

# An Investigation into the Factors that Limits the Formation of New Businesses by Women - A Case Study Of Women in Gwanda, Zimbabwe

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## Abstract

Entrepreneurship is a multi - dimensional task and a creative activity which results in economic development if pursued passionately. It has been a male-dominated phenomenon from the very early age but time has changed the situation and brought women as today's most memorable and inspirational entrepreneurs transforming countries. In today's world, women are equally competent in running businesses but they still lag behind in spite of women empowerment initiatives by the government of Zimbabwe. In spite of having the potential and talent to embrace entrepreneurship, women are deprived of opportunities, information and education. The main objective of this study was to determine and assess the challenges which were being faced by women entrepreneurs that hinder their performance and limit them to start their own enterprises. This is necessary because, despite the considerable government support and support from private and non-governmental organizations interested in promoting gender equality in all areas (business included), many of female-owned businesses still fail and some women still have fear to venture in entrepreneurship. In addition, an attempt was made to understand the role of government to accelerate the growth of women entrepreneurship in Zimbabwe. Researchers in the past have suggested that focusing on addressing women entrepreneur challenges may give their businesses a better chance of success and as a result it will assist in making Zimbabwe a middle-income economy by 2030. The study adopted the case study methodology and 90 questionnaires were distributed to women in Gwanda community. The study concluded by giving recommendations to policy makers and other stakeholders who have influence to women entrepreneurs.

**Key words:** Entrepreneurship; Economic development; Stakeholders; Zimbabwe

## Introduction

The past 20 years have seen an increase in the number of women starting their own enterprises in many countries including Zimbabwe. Women are increasingly turning to entrepreneurship as a way of coping with the "glass ceiling" that seems to prevent them from reaching top managerial levels in organizations (Morrison, et al, 1987). Others find that entrepreneurship provides them with greater satisfaction and flexibility (Belcourt, et al, 1991). The trend also has been seen in several African countries such as South Africa, Nigeria and Kenya.

Women businesses plays an important role in the economic development of a country and their role in terms of production, employment generation, contribution to exports & facilitating equitable distribution of income is very critical. Tsarwe (2014:54) highlighted that the future growth of the Zimbabwean economy has been anchored by policy makers on the establishment of growing

small and medium enterprises (women businesses included) the face of business closures by the large companies due to the economic meltdown. In support of women entrepreneurs, the government of Zimbabwe According to Kamba M(2018), the launch of the Zimbabwe Women Empowerment Bank (ZWMB) is expected to give women businesses and aspirations a massive boost. Women have over the years pleaded with relevant authorities to set up an institution that can effectively support women's business operations and ambitions through provision of funds on favorable terms and as such ZWMB came as a solution. With over 52 percent of Zimbabwe's population being women and the majority of them being on lower end jobs, it has increasingly become important to revisit requirements for most women who cannot access funds to support their businesses. The issue of collateral has especially seen women being left out in business as a majority of them have failed to provide security due to some lingering colonial and cultural legacies [1].

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**Received:** 3 August, 2021; **Accepted:** 17 August, 2021; **Published:** 24 August, 2021.

According to the Chronicles (March 20, 2018), the Reserve Bank of Zimbabwe (RBZ) has availed more than \$350 million in loans towards capacitation of entrepreneurs across the country. Among these include the the Women Empowerment Fund of \$15 million, business linkage facility of \$10 million, microfinance revolving facility of \$10 million, tourism support facility of \$15 million, gold support facility of \$150 million, cross border facility of \$15 million, tobacco export finance facility of \$70 million, horticulture facility of \$10 million, youth empowerment fund of 10 million, soya beans facility of \$21, 51 million and \$5 million for persons with disability. Women must take advantage of these funding opportunities in order for them to contribute to economic development of Zimbabwe. However, Government support cannot do much in terms of the development women businesses but the bulk of the success of these women entrepreneurs should be generated by the sector players.

The Government of Zimbabwe through the central bank is putting efforts to improve the status of women businesses. This comes as the central bank and the new Government move to boost productivity and revive the Zimbabwean economy through increased export earnings and job creation.

This is attributed to a number of challenges faced by women entrepreneurs which call for an investigation so that they will be able to fulfil their strategic position in the mainstream economy. Players in this sector are made up of many different women who are in business to benefit or succeed in one way or another. The Government and other stakeholders such as the Non-Governmental Organizations (NGO) have invested resources and expertise to ensure success in women enterprises. However women businesses has not contributed meaningfully to the country's GDP according to the findings done by the Asia-Pacific Economic Cooperation (APEC), World Bank and Inter-American Development in 2002.

This study aims to fill that gap in the literature by examining women entrepreneurs in Gwanda town in Matabeleland South. It investigates the challenges which hinder the establishment, growth and success of women entrepreneurs in Zimbabwe using Gwanda town as a case study. In addition, the research builds on the theoretical framework presented and investigates the variables identified in the literature [2].

## Defining Entrepreneurship

Entrepreneurship has been described as the "capacity and willingness to develop, organize and manage a business venture along with any of its risks in order to make a profit". Howard Stevenson's (1983) defined entrepreneurship as the process by which individuals pursue opportunities without regard to the resources they currently control. According to Kao R (1993), entrepreneurship is defined as the process of doing something new and something different for the purpose of creating wealth for the individual and adding value to society. In other words, entrepreneurship involves an entrepreneur who takes action to make a change in the world. For the purpose of this research, I define entrepreneurship as the transformation of the world by solving problems for example initiating social change, creating an innovative product or presenting a new life-changing solution to the world. Women entrepreneurs may be defined as a woman or a group of

women who initiate, organize and run a business enterprise to transform the world.

## Role of Women Entrepreneurs

The crucial role played by women entrepreneurs in the development of the Western countries has made the citizens of underdeveloped countries including Zimbabwe too much conscious of the significance of entrepreneurship for economic development. Delmar and Holmquist, state that women entrepreneurs play an important role in the world economy and indicate that in the US 6.4 million self-employed women provide jobs for 9.2 million people. This data is impressive when it is compared to the Fortune 500 largest firms that together employed 11.7 million people. Currently people have begun to realize that for achieving the goal of economic development, it is necessary to increase the level of women entrepreneurship both qualitatively and quantitatively in the country. In addition, the motivation for considering women entrepreneurship both in developing and developed countries derives from the increasing understanding of their important role in creating, running and developing businesses as a fundamental driver for economic growth [3]. Highlighted that women entrepreneurs are frequently thought of as national assets to be cultivated, motivated and remunerated to the greatest possible extent as they have the ability and capacity to change the way citizens live and work. In addition, women entrepreneur innovations may improve the standard of living, creating wealth with their entrepreneurial ventures, create jobs and the conditions for a prosperous society argue that an increasing number of women are seeking to penetrate the world of entrepreneurship, although this activity entails many risks, and the expenditure of time and energy.

Women starting up in business will tend to provide a more immediate contribution to the economy: Around one in five women come into self-employment from unemployment compared with around one in fifteen for men. (Promoting Female Entrepreneurship' SBS/ DTI, 2005)

A dollar invested in developing women's enterprise provides a greater return on investment than a dollar invested in developing male owned enterprise. This was said by the Chief Executive of the Small Business Service, Martin Wyn Griffith, who was speaking at the National Dialogue for Entrepreneurship, Washington DC, March 2005.

Women entrepreneurship carryout corporate social responsibility programmes. A Survey of Social Enterprise Across the UK, DTi, 2005 indicated that women are more likely than men to think that social, ethical and environmental considerations in business are important.

## The role of government in promoting women entrepreneurship in Zimbabwe

The Government of Zimbabwe plays a pivotal role in promoting women entrepreneurship in Zimbabwe. According to Newsday of 26 June 2018, history was made on the 25th of June 2018 when the Zimbabwe Women's Microfinance Bank (ZWMB) was unveiled, becoming the first bank in Southern Africa dedicated solely to transform and economically empower women. Making reference to Zvorufura F (2018), (ZWMB), whose full name is Zimbabwe Women

Microfinance Bank Limited, is a deposit-taking **microfinance** institution in **Zimbabwe**. The bank serves those members in the community, who have been un-reached by conventional commercial banks, particularly rural women

The government through the bank is championing women's financial inclusion through availing affordable funding options to start their own enterprise. In Zimbabwe, women are the pillars of our families who at times do various jobs to support and sustain families. The Zimbabwean government has made it a priority to ensure that women are supported to participate in mainline economic activities by availing tailor made support facilities for their financial inclusion [4].

ZWMB is mandated to give women increased access to finance at befitting terms. Zimbabwean women are said to be unsatisfied with the current bank services because banks are developing products that do not resonate with female consumers. Hence bringing in a financial institution that pays attention to women's requirements was imperative and that's a significant move by the government to support women enterprises.

The government through the bank, ZWMB, it is facilitating women entrepreneurship, self-employment by women and creating job opportunities for both men and women. In addition, the government is also bringing Zimbabwe a step closer through ZWMB to achieving the United Nation's Eight Sustainable development goal of promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all, especially the ladies.

The government through the Ministry of Women Affairs, Gender and Community Development has greatly assisted women in Zimbabwe to start income-generating activities through its Women's Development Fund and training of women through the Internal Savings and Lending concept (ISAL). Through the ISAL concept, women are able to form clusters, pull their financial resources together and start businesses. The women groups are also taught business management skills and how to keep business record books. The latter is a prerequisite and contributes immensely to good business practices.

In addition, the Women Alliance of Business Associations in Zimbabwe (WABAZ) plays a key role in supporting women entrepreneurship. WABAZ is an APEX organization representing 35 women's organization across Zimbabwe. It was formed in 2011 as a platform for women's business associations to participate in business and create a unified and amplified voice. Its mission is to empower women business associations through proactive engagement, networking research and information sharing. WABAZ undertakes a wide range of activities aimed at supporting member organizations to speak with a unified voice on issues that affect women entrepreneurs, advocating through collective action for policy reforms, and encouraging greater grassroots participation and strengthening economic democracy in Zimbabwe.

## Characteristics of Women Entrepreneurs

Available empirical evidence shows that there are some characteristics that are considered indispensable or necessary in an entrepreneur. Below are key characteristics for a successful entrepreneur.

## Research Methodology

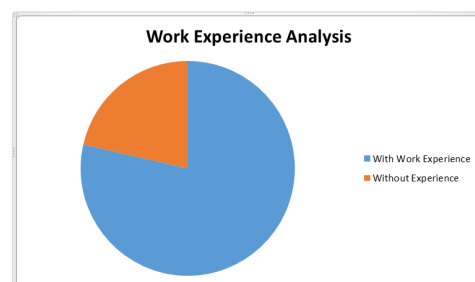
The authors developed an assessment instrument to measure entrepreneurial knowledge, attitudes, personality, and intentions that was administered to 90 women entrepreneurship development training (WEDT) participants. Over a period of one week, the questionnaire was administered to WEDT participants who were enrolled at the WEDT programme in Gwanda.

To minimize non-response rate, participants received the questionnaire directly from the author. The instrument was distributed at the beginning of the first lecture (s) in Entrepreneurship mindset and was collected at the end of the same lecture.

The questionnaire was divided into 4 sections: demographic, attraction to entrepreneurship, and attitude towards entrepreneurship. Questions on demographic variables focused on the respondent's study level, work experience and age. On the attraction to entrepreneurship and attitude towards entrepreneurship aspects, respondents were asked to rank their level of attraction and their attitude with entrepreneurship. Attention was paid to the length of the survey; it had to be comprehensive enough yet short enough so that respondents would complete it. It was estimated that it would take respondents approximately 10 minutes to complete. The information obtained provided baseline data for use in designing solutions and more entrepreneurship initiatives for women entrepreneurs [5].

## Results Analysis

The respondents were asked to highlight using a five point likert scale, the challenges which they face and also prevent them to start or grow their own businesses and the following challenges prominently featured: fear of debt, stiff competition from the established enterprises, lack of own financial resources, insecure income, negative opinion on entrepreneurship, difficulty in accessing external financing and lack of proper infrastructure. The results show that there are various challenges which are faced by prospective women entrepreneurs in Gwanda which needs to be addressed. various challenges facing entrepreneurs in a globalized environment were identified through different studies which includes argued that the major obstacles to entrepreneurs are lack of access to credit, lack of access to formal business and social networks, while (Hashim et al 2010:198) identified the main problems faced by entrepreneurs as lack of knowledge regarding to branding, marketing techniques, customer loyalty and also lack of good contacts with others local and international enterprises shown in (figure 1).



**Figure 1:** Making reference to figure 1 above, approximately 75% of the respondents have ordinary level as their highest qualification and 11% were holders of diplomas from higher and tertiary education.

## Recommendations

There is need to offer continuous trainings and capacity building activities to women of today so that they become highly capable to run sustainable businesses. If they are trained, it makes them similarly talented as men in business. Women who have undergone some form of enterprise training are twice as likely to be engaged in entrepreneurial activity (GEM UK 2005).

In addition, people who have taken up entrepreneurship training are three times more confident about having the skills to run a business. (GEM Special Report: A Global Perspective on Entrepreneurship Education and Training, 2010).

Provision of business incubation services, for example, the government, through responsible ministries may provide proper business infrastructure to provide a conducive environment for production and trading by women entrepreneurs.

This may give them confidence to compete with well established companies. Women entrepreneurs must partner with local universities and access incubation services that may help to transform their business. Incubation services will help them to solve the challenges of infrastructure as well as advisory services. The government may continue to provide tax reliefs and educate women entrepreneurs on tax knowledge.

## Conclusion

The study sought to establish the major challenges which are limiting the start of businesses by the majority of women in Gwanda. These challenges hinder their business growth and fail to make a significant impact on economic development of Zimbabwe. From literature it has been established that women entrepreneurship is a key ingredient of economic development and growth especially in Least Developing Countries (LDCs) which are in their early stages of

development. The results have shown that most women are not in business because of difficulties in accessing external funding, lack of proper infrastructure to conduct business, failure to obtain trading licenses and failure to register their companies due to long procedures. Some have indicated a negative opinion on entrepreneurship. The results also show that fear of debt is another significant cause why women are not establishing businesses. This is consistent with the theory of technological capabilities by (Lall 2003:197) which states that small businesses fail due to lack of finance to use both as working capital and for investment in technology which enables them to withstand competition from bigger firms. In addition, results shows that a number of women fear competition from well established companies and this is one of major causes why more men are in business than women yet in Zimbabwe women constitutes approximately 52% of the population.

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**How to cite this article:** Joshua, Simuka. "An Investigation into the Factors that Limits the Formation of New Businesses by Women - A Case Study Of Women in Gwanda, Zimbabwe." *Arabian J Bus Manag Review*11 (2021) : 413