

Full Length Research Paper

Assessing the challenges faced by rural agro-dealers in Matabeleland North Province, Zimbabwe

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The aim of this exploratory research was to identify the challenges that are faced by rural agro-dealers (agricultural inputs retailers) in Matabeleland North Province in Zimbabwe as part of a non-governmental organisations (NGO) funded initiative to build their capacities. A purposively selected sample of seventeen (17) rural agro-dealers scattered across the province was contacted for in-depth interviews. These were rural agro-dealers linked to a local agricultural inputs wholesaler from which they purchased most of their agricultural inputs. Observation was also used as a data collection technique on the status and condition of the rural stores from which the selected agro-dealers operated and also on the systems in use for record keeping and the extent to which records are kept at store level. A number of challenges were identified, chief among them, access to finance for working capital and business growth as dealers' credit worthiness is low. This has been worsened by the economy wide liquidity crunch that is currently obtaining due to the country's adoption of multiple currencies (mainly the United States Dollar, South African Rand and the Botswana Pula) since the consummation of the then inclusive government of 2009. Others included lack of transport; lack of demand; poor managerial and marketing skills; record keeping and bookkeeping challenges; among others. The study recommends, as an intervention, provision of various business support measures such as improving access to credit by rural agro-dealers, provision of consignment stocks, training in business management and record keeping, as capacity building measures.

Key words: Rural enterprises, challenges, finance, micro, small and medium-sized enterprises (MSMEs).

INTRODUCTION

The importance of entrepreneurship development for national economic development cannot be over-emphasized as evidence from across the globe has proved this to be so. Also, rural entrepreneurship can be

of equal importance to the improvement of economic fortunes of rural households (Beaulieu, 2002; Emery, Wall and Macke, 2004; Korshing and Allen, 2004, McElwee, 2008). Specifically micro, small and medium-sized

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enterprises (MSMEs) have been found to revitalise economic growth and the development of rural areas (Liedholm, 2001; Gibb, 2006; Boateng, 2011; Samujh, 2011; Irwin, 2011; Smallbone, 2009).

In Zimbabwe, the majority (about 66%) of the population lives in rural areas (ZimStat, 2012) which are characterised by high levels of poverty compared to urban areas. Hence, some manifestations of poverty (SNV Zimbabwe, 2004) are in the form of poor access to social services such as health, education, limited access and control over financial and non-financial resources, food insecurity, etc.

Therefore, the rural setting is such that there are limited sources of income for improved livelihoods. Notwithstanding, different efforts have been made to assist in the establishment and growth of micro and small enterprises (MSEs) in rural regions of Zimbabwe with different nongovernmental organisations (NGOs) helping to facilitate this process by running various rural enterprise support programmes.

Several studies on challenges faced by MSME have been conducted in both developed and developing country perspectives. For the former, the Canadian study of barriers to small business growth by Gill and Biger (2012) is a typical example, whilst several developing country perspectives have been looked at, relevant to this study, for example, India Zaidi (2013), Swaziland (Joubert, 2006) Sub-Saharan Africa, (Fjose et al, (2010) Mozambique, (Fumo and Jabour (2011) Ghana and Malawi-(Kayanula and Quarterly, (2000) South Africa, (Olawale and Garwe, (2010), Kenya (Bowen et al. (2009) and Nigeria (Osamwonyi and Tafamel, (2010) just to mention some of them. It may therefore raise questions as to why the interest in an area that a lot is already known about. The answer is in the subtle point that Gill and Biger (2006) make, that challenges faced by MSMEs would vary according to some prevailing differences in country contexts, notwithstanding some commonalities in terms of financial, management and market related problems faced.

Hence, the Zimbabwean context is yet to feature that much in the published literature on challenges in the MSME sector in general, and let alone rural MSMEs. This is even more so in light of developments in the past couple of years when an inclusive government was consummated that promulgated various economic stabilisation policy pronouncements which brought about a new operating environment that should have of necessity caught the attention of researchers.

This study presents an exploratory study into the challenges faced by rural agricultural inputs retailers (agro-dealers) in Zimbabwe's Matabeleland North province. These are rural enterprises which are in reality general dealer stores (majority) and hardware stores which also deal in agricultural inputs that is, seed, fertilizer, ox drawn implements and parts, and to a lesser extent, agricultural chemicals, as an added portfolio.

Challenges in this study are taken to be synonymous to problems, barriers, obstacles or constraints that are faced by these rural enterprises. This is despite the fact that other researchers have tried to draw distinctions among some of these (Joubert, 2006) although such distinctions in reality have always proved hazy. The term MSME is preferred in this study as it is all encompassing in line with the literature reviewed.

LITERATURE REVIEW

A definitional problem

There are various definitions given to the term entrepreneurship, hence, researchers such as Kobiah and Sikalieh (2010) acknowledged the existence of this definitional problem. In defining entrepreneurship, Smallbone (2009) quotes the global entrepreneurship Monitor by Zacharis *et al.* (2000) that says 'any attempt to create a new business by an individual, a team of individuals, or an established business'.

Mugobo and Okpere (2012,p.282) refer to Bygrave and Hofer (1891) definition of the entrepreneurial process as 'involving all the functions, activities, and actions associated with perceiving of opportunities and creation of organisations to pursue them.' Mugobo and Okpere (2012) go on to refer to Schumpeter (1934) who is said to have introduced the modern definition of entrepreneurship as *'the carrying out of new combinations we call 'enterprise'*. In his 1949 definition, Schumpeter (1934) then tied entrepreneurship to the creation of five basic 'new combinations' that is, introduction of a new product, introduction of a new method of production, opening of a new market, the conquest of a new source of supply, carrying out of new organisation of an industry.

On the other hand, rural entrepreneurship, according to Wortman (1990) refers to 'the creation of a new organisation that introduces a new product, service or creates a new market or utilises new technology in a rural environment'(p.330). This definition is very much in line with the Schumpeterial-definition of entrepreneurship of 1949.

Perhaps a more pervasive definition than that of entrepreneurship above is of small and medium size enterprises (SMEs) as there is yet to be a universally accepted definition (Sibanda, 2005). Various definitions are given in the literature that consider three main aspects, that is, number of employees, turnover and asset base (Smallbone, 2009).

Kayanula and Quarterly (2000) acknowledge this definitional problem of an SME, which, not only varies from one country to the other, but even across economic sectors within the same country (Chirisa et al., 2012). They observe that the most commonly used criterion is the employee base of the enterprise. To that end,

Liedholm (2001: 2) defines MSEs as those with employees of 50 or less. 'This means that this definition of MSEs encompasses establishments consisting of one person weaving baskets for sale in the market and also includes factories with 40 or 50 workers using complex machinery'.

It is therefore generally accepted that small businesses are those with less than 50 employees as in the Liedholm definition above, and medium ones are those with above 50, but less than 250. However, other authors come in with the concept of micro-enterprises which are generally accepted to be those with less than 10 employees (McPherson, 1991) although others like Samjuh (2011) used 5 as the cut off point for micro-enterprises. In this study, the emphasis is on micro-enterprises as in the McPherson definition given the characteristics of the sample, hence, the preference for the acronym MSME as opposed to just SME.

The role of MSMEs

There is general agreement in the literature on the importance of MSMEs, and why they should be supported. Most of the commonly cited reasons why these enterprises are of importance include the following, which were most comprehensively articulated by Gibb (2006) quoting Simon (1992): filling out the local economy; providing a service base for the attraction of bigger firms; adding value to local raw materials; building linkages and clusters enabling flexible specialization; internationalization; providing opportunities for employment and self-help; fighting social exclusion and poverty at regional, national and international levels; helps create a culture of enterprise in communities. Other authors such as Howard and Hine (2000), Liedholm (2001), Smallbone (2009) and Boateng (2011), among others, generally concur. Samjuh (2011) on a study of micro enterprises, identifies the following as their importance: contribute towards stable and sustainable social and economic community environment; create jobs (as noted by most authors above); fostering of self-development and self-support. She goes on to say micro enterprises, especially those with external NGO support, bring funding for community works, for example; dams, irrigation, etc, thereby raising the standard of living for families and communities in general.

Rural area characterization

It is important at this stage to characterize the rural economy as conditions are quite different from the urban setting. The unique environment that characterize the rural economy impinges upon enterprise success and even the types of challenges that are confronted by rural enterprises.

Chrisman et al. (2002) give a discussion of the unique

features of the rural economy where they say capital is more difficult to obtain in rural than urban areas. There are fewer banks as well as less market opportunities in rural areas. Chrisman et al. (2002) also observe that transportation in rural areas is poor. They say that there are less opportunities of business support in rural areas together with fewer experienced entrepreneurs who may act as models for the benefit of existing enterprises and entrepreneurs.

In line with this, Liedholm (2001) observed that rural enterprises have less market opportunities than urban enterprises, hence, they have higher chances of failure. He concurs with Chrisman et al., (2002) that business support in rural areas is less accessible (Smallbone, 2009).

Perhaps a more comprehensive characterization of rural regions is the one given by Smallbone (2009) where he starts by noting that rural regions are characterized by remoteness from major markets, depopulation, infrastructural deficiencies and high dependence on land based activities. These generally hold true for most regions of the world, whether for emerging or developed economies. He further notes that the rural business environment is characterized by small size of the local market (Chrisman *et al.*, 2002), implying the need for rural enterprises to have improved access to market information, and the need for support earlier in their development. There is also poor access to skilled labour, constrained availability of suitable business premises, poor transport and communications infrastructure. Smallbone (2009) refers to Drabenshott and Meeker (1999) who argue that poor access to finance is worst in rural regions as investors generally shun rural enterprises.

From observation, it would seem like generally, the African context of rural regions is much more constrained than in the western context, thereby worsening the operating environment that rural enterprises find themselves in. This naturally translates into more and worse challenges being experienced by enterprises located therein.

Challenges

A myriad of challenges faced by MSMEs have been identified in the literature some of which are discussed in some detail below.

Access to finance

This is perhaps the most high ranking challenge that MSMEs the world over face as identified by several studies in the literature (Smallbone *et al.*, 2008; Smallbone, 2009; Okpara, 2011; Mugobo and Okpere, 2012; Zaidi, 2013; Gill and Bigger, 2012; Mwanza and Mtisi, 2011; Fumo and Jabbour, 2011; Ardic *et al.*, 2011).

Access to finance is a major problem for MSMEs as they

are considered high risk ventures by banks (Joubert, 2006; Osamwonyi and Tafamel, 2010; Olawale and Garwe, 2010). As a result, banks pitch the requirements for funding MSMEs beyond their reach to where one study observed that 65% of the surveyed MSMEs would not even think of submitting a loan application to a bank as they knew that they would not get it (Tafamel, 2010).

The same study observes that therefore the problem is not one of lack of sources of finance, but indeed of access given all the barriers that MSMEs face in accessing funding. Indeed one of the major barriers to financial access is collateral requirements (Chitsike, 2000; Kayanula and Quartely, 2000; Mtisi, 2004; Gill and Bigger, 2012; Chirisa et al, 2012).

Resultantly, most MSMEs prefer funding their operations, especially start-ups, from personal sources, family members and friends (Nwoye, 1994; Okpara, 2011). Others would prefer to seek for funding assistance from public sources such as government agencies, and NGOs as opposed to banks and other financial institutions (Osamwonyi and Tafamel, 2010). This constraint is even worse for rural MSMEs given their generally poor credit worthiness that almost calls for collateral free financing (Boateng, 2011).

Inadequate skills / Lack of training

This is another major challenge that is faced by MSME operators that have been identified in the literature. Liedholm (2001) quoting McPherson (1991), says training and levels of skills had an impact on firm growth where firms run by people with vocational training grew faster than those without such training. He goes on to quote Cabal (1995) who, in a Dominican Republic survey of micro enterprises, found out that entrepreneurs who had completed secondary school had rapid growth than those that did not.

Osamwonyi and Tafamel (2010) also found relationship between level of education/training and performance of the surveyed Nigerian enterprises where those with higher levels of education tended to do better than those with lower levels. Another survey in Kenya (Bowen et al., 2009) had a similar finding. However, despite the apparent link between levels of education and performance, most MSME operators still suffer from low levels of education.

Osamwonyi and Tafamel (2010) survey found out that most MSME operators surveyed did not have a high level of education as only 17% had some form of vocational training. The same holds true for the Kenyan Bowen et al. (2009) study that found low levels of education at 47% post-secondary/vocational training, and 4.5% being university graduates out of a sample of 200.

As evidence that most MSME operators lack training and skills, this is one of the most frequently mentioned need for assistance by MSME operators (Smallbone et al,

2008; Amha and Ageba, 2006; Boateng, 2011; ADEA, 2013).

Competition

This is another common challenge mentioned in the literature where enterprises get overwhelmed by the level of competition from the market (Olawale and Garwe, 2010; Amha and Ageba, 2006; Zaidi, 2013). Fjose et al. (2010) observe that most MSMEs in Sub-Saharan Africa face stiff competition from the informal sector which is often able to undercut on prices. Fumo and Jabbour (2011) besides mentioning informal competition, also make mention of competition from other similar enterprises and even that from foreign enterprises. For rural enterprises, urban enterprises pose another form of competition (Mugobo and Okpere, 2012). MSMEs are advised to ward off competition mainly through high quality products/services, competitive pricing, differentiated products, credit sales and advertising (Amha and Ageba, 2006).

Access to markets/Lack of market demand

MSMEs are constrained by poor market access and lack of demand for their products and services. In an Ethiopian survey of micro and small enterprises, Ahma and Ageba (2006) found that 69% of the surveyed enterprises mentioned lack of markets as a constraint. Marketing related problems could be due to lack of training (Okpara, 2012) and/or enterprises scrambling for the same customers in the same locality (Bowen et al., 2009).

In Zimbabwe, a ADEA (2013) study found low customer disposable incomes, especially for rural households, as a market constraint due to seasonal incomes. Other studies that found market related problems for MSMEs include Howard and Hine (2000) and Boateng (2011), among others.

Politics and corruption

This is one of the challenges that is being faced by especially MSMEs in emerging economies. A Sub-Saharan Africa study by Fjose et al. (2010) highlighted this as one of the problems being faced. In Mozambique, Fumo and Jabbour (2011) found out that MSME operators were being subjected to corrupt activities by government officials, quoting an incident where some came into a restaurant and consumed drinks, and left without paying for them purportedly in exchange for future favours.

Okpara (2011) also reports on high levels of corruption on a Nigerian study of small businesses which mostly manifested itself through various forms of bribes. Osamwonyi et al. (2010) had political patronage as one

of the recommended strategies for success by some surveyed MSMEs as this will guarantee good government business, and protection from unnecessary harassment by government authorities.

In Zimbabwe, the ugly face of corruption was being seen everywhere (Gono, 2008) given the economic meltdown and the lawlessness that ensued prior to the formation of the inclusive government in 2009, and has since resurfaced unabated of late. This is a real problem that MSMEs are facing.

The regulatory environment

Related to the politics and corruption challenge earlier mentioned, the regulatory environment is also a major hindrance for MSMEs in most regions of the world. In Sub-Saharan Africa, this is reflected by its being ranked the worst region of the world on the Doing Business Index (Fjose et al., 2010).

Another Sub-Saharan Africa study (Boateng, 2011) also identifies the inhibitive regulatory environment as a hindrance to small business development. Some MSMEs have developed a negative attitude towards regulatory authorities due to various forms of harassment (Amha and Geba, 2006), high taxes and other levies (Fjose et al., 2010; Bowen et al., 2010; Kanyanula and Quarterly, 2000; Osamwonyi and Tafamel, 2010).

Olwale and Garwe (2010) quote Gaviria (2002) who argue that the reason why MSMEs engage in corruption in South Africa is due to problems encountered with regulatory compliancy and bureaucracy as they often lack the bargaining power to resist bribery requirements from government workers. They also opine that the cost of regulation has an impact on the growth of SMEs as it eats into their much needed working capital.

Infrastructure

This represents another important challenge especially for rural enterprises given the characterisation elucidated earlier, that rural regions normally have limited infrastructure (Smallbone, 2009). Okpara (2011) identified infrastructural barriers in the form of poor conditions of roads and bridges, poor communication system, erratic power supply among others. These are in line with findings from studies by other authors (Mugobo and Okpere, 2012; Smallbone, 2009; Fjose et al., 2010; Zaidi 2013). It is therefore generally agreed in the literature that these affect the effective operations of MSMEs with some considerable cost implications thereof.

METHODOLOGY

The study area

Matabeleland North is one of the ten provinces of Zimbabwe.

Located in the western part of the country, it borders the provinces of the Midlands and Mashonaland West to the east and northeast respectively, and the province of Matabeleland South and the city of Bulawayo to the south. Its northern border is defined by the Zambezi River, while its western border is shared with the country of Botswana. It has an area of 75,025 km² and a population of approximately 743,871 according to the 2012 census (ZimStat, 2012).

It consists of seven districts, namely Lupane, Tsholotsho, Binga, Nkayi, Hwange, Umguza and Bubi with Lupane being its capital. There are significant differences in poverty rates among the provinces in Zimbabwe, and Matabeleland North has one of the highest poverty rates in the country, with an estimated 22% of its inhabitants classified as food insecure (ZIMVAC, 2012).

The province is characterized by generally inhospitable land when compared to other parts of Zimbabwe. It has lower rainfall than provinces such as Mashonaland, and is plagued by drought conditions for most of the time. The land is also less fertile than other provinces, as commercial crops cannot be grown and rural farmers usually cannot produce enough food crops to feed their families.

However, during the colonial era, large numbers of cattle ranches were formed and cattle ranching has proved to be a more successful venture than growing crops in the province (Save the Children, 2003). The region does have a significant amount of other resources like gold, limestone, methane gas, coal, and timber. As seen through the Hwange National Park, Zimbabwe's largest game reserve, the area is also known for its substantial wildlife population. However, the most famous geographic feature of Matabeleland North is the Victoria Falls (Vic Falls), the world's largest waterfall and one of the Seven Wonders of the World. The Vic Falls played co-host together with Livingstone, Zambia, of the 20th United Nations World Tourism Organisation (UNTWO) General Assembly in August 2013.

Gifts and remittances from family members working in the cities and in the Diaspora are a common source of livelihood in the province (ADEA, 2013). Migration to South Africa is prevalent thus remittances sent by relatives are an important source of income. The downside though is that most of these migrants are the youths that have left school and are unable to secure employment. This naturally leads to a marked decrease in availability of labour to work in the fields. Households affected by HIV/AIDS are also amongst the most food insecure (Save the Children, 2003). They have low levels of agricultural production, and are particularly constrained in their access to most income-earning opportunities due to the death or illness of breadwinners.

Methodological considerations

This is an exploratory study whose philosophical stance is interpretive as there was need to develop a general understanding (Denscombe, 2010; Saunders et al., 2015) of key challenges that are faced by rural general dealer stores that also dealt in agricultural inputs.

In terms of research approaches, the study used inductive research methods that are accordingly qualitative in nature (Saunders et al, 2015) as conclusions were only drawn from the collected data. The qualitative case study research strategy was used, as the focus was on Zimbabwe's Matabeleland North Province as the case in point. Case studies allow the focus or spotlight to be paid on one instance at a time rather than being general (Punch, 2009).

In this study, the spotlight was on the study of rural enterprises in the specified study area. Case study research allows the use of multiple data collection techniques (Yin, 1994), hence, the following techniques were used for purposes of data collection in this study that is document analysis, in-depth interviews and general

observation. The interviews were conducted from the participants' stores in five of the seven districts making up the Matabeleland North province. The main data collection tool was an unstructured in-depth interview guide. In-depth interviews allow collection of rich data about a phenomenon unlike factual data from questionnaires (Kent, 1998).

Questions to do with demographic and operational data were posed to the participants, such as how long they have been running their businesses, types of products they deal in, highest level of education, whether they have had prior business training and the types of challenges they are facing in running their businesses, among others. A non-probabilistic purposively selected sample of seventeen rural agro-dealers scattered across the province was contacted for in-depth interviews. These were rural agro-dealers linked to a local agricultural inputs wholesaler from which they purchased most of their agricultural inputs, hence, purposive. General unstructured observation (Saunders et al., 2015) was also used as a data collection technique on the status and condition of the rural stores from which the selected enterprises operated and also on the systems in use for record keeping as well as the extent to which records were kept at store level. The whole exercise (conducting the interview and observation) lasted between one and half hours to two hours, and participation was voluntary as the participants stood to benefit from the study given that it was executed as part of an NGO funded programme on capacity building of rural agro-dealer enterprises. The data analysis was qualitative and inductive, in line with the research design and nature of data collected.

FINDINGS AND DISCUSSION

Profiling participant enterprises

In terms of profiling the 17 enterprises that were subjects of this study, there were 3 hardware shops and 14 general dealer stores which all participated in the selling of agricultural inputs as part of their business portfolios. All, except for one, employed less than 10 employees with three being the modal number. This makes them fall into the micro category according to the McPherson (1991) definition of micro enterprises. The one exception had 23 employees, being a fairly diversified general dealer operation with four lines of business, that is, grocery retailing, bottle store, butchery and a market gardening project. Besides, the enterprise had three other branches in nearby rural localities in its district. Shop sizes varied, with the smallest shop being as small as 20 square metres and some shops as large as 100 square metres.

The highest level of education attained by 2 of the owner managers was a College Diploma with the majority being just Ordinary Level certificate holders or less. However, they had all undergone a basic 3-day business management training workshop as part of an NGO rural agro-dealer capacity building programme they were participating in. A few had even done some technical training on agro-inputs from another NGO.

Their average age was in the region of 50 years and the majority of businesses have been running for an average 13.6 years, with the youngest being 3 years and the oldest some 27 years. Being all rural family

businesses, this shows many years of proprietor experience in running their businesses. However, only 7 of the 17 enterprises were registered companies while the rest were running as unregistered traders despite all being holders of annual trading licences issued by their respective local authorities, the Rural District Councils (RDCs). Average monthly turnover for the enterprises was in the region of US\$3 000.00 with two of the registered enterprises making in the region of US\$15 000.00.

The challenges

Lack of finance

The single major challenge that was mentioned by all enterprises had to do with inadequate funding for business operations. Enterprises were in dire need of some working capital injection for restocking and as a result, most of them had empty shelves as they could only stock to the barest minimum, just to sustain minimal operations.

In fact, respondents, after mentioning finance as a major challenge, immediately mentioned failure to stock as a separate problem. It was, however, clear that their failure to stock their enterprises adequately was a result of failure to secure funding for operations. The economic decline that had resulted in an adverse business environment was largely to blame for the sorry state of affairs. Hyperinflation had wiped away all their capital base and the introduction of the multi-currencies as an economic stabilisation measure in February 2009, at the consummation of the inclusive government, meant that all entities had to start mobilising for capital resources afresh as the local currency was eventually demonetised not long thereafter.

This move hit rural businesses the hardest as they are characterised by a low asset base and most of their savings which were in liquid form were wiped away by inflation. Up to now, most enterprises, even large corporates, are still struggling to recover, a couple of years after the introduction of these policy changes which were otherwise for the common good of the wider economy. To that end, there have been calls from some sectors of the rural business community for the premature reintroduction of the Zimbabwe Dollar as the United State Dollar (USD), which is the major currency in operation, is hard to come by in most corners of rural Zimbabwe. This has even affected demand for goods and services, hence, business operations are also suffering as a result.

While this finding of lack of finance as a major challenge is in line with most findings on MSME research reviewed in this study (Smallnone, 2009; Okpara, 2011; Mugobo and Okpere, 2012; Zaidi, 2013; Gill and Bigger, 2012; Fumo and Jabbour, 2011), its uniqueness is in the causal background that has not been reported elsewhere.

This seems to confirm what Gill and Biger (2012) opined that MSME challenges tend to differ according to country context.

Failure to keep records / Bookkeeping

Records are important for the purposes of monitoring and evaluating enterprise performance which facilitates informed business decision making. This was therefore one of the major challenges that was mentioned by the respondents. Although not all cited this as a problem, the researchers could observe that all, but two of the 17 participating enterprises had some challenges with keeping of a full set of records. Of these two, one had a locum accountant who was responsible for doing the books, and the other had a full-time manager who in reality was operating as the accountant.

Failure to keep records resulted in poor bookkeeping practices, where operators were in the dark about how profitable their ventures were from one period to the other. There seemed also to have been an attitude problem towards record keeping as operators felt the process was time consuming and hence, of not that much value to the business. The same seemed to have been true when it comes to stocktaking as just a handful of operators conducted stock takes despite their importance in the operations of a retail business. This challenge could have also been as a result of lack of skills given the low levels of education profiled.

However, in some cases, it was a genuine lack of appreciation of the importance of record keeping in an enterprise. This finding is in line with that of Osamwonyi and Tafamel (2010) where 80% of the surveyed 270 small businesses did not keep adequate financial records. In that survey, 40% of the sample said they do not keep records because they are not useful for their businesses, and yet another 32% said they do not need them for their business operations. This shows, just like in this study, a rather high level of ignorance of the importance of record keeping by MSME operators. It partly explains why small businesses find it difficult to access funding from banks, as without records, it becomes difficult to convince any prospective financier of the viability of the enterprise, a precondition for financing any venture.

Lack of business management training

As noted earlier, none of the operators had any formal business training besides the long drawn years of experience running their enterprises. This proved to be another challenge as enterprises did not have proper business management systems in place for effective and efficient operations. Functional skills in terms of accounting, marketing, human resources and other business management skills requisite for a successful

enterprise were minimal. The 3-day business management training workshop attended, which was not long before interviews were conducted, had in a way bridged this skills gap. However, operators still needed hands on business mentoring and coaching to assist them put into practice what they had learnt at the workshop.

Constrained market demand and competition

Rural areas are characterised by low disposable incomes which naturally affect demand for goods and services (Chrisman et al., 2002).

In Zimbabwe, this has been worsened by the use of the multiple foreign currencies which has seriously affected liquidity in rural and, to some extent, urban areas as well. As a result, enterprises are faced with reduced market demand and low business activity as compared to the period before withdrawal of the local unit.

Also, rural Matabeleland has traditionally relied on remittances from those of their people who are in the Diaspora as noted in the provincial profile, mostly South Africa. With the skewed parallel market exchange rate during the Zimbabwe Dollar era, a small Rand amount would translate into a significant figure in local currency, culminating into significant demand for goods and services. That windfall has since ceased, resulting in significantly reduced household incomes that has in turn translated into the currently obtaining low business activity. The reduced market demand has also heightened competition among enterprises as they scramble for the reduced customer base with similar goods selling at similar prices.

However, for agricultural inputs, the competition is not that pronounced as there are not that many dealers per a given locality. Again, this finding resonates well with past research (Bowen et al., 2010; Osamwonyi and Tafamel, 2010; Joubert, 2006), albeit in different contexts as again opined by Gill and Biger (2012).

Infrastructural challenges

Infrastructure, especially in a rural setting, has always been a challenge. The dirty roads and bad conditions of bridges (Okpara, 2011) result in poor accessibility due to transport problems. This was mentioned by some of the interviewees who said this was more pronounced during the wet season as some of the roads become impassable. This means even operators with their own vehicles for transport (which are in the majority in this case) also faced transport problems as they could not freely travel to Bulawayo (from where they make most of their orders) as and when they wish. The worst hit were the few without their own transport who had to rely on public transport such as buses and kombis for order deliveries. This

results in some of their stocks being damaged along the way with perishables being the more vulnerable. The use of public transport constrains the size of the order that can be made at one go, and the risk of having stocks being damaged eats into the little profits that may be realisable per every order delivered.

Besides transport being part of the infrastructural challenge, there is also the issue of availability of energy. All the 17 enterprises are located at rural business centres that are electrified, a benefit being derived from the country's fairly successful rural electrification programme. However, due to power shortages and constant faults on the old transmission infrastructure, power outages are a common feature in all rural (even urban) areas, and usually these can last for days at the worst or some hours at the very least. This result in stock losses or compromised quality of perishables, and those operators who also run butcheries are dealt a big blow in those circumstances as they risk losing their carcasses. The issue of electricity as a barrier for MSMEs has also been reported elsewhere (Fjose et al., 2010; Olawale and Garwe, 2010; Zaidi, 2013).

The other infrastructural challenge is the condition of the premises from which these enterprises are operating. From the observations made, it was noted that the majority of them could do with some basic repair, and a fresh coat of paint for the creation of a pleasant shopping environment. As profiled earlier, some of the businesses have been in existence for over 20 years, and are still basically using the same buildings. The problem is compounded by the depressed business activity over the past couple of years that has not enabled operators to make profits enough to reinvest into maintenance of their buildings.

Constrained supply of agricultural inputs and seasonality

The interviewed operators derive their very label of 'agro-dealers' from their part dealings in agro-inputs. Due to lack of working capital cited earlier, the majority are not able to finance their own stocks for onward sale to local communal/smallholder farmers.

Meanwhile, only one of the 17 successfully applied for a credit facility with one of the local seed manufacturers, leaving a clear supply gap on the rest. This is where a NGO funded programme of facilitating the supply of consignment stocks to these and other agro-dealers came in handy as a possible solution, but not without its own implementation challenges such that the supply constraint remained.

Hence, operators have gone from one season to the other without sufficient inputs to service their communities, save for the small quantities they can finance from their constrained operations. Really, some are now doing this as a social responsibility gesture for local farmers some

of whom are personally known to them, having been operating in their local communities for years.

Besides, the input prices are controlled by the manufacturers and the margins gained are not high enough to cover the transport costs incurred. Some have to travel as much as 160km one way from their rural bases to the nearest manufacturer depot or wholesaler located in the city of Bulawayo. Manufacturers and the few wholesalers that remain operational are not making any deliveries to rural areas in most parts of the country citing escalating costs under a partially dollarized environment.

To make matters worse, dealers complained of most of the inputs being made available by manufacturers' way after the agricultural season has started, shortening the trading cycle in the process. This is despite the fact that farmers normally like stocking up a month or two before the commencement of the season. The risk associated with this is that dealers may end up with stocks of unsold inputs at the end of the season, which in the case of seed, being the most common input, cannot be carried over to the next season.

The seasonality of the agricultural inputs results in somewhat good business (for those who would have been able to stock up) only during farming seasons, with sales plummeting to almost zero off-season, save for implement parts and veterinary supplies. This means operators cannot solely depend on the agro-inputs business, hence, their diversified portfolios for survival, as explained elsewhere in this study.

The other challenge directly related to agro-inputs was the government's programme of handing out free inputs to rural households from one season to the other. Although these are normally not in sufficient quantities per household, and many times come late in the season, it still seriously impacts on their sales volumes as rural farmers would rather hold on to their hard earned cash and wait for the free government input scheme no matter how inconvenienced by the untimely deliveries.

Other challenges

Some of the challenges mentioned had to do with RDCs licence levies that were said to be rather high given the low levels of trading that the enterprises are managing to sustain. This was more pronounced in one of the districts, Insuza, which had most mentions of this as a challenge given that the fees vary per district. In any case, the regulatory environment has also been found to be a barrier in most MSMEs researches (Olawale and Garwe, 2010; Fumo and Jabbour, 2011).

Others mentioned high rentals of the business premises they were operating from, although majority owned their operating premises having been running their enterprises for many years. Due to the new operating environment of using multiple foreign currencies, the

problem with managing and keeping track of cross rates was also mentioned. Sometimes this resulted in exchange rate losses with others mentioning experiencing accounting problems given the different currencies in use. The currency challenge also resulted in change problems, especially at the initiation of the multicurrency regime as there were very few coins in circulation then, which were only in South African Rand and nil for USD coins. This inconvenienced customers as many times they would be forced to get their 'change' in form of other small goodies on sale, like sweets, fruits, matches, or even cigarettes! This is an interesting and unique challenge experienced then that is yet to find its way into the literature. However, the introduction of bond coins (surrogate US Dollar cents) by the government in 2014 managed to solve the problem, notwithstanding the initial market resistance.

Another interesting challenge mentioned is a human resources one, to do with labour turnover. Some participating enterprises made the 'mistake' of employing young beautiful girls as shop attendants, perhaps as a strategy of luring mostly male customers. Unfortunately, this has in effect backfired as these poor girls hardly stay for long as they are quickly impregnated and leave work for marriage. This has happened twice at two of the enterprises and once at two others in the not too distant past. The undesirable result is the constant hiring of new people, losing out on continuity and loyalty, which can culminate into another unrelated problem, store shrinkage, as reported at some two different enterprises. It is rather surprising that once again this has not been reported in the MSMEs literature (especially in the African context) or has it been a question of researchers ignoring it, supposedly as a trivial challenge.

CONCLUSIONS AND RECOMMENDATION

The study sort to make an appraisal of the challenges faced by rural general dealer enterprises (agro-dealers) in Matabeleland North Province of Zimbabwe involved in the retailing of agricultural inputs besides their main general dealing business.

A number of challenges were identified, topping the list being the typical one for MSMEs, that is, finance. This is the most nagging small business challenge the world over as demonstrated in the briefly reviewed literature, and presentation and discussion of findings above.

However, the Zimbabwean context has brought a slightly different and interesting dimension to this challenge as nowhere in the literature (at least in the African context) has issues of multi-currencies been brought up as a contributory or determinant factor to this widely held small business challenge.

Other challenges identified include failure to keep records, and the related bookkeeping challenges; lack of business management training; constrained market

demand and competition. Infrastructural challenges such as transport and energy problems are really not new in the literature as various other studies have reported similar findings as demonstrated in the presentation and discussion of findings.

In fact, in terms of record keeping, this study and the reviewed literature have demonstrated that there is a fairly high degree of ignorance in terms of the importance of keeping a complete set of records by MSMEs operators as they still struggle to appreciate their importance for effective business operations. Other challenges pertain to the agro-inputs dealing side of their operations where supply constraints are being experienced coupled with the late availability of inputs from manufacturers.

Whilst it may be difficult to give concrete policy recommendations based on a widely exploratory study of this kind, it is, however, still worthwhile to give some tentative policy indicators or guidelines based on the findings of the study though conceivably inconclusive.

Given the pervasiveness of the financing challenge and the situation rural enterprises find themselves in, of lack of collateral, there is need to find new and innovative ways of availing funding to rural enterprises that are more responsive and sensitive to their particular situation. The traditional financing options through banks and other financial institutions are not suitable for the rural entrepreneur as they are fraught with accessibility barriers.

Some NGO funding initiatives that are being administered through the banks are not achieving the desired results as far as rural enterprises are concerned. This is because the bankers are still using their regular lending requirements which these disadvantaged enterprises cannot satisfy. At the end of the day, the flow of credit is still directed towards the already credit worthy urban enterprises at the expense of the intended beneficiaries. What is clearly required is a development finance solution, perhaps along the lines of the suggestions of Okpara (2011) who encourages entrepreneurs and policy makers to consider the Grameen Bank approach, where loans can be issued out without collateral. Without a solution that addresses the collateral logjam, rural enterprises will never be able to access any form of credit as most rural assets are not admissible as collateral due to non-availability of title deeds, which is always a precondition for collateral.

Current developments on the microfinance front can also be directed towards finding ways of innovatively incorporating the financially disadvantaged rural enterprises for funding. Other possibilities could be government guarantees on carefully selected rural enterprise loans and the promotion of the concept of group lending schemes. There may also be need to consider coming up with programmes that deliver consignment stocks to rural retail enterprises, thus effectively taking care of the working capital challenge.

The problem though in implementing such a programme could be supply side constraints and also the untrustworthiness of some operators of diverting consignment stock monies to other uses as has been the experience on one such NGO programme.

Once the finance challenges are taken care of, others such as lack of skills and management training are not insurmountable. Training workshops can be mounted as already reported elsewhere in this paper, but what would be key is the need to follow up on trained rural MSME operators for a defined period of time and provide further support by way of mentoring and coaching. Of course the providers of such a service ought to themselves be properly trained and be experienced business persons in their own right, if the right impact is to be registered.

LIMITATIONS AND FUTURE RESEARCH

The current study has largely been exploratory based on a very small sample size that is not even representative of the entire province studied. Hence, a larger quantitative study would be necessary for conclusive results to be obtained that can be used to more effectively inform policy design. The current sample, having been purposively selected and biased towards general dealer stores that also deal in agro-inputs, is very much limited, hence, future research may consider using rural general dealers as the sampling frame for an all-encompassing study. It would also be desirable for a nationwide study of the likes of the GEMINI USAID funded surveys of the 1990s, but this time focussing on rural enterprises, if funding can be made available. Lastly, this study reports specifically on challenges, which is just one side of the coin. There is also need to compliment it by looking at possible solutions or capacity building needs of these rural enterprises for a complete picture.

CONFLICT OF INTERESTS

The authors have not declared any conflict of interests.

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