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Zimbabwe: A Third Nationwide Survey of Micro and Small Enterprises

Final Report

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Executive Summary

The decade of the 1990s has been a tumultuous one for Zimbabwe in general, and for her economy in particular. The purpose of this paper is to discuss Zimbabwe's micro and small enterprise (MSE) sector, and how that sector may have been influenced by changes in the economic environment. In 1991, a nation-wide survey of MSEs was conducted. In 1993, a follow-up survey was conducted, with the primary purpose being to examine changes since 1991. In early 1998, a third nation-wide survey was commissioned. For the most part, these surveys used the same methodology, and visited precisely the same areas.

Fieldwork for the most recent survey began in January of 1998, and concluded in March of 1998. Some 19,933 households or shop sites in 40 enumeration areas were visited. At these sites data on 7,369 existing MSEs were collected. Of these, 749 were involved in agriculture, mining, and forestry, and another 553 MSEs located in the Mbare and Renkani markets were interviewed. These groups of MSEs were not covered in the earlier surveys. An additional 749 respondents were interviewed regarding enterprises which closed since 1993.

The survey results show that in early 1998, there were some 860,000 manufacturing, commercial, and service MSEs in Zimbabwe employing approximately 1.65 million persons. An additional 442,000 agricultural and mining MSEs also exist, and these employ another 2.2 million Zimbabweans.

For the most part, manufacturing, commercial, and service enterprises in Zimbabwe are full-time, year-round operations. They represent the biggest source of income for most households. The most common sorts of these MSEs are engaged in trading or manufacturing. Although most MSEs are located in rural areas, there are more urban MSEs than one might expect given the proportion of Zimbabwe's population that resides in urban areas. Proprietors are more often female, have on average some secondary school education, and are overwhelmingly black Zimbabweans. Finally, most manufacturing, commercial and service MSE list final consumers as their main customer.

The 1998 survey also gathered information on MSEs involved in agriculture, mining and forestry. Neither of the earlier studies tackled such firms. These enterprises are evidently important despite representing only one-third of Zimbabwe's total number of MSEs, agriculture and mining MSEs employ 57% of the 3.8 million person MSE workforce. The most common types of agricultural and mining enterprises are maize growers, poultry farmers, and growers of multiple crops. Together, these three types account for more than two-thirds of all agriculture and mining MSEs and employment in such MSEs. Agriculture and mining MSEs are somewhat less profitable and have higher average start-up costs than manufacturing, commercial, and service MSEs, and livestock farming has especially low average profit levels. However, agriculture and mining MSEs do expand their employment at slightly higher average annual rates than do manufacturing, commercial and service MSEs. In general, the inclusion of agricultural and mining

activities in the survey pointed to the interconnection between agriculture and non-agriculture activities, and their combined role in Zimbabwe's economy

Although the total number of manufacturing, commercial, and service MSEs is roughly what it was in 1991, there are nearly 9 0% fewer such enterprises than existed in 1993. Furthermore, while the numbers of manufacturing, commercial, and service MSEs located in urban areas have increased over 30% since 1991, there are nearly 14% fewer rural MSEs. Despite the overall contraction in the numbers of manufacturing, commercial and service MSEs (especially in the rural areas), total employment in these sorts of MSEs has expanded by 22 0% since 1991. To be sure, most of this increase has come in the urban areas, but employment in rural manufacturing, commercial and service MSEs has increased by 9 0%. This points to an increase both in the average number of workers per firm, and to substantial changes in the firm size distribution. In particular, MSEs in 1998 averaged 1 91 workers (inclusive of any working proprietors), substantially more than the 1 56 reported for 1991. 58% of MSEs in 1998 are one-person operations, as compared to 1993, when 78% of the MSEs were one-person firms. In 1998, MSEs in the 2 to 4 workers category, and to a lesser extent those in the 5 to 9 worker category, are much more common than before.

The types of manufacturing, commercial, and service MSEs have changed over time as well. In general, trade-related and service-related are much more common than before, with manufacturing-oriented businesses making up a substantially lower proportion of all manufacturing, commercial and service MSEs. The textile manufacturing subsector has shown particularly dramatic contraction. This may largely reflect Zimbabwe's efforts over the 1990s in trade liberalization.

While a similar proportion of proprietors of manufacturing, commercial and service MSEs report never having received credit for their businesses (90 0%) over the 1991-1998 period, of those which have received credit, the types of loans have changed. Fewer loans are coming from family or friends and from moneylenders, and more MSEs have received bank loans. Microloan programs such as Zambuko have reached 1 1% of the MSEs in Zimbabwe. Formal sector loans are more likely to be given to urban-based enterprises, and these reach comparatively few female-owned firms. Microloans, however, are more commonly received by rural MSEs, and by female proprietors.

Most MSE creation seems to occur in times of macroeconomic downturns. More than half of all manufacturing, commercial, and service MSE births in the 1994-1998 period are concentrated in 6 marginally profitable sectors. In addition, regression analysis suggests that for every 1% decrease in the growth rate of GDP there is an increase of nearly 0 6% in the MSE birth rate.

MSEs engaged in manufacturing, commerce and services are also much more likely to close during economic downturns. For the 1988-1996 period, each 1% decrease in the GDP growth rate leads to a 0 38% increase in the MSE death rate. Over half of MSE deaths occur in just 6 sectors. Not surprisingly, these six are among the lowest profit sectors.

Given the changes that have occurred in the MSE sector over the past decade, it is also important to examine firm expansion. The average annual rate of firm employment expansion is 12.5%, which is substantially more than the 2.4% of 1993 or even the 7.4% of 1991. A much smaller proportion of MSEs have remained the same size in terms of employment in the post-1993 period than in previous periods. This supports the earlier finding that more MSEs are "graduating" to larger sizes than ever before.

The transformation of the MSE sector in Zimbabwe over the 1990s has also profoundly affected the role of women in this area. Whereas in 1991, nearly three-quarters of all MSEs were owned by women, this figure had fallen to only 58% by 1998. Not surprisingly, of all the MSEs that closed in the 1994-1998 period over 80% were female-owned. Women-owned enterprises are concentrated into a small number of relatively low-profit types, especially small-scale textile manufacturing and certain sorts of vending. Women-owned firms are smaller both in terms of sales and in terms of workers, have much lower profits, and grow more slowly on average than those firms owned by their male counterparts. Finally, women entrepreneurs are less likely to re-invest their profits into their MSEs than men are.

Zimbabwean MSEs face a number of constraints. The most commonly cited problems include market problems (especially not having enough customers), finance constraints (especially a lack of operating funds) and input difficulties (especially input cost). There is evidence that competition from imports may be more of a problem than in earlier periods.

The urban markets in Bulawayo (Renkwi) and in Harare (Mbare) were also enumerated. These two markets together are estimated to contain 2,483 MSEs which employ an estimated 3,675 persons. In 8 of the 13 types of MSEs for which data were available, profit levels were higher than similar business located elsewhere in Zimbabwe. For the most part, urban markets represent opportunities for certain types of MSEs to earn higher-than-average profits.

The micro and small enterprise sector in Zimbabwe is showing signs of maturing with the generally positive economic climate, but it continues to serve as a mechanism to capture those with no other economic options. In short, the sector is characterized by both growth and poverty alleviation components. As the MSE sector continues to evolve with the changing macroeconomic climate, we should expect to see some "winners" and some "losers" in the process. For example, some domestic manufacturers may continue to lose out to imported products. Similarly, the role of women in the sector may continue to diminish. Further investigation is needed to more fully understand these trends.

Section One Introduction and Background

The decade of the 1990s has been a tumultuous one for Zimbabwe in general, and for her economy in particular. The purpose of this paper is to discuss Zimbabwe's micro and small enterprise (MSE) sector, and how that sector may have been influenced by changes in the economic environment. In 1991, a nation-wide survey of manufacturing, commercial and service MSEs was conducted. This survey revealed the existence of some 867,784 such MSEs employing an estimated 1.35 million Zimbabweans (see McPherson, 1991). In 1993, a follow-up survey (see Daniels, 1994) was conducted, with the primary purpose being to examine changes since 1991. In early 1998, a third nation-wide survey was commissioned. For the most part, these surveys used the same methodology, and visited precisely the same areas, although the 1998 survey was expanded to include agriculture, mining, and forestry activities, plus two urban markets.

Many overlapping factors have caused or contributed to the changes in Zimbabwe's economy over the 1990s. Much of the turmoil can be traced to climatological factors. Droughts in 1992 and 1995 caused real GDP to shrink, while improved agricultural conditions in other years contributed to modest economic growth (see Table 1.1).

Table 1.1
Zimbabwe's GDP Growth and Consumer Price Inflation,
1988-1997

Year	Annual Growth Rate of Real GDP (in percent)	Annual Consumer Price Inflation (in percent)
1988	9.74	7.40
1989	6.34	12.85
1990	1.91	17.37
1991	2.41	23.00
1992	-5.30	42.28
1993	4.63	28.00
1994	4.40	21.88
1995	-1.80	22.71
1996	8.10	16.40
1997	3.70	20.10

Source: 1988-1995, World Development Indicators
1996-1997, Reserve Bank of Zimbabwe

The 1990s also witnessed the implementation of the Economic Structural Adjustment Programme (ESAP) Its successor, ZIMPREST, was to have started in 1996, but has not yet been implemented In spite of this, and of other stops and starts along the way, and although Zimbabwe's efforts at structural adjustment have not achieved all of its stated aims, these efforts can generally be credited with the following¹

- A reduction in the government's budget deficit to below 10% of GDP
- Liberalization of the foreign trade and exchange markets
- Some progress in domestic deregulation and privatization
- Inflation has been brought under control from a peak of around 50% in 1992, annual consumer price inflation has fallen to approximately 20% by late 1997²

The structural adjustment process has not been painless however As part of the austerity imposed during the budget-cutting exercise, the government has reduced the size of the civil service, creating a need for even greater private sector job creation The government has also sought to increase tax revenues Deregulation and privatization have led to higher prices for some commodities Indeed, the violent riots that occurred in the latter part of 1997 and again in early 1998 were largely protests against higher taxes and the increases in the prices of staple commodities Overall, the fact that GDP growth rates continue to lag behind inflation has meant that per capita real incomes have been falling³ According to the Poverty Assessment Study Survey, real wages in Zimbabwe have declined substantially, and poverty levels have increased over the 1990s⁴ Furthermore, Zimbabwe's private sector has been hurt by double-digit real rates of interest, which have resulted from the government's need to finance its shrinking, but still high budget deficits

Trade liberalization has had important effects on Zimbabwe's economy Trade liberalization pursued as part of the structural adjustment exercise has increased the availability of imports needed by Zimbabwe's manufacturing sector, likely spurring economic growth However, these same changes have led to greater competition that many domestic producers face from imports These issues are particularly contentious as regards the textile sector While Zimbabwe has become more open to foreign textiles, many claim that South Africa's market has remained relatively closed to Zimbabwe's textile exports

All of these changes are likely to have had an impact on Zimbabwe's MSEs Besides changes in numbers of and employment in MSEs, many other aspects of the sector may have been affected over this period These could include changes in the sectoral distribution of MSEs, their relative profitability, their location and ownership structure as well as others It is also possible that the MSE sector would have evolved in important ways even in the absence of the changes described above As a result, it will not be possible to state conclusively whether a given change in the

¹ Except where otherwise stated, information in the paragraph is taken from Government of Zimbabwe, 1996

² Reserve Bank of Zimbabwe It should be noted that many observers believe actual inflation in 1997 was higher than officially reported figures

³ For further detail on structural adjustment and its effects, see Imani Development (1996), and Kapoor, et al (1997)

⁴ Ministry of Public Service, Labour and Social Welfare, Social Development Fund (1997), p 9

economic environment has caused an observed change in the MSE sector. Nevertheless, the results presented below may provide important insights to policy-makers.

The focus of this paper will be to describe Zimbabwe's MSE sector and to discuss changes in it over the past decade. The following section describes in detail the survey methods. An overview of Zimbabwe's MSE sector in 1998 is provided in Section Three. Section Four focuses on changes to the MSE sector, including changes in magnitude, employment, firm size, and changes in both the sectoral and spatial distributions. Section Five examines changes in the patterns of firm creation, expansion and closure, while Section Six explores gender-related issues. Constraints faced by firms, and how these constraints may have changed, are considered in Section Seven. Section Eight considers MSEs in urban markets. A final section offers some concluding remarks.

Section Two Survey Methodology

2.1 Introduction

In order to insure comparability between the surveys, the 1998 survey followed to the greatest extent possible the methodology of the 1993 survey. There are, however, two important differences. First, the 1998 survey gathered data on agricultural, mining and forestry-related enterprises. So that comparisons can be made with the findings of the earlier surveys, these enterprises are analyzed separately in the following sections. All other analyses include only information on manufacturing, commercial and service businesses.

A second difference involves the inclusion of enterprises in the major urban market areas. Whereas the earlier surveys did not directly include such areas, the 1998 did purposively sample the Mbare market in Harare and the Renkwi market in Bulawayo. This information cannot be used in the national extrapolations, since these areas were not drawn randomly. However, it is of some interest to better understand traditional urban markets. Section Eight discusses the sample properties from these areas.

Although great care was put into the design and implementation of each survey, the data have certain limitations. These are discussed in detail in Appendix A.

2.2 Survey Timing

Fieldwork began in January of 1998, and concluded in March of 1998. The earlier surveys both occurred later in the year, approximately August through October in each case. Though impossible to control for, the reader should keep in mind that some of the differences between the present survey and the earlier ones may be attributed to seasonal factors. However, most MSEs in each sample are year-round operations. It is unlikely that there are substantially more or fewer MSEs at different seasons. Efforts have been made to control for seasonality in the calculations of firm profits, and of firm employment.

2.3 Definitions⁵

2.3.1 MSEs

For purposes of this survey, MSEs will be defined as

- crop agricultural enterprises with 50 or fewer employees with sales of at least Z\$2,000 (approximately US\$111)

- all other businesses with 50 or fewer employees that are involved in agriculture, mining, manufacturing, commerce or service activities and which market at least half of their production

By including agricultural and mining, this definition is substantially broader than in the earlier surveys. However, the survey instruments were designed in such a manner that it

⁵ A more complete list of definitions used in the survey can be found in Appendix G.

is possible to compare the 1998 results with those of the earlier surveys by including only the manufacturing, commercial, and service enterprises in all comparative analyses

While the 1991 survey collected data on firms with up to 50 employees only, the 1993 survey collected data on firms in the 51 to 100 employee range. However, we exclude this information from our analysis in order to be able to compare across surveys

2.3.2 MSE Employment

MSE employees are of four types

- Working proprietors
- Unpaid workers (usually family members)
- Paid workers
- Apprentices

2.3.3 MSE Profitability

The 1998 survey gathered information on MSE revenues, expenses and profits. Besides the proprietor's own estimation of profits, an estimate was made based on a calculation of annual sales and annual expenses⁶. The profit figure reported below is computed on a cash-flow basis, in which expenses are counted in the year in which they occur. In addition to calculating profits in this manner, Daniels (1994) allowed for depreciation of capital expenditures over time. She found that the two methods delivered very similar figures. A discussion of how profits and costs are calculated can be found in Appendix D.

It is important to note that the profit figures generated by the survey and reported below are not definitive, but rather illustrative. As the reader may appreciate, it is difficult to quantify profits even if the primary objective of a given survey is to do so. This results in part from the sensitive nature of the issue, from the fact that most MSE proprietors do not keep books, and also because many may not thoroughly understand the concept of profit. The surveys described here are designed to gather data on a large number of MSEs in a very short period of time. In short, the reader is advised to treat all figures involving profits or revenues with caution. A more definitive and certain description of MSE profits in Zimbabwe must wait for a multiple-visit survey that considers the issues in a more comprehensive manner.

2.4 Survey Instruments

Two instruments were used in the 1998 survey. An existing business questionnaire (EBQ) gathered information on each firm's general characteristics, its labor force, its proprietor's characteristics, information on its sales, costs and profits, in addition to other pertinent data. A shorter closed business questionnaire (CBQ) was also administered to proprietors who reported having a MSE that has folded during the past four years. It generated data on each closed firm's

⁶ Expenses include stationery, fuel, inventory, purchased inputs, hired labor, transport, rent, maintenance and repairs, and others. The survey made no effort to deduct payments to the owners, as this would be exceedingly difficult information to gather with this particular survey method.

labor force, the reason why it closed, its proprietor's characteristics, as well as other information. Both survey instruments are contained in Appendix H.

To ensure comparability, to the greatest extent possible the 1998 survey instruments used the same questions as those used in 1993. There are, however, some notable changes:

- In addition, supplementary questions regarding possible agriculture and mining activities have been added to the EBQ. For example, for non-agricultural enterprises it is probably better to gather data on sales and costs by asking proprietors to recall the most recent week and month, and then learning whether the most recent month was an average, below-average, or above average sales month. However, given the seasonality inherent in agriculture, it may be more useful to ask agricultural proprietors to recall last year's figures.

- A number of questions appearing on the 1993 EBQ were deleted from the 1998 instrument. To a great extent this reflects changes in the particular secondary goals of the survey. That is, some of the issues that the 1993 survey was concerned with are no longer of pressing interest. Examples include:

- the effects of the 1991-2 drought on MSEs,
- the effectiveness of small business associations,
- the degree to which MSEs have telephone service, and the perceived demand for such services,
- the impact of various governmental laws and regulations (such as taxes, minimum wage laws, foreign exchange regulations, and registration requirements) on MSEs.

Although these issues are certainly interesting, given the need for brevity owing to the expanded definition of MSEs, and that these issues are no longer considered to be of paramount importance, these questions were omitted. For a full discussion of these issues the interested reader is referred to Daniels (1994). In addition, questions regarding possible agricultural activities of MSE proprietors were left off the 1998 EBQ, since agricultural activities were counted explicitly.

- The CBQ was also shortened somewhat. In particular, questions that appeared in the 1993 survey regarding the sales, costs and profits of the closed business have been deleted from the 1998 version. This is largely because it is unlikely that proprietors' recollections of such numbers from defunct businesses are even roughly accurate.

2.5 Sampling Methodology

The 1998 survey closely follows the sampling procedures of the earlier surveys. Once again, this is in order that the data be comparable. Since no list of MSEs in Zimbabwe existed in 1991, the original survey selected the respondents using a stratified cluster sampling method. This method involves first dividing the country into strata. The particular strata in this case are as follows:

- Urban "high density" areas, typically inhabited by low-income households
- Urban "low density" areas, typically inhabited by higher-income households
- Urban commercial areas
- Urban industrial areas
- Smaller towns (populations under 20,000)
- Growth points, which are towns in which businesses are given special incentives by the government in order to promote rural development⁷
- Rural Areas, governed by Rural District Councils, which encompass the communal lands (the former District Councils, traditional land tenure) and commercial farming areas (the former Rural Councils, freehold land tenure)

In the analyses that follow, we consider smaller towns, growth points, and rural areas together as "rural," and the other strata together as "urban." This aggregation is identical to that used in the analysis of the 1993 survey.⁸

Within each stratum, a number of census enumeration areas (EAs) were randomly selected. The survey then canvassed each selected area, visiting every possible household and shop within the EA. In 1991, a total of 58 EAs were covered. To correct for possible oversampling of urban areas and for reasons of resource constraints, this number was reduced in 1993 to 40 EAs. The 1998 revisited the same 40 areas that were included in the 1993 survey. The survey areas are marked on the map that is Figure 2.1. A complete list of these areas can be found in Appendix B.

2.6 Sample Size

The 1998 survey visited 19,933 households, shops, factories, and other sites in 40 enumeration areas. At these sites data on 7,369 existing MSEs were collected. Of these, 749 were involved in agricultural or mining production, and another 553 MSEs located in the Mbare and Renkwi markets were interviewed.

In 1993, the survey visited a total of 11,762 households and shops, collecting information on 5,356 existing enterprises. 14,035 sites were visited during the 1991 exercise in 58 enumeration areas. 5,575 primary MSEs were identified and enumerated, and limited information was collected on an additional 1,194 secondary enterprises.

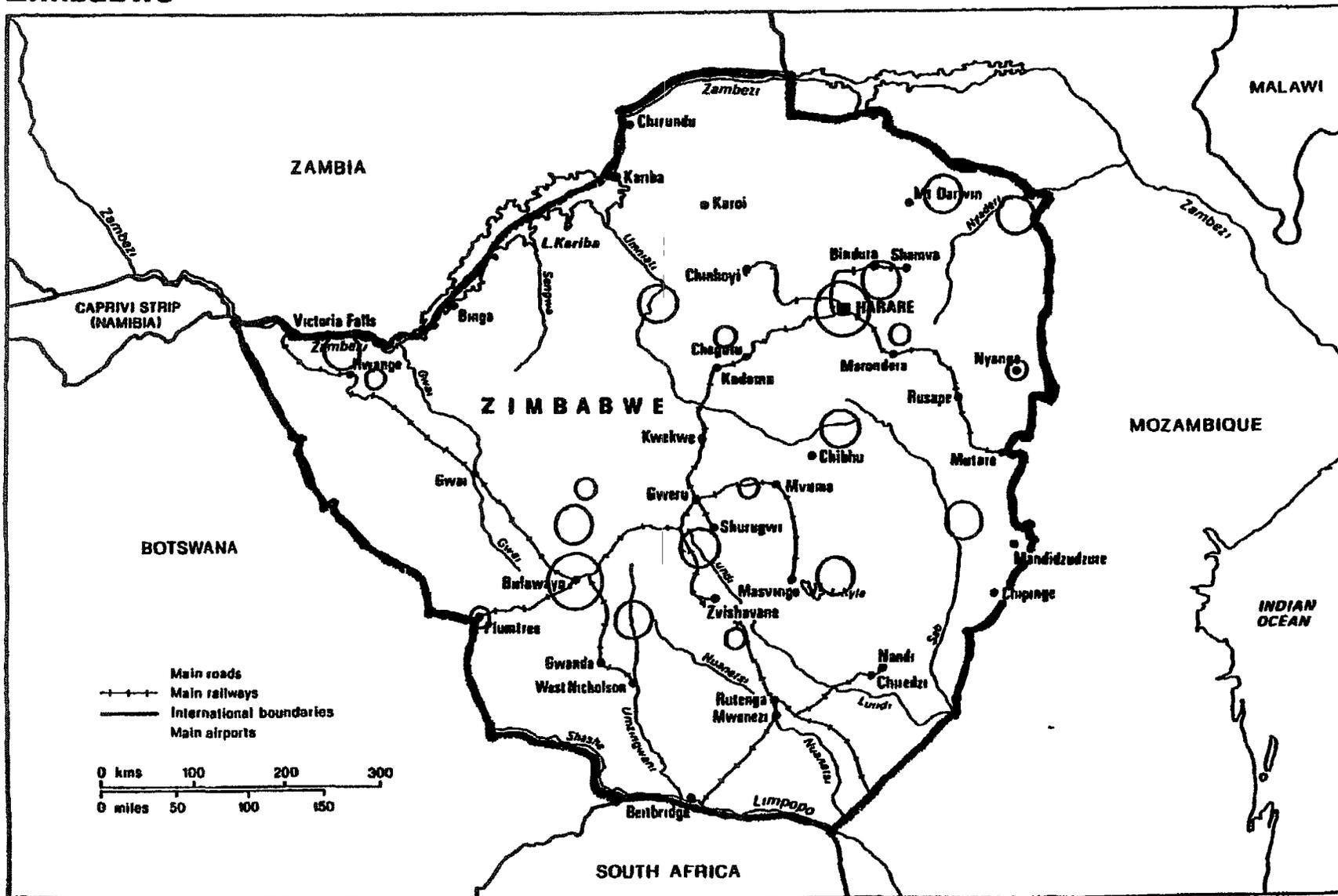
⁷ Although Zimbabwe's second-largest city, Chitungwiza, is officially considered a growth point, for this survey it was considered an urban high-density area.

⁸ As Zimbabwe has changed over the past decade, areas that were once considered rural may be more reasonably classified as urban. So that the 1998 survey findings could be compared to those from the earlier surveys, we continue to use the original classification scheme. Should this scheme become outdated in important ways, the sampling frame for future surveys would need to be completely redrawn.

Additional information was collected during each survey regarding closed enterprises. In 1998, 749 respondents were interviewed regarding enterprises which had closed since 1993. In the 1993 survey, information was gathered on 706 enterprises that had ceased to operate during the preceding three years. The 1991 survey collected information on 1,101 enterprises that had closed in the past.

FIGURE 2-1
AREAS COVERED IN 1998 MSE SURVEY

Zimbabwe



——— Main roads
 —+—+— Main railways
 ——— International boundaries
 ○ Main airports

0 kms 100 200 300
 0 miles 50 100 150

○ Smaller Towns and Growth Points ○ District and Rural Councils ○ Urban Areas

2.7 The Data Collection Process

Fieldwork for the 1998 survey was carried out during the first three months of 1998. The interviewing was conducted by two teams of enumerators, with each team led by a supervisor. Enumerators and supervisors, as well as the office staff, underwent a one-week training program. At the conclusion of the training, the final selections of enumerators were made. Enumerators were selected based on performance on written tests, participation in training, prior experience and education.

2.8 Data Extrapolation

The survey results were extrapolated to the national level based on information about the population in each stratum, and the proportion of households within each stratum with MSE activity. A weight was assigned to each case based on its relative representation of the national MSE sector. This weighting procedure, which is described in detail in Appendix C, follows exactly that used in the 1993 Zimbabwe survey. This allows comparisons to be made across time.

In all of the analyses that follow, weighted data are used. This is done so that the results reflect the profile of MSEs at the national level rather than simply for this particular sample of MSEs. All figures reported are based on weighted data, unless otherwise noted.⁹

⁹ Statistical tests reported in this paper are based on the unweighted sample data. This is necessary since weighting artificially inflates the sample size.

Section Three

Zimbabwe's MSE Sector in 1998

Overall, the MSE sector has in excess of 1.3 million MSEs, of which 66% are engaged in manufacturing, commercial, or service activities. The remaining 34% of MSEs are in the agriculture and mining sectors. We shall analyze these two broad categories of MSEs in the following sections.

3.1 Manufacturing, Commercial and Service MSEs

3.1.1 Magnitude

As of March, 1998, there were approximately 860,329¹⁰ manufacturing, commercial, and service MSEs in Zimbabwe. These businesses employed 1,647,664 persons, which is 24.8% of Zimbabwe's working age population.¹¹

3.1.2 Working Patterns

For the most part, MSEs in Zimbabwe are full-time activities. Of Zimbabwe's manufacturing, commercial, and service MSEs, 88.3% operate 12 months out of the year. More than three-quarters are open at least 25 days per month, and three-quarters are open 8 or more hours per day.¹²

3.1.3 Importance to Zimbabwe's Households

MSEs are a common way that households make ends meet. As Table 3.1 shows, 41.0% of urban households are involved in MSE activity, and 25.9% of rural households are

Table 3.1
Percentage of Households
With Manufacturing, Commercial or Service
MSE Activity

Stratum	Number of Households	Number of MSEs	Percentage of Households With MSEs
Urban	807,472	331,251	41.0%
Rural	2,045,685	529,078	25.9%
Total	2,853,157	860,329	30.2%

¹⁰ As noted above, the 553 MSEs sampled purposively in the Renkani and Mbare urban markets are not included in the analysis of this section. These are instead discussed separately in Section Eight.

¹¹ According to the World Factbook, 54% of Zimbabwe's population in 1997 was 15 to 64 years of age. Assuming this proportion also held in 1998, and that the 1998 estimated population of 12,320,265 (see Appendix Table F.3) is correct, Zimbabwe's working age population in 1998 was 6,652,943.

¹² It should be noted that being open for business does not necessarily mean that workers are productively engaged in business activities at all times.

Of the households that do have MSEs, over 90% have only one MSE. Another 7.9% operate 2 businesses. This information is presented in Table 3.2. On average, households with MSE activity have 1.12 businesses.

In addition, the importance of MSEs to households can be understood by examining the proportion of household income that comes from MSEs. Almost two-thirds of proprietors report that their businesses provide half or more of household income. The 1996 AIMS survey of urban microenterprises in Zimbabwe reports a similar figure: respondents report that roughly two-thirds of their households' monthly income comes from microenterprises.¹³ On average, MSEs engaged in manufacturing, commerce, and services generate annual profits of over Z\$29,000.

Table 3.2
Number of MSEs Operated
By the Household

Number of MSEs Operated By the Household	Percent of Total
1	90.2%
2	7.9%
3	1.3%
4	0.5%
5	*
Total	100.0%

* less than 0.1%

3.14 MSE Workforce

Tables 3.3 and 3.4 describe the manufacturing, commercial, and service MSE workforce in Zimbabwe. As shown in Table 3.3, nearly two-thirds of all MSE employees are working proprietors. Paid workers make up 19.1% of the MSE workforce. Another 15.6% are unpaid workers, usually family members.

Table 3.3
Proportion of MSE Employment
By Employee Type

Employee Type	Percentage of Total MSE Employees
Working Proprietors	64.6
Paid Employees	19.1
Unpaid Employees	15.6
Apprentices	0.7
Total	100.0

¹³ The results of this USAID funded survey are only available in draft form, and all references to that report should be considered preliminary. See USAID (1998), p. 7.

Table 3 4 demonstrates that most MSE employees are female. In addition, 91.1% of all MSE employees work on a full-time basis¹⁴. Only 2.1% of MSE workers are reported to be children between the ages of 7 and 15 years of age.

Table 3 4
MSE Employee Characteristics

Employee Characteristic	Percentage of Total MSE Employees
Female	57.1
Part Time	8.9
Children	2.1

3 15 Size Distribution

On average, Zimbabwean manufacturing, commercial, and service MSEs have 1.91 workers, and have annual sales of Z\$48,391. However, these averages mask wide variations in the firm size distribution. As one can see from Tables 3 5 and 3 6, the vast majority of such MSEs is quite small. However, a sizeable minority of very large firms tends to raise the average size measures. Nearly 95% of manufacturing, commercial, and service MSEs have 4 or fewer workers, and two-thirds have annual sales of Z\$20,000 or less.

Table 3 5
Distribution of MSEs By Number of Workers
Manufacturing, Commercial, and Service Firms

Number of Workers	Percentage of MSEs
1 Worker	57.6%
2 to 4 Workers	36.9%
5 to 9 Workers	4.5%
10 to 19 Workers	1.0%
20 to 50 Workers	0.1%
Total	100.1%

Note: column may not add to 100% due to rounding.

¹⁴ Part-time workers work less than 30 hours per week.

Table 3 6
Distribution of MSEs By Annual Sales
Manufacturing, Commercial, and Service Firms

Average Annual Sales (Z\$)	Percentage
Less than Z\$2,000	13.6%
Z\$2,000-Z\$5,000	20.7%
Z\$5,000-Z\$10,000	15.4%
Z\$10,000-Z\$20,000	16.3%
Z\$20,000-Z\$50,000	16.5%
Z\$50,000+	17.5%
Total	100%

3 16 Sectoral Distribution

As Table 3 7 shows, the biggest proportion of Zimbabwe's MSEs are engaged in trade-related activities. Nearly as many are involved in some sort of manufacturing. Renting rooms or flats is also a common activity, and service-oriented MSEs are also not unusual. Within these major groupings of firms, the most common sorts of MSEs in Zimbabwe are vendors of farm products, tailors/dressmakers, and firms making items from grass, cane or bamboo. Detailed information on this topic can be found in Appendix Tables F 1 and F 2.

Profitability varies widely between sectors. In general, small-scale textile manufacturing activities and wood and wood product manufacturing are on the lowest end of the profit spectrum, with annual profits averaging under Z\$9,000. MSEs engaged in construction or transport average higher profit levels; each sector averages above Z\$140,000. A complete listing of average annual profits by sector is presented in Appendix table F 4.

3 17 Location

MSEs occur everywhere in Zimbabwe, but given that the bulk of the population lives in rural areas, it is not surprising that more MSEs are located in rural areas. Specifically, as Table 4 1 shows, some 529,078, or 61.5% of all MSEs are located in the rural areas. What is perhaps more surprising is that so many MSEs are in the urban areas: while 26.8% of Zimbabwe's population lives in urban areas, 38.5% of her MSEs are so located.¹⁵ Although average annual sales and profits for urban-based MSEs (Z\$50,190 and Z\$ 31,498, respectively) are higher than comparable figures for rural MSEs (Z\$47,315 and Z\$28,147), these differences are not statistically significant.¹⁶ This may point to the tremendous heterogeneity of the MSE sector.

More than two-thirds of all MSEs are located in homes or homesteads (see Table 3 8). Another 16.5% are located in markets, commercial areas and industrial areas.

¹⁵ Zimbabwe's estimated population by stratum is presented in Appendix Table E 3.

¹⁶ The t-statistics from t-tests performed on the sample data are -1.06 for sales and -0.62 for profits.

Table 3 7
Sectoral Distribution of MSEs

Sector	Percentage of MSEs
Manufacturing	42.4
Food and Beverages	5.3
Textiles	20.1
Wood and Wood Products	9.4
Paper, Printing, and Publishing	*
Chemicals and Plastics	0.4
Non-metallic Mineral Processing	1.3
Fabricated Metal	2.6
Other Manufacturing	3.3
Construction	10
Trade	45.2
Wholesale Trade	*
Retail Trade	44.6
Restaurants, Hotels, Bars	0.6
Transport	0.6
Renting Rooms and Flats	6.8
Services	4.0
All Sectors	100.0

* less than 0.1%

Table 3 8
MSE Locations

MSE Location	Percentage of MSEs
Home/Homestead	69.0%
Commercial District	12.1%
Roadside, Track or Path	8.8%
Mobile	4.2%
Market	3.7%
Industrial Area	0.7%
Other	1.5%
Total	100.0%

3 18 Proprietor Characteristics

It is also instructive to consider the characteristics of Zimbabwean MSE proprietors. More than half are female. Issues surrounding proprietor gender are discussed more thoroughly in Section Six. Over 99 0% of proprietors are black Zimbabweans. Over 80% are married, and the average number of dependents per proprietor is 3 3. Zimbabwe's MSE proprietors have on average 8 81 years of experience in MSE work similar to their present line of work. Table 3 9 presents information about the educational attainment of MSE proprietors. The median level of education is some secondary schooling.

3 19 Customers

Proprietors were also asked about their most important customers. Their responses are tabulated in Table 3 10. As that table demonstrates, 96 0% of proprietors have final consumers as their primary customers. Although the average annual sales and profits for MSEs selling to other MSEs or for export are higher than MSEs selling to final consumers, the differences are not statistically significant, owing to the very small proportion of MSEs in the former category.

Table 3 9
Educational Attainment of MSE Proprietors

Level of Education	Percentage of MSE Proprietors
None	5 9%
Some Primary	20 2%
Completed Primary	19 3%
Some Secondary	22 4%
Completed Secondary	25 4%
A-Levels	0 5%
College	5 3%
University	1 1%
Total	100.1%

Note: column may not add to 100% due to rounding.

Table 3 10
Primary Customer of MSE

Primary MSE Customer	Percentage of MSEs
Final Consumer	96 0%
Traders	3 3%
Other Businesses	0 1%
Export	0 5%
Manufacturers	*
Other	*
Total	100.0%

* less than 0 1%

3 20 Sources of Start-Up Capital

Over 60% of all manufacturing, commercial, and service MSE proprietors began their business using their own savings (usually non-agricultural) as start-up funds (see Table 3 11) Nearly 19% received their start-up funds in the form of gifts from family or friends Another 6% borrowed money from a family member or a friend to begin their operation

Table 3 11
Principal Source of Start-Up Funds

Funding Source	Percentage of MSEs
Own Savings from Non-Agricultural Sources	54 7%
Given Free From Family/Friends	18 7%
None Did Not Need Any	8 5%
Own Savings from Agricultural Sources	6 5%
Loan from Family/Friends	5 9%
None Inherited the Business	1 7%
Formal Credit Institution	1 3%
Savings Clubs	0 8%
Microloan Programs	0 5%
Moneylender	0 2%
Other	1 1%
Total	99 9%

Note column may not add to 100% due to rounding

3.2 Agricultural and Mining MSEs

3.2.1 Magnitude and Employment

All of the earlier sections focused on the 860,329 manufacturing, commercial, and service MSEs in Zimbabwe, which provide employment for approximately 1.65 million persons. In addition to these, there are 441,940 MSEs¹⁷ engaged in crop and livestock agriculture and to a lesser extent mining, fishing and forestry. These MSEs employ another 2,179,209 Zimbabweans¹⁸. Because the survey excluded crop agriculturalists with annual sales of less than Z\$2,000 and livestock agriculturalists not marketing at least half of their production, our sample largely excludes subsistence agriculture. Nevertheless, the agricultural and mining sector as defined here employs approximately 18% of all Zimbabweans, or 36% of Zimbabwe's working age population. Another way to view the importance of small-scale agriculture and mining is to note that 20.5% of rural households are engaged in such activities.

¹⁷ Because the agriculture and mining enterprises were sampled randomly, we can make national estimates using the same weighting procedure outlined in Appendix C. Those weighted estimates provide the findings outlined in this section.

¹⁸ Approximately 3% of those employed in small-scale agriculture and mining are simultaneously engaged in manufacturing, commercial or service MSEs.

3.2.2 Size Distribution

How many of Zimbabwe's agricultural and mining MSEs are very small? How many are very large? On average annual sales in these firms is just under Z\$22,000, and the number of employees in each firm is (on average) about 5. The distributions of firms by numbers of employees and by average annual sales are shown in Tables 3.12 and 3.13. Roughly 80% of these MSEs make less than the annual average, indicating that the few large firms are very large indeed.

Table 3.12
Distribution of MSEs By Number of Workers
Agricultural and Mining Firms

Number of Workers	Percentage of MSEs
1 Worker	15.8%
2 to 4 Workers	40.8%
5 to 9 Workers	32.5%
10 to 19 Workers	9.5%
20 to 50 Workers	1.5%
Total	100.1%

Note: column may not add to 100% due to rounding

Table 3.13
Distribution of MSEs By Annual Sales
Agricultural and Mining Firms

Average Annual Sales (Z\$)	Percentage
Z\$2,000-Z\$5,000	22.7%
Z\$5,000-Z\$10,000	29.8%
Z\$10,000-Z\$20,000	26.5%
Z\$20,000-Z\$50,000	13.1%
Z\$50,000+	7.8%
Total	100%

3.23 Sectoral Distribution

Table 3.14 presents the distribution of agricultural and mining MSEs by sector.¹⁹ The most common sectors are poultry farming, maize farming, and multiple crop farming.

Together, these three sectors constitute almost 70% of the total number of agricultural and mining MSEs, and account for 68.2% of agricultural and mining employment. In general, crop agriculture is the dominant activity: 62.4% of all agricultural and mining MSEs are engaged in crop agriculture, and nearly three-quarters of all employed in small-scale agriculture and mining sector are so engaged. In addition, crop and livestock agriculture far dominates mining and forestry activities, which account for only a tiny fraction of agricultural and mining MSEs.

There are differences by sector in average annual profit levels, with MSEs in crop agricultural pursuits making nearly twice the profits of livestock agriculturalists. Profit levels for MSEs in mining are substantially higher, but the small number of such firms in the sample does not permit us to conclude that this difference is statistically significant. A complete listing of profit levels by sector is presented in Appendix Table F.4.

¹⁹ A complete sectoral distribution can be found in Appendix Table F.2.

Table 3 14
MSEs in Agriculture and Mining Number and Employment

Sector	No of Agriculture and Mining MSEs	Percentage of Total Agriculture and Mining MSEs	Agriculture and Mining MSE Employment	Percentage of Total Agriculture and Mining MSE Employment
Maize	116,422	26.3	654,571	30.0
Cotton	36,001	8.1	209,576	9.6
Sorghum	1,946	0.4	13,622	0.6
Ground Nut	6,811	1.5	18,730	0.9
Paprika	5,838	1.3	33,860	1.6
Fruit	1,025	0.2	5,942	0.3
Vegetables	29,433	6.7	126,291	5.8
Multiple Crops	73,223	16.6	487,841	22.4
Tobacco	973	0.2	20,433	0.9
Other Crops	3,928	0.9	41,244	1.9
Horticulture	240	0.1	4,147	0.2
Total, Crop Agriculture	275,840	62.4	1,616,257	74.2
Cattle	14,631	3.3	107,904	5.0
Sheep	188	*	188	*
Goats	6,999	1.6	28,969	1.3
Pigs	2,996	0.7	14,101	0.6
Poultry	118,948	26.9	343,629	15.8
Dairy	36	*	72	*
Rabbits	2,659	0.6	4,558	0.2
Other Livestock	77	*	154	*
Total, Livestock Agriculture	146,534	33.2	499,575	22.9
Honey Production	973	0.2	973	*
Fishing	973	0.2	973	*
All Other Agriculture	77	*	462	*
Total, Other Agriculture	2,023	0.5	2,408	0.1
Total, All Agriculture	424,397	96.0	2,118,240	97.2
Gold Panning	4,969	1.1	13,193	0.6
Gold Mining	104	*	572	*
Chrome Panning	260	0.1	1,040	*
Chrome Mining	936	0.2	1,191	*
Tantalite Panning	36	*	72	*
River Sand	575	0.1	2,382	0.1
Total, Mining	6,880	1.6	18,450	0.8
Tree Harvesting	1,050	0.2	1,050	*
Nursery	9,613	2.2	41,469	1.9
Total, Forestry	10,663	2.4	42,519	2.0
Total, All Agriculture and Mining	441,940	100.0	2,179,209	100.0

* less than 0.1%

3 24 Spatial Distribution

Not surprisingly, most agricultural and mining MSEs are located in the rural areas. Indeed, over 95% operate in rural areas, with another 1 7% conducting business in small towns or growth points.

3 25 Comparisons With Manufacturing, Commercial and Service MSEs

Table 3 15 presents some descriptive statistics regarding rural agricultural and mining MSEs and rural manufacturing, commercial and service MSEs. Although rural agriculture and mining

Table 3 15
Employment and Profit Characteristics
Rural Agriculture and Mining and Manufacturing, Commercial and Service MSEs

MSE Characteristic	Agriculture and Mining MSEs	Rural Manufacturing, Commercial and Service MSEs
Average Start-Up Costs (in Z\$)	9,577	5,307
Average Firm Size (employees)	5 03	1 94
Average Annual Growth Rate of Employment (percent)	14 5	11 7
Average Annual Profits (in Z\$)	17,209	28,147
Average Annual Sales (in Z\$)	21,030	47,315

MSEs are larger in terms of employment, they have significantly lower annual sales and profit levels than their rural manufacturing, commercial and service sector counterparts²⁰

²⁰ t-tests indicate that sample differences between groups in terms of sales, profits and average firm size are significant at the 99% level (t-statistics are -3 88, -3 18, and 11 64, respectively). The differences in terms of start-up costs and growth rates are not significant.

3 26 Proprietor Characteristics

Roughly half of all agriculture and mining enterprises are husband and wife operations. Only 27.5% are run by women only, while another 21.2% are run by men only. Thus, a much smaller proportion of agriculture and mining enterprises are women-owned than in the manufacturing, commercial and service sector. Some of the activities that are more likely to be owned by women include paprika growing, goat raising and poultry raising. Activities more likely to be male-owned include chrome mining, river sand mining, and nurseries. As one can see from Table 5.6, the activities most likely to be male-owned have generally higher profit levels than the common female-owned activities.

Table 3.16 illuminates the educational attainment of agriculture and mining MSE proprietors. The median proprietor received a primary education, and only 21% had finished secondary school or higher. In comparison with proprietors of manufacturing, commerce and service MSE proprietors, we can see that agriculture and mining producers are less educated than their contemporaries.²¹ More than anything, this is likely to reflect the fact that agriculture and mining activities are concentrated in the rural areas, where educational attainment is typically lower.

Table 3.16
Educational Attainment of MSE Proprietors

Level of Education	Proprietors of		
	Agriculture and Mining MSEs	Manufacturing, Commercial and Service MSEs	All MSEs
None	4.0%	5.9%	5.2%
Some Primary School	33.4%	20.2%	25.0%
Completed Primary School	14.8%	19.3%	17.7%
Some Secondary School	26.9%	22.4%	24.0%
Completed Secondary School	15.1%	25.4%	21.6%
A-Levels	0.3%	0.5%	0.4%
College	5.1%	5.3%	5.2%
University	0.3%	1.1%	0.8%
Total	99.9%	100.1%	99.9

Note: columns may not add to 100% due to rounding

²¹ These differences are significant according to a chi-square test of the sample. Pearson's chi-square statistic is 39.00.

3 27 Customers

As was the case with manufacturing, commercial and service MSEs, the vast majority of agriculture and mining MSEs list final consumers as their primary customer. However, as Table 3 17 illustrates, a substantial proportion list either traders (6 4%) or marketing boards (10 7%) as their primary customer.

Table 3 17
Primary Customer of Agricultural and Mining MSEs

Primary MSE Customer	Percentage of MSEs
Final Consumer	80 5%
Marketing Board	10 7%
Traders	6 4%
Other Businesses	1 6%
Other	0 8%
Total	100 0%

3 28 Sources of Start-Up Capital

Table 3 18 lists the principal source of start-up capital for agriculture and mining MSEs. As compared to manufacturing, commercial, and service MSEs, a higher proportion (nearly 75%) of agriculture and mining MSEs relied on own savings to start their operations. Agriculture and mining proprietors also are less reliant on gifts or loans from family or friends than are those owning manufacturing, commercial, and service MSEs.

Table 3 18
Principal Source of Start-Up Funds

Funding Source	Percentage of MSEs
Own Savings from Non-Agricultural Sources	48 9%
Own Savings from Agricultural Sources	25 8%
Given Free From Family/Friends	11 0%
None Did Not Need Any	4 5%
Formal Credit Institution	3 4%
None Inherited the Business	3 1%
Microloan Programs	1 3%
Loan from Family/Friends	0 4%
Moneylender	0 3%
Savings Clubs	0 1%
Other	1 3%
Total	100 1%

Note: column may not add to 100% due to rounding

3 29 Access to Credit²²

A particular issue of interest to assistance programs is access to credit. Survey information on this topic is presented in Table 3 19. While the vast majority of agriculture and mining MSEs has not received any sort of credit, 10 8% have received some type of loan, most commonly from formal financial institutions and micro-loan programs such as Zambuko or SEDCO. Access to credit varies by activity and proprietor gender, also. 35 7% of cotton growers have received some sort of credit, and approximately 16% of maize and multiple crop growers have. Cattle and poultry raising, as well as mining in general, are less likely to have received a loan. While only 4 1% of female-owned agriculture and mining MSEs have received credit, 13 0% of male-owned enterprises have.

Table 3 19
Access to Credit, Agriculture and Mining MSEs

Type of Credit Received	Percentage of Primary MSEs Receiving Credit
Formal Credit Institution	5 0%
Microloan Program	3 5%
Loans from Family/Friends	1 1%
Supplier Credit	0 9%
Moneylender	0 3%
Savings Clubs	*
None	89 2%
Total	100.0%

* less than 0 1%

²² The survey did not capture non-credit sources of business capital such as gifts from family members or forgivable loans.

Section Four

Changes in the MSE Sector, 1991-1998

Much can be learned by examining how Zimbabwe's MSE sector has evolved since 1991. However, since the 1998 survey was the first to explicitly include agriculture and mining MSEs, most of the comparisons must necessarily be restricted to the manufacturing, commercial and service MSEs. The limited amount of information regarding changes in agricultural and mining MSEs will be explored at the end of this section.

4.1 Changes in Manufacturing, Commercial, and Service MSEs

4.1.1 Changes in Magnitude

The 1998 survey indicates that the manufacturing, commercial, and service sectors have undergone dramatic change in the 1990s. As one can see from Table 4.1, the estimated total number of such MSEs as of March 1998 was 860,329. This represents a decrease of 8.7% over the October 1993 figure. From 1991 to 1998 the total number of MSEs decreased by less than 1%.

Table 4.1 also shows that while there has been a shrinkage in the number of these sorts of MSEs (particularly since 1993), there has been tremendous growth in the number of MSEs in the urban areas, with the vast majority of this growth occurring since 1993. At the same time, the number of enterprises in rural areas has decreased substantially, despite growth from 1991 to 1993. These changes have led to a remarkable alteration in the distributional structure of MSEs: whereas 29.3% of all MSEs were located in urban areas in 1991, fully 38.5% of MSEs were so located by 1998. This change is likely the result of the fact that urban populations are growing considerably more rapidly than rural populations (by some accounts twice as fast)²³. Furthermore, traditionally many businesses are begun and supported with remittances from family members working in the urban areas²⁴. Given the ongoing structural reforms and the overall decline in real per capita incomes, it seems likely that these remittances have been shrinking. A final possible explanation for the declines in rural manufacturing, commercial, and service MSEs involves liberalization in agriculture. There may be fewer of these sorts of MSEs since this process may have led to increased returns to farming.

²³ See, for example, Planning Zimbabwe, 1995.

²⁴ These remittances may be substantial: respondents in the 1996 AIMS survey remit more than Z\$6,000 annually to family members, although that survey did not establish what percentage of the funds were used for business purposes.

Table 4 1
Number of Manufacturing, Commercial, and Service MSEs
in Zimbabwe 1991-1998

Stratum	Number of MSEs in Zimbabwe			Percentage Change in MSEs, 1991-93	Percentage Change in MSEs, 1993-98	Percentage Change in MSEs, 1991-98
	1991	1993	1998			
Urban	254,667	255,541	331,251	0.3%	29.6%	30.1%
Rural	613,117	686,403	529,078	12.0%	-22.9%	-13.7%
Total	867,784	941,944	860,329	8.5%	-8.7%	-0.9%

Table 4 2 shows that manufacturing, commercial, and service MSEs in Zimbabwe employ 1,647,664 people (of whom 1,501,013 (91.1%) are employed on a fulltime basis). Employment in this sector has shown steady growth since 1991. Nevertheless, it is also instructive to examine where this employment growth has occurred. Despite shrinking 2.0% from 1991 to 1993, urban MSE employment has risen nearly 52% from 1991 to 1998. After growing markedly prior to 1993, rural MSE employment shrank thereafter. Over the entire period, rural MSE employment increased by 9.0%. Given that the numbers of MSEs have grown at a slower rate than employment both in rural and urban areas, it must be the case that average firm sizes have risen. Indeed, as Table 4 3 demonstrates, the average MSE is composed of 1.91 workers, a figure that includes any working proprietors. This means that MSEs in 1998 are on average some 22% larger than in 1991.

Table 4 2
Number of Persons Employed in Manufacturing, Commercial,
and Service MSEs, 1991-1998

Stratum	Number of Persons Employed in MSEs in Zimbabwe			Percentage Change in Employment, 1991-93	Percentage Change in Employment, 1993-98	Percentage Change in Employment, 1991-98
	1991	1993	1998			
Urban	408,319	400,210	620,036	-2.0%	54.9%	51.9%
Rural	942,589	1,146,728	1,027,628	21.7%	-10.4%	9.0%
Total	1,350,908	1,546,938	1,647,664	14.5%	6.5%	22.0%

Table 4 3
Average Number of Workers per Firm

Stratum	Average Number of Workers per Firm, Including Working Proprietors		
	1991	1993	1998
Urban	1.60	1.57	1.87
Rural	1.54	1.67	1.94
Total	1.56	1.64	1.91

4 12 Changes in the Firm Size Distribution

The finding that MSE employment has expanded more rapidly than the total number of MSEs also leads to another fact the size distribution of MSEs has changed considerably since 1993. As one can see from Figure 4 1, the share of one-person operations in total MSEs has fallen from 78% in 1993 to 58% in 1998. The share of firms with 2 to 4 employees has more than doubled over the same period, as has the 5 to 9 worker size category.

Although both male-owned and female-owned firms both have shifted towards the larger size categories, the shift has been more dramatic in the case of male-owned enterprises. Whereas in 1993 two thirds of all male-owned MSEs were one-person firms, by 1998 this figure had fallen to 45 8%. Indeed, a greater proportion of male-owned firms in 1998 was in the 2-4 size category than the one-person category. In 1998, more than 70% of female-owned firms are one-person concerns. While this is lower than the 85 7% figure from 1993, it is still quite high.

There appear to be no changes in the size distribution according to whether the firm is in a rural or an urban area. The changes in the overall size distribution are uniform across strata. Similarly, there are no dramatic patterns evident with respect to sector. All sectors seem to be shifting away from one-person enterprises.

4 13 Changes in the Sectoral Distribution

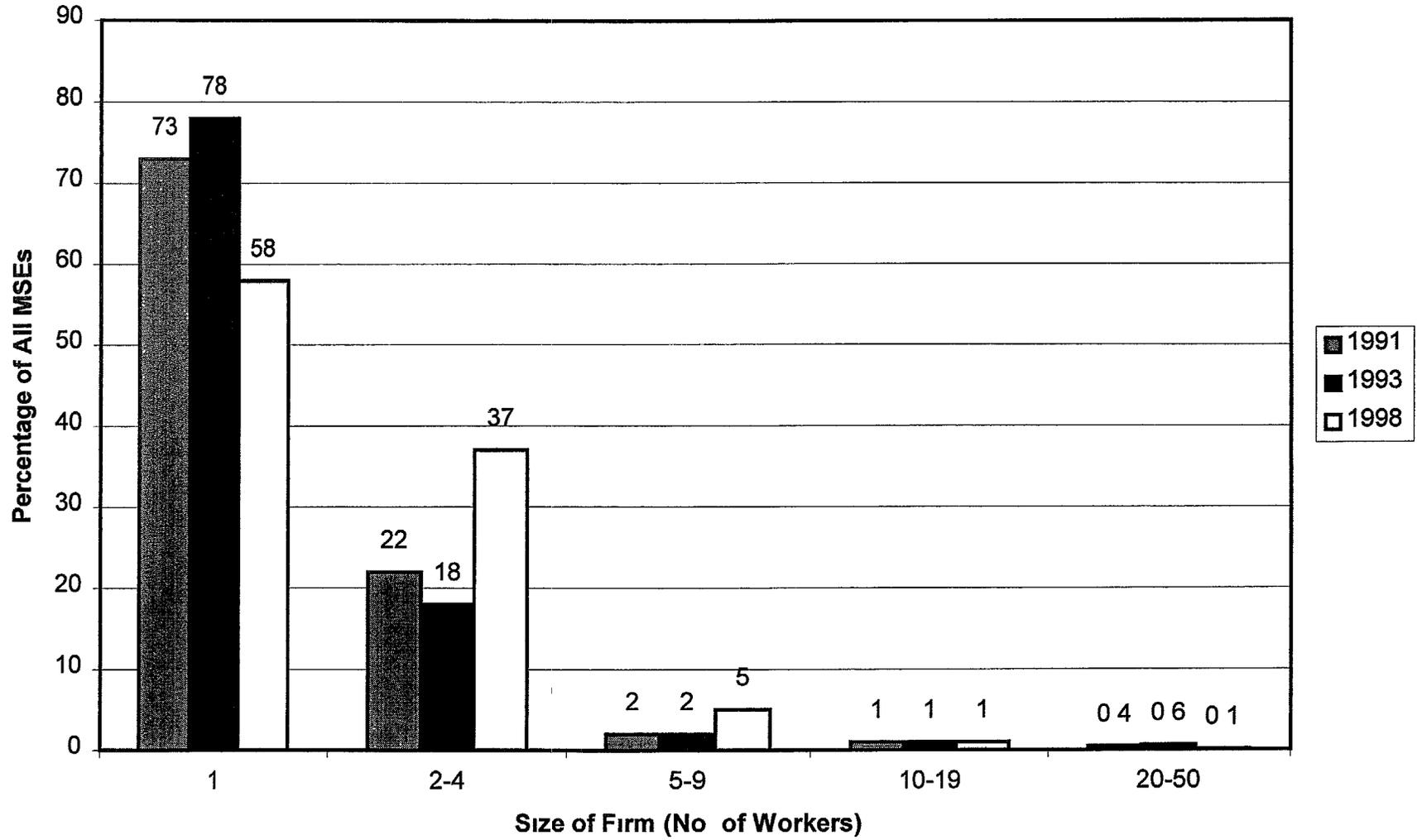
The 1990s have also been years of great change in the types of MSEs existing in Zimbabwe. Manufacturing firms have become substantially less important. In 1991, 71 6% of all MSEs were involved in some sort of manufacturing work. By 1993, this figure had dropped to 65 0%, and by early 1998 only 42 4% of MSEs were in manufacturing lines. Table 4 4 also includes information on the average annual change in the numbers of MSEs within each sector²⁵. Since 1991, only the chemicals and plastics, fabricated metal, and other manufacturing subsectors have increased in size, although each of these represents a small absolute number of enterprises. Most of the decrease in the share of manufacturing is due to the shrinkage in numbers of firms in the wood and wood products, food and beverage processing, and textile manufacturing subsectors. Given the large number of firms involved in textiles, it is this subsector that has seen the greatest loss in numbers of MSEs. As noted in Section One, this phenomenon may perhaps be due to the increased degree of import competition (especially from imported second-hand clothing) resulting from Zimbabwe's trade liberalization.

While manufacturing's share was falling, trade-related activities were exploding in importance. From 1991 to 1998, the proportion of MSEs engaged in trade more than doubled, reaching 45 2%. This translates into an average annual growth rate in the number of trade-related MSEs of nearly 12 0%. The majority of this change has been at the retail level.

²⁵ A more detailed sectoral distribution can be found in Appendix Table F 1.

Figure 4 1

Size Distribution of MSEs, 1991-98



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Services also increased in importance, although by 1998 that share was still below 5%. Also noteworthy is the sudden increase in the importance of renting flats and rooms. As recently as 1993, these MSEs were a negligible part of all MSEs. However, nearly 7% of all MSEs were of this sort by 1998. After a period of limited new-home construction in Zimbabwe's urban areas, beginning in 1996 formal low-income housing production has risen dramatically (Plan, Inc Zimbabwe P/L, 1996). According to USAID's Regional Housing and Urban Development Office, typical monthly mortgage payments on new low-income urban homes in 1998 range from Z\$350 for one-room houses to Z\$1,300 for those with four rooms. Typical monthly rents for a small room range from Z\$150 to Z\$300. Therefore, many purchasers of new homes may be renting out rooms in order to partially offset their mortgage payments.²⁶

Table 4.4
Changes in the Sectoral Distribution of MSEs, 1991-1998

Sector	Sectoral Distribution of MSEs			Annual Growth Rates of MSEs, 1991-93	Annual Growth Rates of MSEs, 1993-98	Annual Growth Rates of MSEs, 1991-98
	1991	1993	1998			
Manufacturing Total	71.6	65.0	42.4	-0.7	-12.0	-8.4
Food and Beverage	7.5	4.9	5.3	-17.2	-0.3	-5.6
Textiles	34.3	32.8	20.1	1.9	-13.4	-8.6
Wood and Wood Products	21.1	18.1	9.4	-3.6	-17.2	-12.9
Chemicals and Plastics	0.2	0.2	0.4	4.1	13.9	10.8
Non-Metallic Mineral Processing	3.9	4.1	1.3	6.6	-28.6	-17.5
Fabricated Metal	2.3	2.9	2.6	15.7	-4.6	1.7
Other Manufacturing	2.4	1.9	3.3	-7.6	11.4	4.9
Construction	4.3	3.1	1.0	-12.3	-28.2	-23.2
Trade, Total	21.1	28.2	45.2	-18.6	8.8	-11.9
Retail Trade	20.4	27.5	44.6	19.0	9.1	12.2
Restaurants, Hotels, Bars	0.6	0.7	0.6	11.8	-5.7	-0.1
Transport	0.1	0.2	0.6	38.7	23.3	28.2
Renting Rooms and Flats	*	*	6.8	**	**	**
Services	2.9	3.5	4.0	13.5	-1.0	4.9
All Sectors	100	100	100	4.1	-2.1	-0.1

* less than 0.1%

** not available

²⁶ For information about the housing shortage, see for example Plan, Inc (Private) Limited, 1995

4 14 Changes in the Spatial Distribution

As discussed above, since 1993 there has been an increase in the number of manufacturing, commercial, and service MSEs located in urban areas, but a significant decrease in the number of rural-based MSEs. This point is made even clearer by Table 4 5. Overall, as of 1998, 38 5% of MSEs were located in Zimbabwe's urban areas, up from just over 27% in 1993. Over the entire period, the numbers of urban MSEs have increased at an average annual rate of 5 2%. On the other hand, the share of rural-based MSEs in the total has fallen from 72 9% in 1993 to 61 5% in 1998. From 1991 to 1998, the average annual rate of growth in the numbers of rural MSEs was -1 9%. This shrinkage comes in spite of the fact that two strata contained within the rural average, smaller towns and growth points, actually saw increases in the number of MSEs, as well as the share of total MSEs. Obviously, the overall decrease in the relative and absolute importance of rural MSEs is due to change in the most rural of areas. Some of this decrease may be due to rural-to-urban migration (the share of rural population in the total has fallen slightly).

Table 4 5
Distribution and Growth of MSEs,
1991-1998

Stratum	Number and Percentage of MSEs			Annual Growth rate of MSEs, 1991-93	Annual Growth rate of MSEs, 1993-98	Annual Growth rate of MSEs, 1991-98
	1991	1993	1998			
Urban Areas, Total	238,141 28 5%	255,541 27 1%	331,251 38 5%	3 5%	6 0%	5 2%
High Density	216,080 25 8%	231,600 24 6%	299,838 34 9%	3 5%	6 0%	5 2%
Low Density	13,640 1 6%	15,484 1 6%	21,996 2 6%	6 3%	8 1%	7 5%
Industrial	6,180 0 7%	2,997 0 3%	2,727 0 3%	-36 2%	-2 2%	-12 9%
Commercial	2,241 0 3%	5,460 0 6%	6,690 0 8%	44 5%	4 7%	17 3%
Rural Areas, Total	598,196 71 5%	686,403 72 9%	529,078 61 5%	6 9%	-6 0%	-1 9%
Smaller Towns	26,825 3 2%	33,189 3 5%	34,528 4 0%	10 6%	0 9%	4 0%
Growth Points	14,615 1 7%	17,040 1 8%	21,672 2 5%	7 7%	5 5%	6 2%
Rural Areas	556,756 66 6%	636,174 67 5%	472,878 55 0%	6 7%	-6 8%	-2 6%
Totals	836,337	941,944	860,329	5 9%	-2 1%	0 4%

Table 4 6 presents additional information on spatial aspects of the MSE sector Home-based enterprises are still the most common type of MSE, but since 1993 there has been a considerable shift away from such locations and towards markets, roadsides and commercial districts

Table 4 6
Changes in Firm Location
Manufacturing, Commercial, and Service MSEs
1991-1998

Location	Percentage of MSEs		
	1991	1993	1998
Home/Homestead	76.9	81.2	69.0
Market	2.8	2.8	3.7
Roadside, Track or Path	2.3	3.4	8.8
Commercial District	7.6	5.0	12.1
Industrial Site	0.0	0.2	0.7
Mobile	10.4	6.8	4.2
Other	0.0	0.7	1.5
Total	100.0	100.1	100.0

Note columns may not add to 100% due to rounding

4 15 Changes in Sales and Profitability

Although as noted above, the figures generated by this survey involving sales and profits are to be treated with great caution, it is instructive to consider how these figures have changed for manufacturing commercial and service MSEs over time Stated in terms of 1998 Zimbabwe dollars, average annual sales in 1993 were Z\$41,295 By 1998, average sales of these same sorts of MSEs had risen 17.2% (or nearly 4% per year) in real terms to Z\$48,391 Profits changed in a similar manner In 1993, profits stated in terms of 1998 Zimbabwe dollars averaged Z\$21,418 In real terms, this figure rose some 37.4% (8.6% annually) to Z\$29,419 A complete list of MSE profits by sector for 1993 and 1998 is presented in Appendix Table F 5

4.16 Changes in Access to Credit²⁷

The vast majority of manufacturing, commercial, and service MSE proprietors have not received credit of any sort for business purposes (see Table 4.7). Roughly the same proportion of proprietors report not receiving credit in 1998 as in 1993, but of those who have received credit, the types of loans have changed. As compared with earlier years, in 1998 fewer loans were from family or friends, and fewer were from informal moneylenders. Instead, the data indicate that the proportion of proprietors receiving credit from formal sources, although still small, has doubled since 1993. Furthermore, 1.1 percent of 1998's proprietors have received loans from the relatively new microlending programs such as Zambuko²⁸.

Table 4.7
Sources of Credit
Manufacturing, Commercial, and Service MSEs

Source of Credit	1991	1993	1998
Loan from Family/Friends	9.3	5.7	4.2
Moneylender	0.3	2.5	0.2
Formal Credit	0.4	0.7	1.4
Microloan Program	*	*	1.1
Saving Clubs	*	1.0	0.5
Other	0.7	0.7	2.6
None	89.4	89.4	90.0
Total	100.1	100.0	100.0

* less than 0.1%

Note: columns may not add to 100% due to rounding

²⁷ The survey did not gather information on non-credit sources of business capital such as gifts from family members or forgivable loans.

²⁸ SEDCO, though not exclusively a microlending program, does make some microloans.

Table 4 8 shows that firms which have received formal credit are on average larger, faster growing and more profitable than firms not having received credit from any source The same can be said about MSEs which have received microloans ²⁹ It is worth noting, however, that it is unclear from these data whether access to credit causes firms to be larger, faster growing and more profitable, or whether instead the better performing firms are more likely to receive credit

Table 4 8
Manufacturing, Commercial, and Service MSEs
Characteristics and Access to Credit

MSE Characteristic	MSEs Which Have Received			
	Formal Credit	Microcredit	Informal Credit	No Credit
Number of Employees	3 71	2 18	2 02	1 87
Firm Growth Rate	19 6	10 3	7 2	12 8
Annual Profits (Z\$)	706,880	484,556	44,327	21,928

Although most MSEs receive no credit for business operations, a substantial number do Specifically, the percentages reported in Table 4 7 translate into roughly 12,000 MSEs that have received formal credit, and another 9,400 that have been reached by microloan programs It is instructive to examine what sorts of enterprises receive these types of credit As Table 4 9 shows, formal credit seldom goes to MSEs owned solely by women In contrast, nearly two-thirds of microlending goes to women-owned MSEs Formal loans are primarily given to urban-based firms, while the majority of microloans go to rural firms This information is presented in Table 4 10

Table 4 9
Gender of Proprietor of Firms Receiving Credit

Gender of MSE Proprietor	Of Firms Receiving	
	Formal Credit	Microloans
Female	10%	65 2%
Male	36 3%	7 0%
Jointly Owned	53 7%	27 8%
Total	100 0%	100 0%

²⁹ t-tests indicate that these differences in firm size and profit levels at the sample level are statistically significant The differences in growth rates, however, are not significant in a statistical sense

Table 4 10
Location of Firms Receiving Credit

Location of MSE	Of Firms Receiving	
	Formal Credit	Microloans
Urban	78 3%	46 6%
Rural	21 7%	53 4%
Total	100.0%	100.0%

4 2 Changes in Agricultural and Mining MSEs Since 1993

The 1998 survey was the first of the MSEs surveys to gather information on small-scale agriculture, mining and forestry. This means that no direct comparisons with the earlier surveys are possible. Nevertheless, some information is available that can lead us to a rough assessment of changes since 1993. 66 4% of agricultural and mining MSE proprietors reported that their business has seen an increase in volume over the previous four years. An especially large proportion of livestock agriculturalists stated that their business volume increased 75%. By comparison, only 56 1% of proprietors of manufacturing, commercial and service MSEs reported an increase.³⁰

³⁰ A chi-square test of the sample indicates that these differences are significant at the 99% level. Pearson's chi-square statistic is 19 28.

Section Five

Firm Creation, Expansion, and Closure

5.1 Creation of Manufacturing, Commercial and Service MSEs

Why are MSEs started in Zimbabwe? For the most part, the survey indicates that MSEs are started as a subsistence mechanism, rather than in response to new opportunities. For example, Table 5.1 presents some evidence that most births from 1994 to 1998 occurred in low-profitability sectors. More than half of the total number of births over the period occurred in only six sectors. For these sectors, average annual profits were one-sixth of that of the other 42 sectors. Start-up costs were also quite low for the high birth sectors at Z\$9,218, the entry cost for the low birth sectors is nearly ten times that of the high birth sectors.³¹ For the 1991 to 1993 period, Daniels (1994) found precisely the same pattern.³²

One can also compare the birth rate³³ in each year in the MSE sector with the growth rate of GDP for that year. Regression analysis, discussed in detail in Appendix D, reveals that for the 1988 to 1997 period, for every 1% increase in the GDP growth rate the MSE birth rate **decreases** by 0.63 percent. Daniels (1994) found a very similar figure for the 1988 to 1993 period. This means that during economic downturns, we can anticipate an increase in the number of MSEs. This pattern is also discernable in Figure 5.1. In general, years in which GDP showed low or negative growth had high numbers of births, and years in which the economy was expanding more rapidly often saw lower numbers of MSE births.

Table 5.2 provides further evidence that most MSEs are created as a result of unemployment. Seven of ten low-profit sectors had a higher birth rate during the recessionary year of 1995 than in the higher growth year that followed. Daniels (1994) also found that eight of the ten lowest profit firms had higher birth rates in the recessionary year of 1992 than in the higher growth year of 1989.

³¹ t-tests involving the sample lead to a rejection at the 99% confidence level of the hypotheses that there are no differences between groups in terms of profits and start-up costs. The t-statistics are -3.01 and -6.21, respectively.

³² A complete listing of MSE profits and start-up costs by sector can be found in Appendix Table F.4.

³³ The birth rate for a given year is defined as the number of firm births during that year divided by the total number of firms that existed in the beginning of that year. We include in the calculations not only MSEs in existence at the time of the survey, but also those MSEs which are no longer in operation. A complete list of birth rates by sector can be found in Appendix Table F.5.

Table 5 1
MSE Creation, Profitability, and Start-Up Costs
By Sector

Firm Type Sectors With Most Births	Births From 1994 to 1998 (% of Total)	Average Annual Profits (in Zimbabwe Dollars)	Start-Up Costs (in Zimbabwe Dollars)
Vending Farm Products	20.1	7,088	157
Vending Garments	8.4	12,493	1,450
Tailoring/Dressmaking	7.9	10,621	2,094
Vending Drinks	5.4	2,747	1,419
Grass, Cane, Bamboo	5.2	2,395	43
Knitting	4.5	6,656	1,704
Total, Six Leading Sectors	51.5	7,472	943
Total, 42 Other Sectors	48.5	49,161	9,218
All Firms	100.0	29,419	5,313

What about those enterprises on the other end of the profitability spectrum? Table 5 2 also provides insight into why these firms are created. In six out of the ten highest profit sectors the birth rate is higher in the low economic growth year. Daniels, however, found that eight of the ten highest profit sectors had lower birth rates during the low-growth year. It would seem, then, that the evidence is somewhat mixed regarding high-profit firm creation.

Finally, it is illuminating to examine the reasons proprietors give for starting the particular sort of businesses that they did. As Table 5 3 shows, nearly half of the proprietors in the 10 lowest-profit sectors reported "too few wage opportunities" or "had no better options" as the reason for starting their businesses. In the ten highest profit sectors, under a third cited such reasons, while 58.0% began their business because they "saw a profitable opportunity"³⁴. This may indicate that while firm creation in low-profit sectors is primarily driven by excess supply of labor, firm births in the higher profit sectors are more likely caused by profitable opportunities.

³⁴ A chi-square test on the sample shows that these differences are almost surely not by chance. The Pearson's chi-square statistic is 148.85, significant at the .00005 level. In other words, the chances are less than 5 in 100,000 that we would observe the same results if reason given for starting and profitability of sector were independent of each other. Chi-square tests in the rest of this paper are similarly interpreted.

Figure 5 1

MSE Births and GDP Growth, 1988-1997

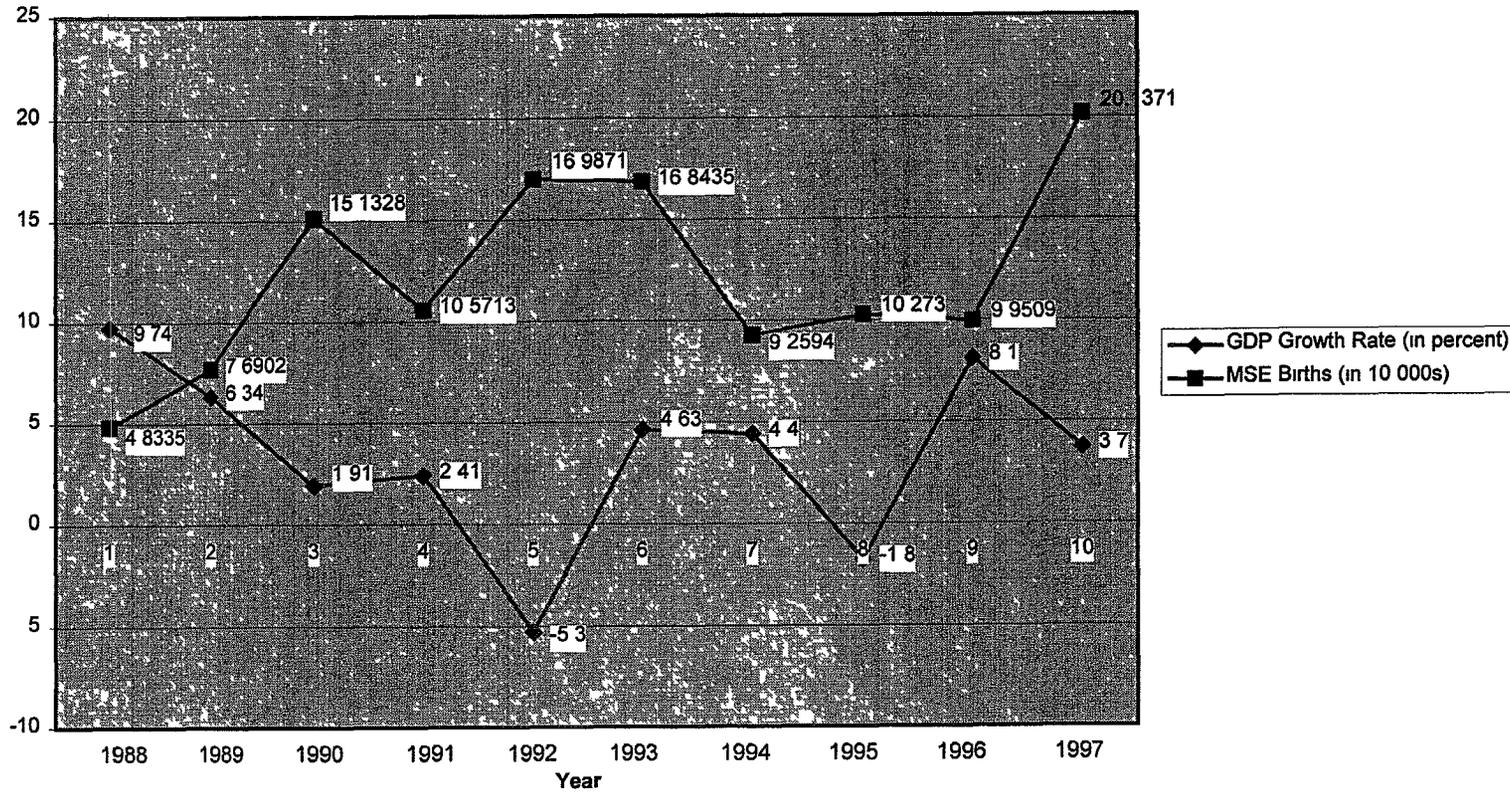


Table 5 2
Birth Rates in the Most Profitable and
Least Profitable Sectors

Low Profit Sectors	Birth Rates	
	Low Growth Year 1995	High Growth Year 1996
Grass/Cane/ Bamboo Works	28.4	14.7
Vending Drinks	53.0	40.0
Crocheting	10.8	3.6
Knitting	14.7	11.5
Vending Fish	2.6	45.6
Weaving	11.3	9.2
Goods Transport	23.9	0.0
Other Vending	82.4	11.5
Embroidery	12.1	22.3
Vending Farm Products	20.4	20.9
Average, 10 Lowest-Profit Sectors	20.3	14.8

High Profit Sectors	Birth Rates	
	Low Growth Year 1995	High Growth Year 1996
Construction	20.1	0.6
Auto Repair	26.8	12.7
Milling	0.7	2.2
General Trader	0.4	8.0
Grocery	0.7	31.9
Welding	45.2	22.5
Vending hardware	16.9	6.4
Art/Artifact Production	1.7	12.3
Electrical Repair	12.0	3.1
Other Services	19.8	18.0
Average, 10 Highest-Profit Sectors	6.6	12.7

Table 5 3
Proprietors' Reasons for Starting MSE

Reason for Starting Firm	High-Profit Sectors (in percent of total)	Low-Profit Sectors (in percent of total)
Parents/Relatives Already Involved in the Business	6 5	3 2
Too Few Wage Opportunities/ Had No Better Options	32 2	49 8
Saw Profitable Opportunity	58 0	43 7
Other	3 2	3 3
Total	100.0	100.0

5 2 Expansion of Manufacturing, Commercial, and Service MSEs

As discussed in Section Four, the 1994-1998 period saw a 8 7% decrease in the number of Zimbabwean MSEs, with the biggest drop being in the rural areas. At the same time, however, overall employment in MSEs actually rose by 6 5%. Average firm size in 1998, at 1 91 persons is 16 6% larger than that in 1993. We can get an even better understanding of MSE expansion by considering the proportions of MSEs that have expanded, contracted, or remained the same size over the period. As Table 5 4 shows, the 1993 survey discovered many MSEs that had not changed in size. In both 1991 and 1998, firms in the sample were much more likely to have expanded. Table 5 4 shows a similar pattern with respect to annual firm employment growth. While this figure was only 2 43% for firms in the 1993 sample, it was 12 5% in 1998³⁵. Given the larger economic trends discussed in Section One, this is unsurprising as one would expect to see closures of marginal firms and expansions of stronger firms in better economic times.

Table 5 4
Employment Growth Characteristics
1991-1998

Employment Growth Characteristics	1991	1993	1998
Percentage of Firms that Contracted Employment	3 7	0 9	1 5
Saw No Change	77 0	92 8	83 1
Expanded Employment	19 3	6 4	15 3
Average Annual Firm Employment Growth Rate	7 4	2 4	12 5

³⁵ t-tests indicate that these differences are significant at the 99% confidence level.

5.3 Closures of Manufacturing, Commercial, and Service MSEs

Each survey gathered information on MSEs that once operated but closed at some point in the past. A more complete understanding of the changes that have taken place in the sector can be reached by an examination of these data.

There is compelling evidence that most firms that close are those in the marginally profitable sectors. Table 5.5 shows that for the 1994-1997 period, more than half of total firm closures occurred in only five sectors, and that the average annual profits for these sectors is roughly one-sixth of that of the remaining sectors.³⁶ Furthermore, for the most part the sectors in which closures are most common are the same as the sectors in which births are most common. Evidently much of the churning that goes on in the MSE sector is confined to a small number of sectors that are characterized by both low profits and low start-up costs. Daniels (1994) found a nearly identical pattern over the 1991 to 1993 period.

Table 5.5
MSE Closure, Profitability, and Start-Up Costs
By Sector

Firm Type	Deaths From 1994 to 1997 (% of Total)	Average Annual Profits (in Zimbabwe Dollars)
Vending Farm Products	16.9	7,088
Vending Garments	11.5	12,493
Tailoring/Dressmaking	8.9	10,621
Crocheting	7.8	6,161
Grass, Cane, Bamboo	6.5	2,395
Total, Five Leading Sectors	51.6	7,779
Total, 63 Other Sectors	48.4	45,389
All Firms	100.0	29,419

It is also enlightening to consider how macroeconomic conditions might affect the overall death rate³⁷ of MSEs. Daniels (1994) found that MSE death rates and economic growth over the 1988-1993 period are inversely related. Considering the more recent data as well, a similar pattern emerges. Over the 1988-1996 period, regression analysis (discussed in Appendix E) shows that a 1% decrease in the GDP growth rate leads to a 0.35% increase in the overall MSE death rate.

³⁶ A t-statistic of -2.92 from the sample demonstrates that the differences in profitability by sector are significant at the 99% confidence level.

³⁷ The death rate in year t is defined as the number of deaths during year t divided by the number of firms in existence at the beginning of year t. A complete list of death rates by sector can be found in Appendix Table F.6.

5.4 Agricultural and Mining MSEs Births, Start-Up Costs, and Profitability

Table 5.6 lists average birth rates from 1993 to 1997, along with average start-up costs and profitability for every sector about which enough data were collected. As a general rule, sectors with the highest average birth rates over the 1993-97 period had high average annual profits or low initial costs or both. This contrasts with manufacturing, commercial and service MSE births, which tend to occur in the lower-profit sectors. Chrome mining, river sand production, nursery operations, and poultry farming each fit into this pattern. Maize growing's relatively low birth rate can perhaps be understood by noting this activity's rather high initial costs and modest profitability, which may be due in part to floor prices set by the Grain Marketing Board. In other cases, especially cotton growing and cattle raising, high average profits seem to be driving high birth rates, despite higher than average initial costs.³⁸ A notable exception is the relatively new area of paprika growing. Despite lower than average profits and higher than average start-up costs, the birth rate in this sector is quite high. This may be due to aggressive private sector promotion of this activity.

Table 5.6
Profits, Start-Up Costs and Birth Rates
Of Agriculture and Mining MSEs

	Average Annual Profits (in Z\$)	Start-Up Costs	Birth Rate, 1993-1997
Maize Growing	5,585	15,062	4.63%
Cotton Growing	35,121	30,304	7.15%
Paprika Growing ^a	3,727	39,733	67.54%
Multiple Crop Growing	36,897	3,733	2.79%
Total, Crop Agriculture	20,593		5.33%
Cattle ^a	29,554	43,892	9.81%
Goats ^a	15,358	1,259	3.79%
Poultry	8,825	2,158	21.29%
Total, Livestock Agriculture	10,315		21.91%
Chrome Mining ^a	123,186	55	101.01%
River Sand ^a	81,373	*	53.95%
Total, Mining	106,953		24.1%
Nursery	12,214	1,323	25.38%
Total, All Agriculture and Mining MSEs	16,581	6,560	9.1%

* less than 0.1%

^a Sectors with fewer than 10 sample observations

³⁸ In the case of cattle raising, decisions to enter into business may reflect additional objectives besides business returns, since cattle may serve as a savings instrument, or as draft animals used for other purposes.

Section Six

Gender and Proprietorship of Manufacturing, Commercial, and Service MSEs³⁹

Part of the dramatic change in Zimbabwe's MSE sector involves the gender of MSE proprietors. As Table 6.1 makes clear, the total number of women-owned businesses has fallen 3.8% per year since 1991. While 58.1% of enterprises are currently owned by one or more women, nearly 75% of MSEs were owned by women in 1991. There was also a massive shift by female proprietors out of manufacturing-related operations and into trading, and to a lesser extent, service-oriented firms. Over the 1991 to 1998 period, there are 15.2% fewer female-owned manufacturing enterprises, while the number of female-owned MSEs in the trade sector has increased by 9.7%. The shift of women-owned enterprises into the trade sector and away from the manufacturing sector is also evident in Table 6.2. While 78.1% of female owned firms were involved in manufacturing in 1991, only 47% of women-run firms were similarly occupied in 1998. Indeed, by 1998, more female run enterprises were involved in trade than were in manufacturing. This is in marked contrast to the situation in 1991.

Given the evolution depicted in Tables 6.1 and 6.2, one should expect that female-owned enterprises should have been more likely to close in the recent past. This is indeed the case. Of MSEs that closed between 1994 and 1998, more than 80% were owned by women.

While the survey does not provide definitive explanations of the decreasing role of female proprietorship in Zimbabwe, several possibilities suggest themselves. First, the ongoing retrenchment that has occurred as a result of structural adjustment has mainly involved men. This affects female-owned MSEs in at least two ways. Some retrenched men have surely started MSEs, and these may have driven out some female-owned businesses. In addition, some retrenched men may be joining existing enterprises owned by their wives. These reconstituted businesses would no longer be counted as female-owned. Second, if the changing economic environment has led to greater competition in the MSE sector, female proprietors may be less well-equipped to handle the changes given their relative lack of access to business training and credit. A final possibility is that much of the decrease in the proportion of female-owned business is due to the rapid decline in textile and wearing apparel manufacturing, a sector traditionally dominated by women.

Table 6.3 presents related findings from the 1998 survey. Female-owned MSEs are smaller than other MSEs in terms of numbers of workers and sales. The average annual growth rate of firm employment is nearly three times higher in MSEs with male proprietors. Male-owned MSEs average Z\$54,663 in annual profits, while those owned by women earn on average only Z\$8,394 in profits each year.⁴⁰ These figures are comparable to those from the 1993 survey. These

³⁹ Since this section focuses on change and since data on agricultural and mining MSEs were not collected in the earlier surveys, only manufacturing, commercial, and service MSEs are discussed in this section. Some discussion pertaining to agricultural and mining MSEs and proprietor gender can be found in section 3.25.

⁴⁰ For the sample, t-tests show that average number of employees, average annual rate of employment growth, annual sales, and profit levels are all significantly different by gender, with a 99% confidence level. The t-statistics are (respectively) -10.53, -3.19, -2.66, and -2.37.

simple profit differentials by gender are likely masking much more complicated issues. For example, female proprietors may be motivated by more than simply high profits; they may intentionally select lower-profit sectors that allow them the flexibility to handle other responsibilities such as child care.

Table 6.1
 Female-Owned MSEs
 Percentage of MSEs That Are Female-Owned By Sector
 and Growth Rates

Sector	Percentage of MSEs That Are Female-Owned			Annual Growth in Number of Female-Owned Firms		
	1991	1993	1998	1991-93	1993-98	1991-98
Manufacturing, Total	80.2	74.2	62.1	-4.6	-15.2	-15.4
Foods and Beverages	98.9	80.2	37.6	-27.7	-22.4	-24.1
Textiles	95.9	90.4	85.9	-1.1	-11.5	-8.2
Wood and Wood Products	75.0	59.4	43.6	-15.2	-25.8	-22.5
Paper, Printing, and Publishing	0.0	29.1	0.0	**	**	**
Chemicals	0.0	86.0	29.8	**	-3.3	**
Non-Metallic minerals	10.4	71.3	27.8	102.9	-46.9	0.4
Fabricated Metal	0.0	5.5	1.3	**	-39.5	**
Other Manufacturing	4.1	29.0	44.3	90.2	21.6	43.3
Construction	9.8	18.2	2.5	18.7	-72.4	-43.6
Trade, Total	69.9	72.1	60.4	20.2	-4.8	9.7
Wholesale Trade	0.0	12.4	*	**	**	**
Retail Trade	69.4	72.2	60.9	21.0	5.3	10.3
Hotels, Restaurants, Bars	91.8	70.6	20.5	-1.3	-36.0	-25.1
Transport	0.0	3.8	16.7	**	51.7	**
Renting Rooms or Flats	100.0	67.0	26.7	**	**	**
Services	24.1	43.8	46.5	43.4	2.1	-15.1
Total, All MSEs	73.3	70.7	58.1	2.3	-6.6	-3.8

* less than 0.1%
 ** not available

Table 6 2
Distribution of Female-Owned MSEs

Sector	Distribution of Female-Owned MSEs		
	1991	1993	1998
Manufacturing, Total	78.1	68.5	47.0
Foods and Beverages	7.8	5.6	2.8
Textiles	46.9	42.2	33.9
Wood and Wood Products	19.5	15.3	6.6
Paper, Printing, and Publishing	0.0	*	0.0
Chemicals	0.0	0.3	0.3
Non-Metallic minerals	2.8	4.1	0.7
Fabricated Metal	0.0	0.2	0.1
Other Manufacturing	0.9	0.7	2.6
Construction	0.7	0.8	*
Trade, Total	19.3	28.6	47.3
Wholesale Trade	0.0	*	*
Retail Trade	19.0	27.9	47.1
Hotels, Restaurants, Bars	0.4	0.7	0.2
Transport	0.0	*	0.1
Renting Rooms or Flats	0.0	*	2.3
Services	1.9	2.1	3.2
Total, All MSEs	100.0	100.0	100.0

* less than 0.1%

** not available

Table 6 3
Firm Size, Growth, and Profitability
By Gender of Proprietor

MSE Characteristic	MSEs That Are			Total
	Female-Owned	Male-Owned	Jointly Owned by Males and Females	
Average Number of Employees	1.58	2.18	2.81	1.91
Average Annual Rate of Firm Employment Growth (percent)	8.41	24.50	5.09	12.53
Average Annual Sales (in Zimbabwe Dollars)	13,985	84,172	119,601	48,382
Average Annual Profit (in Zimbabwe Dollars)	8,394	54,663	70,629	29,409

Given the smaller average size of MSEs owned by women, it is not surprising that one-person firms are much more commonly run by women. As noted in Figure 4.1 above, the size distribution of the overall MSE sector has changed markedly since 1993, with a decrease in the number of one-person operations and an increase in the 2-4 and 5-9 worker enterprises. However, most of the enterprises that participated in the expansion were male-owned. By 1998, fewer than half of male-owned MSEs consisted of only the proprietor, of all female-owned firms over 70% are one-person operations.⁴¹

Consistent with the relatively lower employment growth rates reported in Table 6.3, only 11.4% of female-owned MSEs expanded their number of workers from 1994 to 1998. Over the same period of time, nearly one-quarter of firms with male proprietors did.⁴² This finding is consistent with findings for Zimbabwe in earlier periods, as well as for other countries in sub-Saharan Africa.

Despite the movement towards the trade and service sectors and away from manufacturing, the majority of female proprietors are engaged in relatively low-profit sectors, as presented in Table 6.4. Nearly 60% of female proprietors are involved in only 5 sectors: vending farm products, tailoring or dressmaking, crocheting, knitting, and grass/cane/bamboo production. These sectors are all below the average profit level for MSEs, and the average annual profit for these five sectors combined (Z\$7,185) is about one-quarter of that of all MSE sectors combined.⁴³ The most common male-owned MSEs are shown in Table 6.5. Not only are male-owned enterprises less concentrated than those owned by women, the average annual profit of the five most common male-owned firms is nearly 5 times higher than the average for the most common women-owned firms.

Daniels (1994) found that in addition to being concentrated in low-profit sectors, female proprietors are much less likely to re-invest any profits into the business.⁴⁴ Instead, proceeds generated from the business are more often used to meet household needs. A similar pattern emerges from the 1998 survey, as Table 6.6 shows. Under 9.0% of female proprietors plow profits back into business, while 28.9% of male proprietors do.⁴⁵ The fact that re-investment in the business is more common for male proprietors may help explain why profits for male-owned firms are substantially higher than for those owned by females.

⁴¹ A chi-square test indicates that these sample differences are significant at the 99% level (Pearson's chi-square statistic is 640.45).

⁴² A chi-square test indicates that the differences observed in the sample between male- and female-owned firms are significant at the 99% level (Pearson's chi-square statistic is 133.38).

⁴³ For the sample, these differences are significant at the 99% level (t-statistic is -3.02).

⁴⁴ As usual, the reader is advised to treat responses regarding profits and use of profits with caution.

⁴⁵ Pearson's chi-square statistic is 350.14, indicating that for the sample profit use and gender are likely to be related.

Table 6 4
Most Common Female-Owned MSEs
And Average Annual Profits

Sector	Percent of Female-Owned MSEs	Average Annual Profits (in Z\$)
Vending Farm Products	22.7	7,088
Tailoring/Dressmaking	12.1	10,621
Crocheting	8.9	6,161
Knitting	8.6	6,656
Grass/Cane/Bamboo Work	6.6	2,395
Total	58.9	7,185

Table 6 5
Most Common Male-Owned MSEs
And Average Annual Profits

Sector	Percent of Male-Owned MSEs	Average Annual Profits (in Z\$)
General Trader/Dealer	6.5	126,562
Grocery	6.3	113,099
Grass/Cane/Bamboo Work	6.0	2,395
Vending Farm Products	5.8	7,088
Carpentry	5.5	13,642
Total	30.1	33,961

Table 6 6
Primary Use of MSE Profits
By Gender

Primary Use of MSE Profits	Female Proprietors	Male Proprietors
Household Needs	76.8	57.3
Re-invest in Business	8.9	28.9
Remit to Family in Rural Area	0.3	0.5
Savings	5.8	8.5
Entertainment	0.4	0.2
School Fees	6.9	4.1
Other	1.0	0.4
Total	100.0	100.0

Section Seven Constraints

It is interesting to consider what sorts of problems Zimbabwean MSEs face. Certainly, this could be helpful to policy-makers studying ways to assist MSEs. Each of the three surveys collected information on what constraints manufacturing, commercial, and service MSE proprietors themselves reported. Since data on agricultural and mining MSEs are only available for the 1998 survey, constraints faced by these MSEs are considered separately later in this section.

7.1 Constraints Faced By Manufacturing, Commercial and Service MSEs

Table 7.1 makes clear that in 1998, the most common sort of constraints involved marketing (especially not having enough customers), and finance (primarily a lack of operating funds). For the most part, the pattern of problems reported in 1998 is quite similar to that reported by 1993's proprietors. Slightly fewer proprietors in 1998 cite input difficulties (most commonly the high cost of inputs) in 1998 than in 1993, and a greater proportion report not having any problems at all in 1998 than in 1993, perhaps reflecting generally improved business conditions.

Table 7.1
Most Common Business Problem Reported By Proprietor,
1991-1998

Constraint	Percentage of Proprietors Reporting Constraints		
	1991	1993	1998
Marketing	17.8	27.5	25.6
Finance	12.6	22.7	25.4
Inputs	17.7	22.6	17.4
Tools/Machinery	9.4	3.6	4.0
Transport	16.0	3.1	3.6
Miscellaneous	3.9	2.5	4.2
Government/Regulatory	0.4	2.3	1.3
Shop/Rental Space	3.2	2.3	2.5
Utility Problems	1.4	0.9	0.5
Labor Problems	1.6	0.4	0.2
Technical Problems	0.0	0.2	0.3
No Problems Reported	16.0	11.7	14.8
Total	100.0	99.8	99.8

Note: figures may not add to 100% due to rounding.

An examination of the three main categories of reported problems is also illuminating. Table 7.2 shows that marketing problems tend to be disproportionately a rural constraint. Although 61% of all MSEs are located in rural areas, nearly three-quarters of firms listing marketing as their main problem are located in rural areas. Finance problems, on the other hand, are disproportionately a problem of urban firms. Although only 39% of all MSEs are located in urban areas, nearly half of the MSEs listing finance problems as the most pressing are in urban areas. Of those proprietors who feel most constrained by input problems, about the same proportion are found in rural areas as MSEs in general.

Table 7.2
Marketing, Finance, and Input Problems
By Location

Location	Proportion of Proprietors With Main Problem Being		
	Marketing	Finance	Inputs
Urban	27.5	47.4	37.6
Rural	72.5	52.6	62.4
Total	100.0	100.0	100.0

Constraints are also apparently related to proprietor gender, as Table 7.3 demonstrates. Although about 58% of all MSEs are owned by women, a greater proportion of proprietors citing marketing or input problems as their firms' main difficulty are women. Women-run firms, then, are more likely to be constrained by marketing or input difficulties than those owned by men.

Table 7.3
Marketing, Finance, and Input Problems
By Proprietor Gender

Gender of Proprietor	Proportion of Proprietors With Main Problem Being		
	Marketing	Finance	Inputs
Female	64.6	58.7	63.1
Male	27.2	24.4	25.3
Jointly-Owned	8.2	16.9	11.6
Total	100.0	100.0	100.0

The most pressing specific types of marketing problems are "not enough customers or lack of demand" (72.1% of proprietors listing marketing problems as their overall most pressing problem) and "too many competitors" (11.7%). Of proprietors listing finance problems as the most important, the most common specific types are "lack of operating funds" (54.9%) and "customers not able or not willing to repay credit" (32.3%). Finally, of the proprietors reporting

input difficulties as their main difficulty, the most common particular problems are "raw materials or stock expensive" (66.2%) and "raw materials or stock unavailable" (21.5%)

When asked whether or not competition had increased over the past few years due to an increase in the number of similar businesses, 55.5% of MSE proprietors in 1998 answered in the affirmative. In 1993 this same figure was slightly higher at 60.2%. Import competition seems to be a problem for a larger proportion of MSEs in 1998 than it was in 1993. 13.3% of proprietors report an increase in import competition over the 1994-1998 period, while 10.3% complained of this for the period prior to 1993. While less than 3% of 1993 proprietors reported using imported inputs, more than 6% of proprietors in 1998 did. These trends may be the natural and expected results of Zimbabwe's gradual lowering of import barriers as part of the ongoing structural adjustment exercise.

It is also interesting to consider the reason why MSEs close, since these reasons have much to say about the factors constraining firms.⁴⁶ There seem to be temporal, spatial, gender and sectoral patterns in the reasons given for closure. In particular, during the economic downturn of 1995, MSEs were much more likely to close for finance reasons, while in more prosperous years, market problems were more often the cause of firm closures (see Table 7.4). Table 7.5 shows that in general, urban-based MSEs are more likely to close for finance reasons, while input problems are more commonly the cause of death for rural firms. Enterprises owned by women are more likely to have closed for personal reasons or because of input problems than are male-owned firms, as Table 7.6 shows. Finance and market problems commonly lead to closure of firms in the trade sector, but input difficulties are relatively more common reasons why manufacturing firms close. Detailed information on this issue can be found in Appendix Table F.7.

⁴⁶ A detailed list of the reasons why MSEs close in Zimbabwe can be found in Appendix Table F.9

Table 7 4
Reason for Closure,
1994-1997

Closure Reason	Percentage of Firms Closing in			
	1997	1996	1995	1994
Finance	13.2	18.8	34.7	22.9
Tools/Machinery	3.6	4.8	0.4	1.2
Market Problems	19.2	22.0	10.5	15.2
Gov't/Regulatory	4.2	2.4	1.5	1.4
Shop/Rental Space	0.5	0.2	1.1	0.0
Input Problems	25.3	12.9	22.8	12.0
Transport	1.6	0.4	0.4	1.1
Labor	0.6	0.7	0.0	0.0
Utilities	2.5	0.2	0.0	0.7
Technical	1.3	0.4	0.0	0.0
Personal	22.0	30.7	20.9	34.2
Miscellaneous	4.1	3.2	1.5	0.0
Got a Job	1.1	0.9	0.0	0.7
Other Positive Reason	0.8	2.6	5.7	10.6
No Reason Given	0.0	0.0	0.4	0.0
Total	100.0	100.2	99.9	100.0

Table 7 5
 Closure Reason By Stratum, 1994-1997

Closure Reason	Percentage of MSEs Closing in		
	Urban Areas	Rural Areas	Zimbabwe
Finance	23.3	15.7	17.9
Tools/Machinery	3.7	2.9	3.2
Market Problems	17.3	18.7	18.3
Gov't/Regulatory	5.7	2.1	3.1
Shop/Rental Space	1.5	*	0.5
Input Problems	13.7	26.1	22.5
Transport	1.3	1.0	1.1
Labor	1.5	*	0.5
Utilities	0.4	1.9	1.5
Technical	0.4	1.0	0.8
Personal	17.5	26.7	24.0
Miscellaneous	7.5	1.4	3.2
Got a Job	2.8	*	0.8
Other Positive Reason	3.4	2.2	2.5
No Reason Given	0.2	0.0	0.1
Total	100.2	100.0	100.0

Note: columns may not add to 100% due to rounding
 * less than 0.1%

Table 7 6
 Closure Reason By Proprietor Gender, 1994-1997

Closure Reason	Percentage of MSEs That Were	
	Female-Owned	Male-Owned
Finance	16.4	15.9
Tools/Machinery	1.8	11.0
Market Problems	17.9	24.7
Gov't/Regulatory	2.9	3.4
Shop/Rental Space	0.3	1.7
Input Problems	23.8	14.3
Transport	1.3	0.6
Labor	0.5	0.0
Utilities	1.7	0.6
Technical	0.9	0.4
Personal	26.6	16.8
Miscellaneous	3.2	2.3
Got a Job	0.7	1.9
Other Positive Reason	1.9	6.5
No Reason Given	*	0.0
Total	100.0	100.1

* less than 0.1%
 Note: columns may not add to 100% due to rounding

7.2 Constraints Faced By Agricultural and Mining MSEs

It is also useful to consider what sorts of constraints agriculture and mining proprietors perceive. As Table 7.7 shows, proprietors most often complain about inputs. In particular, proprietors are more commonly constrained by costliness than unavailability of inputs. Proprietors also report being constrained by finance problems. Within this category, the most commonly reported problem is a lack of operating funds. Weather conditions also (and not surprisingly) seem to affect agriculture and mining MSEs. In contrast, manufacturing, commercial, and service MSEs are much more likely to be constrained by marketing and finance problems.

Table 7.7
Constraints Faced By Agricultural and Mining MSEs

Constraint	Percentage of Proprietors Reporting Constraint
Inputs	26.4%
Finance Problems	19.1%
Weather	11.2%
Marketing Difficulties	8.4%
Veterinary Problems	7.8%
Miscellaneous	7.4%
Tools/Machinery Problems	6.2%
Transport	3.4%
Labor	2.5%
Utilities	2.2%
Shop/Rental Space Problems	1.0%
Technical	0.3%
Government or Regulatory Problems	*
No Problems Reported	3.9%
Total	99.9%

Note: columns may not add to 100% due to rounding
* less than 0.1%

Section Eight Urban Markets

The 1998 survey also gathered information on two urban markets Harare's Mbare Market and the Renkiri Market in Bulawayo ⁴⁷ Some 533 MSEs in manufacturing, commerce and service sectors were visited of which 246 were located in Renkiri, and 287 in Mbare The total number of MSEs in Renkiri at the time of the survey was 738, while in the Mbare market there were a total of 1,483 The survey therefore enumerated one-third of all MSEs in Renkiri, and about one-sixth of those in Mbare Total employment in the two urban markets is 3,675 persons

Not surprisingly, most MSEs in these markets are engaged in some sort of trading In particular, vendors of farm products are the most common sort of undertaking A sectoral breakdown of enterprises is presented in Table 8 1

As Table 8 2 shows, on average, MSEs operating from urban markets earn annual profits of Z\$22,077, which is approximately Z\$7,000 below the national average for manufacturing, commercial and service MSEs ⁴⁸ However, in 8 of the 13 sectors for which comparisons are possible, MSEs located in the urban markets have higher average profit levels than those located elsewhere in Zimbabwe Presumably, these urban markets are characterized by a higher average numbers of customers, and more consistent demand Interestingly, the average annual growth rate of MSEs is almost invariably lower for firms in the urban markets as compared with firms overall ⁴⁹ In short, while urban-market MSEs typically generate higher-than-average profit levels, they are much less likely to expand by as much as their counterparts in other parts of Zimbabwe This may reflect constraints placed on firm size by the administrators of the Mbare and Renkiri markets

⁴⁷ Of the 2,483 total MSEs in both markets, 533 (21 5%) were interviewed As has been previously noted, because these areas were not selected as parts of the sample, they were sampled purposively They are therefore not included in the country-wide extrapolations, and are analyzed separately here

⁴⁸ These differences are significant at the 95% level (the t-statistic is -2 36)

⁴⁹ These differences are significant at the 99% level (the t-statistic is -6 53)

Table 8 1
Sectoral Distribution of MSEs
Mbare and Renkini Markets

Sector	Total Number of MSEs	Percent of Total MSEs
Tailoring/Dressmaking	75	3.0
Textiles	75	3.0
Rubber Work	3	0.1
Plastic Work	3	0.1
Chemicals and plastics	6	0.2
Manufacturing	81	3.3
Hawking	235	9.5
Vending Foods/Sweets	222	8.9
Vending Drinks	65	2.6
Vending Farm Products	831	33.5
Vending Hardware	161	6.5
Vending Garments	193	7.8
Vending Jewelry	9	0.4
Vending Fish	23	0.9
Vending Books/Magazines	15	0.6
Vending Cigarettes	3	0.1
Vending Electronics	3	0.1
Vending Plastics/Rubbers/Bags	264	10.6
Other Vending	217	8.8
Grocery	18	0.7
Retail Farm Products	11	0.4
Retail Hardware	8	0.3
General Trader/Dealer	15	0.6
Tuck Shop/Kiosk	18	0.7
Retail Vehicle Spares	6	0.2
Retail Trade	2325	93.6
Total Trade	2325	93.6
Goods Transport	77	3.1
Transport	77	3.1
Total	2483	100.0

Table 8 2
Average Annual Profits of
Urban Market MSEs By Sector

Sector	Average Annual MSE Employment Growth Rate		Average Annual Profits (in Zimbabwe Dollars)	
	MSEs in Urban Markets	All Other MSEs	MSEs in Urban Markets	All Other MSEs
Tailoring/Dressmaking	0.33	8.80	34,666	10,621
Textiles	0.33	7.50	34,666	8,701
Manufacturing	0.3	6.36	33,248	20,202
Hawking	10.63	12.03	40,844	15,534
Vending Foods/Sweets	4.46	10.70	26,186	6,703
Vending Drinks	-5.22	26.62	9,545	2,747
Vending Farm Products	4.70	8.04	15,999	7,088
Vending Hardware	3.30	10.90	32,771	165,586
Vending Garments	1.90	26.20	36,381	12,493
Vending Jewelry	0.0	8.56	1,948	9,147
Vending Fish	6.18	139.84	7,052	6,473
Vending Plastics/Rubbers/Bags	6.41	0.0	22,139	*
Other Vending	17.28	25.01	14,000	7,475
Grocery	2.33	10.34	12,413	113,099
Tuck Shop/Kiosk	2.20	25.52	31,590	48,090
Retail Trade	5.93	18.49	21,998	34,934
Total Trade	5.93	20.39	21,998	34,690
Goods Transport	0.0	3.90	8,227	20,707
Transport	0.0	4.41	8,227	185,904
Total, Mfg., Commercial, Services	5.57	12.53	22,077	29,419

* less than 0.1%

It is also interesting to examine how the proprietors of the MSEs located in the urban markets differ from all other urban MSE proprietors. For example, the two groups do not differ in any substantial way in terms of the level of education. However, proprietors of market-located firms are more experienced than the average urban proprietor, with the former having 8.99 years of experience in similar businesses and the latter having 6.77 years.⁵⁰ These figures are substantially higher than comparable ones from Mukuzunga's (1997) survey of hawkers and vendors in Harare's central business district, who found that 62% of his respondents had four or fewer years of experience. The proportion of male-owned MSEs is also higher for market-located firms while only 23.2% of all urban firms is owned by one or more males, over 40% of

⁵⁰ For the sample, this difference is significant at the 99% level, with a t-statistic of 3.39

urban market MSEs are ⁵¹ The types of MSEs located in these markets are not in general dominated by males, so one could argue that the higher profit levels businesses seem able to command in market settings is attracting male proprietors

Market-based MSEs are otherwise quite similar to non-market based urban MSEs A similar percentage of firms report having received some sort of credit, and for the most part the problems identified by proprietors are similar ⁵² Profit-use patterns are also similar, with both groups using MSE profits primarily for household needs and school fees In both cases, only between 10% and 15% of proprietors reinvest profits into their businesses

⁵¹ A chi-square test indicates that these differences are highly significant Pearson's chi-square statistic is 64.79

⁵² Interestingly, a greater proportion (19.3%) of market-based proprietors cites a lack of customers as their primary problem than do other urban MSE proprietors (10.0%)

Section Nine Conclusions

Zimbabwe's economy has undergone tremendous change over the decade of the 1990s. It is perhaps no surprise that her micro and small enterprise sector has also been dramatically transformed. It is important that policy-makers realize the close connection between changes in the macroeconomy and changes in the MSE sector. Structural adjustment policies, as well as other sorts of policies, are quite likely to cause change in the structure and size of the MSE sector.

The number of manufacturing, commercial and service MSEs in Zimbabwe increased markedly from 1991 to 1993 as the country grappled with the effects of a severe drought and with the implementation of the ESAP. However, the relatively more prosperous years since 1993 have seen a lessening in the number of MSEs. Much of this change involves MSEs in the rural areas, in fact, the number of urban MSEs has increased. Although this survey is not able to definitively address the issue of why rural MSEs are less common, it may be the case that proprietors of MSEs are disproportionately represented in the rural-to-urban migrant stream. As noted above, this migration is not insignificant. Urban population growth rates may be twice as high as those in rural areas. In addition, the fall in real per capita income and wages over the period may have decreased the urban-to-rural remittances that may help start and support rural MSEs.

In spite of the decrease in number of manufacturing, commercial and service MSEs since 1993, employment in this sector has increased to 1.65 million persons. More than 91% of these Zimbabweans are employed in these businesses on a full-time basis. MSEs have therefore increased in size on average, with the mean number of workers (inclusive of any working proprietors) at just under 2. Since 1993, a substantial number of MSEs have "graduated" from the one-person category to the 2-4 person and, to a lesser extent, the 5-10 person categories. As Liedholm and Mead (1987) have noted, there is reason to believe that firms that have more than one person working are substantially more efficient operations. If so, then recent changes in Zimbabwe's MSE sector may be largely positive.

The types of manufacturing, commercial, and service MSEs that are most commonly found in Zimbabwe have also changed in important ways. Since 1991, manufacturing MSEs have declined in importance. By 1998, MSEs involved in retail trading were the most common class of firms. MSEs in the service sector, though still small in absolute numbers, make up an increasing share of all MSEs. This, too, may be largely a positive trend. As development proceeds, it may be that the simple manufactured goods that MSEs produce (e.g., textiles) are replaced by imported or domestic substitutes that are made on a larger scale. Furthermore, developed economies typically have relatively larger trade and service sectors, and relatively smaller manufacturing sectors.

Some of the change in the sectoral composition of Zimbabwe's manufacturing, commercial, and service MSEs is the result of a different economic policy environment. Trade liberalization has made it easier and cheaper for Zimbabweans to buy certain inputs, and for retailers to buy imported finished goods for resale. In principle, trade liberalization should also lead to

expansion of sectors involved in exporting. In the particular case of Zimbabwe's textile sector, both of these come into play. While South Africa's large market is said to remain mainly closed, South African textiles are abundant in Zimbabwe. These factors may explain much of the tremendous decline in the textile-producing piece of the MSE sector, and the equally tremendous growth in the number of MSEs engaged in selling textiles.

The importance of women in the MSE sector has diminished over the 1990s. Although still large in absolute and relative terms, women-owned MSEs make up a substantially smaller proportion of all MSEs in 1998 than before. The reasons for this decline may include the fact that retrenched men are either starting new MSEs and crowding out women-owned firms, or are joining existing MSEs owned by their wives. In addition, the decline in the numbers of MSEs engaged in textile manufacturing (a sector traditionally dominated by women) may explain the decrease in female-owned enterprises. As was the case in earlier surveys, MSEs owned by females are on average smaller, slower-growing, and less profitable than those owned by men.

The 1998 survey also gathered data on MSEs engaged in agriculture, mining, and forestry. Since no such data were collected previously, no comparisons with earlier periods are possible. Nevertheless, several interesting and useful facts emerge. First, an estimated 442,00 such MSEs exist in Zimbabwe, and these employ approximately 2.2 million persons. Most of these MSEs are involved in maize growing, poultry farming and multiple crop growing. Most births of agriculture and mining MSEs occur in sectors with high average profit levels, low start-up costs, or both. MSEs engaged in agriculture and mining have more workers, but lower profits and sales than rural manufacturing, commercial, and service enterprises. With respect to changes in this part of the MSE sector over the past four years, a significantly greater proportion of agriculture and mining-related MSE proprietors report an increased sales volume than do proprietors of manufacturing, commercial, and service MSEs. This provides some dubious evidence which suggests that since 1993 the agriculture and mining part of the MSE sector has grown at the expense of the rural manufacturing, commercial and service part. The relationship between rural farm and non-farm enterprises is not well understood, and merits further study.

Predicting the future of Zimbabwe's MSE sector is at best a risky undertaking. Nevertheless, as Zimbabwe enters the 21st century, we can make a few cautious forecasts. In the shorter term, ups and downs in the business cycle will likely lead to changes in the number and types of MSEs. In particular, there is some evidence that during recessions more MSEs are created than destroyed, and that the births are disproportionately in the low-profit sectors, such as small-scale textile manufacturing, and certain kinds of vending. In economic booms, overall numbers of MSEs may decrease, firms in higher-profit sectors may become more common, and those that already exist may expand. As the country continues to develop economically, it appears likely that the general medium-term trend will be towards fewer but larger MSEs. These firms will be increasingly engaged in trade and services, while manufacturing will become relatively less significant. The future role of female proprietors is especially difficult to predict. Although the role of women in this sector has become relatively less important over the past decade, it is neither clear why this is nor whether this trend will continue.

It is also very likely that policy has important impacts on the MSE sector in both the short term and the medium term. MSEs will be affected in as much as the government can affect its

macroeconomic fluctuations. In addition, the nature of structural adjustment and of economic development in general will surely change the face of MSEs in Zimbabwe.

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APPENDIX A

SURVEY LIMITATIONS

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Survey Limitations

Although the surveys carried out in 1991, 1993 and 1998 provide invaluable insight into Zimbabwe's MSE sector, the survey methodology is not without limitations. These limitations must be recognized when the results are used for any purpose.

- 1 **Extrapolation of the Sample** Many of the results in this report are the result of extrapolation of the sample findings to the national level. The issue of extrapolation and weighting of the sample was discussed in Section Two. There are a number of possibilities for bias in this procedure. First, the weights are based on estimates of the population in each of the survey strata. These estimates are presented as part of Table 3.5, and are based on Zimbabwe's 1992 population census, and Zimbabwe's Central Statistics Office projections of population growth. To the extent that these projections are incorrect, the weights will be incorrect. When the 2002 population census is completed, it will be useful to re-examine the weights used in this research.

Second, the weights are based on assumptions about the proportion of closed households (that is, households at which no one was present at the time of the survey to answer questions) in each stratum that actually contain MSEs. The assumptions used in the weighting procedures are based on a re-survey of closed households done as part of the 1993 survey exercise. This estimates could be incorrect, or the proportions could have changed since 1993. In either case, the weights would not be correct.

- 2 **Respondent Fatigue** The Existing Business Questionnaire is eight pages long, and the Closed Business Questionnaire is another two pages in length. It is always possible that in a lengthy interview a respondent may become tired and either end the interview prematurely, or not give accurate answers. To minimize this problem, enumerators were trained in proper interview techniques. The possibility of bias in this area remains, however.
- 3 **Illegal Activities** Although our enumerators had identifying documentation with them at all times, it seems likely that certain kinds of activities, especially illegal ones, may have been under-reported by respondents. These include prostitution, growing and selling of illegal drugs, as well as some others. Some information on businesses of this nature can be found in Harrison's and Sendah's (1994) study of illicit microenterprises in Zimbabwe.
- 4 **Imprecision in Calculating Profits** Most MSE proprietors do not keep written records of their firms' sales and costs. In addition, respondents may be reluctant to reveal such sensitive information. All profit calculations in this report should be treated with a healthy dose of skepticism. Detailed information on how profits were calculated can be found in Appendix C.
- 5 **Respondents' Inability to Recall Certain Events** Although most questions on the EBQ refer to the situation at the time of the interview, some required respondents to recall conditions in the past. For example, respondents were asked how many persons worked

in the business at the time the business began operations. While most proprietors would likely recall accurately such information, some may not.

6 Respondents' Unwillingness To Answer Sensitive Questions

Certain issues are more sensitive than others. For example, proprietors may be unwilling to answer any questions regarding income, or may not give fully truthful answers. Much of this may stem from respondents' mistaken belief that survey enumerators are employees of the Government, and that truthfulness may lead only to higher taxes being assessed against them. The survey attempted to minimize this problem by training enumerators on ways to properly identify themselves and to convincingly assure respondents that their answers would be kept strictly confidential.

APPENDIX B
ENUMERATION AREAS

ENUMERATION AREAS

As noted in Section 2, to permit comparisons to be made with the earlier survey, the same enumeration areas were visited in 1998 as were visited in 1993. Despite growth and change throughout Zimbabwe, the need to compare survey results necessitated classifying these enumeration areas into the same strata. The enumeration areas, the stratum of which each is considered part, as well as the number of enterprises and sites visited in each are as follows:

Zimbabwe 1998 MSE Survey
Enumeration Areas

Enumeration Area	Existing MSEs Found	Total Sites Visited
Urban High Density		
Warren Park #5	695	1,399
Dvivarasekwa #9	993	2,024
Budiriro #3	368	736
Budiriro #4	510	1,052
Chitungwiza #22	213	414
Nketa #3	435	1,822
Emakhandeni # 2	330	1,197
Pumula #2	457	1,527
Total, Urban High Density	4,001	10,171
Urban Low Density		
Vainona #2	10	143
Mount Pleasant #1	33	505
Glen Lorne #2	14	240
Chadcombe	62	256
Suburbs #1	6	91
Newton West #3	13	99
Total, Urban Low Density	138	1,334
Urban Commercial Areas		
Harare #26	64	75
Bulawayo #8	36	95
Bulawayo #5	39	135
Bulawayo #16	84	166
Total, Urban Commercial Areas	223	471
Urban Industrial Areas		
Harare #15	30	96
Harare #22	41	154
Bulawayo #27	18	46
Bulawayo #1	12	36
Total, Urban Industrial Areas	101	332
Urban Markets		
Renkini A	6	6
Renkini B	20	20
Renkini C	33	33
Renkini D	16	16
Renkini E	16	16

Enumeration Area	Existing MSEs Found	Total Sites Visited
Renkini F	17	17
Renkini G	105	105
Renkini H	33	33
Mbare A	177	143
Mbare B	103	90
Mbare C	7	7
Total, Urban Markets	533	486
Total, Urban Areas	4,996	12,794
Small Towns		
Plumtree	241	1,038
Nyanga	171	359
Chakar	259	853
Lalapansi	81	167
Total, Small Towns	752	2,417
Growth Points		
Murehwa	474	904
Lukosi	36	340
Chivi	177	340
Total, Growth Points	687	1,584
Rural Areas		
Hwange	47	510
Hwedza	108	208
Kubatana-Bindura	128	234
Mabvazuva	126	326
Umzingwane	75	528
Rushinga	31	160
Nkayi	69	271
Chitenderano	55	73
Masvingo	115	454
Vunga Upper Ngezi	68	237
Chesa	112	137
Total Rural Areas	934	3,138
Total, Small Towns, Growth Points and Rural Areas	2,373	7,139
TOTAL ALL AREAS	7,369	19,933

APPENDIX C
DATA EXTRAPOLATION AND WEIGHTING

Data Extrapolation and Weighting

Since 1993, the MSE sector has changed in many ways. By comparing estimates of the overall number of MSEs of each type in Zimbabwe in 1998 with similar estimates made using the 1993 survey data, it is possible to know whether there are more or fewer MSEs, what sorts of activities have become more or less prominent, how sales, costs, and profitability by sector may have changed, how employment has changed, etc. In order that the figures be comparable, the 1998 sample was extrapolated to the national level in exactly the same manner as the 1993 sample was. The procedure is to weight each stratum, taking into account both the probability of a household being selected, and the fact that in each enumeration area certain households and shops were closed to our enumerators. Being closed simply means that when some households and shops were visited, no one was home at that time to answer questions. Given the nature of the survey and the resource constraints we faced, we were unable to revisit closed households and shops. Therefore, it was necessary to make an assumption as to the proportion of closed households that has MSE activity. Based on follow-up surveys in Zimbabwe designed largely to explore this issue, Daniels (1994) found that on average 32% of closed households have an existing MSE, although the exact proportion varies according to stratum. We adopt these assumptions in our extrapolation of the 1998 data.

Following Daniels (1994) the weights for each of the eight strata were calculated in the following manner

$$WT_i = \left[\frac{HH_i}{HHE_i} \right] \left[\frac{MSEOP_i + MSECL_i}{MSEOP_i} \right]$$

where WT_i is the weight applied to stratum i ,
 HH_i is the total number of households in stratum i
 HHE_i is the total number of households enumerated in stratum i
 $MSEOP_i$ is the number of MSEs at open households in stratum i , and
 $MSECL_i$ is the number of enterprises estimated to exist in closed households in stratum i

The first term is the ratio of the total number of households in each stratum to the number of households enumerated in that stratum. It is therefore the inverse of the probability of a household's being sampled. The second term is designed to correct for the closed sites we encountered.

Once these weights are calculated, a nationwide estimate of the total number of MSEs in each stratum can be made. Furthermore, it is possible to estimate the total number of enterprises involved in each activity (e.g., tinsmithing, selling curios, repairing bicycle tires, etc.), the total number of MSEs run by female proprietors, the number of MSEs by location, etc. By combining the estimates of numbers of MSEs by stratum in Zimbabwe with the average number of workers per firm, an estimate of national MSE employment can also be made. By comparing these numbers with those from the 1993 survey, a picture of how the MSE sector has changed over the past four years emerged.

APPENDIX D

CALCULATIONS OF PROFITS AND COSTS BY SECTOR

Calculations of Profits and Costs By Sector

In order that the results be comparable with those from the 1993 survey, profits and costs were calculated in the same manner for non-crop agriculture, mining, manufacturing, commercial, and service MSEs. Each proprietor was asked a number of questions regarding sales and costs. These included:

- The number of months per year that the firm had high, low and average sales
- Sales levels in high, low, and average months
- Sales during the past week
- Expenses during the past week
- Proprietor's estimate of profits during the past week

Annual sales were computed using the following equation:

$$\text{Sales} = (\text{HighMonths})(\text{SalesHigh}) + (\text{AvgMonths})(\text{SalesAvg}) + (\text{LowMonths})(\text{SalesLow})$$

Where	HighMonths	=	number of months when sales are high
	SalesHigh	=	average sales during high sales months (in Zimbabwe dollars)
	AvgMonths	=	number of months when sales are average
	SalesAvg	=	average sales during average sales months (in Zimbabwe dollars)
	LowMonths	=	number of months when sales are low
	SalesLow	=	average sales during low sales months (in Zimbabwe dollars)

Annual profits were calculated as follows:

$$\text{Profits} = \text{Sales} - [(\text{Sales})(\text{Ratio})]$$

Where	Ratio = [expenses last week/sales last week]
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Sales and profits figures were calculated as averages of all firms within a given sector. However, the Ratio figure was only used if a proprietor's estimation of his or her profits in the last week was within 10% of the difference between sales last week and expenses last week. If the proprietor's profit estimate was different by more than 10%, it was assumed that the proprietor did not understand the concept of profit, or was unable to calculate it properly. 55% of all proprietors answered the questions regarding sales, profits and expenses in the previous week, and of these 56% calculated profits correctly (that is, within the 10% boundary).¹ This means

¹ The overall estimation of profits is not especially sensitive to the rate of rejection. For example, if only proprietors whose profit estimations are exactly correct are used, overall profits are 0.8% lower than if a 10% is used. If the

that usable profit figures exist for 31% of the overall sample. Daniels found a comparable figure of 28.2% for the 1993 survey.

While profits of MSEs in the manufacturing, commercial and service sectors, as well as livestock agriculture, mining, and forestry were calculated as described above, profits for crop agriculturalists were computed in a slightly different manner. This difference is due to the seasonal nature of crop agriculture: expenses and sales occur at infrequent intervals during the year. As one can see in the EBQ (see Appendix F), crop agriculturalists were asked what crops they sold last year, and how many units of each were sold (EBQ question B 44). By multiplying these quantities by the price per unit², a number representing last year's gross sales was calculated. Proprietors were also asked to list various farm-related expenses incurred over the past year (EBQ question B 46). By subtracting total expenses from total sales, an estimate of annual profits could be arrived at. However, proprietors were also asked separately what their profits were in the previous year. If the proprietor's assessment of profit was different by more than 10% from the calculated profit level, it was assumed that the farmer did not properly understand the concepts involved, or that he or she was unable to calculate it properly. These observations were not used.³ Sales and profit figures are therefore averages of all these firms within a given sector.

allowable proprietor error is raised to plus or minus 20%, overall profits are 1.3% higher than if the 10% level is adopted.

² Prices came from the Grain Marketing Board, the Cotton Company of Zimbabwe, and the Zimbabwe Farmers Union. Where these sources differ, an average was taken.

³ Usable profit figures exist from 32.2% of the crop agriculturalists in the sample.

APPENDIX E

FURTHER DISCUSSION OF FIRM BIRTHS AND DEATHS

Further Discussion of Firm Births and Deaths

Daniels (1994) has discussed extensively the hypotheses regarding MSE births. The first hypothesis is that MSEs tend to be created as a result of increased demand for MSE products. Others contend that firm births are driven by an excess supply of labor. Extending Daniels' work to 1998, we are in a position to test these hypotheses.

Presumably, if output demand is the main reason why MSEs are started, most firm births will be in profitable sectors. On the other hand, if it is an excess supply of labor that drives MSE births, we should expect most firm creation to occur in sectors with relatively smaller costs of entry. If firm creation is mainly output driven, we ought to observe higher MSE birth rates in times of rapid macroeconomic growth, whereas if surplus labor is the cause of MSE births, birth rates for the sector as a whole should be higher during periods of slower or negative economic growth. Finally, if the output demand hypothesis is correct, during macroeconomic booms the birth rates of firms in the high profit sectors should be higher than during recessions. If on the other hand the labor supply hypothesis better explains MSE creation, during recessions the birth rates of MSEs in the low-profit sectors should be higher than during prosperous economic times.

Table 5.1 above, as well as the work of Daniels (1994) provides some evidence that most firm births are driven by excess labor supply. In order to further test the hypotheses outlined above, one can compare the birth rate in each year in the MSE sector with the growth rate of GDP for that year. As noted above, these series will be negatively correlated in the event that most firm births are driven by excess labor. In the event that most firm births are caused by output demand, this association should be positive. Perhaps the best way to examine this relationship is by means of regression analysis. Such an analysis reveals that for the 1988 to 1997 period, for every 1% increase in the GDP growth rate the MSE birth rate **decreases** by 0.62 percent.⁴ Daniels (1994) found a very similar figure for the 1988 to 1993 period. This means that during economic downturns, we can anticipate an increase in the number of MSEs. Once again, the hypothesis that MSEs are created because of an excess supply of labor receives some support.

Finally, if the labor supply hypothesis is indeed correct, it should be true that during recessionary times, low-profit sectors should have the highest birth rates. If, on the other hand, it is output demand that is the dominant force in MSE creation, the birth rates of firms in high profit sectors should be higher during macroeconomic upturns. Table 5.2 provided some evidence that the labor supply hypothesis is more likely to be correct. Low-profit MSEs are most often created during times of high unemployment.

⁴ The specific regression results are as follows:

$$\text{birth rate}_t = 22.0584 - 0.6266 \text{ GDPGrowth}_t \\ (11.30) \quad (1.746)$$

Sample size = 10
Adjusted R² = 1854
Sample period = 1988-1997

As for higher-profit firms, the evidence is more mixed. Table 5.2 above revealed that in only four out of the ten highest profit sectors is the birth rate lower in the low economic growth year, as would be the case if output demand drives births of firms in high-profit sectors. On the other hand, Daniels found that eight of the ten highest profit sectors had lower birth rates during the low-growth year of 1992.

Finally, Table 4.3 examined the reasons why MSEs were started. As noted in the text in Section Five, this information may indicate that while firm creation in low-profit sectors is primarily driven by excess supply of labor, firm births in the higher profit sectors are more likely caused by output demand.

Each survey gathered information on MSEs that once operated but closed at some point in the past. A more complete understanding of the changes that have taken place in the sector can be reached by an examination of these data. There is compelling evidence that most firms that close are those in the marginally profitable sectors. Table 5.5 showed that more than half of total firm closures occurred in only five sectors, and that the average annual profits for these sectors is roughly one-sixth of that of the remaining sectors.⁵ Furthermore, for the most part the sectors in which closures are most common are the same as the sectors in which births are most common. Evidently much of the churning that goes on in the MSE sector is confined to a small number of sectors that are characterized by both low profits and low start-up costs. Daniels (1994) found a nearly identical pattern over the 1991 to 1993 period.

Using regression analysis, Daniels (1994) found that MSE death rates⁶ and economic growth over the 1988-1993 period are inversely related. Considering the more recent data as well, a somewhat similar pattern emerges. Over the 1988-1996 period, regression analysis shows that a 1% decrease in the GDP growth rate leads to a 0.35% increase in the overall MSE death rate.⁷

⁵ A t-statistic of -2.92 from the sample demonstrates that the differences in profitability by sector are significant at the 99% confidence level.

⁶ The death rate in year t is defined as the number of deaths during year t divided by the number of firms in existence at the beginning of year t. A complete list of death rates by sector can be found in Appendix Table F.6.

⁷ The specific regression results are as follows:

$$\text{death rate}_t = 5.5983 - 0.3478 \text{ GDPGrowth}_t$$

(8.717) (-3.033)

Sample size = 9
 Adjusted R² = .5062
 Sample period = 1988-1996
 t-statistics are in parentheses

It should be noted that if 1997 results are included, the effect of GDP growth on death rates is still of the same magnitude, but is statistically insignificant.

APPENDIX F

TABLES

Table F 1
Sectoral Distribution, Manufacturing, Commercial and Service MSEs
1991, 1993, 1998

Sector	Percentage of Total MSEs		
	1991	1993	1998
Maize and Flour Milling	0.7	0.3	2.3
Butchery/Abattoir	0.3	0.2	0.8
Bread/Biscuits/Cakes	0.1	0.1	0.1
Other Food Processing	*	2.3	0.4
Beer Brewing	5.9	2.1	1.6
Other Beverage	0.4	0	0
Food and Beverage Processing	7.4	5	5.2
Tailoring/Dressmaking	8.4	5.6	6.9
Embroidery	**	**	0.3
Knitting	11.8	9.4	4.7
Weaving	0.5	0.5	2.9
Crocheting	10	14.3	4.4
Shoework/Repairs	1	1.1	0.7
Leatherwork	0.1	0.2	*
Other Textile Work	2.5	1.6	0.1
Textiles	34.3	32.7	20
Grass/Cane/Bamboo Work	14.6	12.1	6.5
Wood Carving	3.7	3.4	1.3
Carpentry	2.2	2.2	1.4
Furniture Making	0.2	0.1	0.1
Other Wood Working	0.4	0.3	*
Wood and Wood Products	21.1	18.1	9.3
Printing	0	0	0.1
Plastic Work	*	0.2	0.1
Chemical Production	0.2	*	0.1
Soap Making	0	0	0.2
Chemicals and Plastics	0.2	0.2	0.4
Brick Making	1.9	1.4	0.6
Block Making	0	0	0.1
Pottery Work	1.8	2.6	0.5
Other Masonry	0.2	*	0.1
Glass Work	*	*	*
Non-Metallic Mineral Processing	3.9	4	1.3
Blacksmithing	0.5	0	0.6
Tinsmithing	1	0.9	0.4
Other Metal Works	0.3	1.3	0.5
Welding	0.5	0.7	1.1
Metal Fabrication	2.3	2.9	2.6
Art/Artifact Production	0.8	0.4	1.5
All Other Manufacturing	0.3	0.4	0.4
Auto Work	0.4	0.4	0.4
Bike Repair	0.1	0.2	0.2

Sector	Percentage of Total MSEs		
	1991	1993	1998
Electrical Repair	0.3	0.2	0.4
Radio/TV Repair	0.1	0.1	0.2
Clock/Watch/Jewelry Repair	*	*	*
Other Repair Work	0.3	0.1	0.1
Other Manufacturing	2.3	1.8	3.2
TOTAL MANUFACTURING	7.5	6.7	42.1
CONSTRUCTION	4.3	3.1	1.1
Wholesaler	*	*	*
Hawking	**	**	1.3
Vending Foods/Sweets	1.9	1.4	2.3
Vending Drinks	0.2	0.8	3
Vending Farm Products	7.9	8.5	15.7
Vending Forest-Based Products	1.2	0.3	1.1
Vending Hardware	0.1	0.1	0.1
Vending Garments	2.7	2.6	3.3
Vending Art/Artifacts	0.1	*	0.2
Vending Jewelry	**	**	0.1
Vending Cosmetics	**	**	0.1
Vending Fish	**	**	1.6
Vending Books/Magazines	**	**	*
Vending Cigarettes	**	**	*
Vending Electronics	**	**	0.2
Vending Plastics/Rubbers/Bags	**	**	0.2
Other Vending	0.8	5.2	1.8
Grocery	1.1	1	4
Retail Food	0.8	0.2	0.4
Retail Farm Products	0.1	*	*
Retail Hardware	0.1	0.1	0.2
Retail Garments	0.4	0.2	0.2
Stationers/Bookstore	0	0	0.2
Filling Station	0	0	0.2
General Trader/Dealer	1.5	2.6	3.9
Pharmacy	*	*	*
Tuck Shop/Kiosk	**	**	1.9
Retail Vehicle Spares	**	**	0.1
Bottlestore	0.6	0.3	2
Other Retail	0.4	1.6	0.3
retail trade	19.9	24.9	44.4
Hotel	*	*	*
Restaurant	0	0.1	0.2
Bar/Pub/Shebeen	0.3	0.5	0.4
hotels, restaurants, bars	0.3	0.6	0.6
TOTAL TRADE	20.2	25.5	45
Bus/Taxi Service	0.1	0.1	0.1
Goods Transport	*	0.1	0.5

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Sector	Percentage of Total MSEs		
	1991	1993	1998
TOTAL TRANSPORT	0.1	0.2	0.6
RENTING FLATS OR ROOMS	*	*	6.8
Dry Cleaning	*	*	*
Hair Salon/Barber	0.4	0.6	1.7
Professionals	**	**	0.5
Photo Studio	0.2	0.3	0.3
Funeral Services	*	0.1	*
Other Services	1.5	1.7	1.1
Traditional Healer	0.7	0.7	0.4
TOTAL SERVICES	2.8	3.4	4
TOTAL ALL MFG., COMMERCE, AND SERVICE			

* less than 0.1%

** not available

Table F 2
Distribution of All MSEs by Sector, 1998

Sector	Percent of Total MSEs
Maize Growing	9.0
Cotton Growing	2.8
Sorghum Growing	0.1
Ground Nut Growing	0.5
Paprika Growing	0.4
Fruit Growing	0.1
Vegetable Growing	2.2
Multiple Crop Growing	5.7
Tobacco Growing	0.3
Other Crop Growing	0.3
Horticulture	*
Crop Agriculture	21.6
Cattle	1.1
Sheep	*
Goats	0.5
Pigs	0.2
Poultry	9.1
Dairy Farming	*
Rabbits	0.2
Other Livestock	*
Livestock Agriculture	11.2
ALL AGRICULTURE	32.9
Gold Panning	0.4
Gold Mining	*
Chrome Panning	*
Chrome Mining	0.1
Tantalite Panning	*
River Sand Mining	*
ALL MINING	0.5
Tree Harvesting	0.1
Nursery	0.7
ALL FORESTRY	0.8
ALL AGRICULTURE, MINING AND FORESTRY	34.2
Maize and Flour Milling	1.5
Butchery/Abattoir	0.5
Bread/Biscuits/Cakes	0.1
Cooking Oil	0.1
Other Food Processing	0.2
Beer Brewing	1.1
Distilling	0.1
Food and Beverage Processing	3.5
Tailoring/Dressmaking	4.5
Embroidery	0.2

Sector	Percent of Total MSEs
Knitting	3.1
Tie and Dye	*
Weaving	1.9
Crocheting	2.9
Shoework/Repairs	0.4
Leatherwork	*
Other Textile Work	0.1
Textiles	13.2
Coffin Makers	*
Producing Traditional Implements	*
Grass/Cane/Bamboo Work	4.3
Wood Carving	0.8
Carpentry	0.9
Furniture Making	0.1
Other Wood Working	*
Wood and Wood Products	6.2
Printing	*
Rubber Work	*
Plastic Work	*
Chemical Production	0.1
Soap Making	0.1
Chemicals and Plastics	0.3
Brick Making	0.4
Block Making	0.1
Pottery Work	0.3
Tombstones	*
Other Masonry	*
Glass Work	*
Non-Metallic Mineral Processing	0.9
Blacksmithing	0.4
Fence Making	0.3
Toy Making	*
Key Cutting	*
Tinsmithing	0.3
Other Metal Works	*
Welding	0.7
Metal Fabrication	1.7
Art/Artifact Production	1.0
All Other Manufacturing	0.2
Auto Work	0.3
Bike Repair	0.1
Electrical Repair	0.3
Radio/TV Repair	0.1
Clock/Watch/Jewelry Repair	*
Plumbing	*

Sector	Percent of Total MSEs
Other Repair Work	0.1
Other Manufacturing	2.1
TOTAL MANUFACTURING	27.9
CONSTRUCTION	0.6
Wholesaler	*
Vending Medicine	*
Hawking	0.8
Vending Foods/Sweets	1.5
Vending Drinks	2
Vending Farm Products	10.3
Vending Forest-Based Products	0.7
Vending Hardware	0.1
Vending Garments	2.2
Vending Art/Artifacts	0.1
Vending Jewelry	*
Vending Cosmetics	0.1
Vending Fish	1.1
Vending Books/Magazines	*
Vending Cigarettes	*
Vending Electronics	0.1
Vending Plastics/Rubbers/Bags	0.2
Other Vending	1.2
Grocery	2.6
Retail Food	0.3
Retail Livestock	*
Retail Farm Products	*
Retail Hardware	0.1
Retail Forest-Based Products	*
Retail Garments	0.1
Retail Leather/Shoes	*
Stationers/Bookstore	0.1
Filling Station	0.2
General Trader/Dealer	2.5
Pharmacy	*
Tuck Shop/Kiosk	1.2
Retail Vehicle Spares	0.1
Bottlestore	1.3
Other Retail	0.2
retail trade	29.3
Hotel	*
Restaurant	0.1
Bar/Pub/Shebeen	0.2
hotels, restaurants, bars	0.4
TOTAL TRADE	29.7
Bus/Taxi Service	0.1

Sector	Percent of Total MSEs
Goods Transport	0.3
TOTAL TRANSPORT	0.4
RENTING FLATS OR ROOMS	4.5
Dry Cleaning	*
Hair Salon/Barber	1.1
Professionals	0.3
Photo Studio	0.2
Funeral Services	*
Other Services	0.7
Traditional Healer	0.2
TOTAL SERVICES	2.6
TOTAL ALL MFG. COMMERCE SERVICE	65.8
TOTAL ALL MSEs	100.0

Table F 3
Population and Numbers of Manufacturing, Commercial and Service MSEs
1991-1998

Stratum	Population and Percentage of Population			Number and Percentage of MSEs		
	1991	1993	1998	1991	1993	1998
Urban Areas, Total	2,520,315 25.0%	2,736,791 25.6	3,305,627 26.8%	238,141 28.5%	255,541 27.1%	331,251 38.5%
High Density	2,026,333 20.1%	2,189,433 20.4%	2,613,506 21.2%	216,080 25.8%	231,600 24.6%	299,838 34.9%
Low Density	493,982 4.9%	547,358 5.1%	692,121 5.6%	13,640 1.6%	15,484 1.6%	21,996 2.6%
Industrial	--	--	--	6,180 0.7%	2,997 0.3%	2,727 0.3%
Commercial	--	--	--	2,241 0.3%	5,460 0.6%	6,690 0.8%
Rural Areas, Total	7,560,943 75.0%	7,974,260 74.4%	9,014,638 73.2%	598,196 71.5%	686,403 72.9%	529,078 61.5%
Smaller Towns	312,519 3.1%	343,441 3.2%	426,151 3.5%	26,825 3.2%	33,189 3.5%	34,528 4.0%
Growth Points	110,894 1.1%	128,790 1.2%	181,334 1.5%	14,615 1.7%	17,040 1.8%	21,672 2.5%
Rural Areas	7,137,530 70.8%	7,502,029 70.0%	8,407,153 68.2%	556,756 66.6%	636,174 67.5%	472,878 55.0%
Totals	10,081,258	10,711,051	12,320,265	836,337	941,944	860,329

Table F 4
Average Annual Profits and Start-Up Costs
By Sector

Sector	Average Annual Profits	Start-up cost	Average Annual MSE Employment Growth Rate
Maize Growing	5,585	14,749	16.4
Cotton Growing	35,121	30,304	16.7
Paprika Growing ^a	3,727	39,732	0.0
Vegetable Growing	*	105	8.4
Multiple Crop Growing	36,897	3,629	11.7
Crop Agriculture	20,593	12,356	14.6
Cattle ^a	29,554	43,892	48.6
Goats ^a	15,358	1,259	2.1
Poultry	8,825	2,158	12.8
Rabbits ^a	*	181	0.0
Livestock Agriculture	10,315	5,418	14.7
AGRICULTURE	16,413	9,757	14.5
Chrome Mining ^a	123,186	2,175	2.8
River Sand Mining ^a	81,373	*	21.1
MINING	106,953	438	8.3
Nursery ^a	12,214	1,324	19.2
ALL AGRICULTURE AND MINING	16,581	9,422	14.5
Maize and Flour Milling	70,291	65,199	2.6
Butchery/Abattoir ^a	60,568	4,396	0.7
Other Food Processing ^a	9,133	211	-2.1
Beer Brewing ^a	836	38	6.7
Food and Beverage Processing	54,965	26,431	2.9
Tailoring/Dressmaking	10,621	2,093	8.8
Embroidery	11,148	1,196	12.1
Knitting	6,656	1,704	10.9
Weaving	6,166	282	7.5
Crocheting	6,161	110	0.8
Shoework/Repairs	16,257	1,311	9.7
Leatherwork ^a	44,802	2,212	12.7
Other Textile Work		2,007	38.6
Textiles	8,701	1,373	7.5
Grass/Cane/Bamboo Work	2,395	43	0.0
Wood Carving	14,178	276	*
Carpentry	13,642	3,339	10.4
Furniture Making	23,974	14,577	70.4
Other Wood Working ^a	63,727	88,556	15.5
Wood and Wood Products	7,379	1,378	3.5
Plastic Work ^a	5,420	549	1.3
Soap Making ^a	14,147	4,359	*
Chemicals and Plastics	12,429	3,668	1.8

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Sector	Average Annual Profits	Start-up cost	Average Annual MSE Employment Growth Rate
Brick Making ^a	38,505	933	3.1
Block Making ^a		8900	39.0
Pottery Work ^a	3,717	52	1.5
Other Masonry ^a	73,556	*	2.4
Glass Work ^a		3,733	-0.3
Non-Metallic Mineral Processing	33,005	1,029	4.6
Fence Making ^a	73,432	3,222	-8.0
Tinsmithing ^a	5,998	248	2.3
Other Metal Works ^a		7,724	30.0
Welding	64,258	8,134	14.2
Metal Fabrication	41,124	5,269	6.5
Art/Artifact Production	27,221	224	3.1
All Other Manufacturing	11,721	1,748	1.7
Auto Work	501,200	12,066	35.7
Bike Repair ^a	12,356	1,073	12.5
Electrical Repair	36,960	4,326	33.6
Radio/TV Repair	21,496	571	14.4
Other Repair Work ^a	13,564	8,898	10.0
Other Manufacturing	75,617	2,212	11.5
TOTAL MANUFACTURING	20,202	3,771	6.4
CONSTRUCTION	144,403	856	6.2
Hawking	15,534	712	12.0
Vending Foods/Sweets	6,703	635	10.7
Vending Drinks	2,747	1,419	26.6
Vending Farm Products	7,088	157	8.0
Vending Forest-Based Products	7,859	1,149	6.4
Vending Hardware	165,586	5,524	10.9
Vending Garments	12,493	1,459	26.2
Vending Art/Artifacts ^a		1,249	2.5
Vending Jewelry ^a	9,147	1,293	8.6
Vending Cosmetics ^a	36,264	814	2.8
Vending Fish	6,473	197	139.8
Vending Books/Magazines ^a	14,374	*	5.8
Vending Cigarettes ^a	6,338	74	0.0
Vending Electronics ^a	*	1,061	3.0
Vending Plastics/Rubbers/Bags	*	82	0.0
Other Vending	7,474	1,282	25.0
Grocery	113,099	34,769	10.3
Retail Food ^a	38,872	12,274	116.7
Retail Farm Products ^a	53,446	17,807	21.4
Retail Hardware ^a	403,742	95,430	118.6
Retail Garments	237,527	24,906	61.3
General Trader/Dealer	126,562	20,184	5.3
Pharmacy ^a	*	100,419	80.3

Sector	Average Annual Profits	Start-up cost	Average Annual MSE Employment Growth Rate
Tuck Shop/Kiosk	48,090	6,734	25.5
Bottlestore	86,118	48,130	9.0
Other Retail	62,528	74,228	8.9
retail trade	34,934	5,950	18.5
Restaurant ^a		17,947	5.5
Bar/Pub/Shebeen ^a	18,076	1,936	270.8
hotels, restaurants, bars ^a	18,076	8,621	240.4
TOTAL TRADE	34,690	5,962	20.4
Bus/Taxi Service ^a	458,056	196,940	6.1
Goods Transport	20,707	1,304	3.9
TOTAL TRANSPORT	185,904	71,853	4.4
RENTING FLATS OR ROOMS		26,017	0.9
Hair Salon/Barber	30,374	2,565	11.1
Professionals ^a	46,012	16,833	0.6
Photo Studio ^a	9,161	604	0.9
Other Services	49,785	3,737	15.8
Traditional Healer ^a	27,983	1,475	-0.1
TOTAL SERVICES	33,278	3,065	9.2
TOTAL ALL MFG. COMMERCE SERVICES	29,419	5,314	12.5
TOTAL ALL MSEs	26,037	6,790	13.3

Notes Sectors with fewer than 3 sample observations are excluded

^a Sectors with fewer than 10 sample observations

* Not available

Table F 5
Change in Average Annual Real Profits
By Sector, 1993-1998

Sector	1993 profits (in 1998 Z\$)	1998 profits	real change in profits (%)
Butchery/Abattoir	58,795	60,568	3 0
Other Food Processing	3,090	9,133	195 5
Beer Brewing	1,649	836	-49 3
Food and Beverage Processing	6,693	54,965	721.2
Tailoring/Dressmaking	8,563	10,621	24 0
Knitting	5,078	6,656	31 1
Weaving	12,080	6,166	-49 0
Crocheting	2,847	6,161	116 4
Shoework/Repairs	8,010	16,257	102 9
Textiles	4,924	8,701	76.7
Grass/Cane/Bamboo Work	4,296	2,395	-44 3
Wood Carving	1,275	14,178	1,011 8
Carpentry	11,680	13,642	16 8
Furniture Making	6,977	23,974	243 6
Wood and Wood Products	4,525	7,379	63 1
Plastic Work	13,082	5,420	-58 6
Chemicals and Plastics	13,082	12,429	-5 0
Brick Making	37,184	38,505	3 6
Pottery Work	899	3,717	313 4
Non-Metallic Mineral Processing	16,569	33,005	99 2
Tinsmithing	12,281	5,998	-51 2
Welding	18,107	64,258	254 9
Metal Fabrication	15,359	41,124	167 8
Art/Artifact Production	3,817	27,221	613 1
All Other Manufacturing	1,876	11,721	524 8
Auto Work	149,972	501,200	234 2
Bike Repair	17,785	12,356	-30 5
Electrical Repair	11,580	36,960	219 2
Radio/TV Repair	8,271	21,496	159 9
Other Repair Work	76,862	13,564	-82 4
Other Manufacturing	32,951	75,617	129 5
Total Manufacturing	7,067	20,202	185 9
Construction	19,172	144,403	653.2
Vending Foods/Sweets	5,618	6,703	19 3
Vending Drinks	968	2,747	183 6
Vending Farm Products	2,399	7,088	195 4
Vending Forest-Based Products	14,512	7,859	-45 8
Vending Garments	12,662	12,493	-1 3
Other Vending	4,683	7,474	59 6
Grocery	29,027	113,099	289 6
Retail Food	43,781	38,872	-11 2
Retail Hardware	639,626	403,742	-36 9

Sector	1993 profits (in 1998 Z\$)	1998 profits	real change in profits (%)
Retail Garments	205,101	237,527	15.8
General Trader/Dealer	60,860	126,562	108.0
Tuck Shop/Kiosk	27,661	48,090	73.9
Bottlestore	260,560	86,118	-66.9
Other Retail	40,600	62,528	54.0
Retail Trade	57,341	34,934	-39.1
Bar/Pub/Shebeen	58,121	18,076	-68.9
Hotels/Restaurants/Bars	58,121	18,076	-68.9
Total Trade	57,346	34,690	-39.5
Goods Transport	4,147	20,707	399.3
Total Transport	4,147	185,904	4,382.9
Hair Salon/Barber	14,869	30,374	104.3
Other Services	54,009	49,785	-7.8
Traditional Healer	2,107	27,983	1,228.0
Total Services	32,493	33,278	2.4
All Manufacturing, Commercial, and Service MSEs	21,418	29,419	37.4

Notes Only sectors for which profit data are available in both 1993 and 1998 are included
Zimbabwe's consumer price index (published by the Reserve Bank of Zimbabwe) are used to calculate 1993 profits in 1998 Zimbabwe dollars

Table F 6
Birth Rates By Sector
1994-1997

Sector	Birth Rate 1997	Birth Rate 1996	Birth Rate 1995	Birth Rate 1994	Birth Rate 1994-1997
Maize Growing	3.7	1.2	6.3	4.9	4.0
Cotton Growing	11.5	12.2	7.5	4.6	9.0
Vegetable Growing	8.1	3.7	21.3	11.9	11.3
Multiple Crop Growing	5.7	0.1	6.1	2.1	3.5
Crop Agriculture	6.4	4.5	7.5	4.7	5.8
Cattle	14.5	0.0	16.9	17.7	12.3
Poultry	40.1	32.3	17.6	17.0	26.8
Rabbits	0.0	421.6	0.0	247.2	167.2
Livestock	31.9	39.7	14.7	14.2	25.1
ALL AGRICULTURE	13.6	9.0	9.1	6.8	9.6
Chrome Mining	194.1	40.7	0.0	67.6	75.6
MINING	80.9	6.0	16.9	8.6	28.1
Nursery	28.0	42.3	1.1	55.5	31.7
FORESTRY	40.8	41.3	2.6	29.8	28.6
ALL AGRICULTURE, MINING, FORESTRY	14.9	9.6	9.1	7.3	10.2
Maize and Flour Milling	37.9	2.2	0.7	34.8	18.9
Butchery/Abattoir	89.1	0	0	3.4	23.1
Bread/Biscuits/Cakes	11.3	66.6	47.1	8.4	56.7
Other Food Processing	8.4	2.3	0	75.3	21.5
Beer Brewing	1.3	12.1	12.2	40.9	16.6
Food and Beverage Processing	21.5	11.9	5.7	3.9	19.5
Tailoring/Dressmaking	28.5	10.8	13.3	14.9	67.5
Embroidery	35.1	22.3	12.1	31.7	25.3
Knitting	17.5	11.5	14.7	13.2	14.2
Weaving	9.8	9.2	11.3	11	10.3
Crocheting	3.7	3.6	10.8	15.4	8.4
Shoework/Repairs	68.2	22.8	1.9	6.8	24.9
Other Textile Work	12.8	25.3	79.4	11.7	32.3
Textiles	17.7	9	12.7	14.3	13.4
Grass/Cane/Bamboo Work	10.4	14.7	28.4	7.6	15.3
Wood Carving	18.4	20.3	22.7	80.2	35.4
Carpentry	26.9	28.8	9.7	34.5	25.0
Furniture Making	29.5	85.1	22.1	0	34.2
Wood and Wood Products	13.9	18.3	24.4	17.4	18.5
Soap Making	7.4	11.5	164.2	0	45.8
Chemicals and Plastics	12.7	5.5	98.7	353.1	117.5
Brick Making	26.9	1.8	1.8	101.8	33.1
Pottery Work	0	0	6.7	0	1.7
Non-Metallic Mineral Processing	20.6	5.8	5.3	44.8	19.1
Fencemaking	47.5	20.5	40.1	66.8	43.7
Tinsmithing	2.2	0	0	0	0.6
Welding	62.5	22.5	45.2	33.3	40.9

Sector	Birth Rate 1997	Birth Rate 1996	Birth Rate 1995	Birth Rate 1994	Birth Rate 1994-1997
Metal Fabrication	20.1	17.2	12.3	7.2	14.2
Art/Artifact Production	0.8	12.3	1.7	0.9	3.9
All Other Manufacturing	30.3	47.2	0	18.7	92.2
Auto Work	16.6	12.7	26.8	23.8	20.0
Bike Repair	5.5	0	0	51.1	26.5
Electrical Repair	28.5	3.1	12	27.4	17.8
Radio/TV Repair	25.1	13.1	26.5	9.4	18.5
Other Repair Work	32.5	217.2	10.2	21.8	70.4
Other Manufacturing	22.6	17.3	6.7	8.7	13.8
TOTAL MANUFACTURING	17.8	12	14.1	17.8	15.4
CONSTRUCTION	4.6	0.6	20.1	0	6.3
Hawking	28.7	20.9	29.5	29.5	27.2
Vending Foods/Sweets	57.4	20	52	8.4	34.5
Vending Drinks	111.1	40	53	81.4	23.5
Vending Farm Products	39.8	20.4	20.9	13	23.5
Vending Forest-Based Products	26.6	19.7	64.2	0	27.6
Vending Hardware	50	6.4	16.9	23.2	24.1
Vending Garments	46	37.2	43.8	85.8	53.2
Vending Art/Artifacts	2.5	0	68.4	6.5	19.4
Vending Jewelry	19.7	24.5	32.4	58.2	33.7
Vending Cosmetics	245	48.2	56.6	193.1	135.7
Vending Fish	85.8	45.6	2.6	151.4	71.4
Vending Books/Magazines	55.5	34.5	0	0	22.5
Vending Electronics	5.7	0	4.1	4.1	3.5
Other Vending	84.6	11.5	82.4	59.4	59.5
Grocery	17.4	31.9	0.7	25.5	18.9
Retail Food	214.1	174.9	0	58.2	111.8
Retail Hardware	64	0	28	0	23.0
Retail Garments	29.6	14.3	0	88.3	33.1
Stationers/Bookstore	0	56.1	77.9	0	33.5
General Trader/Dealer	19.5	8	0.4	8.2	9.0
Tuck Shop/Kiosk	44.8	49.1	47.1	23.4	41.1
Retail Vehicle Spares	275.5	0	127.4	0	100.7
Bottlestore	21.6	12.7	14.6	0.4	12.3
Other Retail	46.9	64.7	13.9	126.8	63.1
retail trade	42.7	22.7	25.2	22.5	28.3
Restaurant	0	0	0	0	0.0
Bar/Pub/Shebeen	156.8	0	28.6	35.1	55.1
hotels, restaurants, bars	96.7	5	16.2	23.6	35.4
TOTAL TRADE	43	22.6	25.1	22.5	28.3
Bus/Taxi Service	27.9	11.6	12.6	27	19.8
Goods Transport	40.6	0	23.9	63.5	32.0
TOTAL TRANSPORT	34.3	5.4	18.4	43.9	25.5
RENTING FLATS OR ROOMS	13.3	10.7	10.3	16.7	12.8
Hair Salon/Barber	87.2	16	19.6	68.8	47.9

Sector	Birth Rate 1997	Birth Rate 1996	Birth Rate 1995	Birth Rate 1994	Birth Rate 1994-1997
Professionals	3.3	3.3	1.3	1.3	5.2
Photo Studio	79.7	2.6	246.9	22.6	88.0
Other Services	18.7	1.8	19.8	58.3	28.7
Traditional Healer	3.9	0	17.1	8.2	45.8
TOTAL SERVICES	45.1	11.4	37.8	46.6	35.2
TOTAL MFG. COMMERCE SERVICE	28.3	15.8	18.7	19.8	20.7
TOTAL ALL USES	23.4	13.4	14.9	14.5	16.5

Notes: Sectors with fewer than 10 sample observations are excluded.
 Birth rates are defined as the number of births during a year divided by the total number of firms in existence at the beginning of the year.

Table F 7
Death Rates By Sector
1994-1997

Sector	Death Rate 1997	Death Rate 1996	Death Rate 1995	Death Rate 1994	Death Rate 1994-1997
Maize Growing	18	18	37	00	18
Cotton Growing	56	60	00	00	29
Vegetable Growing	114	55	02	00	43
Multiple Crop Growing	00	14	15	00	07
Crop Agriculture	29	33	24	00	22
Cattle	00	00	00	130	33
Poultry	183	50	56	22	78
Rabbits	00	00	00	00	00
Livestock Agriculture	147	39	44	31	65
ALL AGRICULTURE	65	34	28	07	34
Chrome Mining	157	00	00	00	39
MINING	289	00	25	00	79
Nursery	00	00	00	00	00
FORESTRY	00	00	00	00	00
TOTAL AGRICULTURE, MINING, FORESTRY	66	33	28	07	34
Maize and Flour Milling	106	0	0	0	27
Butchery/Abattoir	0	0	0	0	0
Bread/Biscuits/Cakes	2066	135	318	0	63
Other Food Processing	44	0	0	0	11
Beer Brewing	318	84	84	0	122
Food and Beverage Processing	184	37	37	0	65
Tailoring/Dressmaking	132	29	48	05	54
Embroidery	0	39	42	0	2
Knitting	81	47	8	05	53
Weaving	119	65	0	06	48
Crocheting	105	34	31	58	57
Shoework/Repairs	0	26	26	0	13
Other Textile Work	102	212	118	118	138
Textiles	107	4	45	22	54
Grass/Cane/Bamboo Work	149	0	0	29	45
Wood Carving	125	05	15	0	7
Carpentry	14	112	118	0	61
Furniture Making	68	118	129	0	79
Wood and Wood Products	125	17	4	22	51
Soap Making	0	0	0	0	0
Chemicals and Plastics	18	0	27	0	11
Brick Making	12	0	0	0	03
Pottery Work	579	0	0	0	145
Non-Metallic Mineral Processing	196	11	0	0	52
Fencemaking	0	0	197	0	49
Tinsmithing	0	0	0	0	0
Welding	33	2	28	18	25

Sector	Death Rate 1997	Death Rate 1996	Death Rate 1995	Death Rate 1994	Death Rate 1994-1997
Metal Fabrication	0.9	0.8	1	0.3	0.8
Art/Artifact Production	0	0	0	0	0
All Other Manufacturing	0	0	0	0	0
Auto Work	0	0	2.4	2.1	1.1
Bike Repair	0	0	0	0	0
Electrical Repair	3.1	3.1	3.4	0	2.4
Radio/TV Repair	0	0	0	0	0
Other Repair Work	0	0	0	15.2	3.8
Other Manufacturing	0.3	0.4	0.7	0.6	0.5
TOTAL MANUFACTURING	10.8	2.9	3.7	1.7	4.8
CONSTRUCTION	10.3	0	0	0	2.6
Hawking	18.2	27.9	14.4	12.6	18.3
Vending Foods/Sweets	17.1	14.9	13.3	1.8	11.8
Vending Drinks	19.5	2.6	1.3	0	5.9
Vending Farm Products	16.5	3.9	3.9	2.4	6.7
Vending Forest-Based Products	35.8	0.7	0	0	9.1
Vending Hardware	28.1	53.3	0	0	20.4
Vending Garments	36.5	8.2	11.7	14.9	17.8
Vending Art/Artifacts	35.9	0	0	0	9
Vending Jewelry	13.7	0	0	29.1	10.7
Vending Cosmetics	193.4	15.8	11.2	0	55.1
Vending Fish	2.2	0	5.4	49.9	14.4
Vending Electronics	4	3.8	0	0	2
Other Vending	52.9	3.4	6	29.7	23
Grocery	0.6	0.2	0	0	0.2
Retail Food	18.6	0	0	0	4.7
Retail Hardware	0	10.2	0	0	2.6
Retail Garments	0	13.8	12.2	0	6.5
Stationers/Bookstore	28.2	0	0	0	7.1
General Trader/Dealer	0.4	0.2	4.6	0	1.3
Tuck Shop/Kiosk	2.8	1	2.2	1.8	2
Retail Vehicle Spares	0	0	0	0	0
Bottlestore	0	0.3	0	0	0.1
Other Retail	12.5	0	0	0	3.1
retail trade	16.9	5.8	4.9	4.1	7.9
Restaurant	0	11.9	0	0	3
Bar/Pub/Shebeen	7.7	0	0	12.2	5
hotels, restaurants, bars	4.8	3.4	0	6.6	3.7
TOTAL TRADE	16.9	5.8	4.9	4.1	7.9
Bus/Taxi Service	48.7	0	0	0	12.2
Goods Transport	0	0	0	9.1	2.3
TOTAL TRANSPORT	23.9	0	0	4.2	7
RENTING FLATS OR ROOMS	0.6	0	0	0	0.2
Hair Salon/Barber	10.9	0	2.6	4.3	4.5
Professionals	0	1.3	0	0	0.3

Sector	Death Rate 1997	Death Rate 1996	Death Rate 1995	Death Rate 1994	Death Rate 1994-1997
Photo Studio	0	0	0	0	0
Other Services	1.7	0	18.6	0	5.1
Traditional Healer	0	0	0	0	0
TOTAL SERVICES	4.4	0.2	7.7	1.5	3.5
TOTAL MFG. COMMERCE SERVICE	12.5	3.7	4	2.5	5.7
ALL MSEs	10.3	3.6	3.5	1.8	4.8

Notes Sectors with fewer than 10 sample observations are excluded
Death rates are defined as the number of deaths during a year divided by the total number of firms in existence at the beginning of the year

Table F 8
 Closure Reason by Sector,
 1994-1997

Closure Reason	MSE Sector						
	Agriculture and Mining	Mfg	Const.	Trade	Transport	Renting Rooms/Flats	Services
Finance	17.4	12.0	0.0	23.4	0.0	0.0	0.0
Tools/Machinery	2.0	4.3	100.0	1.1	21.8	0.0	0.0
Market Problems	9.9	14.5	0.0	21.8	0.0	0.0	12.9
Gov't/Regulatory	2.1	2.1	0.0	3.3	78.2	0.0	6.8
Shop/Rental Space	5.9	0.1	0.0	0.5	0.0	33.3	6.8
Input Problems	17.1	31.8	0.0	16.2	0.0	0.0	10.2
Transport	0.0	*	0.0	2.0	0.0	0.0	0.0
Labor	0.2	0.1	0.0	0.7	0.0	0.0	0.0
Utilities	5.7	*	0.0	2.5	0.0	33.3	3.4
Technical	0.4	1.6	0.0	0.3	0.0	0.0	0.0
Personal	11.7	29.9	0.0	19.1	0.0	33.3	53.0
Miscellaneous	25.7	2.7	0.0	3.7	0.0	0.0	1.3
Got a Job	0.1	0.4	0.0	1.1	0.0	0.0	3.4
Positive Reason	2.1	0.3	0.0	4.3	0.0	0.0	2.3
No Reason Given	0.0	0.0	0.0	*	0.0	0.0	0.0
Total	100.3	100.0	100.0	100.1	100.0	99.9	100.1

Note columns may not add to 100% due to rounding

Table F 9
Reason for MSE Closure, 1994-1997

Reason for Closure	Percentage of MSEs Citing Problem
Lack of Investment Funds	1.6
Lack of Operating Funds	13.5
Unavailable Credit	0.1
Customers Not Able to Repay Credit	0.6
Customers Not Willing to Repay Credit	1.6
Other Finance Problems	0.3
Finance Problems	17.8
Tools Machinery Unavailable	1.2
Tools/Mach Expensive	0.6
Repair Service Expensive	0.8
Spare Parts Expensive	0.1
Other Tools/Machinery Problems	0.1
Tools/Machinery	2.9
Not Enough Customers	6.8
Too many competitors	4.6
Market too far	1.0
Being under-priced	0.3
Suppliers cheat us	0.6
Low Prices Received	0.3
Lack of demand or demand decreasing for certain goods	1.9
Prices fluctuating	0.1
Other market problems	0.5
Market Problems	16.1
Business Taxes	0.1
Business Licenses	0.7
Govt involvement /harassment	1.1
Council fees too high	*
Other Gov't Problems	0.8
Govt/Regulatory	2.8
Shop Space Unavailable	0.1
Rent Expensive	0.1
Shop Space Inadequate	*
Zoning Problems	0.5
Lack of Shelter	1.0
Lack of storage	0.1
Other Shop/Space Problems	0.1
Shop/Rental Space	1.9
Raw Materials/ Stock Unavailable	8.1
Raw Materials/ Stock Expensive	12.8
Raw Materials/ Stock of Poor Quality	*
Stock goes bad	0.1
Other Input Problems	*
Input Problems	21.1
Public Transport Unavailable	*
Public Transport Expensive	0.8
Transport Problems	0.8
Unskilled Labor Unavailable	*
Unskilled Labor Expensive	0.1

Reason for Closure	Percentage of MSEs Citing Problem
Absenteeism	0.1
Lack of Loyalty	0.1
Other Labor Problems	0.1
Labor Problems	0.4
Water/ Electricity Unavailable	2.5
Water/Elec Expensive	*
Other Utilities Problems	*
Utilities Problems	2.6
Access to Training Skills	0.5
Management Problems	0.2
Other Technical Problems	*
Technical Problems	0.7
Personal Health	13.1
Old Age	1.0
Child Care	3.4
Household Responsibilities	3.4
Personal Problems	20.8
Devaluation/Inflation	0.4
Bad weather	3.1
Theft/Vandalism	0.6
Animals getting sick	2.0
Accidents	0.6
Other problems	2.2
Miscellaneous Problems	9.1
Got a job	0.7
Started another business	2.1
Other positive reason for closing business	0.4
Other Positive Reasons	2.4
No Problems	*
TOTAL	100.1

Note: Column may not sum to 100% due to rounding

APPENDIX G
SURVEY DEFINITIONS

SURVEY DEFINITIONS

AGRICULTURE

Activities involving the growing or harvesting of products that are sold as is

APPRENTICE

An individual working at the business for purposes of receiving training and experience. This person is not fully compensated for his or her work, and in some cases may even pay for the opportunity

CHILD

A person under the age of 15 years

CLOSED SITE

A site is considered closed if no one was home to respond to the questionnaire when the site was visited

COMMERCE

Activities involving the purchase of finished products for re-sale. The smallest commercial MSEs are hawkers or vendors. Next in size are retailers, and the largest category is the wholesaler. Hotels, restaurants, and bars are included as commercial enterprises, although some might consider them services

FORESTRY

Activities involving the cutting down or harvesting of timber that is sold in its raw form

HAWKING

A type of vending enterprise which sells a wide variety of products, and which tends to be mobile

HOUSEHOLD

A group of people who live together and eat from the same pot

INITIAL START-UP COSTS

- The amount of money (in Zimbabwe dollars) spent on equipment, buildings, and inventory when the business began

MANUFACTURING

Activities whereby raw material or input is transformed into something else Repair work is classified as manufacturing, although some might consider it a service

MICRO AND SMALL ENTERPRISES (MSES)

Business activities that employ 50 or fewer employees, inclusive of the proprietor(s) In addition, for crop-agricultural enterprises, our definition includes only those businesses that have sales of at least Z\$2,000 per year For all other businesses we include only businesses that market at least 50 percent of their product

MINING

Activities whereby minerals are extracted, but not otherwise transformed

PART-TIME WORKER

An employee of the businesses who works fewer than 30 hours per week

PROFITS

Profits are the difference between gross sales and expenses Expenses can include stationery, fuel, inventory, purchased inputs, hired labor, and other items

RETAIL

Businesses with enough stock to both display and replenish the display as customers buy

TRAINEE

See apprentice

UNPAID WORKER

A person employed by the business who is not fully compensated for his or her labor Frequently, these workers are members of the proprietor's family

VENDING

Businesses with only limited displayed goods for sale (without stock to replenish the display)

WHOLESALE

Businesses with sufficient goods to supply other businesses engaged in retailing those goods

WORKER

A person working at the businesses The survey divides workers into four categories working proprietors, paid workers, unpaid workers and apprentices/trainees

WORKING PROPRIETOR

An owner of a business who works at the business

APPENDIX H
QUESTIONNAIRES

USAID/RESEARCH INTERNATIONAL SURVEY – STRICTLY CONFIDENTIAL"
EXISTING BUSINESS QUESTIONNAIRE, ZIMBABWE, JANUARY 1998

SECTION A To be completed directly AFTER conducting interview

NO	QUESTIONS	ANSWER CATEGORIES AND CODES	CODE
A 01	Enumerator name and code		
A 02	Supervisor name and code		
A 03	Stratum code	1 [] Urban HD 2 [] Urban LD 3 [] Small town 4 [] Growth point 5 [] Rural area 6 [] Urban "Hot Spot" 7 [] Urban Com 8 [] Urban Ind	
A 04	Enumeration area name and code		
A 05	Date of interview	[]/[]/1998	
A 06	1998 business unique ID #		

SECTION B Begin interview with introduction of YOURSELF and the SURVEY (See Introduction Card)

B 01	Do you have any income-earning activities <u>at this location</u> ?	1 [] Yes 2 [X] (IF NO, TALLY AS "NO ACTIVITY", ASK IF HAD BUSINESS IN PAST, AND THANK RESPONDENT FOR TIME)	
B 02	(SKIP QUESTION IF NOT FIRST INTERVIEW) <u>How many</u> income-earning activities are being undertaken <u>from this location</u> ?	[] FILL FOR FIRST INTERVIEW ONLY	
<p>If more than one activity, instruct the respondent that you will first be discussing only the first activity in this interview and will discuss the second activity thereafter</p> <p>Ask to speak with the OWNER of the business If not present, try to locate him/her If unable to locate the owner, conduct the interview with informed worker or family member if possible</p>			
B 03	(FILL BY INSPECTION IF POSSIBLE) Location of Business	1 [] In the home/on the homestead (include farm) 2 [] Traditional marketplace 3 [] Along roadside, track, or path 4 [] Commercial district 5 [] Industrial site 6 [] Mobile 7 [] Other	
B 04	(FILL BY INSPECTION IF POSSIBLE) Race of Proprietor	1 [] Black Zimbabwean 2 [] White Zimbabwean 3 [] Indian/Pakistani/Bangladeshi 4 [] Chinese/Korean 5 [] Other African 6 [] Other	

B 05	Who are the owners of the business?	1 [] Female, one proprietor 2 [] Male, one proprietor 3 [] More than one female 4 [] More than one male 5 [] Husband and Wife 6 [] Multiple proprietors - mixed gender	
B 06	What type of income-earning activity is taking place in this location?		
B 07	To confirm, you are engaged in	1 [] Agriculture 2 [] Forestry/Mining 3 [] "Making" or "Fixing" - Mfg /Production/Repair 4 [] "Selling"- Trade/Commerce 5 [] "Helping" - Service	
B 08	What date did you start this income-generating activity	Month _____ Year _____ (IF AGRICULTURE, GO TO B 10 OTHERWISE GO TO B 09)	a) b)
B 09	Working patterns (FOR NON-AGRICULTURAL ACTIVITIES ONLY) (ASK FIRST QUESTION ONLY IF BUSINESS HAS BEEN IN OPERATION FOR 12 MONTHS OR MORE)	[] number of months that business was in operation over last 12 months [] # of days business was in operation last month (Use 30 if "every day") (Use 25 if "every day but Sunday") (Use 20 if "Monday through Friday") [] number of <u>hours per day</u> business was in operation last week	a) b) c)

B 10 Tally of Total Workforce

	Working Owners	Paid Workers	Unpaid Workers	Apprentices/ Tramees	GRAND TOTAL
Present total	(a)	(b)	(c)	(d)	(e)
<i>Of total, # female</i>	(f)	(g)	(h)	(i)	(j)
<i>Of total, # part-time</i>	(k)	(l)	(m)	(n)	(o)
<i>Of total, # 7-15 yrs old</i>	(p)	(q)	(r)	(s)	(t)
Total workers when business first started	(u)	(v)	(w)	(x)	(y)

		added	subtracted
B 11	How many paid workers did you add or subtract in 1997?		
B 12	How many unpaid workers did you add or subtract in 1997?		
B 13	How many paid workers did you add or subtract in 1996?		
B 14	How many unpaid workers did you add or subtract in 1996?		
B 15	How many paid workers did you add or subtract in 1995?		

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B 16	How many unpaid workers did you add or subtract in 1995?		
B 17	How many paid workers did you add or subtract in 1994?		
B 18	How many unpaid workers did you add or subtract in 1994?	—	
B 19	(IF HAS PAID WORKERS NOW) Wage paid to highest-paid worker \$ _____ 1 [] per day 2 [] per week 3 [] per month 4 [] per year 5 [] other	a)	b)

B 20	What was your primary occupation before you started this business?	1 [] Unemployed (GO TO B 22) 2 [] Housewife 3 [] In school 4 [] Civil servant 5 [] Worked for someone else in this same line 6 [] Ran another business in this same line 7 [] Worked for another business in another line 8 [] Ran another business in another line 9 [] Other (EXPLAIN _____)	
B 21	Do you still work in that capacity?	1 [] Yes 2 [] No	
B 22	Were you retrenched from a job in the last three years?	1 [] Yes 2 [] No	
B 23	What level of education did you complete?	1 [] None 2 [] Some primary 3 [] Primary 4 [] Some secondary 5 [] Secondary 6 [] A-levels 7 [] College 8 [] University	
B 24	How many businesses are <u>you</u> operating <u>right now</u> ?	[] _____	
B 25	Including this business and others, for how many years have you been in this type of business, either employed or as the owner?	[] _____	
B 26	Why did you choose <u>this</u> type of business?	1 [] Parents/relatives in business 2 [] Too few wage opportunities 3 [] Saw profitable opportunity 4 [] Had no better options 5 [] Other (EXPLAIN _____)	
B 27	Did you start the business from scratch, purchase it or did you inherit it?	1 [] Started from scratch 2 [] Purchased 3 [] Inherited 4 [] Other (EXPLAIN _____)	

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B 28	What was the principal source of your money to start the business?	1 [<input type="checkbox"/>] Loan from family/friends 2 [<input type="checkbox"/>] Given free from family/friends 3 [<input type="checkbox"/>] Moneylender (chumbadzo) 4 [<input type="checkbox"/>] Own savings from agriculture 5 [<input type="checkbox"/>] Own savings from non-agriculture 6 [<input type="checkbox"/>] Savings clubs 7 [<input type="checkbox"/>] Inherited business 8 [<input type="checkbox"/>] Formal credit institution 9 [<input type="checkbox"/>] Microloan program such as Zambuko or SEDCO 10 [<input type="checkbox"/>] None- didn't need any 11 [<input type="checkbox"/>] Other (EXPLAIN)	
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B 29	How much money did you spend on equipment and/or buildings to <u>start</u> this business?	\$	
B 30	After your initial purchases, how much have you spent on equipment and/or buildings for purposes of this business?	\$	
B 31	How much did you spend on your initial inventory of raw materials and other production inputs when you <u>started</u> this business?	\$	

B 32	What types of credit have you received for this business? Consider all types of credit – family, moneylenders, rotating credit societies, banks, etc	1 [<input type="checkbox"/>] Loan (not free) from family/friends 2 [<input type="checkbox"/>] Moneylender 3 [<input type="checkbox"/>] Formal credit institution 4 [<input type="checkbox"/>] Microloan program such as Zambuko or SEDCO 5 [<input type="checkbox"/>] Supplier credit 6 [<input type="checkbox"/>] Savings clubs 7 [<input type="checkbox"/>] None 8 [<input type="checkbox"/>] Other (EXPLAIN)	
B 33	Thinking about all the sources of cash income for your household (including farming, employment, and any other income), how much of your household's income comes from <u>this particular</u> business?	1 [<input type="checkbox"/>] All or almost all of income 2 [<input type="checkbox"/>] More than half of income 3 [<input type="checkbox"/>] Less than half of income 4 [<input type="checkbox"/>] About half of income 5 [<input type="checkbox"/>] Don't know 6 [<input type="checkbox"/>] Not applicable (EXPLAIN)	
B 34	Are you currently married?	1 [<input type="checkbox"/>] Yes 2 [<input type="checkbox"/>] No	
B 35	How many dependents are you responsible for under the age of 15?	[]	
B 36	What are your two most important business problems now, in order of importance?		a) b)
B 37	What were your two most important business problems when you started the business, in order of importance?		a) b)

B 38	Over the past four years (or since your business started), how has the volume of your business changed?	1 [] Large increase 2 [] Small increase 3 [] No change 4 [] Small decrease 5 [] Large decrease 6 [] Don't know	
B 39	Over the past four years (or since your business started), has competition for your business increased due to an increase in the number of similar businesses?	1 [] Yes 2 [] No 3 [] Don't know	
B 40	Over the past four years (or since your business started), has competition for your business increased due to an increase in imports (such as imported inputs or finished products)?	1 [] Yes 2 [] No 3 [] Don't know	
B 41	Overall, are equipment, buildings, raw materials and other production inputs (not labor) more or less difficult to obtain than they were four years ago (or since your business started) (do not consider price, only availability)	1 [] More difficult to obtain 2 [] Less difficult to obtain 3 [] About the same	
B 42	Do you use more imported inputs than you did four year ago (or since your business started)?	1 [] Yes 2 [] No 3 [] Don't know 4 [] Never used imported inputs	
B 43	To whom do you sell your products or provide services? (TICK THE TWO MOST IMPORTANT)	1 [] Final Consumer 2 [] Traders 3 [] Other Businesses 4 [] Export 5 [] Manufacturer 6 [] Marketing Board 7 [] Other (EXPLAIN IF BUSINESS IS NON-AGRICULTURAL, OR NON-CROP AGRICULTURAL, GO TO B 49, OTHERWISE GO TO B 44	a) b)

FOR CROP AGRICULTURAL ENTERPRISES ONLY

B 44	What crops do you sell, and how much of each did you sell last year?	<input type="checkbox"/> Maize (bags) <input type="checkbox"/> Cotton (bales) <input type="checkbox"/> White Sorghum (bags) <input type="checkbox"/> Red Sorghum (bags) <input type="checkbox"/> Round Nuts (bags) <input type="checkbox"/> Ground Nuts (bags) <input type="checkbox"/> Sunflower (bags) <input type="checkbox"/> Paprika (kgs) <input type="checkbox"/> Tobacco (bales) <input type="checkbox"/> Other	a) b) c) d) e) f) g) h) i) j)
B 45	When did you start selling crops as an income-generating activity	[19 __ __]	

B 46	Over the past year, how much money did you spend on business expenses, including these categories and any other?	Seeds \$ Fertilizer \$ Hand tools \$ Fuel \$ ____ Equipment \$ Maintenance/Repairs \$ Transport \$ Hired Labor \$ Other \$	a) b) c) d) e) f) g) h) i)
B 47	Considering all possible costs, how much profit did you earn last year?	\$ (Consider goods received in barter or purchased from proceeds as part of profits)	
B 48	How does the profit you made last year compare with previous years?	1 <input type="checkbox"/> Higher than previous years 2 <input type="checkbox"/> Lower than previous years 3 <input type="checkbox"/> About the same as previous years 4 <input type="checkbox"/> Don't know GO TO B 57	

FOR NON-AGRICULTURAL, AND NON-CROP AGRICULTURAL ENTERPRISES

B 49 Which months during the year do you have sales that you would consider "high", "average" or "low"?

(FOR EACH ROW, check if appropriate, leave blank otherwise, and code "don't know" as Average)

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
High													a)
Average													b)
Low													c)

B 50	For "high" months, how much do you expect to see in average sales?	\$	
B 51	For "average" months, how much do you expect to see in average sales?	\$	
B 52	For "low" months, how much do you expect to see in average sales?	\$	
B 53	During the past week, what was the value of your total sales?	\$	last week (If answer given in months, divide by 4 If answer given in days, multiply by # work days per week Reconfirm that "sounds right")
B 54	Was last month a high, average, or low month for sales?	1 [] High sales month 2 [] Average sales month 3 [] Low sales month	
B 55	During the past week, how much money did you spend on business expenses, including these categories and any other?	Stationery \$ Fuel \$ Inventory \$ Purchased Inputs \$ Hired Labor \$ Transport \$ Rental \$ Maintenance/Repairs \$ Other \$	a) b) c) d) e) f) g) h) i)
B 56	After all costs are considered, how much profit did you earn in the business last week?	\$	(Consider goods received in barter or purchased from proceeds as part of profits)

FOR ALL ENTERPRISES

B 57	<p>(READ AS WRITTEN)</p> <p>What is the most important thing that you do with profits from this business?</p>	<p>1 [] use for household needs 2 [] Re-invest in this business 3 [] Re-invest in another business 4 [] Give to family in rural area 5 [] Put into savings 6 [] Use for entertainment 7 [] School fees 8 [] Other (EXPLAIN _____)</p>	
B 58	<p>Are there any other income-earning activities <u>at this location</u>?</p>	<p>1 [] Yes (IF YES, START NEW INTERVIEW) 2 [] No</p>	
B 59	<p>Have you owned any other businesses that are <u>no longer</u> in operation, having closed in the last four years?</p>	<p>1 [] Yes (GO DIRECTLY TO DBQ) 2 [] No</p>	

That is the last of my questions Could you remind me of your name?

RESPONDENT NAME

RESPONDENT ADDRESS (with LANDMARKS)

THANK YOU FOR YOUR TIME!

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**USAID/RESEARCH INTERNATIONAL SURVEY – STRICTLY CONFIDENTIAL''
DEAD BUSINESS QUESTIONNAIRE, ZIMBABWE, JANUARY 1998**

SECTION A To be completed directly AFTER conducting interview

NO	QUESTIONS	ANSWER CATEGORIES AND CODES	CODE
A 01	Enumerator code and name		
A 02	Supervisor code and name		
A 03	Stratum code and name	1 [] Urban HD 2 [] Urban LD 3 [] Small town 4 [] Growth 5 [] Rural Areas 6 [] Urban "Hot Spot" 7 [] Urban Com 8 [] Urban Ind	
A 04	EA code and name of location	[]	
A 05	Date of interview	[]/[]/1998	
A 06	DEAD business unique ID #	[]	

SECTION B IF YOU HAVE NOT DONE SO, INTRODUCE YOURSELF AND THE PURPOSE OF YOUR VISIT THEN ASK Have you done any businesses in the past that are no longer in operation?
IF YES Proceed with this questionnaire If NO Thank respondent and move on to next person

B 01	Year Business Closed	19____ IF BUSINESS CLOSED BEFORE 1994, GO TO B 15	
B 02	Month Business Closed		
B 03	What type of business were you operating? (see Business Code List for codes)		
B 04	Year Business Opened	19____	
B 05	Month Business Opened		
B 06	Where was your business located?	1 [] In the home/on the homestead (include farm) 2 [] Traditional marketplace 3 [] Along roadside, track or path 4 [] Commercial district 5 [] Industrial site 6 [] Mobile 7 [] Other	
B 07	Ownership structure	1 [] Female, one proprietor 2 [] Male, one proprietor 3 [] More than one female 4 [] More than one male 5 [] Husband and wife 6 [] Multiple proprietors, mixed gender	

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B 08	Race of proprietor (FILL IN BY OBSERVATION)	1 [] Black Zimbabwean 2 [] White Zimbabwean 3 [] Indian/Pakistani/Bangladeshi 4 [] Chinese/Korean 5 [] Other African 6 [] Other	
B 09	Reason that Business Closed (see Problem Code List)		

B 10 Total Workforce	Working Owners	Paid Workers	Unpaid Workers	Apprentice/Trainee	Total Workers
# Workers at Start	(a)	(b)	(c)	(d)	(e)
# Workers when Closed	(f)	(g)	(h)	(i)	(j)
Highest # Workers	(k)	(l)	(m)	(n)	(o)

B 11	In what year did this business have the highest number of workers?	19____ 5 [] Same number throughout	
B 12	In what month did this business have the highest number of workers?		
B 13	What do you do now for a living?	1 [] Run another business 2 [] Work for someone else 3 [] Nothing, but not retired 4 [] Nothing, retired 5 [] Housewife 6 [] Other	
B 14	What level of education do you have?	1 [] None 2 [] Some primary school 3 [] Primary school 4 [] Some secondary school 5 [] Secondary school 6 [] A-levels 7 [] College 8 [] University	
B 15	Do you or anyone else in this household have any other businesses that closed in the last 4 years?	1 [] Yes (IF YES, START ANOTHER DBQ) 2 [] No	

That is the last of my questions Could you remind me of your name?

RESPONDENT NAME

RESPONDENT ADDRESS (with landmarks)