Re-engineering the Growth and Sustainability of Small to Medium Enterprises (SMEs) in the Agrarian Sector in Zimbabwe

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ABSTRACT

SMEs in the agrarian sector of some developing nations are performing poorly, and reengineering them is viewed as one of the primary strategies for effective growth and sustainability of the agrarian sector. The contribution and impact of strategies for reengineering the growth of SMEs in the agrarian sector have not been fully explored. Thus, the objective of this study is to analyze the impact of strategies for reengineering the growth of SMEs and agriculture development in Zimbabwe, during the period 2015-2020. The results from a survey of SMEs in the Eastern Highlands of Zimbabwe revealed that the growth of SMEs in the agrarian sector will impact food security, the standard of living of communities, increase employment, economic growth and market share.

Keywords: Zimbabwe; Agrarian SMEs, SME Re-engineering, Strategies.

1. Introduction and Background

An attempt to unlock the potential of the agricultural sector to enhance food security has necessitated governments and entrepreneurs to develop a collective agenda to maximize the output of SMEs in the agrarian sector especially (Eniola, 2014; Ameyaw, Korang, & Asante, 2017). However, research on what mechanisms can be best applied to promote the growth and sustainability of agricultural SMEs is very limited, leaving entrepreneurs without clear guidance on which strategies to implement to re-engineer the growth and sustainability of the SMEs (ACET, 2015). In the 21st century, governments are making significant contributions to the development of SMEs in general, since they (SMEs) play a significant part in employment creation and contribution to the gross domestic product (Bass, 2012). According to a Finscope survey (2012), Zimbabwe has 2 748 890 SMEs, which are contributing 60% to the nation’s GDP, and employing 2.9 million people. Despite this, the economic crisis, environmental changes and governance complexities, are aggressively forcing the Zimbabwean government to poorly implement SME policies, resulting in a growth ‘miscarriage’ of SMEs (Rurinda, Mapfumo, van Wijk, Mtambanengwe, Rufino, Chikowo & Giller, 2014, Chingwaru & Jarkata, 2015). Traditionally, SMEs in the agricultural sector are always on the lookout for new solutions to address their management challenges.
Therefore SMEs in the agrarian sector in Zimbabwe need re-engineering since their growth will ensure food security through value-addition and increased productivity (Arudchelvan, 2015).

Most previous research on the agricultural sector in Zimbabwe focused on commercial farms, yet SMEs play an equally important, if not more pivotal role in ensuring food security and poverty reduction (Anseeuw, Kapuya, & Saruchera, 2012; Bindu & Chigusiwa, 2013). As such, this study is important since it can contribute to increased food security in Zimbabwe, as witnessed in the developed world (Mulet, Royo, Chulvi & Galá, 2017). Recovery of agricultural productivity is based on reengineering the SMEs whose poor growth is attributable to poor management and inconsistent government policies and agricultural support measures.

In light of the above, this research will critically examine the strategies for re-engineering the growth and sustainability of SMEs in the agrarian sector in Zimbabwe, as a means to enhance competitive growth, food security and improve livelihood.

2. Literature Review

Agrarian SMEs have no static definition (Anseeuw, Kapuya & Saruchera, 2012; Bindu & Chigusiwa, 2013) because there are no uniform criteria to measure them in terms of market share, capital, number of employees, turnover, investment in fixed capital and machinery (Bakar, & Senin, 2016). The definition of SMEs differs from country to country, industry to industry and author to author. To minimize the controversy generated by the differences in definitions, agrarian SMEs in Zimbabwe are defined as employing 5-175 employees and having a capital base of between 5000 to 75 000 dollars, and they specialize in agricultural products (Nyoni, 2016). The study proposes that finding lasting solutions are needed to provoke the growth of SMEs by adopting strategies for reengineering them. Some studies have found that SMEs which adopt re-engineering strategies grow much faster than SMEs which operate haphazardly (Zimtrade, 2014; FAO, 2017). Therefore, reviewing strategies for reengineering SMEs can be conceived as ways through which studies can contribute to their sustainability.

The growth of SMEs reduces poverty (Kertiyasa, Sukaatmadja, Jawas, Budhi & Marhaeni, 2013). and in the case of Zimbabwe, it is apparent that poverty reduction can only be attained through the growth of SMEs in the agrarian sector. Accordingly, the current study puts forth that there is a relationship between strategies for re-engineering the growth and sustainability of SMEs seeking to reduce poverty in Zimbabwe (Chinamasa, 2016, Nyoni, 2017).

Bounded by rationality, it can be admitted that strategies for reengineering the growth and sustainability of SMEs in the agrarian sector are not mutually exclusive with food security (FAO, 2017).

Katua (2014) investigated that strategies for re-engineering the growth and sustainability of SMEs have influence on employment creation, since the majority of poor people benefit from employment and this has a huge effect on poverty alleviation in developing countries. The results from Sukume et al (2015) revealed that strategies for re-engineering the growth and
sustainability of SMEs are positively associated with employment creation. This is supported by a study on Taiwanese SMEs in the agrarian sector which have witnessed increased creation of employment to sustain livelihoods (Vineles, 2017). Thus the research found that strategies for re-engineering the growth and sustainability of SMEs have a significant relationship with job creation.

Prior studies have found that strategies for re-engineering the growth and sustainability of SMEs in the agrarian sector contribute to SME development and economic growth (Arunagiri, Kalaippiriya, Lenggessh Krishna, MahaVithya, & Kalaivani, 2015). Economic growth is embedded in strategies for reengineering SMEs relative to stimulating economic development. To this end, reengineering SMEs in the agrarian sector stimulates economic growth and improving livelihoods (GoZ & AFDB, 2013). Nowduri (2012) investigated the influence of reengineering the growth and sustainability of SMEs in the agricultural sector in Cuba and the results showed that supporting the growth of SMEs influences economic growth. The OECD (2016) elucidated that strategies for reengineering the growth and sustainability of SMEs in the agrarian sector could help the economy to grow.

In a different context, strategies for re-engineering the growth and sustainability of SMEs in the agrarian sector are thought of as contributors to efficient and effective resource utilization by SMEs (Ifekwem & Adedamola, 2016). De Vries, Terwel, Ellemers & Daamen (2015) points out that the strategies for re-engineering the growth and sustainability of SMEs are the starting point to compel SMEs to utilize their resources more effectively to realize ROA. In this regard, reengineering SMEs is one of the key components that can provide effective resource utilization and increase competitive advantage in the market place. In addition, Sims & Kienzle (2017) and ILemona (2016) concur that strategies for re-engineering the growth and sustainability of SMEs contribute to effective use of SME’s resources to grow them into reputable Trans-National Companies. Furthermore, Ifekwem & Adedamola (2016) conducted a study which focused on re-engineering businesses and identified that reengineering SMEs invigorates their growth and sustainability in the agrarian sector. Bakar & Senin (2016) argued that strategies for re-engineering the growth of SMEs helps to reduce production expenses. For example, recycling resources may lead to outstanding savings of materials and energy, while significantly reducing the misuse of resources by SMEs in the agrarian sector (Bjornlunda & Pittock, 2017). Strategies for reengineering SMEs refer to coherent ways of doing things successfully from the SMEs’ background and experience. Therefore, it is imperative to consider the association between strategies for re-engineering the growth and sustainability of SMEs and standard of living to sustain livelihoods (ZimVac, 2013). Arunagiri, Kalaippiriya, Lenggessh Krishna, MahaVithya, & Kalaivani (2015) investigated the extent of the impact which strategies for re-engineering the growth and sustainability of SMEs have had an impact on improving the standard of living from the Malaysian economic perspective. The findings revealed that to improve the standard of living, the GDP must grow, therefore strategies for reengineering have to address some fundamental areas of importance to SMEs, such as productivity and or performance to stimulate economic growth (Karadag, 2016). Additionally, Bakar, & Senin, (2016) conducted a study which focused on strategies for reengineering the growth and sustainability of SMEs in Nigeria and the results revealed that the strategies for reengineering the growth and sustainability of SMEs play a significance role in improving the standard of living of people and in the development of SMEs in the agrarian sector (ILemona, 2016).
Bjornlunda & Pittock (2017) argues that strategies for re-engineering the growth and sustainability of SMEs is an outcome of a competitive restructuring process, in which SMEs signal their key growth characteristics in order to maximize their market growth. Furthermore, as reported in the literature (FAO, 2017) there is a positive relationship between strategies for re-engineering the growth and sustainability of SMEs in the agricultural sector and market share. USAID (2012) also argues that strategies for re-engineering the growth and sustainability of SMEs in the agrarian sector can be major factors in sustaining the growth of SMEs and market share (Khankaew, Ussahawanitchakit & Raksong, 2015).

In the context of this study, it is assumed that for SMEs to grow into formidable entities, government support is needed (ZimVac, 2013). Some researchers in the more developed nations have linked agricultural support measures to the growth and sustainability of SMEs, but this link has been given far less priority by researchers in developing nations like Zimbabwe (GoZ & AFDB, 2013; OECD, 2016). According to Sims (2017), the growth and sustainability of SMEs is influenced by agricultural support measures in a number of ways which ensures food security is attained. The strategies for growth of SMEs in the agrarian sector are largely dependent on government support measures which are applied as relief measures to reduce poverty and improve the standard of living (USAID, 2012). The World Bank (2015) asserts that the effects of strategies for reengineering the growth of SMEs are evident within the informal sector and they seek to improve the growth of SMEs, while simultaneously reducing poverty. If government focuses on supporting SMEs, it promotes the growth of the informal sector to maximize food security and revenue (OECD, 2016). This kind of support is summed by ILemona (2013) as a strong relationship exists between government support and the growth of SMEs, which relationship is directed towards ensuring food security by reducing hunger, poverty and economic development.

According to Talukder & Quazi (2011), effective strategies for reengineering such as implementing technologies, improves the growth of SMEs. Researchers have found that there are links between existing and techno innovative strategies and the growth and sustainability of SMEs and the development of the agrarian sector. For example, FAO (2017) reveals that strategies encompass innovation, indigenous knowledge systems and bio technology, which positively influence the radical agricultural development of SMEs. Burch (2017) notes though that tech innovative strategies may fail to positively influence the growth of SMEs for a variety of reasons, which are attributed to poor adaptability and adoptability of the changing environment and technology. Therefore, it is imperative that government support is availed to drastically improve the technological uptake by SMEs. This has a positive contributing factor to development of SMEs although little attention in related studies is being paid to this by researchers in Zimbabwe (Anseeuw, Kapuya, & Saruchera, 2012). The Government of Zimbabwe has placed increasing pressure on improving techno innovative strategies for SMEs to improve productivity and maintain a green economy (Nyamutowa, Masunda & Mupaso, 2014). As such little attention has been paid to identifying the degree to which techno innovative strategies relate to the growth of SMEs.

Gender dynamics are considered by taking into account that women compete with men (Bhatasara, 2011), and researchers have found that SMEs are gender sensitive and this has a positive relationship with the growth of SMEs. The SME owner-managers’ application of
gender dynamics can be conceived to be vital in an attempt to improve the growth of the SMEs. What is more crucial is that gender mainstreaming provides SMEs in the agrarian sector with the opportunity to improve livelihoods without segregation (Cvijanović, Vojnović & Lazić, 2011). This allows for more competition among SME workers across the divide. In Nigeria, there have been requests from the state and other relevant stakeholders, for SMEs to incorporate gender dynamics, as it is conceived that gender dynamics create competition in the place of work and bodes well for production and the welfare of the communities (Bhatasara, 2011). Therefore, mainstreaming gender into entrepreneurship contributes to the growth of SMEs which seeks to reduce poverty in women-headed families. In concurrence with Cvijanović, Vojnović & Lazić (2011) the current study posits that there is a relationship between gender dynamics and strategies for reengineering the growth and sustainability of SMEs.

It is essential that there is efficient management, as it is from this outcome that other appropriate outcomes can become effective as well (Ameyaw, Korang, Twum, & Asante, 2017). The correlation between effective management and strategies for re-engineering the growth and sustainability of SMEs is quite a paradox. For instance, Durst and Wilhelm (2012) argues that while effective management of SMEs may be beneficial to SMEs in the agricultural sector in terms of generating more revenue and food security, the same may not be said about its consequences on the sustainability of the same SMEs. The implication here is that the realization of efficient management may in turn result in the overuse of resources (Ameyaw, Korang, Twum, & Asante, 2017). Based on these arguments, it is proposed that there is a relationship between effective management and strategies for SME growth. It is proposed that government policies have a positive relationship with strategies aimed at engendering the growth and sustainability of SMEs in the agrarian sector in Zimbabwe (ACET, 2015; Bomani, Fields & Derera, 2015).

3. Research Methodology

A survey was conducted among a sample of SME owner-managers in the Eastern Highlands of Zimbabwe. The sample size required determining the size for the SMEs in the agrarian sector, using the simple random arithmetical method since the population size is stated as 24,941 (Creswell, 2013). At the time the study was conducted, there were seven (7) districts within the Eastern Highlands of Zimbabwe which are Nyanga, Honde Valley, Mutare, Vumba, Cashel Valley, Chimanimani and Chipinge. The proportional allocation of representatives was determined as follows:

\[ n_{eff} = \frac{379.1622}{7} \]
\[ = 54.166 \text{ per district.} \]

The randomly selected sample of 380 that was chosen for the study is deemed to be a fair and balanced representation of all the Eastern highlands population. A pilot study was conducted in Nyanga district among 10 respondents and the findings contributed to improving the research instruments. The questionnaires were distributed to and collected from the selected
SMEs and the data collected was evaluated to determine the reliability of the variables under study (Kumar, 2014).

The questionnaire incorporated nominal and ordinal scales to allow respondents to express the relative magnitudes between the responses to the questions. A Likert scale requires respondents to indicate the extent to which they either agree or disagree with a series of statements about the study (Aggarwal & Ranganathan, 2016). The study incorporated scale interval which is the distance between 1 and 2 equals the distance between 2 and 3, 3 and 4, 5 and so on (Dominguez & Hollstein, 2014).

The SPSS software was used to conduct the data analysis. The significance of correlation testing involves testing the strengths of association between variables under study (Aggarwal & Ranganathan, 2016).

4. Findings and Discussion

As reflected in Table 1, the Cronbach’s alpha coefficients for all the measurement instruments was above 0.6, indicating that there was internal consistency of the measuring scales that were used in this study (Etikan & Bala, 2017).

<table>
<thead>
<tr>
<th>Variables</th>
<th>Cronbach's Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Policies</td>
<td>.997</td>
</tr>
<tr>
<td>Agriculture Support</td>
<td>.996</td>
</tr>
<tr>
<td>Existing strategies</td>
<td>.837</td>
</tr>
<tr>
<td>Gender Dynamics</td>
<td>.693</td>
</tr>
<tr>
<td>Management</td>
<td>.776</td>
</tr>
</tbody>
</table>

Source: Developed by the Researcher

The results in Table 1 reveal the highest for government policies at 0.997 and the lowest Cronbach Alpha is 0.619, which was for agricultural support mechanisms in supporting the growth and sustainability of SMEs, therefore the survey instrument was deemed reliable (Dominguez & Hollstein, 2014). Reliability tests where run to explore the extent to which the research instruments measured exactly that which they are intended to measure without any degree of ambiguity. What makes the Cronbach’s Alpha greater is the fact that the research instrument’s questions would be in the same direction (Etikan & Bala, 2017).

It was ascertained that only 47.18% of the respondents ‘agreed’ that government policies were being designed to re-engineer growth in the agrarian sector in Zimbabwe. The results show that there is a significant relationship between the policies that are designed to re-engineer the growth of SMEs and the growth of SMEs in that sector. Thus according to Bomani, Fields & Derera (2015) government policies have strong ground-breaking ways that engender and command SMEs to become formal entities. In this case, the government have an interesting
role in spearheading the adoption of SMEs related policies as a reengineering strategy that is aimed at influencing output in the agriculture sector. This reflects an intense need by government to assist SMEs to grow by fostering a stable and an enabling environment so as to develop agriculture as a means to attain food security. Various authorities strongly agreed that government policies are being implemented to transform informal SMEs into formal businesses whilst at the same time growing those formal SMEs into transnational companies (Bomani, Fields & Derera, 2015). For this reason, reengineering process is critical to grow SMEs into transnational companies.

**Table 2: The Impact of Various Strategies on SMEs**

<table>
<thead>
<tr>
<th></th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>Z</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Government Policies</strong></td>
<td>0.978261</td>
<td>0.0898162</td>
<td>10.8918</td>
<td>&lt;0.00001 **</td>
</tr>
<tr>
<td><strong>Agricultural Support</strong></td>
<td>-2.21739</td>
<td>0.21536</td>
<td>-10.2962</td>
<td>&lt;0.00001 **</td>
</tr>
<tr>
<td><strong>SME Development Strategies</strong></td>
<td>-1.93478</td>
<td>0.0935255</td>
<td>-20.6872</td>
<td>&lt;0.00001 **</td>
</tr>
<tr>
<td><strong>Gender Dynamics</strong></td>
<td>-1.21739</td>
<td>0.0954111</td>
<td>-12.7594</td>
<td>&lt;0.00001 **</td>
</tr>
<tr>
<td><strong>Management</strong></td>
<td>1.93478</td>
<td>0.0928063</td>
<td>20.8475</td>
<td>&lt;0.00001 **</td>
</tr>
</tbody>
</table>

Table 2 shows the impact of various strategies on the growth of SMEs in the agrarian sector in Zimbabwe using the Tobit model, in which the dependent variable is compared against several independent variables, show that there is indeed a relationship between government strategies aimed at re-engineering growth of SMEs and actual growth and sustainability of SMEs in Zimbabwe (p<0.05) (Bomani, Fields & Derera, 2015). The impact of government policies on the growth and sustainability of SMEs was determined by testing the variable against an array of strategies, namely, government policies, agricultural support programmes, SME development strategies, gender dynamics and management strategies.

From the findings, it may be concluded that strategies for reengineering the SMEs are linked to the growth of SMEs and it would seem that there are sufficient strategies to support and sustain the growth of agrarian SMEs in Zimbabwe (Bakar, 2016; Ameyaw, Korang, Twum, & Asante, 2017). Thus overall, strategies meet at a specific intersection, the process of reengineering growth has resulted in overall economic growth and creation of new jobs in the agrarian SME sector. Equally so, the appreciation of gender dynamics enhances participation of women and youths has a significant impact in successfully re-engineering growth and sustainability of SMEs in the agriculture sector. The appreciation of gender dynamics must in-turn be supported by implementation of sustainable management practices aimed at setting a foundation of professional conduct, inclusive of the qualifications of the people that are engaged in various activities of the SMEs such as production, marketing and product development, value addition and branding (Koranteng, Osei-Bonsu, Ameyaw, Ameyaw, Agyeman, & Dankwa, 2017).

5. Conclusions
Various researches show that there is a positive correlation between strategies for reengineering and the growth and sustainability of SMEs. The SMEs are generating jobs, increasing agricultural development, contributing to food security, standard of living market share and industrialization. Through this study we reached the conclusion that strategies for reengineering do influence the growth of SMEs in Zimbabwe. This result can be explained based on the fact that the Zimbabwean economy is driven by SMEs. The SMEs have easily withstood economic crises through monopolizing strategies for sustainable growth. Another important argument which support the findings is that agrarian SMEs are employing many people, while large enterprises are failing to breakeven. The availability of policy frameworks has given birth to strategies that are aimed at buttressing and sustaining SMEs such that they remain sustainable and continue on a growth trajectory. Government strategies in their entirety support the growth of SMEs in their totality and are key in ensuring that SMEs grow into transnational companies.

Of importance are those strategies that lead to access to international markets and those that guarantee food security. Thus overall, when policies and strategies meet at a specific intersection, the process of reengineering growth has resulted in overall economic growth and creation of new jobs in the agro-SME sector and related value chains. Equally so, the appreciation of gender dynamics that enhances participation of women and youths has a significant impact in successfully re-engineering growth and sustainability of SMEs in the agriculture sector. The appreciation of Gender dynamics must in-turn be supported by implementation of sustainable management practices aimed at setting a foundation of professional conduct, inclusive of the qualifications of the people that are engaged in various activities of the SMEs such as production, marketing, product development, value addition and branding.

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