

**Micro and Small-
Scale Enterprises
in Zimbabwe:**

**Results of a
Country-Wide
Survey**

GEMINI Technical Report 25

GEMINI

**GROWTH and EQUITY through MICROENTERPRISE INVESTMENTS and INSTITUTIONS
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Micro and Small-Scale Enterprises in Zimbabwe:

Results of a Country-Wide Survey

by

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EXECUTIVE SUMMARY

The baseline survey reveals that there are some 845,000 micro and small-scale enterprises (MSEs) in Zimbabwe, providing regular employment for 1.6 million people, just over one-quarter of all adults in the population. The average enterprise in our sample is in operation almost 11 months out of the year, and about 24 days per month. In spite of this, however, MSEs in Zimbabwe seem to provide a smaller fraction of household income than is the case elsewhere. Overall, 52 percent of Zimbabwean MSE proprietors reported that their enterprise provided at least half of their family's total income.

MSE activity is largely based in the rural areas, reflecting the fact that most Zimbabweans live in the rural areas. Still, the proportion of the sector located in the urban areas is high relative to some other countries in the region.

Zimbabwe's MSE sector is dominated by small manufacturers. Almost 70 percent of all MSEs in Zimbabwe fall into the manufacturing category, while 23 percent can be classified as traders. Only 3 percent of Zimbabwean MSEs are in the service sector. The small numbers of MSEs in the trade sector and the dominance of manufacturing enterprises, particularly in the urban areas, are striking. The MSE sector in Zimbabwe is dominated by several particular types of enterprises. Chief among these are the knitters and crocheters, in addition to the street vendors who sell fruit and vegetables.

The typical Zimbabwean MSE is a one-person operation, with the average number of workers (inclusive of the proprietor) just 1.84. Surprisingly, urban-based enterprises are no larger than their rural counterparts, a fact that reflects the prevalence of the one-person textile concerns in the urban high-density areas.

Overwhelmingly, MSE activity is centered in the proprietor's home. More than three quarters of Zimbabwean MSEs are so situated, which is typical of countries in the region.

Country-wide, 67 percent of all MSEs are run by one or more women, while 32 percent of Zimbabwe's MSEs are run by males. Of the total number of workers in the MSE sector in Zimbabwe, 57 percent are female. MSEs controlled by men are substantially larger than those run by women, with the average number of workers being 2.34 in the former and 1.49 in the latter. Female-run enterprises are most common in the textile and wearing-apparel production sector, as well as in the food, beverage, and tobacco production and the retail trade sectors. Other sectors, such as wholesale trade, construction, and fabricated metal production, are dominated by male proprietors. Enterprises run by men are much more likely to provide the lion's share of household income. Fully 69 percent of male-run MSEs account for half or more than half of household income. Only 45 percent of female-run enterprises provide at least 50 percent of family income.

MSEs in Zimbabwe demonstrate a considerable degree of dynamism. The employment in the typical enterprise grew 7.4 percent per year from its beginning until the time the survey took place. While the average Zimbabwean MSE has grown at a fairly rapid pace over its lifetime, most enterprises have not grown at all. Indeed, 81 percent of all MSEs in Zimbabwe either shrank or remained stagnant. Of the MSEs that have grown, the average annual growth rate is almost 41 percent. Zimbabwean MSEs also exhibit differential patterns of growth according to the gender of

the proprietor. Overall, female-run enterprises have grown at an average 6 percent per year, while MSEs controlled by men, at 10 percent.

Proprietors of Zimbabwe's MSEs were also asked what they perceived to be the most pressing problems confronting their businesses. In general, four categories of problems are most commonly cited in each time period: market problems, finance problems, difficulties involving stock or raw materials, and problems with tools and machinery. It is interesting to note that at no time did the regulatory environment appear to be a major constraint.

Relatively few proprietors surveyed had access to credit or training at any time. Slightly under one quarter of the respondents reported they had had some sort of formalized training, either vocational or managerial. Overall, 89 percent of the MSE proprietors stated they had never received credit from any source, and only 1 percent have ever received a loan from a formal credit institution.

SECTION ONE

INTRODUCTION

A BRIEF DESCRIPTION OF ZIMBABWE

Zimbabwe is a country of approximately 10.8 million people¹ with a land area of 391,000² square kilometers, or roughly the size of Montana. It is located in southern Africa, and is bordered by Zambia, Botswana, South Africa and Mozambique.

Zimbabwe is a relatively young country, not having achieved independence until 1980. In 1965, the white minority government, led by Ian Smith, issued a unilateral declaration of independence (UDI) from Britain. The international community imposed stringent economic sanctions against Zimbabwe, then known as Southern Rhodesia, in reaction to her racial policies. After a bloody and protracted civil war, a majority government led by Robert Mugabe came to power, and Zimbabwe was born.

For much of its recent history, the country has had strong central control over the economy. This control was first deemed necessary by the minority government in order to survive under the sanctions, and then as part of the post-independence government's commitment to socialism. In 1988, the ruling party began to take steps in the direction of a market economy, culminating in 1991 with the acceptance of a five-year Structural Adjustment Program. Amongst other reforms, this plan calls for the balancing of the government's budget, a liberalization of trade policies (especially the foreign exchange allocation system), and a repeal or review of many regulations which constrain investment and business incentives in Zimbabwe.

With the exception of South Africa, Zimbabwe is more industrialized than any other country in sub-Saharan Africa. It has a broad export base, and since 1980 its economy has grown at an annual rate of 3.5%, better than most of its neighbors. In spite of this, the unemployment rate is estimated to be quite high.³ It is estimated that in recent years formal sector job creation has averaged 30,000 per year, but that due to rapid population growth, an additional 100,000 persons must be absorbed elsewhere in the economy each year. For these new workers to be absorbed into the formal sector, it is predicted that the economy would have to grow at an unimaginable rate of 10% per year.

If Zimbabwe is anything like other developing countries in the region, many of those who would otherwise be in the pool of the unemployed have joined the micro- and small-enterprise (MSE) sector. These enterprises are largely unregistered, and most belong to the so-called "informal sector".

¹ This estimate is based on the 1982 Central Statistics Office National Population Census, with 1969-1981 growth rates projected over the 1982-1991 period. The World Bank's projection is slightly lower at 10.3 million.

² USAID, 1991.

³ Imani Development (Pvt) Ltd. (1990) estimates Zimbabwe's unemployment rate at 30%.

This sector is typically characterized by low initial capital and skill requirements, and often by fierce competition. In addition to being an important means of generating income, promotion of MSEs may make more equitable the country's income distribution. Assisting and promoting MSEs is an explicit goal of Zimbabwe's Structural Adjustment Program.

In 1991, a survey was commissioned by the United States Agency for International Development (USAID) to discover the basic parameters of the MSE sector in Zimbabwe. The survey was designed to estimate the number and type of MSEs on a country-wide basis. Basic information pertaining to the MSE labor force as well as characteristics of the proprietor and the enterprise were collected. This document is the report of the survey findings.

SECTION TWO

SURVEY APPROACH

SAMPLING TECHNIQUE

The 1991 MSE survey was designed as a country-wide exercise. To this end, interviews were conducted in randomly selected areas throughout Zimbabwe. Within each sampled area, every household or shop was visited. This sampling method is known as stratified cluster sampling.⁴

In order to maximize the survey's accuracy, the country was divided into eight strata. The strata were chosen such that the differences within each stratum would be small, and the differences between strata great. Four urban strata were selected: high density areas, low density areas,⁵ commercial districts, and industrial areas. For purposes of this survey, "urban" is defined as a city with an estimated 1982 population of more than 20,000. The final four strata are rural. The smaller settlements can be grouped into smaller towns and growth points. By act of the central government, growth points are communities wherein special incentives are offered to businesspersons.⁶ The outlying areas are divided into district and rural councils.⁷ For ease of exposition, the analyses in this report focus on the rural-urban distinction. The differences between particular strata within these larger groupings are examined in the appendix.

SURVEY INSTRUMENTS AND PERSONNEL

The survey involved three separate questionnaires. The primary instrument collected basic information pertaining to any existing enterprises. To a subsample of these, a supplementary questionnaire was also administered. A third questionnaire gathered data on MSEs which had operated in the past, but which are now closed. This method, and these instruments, are largely the same as have been used in other MSE surveys carried out by Michigan State University, although adjustments were made to meet the particular circumstances in Zimbabwe.

⁴ For more information on this technique, see Liedholm and Chuta (1981), and Mead, Fisseha and McPherson (1991).

⁵ These areas were the outgrowth of pre-independence racial segregation. Today, high density areas are typically home to low-income families, while the low density areas tend to be high income neighborhoods.

⁶ For more about Zimbabwe's growth points, see Wekwete, 1987.

⁷ Rural Councils encompass the better agricultural lands which were claimed by the early white settlers. District Councils, while including 50% of the rural land area, contain two-thirds of the rural population. District Councils are the least productive agriculturally.

Two teams of enumerators, all O-level or A-level graduates, carried out the interviews. Each team was managed by a supervisor, and the entire operation was overseen by the project leader (the author of this report) and a team of field managers. The enumerators and supervisors were selected based on a series of aptitude tests, as well as on the basis of their performance in an intensive week-long training program.

The interviews were administered by the enumerators, who went from house to house within the selected areas and recorded the presence or absence of MSE activity. Once the questionnaires were checked for completeness and accuracy in the field by the supervisors, they were checked by the project leader once again. At this point, the forms were turned over to the data entry person, for entering into the computer.

COVERAGE

When the data collection phase of the survey had come to a close, information had been collected on some 5,575 primary⁸ and 1,194 secondary enterprises. All eight administrative provinces and all five ecological zones are represented in the sample. The sampled locations are shown on the map of Zimbabwe which follows. Just under 15,000 households and shops were visited. Overall, some 34.9% of these were engaged in some form of MSE activity. To provide further insight on the existing enterprises and their proprietors, 422 enterprises were asked additional questions on a supplementary questionnaire. Finally, the proprietors of 1101 now-defunct enterprises were interviewed about these closed businesses.

Statistics regarding the sample are presented in Appendix Table A. The 5,575 primary MSEs from which data were collected provided regular employment for 13,543 persons, including working proprietors, unpaid family members, paid employees, and apprentices.⁹

EXTRAPOLATION OF RESULTS

Appendix Table A shows the proportion of the sampled firms found in each of the strata. However, these proportions do not represent the true distribution of population or MSEs in Zimbabwe. In order to estimate the number and types of enterprises nationwide, the sample results must be extrapolated, taking into account how many people live in each area, as well as the

⁸ While only a small proportion of the total number of MSEs was sampled in each stratum, Kish (1965) points out that the "precision [of the survey results] depends only on the size of the sample and not on the population size".

⁹ Appendix Table A also shows that the survey covered more enterprises in the urban strata than in the rural strata. Statistically, this is justified if MSEs in rural strata are more alike than urban MSEs. Earlier experience in other countries (see Liedholm and Chuta, 1981) indicates that this is so elsewhere, and *ex post* this was confirmed to be true for Zimbabwe. For most variables, the variance for urban-based MSEs is greater than that of rural MSEs by a factor of at least 3.

proportion of households in each stratum engaged in micro or small enterprise activity.¹⁰ Since the most recent population census was completed in 1982, the current population had to be estimated. These estimates were largely based on the assumption that the population of each stratum grew from 1982 to the present at the same rate it had been growing prior to 1982. While such an assumption is not likely to be wildly incorrect, it will introduce some degree of imprecision into the results. The estimates of the recently-launched 1992 population survey exercise will provide an interesting check on the estimates used in this survey. From these population estimates, an estimate of the number of households in each stratum was constructed. Next, an estimate of the proportion of households within each stratum involved in MSE activity was derived from survey information. Using these facts, an estimate of the numbers of MSEs that would have been found if every household in Zimbabwe had been visited was constructed. The "blow-up" factors used to weight the sample are implicit in all the analyses which follow.¹¹

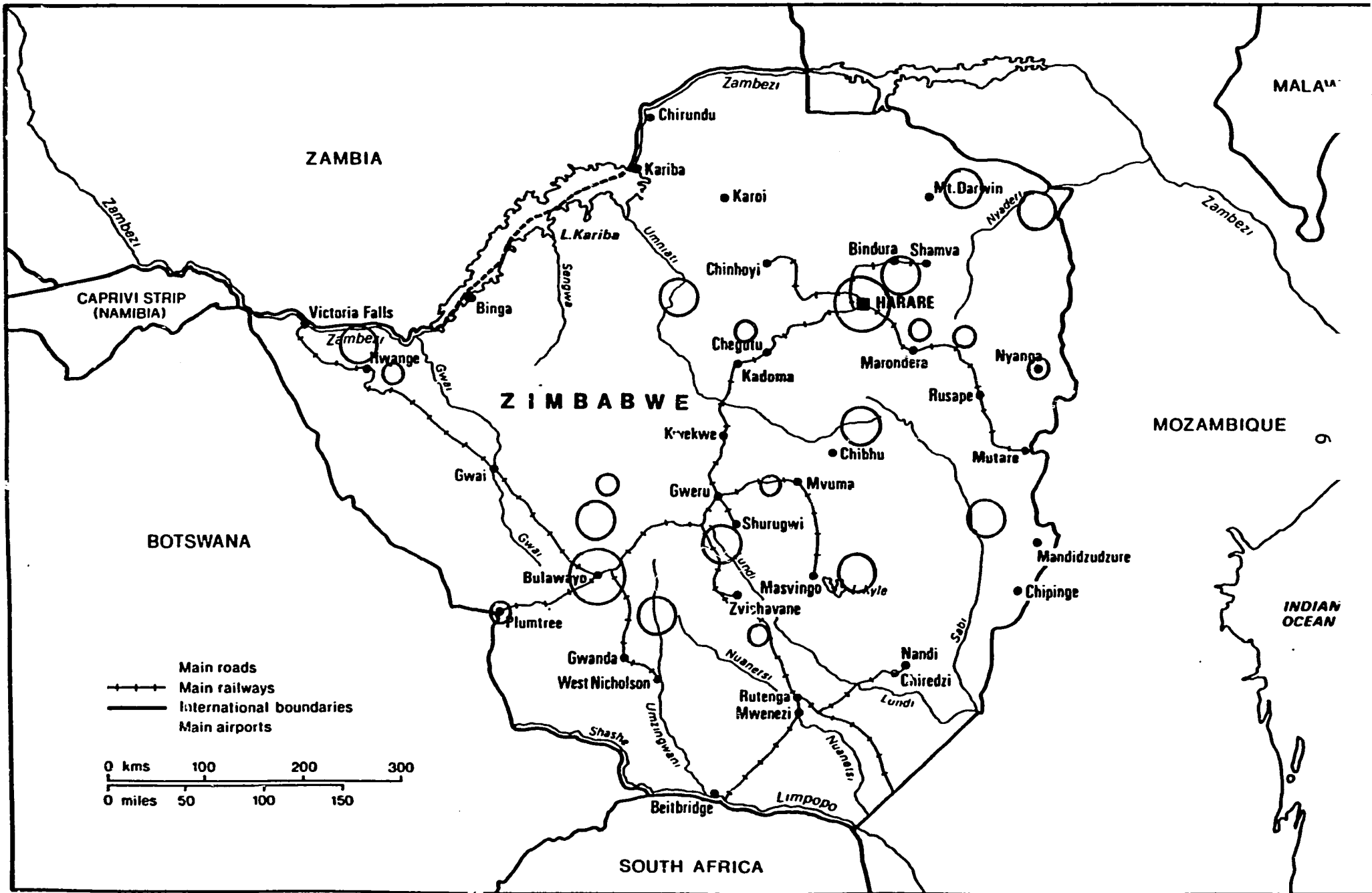
SOME OPERATIONAL DEFINITIONS

Before proceeding, it is necessary to define some of the terms and concepts used in the survey and in this report. An enterprise is said to be a micro or small enterprise if it has 50 or fewer employees, inclusive of the proprietor(s). Only those enterprises which market at least 50% of their product, and which are engaged in an economic activity other than agriculture or primary product production, are included. Finally, workers are defined as part-time if they work less than 30 hours per week, and as children if they are under age 15.

¹⁰ This proportion varies widely across strata, from 55.5% of households in rural growth points to 18.9% in the urban low density areas.

¹¹ The limitations of the survey are discussed in the Appendix.

Zimbabwe



○ Smaller Towns and Growth Points

○ District and Rural Councils

○ Urban Areas

SECTION THREE

SURVEY RESULTS

MAGNITUDE AND IMPORTANCE

The estimates of the size of the population, the number of enterprises, and the total employment in the MSE sector can be found in Table 1. Perhaps most striking is the absolute size of the sector. The survey indicates that there are some 845,000 primary MSEs in Zimbabwe, which provide employment for just under 1.6 million people. A limited amount of information was also collected on any secondary enterprises located on the same premises. If these are included, there are 1.04 million MSEs in Zimbabwe. The MSE employment figure would increase to 1.64 million.¹²

The distribution of enterprises and MSE employment between urban and rural areas is interesting. Table 1 demonstrates that MSE activity is largely based in the rural areas, a fact which reflects the fact that most Zimbabweans live in the rural areas. Still, the proportion of the sector located in the urban areas is high relative to some other countries in the region.¹³

In order to get an idea of the magnitude of Zimbabwe's MSE sector relative to other countries, it is useful to consider two other measures: the number of MSEs, and the MSE employment, per 1,000 population.¹⁴ These enterprise and employment densities are presented in Table 2A and 2B. If 52% of the population is of working age,¹⁵ and 139 persons out of every 1,000 are involved in MSE activity, then approximately 27% of the working age population is involved in micro and small scale enterprise activity. By way of comparison, Fisseha and McPherson (1991) estimated that 24% of the work force in Swaziland is engaged in MSE activity. Overall, both densities are higher in Zimbabwe than elsewhere in the region. In comparing these figures with other countries, one notices that Zimbabwe is on the high end of the enterprise density spectrum both in the urban and the rural areas. In terms of MSE employment per 1,000 inhabitants, Zimbabwe is relatively high in the rural areas, and somewhere in the middle for the urban locations.

¹² Because the survey only learned about the sector and employment in any secondary enterprises, these MSEs will be excluded from the analyses which follow. This is unlikely to be a serious omission since over 95% of the total employment figure is taken up by workers in primary MSEs.

¹³ In Lesotho the urban share in MSE employment and in total number of enterprises is 28% and 20%, respectively (Fisseha 1991). In Swaziland the corresponding shares are 25% and 16%.

¹⁴ In order to be comparable to the densities in other countries, only Zimbabwe's primary MSEs are included in Tables 2A and 2B.

¹⁵ Central Statistics Office (1982).

Table 1
Extrapolated Country-Wide Results
Zimbabwe, 1991

| Stratum | Est'd 1991 Population | Percent | Est'd No. of MSEs | Percent | Est'd Employment in MSEs | Percent |
|----------------------|-----------------------|---------------|-------------------|---------------|--------------------------|---------------|
| High Density Areas | 2,728,830 | 25.2% | 225,032 | 26.6% | 344,087 | 21.9% |
| Low Density Areas | 597,884 | 5.5% | 35,883 | 4.2% | 95,353 | 6.1% |
| Commercial Districts | - | - | 6,884 | .8% | 43,922 | 2.8% |
| Industrial Areas | - | - | 2,583 | .3% | 22,914 | 1.5% |
| URBAN AREAS | 3,326,714 | 30.8% | 270,382 | 32.0% | 506,276 | 32.3% |
| District Councils | 5,088,222 | 47.1% | 398,177 | 47.1% | 708,476 | 45.2% |
| Rural Councils | 1,501,953 | 13.9% | 90,047 | 10.7% | 175,556 | 11.2% |
| Smaller Towns | 685,559 | 6.3% | 60,224 | 7.1% | 122,610 | 7.8% |
| Growth Points | 207,000 | 1.9% | 26,604 | 3.1% | 55,546 | 3.5% |
| RURAL AREAS | 7,482,734 | 69.2% | 575,052 | 68.0% | 1,062,188 | 67.7% |
| TOTALS | 10,809,448 | 100.0% | 845,434 | 100.0% | 1,568,464 | 100.0% |

SOURCE: Primary Questionnaire

Table 2A
Number of MSEs Per 1,000 Inhabitants

| Stratum | Kenya | Lesotho | South Africa | Swaziland | Zimbabwe |
|---------------------|-------|---------|--------------|-----------|----------|
| Major City/Cities | 60 | 77 | 36 | 49 | 80 |
| Secondary Towns | * | 68 | * | 43 | 97 |
| Rural Areas | * | 40 | * | 73 | 74 |
| Whole Area Surveyed | * | 44 | * | 64 | 78 |

Note: An asterisk denotes countries where only urban strata were covered.
SOURCE: Liedholm and Mead (1991)

Table 2B
MSE Employment Per 1,000 Inhabitants

| Stratum | Kenya | Lesotho | South Africa | Swaziland | Zimbabwe |
|---------------------|-------|---------|--------------|-----------|----------|
| Major City/Cities | 109 | 177 | 81 | 156 | 132 |
| Secondary Towns | * | 123 | * | 93 | 200 |
| Rural Areas | * | 57 | * | 123 | 134 |
| Whole Area Surveyed | * | 69 | * | 126 | 139 |

Note: An asterisk denotes countries where only urban strata were covered.
SOURCE: Liedholm and Mead (1991)

The estimate that there are more than 845,000 MSEs in Zimbabwe gives some indication of their importance in the macroeconomy. But how important are these enterprises to individual families? First of all, one must take notice of the finding that MSEs in Zimbabwe are largely year-round, full time undertakings. The average enterprise in our sample is in operation almost 11 months out of the year, and about 24 days per month. Only a tiny fraction of the MSE work force is employed part time, as is mentioned below in Section 3.41. In spite of this, however, MSEs in Zimbabwe seem to provide a smaller fraction of household income than is the case elsewhere. Overall, 52% of Zimbabwean MSE proprietors reported that their enterprise provided half or more than half of their family's total income, compared with almost two-thirds in Swaziland and more than three-fourths in Lesotho (see Table 3). The relative lack of dependence on MSEs in Zimbabwe may reflect the fact that a large number of persons are engaged in wage employment in the formal sector. Nationwide, 47% of the households visited by the survey (70% of urban households, and 37% of those in the rural areas) have at least one member involved in some sort of wage employment. Unfortunately, comparable information on this point was not collected in other countries.

Table 3
MSEs and Household Income

A. Proportion of Household Income from MSEs (% of Proprietors)

| Percent of Household Income Provided By Primary MSE | Urban | Rural | Total |
|---|---------------|---------------|---------------|
| 100% | 18.3% | 22.1% | 20.8% |
| Between 50% and 100% | 11.4% | 18.7% | 16.4% |
| 50% | 12.6% | 16.3% | 16.3% |
| Less Than 50% | 57.8% | 42.9% | 47.7% |
| TOTAL | 100.0% | 100.0% | 100.0% |

B. Proportion of Household Income from MSEs Relative to Region

| Country | Percent Reporting That MSE Provides 50% or More of Household Income |
|----------------------------|---|
| Zimbabwe | 52.3% |
| South Africa ¹⁶ | 58.0% |
| Swaziland | 64.1% |
| Lesotho | 75.3% |

SOURCE: Primary Questionnaire

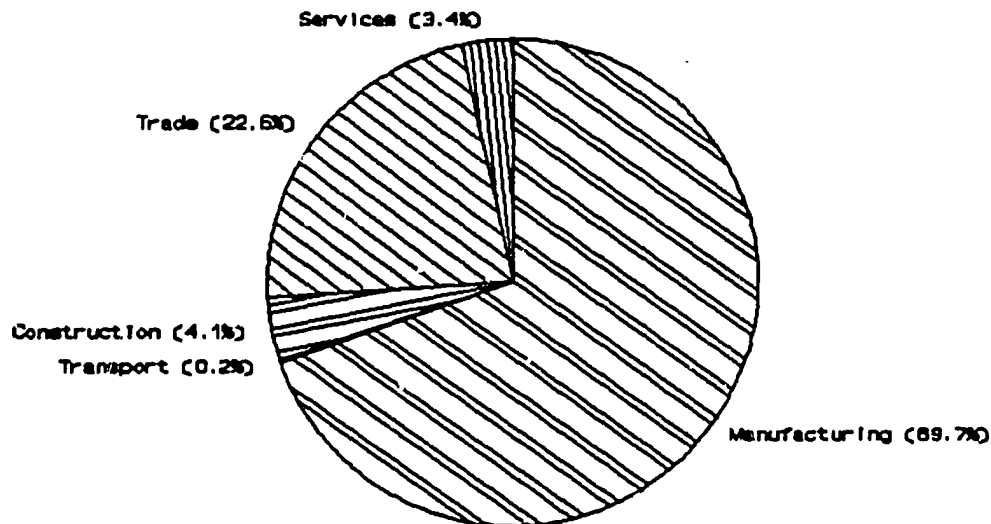
INDUSTRIAL STRUCTURE

As Figure 2 and Table 4 demonstrate, Zimbabwe's MSE sector is dominated by small manufacturers.¹⁷ Almost 70% of all MSEs in Zimbabwe fall into the manufacturing category, while 23% can be classified as trading enterprises. Only 3.4% of Zimbabwean MSEs are in the service sector. The manufacturing sector is significantly more dominant in Zimbabwe compared to other countries in the region. Fisseha and McPherson (1991) report that 61% of Swaziland's MSEs are in manufacturing sectors, while 32% and 5% of enterprises are involved in commerce and services, respectively. In Lesotho, 58% of MSEs are manufacturers. Zimbabwean MSEs in the textile and wearing apparel sector are the most common, followed by retail traders and enterprises involved in the production or processing of wood (e.g., carpenters, woodcarvers). The small numbers of

¹⁶ Only urban areas were covered in this survey.

¹⁷ The classification scheme used is the International Standard Industrial Classification (ISIC).

Figure 2: Industrial Structure
Zimbabwe, 1991



commercial MSEs and the dominance of manufacturing enterprises, particularly in the urban areas, is especially unusual. Previous surveys of MSEs in urban areas have found that trading enterprises are dominant. Liedholm and McPherson (1991) found that almost 70% of the MSEs in two South African townships were involved in commerce, and a study of an urban slum near Nairobi, Kenya, has revealed a similar pattern: 68% of the enterprises in that sample were engaged in commercial activities.¹⁸ In as much as South African townships seem very similar to Zimbabwe's urban high density areas, the relative absence of commercial MSEs is particularly startling. Of the urban manufacturing MSEs, the vast majority is involved in the textile production sector.

¹⁸ Parker and Dondo (1991).

Table 4
Sectoral Distribution of Micro and Small Enterprises
in Zimbabwe, 1991 (in Percentages)

| Sector | Urban Areas | Rural Areas | Total |
|--|--------------|--------------|--------------|
| Food, Beverage, Tobacco Production | .5 | 10.4 | 7.2 |
| Textile, Wearing Apparel and Leather Production | 54.6 | 23.3 | 33.3 |
| Wood and Wood Processing | 3.2 | 28.2 | 20.2 |
| Paper, Printing and Publishing | .1 | * | * |
| Chemical and Plastics | .1 | .1 | .1 |
| Non-Metallic Mineral Processing | .3 | 5.8 | 4.0 |
| Fabricated Metal Production | 1.5 | 2.5 | 2.2 |
| Other Manufacturing | 4.4 | 1.7 | 2.6 |
| TOTAL MANUFACTURING | 64.6 | 72.1 | 69.7 |
| CONSTRUCTION | 1.4 | 5.4 | 4.1 |
| Wholesale Trade | .1 | .1 | .1 |
| Retail Trade | 28.1 | 19.0 | 21.9 |
| Restaurants, Hotels and Bars | .6 | .6 | .6 |
| TOTAL TRADE | 28.8 | 19.7 | 22.6 |
| TRANSPORT | .5 | * | .2 |
| FINANCE, REAL ESTATE, AND BUSINESS SERVICES | .1 | * | * |
| SERVICES | 4.6 | 2.8 | 3.4 |
| TOTAL, ALL ENTERPRISES | 100.0 | 100.0 | 100.0 |

Note: An asterisk means the percentage was less than .1.
 SOURCE: Primary Questionnaire

The MSE sector in Zimbabwe is dominated by several particular types of enterprises, which are detailed in Appendix Table E. Chief among these are the knitters and crocheters, in addition to the street vendors who sell fruit and vegetables. Other common enterprise types are tailors, basket

makers, beer brewers, and grocers.¹⁹ The dominance of one sector in a given country is not unusual. While the crocheters and knitters are prevalent in Zimbabwe, grass basket and mat producers dominate the MSE picture in Swaziland, and traditional beer brewers are ubiquitous in Lesotho.

SIZE DISTRIBUTION

Typically, MSEs in southern Africa are quite small in terms of employment, with the average number of workers (inclusive of the proprietor) under two. In Zimbabwe, the average is 1.8 workers per firm. As shown in Table 5, Zimbabwean MSEs are roughly the same size as other countries in the region.

Table 5
Average Size of Southern African MSEs

| Country | Urban | Rural | Total |
|--------------|-------|-------|-------|
| Zimbabwe | 1.83 | 1.84 | 1.84 |
| Swaziland | 2.55 | 1.69 | 1.85 |
| Lesotho | 2.30 | 1.40 | 1.60 |
| South Africa | 2.10 | N/A | 2.10 |

SOURCE: Primary Questionnaire, Fisseha and McPherson (1991), Fisseha (1991), and Liedholm and McPherson (1991).

The typical Zimbabwean MSE is a one-person operation. 70% of all MSEs in Zimbabwe consist of only the proprietor. 15% have two workers, 12% have between 3 and five workers, 2% have six to ten, while only 1% have more than ten workers. This distribution is generally in accord with findings elsewhere. For example, 80% of MSEs in Lesotho are 1-person operations, while 1% fall into the eleven to fifty worker range.

Zimbabwean MSEs also differ in size across sectors. Of sectors with significant numbers of enterprises, the smallest firms are found in the textile and wearing apparel (1.44 workers), and the wood and wood processing sectors (1.52 workers). These sectors are dominated by the small tailors, knitters, and wood carvers. The largest enterprises are found in the chemicals and plastics production (9.35 workers), wholesale trade (7.79), and restaurants, hotels, and bars (5.56) sectors.

¹⁹ A 1986 survey of rural industries in Zimbabwe (see Helmsing, 1987) found a much larger proportion of small-scale grain mills and of retail traders than the 1991 survey. It should be noted that the 1986 survey was conducted on a much smaller scale than the present survey, and was not designed to be representative of all rural industries in Zimbabwe.

MSE LABOR FORCE

General Characteristics

What sorts of people work in a typical Zimbabwean MSE? Table 6 provides some insights into the MSE labor force. Overall, 1.8 persons work in the average MSE. Surprisingly, urban-based enterprises are no larger than their rural counterparts, a fact which reflects the prevalence of the one-person textile manufacturers in the urban high density areas. MSEs in both types of location are dominated by the working proprietor. Overall, more than two-thirds of the labor force is accounted for by proprietors. Once again, this finding is in accord with other countries in southern Africa: the share is 66% in Swaziland and 86% in Lesotho. Some 17% of the Zimbabwean MSE work force is made up of paid workers, a slightly larger fraction than elsewhere.²⁰

Relatively unimportant are the proportions of trainees, children, and part-time employees in the labor force. These findings are in accord with experience in other countries in the region.

Information About Proprietors

Several more detailed pieces of information about proprietors of Zimbabwean MSEs can be drawn from the supplementary questionnaire.²¹ On average, Zimbabwean proprietors in the sample are about 38 years of age, with female proprietors slightly younger (age 36) than males (age 42). Overall, Zimbabwean proprietors are relatively young, with their counterparts in Swaziland and Lesotho being 43 and 46 years old on average, respectively. Over 97% of all proprietors are black Zimbabwean citizens. Within the sample, the typical proprietor's household has 6.2 members, and on average, 0.6 of these members have some form of wage employment outside the home. Prior to being involved in their current enterprise, 43% were unemployed, 32% were employed in some other business, 10% were too young to work, and the remainder were either running a different MSE or were involved in miscellaneous activities. Almost 84% of the enterprises in the sample were started "from scratch" by the respondent, and most (just under 80%) financed the start-up with funds saved by the proprietor or the proprietor's family.

What about the proprietor's education, training, and experience? Almost 60% of the proprietors in the sample have had no more than a primary school education. Just under a quarter of the respondents report having had some amount of formal training, either vocational or managerial. The average proprietor has had 8.7 years of experience in enterprises like the current one,²² with female proprietors significantly less experienced at 7.2 years than their male counterparts, who have an average of 10.7 years of experience.

²⁰ In Swaziland, 15% of the MSE work force was made up of paid employees, while the comparable figure from Lesotho is only 10% (see Fisseha, 1991; Fisseha and McPherson, 1991).

²¹ The supplementary data comes from a subsample of the 5,575 primary enterprises amounting to 428 cases. In the following paragraph, the statistics involving ethnicity of the proprietor and average number of household members engaged in wage employment come from the larger, primary file.

²² This includes the years spent running the current enterprise.

Table 6
Labor Force Composition in Micro and
Small Scale Enterprises, Zimbabwe, 1991

A. Worker Composition

| Worker Type | Urban Areas | | Rural Areas | | Total | |
|---------------|-------------------|-------------|-------------------|-------------|-------------------|-------------|
| | Avg. # of Workers | % of Total | Avg. # of Workers | % of Total | Avg. # of Workers | % of Total |
| Proprietors | 1.13 | 61.4% | 1.31 | 71.6% | 1.26 | 68.5% |
| Unpaid Family | .22 | 12.0% | .26 | 14.2% | .25 | 13.6% |
| Hired | .45 | 24.5% | .24 | 13.1% | .31 | 16.8% |
| Trainees | .04 | 2.2% | .02 | 1.1% | .03 | 1.6% |
| TOTAL | 1.84 | 100% | 1.83 | 100% | 1.84 | 100% |

B. Other Worker Characteristics (Percent of Total Work force)

| Worker Type | Urban Areas | Rural Areas | TOTAL |
|-------------|-------------|-------------|-------|
| Females | 58.7% | 56.8% | 57.1% |
| Children | 3.1% | 3.5% | 3.4% |
| Part-time | 2.2% | 3.1% | 2.8% |

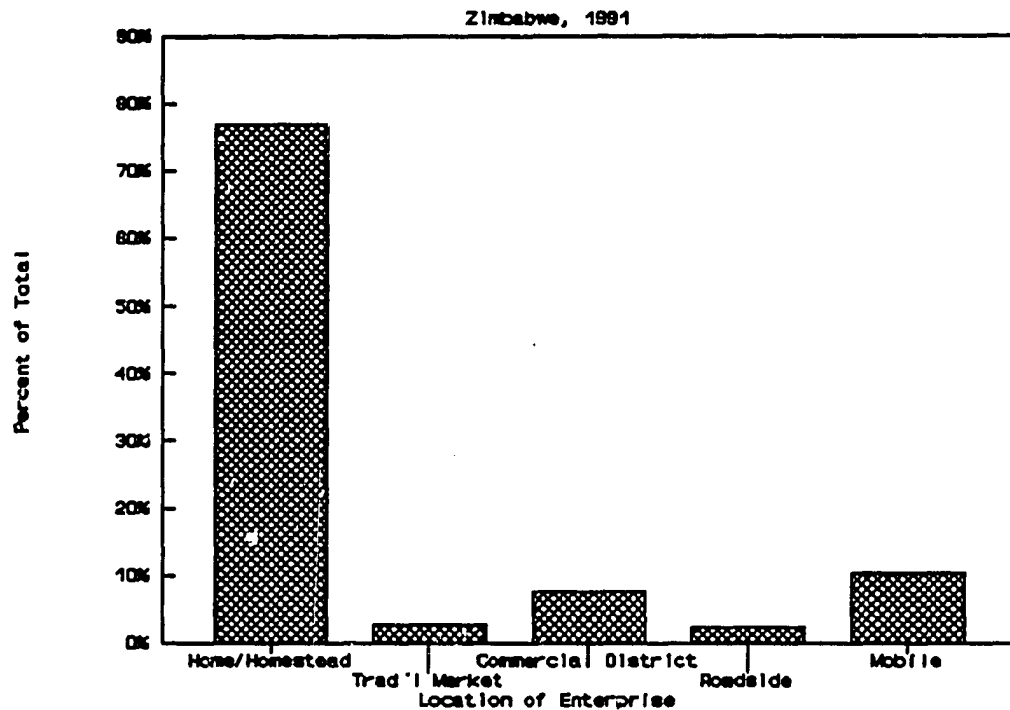
SOURCE: Primary Questionnaire

OTHER CHARACTERISTICS OF ZIMBABWEAN MSEs

Location of MSEs

Overwhelmingly, micro and small enterprise activity is centered in the proprietor's home (see Figure 3). More than three-quarters of Zimbabwean MSEs are so situated, which is typical of countries in the region. At 8%, the proportion of MSEs in Zimbabwe located in commercial areas is almost identical to that in Lesotho or Swaziland.

Figure 3: Location of MSEs



Customers and Inputs

The survey generated some general information regarding the linkages between Zimbabwe's MSEs and their customers and input suppliers. With respect to forward linkages, over 97% sell directly to the final consumer, a proportion very similar to that in Swaziland (93%),²³ and Kibera, Kenya (92%).²⁴ As Table 7 shows, 1% of Zimbabwe's MSEs sell for export, 1% sell to urban commercial businesses, 1% to rural commercial enterprises, with most of the remainder selling to urban or rural manufacturing concerns. While the number of enterprises that are forward-linked is limited, those MSEs are quite different from those enterprises dealing directly with the final consumer. The MSEs that sell directly to the final consumer have fewer workers at 1.74 per enterprise than those that sell to other businesses or for export, which employ on average 4.41 persons. The average annual growth rate of employment for enterprises selling to final consumers is 7%, while those that sell to intermediate buyers grow, on average, three times faster: the growth rate of these MSEs is 21% per year. Of the MSEs selling to any of these types of intermediate buyer, an even larger share is involved in manufacturing than in the general population of MSEs: 80%. The textile production and wood processing sectors continue to be dominant, but the non-metallic mineral processing, and fabricated metal production sectors have a substantially larger share than for the

²³ Fisseha and McPherson (1991).

²⁴ Parker and Dondo (1991).

overall population. Crocheters and basket makers dominate the textile sector, while in the latter sectors, brick and block makers and tinsmiths are the most common. 45% of these enterprises are urban-based, which is substantially higher than the urban share of total MSEs overall (32%).

Table 7
Primary Customer of MSEs
Zimbabwe, 1991

| Nature of Primary Customer | Urban | Rural | Total |
|---------------------------------|--------|--------|--------|
| Individuals | 95.9% | 97.7% | 97.1% |
| Urban Commercial Enterprises | 1.4% | .6% | .9% |
| Urban Manufacturing Enterprises | .5% | *% | .2% |
| Rural Commercial Enterprises | .3% | .8% | .6% |
| Rural Manufacturing Enterprises | * | * | * |
| Export | 1.5% | .8 | 1.0% |
| Other | .3% | .1% | .2% |
| Total | 100.0% | 100.0% | 100.0% |

SOURCE: Primary Questionnaire

A larger percentage of MSEs are engaged in activities involving backward linkages. Information collected about the nature of the enterprise's most important input is displayed in Table 8.²⁵ 55% of the enterprises in the sector buy semi-processed inputs and further process them. This class of MSEs is dominated by the home-based textile manufacturers, such as knitters, weavers and crocheters. Another 28% make or gather their own inputs. This arrangement is particularly common in the rural areas, where grass-basket makers are frequently encountered. For purposes of comparison, Fisseha and McPherson (1991) report that 47% of Swazi MSEs make or gather the majority of inputs, while 50% buy the majority of their inputs in an unprocessed or semi-processed state.

²⁵ These figures exclude commercial MSEs.

Table 8
Nature of Most Important Input
Zimbabwe, 1991

| Nature of Primary Input | Urban | Rural | Total |
|----------------------------|--------|--------|--------|
| Makes/Gathers Own Inputs | 2.7% | 39.2% | 28.4% |
| Buys Unprocessed Inputs | 3.4% | 2.4% | 2.7% |
| Buys Semi-Processed Inputs | 82.5% | 43.9% | 55.3% |
| Other | 11.4% | 14.5% | 13.6% |
| Total | 100.0% | 100.0% | 100.0% |

SOURCE: Primary Questionnaire
Note: Excludes Commercial MSEs

GENDER AND ZIMBABWEAN MSEs

Country-wide, 67% of all MSEs are run by one or more women, while 32% of Zimbabwe's MSEs are run by males. The remainder is accounted for by multi-proprietor MSEs which have at least one proprietor of each gender. These findings are displayed in Table 9. 57% of the total number of workers are female (see Table 6), which is a surprisingly small fraction, given the fact that so many of Zimbabwean MSEs have female proprietors.²⁶ The survey's figure is also low compared to other African countries.²⁷

²⁶ Saito (1990) reports that 64% of informal sector workers in Zimbabwe are female. Since the present survey dealt with the MSE sector, and not explicitly the informal sector, this figure may not be much out of line with the results of the survey.

²⁷ The percent of the MSE work force in Swaziland and Lesotho that is female is 78% and 76% respectively. In the South African townships, Liedholm and McPherson (1991) report that 53% of workers are female.

Table 9
Gender of Proprietor, By Stratum
Zimbabwe, 1991

| Gender of Proprietor(s) | Urban Areas | Rural Areas | TOTAL |
|-----------------------------|-------------|-------------|--------|
| Female | 76.5% | 62.0% | 66.6% |
| Male | 21.9% | 36.2% | 31.7% |
| Mixed Joint Proprietorships | 1.6% | 1.8% | 1.7% |
| TOTAL | 100.0% | 100.0% | 100.0% |

SOURCE: Primary Questionnaire

As noted above, despite controlling two-thirds of all MSEs, Zimbabwean women only account for 57% of national MSE employment. In part, this can be explained by examining the difference between male-owned and female-owned enterprises with respect to employment size. As Table 10 makes clear, MSEs controlled by men are substantially larger than those run by women, regardless of whether one considers rural or urban enterprises. Overall, enterprises run by women have 1.49 workers, while male-run firms have 2.34.²¹ In addition to this point, while the survey did not collect information on the gender of paid employees, it is likely that such employees are more likely to be males than females. This would also help to explain the low proportion of females in the MSE work force.

Table 10
Average Number of Workers Per Firm by
Gender of the Proprietor and Stratum
Zimbabwe, 1991

| Gender of Proprietor | Urban Areas | Rural Areas | TOTAL |
|-----------------------------|-------------|-------------|-------|
| Female | 1.40 | 1.54 | 1.49 |
| Male | 2.97 | 2.16 | 2.34 |
| Mixed Joint Proprietorships | 6.91 | 5.56 | 5.96 |
| TOTAL | 1.83 | 1.83 | 1.83 |

SOURCE: Primary Questionnaire

The proportion of Zimbabwean MSEs run by women also differs by sector. Table 12 presents this information. Female-run enterprises are most common in the textile, wearing apparel and leather production sector, as well as in the food, beverage and tobacco production and the retail trade sectors. Other sectors, such as wholesale trade, construction, and fabricated metal production,

²¹ This difference is statistically significant at the 99% confidence level.

are dominated by male proprietors. These findings are in complete accord with Saito's earlier study of the informal sector in Zimbabwe.

Enterprises that are run by men are much more likely to provide the lion's share of household income, as Table 11 demonstrates. Fully 69% of male-run MSEs account for half or more than half of household income. Only 45% of female-run enterprises provide at least 50% of family income.

Table 11
Importance of MSE to Household Income
By Gender of the Proprietor
Zimbabwe, 1991

| Percent of Household Income Provided By MSE | Female-Run MSEs | Male-Run MSEs | Total |
|---|-----------------|---------------|-------|
| 100% | 16.1% | 31.2% | 20.9% |
| Between 50% and 100% | 12.4% | 25.5% | 16.4% |
| 50% | 16.2% | 12.3% | 15.1% |
| Less Than 50% | 55.4% | 31.0% | 47.7% |

SOURCE: Primary Questionnaire

PATTERNS OF CHANGE

Growth Patterns

MSEs in Zimbabwe demonstrate a considerable degree of dynamism. The employment in the average enterprise grew 7% per year from its beginning until the time the survey took place. Urban-based enterprises seem to grow at a higher rate than those in the rural areas, with MSEs in the countryside expanding at a rate of 7%, while those in the cities grew at 9%. These rates seem to be in line with those reported for other countries. Fisseha and McPherson (1991) report that Swazi MSEs grew at a rate of 7%, while those in Lesotho averaged 6% per year.²⁹ Liedholm (1990) reports rates for Columbia, Nigeria and India that are around 15% per year. Two surveys of urban areas found that the growth rates were over 20% per year.³⁰

²⁹ Fisseha (1991) calculates the compounded annual growth rate at 4% for MSEs in Lesotho.

³⁰ For two South African townships, Liedholm and McPherson (1991) report an annual rate of 24%, and Parker and Dondo (1991) found that MSEs in an urban slum near Nairobi grew at just over 20% per year.

While the average Zimbabwean MSE has grown at a fairly rapid pace over the course of its lifetime, most enterprises have not grown at all. Indeed, 81% of all MSEs in Zimbabwe either shrank or remained stagnant. This proportion is in line with the comparable figure from Swaziland. It is interesting to note that of the enterprises in Zimbabwe that did grow, the average annual growth rate was 41%.

Growth rates exhibit a considerable amount of variation by sector. Zimbabwean MSE's growth rates by sector are presented in Table 12. The fastest growing major sectors are wholesale trade, food, beverage and tobacco production, and services, while the least dynamic sectors seem to be textile, wearing apparel and leather production, wood and wood processing, and restaurants, hotels, and bars.

It also seems to be the case that Zimbabwean MSEs exhibit differential patterns of growth according to the gender of the proprietor. Overall, female-run enterprises have grown at an average 6% per year, while MSEs controlled by men have, at 10%, an average rate almost two times higher.³¹ The fastest growing sectors, such as wholesale trade, chemicals and plastics production, and services, tend to be those which are dominated by males. It is interesting to note, however, that one of the fastest growing sectors, the food, beverage and tobacco processing sector, is largely comprised of female-run MSEs. This information is presented in Table 12. Interestingly, female-run MSEs generally grow more slowly than male-run enterprises within sectors as well.³² Neither the prevalence of female-run firms in certain sectors, nor the fact that female-run enterprises exhibit a lower average growth rate is unusual in the region. It has been suggested elsewhere³³ that MSEs run by women, and MSEs in sectors dominated by women, grow more slowly because of two complementary factors. First, it may be the case that enterprises run by women meet with discrimination and resistance when they try expand. Second, since in Zimbabwe, as in many African cultures, money to cover basic family needs like food, school fees and medical expenses come from the woman's earnings,³⁴ female entrepreneurs may be less willing to take on the risks that accompany expansion of an enterprise.

³¹ This difference is significant at the 99% confidence level.

³² Once again, the only sector in which MSEs run by women grow faster than those run by men is the food, beverage and tobacco production sector.

³³ See Downing (1991), and Liedholm and McPherson (1991).

³⁴ That women in Zimbabwe are traditionally responsible for "provisioning their families" is discussed in Horn (1991), p. 9.

Table 12
Average Annual Growth Rate In Employment³⁵
By Sector and Stratum, Zimbabwe, 1991

| Sector | % of MSEs Run By Women | Urban Areas | Rural Areas | TOTAL |
|--|------------------------|--------------|--------------|--------------|
| Food, Beverage, and Tobacco Production | 74.6% | 19.2% | 15.8% | 15.9% |
| Textile, Wearing Apparel, and Leather Production | 91.9% | 3.8% | 2.7% | 3.3% |
| Wood and Wood Processing | 62.4% | 12.5% | 3.6% | 4.0% |
| Paper, Printing, and Publishing | 38.1% | 83.5% | -4.2% | 62.0%* |
| Chemicals and Plastics | 0.0% | 79.3% | 80.0% | 79.7%* |
| Non-Metallic Mineral Processing | 46.6% | 2.9% | 10.1% | 9.9% |
| Fabricated Metal Production | .1% | 12.9% | 4.5% | 6.2% |
| Other Manufacturing | 14.9% | 12.8% | 8.1% | 10.7% |
| TOTAL, MANUFACTURING | 73.0% | 5.3% | 5.8% | 5.6% |
| CONSTRUCTION | 6.8% | 31.5% | 5.0% | 7.6% |
| Wholesale Trade | 10.5% | 47.2% | 12.4% | 16.7% |
| Retail Trade | 62.4% | 13.7% | 10.6% | 11.9% |
| Restaurants, Hotels, and Bars | 58.6% | 4.7% | -1.3% | .9% |
| TOTAL, TRADE | 62.1% | 13.5% | 10.3% | 11.6% |
| TRANSPORT | 0.0% | 11.2% | 1.0% | 10.4% |
| FINANCE, REAL ESTATE, AND BUSINESS SERVICES | 26.9% | 0.0% | 0.0% | 0.0%* |
| SERVICES | 42.2% | 25.9% | 9.9% | 16.5% |
| TOTAL, ALL ENTERPRISES | 66.6% | 9.0% | 6.7% | 7.4% |

Note: An asterisk means that an insignificant number of enterprises in the sector and stratum were found
SOURCE: Primary Questionnaire

³⁵ The average annual growth rate in employment is calculated as $[(A-B)/B]/C$, where:

A = Number of workers at time of survey

B = Number of workers at start-up

C = Years MSE has been in operation.

These quantitative statistics are complemented by some more qualitative information, which was collected from the 428 MSE proprietors who were given the supplementary questionnaire. These proprietors were asked about their perceptions as to the changes over the last several years in market demand for their products, the number of competitors, and the volume of their businesses. These perceptions are reported in Table 13. Almost 80% of proprietors believe that market demand for products like theirs has increased, while only 7% believe it has decreased. When asked about the changes in the numbers of competitors, just under 60% believe that there has been an increase, while 6% reported a decrease. Given that the proportion reporting an increase in market demand outweighs the proportion who believe there are increasing numbers of competitors, it is not surprising that 63% of the respondents reported an increase in their own enterprises' volume.³⁶

Table 13
Secular Changes Among Zimbabwean MSEs
Over the Preceding Five Years

| Magnitude and Direction of Changes | Percent of Proprietors | | |
|------------------------------------|------------------------|----------------|---------------------|
| | Market Demand | Number of MSEs | Own Business Volume |
| Much Increase | 47.3% | 41.0% | 22.8% |
| Little Increase | 31.4% | 18.3% | 39.9% |
| No Change | 10.1% | 19.6% | 21.9% |
| Little Decrease | 4.7% | 4.0% | 7.1% |
| Much Decrease | 2.4% | 1.8% | 5.6% |
| Do Not Know | 4.1% | 15.3% | 2.7% |
| TOTAL | 100.0% | 100.0% | 100.0% |

SOURCE: Supplementary Questionnaire

Age Profile of Zimbabwean MSEs

How old is the typical Zimbabwean MSE? In order to gain further insight into growth and change in the MSE sector, the survey gathered information on this issue as well. The typical enterprise in Zimbabwe is 8.5 years old. To better understand the age structure of MSEs in Zimbabwe, Table 14 presents the distribution of enterprises by age. 39.7% of Zimbabwe's MSEs are 3 years old or less. Almost three-quarters of today's MSEs were started since independence. This

³⁶ It is interesting to compare this proportion who perceived an increase in volume with the statistic given above that only 20% of all enterprises reported any growth in employment over their MSE's lifetime. This seeming contradiction may be explained by noting two items:

1. Employment growth and volume growth, though surely related, are not perfectly correlated.
2. The two figures come from two different-sized samples, with the volume figure coming from a much smaller number of cases.

age profile is fairly typical of the countries in southern Africa, and suggests that MSEs usually live a short time, only to be replaced by new MSEs.

Table 14
Distribution of MSEs by Age Category,
Zimbabwe, 1991

| Enterprise Age | Percent of Total MSEs |
|--------------------|-----------------------|
| 1 Year and Less | 10.8% |
| 1 to 2 Years | 19.3% |
| 2 to 3 Years | 9.6% |
| 4 to 10 Years | 34.0% |
| More than 10 Years | 26.3% |

SOURCE: Primary Questionnaire

Disappearance of MSEs

The survey also included a questionnaire relating to MSEs which operated in the past, but which have closed. The average enterprise which closed operated for 4.6 years,³⁷ and the average annual growth rate of employment in these MSEs is zero.³⁸ An examination of the reasons for enterprise closure provides some important insights into the dynamics of the MSE sector. Problems of raw materials shortage or expense or operating capital shortfalls are the most frequently given reasons for closure. Such reasons were given by 30% of all closed MSE proprietors. Another 18% mentioned demand shortfalls or fierce competition as the primary cause of the enterprise's demise. Personal reasons, such as personal or family illness or pregnancy, were cited by 28% of these proprietors. The remaining proprietors listed legal or regulatory troubles (6%), getting a job (4%), starting a new MSE (3%), and assorted miscellaneous problems. By way of contrast, 24% of Swazi proprietors of closed enterprises listed raw materials or operating capital problems, 18% cited personal reasons, and 21% claimed market problems as the cause of their MSE's failure. Regarding the current activities of these proprietors, most responses were split between running a new MSE (45%) and being unemployed (45%). Another 8% are currently working in someone else's business.

³⁷ The age distribution at time of closure of those enterprises which did close is as follows:

| | |
|--------------------|-------|
| 0 to 1 Years: | 13.3% |
| 1 to 2 Years: | 17.8% |
| 2 to 3 Years: | 16.5% |
| 3 to 10 Years: | 39.3% |
| 10 Years and More: | 13.1% |

³⁸ Actually, the mean growth rate is positive, but a t-test indicates that it is so small as to not be significantly different from zero.

SECTION FOUR

PROBLEMS AND CONSTRAINTS

INTRODUCTION

Why do most MSEs not expand? As noted above, the typical MSE is very young, which implies a rapid turnover of enterprises in the sector. Why is this so? The survey gathered some general information about constraints and problems faced by the proprietors of Zimbabwe's MSEs which may provide some initial answers to these questions.

PERCEIVED PROBLEMS

What do the proprietors of Zimbabwe's MSEs think are the major problems in operating enterprises? Each of the 423 proprietors who answered the supplementary questionnaire were asked what they thought were the main problems faced by their enterprises at three different points in time: when the enterprise was started, during periods of major growth (if any), and at the time the survey was conducted. The results are reported in two tables. Appendix Table F lists the specific problems cited by proprietors at each of the three time periods in the lives of their enterprises. Table 15 aggregates these specific problems into 10 broad categories, and reports the proportion of proprietors who gave each category as their primary problem at each point in time.³⁹ Since these are only perceptions, they should not be taken as necessarily reflecting the actual problems in the sector.

When their enterprises began, 25% of the respondents reported having no problems. Of the group listing problems, 32% complained of finance difficulties. Within this group, 10% reported shortages of investment capital, while 22% cited operating capital constraints.⁴⁰ Another 23% reported having market problems; in particular, demand shortfalls. Finally, 18% had difficulties involving raw materials or inputs, with most of these citing shortages rather than excessive expense.

³⁹ Table 15 only includes those proprietors who listed problems.

⁴⁰ The category "Customers Not Repaying Credit" is included here and in the rest of the section with "Lack Of Operational Funds".

Table 15
Perceived Problems of MSEs
Zimbabwe, 1991

| Perceived Problem | At Start-Up | During Growth Period | Currently |
|------------------------------|---------------|----------------------|---------------|
| Market Problems | 23.3% | 24.0% | 20.5% |
| Finance Problems | 31.9% | 20.0% | 25.3% |
| Stock/Raw Materials Problems | 18.4% | 8.0% | 27.4% |
| Tools/Machinery Problems | 7.2% | 16.0% | 7.0% |
| Miscellaneous Problems | 9.8% | 10.0% | 4.6% |
| Gov't/Regulatory Problems | 3.7% | 4.0% | 3.2% |
| Shop Location/Space Problems | 2.5% | 10.0% | 4.9% |
| Transport Problems | 1.2% | 6.0% | 4.8% |
| Labor Difficulties | .6% | 2.0% | 1.7% |
| Utilities Problems | .9% | 0.0% | .9% |
| TOTAL | 100.0% | 100.0% | 100.0% |

SOURCE: Supplementary Questionnaire

When asked whether or not their enterprise had ever had a period of major growth, only 20% responded in the affirmative. Not surprisingly, out of the group experiencing a growth period, only 21% reported having any problems during those periods of growth. Of the problems cited by these proprietors, market problems again were most commonly mentioned. Finance problems were listed by 20% of those reporting problems, with operating funds shortages at 16% much more of a constraint than investment capital shortfalls (2%). Problems of obtaining or affording tools, machinery or spare parts were cited by 16% of the respondents who had problems at this time.

At the time of the survey, most proprietors (84%) claimed to have problems involving their enterprise. Following the general pattern established in the start-up and growth periods, the most frequently cited groups of problems remain market difficulties, problems involving raw materials or inputs, and finance shortages. Once again, within the finance problems category, investment capital shortfalls are relatively unimportant compared to shortages of operating funds.

In general, four categories of problems are most commonly cited in each time period: market problems, finance problems, difficulties involving stock or raw materials, and problems with tools and machinery. Not surprisingly, proprietors seem to be more constrained by demand and operating capital shortfalls, and by shortages of stock or raw materials when they are struggling to get their enterprises off the ground and at the current time than during times of rapid growth. Also notable is the similarity between problems cited by Zimbabwean proprietors and proprietors of MSEs in other countries. Fisseha and McPherson (1991), for example, report that the four problems most frequently cited by Swazi proprietors are the same as those presented in Table 15.

Are the enterprises with these problems likely to fail in the near future? It is not possible to answer this question directly, but it may be illuminating to compare the problems most often cited by proprietors of existing enterprises with the reasons given for enterprise failure, which were listed in section 3.73 above. Shortages or expense of raw materials or operating capital were cited as the main reason for failure in 30% of the cases. Such reasons were listed as the main difficulty their businesses face at the current time by 35% of proprietors of existing enterprises.⁴¹ 18% of defunct MSEs said that market troubles led to the demise of their enterprises, while 28% of the proprietors in the sample of current enterprises cited similar problems. Personal problems seem to figure into the demise of MSEs more than is reflected in the list of problems listed by current proprietors: Almost 30% of past proprietors listed this as the cause of their MSEs failure, while only 2% of current proprietors feel constrained by such problems at the current time (see Appendix Table F).

How restrictive is the policy and regulatory environment to MSEs? A recent study commissioned by the World Bank⁴² has indicated that there are some serious constraints in this area. Should they expand, MSEs may no longer be able to avoid the regulatory net cast by the government. Upon being registered, they must pay a 50% corporate tax, and they become subject to restrictive labor legislation, such as minimum wage laws, and rules which make employee dismissal very difficult. Zoning regulations frequently constrain registered businesses to operate in high rent districts. However, should the proprietor of an MSE decide to remain unregistered, her enterprise is unlikely to have access to formal financial services, and will have difficulty obtaining foreign exchange with which to buy imported inputs and spare parts.

In contrast with the World Bank study, the 1991 MSE survey found that at no time did more than 4% of the proprietors feel that the primary constraint was the government or the regulatory environment. This is surprising given the government of Zimbabwe's strong history of intervention in the private sector. It may be the case that if the environment in which MSEs operate has been harsh for an extended period, entrepreneurs take it as given and do not consciously consider it a problem. It seems likely that deregulation of the MSE sector will benefit in ways both direct and indirect many of Zimbabwe's smallest businesses.

ACCESS TO CREDIT AND TRAINING

The lack of availability of credit and training in Zimbabwe is striking. While it was beyond the scope of this survey to establish the degree to which this lack of access to credit and training constrains MSEs, it is clear that the majority of Zimbabwe's MSEs operate without these facilities. Slightly under one-quarter of the respondents to the supplementary questionnaire claimed to have had some sort of formalized training, either vocational or managerial. This is a higher proportion than that found in some other countries: for Lesotho, and for two South African townships, about 15% of the respondents received training.⁴³ The primary questionnaire gathered information about credit. Overall, 89% of the MSE proprietors stated that they had never received credit, 10% reported

⁴¹ The reader is reminded that the figures involving problems cited by the proprietors of existing MSEs are percentages of those proprietors who reported problems.

⁴² Imani, 1990.

⁴³ Fisseha (1991) and Liedholm and McPherson (1991).

receiving loans from family or friends, less than 1% from moneylenders, and only 1% have ever received a loan from a formal credit institution. In Swaziland a similar pattern emerged: 86% of proprietors never received loans for business purposes, 9% received credit from family or friends, 2% from moneylenders and 2% from formal credit sources.

SECTION FIVE

CONCLUSIONS

Although Zimbabwe has been successful relative to many of her neighbors in southern Africa with respect to industrialization, she today faces high and rising rates of unemployment and stagnant rates of investment. These problems will not disappear in the near future; indeed, they are liable to be exacerbated in the short run by the austerity implied by the structural adjustment program recently embarked on. It is to be expected that an increasing number of Zimbabweans will turn to the micro and small enterprise sector for all or part of their income. In order to more fully understand this sector at this critical juncture, USAID commissioned a survey of MSEs.

The survey has painted a picture of an MSE sector that is widespread, varied and dynamic. Over a million of these enterprises exist in Zimbabwe, and provide regular employment for more than 1.5 million persons. However, in spite of their prevalence, about half of all MSEs tend to be a supplement to household income rather than the main source of it. Just under 70% of all enterprises can be classified as manufacturers, and of this group the "cottage industry" crocheters, knitters, tailors and basket weavers are dominant. Not only is the proportion of MSEs in manufacturing unusual for the region, so also is the fact that almost two-thirds of urban MSEs are manufacturing concerns.

With respect to linkages, while a significant number of MSEs are engaged in activities that have backward linkages, only a small percentage were involved in forward linkages. Those few that were linked to intermediate buyers were bigger and grew faster than those selling directly to the final consumer.

The average Zimbabwean MSE has seen its employment grow at an annual rate of 7%. Most enterprises, however, do not share in this growth: 81% of the enterprises under consideration either shrank or remained stagnant during the period since they were established. The survey revealed an average age of 8.5 years among existing enterprises, but MSEs which failed had an average lifespan of 4.6 years. This points to a sector in which the turnover is rapid.

The proprietors of Zimbabwe's MSEs, when asked to list the most important problems constraining their enterprises, most often complain about shortages or expense of raw materials or stock, demand shortfalls and shortages of working capital. Interestingly, these proprietors seldom cite legal or regulatory troubles as problematic.

This survey has made it clear that micro and small enterprises are an important part of the Zimbabwean economy, and a major generator of income for the country's citizens. While this study revealed some facets of the sector which were previously unknown, there are many issues involving MSEs that still must be explored. It is hoped that this survey will provide some guidance for these future endeavors.

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APPENDICES

Appendix Table A
Number of Existing Enterprises and Workers in Sample
Zimbabwe MSE Survey, 1991

| Stratum | No. of MSEs in Sample | Percent | Sample Employment | Percent |
|----------------------|-----------------------|---------------|-------------------|---------------|
| High Density Areas | 2754 | 49.4% | 4,152 | 30.7% |
| Low Density Areas | 294 | 5.3% | 753 | 5.6% |
| Commercial Districts | 518 | 9.3% | 3,305 | 24.4% |
| Industrial Areas | 194 | 3.5% | 1,721 | 12.7% |
| URBAN AREAS | 3,760 | 67.4% | 9,931 | 73.3% |
| District Councils | 358 | 6.4% | 637 | 4.7% |
| Rural Councils | 139 | 2.5% | 271 | 2.0% |
| Smaller Towns | 765 | 13.7% | 1,873 | 13.8% |
| Growth Points | 553 | 9.9% | 831 | 6.1% |
| RURAL AREAS | 1,815 | 32.6% | 3,612 | 26.7% |
| TOTALS | 5,575 | 100.0% | 13,543 | 100.0% |

SOURCE: Primary Questionnaire

A NOTE ON THE ACCURACY OF THE EXTRAPOLATIONS

It was noted in section 2.4 above that the estimates of the number of MSEs in Zimbabwe, and national MSE employment are based on two estimates: the 1991 population in the country (and the distribution of the population in each stratum), and the proportion of households in each stratum engaged in MSE activity. The degree of accuracy of the population estimates used in the extrapolations is likely to be reasonably great, and in any case can be examined when the results of the 1991 Population Census are published.

Evidence regarding the proportion of households engaged in MSE activity demonstrates that these estimates⁴⁴ are relatively accurate. The accuracy was tested in two ways. First of all, it is interesting to

⁴⁴ Within each stratum, a number of clusters were enumerated entirely. It is by comparing in a given cluster the number of enterprises found with the total number of households visited, and then averaging this proportion over clusters within each stratum that the proportion of MSE households is estimated.

note that the variance of the proportion between clusters in the same stratum is quite low. For example, the mean proportion of households with activity is .413 for district councils, with a variance of .039, while in high density areas, the mean is .351 with a variance of only .005. This indicates that the mean values which were used are not far away from the true mean.

A second indication of the level of accuracy comes from the results of simple simulations. These were constructed as follows: all households in the sample in each of two strata⁴⁵ (district councils and urban high density areas) were assigned a number. In each of these, a number of these were drawn at random, and the proportion of households with enterprises was recorded. This process was repeated several times. A wide dispersion of values for this proportion could indicate that the proportion actually used in the extrapolations could be inaccurate. For each of the two strata considered, this simulation exercise was run 10 times. The variance of the proportions estimated in this experiment was .0001 for district councils, and .00001 for the urban high density stratum.

These tests imply that the estimates of the proportion of households in each stratum with MSE activity are reasonably accurate. When the results of the 1991 population census are published, these should be compared with the estimates used in this report. Should these estimates differ markedly from the census figures, the extrapolations in this analysis should be adjusted.

A COMPARISON OF PARTICULAR STRATA

In spite of the fact that the survey split Zimbabwe into eight strata, this report has focused only on two: rural areas and urban areas. Even though the rural/urban statistics which have been presented were calculated using information from all the strata, some interesting differences may have been obscured. Appendix Tables B, C, and D present basic data by the eight strata.

Although these tables contain a great deal of information, several main themes are most noticeable. First, the rural-urban dichotomy obscures real differences between MSEs in smaller towns and in growth points. Growth point enterprises have significantly more workers per firm and grow at an average annual rate 50% higher than those in smaller towns. While a very small proportion in either group has received loans from formal credit institutions, a substantially higher proportion has had such assistance in growth points. Growth point MSEs are much more likely to provide 50% or more of household income and are much more likely to be located in commercial districts than those based in smaller towns. These statistics point to some degree of success by the government of Zimbabwe in its efforts to establish and promote rural growth centers.

A second interesting distinction is how alike MSEs in district councils are to those in rural councils. In practically every category presented in Tables B, C, and D, enterprises in these two strata appear very similar. Apparently, very little was lost in combining these strata.

Finally, it should be recognized that the four urban strata were quite different in terms of their respective MSE sectors. Average firm size and growth rate, as well as the most prevalent sectors, vary markedly across these areas.

⁴⁵ These two were chosen because they contain the largest concentrations of population and number of MSEs in rural and urban areas.

Appendix Table B
Comparison of MSE Characteristics Across Specific Strata

| Characteristic | Urban High Density | Urban Low Density | Urban Commercial | Urban Industrial | District Councils | Rural Councils | Smaller Towns | Growth Points | Total |
|---|--------------------|-------------------|------------------|------------------|-------------------|----------------|---------------|---------------|-------|
| Avg. No. of Workers in MSE | 1.51 | 2.56 | 6.38 | 8.87 | 1.78 | 1.95 | 1.79 | 2.42 | 1.83 |
| Avg. No. of Females in MSE | 1.02 | 1.25 | 2.05 | 1.33 | .98 | 1.30 | 1.01 | 1.03 | 1.05 |
| Avg. Annual Growth Rate of Employment | 7.6% | 12.3% | 31.4% | 35.8% | 6.3% | 7.7% | 6.7% | 10.0% | 7.43% |
| % of MSEs Having Received Loans From Formal Source | .9% | 3.3% | 18.4% | 8.4% | .9% | 0.0% | 1.2% | 2.6% | 1.11% |
| Avg. No. of Household Members in Wage Employment | .87 | 1.27 | * | * | .41 | .43 | .67 | .66 | .60 |
| % of MSEs Which Provide 50% or More of Household Income | 42.3% | 33.1% | * | * | 59.0% | 52.6% | 49.5% | 61.4% | 52.3% |
| % of MSEs w/ Female Proprietor(s) | 78.5% | 76.5% | 26.7% | 27.4% | 61.7% | 63.0% | 67.5% | 50.6% | 66.7% |

Note: An asterisk is used for the urban commercial and industrial areas when the characteristic involves the household, since the household is not a meaningful concept in these areas.
 SOURCE: Primary Questionnaire

**Appendix Table C
MSE Locations By Specific Strata**

| MSE Location | Urban High Density | Urban Low Density | Urban Commercial | Urban Industrial | District Councils | Rural Councils | Smaller Towns | Growth Points | Total |
|---------------------|--------------------|-------------------|------------------|------------------|-------------------|----------------|---------------|---------------|-------|
| Home/Homestead | 80.6% | 84.6% | 4.3% | 7.3% | 78.5% | 84.8% | 63.2% | 41.8% | 76.9% |
| Traditional Market | 1.6% | .7% | 0.0% | 0.0% | 2.8% | .7% | 8.8% | 10.3% | 2.8% |
| Commercial District | 2.9% | 4.4% | 93.6% | 61.1% | 5.9% | 3.6% | 17.7% | 42.0% | 7.6% |
| Roadside | 3.7% | 1.4% | .4% | 20.2% | 2.0% | 0.0% | 2.6% | 1.4% | 2.3% |
| Mobile | 11.2% | 8.9% | 1.8% | 11.4% | 10.9% | 10.9% | 7.6% | 4.5% | 10.4% |

SOURCE: Primary Questionnaire

**Appendix Table D
MSE Sector By Specific Strata**

| Sector | Urban High Density | Urban Low Density | Urban Commercial | Urban Industrial | District Councils | Rural Councils | Smaller Towns | Growth Points | Total |
|--|--------------------|-------------------|------------------|------------------|-------------------|----------------|---------------|---------------|-------|
| Manufacturing | 64.9% | 71.1% | 30.1% | 43.3% | 74.9% | 76.3% | 57.3% | 49.5% | 69.7% |
| Construction | 1.1% | 3.7% | .6% | 1.5% | 6.4% | 5.0% | .7% | 1.1% | 4.1% |
| Trade and Commerce | 30.2% | 14.6% | 49.6% | 47.4% | 15.9% | 17.3% | 37.3% | 44.5% | 22.6% |
| Transport | .6% | 0.0% | .6% | 0.0% | 0.0% | 0.0% | 0.0% | .5% | .2% |
| Finance, Real Estate and Bus. Services | .1% | 0.0% | .2% | 0.0% | 0.0% | 0.0% | .1% | .2% | * |
| Services | 3.2% | 10.5% | 18.9% | 7.7% | 2.8% | 1.4% | 4.7% | 4.2% | 3.4% |

Note: An asterisk means the cell percentage is less than .1%.

SOURCE: Primary Questionnaire

LIMITATIONS OF THE SURVEY

The 1991 MSE survey in Zimbabwe was an entirely successful operation. Nevertheless, it has some limitations, as do all surveys. The following shortcomings are most important:

1. **Limited Coverage:** Only a fraction of Zimbabwe's MSEs were actually enumerated, due to time and resource constraints. Still, the sampling was carried out carefully, and the results should stand up to statistical scrutiny.
2. **Issues of Extrapolation:** The extrapolation, or "blow-up" of the sample figures to the national level were based in part on estimates of the 1991 population. To the extent that these estimates are incorrect, the extrapolated results will be inaccurate.
3. **Respondent Fatigue:** Although the typical interview in this survey lasted only 10 minutes, many Zimbabweans are not anxious to be enumerated. There have been a multitude of surveys in the past, and many respondents (especially in the urban high density areas) have participated in past exercises. According to informal reports from this surveys' enumerators, some respondents claimed to have been promised assistance which never came. This sort of respondent fatigue can introduce biases into a survey.
4. **Gender Bias:** Many of the findings of this survey have to do with the differences between male-run MSEs, and those enterprises with female proprietors. There are at least two ways in which this survey may have not completely or accurately captured the true differences:
 - a) If it was a male who was interviewed, he may have been inclined to downplay the importance of any MSEs run by females in the household.
 - b) Our enumerators reported that they related better to female respondents, and that female enumerators might have related better to male respondents. Although women were actively recruited for work on the survey, none applied.

Both of these potential difficulties are mitigated somewhat by the fact that the majority of respondents were female.

5. **Illegal Activities:** The survey probably failed to produce a true picture of illicit enterprises. Reports from the field indicated that in particular people involved in shebeens, beer brewing, prostitution, subletting houses, urban grain mills and cross-border trading were reluctant to speak with our enumerators.

The 1991 survey provides important information about Zimbabwe's MSEs. In many ways, however, it raises more questions than it answers. In what ways are MSEs linked to other businesses? In what ways does government policy impact MSEs? What are the true constraints facing MSEs (e.g., investment and operational capital, training, foreign exchange and raw materials)? Which sorts of MSEs have the greatest potential for productive growth in the future? A broad-brush survey like this one can only begin to address important issues like these. To fully answer such questions, specific research must be undertaken. For example, studies of Zimbabwe's financial system and its links with the MSE sector could be examined. In-depth studies of particular subsectors might reveal important information about linkages.

Studies of how changes in the policy environment influence MSEs could tell planners and donors important intervention points. All of these and more are important parts of an overall strategy to understand MSEs in the Zimbabwean context, but are beyond the scope of the present work.

Appendix Table E
Sectoral Distribution of Micro and Small
Enterprises in Zimbabwe, 1991 (in percentages)

| Sector | ISIC Code | Urban Areas | Rural Areas | Total |
|-----------------------------------|-----------|-------------|-------------|-------|
| Butchery | 3111 | .2 | .5 | .4 |
| Flour Milling | 3116 | 0.0 | 1.2 | .8 |
| Bread, Biscuits and Cake Baking | 3117 | .2 | .2 | .2 |
| Other Food Processing | 3121 | .1 | 0.0 | * |
| Beer Brewing | 3133 | 0.0 | 8.5 | 5.8 |
| Other Beverage Making | 3134 | 0.0 | .1 | * |
| Dressmaking | 3221 | 5.7 | 1.6 | 2.9 |
| Tailoring | 3222 | 9.8 | 3.2 | 5.3 |
| Knitting | 3223 | 19.6 | 8.7 | 12.2 |
| Other Textiles | 3224 | 3.4 | 1.6 | 2.2 |
| Weaving | 3225 | .7 | .6 | .6 |
| Crocheting | 3226 | 14.1 | 6.5 | 8.9 |
| Other Leatherwork | 3233 | .5 | * | .2 |
| Shoework and Repairs | 3240 | .9 | 1.1 | 1.0 |
| Sawmilling | 3311 | 0.0 | * | * |
| Grass, Cane and Bamboo Processing | 3312 | 1.0 | 19.8 | 13.8 |
| Coal and Wood Production | 3313 | * | .4 | .3 |
| Wood Carving | 3319 | .2 | 4.9 | 3.4 |
| Carpentry | 3320 | 1.8 | 2.7 | 2.4 |
| Furniture Making | 3321 | .1 | .2 | .2 |
| Other Woodworking | 3322 | * | .2 | .1 |
| Printing Work | 3420 | .1 | * | * |
| Plastic Work | 3513 | .1 | 0.0 | * |
| Chemical Production | 3520 | * | .1 | .1 |
| Pottery Work | 3610 | .1 | 2.6 | 1.8 |
| Glass Work | 3620 | * | 0.0 | * |
| Brick Making | 3690 | 0.0 | 3.0 | 2.0 |
| Other Masonry | 3699 | .2 | .2 | .2 |
| Tinmithing | 3814 | .3 | 1.1 | .8 |

| Sector | ISIC Code | Urban Areas | Rural Areas | Total |
|--------------------------------|-------------|-------------|-------------|-------------|
| Other Metalworks | 3818 | .1 | .2 | .1 |
| Welding | 3819 | 1.1 | .4 | .6 |
| Jewelry Work | 3901 | .1 | * | .1 |
| Art or Artifact Production | 3904 | 1.0 | .5 | .6 |
| All Other Manufacturing | 3909 | .3 | .4 | .4 |
| Bike Repair | 3910 | .1 | * | .1 |
| Auto Repair | 3911 | 1.1 | .3 | .6 |
| Electrical Repair | 3912 | .8 | .1 | .3 |
| Radio/TV Repair | 3913 | .5 | .1 | .2 |
| Clock, Watch or Jewelry Repair | 3914 | * | * | * |
| Other Repair | 3915 | .5 | .2 | .3 |
| TOTAL, MANUFACTURING | | 64.6 | 72.1 | 69.7 |
| CONSTRUCTION | 5000 | 1.4 | 5.4 | 4.1 |
| Liquor Distributor | 6100 | 0.0 | * | * |
| Wholesaler | 6110 | .1 | .1 | .1 |
| Vending Food | 6201 | 2.0 | 1.9 | 1.9 |
| Vending Drinks | 6202 | .6 | 0.0 | .2 |
| Vending Farm Products | 6203 | 11.3 | 7.8 | 8.9 |
| Vending Garments | 6204 | 5.7 | 1.8 | 3.0 |
| Vending Forest-based Products | 6205 | .3 | .7 | .5 |
| Vending Hardware | 6206 | .2 | * | .1 |
| Vending Art or Artifacts | 6207 | .2 | * | .1 |
| Other Vending | 6208 | 1.4 | .7 | .9 |
| Food Catering | 6209 | .5 | .2 | .3 |
| Grocery | 6213 | .3 | 1.8 | 1.3 |
| Retail Food | 6214 | 1.9 | .3 | .8 |
| Bottle Store | 6215 | * | .6 | .4 |
| Retail Livestock | 6216 | .1 | .1 | .1 |
| Retail Farm Products | 6217 | .1 | .1 | .1 |
| Retail Garments | 6220 | 1.7 | .1 | .6 |
| Retail Leather or Shoes | 6221 | * | * | * |

| Sector | ISIC Code | Urban Areas | Rural Areas | Total |
|-------------------------------|-------------|--------------|--------------|--------------|
| Retail Forest-based Products | 6230 | * | 0.0 | * |
| Stationers/Bookstore | 6240 | .1 | .1 | .1 |
| Filling Station | 6250 | .1 | * | .1 |
| Pharmacy | 6251 | * | 0.0 | * |
| Retail Hardware | 6280 | .3 | .1 | .2 |
| General Trader/Dealer | 6290 | .7 | 2.3 | 1.8 |
| Other Retail | 6291 | .7 | .3 | .4 |
| Hotel | 6309 | 0.0 | * | * |
| Restaurant | 6310 | .1 | .2 | .2 |
| Bar/Pub/Shebeen | 6311 | * | .3 | .2 |
| TOTAL, TRADE | | 28.8 | 19.7 | 22.6 |
| Bus or Taxi Service | 7113 | .4 | 0.0 | .1 |
| Goods Transport | 7114 | .1 | * | * |
| TOTAL, TRANSPORT | | .5 | * | .2 |
| RENTING FLATS OR ROOMS | 8310 | .1 | * | * |
| Traditional Healer | 9331 | .9 | .8 | .9 |
| Laundry | 9520 | * | 0.0 | * |
| Dry Cleaner | 9521 | .1 | * | * |
| Hair Salon or Barber | 9591 | 1.4 | .3 | .6 |
| Photo Studio | 9592 | .5 | .2 | .3 |
| Funeral Services | 9597 | * | 0.0 | * |
| Other Services | 9599 | 1.8 | 1.5 | 1.6 |
| TOTAL, SERVICES | | 4.6 | 2.8 | 3.4 |
| TOTAL, ALL ENTERPRISES | | 100.0 | 100.0 | 100.0 |

Note: An asterisk means the percentage was less than .1%.
SOURCE: Primary Questionnaire

Appendix Table F
Perceived Problems Of MSE Proprietors
Zimbabwe, 1991

| Perceived Problem | At Start-Up | During Growth | Currently |
|---|--------------|---------------|--------------|
| Lack of Investment Funds | 9.8% | 2.0% | 4.0% |
| Lack of Operating Funds | 13.0% | 6.0% | 12.5% |
| High Interest Rate | 0.0% | 0.0% | .6% |
| Unavailable Credit | .6% | 2.0% | .8% |
| Customers Not Repaying Credit | 8.5% | 10.0% | 7.4% |
| TOTAL, FINANCE PROBLEMS | 31.9% | 20.0% | 25.3% |
| Tools/Machinery Unavailable | 3.8% | 6.0% | 4.2% |
| Tools/Machinery Expensive | 2.2% | 0.0% | 1.1% |
| Repair Service Expensive | .3% | 4.0% | .6% |
| Spare Parts Unavailable | .9% | 6.0% | .8% |
| Other Tools/Machinery Problems | 0.0% | 0.0% | 0.0% |
| TOTAL, TOOLS/MACHINERY PROBLEMS | 7.2% | 16.0% | 6.7% |
| Not Enough Customers | 15.8% | 6.0% | 14.2% |
| Customers Don't Know About MSE | 4.1% | 0.0% | 1.7% |
| Don't Know What Customers Want | .6% | 0.0% | .3% |
| Number of Competitors Increasing | .9% | 0.0% | 4.0% |
| Shoplifting | .6% | 0.0% | 0.0% |
| Other Market Problems | 1.3% | 16.0% | .3% |
| TOTAL, MARKET PROBLEMS | 23.3% | 24.0% | 20.5% |
| Business Taxes | 0.0% | 0.0% | .3% |
| Business Licenses | 1.9% | 0.0% | 1.1% |
| Movement Requirements | .6% | 0.0% | .6% |
| Movement Controls | .3% | 2.0% | 0.0% |
| Foreign Exchange Constraints | .9% | 2.0% | .6% |
| Other Gov't Problems | 0.0% | 0.0% | .6% |
| TOTAL, GOV'T/REGULATORY PROBLEMS | 3.7% | 4.0% | 3.2% |
| Shop Space Unavailable | 2.5% | 6.0% | 4.0% |

| Perceived Problem | At Start-Up | During Growth | Currently |
|--------------------------------------|--------------|---------------|--------------|
| Rent Expensive | 0.0% | 0.0% | .6% |
| Shop Space Inadequate | 0.0% | 4.0% | .3% |
| TOTAL, SHOP/SPACE PROBLEMS | 2.5% | 10.0% | 4.9% |
| Raw Materials/Stock Unavailable | 11.1% | 6.0% | 13.6% |
| Raw Materials/Stock Expensive | 5.7% | 2.0% | 12.7% |
| Raw Materials/Stock Of Poor Quality | .3% | 0.0% | 1.1% |
| Other Input Problems | 1.3% | 0.0% | 0.0% |
| TOTAL, INPUT PROBLEMS | 18.4% | 8.0% | 27.4% |
| Public Transport Unavailable | .6% | 4.0% | 2.3% |
| Public Transport Expensive | .6% | 0.0% | .8% |
| Public Transport Inefficient | 0.0% | 0.0% | .8% |
| Need Own Transport Vehicle | 0.0% | 0.0% | 2.0% |
| Other Transport Problems | 0.0% | 0.0% | .3% |
| TOTAL, TRANSPORT PROBLEMS | 1.2% | 4.0% | 6.2% |
| Skilled Labor Unavailable | .6% | 0.0% | 1.4% |
| Skilled Labor Expensive | 0.0% | 2.0% | 0.0% |
| Unskilled Labor Unavailable | 0.0% | 0.0% | .3% |
| TOTAL, LABOR PROBLEMS | .6% | 2.0% | 1.7% |
| Water/Electricity Unavailable | .9% | 0.0% | .6% |
| Telephone Service Unavailable | 0.0% | 0.0% | .3% |
| TOTAL, UTILITIES PROBLEMS | .9% | 0.0% | .9% |
| Personal Health/Old Age | 0.0% | 2.0% | 2.0% |
| Access To Training | .3% | 0.0% | 0.0% |
| Hadn't Learned Needed Skill | 6.6% | 2.0% | 0.0% |
| Management Problems | 1.6% | 0.0% | .3% |
| Other | 1.3% | 6.0% | 2.3% |
| TOTAL, MISCELLANEOUS PROBLEMS | 9.8% | 10.0% | 4.6% |

SOURCE: Supplementary Questionnaire

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