

An assessment of the role of spatial planning in the promotion of small and medium enterprises in small urban centres: Case of Shamva and Mazowe districts.



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DISSERTATION

Submitted in partial fulfilment of the requirements for the Degree of Master of Science in Rural and Urban Planning: University of Zimbabwe

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October 2014

My darling wife Netsai, Salem and Shekinah!

Acknowledgements

This dissertation would not have been possible without the help that I received from my colleagues. To my supervisor Mr Mutsindikwa, I would not have done it without your valuable input. I want to thank you very much for your unconditional support and a job well done despite all the challenges faced.

I am very grateful to all the key informants who provided the much needed data, the Department of Physical Planning, Local Authorities in charge of Shamva and Mazowe Districts, Ministry of Small and Medium Enterprises, SMEs representatives. Much thanks also goes to the active figures of the SME sector in the study areas.

Special thanks go to my family for their understanding and patience throughout the tough period. Thank you very much for the unwavering support.

Above all the Honour is to the Almighty God, who is rich in Mercy! Glory be to him for keeping me this far. Amen!!!!!!

Abstract

This study examined the role of spatial planning in the promotion of small and medium enterprises (commonly abbreviated SMEs) in small urban centres. Specifically the study intended to (i) Assess the role of spatial planning in the promotion of small and medium enterprises in small urban centres (ii) Find out the perceptions and different activities of small and medium enterprises in the study areas. (iii) Give an understanding of the challenges and institutional arrangements that characterises SMEs in areas under study. Data for the study was collected from two districts i.e Shamva and Mazowe in Mashonaland Central Province using unstructured questionnaires. Descriptive statistics and tables were used to analyse data. The study findings revealed that there are efforts by spatial planners, the government and other key stakeholders to advance the development and firm establishment of small and medium enterprises. However the views of these small entrepreneurs revealed that their operating environment is still hostile. The study therefore conducted that the role of spatial planning is crucial in the promotion of SMEs in small urban centres. It was then recommended that both government and other stakeholders should promote the growth and development of SMEs given the socio-economic gains the SME sector offers.

TABLE OF CONTENTS

Acknowledgements.....	iii
Abstract.....	iv
TABLE OF CONTENTS.....	v
Acronyms.....	viii
List of appendices.....	ix
CHAPTER 1.....	1
1.0 Introduction.....	1
1.1 Background to the research.....	1
1.2 Problem statement.....	2
1.3.1 Objectives of the Study.....	3
1.4 Research questions.....	3
1.5 Significance of the study.....	3
CHAPTER TWO.....	5
2.0 Introduction.....	5
2.1 Defining the SME sector.....	5
2.2 Economic role of SMEs.....	6
2.3 SME Sector: A Global Perspective.....	8
2.4 Regional Experience.....	10
2.4.1 Botswana Case on Small, Medium and Micro Enterprises Policy.....	10
2.5 Spatial Planning System and Informality.....	11
2.6 SMEs from a Zimbabwean perspective.....	12
2.7 Development Control and the SME Sector in Zimbabwe.....	12
2.8 Community Engagement and Citizen Empowerment in SME Sector Planning.....	13

2.9 Urbanisation effects on the SME Sector.....	14
2.10 Chapter Conclusion.....	14
CHAPTER THREE	15
3.0 Introduction.....	15
3.1 Research strategy	15
3.2 Research methods	15
3.3 Selected research methods	16
3.3.1 Interviews.....	16
3.3.2 Questionnaires.....	17
3.3.3 Observations	17
3.4 Data collection	18
3.4.1 Secondary and Primary data	18
3.5 Respondents	18
3.6 Scientific approach.....	18
3.7 Research Methodology Matrix	19
3.9 Ethical Considerations	20
CHAPTER FOUR	21
4.0 Introduction.....	21
4.1 Characteristics of Sample Respondents	21
4.2 The role of spatial planning in the promotion of small and medium enterprises in shamva and Mazowe.....	22
4.4 To find out the perception of entrepreneurs in the SME sector in Shamva and Mazowe	27
4.4.1 Sources of Capital	30
4.4.2 SME Sector Prospects for Growth.....	33
4.5 Understanding the challenges and institutional arrangements characterising SMEs.....	35

4.6 Chapter Conclusion.....	38
CHAPTER FIVE	39
5.0 Introduction.....	39
5.1 Conclusions.....	39
5.2 Recommendations.....	41
5.2.1 Pure Citizen Participation in the Spatial Planning Process.....	41
5.2.2 Spatial Approaches to the SME sector.....	41
5.2.3 The Planner, The Public, The Planning Process and The SME sector	42
5.2.4 Sound National Policies, Frameworks, Policy Designs and Reforms	43
5.3 Recommendation Matrix	44
5.4 Chapter Conclusion.....	45
REFERENCES	46

Acronyms

LAs – Local Authorities

SP – Spatial Planning

MSMEs – Micro, Small and Medium Enterprises

DPP – Department of Physical Planning

SIRDC –Southern Institute of Research and Development Corporation

UNECE – United Nations Economic Commission for Europe.

RTCP - Regional Town and Country Planning

ESPC - European Spatial Planning Charter

MSMECD – Ministry of Small and Medium Enterprises and Cooperative Development

SBAC - Small Business Advisory Council

SMEDCO – Small and Medium Enterprises Development Corporation

RDC - Rural District Council

GDP - Gross Domestic Product

List of appendices

- 1.4a SME sector interview schedule
2. 4b SME Operators Questionnaire
3. 4c Department of Physical Planning Interview Schedule
- 4.4d Subdivision Layout: Mazowe/ Salisbury district
5. 4e Subdivision Layout: Shamva district

CHAPTER 1

INTRODUCTION AND BACKGROUND

1.0 Introduction

Various researches on the establishment of small and medium enterprises have alluded to the fact that there are so many obstacles hindering the development and establishment of small and medium enterprises in small urban centres. Nyoni (2002) pointed out that, lack of access to land and unavailability of basic infrastructure are some of the barriers to SME development in Zimbabwe. Some professionals have also pointed to the rigidity of spatial planning legislation and this rigidity affects the SME sector. The principal legislation in the field has been blamed for being inflexible hence hindering the development and establishment of small and medium enterprises (Chirisa and Dumba 2012, SIRDC 2012, ZIRUP 1990, Maunganidze 2012). The research therefore intends to take a closer look at the role of spatial planning, the effects of available planning arrangements and legislation on the SME sector specifically in small urban centres.

1.1 Background to the research

As advanced by Raftopolous (2006), planners and academicians in the Sub Saharan Africa have now acknowledged that the future of their countries' competitiveness and economic growth will heavily depend on the small and medium enterprises performance, and thus we also found the trend whereby researchers are concentrating on the performance of SMEs in the manufacturing sectors of their countries. The role of spatial planning in enhancing the development of these SMEs has been debated by many planners. The unique feature of most SMEs according to Mwasha (2011) is that they can be easily established since their requirements in terms of technology, management and utilities are not demanding.

Helmsing (1993) argues that a lot of attention about SMEs is being paid to macro policy dimensions of small and medium enterprises and to issues of efficiency of SMEs. Little attention has been paid to the long term perspective of the role of SMEs in the economy with reference to the role played by spatial planning. With such a revelation there is need to explore the important gaps that is being left by the pieces of spatial planning legislation, mainly the Regional Town

and Country Planning Act. There is also need to explore how the development standards in place have been accommodative since the emergence of the SME sector (Chirisa 2007, 2009, Dhemba 1999, Gumbo 2011, Menyah 2009, Zindiye 2008, Soini and Veselli 2011, Adeyinka et al 2006, Marongwe, Mukoto and Chatiza 2011, Wubalem 2000 and Chipungu 2011). The contribution of SMEs to the gross domestic product of the country is crucial and can never be overemphasised SIRDC (2012:12). Income generation in small towns have been made available by engaging in manufacturing industries through SMEs. The research by Sibanda (2012) revealed that SMEs are the major players in small urban centres. In Bindura for instance 70 % of the manufacturing output currently is allotted to the small and medium enterprises Sibanda (2012). However a gap was noted that the SME sector requires a lot of infrastructural support if it desires to reach full potential.

In his research Zindiye (2008) asserts that SMEs despite their contributions to the economy, they have not been given due attention by spatial planners and that research has been bias towards large enterprises.

1.2 Problem statement

The literature available on the factors hindering the growth and development of Small and Medium Enterprises seems to be voluminous yet little has been researched on the role of spatial planning in promoting the development of the SME sector. More so, SMEs and spatial planning remain by and large an unexplored area (grey area). Little has been carried out in this area and therefore it behoves the researcher to have eagerness in inquiring on the role of spatial planning in the promotion of SMEs in small urban centres. Brown (2000) has advanced that the spatial planning system of Zimbabwe is not flexible because it is not better suited for the current economic policies, trends and shifts. This therefore signals a lot of questions which need to be addressed by this research.

1.3 Purpose of the study

The study seeks to assess the role of spatial planning in the promotion of small and medium enterprises in small urban centres. A case of two districts in Mashonaland Central is used.

1.3.1 Objectives of the Study.

1. To assess the role of spatial planning in the promotion of micro, small and medium enterprises in small urban centres.
2. To find out the perceptions and different activities of small and medium enterprises in the study areas.
3. To give an understanding of the challenges and institutional arrangements that characterises SMEs in areas under study.
4. To propose an agenda for spatial planning reforms with the intent of promoting SMEs in small urban centres.

1.4 Research questions

The study seeks to be guided by the following research questions

1. What is the meaning of SMEs and their importance to the economies of small urban centres?
2. What role does spatial planning play in the promotion of SMEs?
3. What are the spatial needs of SMEs?
4. What are the effects of the current development standards on SMES?
5. To what extent do spatial plans reflect the spatial needs of SMEs in terms of design?
6. What activities dominate the SME sector and their categories in terms of service, retail and manufacturing?

1.5 Significance of the study

Theoretically it is hoped that the study will fill a conceptual gap in literature since very little research has been done on spatial planning and SME development. In practise it is critical to mention that the study will be used by various stakeholders specifically the Ministry of Local Government, Public Works and National Housing and the Ministry of Small and Medium Enterprise Development in developing better policies, standards and regulations that suits the

current trends and that promotes the development and establishment of small and medium enterprises in urban centres. The research is also expected to influence certain government policies prevailing at the current state for instance ZIMASSET and the tropical indigenisation and empowerment policy. It is also hoped that Local Authorities will use the results of the study to develop policies and strategies that will guide planning for and location of SMEs within their catchments. Finally the results of this study will be disseminated in workshops and published and stored in the University Library thus will contribute to a stock of knowledge.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.0 Introduction

This Chapter seeks to present a detailed overview of previous literature. It is worthwhile to note that the first and foremost part of this Chapter details an overview of literature about the SME sector or traditionally the informal sector. The second part of the Chapter presents and discusses the literature related to spatial planning and urban land use management.

2.1 Defining the SME sector

Small and medium enterprises have been defined in various dimensions, scale and the nature of their meaning and definitions are diverse (Darren et al 2009). The acronym for small and medium scale enterprises is SMEs; this has been earlier provided on the acronyms section. There is thus no single definition for these SMEs across the continent. This therefore means that there is no universally accepted meaning or definition of SMEs. Arrowomole 2009 argued with the same sentiments that a single definition in the literature for the subject of SMEs has been difficult to establish since different countries have different criteria for the meaning and definition of SMEs. The dimensions and approaches that were employed in coming up with definitions were multidirectional Arrowomole (2000). In addition, the argument of Conrad and Daren (2009) alluded that there are crucial reasons behind the multidirectional approach and the reasons are basically to reflect the accuracy of the size of the country, the size of the industry, size and employment differences. Whilst there are controversies, complexities and differences in the definitions and meanings across the global village Baumbach's definition was unveiled in terms of employment, asset value and also dollar sales (Baumbach 1983). This definition differs from that of Jasra et al (2011), who just perceive an SME as a business and not a public company.

Given the above revelations it can thus reveal from the works of other researchers that the definitions and meanings of SMEs are challenging since there is no any well agreed single definition of an SME. Various authors like Ranger (2007) have tried to demystify the SME sector's definition by focussing on elements, features and characteristics like lack of government regulation, or lack of such institution that make available job security and accompanying benefits. However the view of Sethuram (1976) is that the informal urban sector enterprises reflect firms employing ten or less full time workers with the exception of the liberal professions. This then includes a wide range of activities from household to personal services and from commercial to non – commercial services involving firms and individuals.

2.2 Economic role of SMEs

The significance of having small enterprises in the country can never be overemphasised. In many countries it has been observed that the existence of SMEs has provided much needed economic gains nations so desire. Authors like Okende and Ojukuku (2008) have well agreed that the role of SMEs in contributing to job creation, innovation and economic growth can never be overlooked since there has been a vivid recognition and acknowledgement at global level. Okande and Ojukuku (2008), further argued that in many countries or actually in the world over SMEs activities account for a greater percentage of industrial growth in terms of the GDP. A lot of literature has pointed out that in advanced countries like USA, Russia, China and the UK SMEs have proved to be pillars in catalysing economic growth of these nations. SMEs have also been dubbed major sources of income generation in poor countries; their economic role in creating employment has been too loud to imagine OECD (2009).

Sharp (2002), has his idea that the economic role of these SMEs are not heresy but real and practical in the simple way such that they are even more productive than large firms but there are just obstacles or impediments normally due to failure of financial markets for start-up capital and other supportive mechanism for their sustainability (Sharp 2002). The idea of Sharp 2002 was well supported by Snodgrass and Biggs (1996); who perceived SMEs as labour intensive. To qualify the above notion the World Bank (1991); indicated that the SME sector employment total labor force remained high between the year 1978 and 1988. It has absorbed about 92% of the total employment. Similarly ILO/JASPA (1989) reported that the informal sector has increased by an average of 0.7% each year between 1980 - 1988 in Africa and employed more people than the formal sector by creating 6 million new jobs against 0.5 million over the same period.

In Tanzania It was reported by NISS (1991) that about 2,369,380 people were engaged in the informal sector by 1991, 26% of them were informal sector employees while the rest 74% were sole operators, about 35% were female operators and employees and 65% were male operators. In response to this, the informal sector contributes to the major part of employment and is seen to contribute at a lower rate, but significantly in terms of income generation it provides 20-30 of rural income (Sarris & Brink's. 1993, Bagachwa et al.1995). From the above empirical information it can be concluded that the SME sector is even accommodating gender issues. This then means that in terms of livelihoods women are also better placed in the informal sector of the urban economy.

According to Bagachwa and Ndulu (1996) the major beneficiaries of informal employment opportunities seem to have been the migrant labourers. In their survey for Dar es Salaam and Arusha they found that the majority of labour force (84% in Arusha and 90% in Dar es Salaam) migrated from outside the respective world place. Bagachwa and Ndulu (1996) acknowledged that urban small activities are considered important in the overall context of development because they provide employment for the disadvantage section of the population.

Todaro & Smith (2009) defined poverty in a better and sensible way; they talk of a population being in a position to meet its bare subsistence essentials of food, clothing and shelter in order to sustain their livelihood or to maintain their minimum level of living. Poverty has been pinpointed as one of the major threat to human survival. The importance of SMEs in alleviating poverty can never be overlooked. Strengthening SMEs in developing countries have led to lower levels of poverty. Mukras (2003) has well supported this idea by mentioning that the positive effects of SME dominance have made the income levels better. Jain (2006) has also supported Mukras (2003) by arguing that the manifestation of poverty alleviation strategies by strengthening SMEs is seen as people enjoy some form of income. Okpukpara (2009) echoes the same sentiments that their share and dominance in economic activity directly alleviates poverty. The World Bank (2003) has also recognised the importance of SMEs in the alleviation of poverty. Further to that the works of Harvie (2004) and Beck et al (2006) cement the whole idea that SMEs have been making great tides in alleviating poverty by providing basic necessities of life.

The contribution of SME sector to the Gross Domestic Product in Zimbabwe was about 47% in year 2000 (SIRDC 2012). This is quite a reasonable amount bearing in mind that this sector is not counted in the office statistics. Due to the exclusion of this information in the calculation of national income a gross understatement of the level per capital income of the population is inevitable. Given the counting expansion of the SME sector, a greater potential for a higher contribution to the GDP exists (Okafor 2006).

The income generation opportunities offered by the SME sector provides a very important source of livelihood for a large proportion of the population in the urban and rural areas (Amyx 2005}. This is manifested by the larger number of people employed in this sector. As the “ultimate refuge” in beneficial economic activities it is a source of income without which abject poverty, increased crime rate and social unrest would have been the inevitable out comes. For instance,

statistics indicate that in 2000 the SME sector's share to the total employment was 32% with 66% of the urban labour force and 19% of the rural labour engaged in the informal sector, earning estimated average of Z\$ 230.00 per month. The end of 2006 estimated the SME sector to employ about 83% of the total labour force in Zimbabwe (SIRDC 2012). This high rate may be attributed to the deficient labour capacity in the formal sector and negative trend experienced among other factors. Apart from the contribution of the SME sector to poverty reduction, Omary (1995) reported that the informal sector plays a vital role in improving people welfare. The emphasis was on the key contribution to the household economy. In fact, without informal activities the households would suffer economic hard ships. For example, Omary (1996) reported that women who are the food vendors earn income which goes directly not only to the bread winners but also help for other household responsibilities. Likewise, Msangi (2002) reported that food vending business is prospering due to its potential contribution to household welfare. This is because the business contributes a lot to the poor people involving in such a business

Having looked at the contributions offered by the SME sector it is crucial at this juncture to take a closer look at the global perspective of the 'irregular sector' as put across by (Mead 1998).

2.3 SME Sector: A Global Perspective

Gupta (2000) noted that the contribution of SMEs to economic growth and GDP is extremely high. In Bangladesh it is estimated that SMEs contribute 80% of the industrial GDP and provide employment to 82% of the total industrial sector employment (Federal Bureau of Statistics 2007). In Pakistan SMEs' contribution in GDP is 30%. In India SMEs' contribution is the same as that of Pakistan. In Thailand and in Philippines the SME contributions are above 70% of all employment and manufacturing value added. In Ghana the situation on the ground show that though strengthening the SME development agenda was lately done, there is a huge role being played by these small enterprises in providing basic necessities to the Ghanaians people. Fredrick (2005) highlighted that in its rural areas and certain regions SMEs are making people afford their basic necessities.

For South Africa it has been discovered that presently the SMEs are contributing about 40% of GDP (Guide 2009).in Nigeria 90% of firms are small enterprises and this means a lot in terms of their contribution to the Nigerian economy (Nmachi 2007). In Singapore Chea (2009) learnt that

SMEs employ almost half of the working population and their contribution to the industrial establishment is 92%. The informal sector is estimated to account for about 75 per cent of the total employment in Sub – Saharan Africa, 89 per cent in Pakistan and 75 per cent in Brazil (World Bank, 2000). In North Africa, informal employment makes up 48 per cent of non-agricultural employment, 51 per cent in Latin America and 65 per cent in Asia (Wikipedia, the free encyclopaedia). In Nigeria, the informal economy accounts for about a third of the 50 million labour force out of 123.9 million people in 1999. As Simon (1998) noted, the main economic activity in the informal economy is retail trade and most workers in this sector run front shops, stalls, kiosks or hawk goods as part or full – time activity by millions of children of both sexes in urban and semi – urban areas such as Lagos, Ibadan, Oshogbo, Aba, Onitsha, Kano, Maiduguri and Abuja (Oyerinde, 2001). These children which constitute 10 per cent of informal traders fall between the ages of 5 and 14 years (Trade Union World, 2000).

The upsurge in the number of participants in the informal economy universally has been adduced to various reasons. According to Okeke (2000), poverty has been highlighted as the major inducer of these informal activities while others such as rural – urban migration, increase in population growth rate, urbanization and unemployment are also crucial contributing factors. In addition, economic crises such as underemployment, lack of governmental resources for basic services, and ineffective and cumbersome government regulations have further fuelled the situation (Urban Age, 1993). Consequently, those that are often employed full time in the formal sector yet are forced to find additional means of income to survive while the unemployed take to miniature jobs just to make ends meet. Manning (1993) also commented that the progressive weakening of the formal economy as in the case of South Africa, has exhibited an alarming decrease in its capacity to absorb new entrants to the labour market; hence entrepreneurs were functioning in the informal economy ‘out of necessity rather than choice’. Manning concluded that low labour absorption in the formal economy and the dire crisis of survival are the primary factors responsible for the massive expansion of the informal economy that has taken place over the last decade.

2.4 Regional Experience

2.4.1 Botswana Case on Small, Medium and Micro Enterprises Policy

Botswana embarked on an industrial project that facilitates employment and diversification of its economy through the encouragement and support of small, medium and micro-enterprises (SMMEs). Therefore encouraging the informal sector constitutes one element among several aimed at boosting industrial development in Botswana (Menyah 2009).

Although Botswana does not have a comprehensive informal sector development policy, it realized the potential and importance of SMMEs in creating jobs and generating income since support from formal sector is limited in this regard. Taking into account the socio-economic objectives incorporated in its successive National Development Plans, Botswana's SMMEs policy was approved in 1998 as an integral part of the government's strategy towards industrial development and economic diversification with the intention of developing the informal sector. The SMME policy was the result of the recommendations of a SMMEs Task force set up by the government. The Task Force was unique in itself because unlike in most developing countries, where SMME policy has been developed primarily by government officers and by inter-departmental government committees, the Botswana government appointed an independent Task Force with majority representation from the private sector to steer the development of an SMME policy (RoB, 1998). Though the policy is not specific to the development of the informal sector, nevertheless, it provides a framework within which the informal sector can be nurtured.

The SMMEs policy is meant not only to create an enabling environment for informal enterprises to flourish but also grow and eventually become self-sustaining. The policy is also intended to develop citizen entrepreneurship and empowerment and thereby increase the proportion of citizens' participation in economic activity. Besides this, achieving economic diversification, promoting exports, creating sustainable employment opportunities and promoting integration and linkages between SMMEs and primary industries in agriculture, mining and tourism received attention (RoB, 1999).

The SMME policy's emphasis is on institutional arrangements to encourage and support entrepreneurship, streamlining and simplifying the regulatory process involved in setting up of micro enterprises. An important aspect is increasing access to urban space and finance as many

of these enterprises have financial constraints posed by majority financial institutions that refuse to extend credit in the absence of collateral and insufficient contribution of owners. The focus is also on market opportunities and deals with education and training that play a vital role in the development of entrepreneurial motivation. Promoting vocational education and training to meet the needs of the informal sector has received much attention in the policy.

2.5 Spatial Planning System and Informality

Spatial planning starts with the community and is known to influence the distribution of activities in space. According to OECD (2010), spatial planning also encompasses land use planning and statutory planning, thus the discipline links development to place, time and agents of change, this then reveal the importance and vital function of the spatial planning system in influencing the development of the SME sector, thus an accommodative approach is therefore desired.

In order to adopt an accommodative approach, a first basic task is to convince the government, planners and policy makers that the urban informal sector contributes significantly to national economic and social development in a variety of ways Finn (2002). Another important task is to overcome some well-known doubts and concerns with respect to the sector. At the third level, it is important to make a change in the overall attitudes towards the informal sector so as to ensure an enabling environment for people to exercise their 'right to work' without hindrance from any quarter Brown (2002). This right to work would not involve 'providing' jobs by the government, neither would it require acceptance of working situations that conflict with desirable patterns of urban planning. Such recognition would rather require urban planners to bring necessary changes in the urban planning paradigms, which largely originated from the Western experience of urban industrial development that had no significant presence of urban informal sector. Success in these three directions would ensure an optimal environment for the operations, expansion and development of these small businesses.

2.6 SMEs from a Zimbabwean perspective.

In Zimbabwe the recent study using and reinterpreting data from Zimbabwe's labour force Survey of 2004, concluded that around 4.1 million were involved in informal sector activities against a total of 97500 workers holding formal jobs that is 19,3 per cent and 80.7 per cent respectively of all workers (Luebke 2008a:339)

The policy environment created the gap between the formal and traditional informal sector; the previous policies did not address the traditional informal sector since the sector was not officially recognized. However policies formulated for other areas such as the agriculture, industrial, labour, registration, economic and education had tremendous impact on the informal sector's character mode of operation and growth (Gumbo 2011).The SME sector activities have been regarded as illegal and thus arms of law were affective due to adequate capacity of enforcement on one hand and smaller informal sector on the other. In general, development policies together with some government regulation have affected the growth of the SME sector. This situation had serious effect on growth and graduation of the informal sector.

For the Zimbabwean economy the GEMINI studies in the 1990s provided invaluable insight concerning the challenges and the platform for growth of the SME sector as detailed in UNDP (2010). The ESAP document of 1991 recognised that adjustment policies were likely to lead to rising levels of formal sector unemployment and that the informal and SME sectors would act as the absorbers of this surplus labour. The document noted that the key constraints facing operators were the unavailability and cost of finance, space or land and basic utilities as well as numerous, licensing and other regulations. In 2002 the GoZ developed a comprehensive policy framework as well as an action plan for the SME sector; this was indeed another era, though the challenges and accommodative spatial planning systems were highly ignored. A Ministry was also established that was to lead in the implementation of the policy and strategy that was crafted for the development and growth of the sector.

2.7 Development Control and the SME Sector in Zimbabwe

In Zimbabwe the question of formal and informal structures has been brought to the fore in recent years through development control. Whereas the formal sector is accommodated in the normal physical plans of urban areas, the informal sector usually tries to define its own logic in

terms of urban space and facilities which is different from that of the formal sector (Wekwete 2002). It attempts to adopt and in many ways modifies the concept of space utilisation. However in many ways informal sector activities which exist represent a continuum of activities in the formal sector for instance metal sector, textile sector where the informal sector is service oriented it is largely demand driven and hence tends to locate where interaction patterns are high usually the centre of urban areas.

Given such knowledge there is need therefore to streamline development control processes in Zimbabwe. A firm platform for facilitating SME sector development with proper planning standards in the face of current trends is highly desired. For this to transpire a flexible and transparent consultative system should be employed.

2.8 Community Engagement and Citizen Empowerment in SME Sector Planning

In the 1990s, a new paradigm shift emerged in development thinking. Empowerment has been at the centre of this paradigm shift and attempts to reconceptualise development and development strategies aimed at poverty alleviation. In line with this new thinking, the 1993 Human Development Report (UNDP 1993) states that “development planning must be woven around people, not people around development – and it should empower individuals and groups, rather than disempowering them”. This rethinking has been brought about by the fact that despite decades of development assistance accompanied by growth in some instances, the number of people who are in absolute poverty continues to increase. Empowerment, therefore, is seen as a response to the failure of modernization and ‘trickle down’ economics of the 1970s and the 1980s, and the widespread perception of the State’s inability to intervene successfully on behalf of the poor or other disempowered groups in the society.

In the Zimbabwean context, citizen economic empowerment as a strategy evolved out of the precarious human and economic conditions at independence. There is a widespread perception or belief that citizens are disempowered by temporary residents from other countries who command more economic power in business in the form of investment, higher technical skills and entrepreneurship. Thus some interpret the concept of citizen economic environment to mean the creation of indigenous businesses to rival the more successful foreign business interests. Commitment to citizen economic empowerment is evidenced in the number of programs and

policies that have been put in place following the pioneering work of Hernando De Soto in the 1990s.

2.9 Urbanisation effects on the SME Sector

Rapid urban growth is creating major problems in terms of service provision, employment generation and infrastructure development. Many of the factors that produced rapid urbanisation in low- and middle-income nations in the 1960s and 1970s are no longer acting, or are only acting in some nations (Oriyende 2001). In statistical terms, urbanisation is an increasing proportion of a population living in settlements defined as urban centres (Okeke 2000). The immediate cause of virtually all urbanisation is the net movement of people from rural to urban areas. Natural increase in population (i.e. the excess of births over deaths) does not contribute to increases in urbanisation levels except where the rate of natural increase in urban centres is higher than in rural areas, or where natural increase brings a rural settlement's population over a threshold so it becomes reclassified as 'urban'. Where the rate of natural increase is higher in urban areas, it is often the result of high proportions of rural to urban migrants of child-bearing age, whose movement changes the natural population growth rates in the urban centres (Trade Union World 2000). It is therefore imperative to attribute urbanisation as the most influential factor in fuelling the urban informal sector in small urban centres. The works of Harris and Todaro (1969) have proved to hold water in their models of rural to urban migration whereby they viewed absorption in the urban labour market.

2.10 Chapter Conclusion

This chapter has tried to discuss the issues raised by other researchers with more weight being put on the SME sector, the global perspective, the spatial planning system, citizen empowerment and urbanisation as a crucial factor in fuelling the urban informal sector. A regional case reflecting policies of other countries in the SME sector has also been given to provide a regional picture of what is happening in neighbouring countries concerning the SME sector and planning issues.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

The main thrust of this chapter is to clearly describe and argue the main research methods and methodology employed for this inquiry. It is also the thrust of this chapter to give and argue on the sources and also to identify methods used to guarantee reliability and validity.

3.1 Research strategy

To have an informed position in terms of answers to the guided research questions, it was desirable to plan and effectively design a research strategy. To uphold data validity and reliability a variety of methods and sources were employed with the intention of increasing the relevance of the research objective. The research process was initiated first by the collection of secondary data about spatial planning and SMEs situation in small urban centres, and reviewing that data. The primary data came from a semi structured questionnaire conducted for this research. The research questions so outlined in Chapter 1 were decided after reviewing the secondary data and to some extent trying to define the research objectives. The interview questions were sculpted after studying the relative data about SMEs and spatial planning in the small urban centres to come out with correct or relevant answers.

The relevant answers as the manifestation of primary data together with secondary data were then analysed and argued to reveal the most important results. Finally, conclusions were drawn on the results which absolutely answered the guided research questions.

3.2 Research methods

According to Ghauri, Gronhaug & Kristianslund (1995:83-84) there are two prominent methods employed in research and these can be splitted into two ie qualitative and quantitative. In quantitative methods Saunders, Lewis & Thornhill (2007) advanced that there is more of statistics and mathematics since the results need to be quantified with the assistance of the two; they further mention that a systematic approach for data collection is employed in quantitative research. In qualitative research Ghauri, Gronhaug & Kristianslund (1995:84) argue that it is

actually possible to compare and study several determinants and analysing and testing them empirically in order to draw conclusions on the research. Data for qualitative method is collected using a few objects to study and it cannot be changed easily into numerical form unless simplified. Furthermore on qualitative methods, Ghauri, Gronhaug & Kristianslund (1995) outlined that the principles of understanding the object, interpreting the object and observing the object are the pillars when undertaking qualitative research. In addition, Gummesson (2000) emphasises that the qualitative approach is more appropriate for social research. The researcher's view is that a qualitative approach is more appropriate to fulfil the purpose of this research, since this inquiry is assessing the role of spatial planning in promoting the growth and development of SMEs, because quantitative research would provide a complex array of interpolations that are far from general observations, beliefs, ideas and point of views that make it easier to understand the subject. Inquiring the role of spatial planning with the qualitative approach makes it is easier to understand better the nature, character and magnitude of factors affecting the SME development in Zimbabwe and specifically small urban centres. The research also intends to fuse the two methods, that is employing also the quantitative method, so as to measure the rate at which SMEs are developing in these urban centres, a comparative analysis will be given.

3.3 Selected research methods

To be able to create the research questions a general overview of SMEs and spatial planning situation in small urban centres is needed. The questions require a better and qualitative understanding of the role being played by spatial planning in promoting SMEs and how other stakeholders are recognising that role in the development and growth of SMEs in small urban centres. On that note the qualitative method was selected as the main research technique, complementary the quantitative method was used to research a few determinants.

3.3.1 Interviews

Since the study aims to make conclusions of the role of spatial planning in promoting SME development in small urban centres, there is a need to collect as much significant data from different key stakeholders which include the Ministry of Small and Medium Enterprises and Cooperative Development (MSMECD), Department of Physical Planning (DPP), Small and Medium Enterprises Development Corporation (SMEDCO), Small Business Advisory Council

(SBAC), Local Authorities (LAs) and SMEs themselves. The interviews were made to the above mentioned stakeholders, with the intend of having a full picture of their role in as much as the SME promotion agenda is tropical, their responses helped the researcher to understand their unique roles though the questions directed were biased towards spatial planning, which proved to be a mystery to other stakeholders thus giving far-fetched answers.

3.3.2 Questionnaires

The researcher sent out questionnaire labelled as a semi-structured interview to the target population. The questionnaire was a semi-structured one, alternatively because of the time challenge the researcher resorted to get the answers through walk-ins, and phone calls. For this research the researcher learnt that phone calls have an advantage of making follow up questions. This provided additional quality responses from respondents. The researcher tried by all means to make the questions open-ended and to give the respondents enough space to respond in the hope that they get motivated to provide adequate information concerning their perspectives, however other respondents were not motivated by that design since shortest answers were also part of their responses in certain areas the researcher desire more. For the SME sector operators the total number of questionnaires delivered for the two districts amounted to 150 with only 105 returned.

3.3.3 Observations

The researcher observed a lot of activities that constitute the SME sector in Shamva and Mazowe districts, the manufacturing activities, the retailing activities and the services dominating the SME landscape. The space given by local authorities, the institutional arrangements available and the operations of these SMEs was just a catch of the eye as the researcher field around. The researcher has provided some of the photographs taken in Shamva and Mazowe during the field phase.

3.4 Data collection

3.4.1 Secondary and Primary data

Primary data is raw and fresh data collected usually by using techniques like interviews, questionnaires and tests (SIRDC 2012). According to Gummerson (2000), secondary data refers to sources like literature, articles and documents that have been collected by another researcher or institution. For this inquiry both secondary and primary data were extensively employed and effectively evaluated. Secondary data was collected from books, articles, and internet sources (refer to references). Secondary data helped the researcher in gaining an insight on the situation of SMEs and spatial planning in small urban centres and also assisted in supposing the methodological part of the research.

3.5 Respondents

For choosing the sample the non-probability approach was chosen. Meaning that the sample was not a random sample, but some districts were more likely to be chosen instead of others. Also the sample was more of a convenience sample, where units under research are convenient to reach to the researcher, keeping in mind the objective of researching.

The key stakeholders selected for research are important since they make the decisions and guide the way in which SMEs operate in the country. Their influence is vital to the research and their responses helped in directing this dissertation especially their views on spatial planning. The Department of Physical Planning provided the much needed information concerning the spatial arrangements that are there for SMEs and how the planning legislation and development conditions in place are hindering or facilitating SME growth and development in small urban centres. For the two districts the total number of respondents amounted to one hundred and five. The response rate was not too bad given that the total number of questionnaire delivered amounted to one hundred and fifty. For a mathematician this will give a seventy five per cent response rate.

3.6 Scientific approach

In regional planning, planners normally learnt about guiding theories of deductive and inductive when the relationship between theory and research matters. For a deep understanding of the two

theories the difference between them was offered by Ghauri, Gronhaug & Kristianslund (1995:37) in terms of the first – end approach, in simpler terms they say, which is done first, gathering data or creating a theory? They further say a theory is initiated first in deductive research; it will be then tested with observed results or the collated data to give a rejection or an acceptable stance of the theory. The reverse is true in inductive, there is no initiation of the theory, and thus observations are just made before making assumptions. For this study an inductive approach took precedence because of the nature of the inquiry.

3.7 Research Methodology Matrix

Objective	Data required to address the objective	Respondents	Methods/ tools / techniques	Data analysis
To assess the role of spatial planning in promoting SMEs	The views of current planners, DPP, LPAs, Las	Planning Professionals, Planning departments, DPP, LAs	Questionnaire Guided interviews Archives, observations	Comparative analysis
To find out the perceptions and different activities of SMEs in areas under study.	The views of micro enterprises, perceptions of SMEs player	LAs Sector ministries, SMEs, General Public	Questionnaire Guided interviews, observations	Descriptive statistics
To give an understanding of the challenges and institutional arrangements that characterises SMEs in study areas.	Views of the operating environment, engagements available, institutional arrangements	SMEs LAs Public Ministry SBAC SMEDCO	Questionnaire Guided interview, observations	Comparative analysis

3.8 Case study

In social research it has become a norm to cite, and employ a case study method for efficient generalisations of the subject. As put across by Gummesson (2000:87), a case study is employed for the sole purpose of making general assumptions of a bigger and more complex field by just inquiring and observing a unit or various components in the field rather than the complete or whole field. This dissertation took a similar approach to study a few samples and make bigger conclusions about the role of spatial planning in promoting SMEs in small urban centres.

3.9 Ethical Considerations

It is worthwhile to understand that the participation of all the respondent/ participants was on a voluntary basis thus no coercion was used to get responses. More so, no any incentive was given in order for them to participate in the research. These were avoided in order to eliminate any form of persuasion to take part in the research. Participants' right to choice was upheld especially in the case of those who were not comfortable to participate in research. All respondents gave verbal consent to participate in the research after given an explanation of the study objectives

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.0 Introduction

This chapter presents the results obtained from both the quantitative and qualitative data collected from the study areas and from other key informants. The data collected are meant to address the research objectives specified in chapter one. Presentation and analysis of data in this chapter are done through the use of tables and descriptive statistics. Data presentation, analysis and discussions are done under these categories.

4.1 Characteristics of Sample Respondents

The characteristics of the sample respondent are categorized as shown in 4.1. Table 4.1 summarizes demographic characteristics of the sample respondents. Specifically, age of the respondent was given due consideration as the important demographic characteristics of sample respondents in the study areas. It is clear from the table that the average age of sample respondents in the study areas was 40 years old. However, it appeared that majority of sample respondents' fall between 20 and 40 years old which is most economic active age group. This is followed by sample respondents had age falling between 41 and 60 years old. Very few of the sample respondents fall over 60 years.

Table 4.1: Demographic Characteristics of the Sample Respondents

Variable	No of Respondents	Percentage
Distribution by Age		
20-40 years	87	83.0
41-60 years	15	14.0
Over 60 years	3	3.0
TOTAL	105	100

Source: Field data 2013

4.2 The role of spatial planning in the promotion of small and medium enterprises in shamva and Mazowe

The interview made with various key stakeholders revealed a number of efforts being made to accommodate the spatial needs of SMEs in small urban centres. The inquiry made with the department of physical planning and local authorities revealed that there is a quest to accommodate the spatial needs of SMEs into the development standards. Traditionally the standards available did not suit those of small enterprises. For this reason a lot of controversy haunted the development planners such that vivid consultations were made at all levels as efforts to mainstream the promotion of SMEs in small urban centres took toll. The Acting Provincial Planning Officer for Mashonaland Central Province had to write a letter to the Director of Physical Planning in order to have guidance concerning the development standards to work on as they implement the spatial promotional provisions of the SME sector. See attached letter overleaf:

The researcher's interviews with the Department of Physical Planning revealed that there is land set aside for SME developments as they prepare their layouts. According to Mashonaland Central Provincial Office, the land set aside for SME infrastructure mean:

- (i) Land which is reserved for local authorities and other developers to construct shell structures and integrated business units suitable for small and medium enterprises
- (ii) Land reserved for home industries in general and
- (iii) Land reserved for vendor-marts, flea markets, arts and craft, produce markets and similar trading facilities.

A number of layouts provide for these activities (see attached layouts in the appendices section).

PPO's Letter to the Director of Physical Planning

30 January 2013

The Director of Physical Planning

RE: MICRO-SMALL AND MEDIUM ENTERPRISES (MSMEs) DEVELOPMENT STANDARDS

The above subject matter relates.

We are in receipt of numerous requests from the Districts to establish Micro-Small and Medium Enterprises development sites. We are aware of the need to provide working space for this land use category as well as the need to shift from the traditional dura-wall type of land provision but the complexity of this shift comes on the actual unit sizes because of the varied nature of the sector's activities (the sector accommodates anything).

Our appeal is for the guidance in respect of standards for this contentious subject area of Micro-Small and Medium Enterprises. If it were an issue of just providing working spaces owned by organisations which would act as incubators for the growing entrepreneur, we would not be having headaches. The modern Micro-Small and Medium Enterprises is looking forward to ownership of land allocated to him or her.

Our Provincial office sometime back went out and pegged various (4 x 8) square metre units at a number of centres especially in Shamva and Muzarabani Districts. It is now on the basis of this precedence that we are receiving requests for the pegging of worrying quantities of up to 300 units per centre. We are of the view that the requests are out of the contemporary but it's a mammoth task to say an outright no' when saddled with such a precedent.

E. ZUNGULA

ACTING PROVINCIAL PLANNING OFFICE MASHONALAND CENTRAL PROVINCE

Figure 4.1 Typical SME infrastructures



Survey: 2013

Other key informants indicated that their role was not on seeing how the spatial needs of SMEs are advanced but they assist SMEs in having start up packages that will help them establish well. They also help SMEs to organise themselves as groups in order to access group loans with flexi repayment plans/ periods.

4.3 Perceptions and different activities that constitutes the SME sector in Shamva and Mazowe

The dominance of the retailing sub sector, which encompasses vending general goods, groceries, electronic equipment and garments, can be observed in both study areas. This can be attributed to several factors which include less need for heavy initial capital outlay.

Figure 4.2 Retailing at Concession: Mazowe district



Survey 2013

Retail businesses also have a shorter gestation period thus returns accrue to owners much faster than would otherwise be the case for small manufacturing enterprises. The concentration of

retailing activities is also attributable to the ease of entry and minimal skills requirement for enterprise engagement. Activities such as welding and carpentry have been noted in general and these require significant capital outlays such that they also demand a measurable size of workforce, in addition bulky machinery and specialized skills are a necessity. For these reasons manufacturing activities in the SME sector in Mazowe and Shamva have proved not to attract many informal entrepreneurs. Services make up the second largest sector, accounting for 33.3 % of micro enterprises surveyed in Shamva and Mazowe. The size of the service sub-sector relative to manufacturing in the two study areas argue is attributable to the urban nature of the two districts. Mining activities in Mazowe and Shamva are prevalent and enjoys higher levels of disposable income. The higher level of disposable income in turn provides a support base especially for personal and other services. For instance personal service enterprises like hairdressing salons and photo studios as well as general electronic goods repair enterprises auto repair and service enterprises dominate in Mazowe and Shamva.

Figure 4.3 Locus of SME activities in Mazowe



Study 2013: retailing subsector

The table 4.2 below shows the category, frequency, and percentage and business type of the SME sector in the surveyed areas.

Table 4.2: Category and various types of activities in the SME sector in study areas.

CATEGORY	FREQUENCY	PERCENTAGE	BUSINESS TYPE
Manufacturing	15	14.3	Carpentry, art and crafting, welding, knitting, dress making etc.
Service	35	33.3	Phone shops, auto repair, car wash, food preparation, tyre mending, photographing, saloons, (barbering and hairdressing), shoe repair etc.
Retail	55	52.4	Fruit retailing, Grocery shops, vending, selling of garments, selling of electronic equipment, etc.
Total	105	100	

Source: Field data 2013

In Mazowe the study find out that food vending business for small scale traders is prominent. At the same time business activities related to food vending in the study areas were not registered and were operating anywhere in terms of zonation (in commercial zones, in residential zones and in industrial areas). The owners argued that the space for operating is hard to find and is determined by existing relations with council officials.

4.4 To find out the perception of entrepreneurs in the SME sector in Shamva and Mazowe

The perceptions of the small enterprises in both study areas were sourced from a variety of questions and a variety of reasons were delineated for business start-ups. These include economic/survival purposes, taking advantage of opportunities arising, utilization of acquired skills and a desire to be self-employed. For many of those interviewed (48,7percent), the basic motivation and reason behind starting their enterprise was simply to earn a living or to sustain their livelihoods, a lot mentioned that (*mukwasha zvakaoma ukasa mhanya mhanya mhuri inofa nenzara*) if you don't really start up something the family will die of hunger. One small entrepreneur mentioned the hardships he encountered in year 2008 and it was a lesson learnt and an experience not to forget, that really motivated him to run a convenient shop and things are now better for him. One respondent fruit retailer at Mazowe Glendale for example said that starting her business "was a matter of survival. When you want to survive you start any type of business, and learn the skills on the job". This was typical of responses by operators in the non-

skilled activities of retailing. In skilled activities, such as metalwork, auto-repair and tailoring/dressmaking operators had mostly acquired their skills before starting their business for instance the Wadzanayi Panel Beaters at Shamva. However, there were exceptions in which operators did not have the requisite skills themselves, but capitalized on a business opportunity and hired skilled employees.

Figure 4.4 Manufacturing activities in Shamva: skilled labour



Study 2013



Study 2013

The ability to take advantage of business opportunities was the second most important reason for establishing an informal operation as 9.8 per cent of interviewees noted. This was particularly true of small enterprises in the retail and service sub-sector especially food preparation where entrepreneurs need virtually no technical skills to get started. For example, a respondent running a traditional restaurant at Chakonda Rural Service Centre in Shamva stated that she had “realized

that this type of enterprise did not exist in the area and she decided to set up a traditional restaurant. She felt it would provide a quick and convenient stop for people to get traditional food." In some instances, however, entrepreneurs had the necessary technical skills that allowed them to take advantage of a market situation. A respondent dress-maker had started her business because she realized she could sell clothes to low income earners, who could not afford imported expensive clothes. The perceptions of the operators in line with business start-ups revealed that the prevailing dynamic of enterprise start up in both study areas from the foregoing discussion is survivalist in nature and most importantly takes advantage of business opportunities. The ability to realize opportunities, niche-markets and risk enterprise development in the informal sector in small urban centres is a resource that can be enhanced through citizen empowerment schemes by the local government systems to facilitate income generation and employment creation.

4.4.1 Sources of Capital

Access to capital has been a major problem for informal actors in small urban centres. The evidence shows that 47% of interviewed operators started their enterprises solely with their own resources. Such seed capital predominantly originates from monies saved through previous employments like the case of employees retrenched at Shamva Gold Mining Company. It is significant, however that over 40 per cent of interviewees acquired credit from elsewhere to start their enterprises. Within this cohort, 58 per cent obtained credit from parents, other relatives and from friends. Permanent structures were characterized mostly by enterprises operating from verandas or rooms of mainly residential buildings or use of fenced and unfenced residential yards as their workshops. From the findings 29% of enterprises interviewed operate in the open. Two factors can be identified for the sort of decision to conduct business in the open. First, the operator does not want to pay rent, hoping that this imparts a cost saving measure. This reasoning makes economic sense as operators end up making significantly much higher rates of return on their investment than would otherwise be the case. Secondly, operators biding their time in the informal sector have little incentive to invest as they wait for the opportunity of a more permanent job in the SME sector.

Other micro-enterprises operate from semi-permanent structures such as stalls, wooden kiosks, caravans, sheds, and tents which provide some form of protection from the elements. These are

nearly always located in space (e.g. next to an office block, factory or schools) to strategically take their service and products to the intended customer.

A more detailed examination suggests that retail enterprises have a disproportionately higher tendency to operate from commercial zones. This trend can be expected since the aim of such businesses is to locate in areas of population concentration for access to market. A significant number of retail enterprises also operate from residential zones. Such enterprises are largely made up of neighbourhood convenience shops (also locally called tuck shops) that sell general goods in single units. The observations made in Shamva and Mazowe is that such tuck shops are limited in number and the argument is that operators are still aware of the misdemeanours brought by Operation Murambatsvina. Service sector enterprises such as auto-repair and metalwork businesses also tend to operate from residential plots. In Wadzanayi Shamva a number of household units accommodate auto repair and metal work business. The operators argue that the lack of space and the cost of industrial stands for the activities are unbearable; they failed to raise the amount needed by Chaminuka RDC. However some service enterprises also operate from stalls and shops in commercial places. Typical amongst these enterprises are hairdressing salons, barber shops and food processing businesses. Food processing enterprises are very widespread and dominant in Mazowe and Shamva and tend to operate in commercial as well as places of increased pedestrian traffic and population concentration such as next to schools, bus and taxi stations, and office and industrial complexes. Structurally food processing enterprises locate in variable places based on demand. It is clear from the statistics that micro-enterprises do not locate according to the zoning requirements of the Local Authority. This is despite the fact that the Local Authorities in charge have bye-laws and regulations concerning land-use in particular zones of their catchments and also being constantly assisted by the Department of Physical Planning in the implementation of zoning ordinances and development control efforts.

This non-compliance with zoning requirements accounts for part of the reason why local authorities often end up at logger heads with these small entrepreneurs. The availability of land on which micro-enterprise activities could be undertaken determines the siting of enterprises and hence the location pattern of small enterprises in any settlement. 40 per cent of all work places are owned by operators, 26 per cent are rented, whilst 28% of those interviewed do not own their

workshops and yet do not pay rent. Micro-enterprises are scattered throughout these small urban centres with major concentrations at the heart of these urban townships. The spatial pattern of micro-enterprise distribution in these small urban centres clearly is a result of the unavailability of serviced stands for small enterprises. In instances where the local council has provided space and facilities for the perusal of micro-enterprises, they tend to be grossly inadequate. This results in the occupation of land and open spaces which belong to the Local Authority or private individuals and because their location is usually not legal or authorized they are often subjected to eviction threats of perpetual nature. Secondly such enterprises face problems of lack of access to utilities like water and electricity since their location is not authorized.

An enquiry into the reasons for the present in both study areas of the enterprises revealed that 53 per cent of enterprises located where operators were able to find space, 27 per cent chose convenient sites in order to attract more customers and 20 per cent chose sites very close to their homes to enable them combine their work with household chores. Informal sector or micro-enterprises are known to exist, survive and sometimes expand under severe constraints. Once the initial difficulties of setting up an enterprise have been overcome, operators face the problem of managing enterprises smoothly and effectively and possibly expanding. Problems arise from the very characteristics of small enterprises themselves which also affect their operative conditions. They also arise from factors outside their control i.e. the general economic environment in which they operate. They have very serious problems with locational stability and a lack of premises or working space for their workshops; 61 per cent of operators interviewed indicated that they have difficulty obtaining premises/working space (land) to conduct their business. Often workshops and retail structures are located in areas that contravene planning and zoning regulations. One important end result of the locational problems of micro-enterprises is that it impacts their ability to secure funding from promotional credit facilities as a major requirement is to have an established location. It also results in the lack or unreliability of supply of facilities and utilities such as water and electricity. Another major problem with workshops is their unsuitability with respect to the space available to the individual operator and also the unsuitability of the location relative to the public or customers, who patronize the goods and services of these small enterprises. Perhaps the worst problem micro-enterprise operators face is that of lack of tenure for the land on which they have their workshops and the frequent threats of eviction by the council officials. This problem is especially pervasive in the retail sub sector. When eviction

takes place, micro-enterprises are often not provided with adequate and serviced plots and this tends to worsen the already serious problem of lack of access to basic infrastructure and services. The lack of proper premises from which to operate has contributed to frequent harassment by Local authorities. Some informal sector entrepreneurs rent stalls from the council as is the case in both study areas. It was observed upon a visit to such locations, however, that the premises are small and rarely maintained by the council.

4.4.2 SME Sector Prospects for Growth

To ascertain prospects for survival, growth and development, operators were asked to assess the performance of their business for the past years (2-5 years) and hence, their plans for expansion or otherwise, and what they considered to be the general prospects for their enterprises. Growth in this respect refers to increased patronage and hence increased level of profits generated. In their assessment of the performance, 75.5% of the operators indicated that their enterprises had grown. Amongst enterprises that have experienced growth, manufacturing enterprises recorded the highest incidence of growth (82%), followed by the service sub-sector (75%) and then retail enterprises (69.7%). Among enterprises that had experienced little or no growth, retail enterprises dominate followed by service and manufacturing enterprises.

In addition about 68 % of the operators have plans to expand their micro-enterprises. The operators who had no plans to expand gave various reasons for that position. These include low demand or poor market, problems with finance, lack of space and the lack of necessity for expansion currently because the enterprise is too young. Regarding employment generation, only 5% of enterprises stated they had plans to employ more people, with 40% uncertain about the prospect of hiring staff.

Operators were asked whether they had plans to move their enterprises to other locations in the future. Only about 32 per cent of the operators indicated they had such plans. Various reasons were given. These include problems with infrastructure, lack of space, threat of eviction or demolition of workshop and unsuitable nature of workshops and finally inadequate customers and lack of progress in business at their present sites.

Figure 4.5 Glendale Mazowe: Locus of informal activity



Survey: 2013

Finally, operators were asked whether they had intentions to change jobs. Only about 36% have plans to change jobs for a number of reasons, the most important being the problem of lack of progress recorded in enterprises. Others were simply not satisfied with their present positions as self-employed people. Operators again were asked whether they would like to seek wage employment in the formal economy and 71% answered in the affirmative.

These results indicate that a majority of operators in micro- enterprise prefer to seek wage employment in the formal sector rather than be self-employed in the informal sector. Judging by the responses of the sampled enterprises and on the basis of the analysis carried out, it is possible to speculate that the informal sector is likely to expand in small urban centres if employment trends in the formal sector do not improve.

4.5 Understanding the challenges and institutional arrangements characterising SMEs.

For the sake of this study the researcher managed to inquire from the two Local Authorities i.e. Chaminuka Rural District Council and Mazowe Rural District Council. Local authorities play an obvious and pivotal role in the development and establishment of the SME sector in small urban centres.

The interview with the officer who mans the Projects Section with Chaminuka RDC which deals with issues pertaining to the research revealed their own understanding of the SME sector and nature of activities of these small enterprises that they deal with every day. Their understanding is that small enterprises include individual, self-employed and family labour in “productive” small scale production and marginal activities, which range from peripheral low productivity work such as shoe making, hawking, to semi legal and illegal activities (Chaminuka RDC Projects officer; Field Research 2013). Their definition embraces a great variety of activities, from informal enterprises (with no employees or only a couple and a turnover which renders an income below wages in the formal sector) to small enterprises (who may render the owner relatively significant profits and which may have been ten or more employees).

The findings from the inquiries made revealed certain characteristics that are dominant with the small enterprises in local authority catchments. For the sake of clarity the characteristics as viewed by the Local Authority’s appreciation are tabled below

Table 4.3 LA’s appreciation and understanding of the SME sector

CHARACTERISTIC	BENEFIT
Strong purchasing power	Keep neighbourhood affording
Local purchasing	Money changes hands and creates local jobs
Local ownership	Financial security with residents, control over economic futures
Local jobs	Income for residents, potential customers into the neighbourhood
Local reinvestment	Community’s savings help finance continued development
Local sources for local needs	Provides jobs for residents, reduces dollar drains out of the neighbourhood.
Opportunity and diversity	New people and new enterprises have a chance to get started, survive and prosper
Infrastructure that makes sense locally	So that the neighbourhood’s physical condition attracts and fosters activity instead of driving it away

Source: Field Data, 2013

The two local authorities were too comprehensive concerning their positions on the SME sector. They mentioned how they try by all means to assist the sector and the many challenges that sector faces whilst they are dealing with them in their catchments. Other problems mentioned are to do with the challenges mentioned by various researchers in their endeavour to demystify the SME sector. Small scale enterprises generally do not have access to credit from banking institutions and other forms of institutional credit (Buckley, 1997; Lycette and White, 1989, Squire, 1981). As this research has shown, most operators depend on their own savings and also credit from other private sources, which generally tend to be exploitative. In as much as these sources sustain enterprises and enable survival, they cannot be relied on for major investments in order to achieve self-sustained growth. Such an upward trend in growth on the other hand is essential if micro-enterprises are to develop into medium and large scale enterprises. In other words the Local authorities are advocating for a substantial infusion of capital into the micro-enterprise sector, coupled with good management, to ensure growth.

A number of reasons have been given in the literature as hindering access of informal enterprises to the formal sector capital market. These include administrative difficulties involved in processing loan applications from the numerous small scale operators, (Lindholm and Mead, 1987, 1998); lack of adaptability of banking institutions in developing countries to the particular needs and circumstances of small operators (Thomas, 1992) and lack of serious appreciation of the particular financial problems of small-scale enterprises (Buckley, 1997). However financial problems do not arise solely from inaccessibility to credit from formal sector sources; they also result from the poor financial management characteristic of small-scale enterprises. It has been noted that a substantial proportion of operators do not keep records of cash receipts and disbursements. Moreover business receipts and disbursements are hardly separated from household income and expenditure. Most micro-enterprise operators are poorly educated and have minimal knowledge of elementary bookkeeping yet most of them cannot employ knowledgeable or qualified personnel to handle their financial transactions. Moreover financial management is one function which micro-enterprises generally do not delegate to others. In addition, given that lack of finances is a dominant constraint, the vast majority of enterprises especially in the manufacturing and service sub-sectors extend significant amounts of credit to their customers, which ends up disrupting the flow and availability of capital for micro-

enterprises. Thus the financial problems must be seen as arising from factors both internal and external to micro-enterprises. Closely related to financial constraints is the problem of inputs.

As the research shows, the main market for micro-enterprises are individual customers and that shows very limited demand from the formal sector of the economy for micro-enterprise goods and services. For example interviews with Mazowe RDC show that no informal enterprises have contract arrangements with formal sector businesses or organizations in the local authority area from their knowledge, thus eliminating a crucial source of demand. Small-scale enterprises produce goods and services using a very low level of technology. Almost all the enterprises covered in this study are poorly equipped in terms of tools, equipment and machinery and also workshops. Operators often have to apply ingenuity and resourcefulness in the use of these resources for the survival of their enterprises.

Figure 4.6 Micro vendors along Shamva Mine road:



Survey: 2013

The interviews made with the two local authorities also reveal the circumstances that characterises the hostile regulatory environment. It is actually council versus informal traders approach when it comes to the daily functioning of the sector activities. One official at Mazowe RDC had to say: *Licensing of their activities is something that earns the council revenue but the small entrepreneurs are arrogant in nature, they don't want to licence, they want to trade on zero costs, they love a hide and seek game to avoid paying council taxes, rates and rents, they breach contracts, they operate everywhere. For that reason we have got our motorcycle guys to deal with them.*

A negative perception with the council official one can denote. The councils are very much aware of their nature of handling business, the layouts designed for commercial centres have provided a minute space for the SME sector and for that reason the space is limited thus the council have recommended temporary sites for the operation of other activities on areas reserved for public open spaces by the layout approved by the Director of Physical Planning in terms of section 43 of the RTCP Act Chapter 12:1996.

In as much as the efforts are being put to promote the SME sector, there is a lot of work ahead for planners to be able to have the design mind that addresses the needs of all classes especially the small enterprises which are helping the majority of Zimbabwean citizens in small urban centres. The annexed layouts in the appendices section are silent about such spaces being provided in layouts being approved by the Director of Physical Planning and subdivision permits granted in terms of section 40 of the RTCP Act (See attached subdivision layouts appendix 4d and 4e)

4.6 Chapter Conclusion

A detailed and comprehensive data presentation and analysis was the main emphasis of this chapter. This was done in order to avail the research findings, all the same being guided by the research objectives.

CHAPTER FIVE

RECOMMENDATIONS AND CONCLUSIONS

5.0 Introduction

This chapter details the conclusions and recommendations emanating from the analysis that was done in chapter four. The conclusions are presented first followed by recommendations. Furthermore policy options/ areas for further study are outlined before the chapter is sealed with a conclusion.

5.1 Conclusions

For spatial planning to play a positive role in urban development with respect to the demands of the SME sector, *it needs to vigorously assess and reinvent itself* – through a serious analysis on the new context of urban planning and the responses it can offer, by learning lessons from stories of innovation and success, and on this basis advocate vigorously for better and more appropriate planning standards and initiatives for the baby sector(SME sector) and in the end contributing to the concept for sustainable development.

There is global consensus on the need to reflect on modernist development patterns of the SME sector. Spatial planning can be at the forefront of this and provide important responses especially in small urban centres. Insecurity in the SME sector has far-reaching consequences on physical, social, and economic conditions, including a direct interference with the quality of urban spaces and their physical depletion. Impact on economic activities and civic interaction are also considerable. Crime and violence occurs within a physical setting, whether a public open space, a park, a street, a market, or a transportation hub. Spatial planning, design and management can contribute greatly to the prevention of crime and violence within small urban centres through integrated approaches that incorporate the needs of the SME sector through strategic and systematic application of security-conscious design and management principles, revision of planning by laws and regulations, mixed zoning and planning for diversity, integrated management of public space, conflict resolution and rapid maintenance responses. Inclusion and

empowerment of the urban poor (informal sector), and other excluded residents in urban space can then go a long way in development of small and medium enterprises in small urban centres.

A return to the contrasting motivations underlying the study of the SME sector in developing and developed countries provides a perspective on the relevance of discussions of the SME sector. In developing countries, research on the SME sector derived from a concern with the problems of mass poverty and unemployment. Work in the informal sector was identified with low productivity and low incomes. The discussion focussed on the large numbers of poor self-employed workers in small urban areas of developing countries. Today, the existence of huge reserves of underemployed and unemployed workers -- workers with low skills and low productivity, and workers living in poverty -- remains the primary motivation for studying the SME sector and its evolution. To find solutions to these problems, we must not be ignorant of the role that can be played by spatial planning as discussed above.

In the developed world, a concern with the growing economic crisis and the re-emergence of cheap labour has fuelled the debate on informal enterprises and employment. The continued existence, and resurgence, of small scale production in developed countries calls for a radical rethinking of the processes and paths of development. An assessment of the small scale sector must take account both of the dynamic and forward-looking aspects of such activity such as matching production to variable demand and the use of modern technology, and the backward features of production. For this reason the informal sector is also beginning to be incorporated in multi-sectoral models of growth where constraints to the expansion of the informal sector can be introduced in a specific way through urban planning practises.

This is especially pertinent in view of the fact that the informal sector is important in creating employment and income opportunities especially for the poor. Therefore, in the interest of increasing employment, stimulating economic growth, and achieving social justice, a strong case can be made for the removal of the barriers to the development of SME enterprises. The regulations spawned by certain legislative instruments relate most closely to the operations of micro-enterprises and specify the guidelines for their operation in urban space. In actuality the SME sector continues to flourish and serve as an important livelihood strategy for many in the third world. It is thus important for the state's local government system (both in theory and practice) to truly engage the SME sector as a development partner and create a pathway to

income and employment for the many who participate in it. However the success of state-informal sector relations is dependent on the complex intersectionality of a conscious and focused leadership, competent bureaucrats and effective institutions and a dynamic regulatory environment to overcome the structural antagonism that has characterized the relationship. There is the need for a comprehensive approach to the SME sector development which can best be achieved by a vibrant spatial planning system.

5.2 Recommendations

It is worthwhile to recognise that the recommendations outlined are drawing much attention from the analysis in Chapter 4

5.2.1 Pure Citizen Participation in the Spatial Planning Process

In developed nations participatory planning processes are becoming more and more embedded into the planning process not merely as a formality as is the case in developing nations whereby the public is invited just to see the ideas of the professionals with no room for change. In order to provide meaningful outcomes in the development of the SME sector I recommend that there must be meaningful engagements and involvement of the public in all phases of decision making, implementation and monitoring. Participation of small enterprises in the planning process will therefore ensure relevance of spatial plans.

5.2.2 Spatial Approaches to the SME sector

As discovered in Chapter 4 on the appreciation of the SME sector by the lower level authorities of local government (local councils). These lower level authorities have a better understanding of local specificities, and therefore best placed to design and implement policies reflecting the nature of the SME sector, trying even to address the challenges they to face in their operational activities as discovered by the findings in Chapter 4.

I would therefore give an example on this recommendation: UNDP (2010:15) quotes how a lower level authority in South Africa produced its Informal Economy Policy in 2000. This was based on a recognition that that the importance of the informal economy to income generation, employment and provision of goods and services for large segment of population. Support to the informal economy was therefore seen in terms of the sector's contribution to *local economic*

development. Activities included the integration of the specific needs of informal sector operators and in particular the Local Authority's large number of street vendors, into deliberations of the local authority's planning processes which resulted in turn in the provision of infrastructure such as storage space for these traders and efforts aimed at improving health and safety conditions for their operations.

I recommend therefore that local authorities produce and adopt SME sector policies that create space for collaborative effort between the operators and the lower level authorities as some neighbouring countries are advocating.

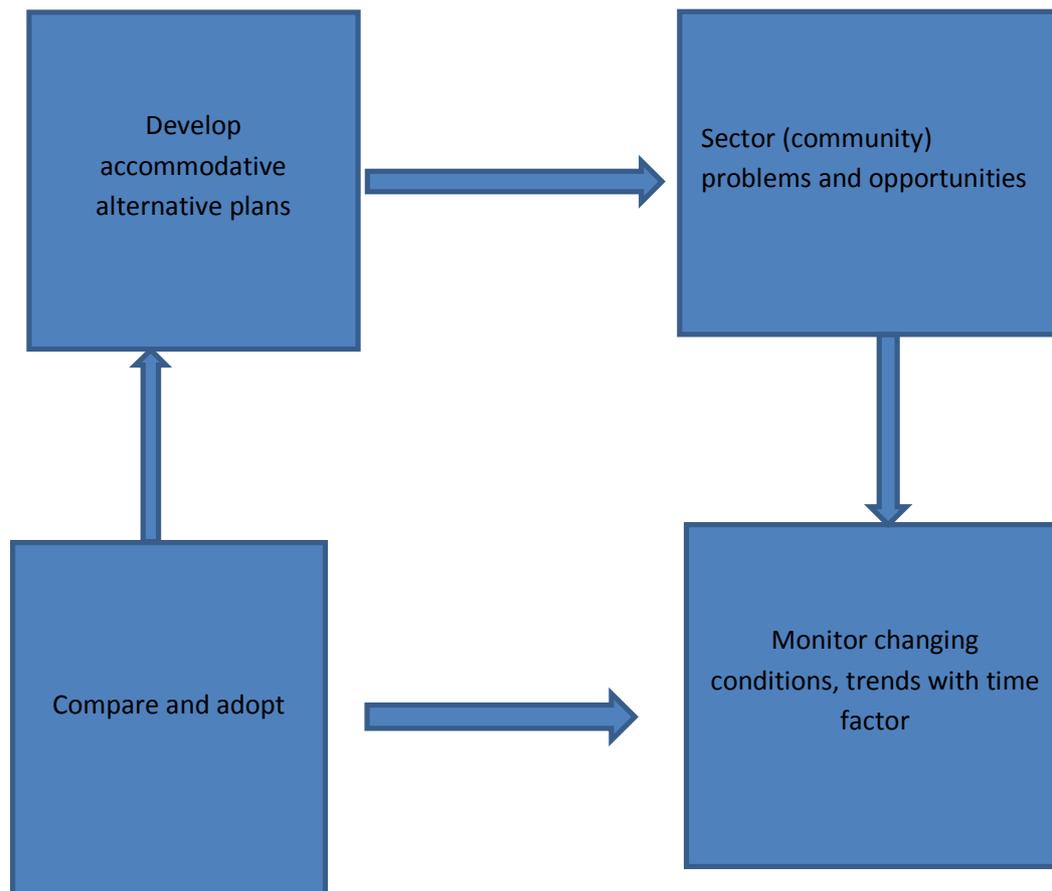
5.2.3 The Planner, The Public, The Planning Process and The SME sector

Every case for change will need to be made by the planner unarmed except for the images and information that he or she is able to convey. The planner's most effective role is that of a mediator between interest groups ensuring that a consensus is gained on some form of action. However the notion that a planner is only a mediator sets too limited an objective and assumes that groups have well informed ideas of what is in their best interest, which is surely untrue of all but the most experienced actors in the development field.

Public involvement is essential to achieving the public consensus necessary for action. The planner must help all interested parties reach a consensus about the nature of the problem about the desired plan.

Land use planning process should reflect the needs of small enterprises. Land use planning is more a generic planning process since it applies equally in one form or another, to all community planning, including comprehensive planning.

Information extremely useful should be taken into consideration at the outset of land use planning process. As the planning cycle entails



The land use plan itself can really become a tool in carrying out its own policies and recommendations in so far as it is kept visible and up to date as a continuous guide for community decisions. One way to do this is periodically review, revise and readopt the plan.

5.2.4 Sound National Policies, Frameworks, Policy Designs and Reforms

Having gone through the literature and appreciating the role that the SME sector is playing ie contribution to employment, alleviating poverty, sustainable development issues etc. one might need to advocate for a clean regulatory environment for the SME sector. In addition one might also desire to see a sound national policy that addresses the key constraints facing the SME sector. A re-look at the current policy framework is also desired, this will help on finding gaps and solutions concerning the hostile regulatory environment facing the SME sector. This must be looked into comprehensively and an action plan tailored to address such challenges be crafted. The development of appropriate national policy frameworks will go a long way in addressing the spatial needs of the SME sector. The current Policy Framework entitled Small, Micro and Medium Enterprise the Engine For Growth: Policy and Strategy Framework and its

accompanying Action Plan for Small, Micro and Medium (2002 -2007) failed to address the spatial needs of the Sector, the role the Ministry was to play in enhancing the access to land and basic facilities.it also lacked advocacy issues pertaining to collaborative efforts the sector might make with local level governments.

5.3 Recommendation Matrix

The recommendations given above are a recycle of ideas which might work given the situation at hand. Some of the recommendations are not new in the urban planning field but their staff if put into action might go a long way in the development of the SME sector in Zimbabwe. The recommendations discussed are henceforth reflected in the recommendations Matrix below

Table 5.1 Recommendations Matrix

Recommendation	To who?	To achieve what?	Resources needed	Tasks to be done
1.Sound national policy frameworks, policy designs and reforms	Responsible Ministry, Local tier governments(LAs)	A sustainable development of the SME sector, cooperative development, local economic development	Financial, human	Crafting of a new national policy for the sector with time factor in mind, incorporating the spatial needs and giving heed to the current trends. An action plan is desired in line with the strategic visions of the local level governments.
Citizen participation in the spatial planning process	LAs, responsible Ministry and other key stakeholders	Developmental SME sector	Human, financial CIT tools	Spatial plans that reflect the needs of small entrepreneurs.
Spatial approaches to the SME sector	Local authorities, DPP, Ministry	Design and implement policies tailor made for the SME sector	Financial Human ICT tools	Accessibility to land, infrastructure, basic need, local economic development, empowerment and indigenisation
Revision of planning legislation	Responsible Ministry and Departments (DPP), massive public consultations (ie small entrepreneurs).	An accommodative planning legislation that addresses the spatial needs of the SME sector.	Financial Human	Revision of the principal planning legislation, additions on the SME sector needs. SME policies by Local Authorities,

5.4 Chapter Conclusion

The chapter has concluded the comprehensive study through elaborative conclusions drawn from the study, mostly guided by the findings so discussed in Chapter 4. In as much as there are a few strides made by the spatial planning system, its role has been limited such that the recommendations were given in this Chapter for future performances and improvements.

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