency. In 2019 Zimbabwe witnessed significant changes on the economic front. The economy took a different course of direction from a positive economic trajectory to an inflationary environment according to the monetary policy statement that was released in February 2019.The three tier pricing system was now the order of the day among other challenges. Foreign currency shortages were also looming and this is exerting pressure to the government. The government introduced the de dollarisation process by re introducing the Zimbabwean dollar to be used as the sole official currency, banning the use of other currencies through the Statutory Instrument 142 of 2019.According to Confederation of Zimbabwe Industry January 2020 report the implied annual inflation rate was at 473%.

After a period of relative macroeconomic stability when hyperinflation was broken in 2008 with the move to full dollarisation, the fiscal situation deteriorated sharply since 2015. Large fiscal deficits during 2016–18, financed by the issuance of quasi-currency instruments nominally at par to the U.S. dollar, built up pressure in the dollarised economy. The fragile equilibrium was maintained by exchange controls and other restrictions on access to foreign exchange. After running fiscal deficits of less than 3 percent of GDP between 2008 and 2015, the fiscal deficit jumped to 9.9 percent of GDP in 2017, driven by current expenditure increases, especially agricultural subsidies and spending on goods and services, with the wage bill remaining unsustainably high. Revenues also declined as a percentage of GDP as the commodity cycle reversed. Fiscal deficits were mostly financed through monetary accommodation by the issuance of domestic quasi-currency instruments, comprising bond notes and coins as well as RTGS$ bank balances.

According to IMF report (2019) Zimbabwe remained in debt distress, with external arrears of US$5.7 billion at end-2017, which prevented new financing from the IFIs and limited access to external financing to non-traditional official and commercial creditors. Total consolidated public debt outstanding at end-2017 (net of RBZ loans) was 55 percent of GDP, although the recent sharp increase in inflation together with the 1:1 conversion from US$ to $RTGS has inflated away a sizable portion of the real value of domestic public debt, which was projected to decline from about 25 percent of GDP at end-2018 to an expected 11 percent at end-2019.

Zimbabwe managed to clear its arrears with the IMF but has not yet cleared its arrears with the World Bank and this is reducing its chances for getting external loans to finance the economy. The shortage of foreign currency has hit hard on the economy which depends heavily on imports. Inflation continues to rise and this has an effect on the disposable income of citizens and in the end affects business performance thereof. These major trends have now led to the de-dollarisation and the hyper inflationary environment that we are currently experiencing. There is need for business to be innovative in order to survive.

The difficulty in attracting significant international capital flows reflects macroeconomic or political risk as the underlying binding constraints to a country's growth prospects. Evidence shows that countries that have exhibited stable macroeconomic and political stability have also achieved higher FDI growth. In addition, Zimbabwe ranks very low in terms of doing business indicators and property rights. In 2019, the country was ranked number 140 out of 190 nations in terms of doing business indicators, with a ranking of 1 being considered the most conducive environment for doing business.

Table 1.1

Rankings Data for the Sub-Saharan Africa region

Economy	**Rank**	**Ease of doing business score**		**# of Reforms**	
	(1–190)	**(0–100)**			
	DB2020	**DB2019**	**DB2020**	**DB2019**	**DB2020**
Angola	177	41.2	41.3	2	0
Benin	149	51.7	52.4	2	1
Botswana	87	66.2	66.2	1	0
Burkina Faso	151	51.3	51.4	1	0
Burundi	166	46.5	46.8	3	0
Cabo Verde	137	54.0	55.0	0	4
Cameroon	167	46.0	46.1	2	1
Central African Republic	184	34.8	35.6	2	1
Chad	182	36.7	36.9	3	2
Comoros	160	47.0	47.9	1	0
Congo, Dem. Rep.	183	35.2	36.2	3	3
Congo, Rep.	180	38.2	39.5	2	1
Côte d'Ivoire	110	58.3	60.7	6	2
Equatorial Guinea	178	40.5	41.1	1	2
Eritrea	189	21.5	21.6	0	0
Eswatini	121	58.7	59.5	1	4
Ethiopia	159	47.1	48.0	3	2
Gabon	169	44.5	45.0	5	3
Gambia, The	155	47.8	50.3	0	2
Ghana	118	60.4	60.0	2	1
Guinea	156	49.3	49.4	5	2
Guinea-Bissau	174	43.2	43.2	1	0
Kenya	56	71.0	73.2	5	6
Lesotho	122	58.7	59.4	1	1
Liberia	175	43.5	43.2	0	0
Madagascar	161	47.0	47.7	3	1
Malawi	109	60.4	60.9	2	0

Mali	148	53.1	52.9	1	0
Mauritania	152	49.4	51.1	3	2
Mauritius	13	80.3	81.5	5	4
Mozambique	138	54.6	55.0	3	0
Namibia	104	61.4	61.4	1	0
Niger	132	52.3	56.8	4	1
Nigeria	131	53.4	56.9	4	6
Rwanda	38	75.4	76.5	7	3
São Tomé and Príncipe	170	45.0	45.0	1	0
Senegal	123	54.4	59.3	2	2
Seychelles	100	61.5	61.7	0	1
Sierra Leone	163	47.2	47.5	0	1
Somalia	190	20.0	20.0	0	0
South Africa	84	66.7	67.0	2	1
South Sudan	185	33.6	34.6	0	0
Sudan	171	48.0	44.8	5	0
Tanzania	141	54.3	54.5	1	0
Togo	97	55.3	62.3	6	5
Uganda	116	58.4	60.0	1	1
Zambia	85	65.7	66.9	1	2
Zimbabwe	140	50.5	54.5	4	5

Source: World Bank, (2019).

The retail sector is among the largest employers in Zimbabwe. The sector is dominated by OK Zimbabwe, Pick a Pay and Spar Supermarkets. Although business activity in this sector is often seriously constrained by liquidity challenges and shrinking disposable income, the Zimbabwe Agenda for Sustainable Socio Economic Transformation (ZIMASSET) identifies retail as an important sector for driving employment creation and developing of small and medium enterprises in Zimbabwe. According to media reports, Zimbabwe's retail sector has embarked on a growth trajectory that could see the industry become a major hub for growing businesses, despite the declining economic situation in the country. Although retailers have existed in Zimbabwe for a long time, the introduction of global brands and outlets after the introduction of the multi-currency system in February 2009 kick-started the sector, forcing local retailers to expand their operations to compete with their larger international competitors.

1.3 Statement of the research problem

Following the gazetting of Statutory Instruments 33 and 142 of 2019 that provided the de-dollarisation framework for the country to trade exclusively in local currency and the use of the interbank market rate, they have been significant changes in the economy. Businesses were affected in their performance because of the hyper inflationary environment and shortages of foreign currency. However, most companies in the retail sector import goods from outside the Zimbabwean borders and the industry is operating below capacity hence the need of recapitalisation. Companies in Zimbabwe are experiencing challenges in sourcing foreign currency as they are only trading with the local currency which is not stable due to hyperinflation and other macroeconomic conditions. The situation presents challenges to the businesses and there is need to address the situation. It is against this background that this study sought to assess the impact of de-dollarisation on business performance, survival strategies that can be used and policy measures that government can adopt during the de-dollarisation process which they have given a time frame of five years.

1.4 Research objectives

The research objectives of this study were:

1.4.1 Primary research objective

To establish the effect of de-dollarisation on business performance in the retail sector business in Zimbabwe.

1.4.2 Secondary research objectives

In fulfilling the primary research objective, the following secondary objectives were pursued in this study:

1. To assess how de-dollarisation is influencing operations of retail sector in Zimbabwe.

2. To determine how de-dollarisation is affecting pricing of commodities in the retail sector operations and business performance.

3. To assess the strategies that can be employed by retail sector to deal with effects of de-dollarization for the retail sector.

4. To recommend measures to overcome the impact of de-dollarisation to improve business performance.

1.5 Research questions

The research questions of this study were:

1.5.1 Primary research question

What is the effect of de-dollarisation on business performance of the retail sector business in Zimbabwe?

1.5.2 Secondary research questions

1. What are the effects of de-dollarisation on business performance?

2. How has de-dollarisation influenced the operation of the retail sector in Zimbabwe?

3. What are the strategies that can be employed by the retail sector to deal with the effects of de- dollarisation?

4. What are the strategies that can be used to overcome the impact of de-dollarisation to improve business performance?

1.6 Research hypotheses

1.6.1 Primary research hypothesis

H0: De-dollarisation has a negative impact on business performance.

H1: De-dollarisation has a positive impact on business performance.

1.6.2 Secondary research hypotheses

$H1_0$: De-dollarisation has a significant impact on business performance.

$H1_1$: De-dollarisation has an insignificant impact on business performance.

$H2_0$: De-dollarisation has a significant impact on the operation of the retail sector in Zimbabwe.

$H2_1$: De-dollarisation has an insignificant impact on the operation of the retail sector in Zimbabwe.

$H3_0$: There are strategies that can be employed by the retail sector to deal with the effects of de- dollarisation.

$H3_1$: There are no strategies that can be employed by the retail sector to deal with the effects of de- dollarisation.

$H4_0$: There are strategies that can be used to overcome the impact of de-dollarisation to improve business performance.

$H4_1$: There are no strategies that can be used to overcome the impact of de-dollarisation to improve business performance.

1.7 Significance of the study

The study contributed to the body of knowledge on the de-dollarisation process and how it impacts business performance in the retail sector. It also assisted the researcher to attain a higher qualification in the Masters in Business Administration and also broaden the researcher's knowledge and understanding of the economic environment in Zimbabwe.

This research also benefits government and business leaders in coming up with strategies to survive in the de-dollarisation and inflationary era. It also helps as a reference point in crafting of policies and strategic plans of organisations and the government.

The study also helps the academia through its contribution to the body of knowledge by coming up with new and innovative theories that are relevant and recent.

1.8 Scope of research/Delimitation of the study

The study focused on retail shops of fast moving goods in Harare province in Zimbabwe. Harare has a large population and gives a better representation of the sector. The study was delimited to the impact of de-dollarisation on business performance of organisations in the retail sector. Conceptually the study was limited to retail shops in Harare, Zimbabwe.

1.9 Assumptions of the study

1. It was assumed the respondents were aware of how de-dollarisation is impacting business performance in a hyper inflationary environment in Zimbabwe.
2. It was assumed that the results of the study based on Harare can be generalized to other towns in Zimbabwe.

1.10 Dissertation Outline

The research is organized into five chapters namely:

1.10.1 Chapter 1

The chapter explained the outline of the research. It also covered brief explanations of the research background, statement of the problem, research objectives, questions and hypotheses, scope of the study, significance of the study and the dissertation outline.

1.10.2 Chapter 2

The second chapter focused on literature review and an analysis of models and theoretical framework. It also covered the definitions of key terms and concepts that were used in this study. It also gave the literature search strategy adopted in this study. Viewpoints of other researchers were noted and used in this study.

1.10.3 Chapter 3

The third chapter focused on the research methodology adopted in this study. It explained the research process and philosophy. It also described and explained the research design adopted and the implementation of data collection and analysis methods used. Sampling aspects and ethical consideration were also covered in this chapter.

1.10.4 Chapter 4

This chapter discussed, analysed and presented primary data collected through questionnaires and secondary data gathered. Analysis and presentation of the data findings has been facilitated by the SPSS and Microsoft Excel packages depicting data in tables, scree plots, bar charts and pie charts that were accompanied by brief discussions to explain the diagrams.

1.10.5 Chapter 5

The chapter gave the research summary, conclusions, recommendations and areas of further research. Acknowledgements of limitations of the study were also highlighted in this chapter.

1.11 Chapter Summary

This chapter introduced the background for the study on the assessment of the impact of de-dollarisation on business performance. The problem statement, research objectives, questions and hypothesis, value of the study and dissertation outline. The next chapter covered the review of existing literature on de-dollarisation and business performance in hyper inflationary environments.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This Chapter reviewed literature on de-dollarisation and its effect on the business performance. De-dollarisation entails a mix of macroeconomic and microeconomic policies to enhance the attractiveness of the local currency in economic transactions and to raise awareness of the exchange-risk related costs of dollarisation, thus providing incentives to economic agents to de-dollarise voluntarily. According to Rogoff and Savastano (2003), among the countries that have managed to de-dollarise, at least to some extent, literature shows cases of two distinctive categories, those which have done it unilaterally by legal means, and those which have only allowed central banks to exert less control over the domestic interest rate channel when residents hold substantial assets and liabilities in foreign currency

2.2 Contextualisation of key terms

In reviewing literature this research focused on reviewing literature related to de-dollarisation and its effect on the business performance. It also covered on theoretical review thus explaining the key focus area of this research. This section seeks to explain the key terms and concepts that were used in this study.

2.2.1 Business performance

Organisational performance involves the analysis of a company's performance against its set objectives and goals. Most researchers tend to agree that both objective and subjective measures are now being used by organisations to assess their success (Chow & Van der Stede 2006; Panigyrakis & Theodoridis 2009). Objective assessment typically involves evaluating business performance with orientation to financial measures, while subjective measures are based on personal opinions about business performance (Reijonen, 2008).

2.2.2 Hyper inflation

Hyperinflation is defined as inflation that is out of control, a condition in which prices increase rapidly as a currency loses its value (Makochekanwa, 2007). The author further described hyperinflation as an inflation cycle without any tendency toward equilibrium. Hyperinflation is an extremely rapid rise in the general level of prices of goods and services.

It typically lasts a few years or in the most extreme cases much less before moderating or ending. There is no well-defined threshold. It is best described by a listing of cases, which vary enormously. Zimbabwe has a history of hyperinflation and according to a report from the Confederation of Zimbabwe Industries January 2020 month on month inflation was at an implied rate of 473%. The causes of inflation include increase in money supply and inefficiencies of the interbank market and shortage of foreign currency.

2.2.3 De-dollarisation

According to Levy-Yeyati (2003) there is need for proactive measures to combat dollarisation and hence its persistence. The author suggests that any potential scheme for de-dollarisation should entail a reward and punishment mechanism, carrot-and-stick-approach, increasing the cost of dollar intermediation while expanding the menu of local currency instruments and enhancing their attractiveness. Levy-Yeyati (2003) proposed a two-tail approach where prudential regulation should also be revised to address ex-ante the externalities associated with financial dollarisation. Any successful de-dollarisation strategy should be accompanied by sound monetary policies as in Chile and in Israel. Furthermore, the other examples of de-dollarisation attempts, namely Argentina, Peru, and Uruguay demonstrate that not only sound policies but also a proactive agenda with specific measures aimed at justifying the presence of externalities and enhancing the attractiveness of local currency assets is needed to complement macro-policies.

Institutional factors play an important role in determining why some countries with a history of macroeconomic instability are dollarised and others are not. Some countries may seek to contain the decline in savings that can result from inflation by authorizing the use of a foreign currency; others may try to resist dollarisation by promoting financial indexation schemes or resorting to capital controls. That said, the lack of deep financial markets to support a liquid market for indexed instruments and the simplicity, transparency, and credibility of dollar instruments may tilt the balance in favour of partial dollarisation in some countries.

The simple definition of dollarisation is that it is the process by which a country adopts in whole or in part, the US$ as its official currency. Zimbabwe has done full dollarisation, of which it now suffers from long-run effects of informal full dollarisation. Initially Zimbabwe officials should not have let the Zimbabwean dollar to vanish; rather it should have implemented partial dollarisation. However, through poor policy analysis and formulation aided with government lags in planning, the final result was determined by market forces. Partial dollarisation, does not remove autonomy, rather there is a small fraction of stability and monetary planning, though it needs careful consideration to effect the economy.

2.3 Theoretical review

2.3.1 The Quantity Theory of Money

Currently, the various hypothesis of hyperinflation have one thing in common, namely assigning their proximate cause to movements in the money supply (Friedman 1992) Friedman (1992),'baptized' the triumph of the quantity theory relationship between the money supply and the price level, when he said that '… inflation is always and everywhere a monetary phenomenon' thus, the main cause of hyperinflation is a massive imbalance between the supply and demand of a certain currency or type of money, usually due to a complete loss of confidence in the currency similar to a bank-run. This has most often ensued because of excessive money printing, although other factors may have a reinforcing effect. Often the body responsible for printing the currency cannot physically print paper currency faster than the rate at which it is devaluing, thus neutralising their attempts to stimulate the economy. Hyperinflation is generally associated with paper money because the means to increasing the money supply with paper money is the simplest add more zeroes to the plates and print, or even stamp old notes with new numbers.

2.3.2 Cost-Push Theory of Inflation

The cost-push theory emphasizes the fact that prices rise due to increasing cost of the factors of production. This theory maintains that prices of goods and services rise because wages are pushed up by trade unions' bargaining power, or by the pricing policies of oligopolistic and monopolistic firms with market power. Thus labour market rigidities and changes in the cost of labour are considered a major cause of inflation in developed countries. Chhibber and Shafik (1990) argued that 'wage push inflation is rare in Africa, largely because wages constitute a small part of national income. Zimbabwe's situation since the new millennium has proved that wages are a force to reckon when analysing hyperinflationary trends.

2.3.3 Demand-Pull Theory

According to Makochekanwa (2007) this school of thought postulates that inflationary pressures arise because of excess demand for goods and services resulting from expansionary monetary and fiscal policies.

2.3.4 Structural Factors

According to Makochekanwa (2007) structural factors are also believed to influence the rate of hyperinflation in Zimbabwe. Examples include weather conditions and pricing policies of the government. It can be argued that government's intention of protecting the general consumers through controlled market/consumer prices have wreak havoc in most production industries, especially the food sector as the decreed prices have been far below production costs, resulting in some companies reducing production, reducing quality or diverting production to other related goods. These production problems have resulted in shortages of some basic commodities, leading to demand pull hyperinflation.

2.3.5 Other factors

Foreign currency shortages as well as exchange rate misalignment have also resulted in general increase in prices. Although foreign currency shortages have been a perennial economic problem for Zimbabwe since independence, the severity of the problem first came to light in 1987, before subsiding and reappearing again at a severe scale since 2000. Added to the shortage is the exchange rate misalignment where by the official exchange has been far below the market-determined rates, resulting in a growing black market for foreign currency. Due to this shortage, imports of raw materials have been acquired using expensive foreign currency from the black market. The ultimate effect of this has been cost-push inflation.

2.4 Forms of de-dollarisation

This section seeks to provide forms of de-dollarisation.

2.4.1 Forced de-dollarisation

Forced de-dollarisation involves measures to directly discourage dollarisation. Such measures include limits on dollar deposits or loans, taxes on dollar intermediation and forced conversion. The intention is to speed things up and hence reduce transition costs by cutting through the policy coordination. According to Arturo and Leornado (2005), the approach would be to employ non market ways that is administrative enforcement. Basically this is simply to outlaw totally or limit by law the use of foreign currency in the country or a variant of that such as prohibition of foreign currency deposits for residents and dollar loans, restrictions on residents holding accounts abroad, taxes on dollar intermediation and forced conversion to local currency deposits.

Staines (2014) gives examples of countries that used this method and did not succeed, In Peru: hyperinflation in 1980s pushed deposit dollarisation above 60%. They used forced de-dollarisation in 1985 which caused capital flight and financial disintermediation. The policy was abandoned in1990 leading to re-dollarisation of around 80%. In Bolivia exports and external foreign loans supported high dollarisation in 1970s. Balance of payment crisis in 1981 elicited forced de dollarisation in 1982 heightening the economic crisis, hyperinflation and capital flight. Policy was later abandoned leading to re-dollarisation of around 90% that persisted despite macro stabilization starting in late 1980s.Kokenyne A (2010) outlined the following measures for forced de-dollarisation.

2.4.2 Measures for forced de-dollarisation

i) Mandatory holding period for foreign currency deposits

This measure may be coupled with the introduction of indexed domestic currency instruments. One likely disadvantage of this measure is that economic agents may be encouraged to keep foreign exchange in cash instead of depositing it on banks' accounts.

ii) Suspending access to foreign currency deposits

The measure prevents depositors from withdrawing their dollar deposits from banks for a certain period. Frozen foreign currency deposits could be indexed for inflation or redeemable in local currency. These measures jeopardize the trust in the domestic banking system and often lead to disintermediation and capital flight.

iii) Mandatory use of local currency in domestic transactions and for listing the prices of goods and services

The requirement to list domestic transactions in local currency is sometimes coupled with the obligation to make payments in domestic currency Disallowing the use of the foreign currency in internal transactions is a commonly used measure Angola, Israel and Peru, However, even if payments continue to be made in foreign currency, displaying prices in local currency can provide an additional impetus to de-dollarisation

iv) Regulations that discriminate against the use of foreign currency

Measures may include imposing limits on foreign currency borrowing or lending and excluding dollar deposits from the deposit insurance scheme. Unless the public is well informed about the exclusion of the FCDs from the deposit guarantee scheme, it may encourage bank to accept more FCD.

v) Interest rate control on FCDs

Controls, which cap the interest local banks may offer on foreign currency deposits, could also be used to encourage liability de-dollarisation.

vi) Capital controls

The temporary imposition of surrender requirements on the foreign exchange proceeds of residents may lead to a rapid decline in foreign currency deposits. Access to foreign currency deposits can be limited to certain economic agents or banks' while cross border credit transactions can be prohibited or require prior approval

2.4.3 Market de dollarisation

De-dollarisation is facilitated by proper sequencing of the policies and microeconomic measures. Generally, the credibility of monetary policy needs to be established to give full effect to measures to reverse dollarisation. According to Kokenyne A (2010) since establishing monetary policy credibility may take a long time, certain policies and measures promoting voluntary de-dollarisation can be adopted during this period and these include:

i) Macroeconomic policies

The first step toward de-dollarisation is macroeconomic stabilization, focusing on the credible reduction and stabilization of inflation. Stabilization policies include fiscal consolidation and appropriately tight monetary policy to reduce the inflation rate. Fiscal consolidation lessens the need for government borrowing from the central bank, and a tighter monetary policy reduces credit growth. Both policies restrain aggregate demand, resulting in a drop in inflation and, eventually, the appreciation of the real and nominal exchange rate. Credible policies curb inflationary expectations and lower the cost of stabilization. Against the backdrop of a durable disinflation, the need for hedging against inflation via holding foreign currency is significantly reduced, and demand for assets denominated in local currency can expand.

Under a genuinely flexible exchange rate regime, the country is typically seeking to restore monetary policy autonomy. The appreciations of the exchange rate following the contraction of money supply during the stabilisation process can jumpstart de-dollarisation. Accordingly, intervention in the foreign exchange market should signal that the central bank is willing to accept nominal exchange rate appreciation under less flexible exchange rate regimes, a credible commitment to a fixed exchange rate would reduce the cost of macroeconomic stabilisation because the authorities do not have to pay the cost of building reputation.

ii) Financial development

A sustainable and credible fiscal policy reduces the Government's need to borrow in foreign currency and to resort to inflationary central bank financing. A stronger fiscal balance encourages local investors to purchase long-term government bonds in local currency, facilitating the extension of the yield curve and the development of the local financial market. Economic diversification helps reduces dollarization.

iii) Prudential regulation

Prudential measures can be used to make dollarisation less attractive including internalising cost of dollarisation, discriminatory bank reserve requirements and remuneration, discriminatory deposit insurance constraints on foreign exchange credit. Measures aimed at ensuring proper management of foreign exchange risk and internalizing the true cost of doing business in foreign currency can help to create a level playing field for the domestic currency and eventually encourage de dollarisation. These include narrow open foreign currency position limits, higher liquidity requirements on FCDs or foreign exchange charging a higher risk premium on dollar deposits participating in deposit guarantee schemes higher capital and provisioning requirements on foreign currency loans especially to unhedged borrowers, lower loan-to-value ratio to secure foreign exchange denominated loans and stronger collateral and valuation rules for foreign exchange denominated loans.

iv) Exchange rate

According to Rennhack and Nozaki (2006), a flexible exchange rate arrangement with less bias toward currency depreciation discourages financial dollarisation. Hardy and Pazarbasioglu (2006) show that greater two-way exchange rate flexibility may deter foreign currency deposits, as they increase the risk of holding foreign currency assets. Confronted by foreign exchange risk on their assets and liabilities, banks and nonbanks develop hedging facilities over time but, due to the cost of hedging, they would also increase the share of their assets and liabilities denominated in local currency. However, a trend in the exchange rate could entrench the expectation of continuous appreciation/depreciation that could foster dollarisation. The impact would nevertheless be different depending on the direction of the trend: the expectation of devaluation would increase liability dollarisation (deposit) and currency substitution, while the expectation of appreciation would support asset dollarisation.

v) Public debt management

Active public debt management that aims at issuing local currency-denominated bonds would dedollarise the government's balance sheet, foster the market for domestic paper, and allow for more exchange rate flexibility. However, this may result in higher debt service due to the higher interest rates on the government debt to compensate for exchange rate risk and may not be an option for countries where investors are unwilling to take exposure in local currency. It may however, reduce the consequences of devaluation or depreciation of the exchange rate on the official debt service. Domestic investor base, such as pension funds, would likely support demand for longer-term local currency instruments and markets. Alternatives to dollar-denominated assets in the absence of confidence in local currency-denominated assets, a credible indexation system can enhance investments in such assets. Ideally, indexation should be to local prices because this avoids the reference to foreign currencies and the likely co-movement between government revenues and debt servicing costs.

vi) Financial liberalization

Freeing banks from administrative controls on the determination of interest rates makes it more likely that domestic real interest rates will be positive, thus helping to promote the use of the local currency. A more competitive domestic financial system will also enhance the attractiveness of the local currency .and withdrawal of the legal tender status from foreign currency. De-dollarisation is unlikely to be achieved if the foreign currency remains the legal tender of the country, since it entrenches its legitimate use in local transactions.

vii) Efficient liquidity management

Strengthening day-to-day liquidity management by the central bank would make local currency more attractive as short-term interest rates become less volatile. The introduction of reserve requirements, standing deposit and lending facilities, and open market operations may help stabilize the domestic interbank rate. Furthermore, issuing medium-term paper as a benchmark for interest rates can improve monetary policy signalling and develop a yield curve. Similarly, the development of a well-functioning foreign exchange market and an adequate level of official reserves would ensure easy access to foreign exchange, diminishing the need to hold foreign exchange for precautionary reasons.

viii) Fiscal consolidation

Fiscal restraint can help reduce the need for government borrowing in foreign currency, thus directly reducing dollarisation of government liabilities. It also lessens the need for central bank financing of government debt and contributes to decreasing differential between domestic and foreign interest rates.

ix) Unbiased taxation

A tax system that does not treat income from foreign currency more beneficially than income from local currency would not create a bias toward holding foreign currency assets. For example, interest earned on foreign currency deposits or bonds should not be exempted from taxation if taxes are levied on similar income from domestic-currency-denominated sources. Financial transaction taxes, if any, should be levied at least equally on foreign and domestic currency transactions.

x) Development of a domestic financial market

A deep and liquid bond market provides flexible alternative investment opportunities to dollar deposits. Increasing the choice of local currency-denominated securities traded on the domestic capital and money markets may contribute to the decrease in dollar denominated assets. Encouraging the development of the domestic investor base, such as pension funds, would likely support demand for longer-term local currency instruments and markets.

xi) Alternatives to dollar-denominated assets

In the absence of confidence in local currency-denominated assets, a credible indexation system can enhance investments in such assets. Ideally, indexation should be to local prices because this avoids the reference to foreign currencies and the likely co-movement between government revenues and debt servicing costs. However, country experiences show that indexation may continue even if it is no longer necessary. In these circumstances, widespread indexation can also complicate macroeconomic management by introducing rigidities in the monetary transmission mechanism. The idiosyncrasies of indexation, inflation is not correctly measured, may also render foreign investors more reluctant to participate in the local market. The timing for eliminating indexation should be determined with great care.

2.5 Instruments to hedge currency risk

Where exchange controls restrict hedging instruments, residents may have an incentive to build up foreign exchange holdings as an alternate hedge facility.

i) Increased usability of the local currency

To decrease currency substitution, a domestic currency that is attractive for use needs to be provided. This means the continuous availability of domestic currency in the denominations best adapted to the needs of market participants. Introducing a new currency may enhance the use of the local currency by providing banknote denominations more suitable for local transaction needs than foreign currency banknote denomination.

ii) Government operations in local currency

The government should operate in local currency to the extent possible. Raising taxes in local currency can support an increase in the demand for local currency, as can public payments for wages, goods, and services in local currency. In Peru, the government switched its public lending program to local currency.

iii) Use of foreign aid in local currency

Foreign aid if used in foreign currency in the recipient country in may increase dollarisation. In small or post-conflict countries, which often have a high degree of dollarization, foreign aid can play a large role in the economy. When possible, the in-country use of the aid should be denominated in the local currency to promote de-dollarisation.

iv) Reserve requirements

A regulatory bias of the reserve requirement framework for FCDs needs to be avoided. Local currency deposits should be subject to conditions which are at least as favourable as those applied on foreign currency deposits, while avoiding undue distortions, including those stemming from excessively high reserve requirements. Measures such as requiring banks to denominate reserve requirements on foreign currency deposits in local currency, remunerating the reserve requirement on local currency deposits at higher rate than the foreign currency deposits reserve requirement or imposing higher reserve requirements on foreign currency deposits, would encourage banks to attract local currency deposits, thereby increasing the deposit interest rate differential.

v) Payments system

The domestic payments system should ensure local currency payments at terms which are at least as favourable as those for foreign currency payments. The central bank should offer convenient and low-cost payment services for domestic currency payments and should not favour payments in foreign currency (Angola and Lao P.D.R.). Peru imposed a 2 percent tax on checks denominated in foreign currency to discourage the use of foreign currency in payments.

vi) Effective supervision

This can significantly contribute to the internalization of the risks resulting from balance sheet dollarisation. Substantial efforts have been made in economies where foreign credit has been growing fast to monitor the risk taken by banking and nonbanking institutions. In particular, stricter internal controls have been imposed on banks to address the risk related to foreign exchange loans, and improved risk disclosure to borrowers has been required.

vii) Foreign exchange regulations

No preference should be given to holders of foreign currency over those who only have access to domestic currency funding. For example, allowing residents to make outward capital transactions from their own foreign exchange resources while prohibiting the same transactions for domestic currency holdings can provide incentives to residents to accumulate foreign exchange for future transactions.

2.6 Motivation for de-dollarization

Ize and Yeyati (2005) and Leiderman *et al* (2005) argue that dollarisation is associated with higher exchange rate pass-through, limiting the counter-cyclical capacity of domestic monetary policy and exacerbating the fear of floating in dollarized economies. Thus highly dollarized financial systems may be more vulnerable to crises. By hindsight de-dollarisation is expected to arrest the high incidences of economic crisis.

As discussed by McKinnon (1982) and others, certain undesirable effects such as exchange rate volatility could be created by currency substitution. Feige *et al* (2003) alludes that dollarisation may also precipitate the escalation of an underground economies as economic activities go “unrecorded” as foreign currency, increasingly becomes the preferred medium of exchange for such transactions. Mecgani and Mauro (2015) argue de-dollarisation has been gaining momentum as dollarization can complicate the implementation of economic policies through various channels, by:

i) Exposing the balance sheets of the public sector, private enterprises, and households to exchange rate risks, when assets and liabilities in foreign currency are mismatched. Accordingly, price elasticity to monetary shocks is prone to be higher in dollarized countries (Yeyati, 2006). By inference a successful de-dollarisation strategy should result in an improvement in the interest rate`s channel effectiveness in monetary policy transmission.

ii) Weakening the structural fiscal balance and fiscal flexibility by reducing the scope for seigniorage. Furthermore, de facto dollarization leads to a loss of seigniorage, thwarts the monetary authority from pursuing inflationary finance and inhibits its effectiveness in controlling exchange rate.

iii) Reducing the abilities of governments to issue medium- and long-term debt in domestic currency known as the original sin further exacerbating vulnerabilities to shocks and thereby amplifying macroeconomic and output fluctuations.

iv) Reduces effectiveness of monetary policy. Dollarization may affect the autonomy of monetary policy and weaken standard transmission mechanisms, potentially leading to aggregate demand effects in contrast to those in advanced economies (IMF, 2006). Reverse dollarisation therefore seeks to increase monetary policy autonomy. Ize and Yeyati (2005) argue that the interest rate channel becomes ineffective when most intermediation is in dollars.

v) Exposes public and private sectors to foreign currency changes when asset and liabilities are mis-matched liquidity, including solvency risks38. As a result, exchange rate changes become more important than interest rate changes in the conduct of monetary policy (Acosta-Ormaechea and Coble, 2011).

vi) Reducing the authorities’ capacity to use monetary policy and making it harder to use the central bank’s lender-of-last resort function to stabilize the domestic banking system.

2.7 Rationale for de-dollarisation

According to Catão and Terrones1 (2016) there are two sets of sets of factors that can be used in explaining why some countries in emerging markets continue to pursue de-dollarisation. These can be classified under domestic and external.

Domestic Factors

i) **Adoption of inflation targeting**

Insofar as inflation targeting is seen to be a credible regime that delivers low and stable inflation, it helps strengthen the domestic currency as a store of value. One important potential drawback of inflation targeting in a highly dollarized economy is the possibility of financial instability resulting from exchange rate volatility, once monetary policy stops targeting the exchange rate. This could induce policymakers in these economies to display some "fear to float" (Calvo & Reinhart, 2002). As it turns out, however, exchange rate volatility in inflation targeters is not always higher than among non-inflation targeters (Edwards, 2006). So, the adoption of inflation targeting in dollarised emerging economies is likely to help de-dollarisation.

ii) **Macro prudential policies**

Macro prudential policies such as caps on loan to value ratios, capital requirements, and higher provisions for dollar lending might also be expected to influence de-dollarization. Such instruments have been used extensively by policymakers in the emerging market economies and, in particular, among the most dollarized ones. Some of these policies have aimed at avoiding credit booms that is, periods of excessive credit expansion that are often associated with financial crisis (Mendoza & Terrones, 2014) as well as limiting the financial system exposure to large exchange rate movements. On the whole, one would expect that these policies discourage financial dollarisation.

iii) **Direct or Indirect taxing dollar lending and dollar deposits**

Policymakers have often sought to discourage financial dollarisation by directly or indirectly "taxing" dollar lending and dollar deposits. This can and has been done by differentiating and increasing reserve requirements in dollar denominated deposits relative to local currency denominated ones. Requiring banks to hold below-market interest rate bearing balances is equivalent to imposing a tax on these institutions in the amount equivalent to the forgone interest. By raising the marginal cost of dollar loans, one would expect to decrease dollarization. The net effect on loan dollarization, however, might depend on whether these requirements are also applied to net external borrowing by financial institutions. If this is not the case, higher reserve requirement on bank deposits may simply result in lower deposit dollarization but higher net foreign borrowing by banks. So, loan dollarization might be unaffected in the end.

iv) Effect of demand for credit and improving investment returns

Faster expected economic growth by affecting the demand for credit and improving investment returns, could lead to an increase/decline in financial dollarization. There are two main channels through which faster expected growth could affect financial dollarization. One is through higher domestic investment, leading to higher demand for both dollar loans and local currency loans. To the extent that dollar loan demand has higher (lower) income elasticity than local currency loan demand, loan dollarization will increase (decrease). The other channel is higher net capital inflows. By boosting the confidence of foreign investors in a country's economic potential, faster expected growth helps attract private capital flows. To the extent that the attendant U.S. dollar inflows are intermediated by banks, dollarization should increase.

v) Evolution of price of non tradables vis-à-vis tradables

Catão and Terrones1 (2016) alludes that the demand for dollar loans and the demand for local currency loans are also influenced by the evolution of price of non-tradables vis-à-vis the tradables. An increase of the relative price of non-tradables to tradables often leads to an increase in local currency loan demand in detriment of dollar loan demand. There have been cases, however, whereby an increase in the relative price of non-tradables has led to an expansion in dollar loans to the non-tradable sector. This has raised the risk of currency mismatch and financial sector vulnerability. What would be thus the effect of an improvement in the relative price of non-tradables on financial dollarization? In general, it is expected that the improvement in the relative price of non-tradables to tradables will lead to a reduction in financial credit dollarization.

vi) Exchange rate depreciation

The financial dollarisation ratio tends to rise when the exchange rate depreciates. This effect is merely due to direct valuation gains/losses when the local currency depreciates, the share of dollar loans (deposits) on total loans (deposits) rise. This effect, which is considered mechanical by some, has manifested with a vengeance over the past few years as result of the strong and then weak dollar. As the bilateral exchange rate is an endogenous variable, we will utilize international commodity prices as a proxy for it as there is evidence of a strong negative association between these two variables. Thus, dollarisation should fall when commodity prices rise, as the local currency will tend to appreciate, increasing the share of local currency deposits (and local currency loans) in total deposits (and total loans).

2.8 Empirical Evidence

Kararacha, Kadenge,and Guvheya, (2010), further suggested that monetary and fiscal policy and central bank reforms are for successful de-dollarisation, among other factors such as socio-economic convergence, establishment of social safety nets, financial sector reforms, re-engagement with development partners, structural reforms and strong leadership and political commitment are the critical conditions necessary for an economy to change its currency regime from dollarisation without falling back to earlier conditions that prompted the status quo.

Baliño, Bennett, and Borensztein, (1999), noted that reversing dollarisation may be difficult because changes in practices regarding the settlement of transactions may be a slow process that depends on institutional changes and takes place only when there are significant benefits to be gained by switching currencies.

Mecagni and Mauro, 2015 studied evidence from 42 highly dollarized countries, with a focus on Sub Saharan Africa. Their methodology takes the form of a two-pronged approach on the basis of country case studies and a pooled cross-sectional data regression analysis over the period 2001 to 2012. The variables used included real GDP growth, current account balance, fiscal balance, stock of public debt, inflation, stock of external debt and democracy (proxy used is the Polity IV). Their findings show that one-fourth of the countries significantly reduced dollarisation levels over the period of study. Their results highlight that macroeconomic stability, low inflation, high growth, and a prudent fiscal balance are key ingredients for success in de dollarising.

Empirical literature also shows mixed outcomes as Barajas and Morales (2003) who focused on credit de-dollarisation provide proof that greater exchange rate volatility reduces credit dollarisation in a sample of Latin American countries. In contrast, Rennhack and Nozaki (2006), and Neanidis and Christos (2009) do not find evidence that a more flexible exchange rate regime, by itself, promotes de dollarization.

Research carried out on de-dollarisation has been tabulated in Table 2.1 below and it shows the different strategies which were used and the outcome for the different countries.

Table 2.1: De-dollarisation

Country and period	**De-Dollarisation Strategy**	**Outcome**
Israel- Dollarisation was precipitated by a high and rising inflation throughout the 1970s, which further accelerated, reaching about 445 percent in 1984, in the context of a broad deterioration in macroeconomic conditions.	-Israel adopted a comprehensive strategy based on macroeconomic stabilization and prudential measures.	- Resulted the share of deposits in dollars dropping significantly from over 50% in 1985 to 15% in 2004
	-Fiscal consolidation which entailed cutting the fiscal deficit from 19 percent of GDP in 1985 o about 10 percent in the late 1990s.	- Restored confidence in the local currency by reducing inflation under an inflation targeting regime, while gradually increasing exchange rate flexibility
Bolivian	De dollarise through a mandatory conversion of foreign currency deposits into domestic currency.	- The consequences of these measures were fatal resulting in severe macro-economic instability.
- had a hyperinflation in the mid-eighties, with the inflation rate reaching 11,750% in yearly terms (Miguel Lebre de Freitas, 2003)	- Between November 1982 and August 1985, FCD were banished from the domestic banking system and converted into domestic currency at a below market exchange rate.	- By 1985 the government had no choice but allow residents to hold deposits in foreign currency again.
-dollarization experience began in 1982	-Early 2000, the government resumed the de-dollarisation attempt based on prudent macroeconomic policies accompanied by incentives to hold financial assets in domestic currency which included:	- By 2012 the share of deposits and loans dominated in foreign currency had declined to 25% and 21% respectively from the previous levels of 94% and 97% respectively in 2001.

	-i) higher reserve requirements on foreign currency deposits,	
	ii) higher requirements on foreign currency loans, iii)developed capital market for local currency bonds , beginning with government bonds and moving gradually to longer maturities (1 to 15 years)	
Peru: Inflation reached a peak rate well in excess of 7600% a year in 1990.	In the mid-1980s Peru attempted to reduce dollarisation by forcibly converting foreign currency deposits to local currency.	-resulting in capital flight and a decline in financial intermediation
	- Began de-dollarisation early 2000-by strengthening macroeconomic stability through fiscal surpluses , lower public debt ,inflation targeting ,boosting international reserves	- Again the government returned to dollarisation
Mexico- Mexico September 1982	- August 16 default on external debt September 1, nationalization of banks in response to banking crisis.	Successfully De-dollarised
	-Emerges from default in 1990	
	-Dollar deposits are allowed in December 1985	
Angola- Hyperinflation reached an all-time high of 100% when the civil war ended in 2002 meanwhile the kwanza depreciated by 1600% against the dollar between 2001 -2014	Used both market based and administrative measures as follows,	Successfully De-dollarised
	i) Improved macroeconomic stability and increased confidence in the kwanza.	
	ii) reduced inflation to single digits (below 8% in 2013).	

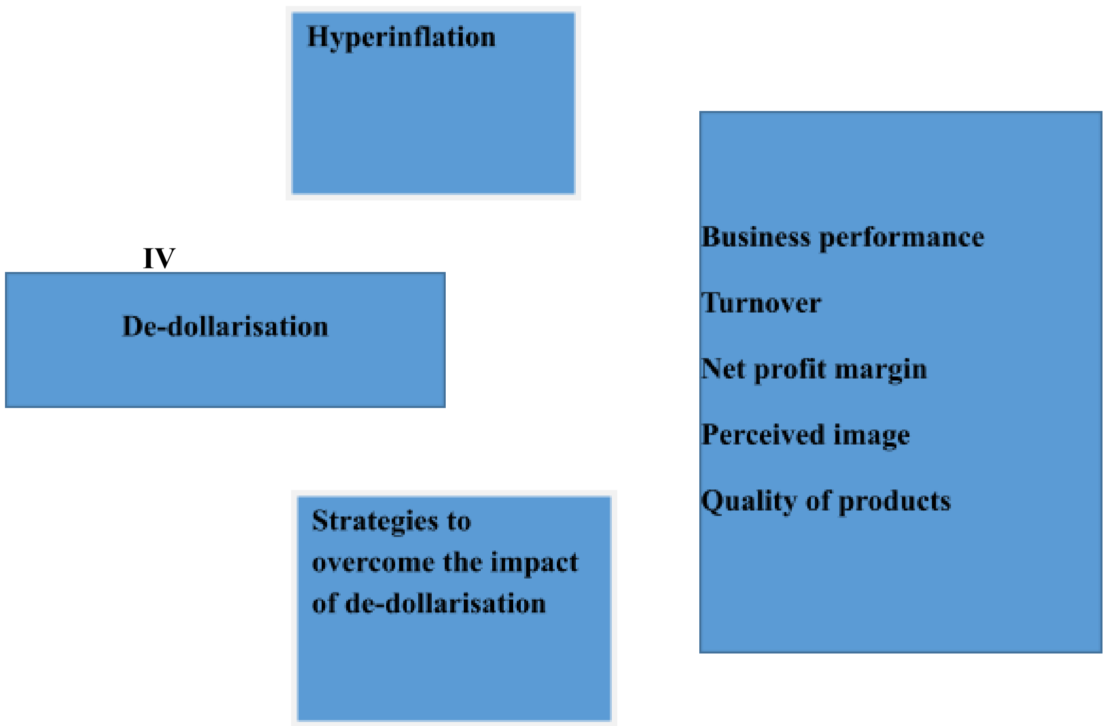
Source: Reinhat, Rogoff and Savastano (2003), Guidotti and Rodriguez (1992), Kamin and Ericsson (1993) Clements and Schwartz (1993), Mueller (1994) Mongardini and Mueller, (1999) Reding and Morales (1999)

2.9 Conceptual framework

The framework was designed into dependent and independent variables to aid with easy investigation even though the degree of precision with which they can be investigated varies from scale to scale. In the study de-dollarisation is the independent variable and inflation is the moderating variable. The dependent variable will be business performance which has two categories for financial and non-financial variables.

MV

DV



MV

Key:

IV-Independent variable

DV-Dependent variable

MV-Moderating variable

2.9.1 Research Gap

An investigation from the previous research results shows that the findings could not completely cover the issues surrounding this subject because these researches were conducted in totally different economies. It is therefore important to have more studies for de dollarization in Zimbabwe so as to come up with information which is recent and relevant.

2.10 Chapter Summary

De-dollarisation requires that different strategies and conditions has to be adhered to for it to be successful. There is no one proven method that has been followed and to date a few countries have managed to successfully dollarize. The chapter has covered on the literature review of de-dollarisation, hyperinflation and business performance. It also highlighted the empirical evidences on de-dollarisation. The next chapter covered on the methodology used for this study.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Introduction

The previous chapter focused on literature review on dollarisation and its effect on business performance. This chapter documents the methods used in carrying out the research process and justification for the research process. It includes the research design philosophy approach, strategy, research instruments and methods of data collections used. The chapter also highlights the population and sampling techniques, questionnaire administration, data gathering and analysis and research limitations.

3.2 Research design

According to Creswell (2013) a research design is the method that justifies how information is going to be gathered. A research design can be defined as the general plan of how to answer the research questions (Saunders et al., 2009). Bryman and Bell (2007) define a research design as the framework which provides for the collection and analysis of data. Research design can be further defined by Burns and Grove (1997) as an outline for the accomplishment of a study that make the most of control over those factors that hinder the study's anticipated results. According to Punch (2005), research design is associated with how data is analysed and gathered. The two research designs are distinguished, as quantitative and qualitative (Ryan, 2008)

A research design is "the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure" (Khotari, 2004, p12). The research design refers to the framework that you choose to join the different components of the research in a logical and coherent way, thereby guaranteeing that will successfully address the research problem. A comprehensive research design is the conceptual structure on which good quality research study is built. The research design can also be described as the "glue that holds the research project together" (Trochim & Donnelly, 2008, p40). Saunderset al. (2009) suggests that the research design is a plan of how a researcher will progress with regard to answering the research question(s).

There are exploratory, descriptive and explanatory designs under the research design (Saunderset al. 2009). The study chose the explanatory design which is associated with quantitative research techniques. The research included explaining the relationship between variables, quantifying the relationship and also trying to find the cause and effect of the variables in order to come up with conclusive results.

3.2.1 Justification of explanatory research design

The study preferred descriptive research design because it was the best in explaining the relationships between the two variables that is de-dollarisation and business performance. Explanatory research design allowed the researcher to give enough provision for protection against bias and maximizes reliability because it determined and reported the way results were (Kothari, 2004). The study preferred this research design because the research was descriptive in nature and it accorded the researcher to obtain primary data through questionnaires. The study chose to use questionnaires as the research instrument because the research findings obtained using questionnaires were quickly and easily quantified and assessed using software package such as SPSS Version 20.0. The analysis was objective compared to other different research instruments in qualitative studies were data collection and analysis would be subjective. Also, questionnaires afforded the researcher to maintain high level of confidentiality of data collected from managers and supervisory staff since it offered greater anonymity.

3.3 Research Methodology

3.3.1 Quantitative Research Methodology

Quantitative research design is defined as a scientific and deductive approach which seeks to develop a hypothesis which is then subjected to a rigorous test. It employs cause and effect thinking (causal research), hypothesis testing and other methods to yield statistical data. The researcher used the quantitative approach which aims to quantify the impact through figures and numbers. There is also the use of a large sample size which enables the generalization of the study. It also enables the testing of theories and hypothesis and probability sampling. The study used quantitative research design because of the following advantages.

3.3.2 Advantages of quantitative research

Quantitative approach has the advantages of generating data in quantitative form, which can be easily analysed statistically. Analysis of data was made easier since the researcher had a reasonable knowledge of using SPSS which are statistical packages mostly used in quantitative research. Replication of data makes it possible for data to be compared with similar studies. This enabled the researcher to make a good analysis of the findings and as a result the findings can be relied on. Establishment of the relationship between variables is possible thereby making it possible to deduce a cause and effect in different circumstances.

3.3.3 Disadvantages of quantitative research design

However, it is important to highlight that despite having several advantages the methodology also has its disadvantages and these include; model performance monitoring that has to be done regularly as to ensure compliance with the original hypothesis and this in most cases is time consuming. The results of a quantitative research are mostly numeric descriptions and difficult to interpret rather than narrative description produced by a qualitative method.

3.4 Research philosophy

According to Saunders, Lewis and Thornhill (2016), research philosophy are the set of assumptions that underpin a research strategy and the method chosen as part of that strategy, that is the way the researcher views the world. There are two main views of research philosophy which are positivism and phenomenology (Saunders, Lewis, & Thornhill, 2007). Both philosophies develop knowledge and theory that play an important role in management of research

There are four research philosophies, namely, positivism, realism, interpretivism, and pragmatism (Saunders et al., 2009). The researcher adopted the positivism philosophy, which entails using factual data which is trustworthy and has been obtained through measurement. The positivist paradigm Saunders et al. (2005) defines positivism research philosophy as the one that involves working with social reality that is observable. According to Miller and Deutsch (2010) the positivist paradigm argues that the researcher should be able to explain phenomena in regards to the causes of the behaviour we observe. This methodology underpins the cause and effect of the phenomenon understudy (Punch, 2005). Positivism aims to quantify, find out the cause and effect and is deductive in nature. It uses large sample size which enables it to be generalized and become a representative and generalize to an entire population. Positivist test theories and test hypothesis and they think critically to come up with conclusions and studies which are objective and factual. This study adopted a positivism philosophy as this study sought to determine the impact of de-dollarisation on business performance.

3.5 Research approach

There are three research approaches which are deduction, induction and abduction. The deductive approach involves developing a theory and hypothesis (hypotheses) on the basis of the available literature and existing findings then one designs a research strategy which will test the hypothesis(Saunders, Lewis, & Thornhill, 2007).The deductive approach is more inclined to scientific research as it includes development of a theory which is subjected to a rigorous test hence its more dominant in natural sciences researches (Collis & Hussey, 2003).It is also organised in a more consistent way as each new step follows the previous in a logical sequence and the conclusions are drawn through logical reasoning (Bryman & Bell, 2007). The deduction theory searches to explain causal relationships between variables. This made this theory applicable to the current research. This study also adopted the deduction theory as there was collection of quantitative data which allowed numerical statistical analysis and led to a highly structured methodology that facilitated replication of the study (Gill & Johnson, 2002). Deduction approach is also linked to the positivism philosophy and work hand and in hand.

3.6 Research strategy

Research strategy is a theoretically informed technique for collecting and analysing empirical data (Eriksson &Kovalainen, 2009). According to Punch (2005) it is a set of information by which the study intends to answer the research questions. Research strategy can either be qualitative or quantitative (Amoretti &Preyer, 2012). The qualitative strategies include action research, case study, phenomenology, ethnography and document analysis. The main strategies for quantitative include surveys and experiments. This study used the survey to come up with the information used.

3.7 Methods of data collection

The researcher relied on both primary and secondary data where questionnaires were used as the primary data collection instrument to gather data from the respondents. Document analysis was further used as an instrument in collecting secondary data.

3.7.1 Primary data

According to Hox and Boeije (2013), primary sources are documents that have data which is directly linked with the situations and people under an area of study. High credibility can be placed on this data because of its authenticity. Mackey (2013) defines primary data as the original source material or the first-hand information usually produced by a participant or a witness in an event. The study used primary data from the respondents to come up with first-hand information. Questionnaires were used as the primary data collection instrument to gather primary data from the respondents

3.7.2 Justification of primary data

Primary data makes the information collected dependable because the data is not diluted by means of passing through other channels of communication. The data collected was therefore not biased since its sources were authentic and the participants in the sample were the ones experiencing the research problem under study. Primary data are original and relevant to the topic of the research study, so the degree of accuracy is very high, it can be collected from a number of ways like questionnaires, telephone surveys, focus groups and it can include a large population and wide geographical coverage. Moreover, primary data is current and it can better give a realistic view to the researcher about the topic under consideration. Reliability of primary data is very high because these are collected by the concerned and reliable party.

3.7.3 Secondary data

The researcher also obtained some data or information from secondary sources such as newspapers, journals, magazines, websites and other internet sources. Document analysis was used as an instrument in collecting secondary data. According to Daas and Ossen (2010), secondary data can be defined as an analysis of data that is already in existence and has been collected by other people. This data is examined to provide answers for the study in question. Meyer, Kay and French (2015) stated that secondary data can be classified according to the terms of the source from where it is derived, that is, either being internal or external. Internal secondary data which can also be called in-house data is secondary information that is gathered and acquired from within the organization where the research will be carried out from, whereas data collected from outside sources is called external secondary data and is obtained from outside sources (Bryman, 2013). Secondary data used in this study was collected from journals, textbooks, websites, newspapers and the internet. This was done so as to compare the findings of this research to the literature found in chapter 2.

3.7.4 Justification of secondary data

The purpose of secondary data was to help the researcher gain an initial overview of the research problem. Secondary data proved to be cheaper in accessing and less time consuming as compared to sources of primary data (Easterby-Smith, Thorpe, Jackson, and Lowe, 2008).

The internet provided the bulk of literature including journals, electronic books and other publications by different authors on de-dollarisation. Secondary data provides a way to access the work of the best scholars all over the world. Secondary data adds value to the research and can be easily accessed on the internet.

3.8 Research instruments

Daas and Arends-Tóth (2012) stated that research instruments are measurement tools that are used for gathering data, for example, questionnaires designed to obtain data on a topic of interest from research subjects. The instruments used in this study were the questionnaire instrument and document analysis instrument. However, the questionnaire instrument was the main instrument used to collect data in this study.

3.8.1 Questionnaire

William (2014) defined a questionnaire as a list of predetermined questions, to which all the respondents are subjected. The term questionnaire stems out from collection of questions and statements designed to provide answers to the area of study under review (William, 2014). Questionnaires can be used to gather data and information from a large sample (Kothari, 2014). On the part of the closed-ended questions, the researcher used Likert scale questionnaires to ensure collection of data from many respondents within a short time. Formal questionnaires consisting of structured questions were used to collect data from different respondents within the selected retail outlets in Harare. Two hundred and fifty (250) questionnaires were designed and distributed to retail outlets managers and supervisors.

3.8.2 Advantages of using questionnaire instrument

The study preferred using questionnaires in data collection because they were objective and convenient to both the respondents and the researcher (Creswell, 2003). Questionnaires afford the researcher the ability to maintain high levels of confidentiality of data collected from retail sector managers and supervisors, since it offers greater anonymity. Questionnaires are practical and a lot of data will be collected in a short period of time, from a large number of respondents. They were also a relatively cost-effective way of collecting data which the researcher employed with little to no affect to its validity and reliability (Mugenda and Mugenda, 2003).

The study adopted questionnaire instrument to collect primary data because the instrument is less expensive and this was also due to the resource restrictions that hindered the exclusive use of other methods. Another advantage was that the answers that were given to the questions could easily be expressed in terms of the quantity and data could be analysed efficiently and quickly with the use of computer software packages.

3.8.3 Disadvantages of questionnaires

Sometimes the respondents could not complete the questionnaires due to reasons including reluctance, being busy or undisclosed reasons. To overcome some of these challenges, the researcher collected data not only in one day, but in several days, so failure to complete the questionnaires with reasons to do with absenteeism and being busy would be over.

3.9 Pilot testing

In a bid to test and ensure both validity and reliability of research instruments, a pilot study was carried out before the actual study commenced. A pilot study is also recommended by Lohr (2013). The questionnaire was administered to twenty-five respondents including research experts and the target population to determine if the questionnaire was properly structured. A pilot study sought to determine if the questions were understandable to the respondents, and whether the responses given would be relevant to the research objectives and questions. Thus, the researcher would refine the questionnaire if it was found to be improperly designed such that expected answers would not be gotten.

The researcher also sought for the services of statisticians, the supervisor and other colleagues in designing the research instruments, so that they could validate the data better. Minimization of errors also helped the researcher in data sorting, presentation and analysis.

In a bid to improve the reliability of the data, Cronbach’s Alpha was used as a measure of reliability and internal consistency. This is a reliability coefficient which shows how items in a set are positively correlated. It measures the inter-correlations among test items, with a measure of 1 being higher in terms of internal consistency and reliability and 0.7 to 0.9 being acceptable (Johnston, 2009).

3.10 Population and sampling techniques

3.10.1 Population

A target population is described by Saunders, Lewis and Thornhill (2015) as a cluster of individuals or cases in which conclusions are generalized and the population usually has visible distinctiveness. Research population refers to the pool of elements in which a research is based (Morgan, 2013).Sekaran and Bougie (2010) define population as the entire group of events, people or things of interest for which the researcher would want to investigate and make inferences. The population for this study was 680 people and covered the retail sector in Harare with specific reference to supervisors, low, middle and senior level managers.

3.10.2 Sample size

A sample size is the numerical number of elements or cases that represent a stratum being observed in a research (Sakaran, 2015). In this research a sample of employees (supervisors, low, middle and senior level managers) was selected from the registered retail outlets in Harare. In order to have a sample size for the survey questionnaire, the researcher applied Yamane's (1967) formula to the total number of employees of the sampled retail outlets in Harare. At 90% confidence interval the required sample size according to Yamane is calculated as,

$$n = \frac{N}{1+Ne^2}$$

N in this case is the total number of employees from registered outlets in Harare which was 680 employees (supervisors, low, middle and senior level managers) and **n** is the sample size thus employees who participated in the survey questionnaire, while **e** is the margin error and is equal to 0.05 according to the formula.

n = N / 1 + N (e) 2 = 680 / $(1+680*0.05^2)$ = 251.8518518519

Where N = population size, e = margin of error = 5%

After consulting Yamane's formula, the study came up with a sample size of 250, from 251. 8518518519.The researcher randomly selected a sample of two hundred and fifty (250) respondents and administered the questionnaires to registered outlets in Harare. Among the registered outlets in Harare included in this study were: OK Zimbabwe, PICK AND PAY, SPAR and FOOD WORLD among others. A sample size of 250 respondents from the retail sector in Harare, was large enough to provide valid and reliable results on the impact of de-dollarisation on business performance in a hyper inflationary environment in Zimbabwe.

3.10.3 Sampling methods

There are two types of sampling methods, probability methods where the population elements have equal chances of being selected to be included in the sample, and non-probability methods whereby the population elements have no equal chances of being selected to be included in the sample (Sakaran, 2015).

a) Simple random sampling

This is a sampling technique in which every item under target population has an equal chance of being selected. In a simple random sample of a given size, all such subsets of the frame are given an equal chance. The method is suitable to ensure that there is no bias in the selection of the identified categories of the sample. Hesse-Biber (2013) suggested that with simple random sampling (with or without replacement) each member of the target population has an equal chance of being included in any given sample.

Simple random sampling technique was employed to distribute questionnaires to the respondents in different selected data points (strata). Simple random sampling was applied to each stratum to select the two hundred and fifty (250) respondents, that is, fifty from each of the five data points. The study chose to use sampling because it saves time and money. Sampling is also known for producing results which are accurate that can be used for mathematical computations. Random sampling was used in a bid to reduce bias since the respondents were given an equal chance of being selected (Saunders *et al.,* 2009).

i) Advantages of Simple random sampling

It ensures high representative of all subjects in the target population. The technique can also be easily understood while at the same time the results of the survey can be generalized to the distinct target population with a pre-specified margin of error (Zikmund, 2000).

ii) Disadvantages of Simple random sampling

The major drawback of the simple random sampling is the difficulty of obtaining complete, current and accurate listing of the target population elements (Maxfield &Babbie, 2011). Simple random sampling process requires all sampling units to be identified, which would be cumbersome and expensive in case of a large population; hence this method is most suitable for a small population (Mitchell &Jolley, 2012).

b) Stratified random sampling

According to Black (2011) the population is divided into sub population (strata) based on one or more classified criteria. Simple random samples are then drawn from each stratum in sizes proportional to the relative size of each stratum in the population (Kothari, 2009). Babbie (2012) explained that the researcher should ensure that there is perfect homogeneity in the different units of strata when constructing the strata.

i) Advantages of Stratified random sampling

Stratified random sampling can ensure the assurance of proportional representativeness of specific groups in the sample (Black, 2011). Stratified random sampling also has the ability to make estimations for the target population with the expectation of greater accuracy or less error (Kothari, 2009).

ii) Disadvantages of Stratified random sampling

It is more complex, requires greater effort than simple random and the strata must be carefully defined (Black, 2011).

3.10.4 Questionnaire administration

The questionnaire was distributed both physically and online due to the COVID 19 pandemic. The ones which were physically distributed was due to challenges on data cost which are high and the researcher made sure that they adhered to the regulation by wearing masks, sanitizing of hands and maintaining social distancing.

3.11 Data gathering, processing and analysis

This is a process that involves the reduction of accumulated data to a manageable size, developing abstracts, noting patterns and then applying statistical techniques which allow interpretation of results in accordance to the research objectives (Cooper &Schindler, 2003). The data collected from the field was coded, captured, processed and analysed which is the integral part of data analysis. Completed questionnaires responses were arranged and recorded to guarantee accuracy and consistency of data with the questions' intentions and they were then prearranged for easy coding.

The questions in the research instrument were then coded by assigning numbers or symbols in order to categorise responses which enabled efficient analysis. The next step included processing and analysis of data and this was done using SPSS (Statistical Package for Social Sciences). This is a data processing and analysis programme especially designed for statistically analysing and performing data management tasks (Jennings, 2010). It is one of the programmes that enable the detailed analysis of large volumes of data statistically contributing to the validity of the data and making it applicable to a quantitative research study.

3.12 Research limitations

The researcher faced a few challenges that were lack of cooperation from the participants among others. However, the researcher had to use the cover letter from the University of Zimbabwe and had to explain the importance of the research and also reiterate that the results were for academic purposes and promised to give the organization results of the final research.

3.13 Validity and reliability

Validity of data refers to the extent to which a research instrument measures what it is intended to measure (Thomson, 2015). Validity refers to the quality of the data. Thomson (2015) noted that the validity of the research instruments or data is broken down into content validity and face validity. Content validity has to do with the relevance of actual data collected by the research instrument compared to the research problem and objectives (Sekaran, 2015). Face validity refers to the consistency, structure and related aspects of the instruments. Reliability of data is defined as the extent to which data obtained for the study can be trusted and based on (Thomson, 2015). Reliability refers to the quality of the methods used to collect data. In this study, the researcher measured construct validity and content validity to ensure that the data collected using the questionnaire should honestly and accurately represent theoretical constructs studied. An instrument is said to be valid if it actually measures what it is supposed to measure (Saunders et al., 2009). Both validity and reliability were tested and ensured in this study before data was analysed and presented.

3.14 Ethical considerations

The researcher conducted the research in a professional way and did not mislead the participants and ensured that there was proper data analysis and used the proper methodology and sample size and did not conceal any information.

The researcher also ensured that participants were well informed and had knowledge and experience in the retail sector. Anonymity, privacy and safety of participants were highly prioritised by the researcher and the researcher had consent from the participants.

3.15 Chapter summary

The chapter examined the research methodology adopted in this study and sampling methods adopted were also comprehensively discussed. The chapter observed on the data gathering techniques and the justification for choosing a questionnaire as the main research instrument for this study. The study also discussed on how it tested and ensured both validity and reliability in this study and also covered the different ethical considerations that were made to make sure the research was successful. The chapter also highlighted the limitations to the study and how this study achieved those limitations. Data collection and analysis techniques adopted were also discussed and explained. The next chapter discussed, analysed and presented the research findings from the data collected from the questionnaires that were issued out and existing literature gathered in chapter 2.

CHAPTER 4

DATA ANALYSIS AND DISCUSSION OF FINDINGS

4.1 Introduction

The previous chapter gave the research methodology adopted in this study. This study adopted a quantitative research methodology in order to predict and quantify the effect of de-dollarisation on business performance of the retail sector business in Zimbabwe. This chapter discusses, analyses, presents and interprets the results. The main objective of this study was to establish the effect of de-dollarisation on business performance of the retail sector business in Zimbabwe. Additionally, the specific objectives of this study were to assess how de-dollarisation is influencing operations of retail sector, how de-dollarisation is affecting pricing of commodities in the retail sector operations and business performance, the strategies that can be employed by retail sector to deal with effects of de-dollarisation for the retail sector and recommend measures to overcome the impact of de-dollarisation to improve business performance of retail sector in Zimbabwe. This study with the aid of the SPSS and Microsoft excel packages presents the research findings in form of pie charts, graphs and tables which are brief accompanied by narrations and explanations.

4.2 A discussion of the questionnaire response rate

Response rate is the extent to which individuals respond to a survey (Cooper & Schindler, 2016). The response rate is calculated using the number of research instruments (questionnaires) that were successfully completed and returned divided by the number of research instruments (questionnaires) distributed to the respondents or the sample size. The response rate is usually expressed in percentages (%) (Bryman & Bell, 2017). The questionnaire response rate results for this study are depicted in Table 4.1 below.

Table 4.1: Response rate

Item	Number
Questionnaires distributed	250
Successfully completed and returned questionnaires	180
Unusable questionnaires	30
Effective number	150
Absolute response rate as a percentage	72.00%
Effective response rate	60.00%

Source: Researcher's analysis based on primary data

As given in Table 4.1 in this study the researcher distributed 250 questionnaires to respondents in the retail sector randomly 180questionnaires were completed and returned to the researcher. This gave an absolute response rate of 72%. However, from the 180 questionnaires returned there were 30 questionnaires that were unusable as they were not successfully completed giving 150questionnaires as an effective number of questionnaires to be used in data analysis. This gave an effective response rate of 60% for this research. It was very difficult to get a very high due to the COVID 19 pandemic as the majority of respondents were not comfortable to participate in the study. The researcher managed to convince them with the help of the University of Zimbabwe cover letter and got a 60%effective response rate for this study. According to Kothari (2004), a response rate of at least 50% is considered enough to carry out data analysis.

4.3 Distribution of respondents by demographic information

This study sought to establish the distribution of respondents in the retail sector by demographic information. Demographic information distribution was assessed on respondents and their organisations covering the respondents' gender, age bracket, highest level of education attained and work experience in the retail sector.

4.3.1 Distribution of respondents in the retail sector by gender

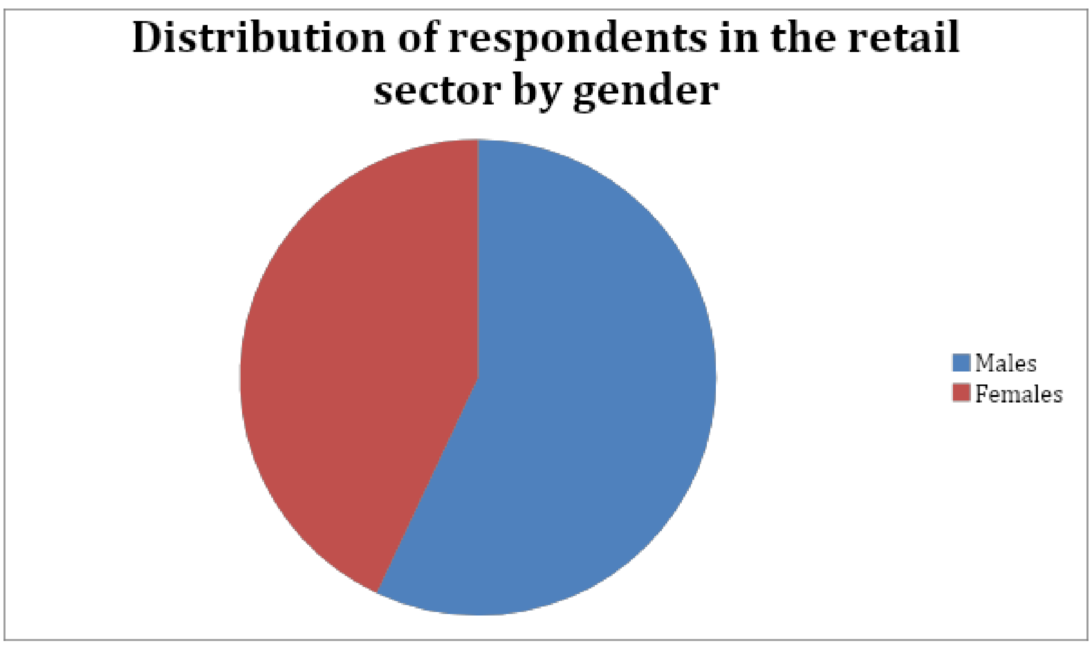
The study sought to assess the distribution of respondents by gender. This was done to find out if both males and females were fairly represented in this study. The findings obtained in this study are shown in Table 4.2 and Figure 4.1 below.

Table 4.2: Distribution of respondents in the retail sector by gender

	Frequency	Per cent (%)
Male	85	57.0
Female	65	43.0
Total	**150**	**100.0**

Source: Researcher's analysis based on primary data

Figure 4.1: Gender of respondents



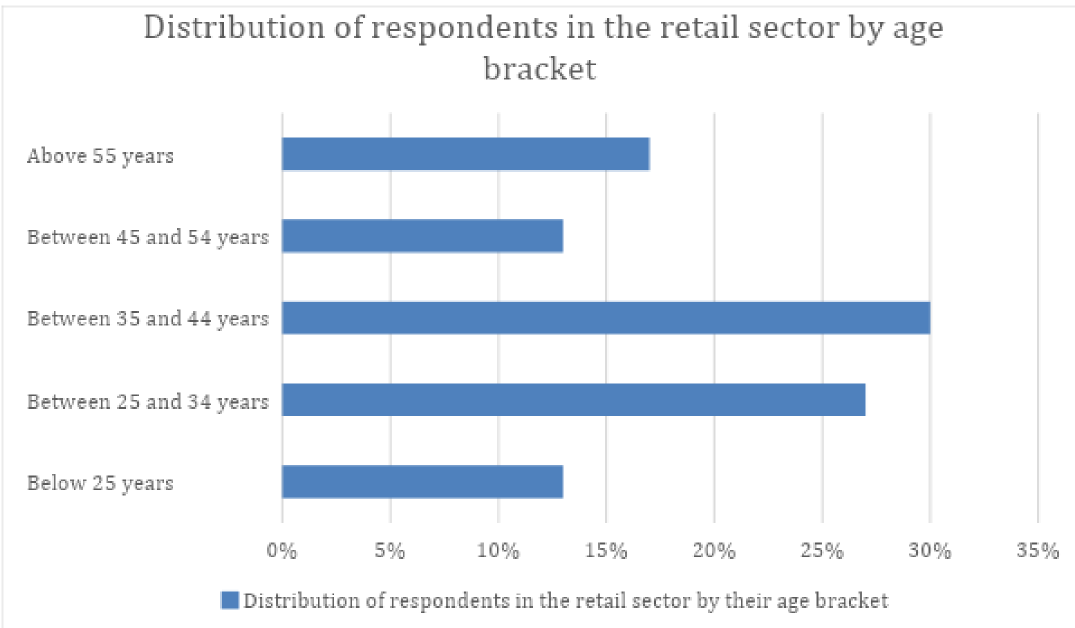
Source: Researcher's analysis based on primary data

The results depicted in Table 4.2 above show that their distribution of respondents by gender was very fair. There were57% males and 43% females in this study. The results are a true picture of the gender distribution of the retail sector in Zimbabwe. However, the results are in conflict with the Zimbabwean gender statistics that show that there are more females than males in Zimbabwe.

4.3.2 Distribution of respondents by age bracket

This study also assessed the distribution of respondents by age bracket. This analysis was done to find out if all the age brackets were fairly represented in this study to ensure validity and reliability of the results. The results are depicted in and Figure 4.2 given below.

Figure 4.2: Age bracket of respondents



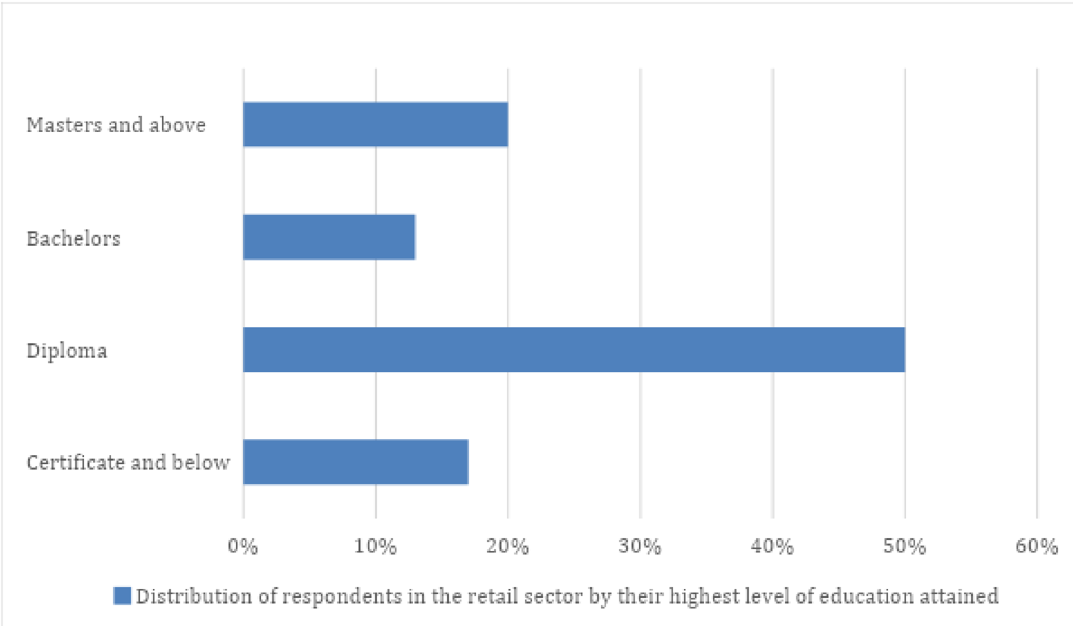
Source: Researcher's analysis based on primary data

From the results depicted in Figure 4.2 above, the majority of respondents were between 25 and 44 years' age brackets showing that the retail sector is dominated by the active age group.

4.3.3 Distribution of respondents by highest level of education attained

This study also sought to find out the distribution of respondents in the retail sector by their highest level of education attained. This assessment was done to determine if the respondents in the retail sector were well educated to participate in this study and give valid and reliable responses on the impact of de-dollarisation on business performance in a hyper inflationary environment in Zimbabwe. The results are depicted in Figure 4.3below.

Figure 4.3: Distribution of respondents by highest level of educationattained

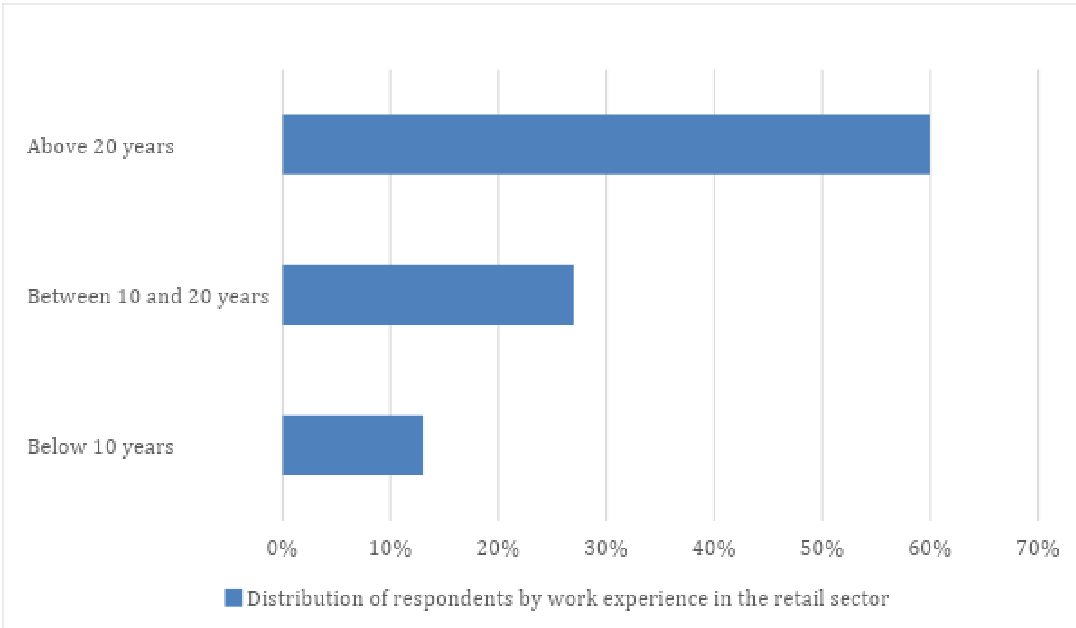


The findings depicted in Figure 4.3 above show that the majority of respondents in the retail sector had Diploma as their highest level of education attained followed by masters and above category. This suggests that respondents in the retail sector were educated enough to provide valid and reliable responses on the impact of de-dollarisation on business performance in a hyper inflationary environment in Zimbabwe.

4.3.4Distribution of respondents by work experience in the retail sector

This study also sought to determine the distribution of respondents by their work experience in the retail sector. The analysis was done to assess if respondents in the retail sector had enough experience to give valid and reliable responses concerning the subject under investigation. The study got the following results depicted in Figure 4.4 below.

Figure 4.4: Distribution of respondents by work experience in the retail sector



Source: Researcher's analysis based on primary data

The results shown in Figure 4.4 above indicate that the majority of respondents in the retail sector had more than 20 years' experience in the retail sector. This suggests that the respondents are better placed to provide valid and reliable responses on the impact of de-dollarisation on business performance in a hyper inflationary environment in Zimbabwe.

4.4 Instrument reliability

This study carried a Cronbach's alpha test; this was done to assess the reliability of the questionnaire instrument used in this study. The test was based on the internal consistency of the research instrument. The Cronbach's Alpha was assessed on the four themes in the questionnaire and formed a scale to test the reliability of the questionnaire instrument.

Table 4.3: Cronbach's Alpha values

Variable	Cronbach's Alpha	Number of items
How de-dollarisation is influencing operations	.864	5
How de-dollarisation is affecting pricing of commodities	.875	5
Strategies that can be employed by retail sector	.801	5
Measures that can be put in place to overcome the impact of de-dollarisation	.731	5

Source: Researcher's analysis based on primary data

Results depicted in Table 4.3 above show that How de-dollarisation is influencing operations had an Alpha value of 0.864, How de-dollarisation is affecting pricing of commodities had 0.875, Strategies that can be employed by retail sector had 0.801 and Measures that can be put in place to overcome the impact of de-dollarisation had 0.731. According to Cooper & Schindler, (2016) a co-efficient of 0.6 and above is acceptable as a rule of thumb indicating acceptable reliability in a given research. This threshold of Alpha value of 0.6 was used in this study and was achieved hence the instrument was reliable as the components of the questionnaire were all above 0.6.

4.5 Factor analysis

This study sought to assess the effect of de-dollarisation on business performance of the retail sector business in Zimbabwe. Additionally, the specific objectives of this study were to assess how de-dollarisation is influencing operations of retail sector, how de-dollarisation is affecting pricing of commodities in the retail sector operations and business performance, the strategies that can be employed by retail sector to deal with effects of de-dollarisation for the retail sector and recommend measures to overcome the impact of de-dollarisation to improve business performance of retail sector in Zimbabwe.The variables were assessed based on a Likert scale analysis which rated each of the statement based on the level at which the respondents agreed with it. 1 = strongly agree, 2 = agree, 3 = neutral, 4 = disagree and 5 = strongly disagree. A Mean of less than 2.5 was judged to be negative, of 2.5 to be neutral, of 2.5-3.0 to be positive and of more than 3.00 to be strongly positive. The standard deviations represent the variability of the data about the mean. A standard deviation of less than 1 was taken as low (stable) or while that of more than 1 was taken to be high (unstable).

4.5.1 How de-dollarisation is influencing operations of retail sector in Zimbabwe

This study sought to find out how de-dollarisation is influencing operations of retail sector in Zimbabwe. The respondents were requested to rate how de-dollarisation is influencing operations of retail sector in Zimbabwe. The results are depicted in Table 4.4 below.

Table 4.4: How de-dollarisation is influencing operations of retail sector in Zimbabwe

	Range	Mean	Std. Deviation
The use of the Zimbabwean dollar to be the sole currency for legal tender affected retail operations	3.00	3.756	1.016
The banning the use of multiple currencies locally reduced retail operations and sales	3.00	3.844	1.022
Liquidity challenges and shrinking of disposable incomes.	3.00	3.561	.880
Deindustrialisation and market shortages of basic goods and services.	3.00	3.331	.862
Externalisation of the foreign currency.	3.00	3.444	.811
Overall mean score	**3.00**	**3.401**	**.907**

Source: Researcher's analysis based on primary data

Results shown in Table 4.4 above show that respondents strongly agreed that the banning the use of multiple currencies locally reduced retail operations and sale as shown by a mean of

3.844 and a standard deviation of 1.022. The respondents also agreed that the use of the Zimbabwean dollar to be the sole currency for legal tender affected retail operations as shown by a mean of 3.756 and a standard deviation of 1.016. Respondents also agreed that there were liquidity challenges and shrinking of disposable incomes after de-dollarisation as shown by a mean of 3.561and a standard deviation of 0.880.The respondents also agreed that deindustrialisation and market shortages of basic goods and services were now present after de-dollarisation as shown by a mean of 3.331 and a standard deviation of 0.862.The respondents also agreed that externalisation of the foreign currency was present after de-dollarisation as shown by a mean of 3.444 and a standard deviation of 0.811.Additionally, the overall mean score was above 3 and had a standard deviation value less than 1 meaning the variables were all stable suggesting de-dollarisation was influencing operations of retail sector in Zimbabwe in this study.

4.5.2 How de-dollarisation is affecting pricing of commodities in the retail sector operations and business performance in Zimbabwe

This study sought to investigate on how de-dollarisation is affecting pricing of commodities in the retail sector operations and business performance in Zimbabwe. Respondents were requested to rate how de-dollarisation is affecting pricing of commodities in the retail sector operations and business performance in Zimbabwe and results are depicted in Table 4.5 below.

Table 4.5: How de-dollarisation is affecting pricing of commodities in the retail sector operations and business performance in Zimbabwe

	Range	Mean	Std. Deviation
Hyperinflation as a result of de-dollarisation is affecting the pricing of commodities operations	3.00	3.890	.836
Unstable exchange rate framework and low confidence from investors, individuals and businesses is affecting the pricing of commodities operations	3.00	3.968	.874
The government lost control of the growing economy through government expenditure	3.00	3.789	.803
Foreign currency shortages are affecting the pricing of commodities operations and business performance	3.00	3.655	.801
Large fiscal deficit are affecting the business performance of the retail sector	3.00	3.522	.811
Overall mean score	**3.00**	**3.666**	**.831**

Source: Researcher's analysis based on primary data

Results shown in Table 4.5 above show that the respondents strongly agreed that unstable exchange rate framework and low confidence from investors, individuals and businesses is affecting the pricing of commodities operationsas shown by a mean of 3.968 and a standard deviation of 0.874. The respondents also agreed that hyperinflation as a result of de-dollarisation is affecting the pricing of commodities operations as shown by a mean of 3.890 and a standard deviation of 0.836. Respondents also agreed that the government lost control of the growing economy through government expenditure after de-dollarisation is affecting the pricing of commodities operations as shown by a mean of 3.789 and a standard deviation

of 0.803. Additionally the respondents agreed thatforeign currency shortages are affecting the pricing of commodities operations and business performance as shown by a mean of 3.655 and a standard deviation of 0.801.The respondents furthermore agreed that large fiscal deficits are affecting the business performance of the retail sector as shown by a mean of 3.522 and a standard deviation of 0.811.Additionally, the overall mean score was above 3 and had a standard deviation value less than 1 meaning the variables were all stable suggesting de-dollarisation was affecting pricing of commodities in the retail sector operations and business performance in Zimbabwe in this study.

4.5.3 Strategies that can be employed by retail sector to deal with effects of de-dollarisation for the retail sector in Zimbabwe

This study sought to determine the strategies that can be employed by the retail sector to deal with effects of de-dollarisation for the retail sector. The respondents were requested to rate the strategies that can be employed by the retail sector to deal with effects of de-dollarisation for the retail sector. The results are depicted in Table 4.6 below.

Table 4.6: Strategies that can be employed by retail sector to deal with effects of de-dollarisation for the retail sector in Zimbabwe

	Range	**Mean**	**Std. Deviation**
Backward linkages	3.00	3.878	.912
Investing in marketing and advertising activities	3.00	3.952	.919
Diversification	3.00	3.877	.856
Increase production capacity to enjoy economies of scale	3.00	3.801	.901
Building synergies	3.00	3.733	.923
Overall mean score	**3.00**	**3.807**	**.910**

Source: Researcher's analysis based on primary data

Results in Table 4.6 above show that respondents strongly agreed that the retail sector invest in marketing and advertising activities to deal with effects of de-dollarisation for the retail sector in Zimbabweas shown by a mean of 3.952 and a standard deviation of 0.919. The respondents also agreed that the retail sectorpractice backward linkages to deal with effects of de-dollarization for the retail sector in Zimbabweas shown by a mean of 3.878 and a standard deviation of 0.912. Additionally, respondents agreed the retail sector uses diversification to deal with effects of de-dollarisation for the retail sector in Zimbabweas shown by a mean of 3.877 and a standard deviation of 0. 856. The respondents agreed that the retail sector increase production capacity to enjoy economies of scale to deal with effects of de-dollarisation for the retail sector in Zimbabweas shown by a mean of 3.801 and a standard deviation of 0.901. Furthermore, respondents agreed that the retail sector building synergies in their sector or across in order to enjoy synergistic advantages and remain competitive. This is true as the respondents agreed to the statement as shown by a mean of 3.733 and a standard deviation of 0. 923. Additionally, the overall mean score was above 3 and had a standard deviation value less than 1 meaning the variables were all stable suggesting the strategies that can be employed by the retail sector to deal with effects of de-dollarization for the retail sector in this study.

4.5.4 Measures to overcome the impact of de-dollarisation to improve business performance of retail sector in Zimbabwe

This study sought to determine measures to overcome the impact of de-dollarisation to improve business performance of retail sector in Zimbabwe. The respondents were requested to assess and rate measures to overcome the impact of de-dollarisation to improve business performance of retail sector in Zimbabwe and results are depicted in Table 4.7 below.

Table 4.7: Measures to overcome the impact of de-dollarisation to improve business performance of retail sector in Zimbabwe

		Range	Mean	Std. Deviation
	Development of a credible monetary and exchange rate framework.	3.00	3.897	.920
	There is need to create confidence from the public and business.	3.00	3.971	.977
8	Lower money supply and put in place measures to keep a low and stable inflation rate.	3.00	3.740	.888
	Promote exports through for example creation of export processing zones.	3.00	3.699	.982
	Stimulate economic growth through for example increasing government expenditures	3.00	3.599	.902
	Overall mean score	**3.00**	**3.789**	**.911**

Source: Researcher's analysis based on primary data

Results in Table 4.7 above show that respondents strongly agreed that there is need to create confidence from the public and business to overcome the impact of de-dollarisation to improve business performance of retail sector in Zimbabwe as shown by mean 3.971and a standard deviation of 0.977. The respondents also agreed that there is need for the development of a credible monetary and exchange rate framework business to overcome the impact of de-dollarisation to improve business performance of retail sector in Zimbabwe as shown by a mean of 3.897 and a standard deviation of 0.920. Additionally, the respondents agreed that there is need to lower money supply and put in place measures to keep a low and stable inflation rate business to overcome the impact of de-dollarisation to improve business performance of retail sector in Zimbabwe as shown by a mean of 3.740 and a standard deviation of 0.888. The respondents also agreed that there is need to promote exports through for example creation of export processing zones business to overcome the impact of de-dollarisation to improve business performance of retail sector in Zimbabweas shown by a mean of 3.699 and a standard deviation of 0.982. Furthermore respondents agreed that there is need to stimulate economic growth through for example increasing government expenditures business to overcome the impact of de-dollarisation to improve business performance of retail sector in Zimbabwe as shown by mean 3.599 and a standard deviation of 0.902.Additionally, the overall mean score was above 3 and had a standard deviation value less than 1 meaning the variables were all stable suggesting there were measures put in place to overcome the impact of de-dollarisation to improve business performance of retail sector in Zimbabwe in this study.

4.6 Correlation Analysis

A correlation figure is a number between -1 and +1 and it measures the extent or level or degree of association or relationship between two or more variables (Cooper & Schindler, 2016). A positive value for the correlation implies a positive. A negative value for the correlation implies a negative or inverse association (Bryman & Bell, 2017). The main objective of this study was to establish the effect of de-dollarisation on business performance of the retail sector business in Zimbabwe. The specific objectives were to assess how de-dollarisation is influencing operations of retail sector, how de-dollarisation is affecting pricing of commodities in the retail sector operations and business performance, the strategies that can be employed by retail sector to deal with effects of de-dollarisation for the retail sector and recommend measures to overcome the impact of de-dollarisation to improve business performance of retail sector in Zimbabwe. Data was computed into single variables per factor in order to obtain the averages of each factor in this study and Pearson's correlations analysis was then conducted at 99% confidence interval and 1% confidence level 2-tailed. Table 4.8 below depicts the correlation matrix between the impact of de-dollarisation (how de-dollarisation is influencing operations of retail sector, how de-dollarisation is affecting pricing of commodities, strategies that can be employed by retail sector to deal with effects of de-dollarisation for the retail sector and measures to overcome the impact of de-dollarisation) and business performance of retail sector in Zimbabwe.

Table 4.8: Correlation Matrix

		A	B	C	D	E
A	Pearson Correlation	1	.999**	.986**	.950**	.985**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	150	150	150	150	150
B	Pearson Correlation	.999**	1	.970**	.985**	.988**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	150	150	150	150	150
C	Pearson Correlation	.986**	.970**	1	.982**	.991**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	150	150	150	150	150
D	Pearson Correlation	.950**	.985**	.982**	1	.940**
	Sig. (2-tailed)	.000	.000	.000	.000	.000
	N	150	150	150	150	150
E	Pearson Correlation	.985**	.988**	.991**	.940**	1
	Sig. (2-tail	.000	.000	.000	.000	.000
		150	150	150	150	150

	N					
**. Correlation is significant at the 0.01 level (2-tailed).						

Source: Researcher's analysis based on primary data

Key

A-Business performance of retail sector in Zimbabwe

B-How de-dollarisation is influencing operations of retail sector

C-How de-dollarisation is affecting pricing of commodities

D-Strategies that can be employed by retail sector

E-Measures to overcome the impact of de-dollarisation

From the correlation analysis shown in Table 4.8 above, this research found out that de-dollarisation strongly impacted on the business performance of the retail sector business in Zimbabwe. There was a positive strong relationship between the how de-dollarisation is influencing operations of retail sector and business performance of retail sector in Zimbabwe, where the correlation coefficient was 0.999 and a p-value of 0.000. Furthermore this study also found a positive strong relationship between how de-dollarisation is affecting pricing of commodities and business performance of retail sector in Zimbabwe, where the correlation coefficient was 0.986 and a p-value of 0.000.This research established that there is a positive strong relationship between strategies that can be employed by retail sector and business performance of retail sector in Zimbabwe, where the correlation coefficient was 0.950 and a p-value of 0.000.This research established that there is a positive strong relationship between measures to overcome the impact of de-dollarisation and business performance of retail sector in Zimbabwe, where the correlation coefficient was 0.985 and a p-value of 0.000.These above findings clearly showed that de-dollarisation strongly impacted on the business performance of the retail sector business in Zimbabwe. This is true because all the p-values in all the relationships was 0.000 which is less than the alpha value (level of significance) 0.01. Therefore, based on the above findings gathered in this study it can be noted that de-dollarisation strongly impacted on the business performance of the retail sector business in Zimbabwe

4.7Discussion of results

The main purpose of the study was toestablish the effect of de-dollarisation on business performance of the retail sector business in Zimbabwe.To achieve the overall objective this study pursued the following specific objectives:

1 To assess how de-dollarisation is influencing operations of retail sector in Zimbabwe

2 To determine how de-dollarisation is affecting pricing of commodities in the retail sector operations and business performance.

3 To assess the strategies that can be employed by retail sector to deal with effects of de-dollarization for the retail sector

4To recommend measures to overcome the impact of de-dollarisation to improve business performance.

The above results are consistent with the literature gathered in Chapter Two:

4.7.1 How de-dollarisation is influencing operations of retail sector in Zimbabwe

Results show that de-dollarisation is influencing operations of retail sector in Zimbabwe, the results agree with existing literature. In 2019 Zimbabwe witnessed significant changes on the economic front. The economy took a different course of direction from a positive economic trajectory to an inflationary environment according to the monetary policy statement that was released in February 2019.The three tier pricing system was now the order of the day. Foreign currency shortages were also looming and this was exerting pressure on the government. The government introduced the de dollarization process by re introducing the

Zimbabwean dollar to be used as the sole official currency, banning the use of other currencies through the Statutory Instrument 142 of 2019.According to Confederation of Zimbabwe Industry January 2020 report the implied annual inflation rate is now 473%. The use of the Zimbabwean dollar to be the sole currency for legal tender affected retail operations. The banning of the use of multiple currencies locally reduced retail operations and sales. De-dollarisation created liquidity challenges and shrinking of disposable incomes, deindustrialisation and market shortages of basic goods and services and externalisation of the foreign currency among other problems which is influencing operations of retail sector in Zimbabwe (RBZ, 2019).

4.7.2 How de-dollarisation is affecting pricing of commodities in the retail sector operations and business performance.

Results show that de-dollarisation is affecting pricing of commodities in the retail sector operations and business performance and the results agree with existing literature. According to the RBZ, (2019) there is a requirement to list domestic transactions in local currency which is sometimes coupled with the obligation to make payments in domestic currency disallowing the use of the foreign currency in internal transactions. This is a commonly measure used in countries like Angola, Israel and Peru but failed to work in Zimbabwe. However, even if payments continue to be made in foreign currency, displaying prices in local currency can provide an additional impetus to de dollarisation. Pricing of commodities in the retail sector has been affected by de-dollarisation and therefore the retail sector operations and business performance has been affected too. As a result of de-dollarisation hyperinflation resurfaced, unstable exchange rate framework and low confidence from investors, individuals and businesses, government lost control of the growing economy through government expenditure, foreign currency shortages and large fiscal deficits resurfaced affecting the business performance of the retail sector (RBZ, 2019).

4.7.3 Strategies that can be employed by retail sector to deal with effects of de-dollarisation for the retail sector

Results show that there are strategies that can be employed by retail sector to deal with effects of de-dollarisation for the retail sector. These results agree with existing literature in that Zimbabwe remained in debt distress, with external arrears of US$5.7 billion at end-2017, which prevented new financing from the IFIs and limited access to external financing to non-traditional official and commercial creditors Total consolidated public debt outstanding at end-2017 (net of RBZ loans) was 55 percent of GDP, although the recent sharp increase in inflation together with the 1:1 conversion from US$ to $RTGS has inflated away a sizable portion of the real value of domestic public debt, which was projected to decline from about 25 percent of GDP at end-2018 to an expected 11 percent at end-2019. Strategies that can therefore be employed by retail sector to deal with effects of de-dollarisation for the retail sector include building backwardlinkages, investing in marketing and advertising activities, diversification of products and services, increase production capacity to enjoy economies of scale and building synergies among other strategies (RBZ, 2019).

4.7.4 Measures to overcome the impact of de-dollarisation to improve business performance.

Results gathered from this study show that there are measures to overcome the impact of de-dollarisation to improve business performance in Zimbabwe. These results agree with existing literature in that Zimbabwe managed to clear its arrears with the IMF but has not yet cleared its arrears with the World Bank and this is reducing its chances for getting external loans to finance the economy. The shortage of foreign currency has hit hard on the economy which depends heavily on imports. Inflation continues to rise and this has an effect on the disposable income of citizens and in the end affects business performance. These major trends have now led to the de-dollarisation and the hyper inflationary environment that we are currently experiencing. There is need for business to be innovative in order to survive. There is need for the government to develop a credible monetary and exchange rate framework, create confidence from the public and business, lower money supply and put in place measures to keep a low and stable inflation rate, promote exports through for example creation of export processing zones and stimulate economic growth through for example increasing government expenditures among other measures (RBZ, 2019).

Table 4.9 below depicts the hypotheses decisions arrived at after considering the research findings and literature gathered in this study.

Table 4.9: Research hypothesis

Hypothesis	**Decision**
H0: De-dollarisation has a negative impact on business performance in Zimbabwe.	Accept

Source: Researcher's analysis based on primary data

From table 4.9 above the hypothesis "H0: De-dollarisation has a negative impact on business performance in Zimbabwe" was accepted for this study. This means thatde-dollarisation is negatively impacting the business performance of the retail sector business in Zimbabwe.

4.8 Chapter summary

This chapter discussed, analysed, presented and interpreted data gathered onthe impact of de-dollarisation on business performance of the retail sector business in Zimbabwe.The chapter was divided into the following sections: introduction, descriptive analysis covering the response rate, gender of respondents, age, highest level of education attained by respondents, category in management and work experience. The Statistical Package for the Social Sciences (SPSS) V21 and Microsoft excel tools were used to aid in data analysis and data was presented in tables and diagrams to help in interpretation and understanding of the results. Reliability and factor analysis on theimpact of de-dollarisation on business performance of the retail sector business in Zimbabwe were carried out to assess if the instrument was adequate and reliable to provide valid results. The contents of the questionnaire proved to be reliable and valid for this study. This was then followed by the correlation analysis which tested the relationships of the independent variables (impact of de-dollarisation) on the dependent variable (business performance of the retail sector business in Zimbabwe). This was then followed by the discussion of results which was done in accordance to the hypotheses set in Chapter 1and literature gathered in Chapter 2 of this study. The following Chapter provides: summary, conclusions, recommendations and areas of further research from the critical analysis of the impact of de-dollarisation on business performance of the retail sector business in Zimbabwe.

CHAPTER 5

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The previous chapter analysed, discussed and presented results on the effect of de-dollarisation on business performance of the retail sector business in Zimbabwe. This chapter provides summary, major findings, conclusions, recommendations and areas of further research. The research objectives were clearly outlined which culminate into the conclusions and recommendations based on research findings gathered in this study.

5.2 Summary

The main aim of this study was to establish the effect of de-dollarisation on business performance of the retail sector business in Zimbabwe. This study was done with specific reference to aassessing how de-dollarisation is influencing operations of retail sector in Zimbabwe, how de-dollarisation is affecting pricing of commodities in the retail sector operations and business performance, the strategies that can be employed by retail sector to deal with effects of de-dollarisation for the retail sector and lastly recommend measures to overcome the impact of de-dollarisation to improve business performance. Pilot testing was done to test and ensure both validity and reliability of the questionnaire before collecting final data. The questionnaire instrument was then refined. Comments and views gathered from the pilot testing were incorporated into the final questionnaire and final data for this research was collected. Data was collected using the questionnaire instrument. The survey had 250 coded questionnaires which were self-administered by the researcher to the respondents. From 250 questionnaires there were administered only 180 questionnaires that were successfully returned, giving an absolute response rate of 72.00%. However, there were 30 questionnaires that were screened out because they were incomplete giving us an effective number of 150 questionnaires used for data analysis therefore giving an effective response rate of 60.00% in this study. These 150 questionnaires were used in data analysis and presentation of results. Data used in this study was collected from a representative sample which was adequate and very reliable. The findings indicate that de-dollarisation negatively affected the business performance of the retail sector business in Zimbabwe.

5.3 Summary of major findings

This section seeks to provide major findings based on the research objectives set in Chapter 1.

5.3.1How de-dollarisation is influencing operations of retail sector in Zimbabwe

This study sought to determine how de-dollarisation is influencing operations of retail sector in Zimbabwe. Results indicated that de-dollarisation is negatively influencing operations of the retail sector in Zimbabwe. De-dollarisation has led to liquidity challenges and shrinking of disposable incomes. It has also led to deindustrialisation and market shortages of basic goods and services as well as the externalisation of the foreign currency in Zimbabwe.

5.3.2How de-dollarisation is affecting pricing of commodities in the retail sector operations and business performance

This study sought to determine how de-dollarisation is affecting pricing of commodities in the retail sector operations and business performance. The findings indicate that de-dollarisation is negatively affecting the pricing of commodities in the retail sector operations and business performance. Hyperinflation as a result of de-dollarisation is affecting the pricing of commodities operations. Unstable exchange rate framework and low confidence from investors, individuals and businesses is affecting the pricing of commodities operations. As a result of de-dollarisation, the government lost control of the growing economy through government expenditure. Foreign currency shortages as a result of de-dollarisation are affecting the pricing of commodities operations and business performance. Large fiscal deficits as a result of de-dollarisation are affecting the business performance of the retail sector.

5.3.3 The strategies that can be employed by retail sector to deal with effects of de-dollarisation for the retail sector

This study sought to establish the strategies that can be employed by retail sector to deal with effects of de-dollarisation for the retail sector. The findings indicate that there are strategies that can be employed by retail sector to deal with effects of de-dollarisation for the retail sector in Zimbabwe. This can be achieved through: backward linkages, investing in marketing and advertising activities, diversification and increase production capacity to enjoy economies of scale or building synergies.

5.3.4 Measures to overcome the impact of de-dollarisation to improve business performance

This study sought to recommend measures to overcome the impact of de-dollarisation to improve business performance. The findings indicate that there are measures that can be employed to overcome the impact of de-dollarisation to improve business performance. These measures include: the development of a credible monetary and exchange rate framework, creating confidence from the public and business, lowering of the money supply and put in place measures to keep a low and stable inflation rate, promoting exports through for example creation of export processing zones or stimulating economic growth through for example increasing government expenditures.

5.4 Conclusions

The main aim of this study was to establish the effect of de-dollarisation on business performance of the retail sector business in Zimbabwe.The research was carried out with specific reference toassess how de-dollarisation is influencing operations of retail sector in Zimbabwe, how de-dollarisation is affecting pricing of commodities in the retail sector operations and business performance, the strategies that can be employed by retail sector to deal with effects of de-dollarisation for the retail sector and lastly recommend measures to overcome the impact of de-dollarisation to improve business performance.

Based on the results gathered in this study it was concluded that de-dollarisation has a negative strong effect on business performance of the retail sector business in Zimbabwe. It was also established that:

a) De-dollarisation is negatively influencing operations of the retail sector in Zimbabwe.
b) De-dollarisation is negatively affecting the pricing of commodities in the retail sector operations and business performance.
c) There are strategies that can be employed by retail sector to deal with effects of de-dollarisation for the retail sector in Zimbabwe.
d) There are measures that can be employed to overcome the impact of de-dollarisation to improve business performance.

5.5 Evaluation of the research hypothesis

This study accepted the null hypothesis "H0: De-dollarisation has a negative impact on business performance in Zimbabwe." This means thatde-dollarisation was negatively impacting the business performance of the retail sector business in Zimbabwe according to the findings in this study.

5.5 Recommendations

The following recommendations were identified basing on the research findings and literature gathered:

a) Development of a credible monetary and exchange rate framework.
b) There is need to create confidence from the public and business.
c) Lower money supply and put in place measures to keep a low and stable inflation rate.
d) Promote exports through for example creation of export processing zones.
e) Stimulate economic growth through for example increasing government expenditures.

5.6 Areas of further study

Further research could be done on the same subject but covering other sectors besides the retail sector business in Zimbabwe. Further study can also be done on the effect of de-dollarisation to the national income, economic growth or economic development. A further study can also be done on the benefits of de-dollarisation to the national income.

5.7 Chapter summary

This chapter gave the study summary, major findings, conclusions, recommendations and areas of further research. These were discussed and presented with constant references to the research objectives set in Chapter 1.

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Appendix 1: Questionnaire

UNIVERSITY OF ZIMBABWE
GRADUATE SCHOOL OF MANAGEMENT

QUESTIONNAIRE

Dear participant,

I am a final year MBA student at the University of Zimbabwe. I am carrying out **"An assessment of the impact of de-dollarisation on business performance in a hyper inflationary environment in Zimbabwe: A case study of the retail sector in Harare."** You are allowed to be anonymous and your responses will be used only for academic purposes and treated with highest confidentiality.

IMPORTANT NOTE:

Information provided through the questionnaire will be treated with confidentiality and will be exclusively for academic purposes. I would like to ask you to be objective and realistic throughout the questionnaire survey in assessing your organization. You are required to answer all questions and your time will be greatly appreciated. There is no wrong or right answer.

INSTRUCTIONS:

A) Do not write your name on the questionnaire.
B) Please read each question carefully.
C) Kindly answer all the questions by ticking or filling in the spaces provided.
D) This questionnaire has 6 printed pages.

SECTION A: BACKGROUND INFORMATION

A1: Indicate your gender

Male [ ] Female [ ]

A2: Indicate your age range

Below 25 years	25 – 34 years	35 – 44 years	45 – 54 years	Above 55 years

A3: Indicate your highest educational qualifications

Certificate and below	Diploma	Bachelors	Masters and above

A4: Indicate your work experience in years in the retail sector

Below10		10–20		Above 20	

SECTION B: HOW DE-DOLLARISATION IS INFLUENCING OPERATIONS OF RETAIL SECTOR IN ZIMBABWE.

Please mark with a Tick in the applicable box with regard to how de-dollarisation is influencing operations of retail sector in Zimbabwe. Indicate your response against each of the following statements on a scale of 1-5 as highlighted below:

1= Strongly agree; 2= Agree; 3= Neither agree nor disagree; 4= Disagree; 5= Strongly disagree.

CODE	DESCRIPTION	1	2	3	4	5
B1	The use of the Zimbabwean dollar to be the sole currency for legal tender affected retail operations.					
B2	The banning the use of multiple currencies locally reduced retail operations and sales.					
B3	Liquidity challenges and shrinking of disposable incomes.					
B4	Deindustrialisation and market shortages of basic goods and services.					
B5	Externalisation of the foreign currency.					

SECTION C: HOW DE-DOLLARISATION IS AFFECTING PRICING OF COMMODITIES IN THE RETAIL SECTOR OPERATIONS AND BUSINESS PERFORMANCE.

Please mark with a Tick in the applicable box with regard to how de-dollarisation is affecting pricing of commodities in the retail sector operations and business performance. Indicate your response against each of the following statements on a scale of 1-5 as highlighted below:

1= Strongly agree; 2= Agree; 3= Neither agree nor disagree; 4= Disagree; 5= Strongly disagree.

CODE	DESCRIPTION	1	2	3	4	5
C1	Hyperinflation as a result of de-dollarisation is affecting the pricing of commodities operations					
C2	Unstable exchange rate framework and low confidence from investors, individuals and businesses is affecting the pricing of commodities operations					
C3	The government lost control of the growing economy through government expenditure.					
C4	Foreign currency shortages are affecting the pricing of commodities operations and business performance					
C5	Large fiscal deficits are affecting the business performance of the retail sector					

SECTION D: STRATEGIES THAT CAN BE EMPLOYED BY RETAIL SECTOR TO DEAL WITH EFFECTS OF DE-DOLLARIZATION FOR THE RETAIL SECTOR.

Please mark with a Tick in the applicable box with regard to the strategies that can be employed by retail sector to deal with effects of de-dollarization for the retail sector. Indicate your response against each of the following statements on a scale of 1-5 as highlighted below:

1= Strongly agree; 2= Agree; 3= Neither agree nor disagree; 4= Disagree; 5= Strongly disagree.

CODE	DESCRIPTION	1	2	3	4	5
D1	Backward linkages					
D2	Investing in marketing and advertising activities					
D3	Diversification					
D4	Increase production capacity to enjoy economies of scale					
D5	Building synergies					

SECTION E: MEASURES THAT CAN BE PUT IN PLACE TO OVERCOME THE IMPACT OF DE-DOLLARISATION TO IMPROVE BUSINESS PERFORMANCE.

Please mark with a Tick in the applicable box with regard to measures that can be put in place to overcome the impact of de-dollarisation to improve business performance in the retail sector. Indicate your response against each of the following statements on a scale of 1-5 as highlighted below:

1= Strongly agree; 2= Agree; 3= Neither agree nor disagree; 4= Disagree; 5= Strongly disagree.

CODE	DESCRIPTION	1	2	3	4	5
E1	Development of a credible monetary and exchange rate framework.					
E2	There is need to create confidence from the public and business.					
E3	Lower money supply and put in place measures to keep a low and stable inflation rate.					
E4	Promote exports through for example creation of export processing zones.					
E5	Stimulate economic growth through for example increasing government expenditures					

F. Any other information you may wish to provide concerning **"the impact of de-dollarisation on business performance in a hyper inflationary environment in Zimbabwe"**

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Thank you very much for your cooperation and support