IMPACT OF INFORMATION TECHNOLOGY ON THE PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN ZIMBABWE. CASE STUDY OF CHIPINGE TOWN.

BY

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A DISSERTATION SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE BACHELOR OF COMMERCE HONORS DEGREE IN BANKING AND FINANCE OF BINDURA UNIVERSITY OF SCIENCE EDUCATION FACULTY OF COMMERCE.

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RELEASE FORM

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DEDICATION

This research project is dedicated to my siblings Bess, Mildred and Blessing for their unwavering support.
ABSTRACT

The purpose of this study was to determine the Impact of Information Technology on the performance of small and medium enterprises in Chipinge Town. The main objectives of this research is to find the current situation on the use of IT, which ITs instruments they are using, challenges faced in IT adoption and the benefits of IT to SMEs. The data was collected through the use of questionnaires and interviews from 40 SMEs. The SMEs were grouped into groups of strata which are the manufacturing, retail shops, boutique, motor mechanics and the restaurant and respondents from each stata were randomly selected. The research findings were interpreted using tables, pie charts, bar graphs and tables for meaningful conclusions. It was found that the use of IT has some benefits to business operations and these includes improved services, increase in sales and profits, increase in speed of business transactions, substitutes labour and business have access to timely information. The study revealed that most of the SMEs in Chipinge Town did not adopt IT instruments and they were not enjoying the benefits associated with the use of it. These SMEs are facing challenges in the adoption of IT and they consist of lack of finance, lack of proper infrastructure, lack of skills, fear of the unknown, technical complexity of the technology and government policies. The study recommended the government to provide good infrastructure for a healthy running of business, educate the owners about the use of IT, to remove bottlenecks in the legal and regulatory framework that are making it difficult for SMEs to adopt IT. The SMEs are recommended to invest in current IT instrument for them to survive competition from large and well established firms and also to train their employees the relevant IT in their line of business.
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Glory is to the Most High God who has given me the strength and direction to conduct this research and has seen me through to the end of this study. My sincere gratitude goes to my supervisor for thorough supervision, guidance and patience from the start up to the end of the project. I would also like to acknowledge the contribution made by SMEs in Chipinge Town for their willingness to provide the needed information to conduct my research. A special acknowledgement goes to my family and friends who supported and motivated me through difficult times.
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CHAPTER I

INTRODUCTION

1.0 Introduction
This chapter gives an introduction on the impact of information technology on the performance of Small and Medium Enterprises in Zimbabwe. It outlines the background to the study, statement of the problem, explains why there is need for the study and research questions will be derived from the objectives of the study. It also looks at the significance of the study, assumptions, delimitations which is what the study covers in terms of area, time content and focus and also limitations. Then the chapter summary will be given.

1.1 Background of the study
Small and medium enterprises are critical to the growth of national economies. In Zimbabwe, SMEs are equally vital and Ruvinga and Zhou (2014) note that, SMEs in Zimbabwe contribute 80% of private sector employment and 35% of gross domestic product. SMEs consequently provide the foundation on which national economies can expand and stimulate accelerated socio-economic growth, development and job creation. Many studies show that SMEs are the driving engine of growth, job creation, and competitiveness in domestic and global markets Grande, Estébanez and Colomina (2011). They also play a pivotal role in innovation and productivity growth Blackburn and Athayde (2000). To achieve their full potential in these areas, SMEs in Zimbabwe need to catch up with new management and economic trends such as IT use, and e-commerce.

Small and medium enterprises (SMEs) have a major role in development in the Zimbabwean economy. Even though many large companies started as small businesses or SMEs, very little is known of how changes and transformations take place within the SMEs. More than 20 years ago,
Kalakota and Whinsston (1997) points out that IT planning as well as the IT knowledge of SMEs’ executives is associated with the success of computer usage in small businesses. In addition Quayle (2000) conducts action research on small businesses and they discovered that there is a tighter connection between the employees within the SMEs. They discovered that the internal transparency was critical for the growth of small business.

Growing evidence suggests that IT adoption is not optional for growing SMEs but should be a prerequisite for competing well in markets. Since the world is growing and there are many changes incurring in the industry, IT has offered cheaper and more effective new channels that are not limitative in terms of size of the organizations as argued by Robin and Sue, (2006). Previously before the internet revolution it was very difficult for SMEs to market globally but the internet has bridged that gap by putting organizations online to communicate with the world or even no costs.

This research also seeks to find out why other SMEs are still not using IT in their business operations and give solutions to the problems faced by SMEs

Despite the high potential of SMEs in contributing to social-economic development, the sector continues to face binding constraints that limit their potential and growth. According to Mpofu (2010) market access constraints continue to persist in Zimbabwe despite numerous policy interventions. Overall aggregate demand for the sector remains low, markets are saturated due to dumping and over-production, transaction costs are very high and markets do not function well due to limited market information and competition from imported goods Manuere, Gwangwava and Gutu (2012). This scenario seems to suggest that the traditional approaches to promoting SME competitiveness may be inadequate and ineffective. This calls for a new approach to address the problems of the sector.

Olaf (2003) argues that, one way to promote SMEs is to enhance their use of ICTs. In the present era of e-commerce and economic globalization, acquiring information and communication technology (ICT) support business needs, regardless of business size, is a crucial prerequisite to exploiting the potential of information technology Ndiege, Herselman, and Flowerday (2012). Information technologies are increasingly being adopted in SMEs in different countries in Africa and the world over to achieve the following benefits: increased profit margins, increase in market share, competitive advantage, better image, improved customer relations, reduction in wage bill, reduction in operational costs, flexibility and adaptability of organizational activities, improved
employee productivity, increase in return on investment, improvement in product quality and
Therefore, one basic question of this study is whether SMEs’ use of IT (as production technology,
information processing technology or as information communication technology) in Zimbabwe
can help them to acquire these benefits.

1.2 Problem statement
In Zimbabwe small and medium enterprises are facing problems such as slow and underdeveloped
growth, increases in transaction costs, limited market access and inefficiency of the overall inputs
use leading to loss of competitive advantage. It seems they are not getting the value of IT in
achieving superior business performance. In Chipinge, SMEs tend to be slow in adopting and
exploiting information technology as a means of enhancing their sustainability. Therefore, the
purpose of this study is to investigate the impact of IT on the performance of SMEs in Chipinge
Town.

1.3 Objective of the study
The main objectives of this research are to investigate on the impact of IT on the performance of
SMEs and to address problems faced by Zimbabwean SMEs in their attempt to use IT. To fulfil
these objectives, the following sub objectives are also considered.

- To identify current technologies used by SMEs.
- Identify challenges faced by SMEs in the adoption of IT.
-to identify the impact of IT on the performance of SMEs

1.4 Research questions
- What are the current technologies used by SMEs?
- What are the challenges and barriers faced by SMEs in adopting IT?
1.5 Significant of the study
The study will be of importance to the researcher since she will be in a position to get exposed to modern businesses which are IT and SMEs. The study combining SMEs and IT will equip the researcher with powerful and analytical skills that will broaden the understanding of the modern business environment and to get in-depth knowledge on the impact of IT on SMEs.

SMEs will be the greatest beneficiaries of this study as they will get a chance to have a confirmed credible research based advice on how IT can influence the success of their business. SMEs will be free to take up the suggested recommendations of this analysis for their benefit Galloway and Mochri (2005).

Policy makers will find information that is of great value to their operations at no cost. Industry and commerce will see how IT can be beneficial to SMEs and will encourage SMEs to use it in order to improve their operations.

This study is of great importance to the academics in their studies and the forthcoming researchers. The findings of this research project will provide a useful source of reference for other researchers on the aspect of information technology on the performance of small and medium enterprises.

1.6 Assumption of the study
The research was carried out based on the following assumptions

-SMEs will cooperate and provide adequate information for valuable results to come out

-The respondents will give true and unbiased information.

- The method and instruments to be used in this study will be able to portray the real situation at hand.
1.7 Delimitations of the study
-The research concentrated on the impact of IT on the performance of SMEs in Chipinge Town and the IT referred to are those that are meant to ease in business operations than being central to business itself.

-The study was restricted to randomly selected SMEs in Chipinge Town (CBD) because it will provide easy accessibility to the researcher and reduce costs. This place was chosen because that is where the researcher resides and businesses are well known by the researcher.

- The selected sample is assumed to be a true representation of the whole population.

1.8 Limitation of the study
-There is no complete list of the SMEs operating in the CBD and for this reason the researcher moved around the CBD and requesting for participation in the research.

-There were resource limitations, both financial and non-financial resources. Limitations of time, funding and scope of the study required the research study to focus on a limited number of objectives. To deal with financial resource limitation, the researcher used Chipinge Town as a case study since that is where she resides hence reducing transport costs. As for time, the researcher dealt with this by taking less primary data and concentrating much on secondary data which is easy to collect and is not time consuming.

-Due to limited resources this study used only those SMEs willing to participate in the study and also the study will not research on all SMEs in Chipinge but only to those selected in the (CBD) as the target population which will be representatives for all SMEs in Zimbabwe.

1.9 Definition of term
Small and Medium Enterprises (SMEs) -A business, which employs not more than 50 permanent employees and is not a subsidiary of a large cooperation, Reserve Bank of Zimbabwe (2007)
**Information technology** (IT) is refers to the application of computer and telecommunications equipment to store, retrieved, transmit and manipulate data according to Daintith and John (2009),

**Information and communications technology** (ICT)- is an extended term for information technology (IT) which emphasizes the role of unified communications and the integration of telecommunications (telephone lines and wireless signals), computers as well as essential enterprise software, middleware, storage, and audio-visual systems, which enable users to access, store, transmit, and manipulate information according to Proctor (2011).

### 1.10 Chapter Summary

This chapter serves as an introductory part, outlining what motivated the researcher to carry out this research and justifying the research. It outlined the background of the study, assumptions of the study, statement of the problem, research questions, limitations, delimitations and the definition of key terms. The following chapter discusses literature review basing on the study.
2.0 INTRODUCTION
This chapter focuses on the theoretical framework and empirical evidence aimed at accessing the impact of information technology on the performance of SMEs. It further seeks to analyze and review literature relevant to the research objectives to give a sound framework of the study and providing arguments basing on what other authors have written concerning the research topic.
2.1 Definition of SMEs
Small and Medium Enterprises are defined differently ranging from country to country and according to Ward (2005) there is no universal definition of SMEs since the definition depends on who is defining it and where it is being defined. For instance in Canada SMEs are defined as an enterprise that has fewer than 500 employees and on the other hand World Bank defines SMEs as having no more than 500 employees as propounded by Wanjohi (2009).

In Zimbabwe according to the Zimbabwe Association of SMEs defines a small business as one that is formally registered and with a turnover of less than US$240 000 or assets less than US$100 000 and a medium enterprise is formally registered, with turnover and assets above the thresholds for small enterprises, but less than US$1 million each. ZIMRA defines a small company as one with six to 40 employees, annual turn-over of US$50 000 to US$500 000 and assets valued at between US$50 000 to US$1 million and a medium sized company as one with 41 to 75 employees, annual turnover of between $1 million and US$2 million and assets valued between US$1 million and US$2 million.

2.2 IT definition
A major information technology (IT) industry trade defined information technology as the utilization of computing via hardware, software, services, and infrastructure to create, store, exchange, and leverage information in its various forms to accomplish any number of objectives Barnes (2003). Tan S, Chong S C and Lin B, (2009) also defined information technology as application of information and communication tools including computer network, software and hardware which are required for internet connection.

Additionally, the term includes the workers that develop, implement, maintain, and utilize IT directly or indirectly. The key elements of information technology includes hardware which encompasses computers, servers, storage, tablets, mobile phones, printers and network equipment, software includes productivity and business applications, network and security applications, mobile apps, video games, cloud computing, virtual reality while services takes into account deployment, integration, custom development, repair/upgrade and managed services. According
to Dixon and Marston (2002), infrastructure looks at the Internet backbone and telecommunications networks and information comprise of data, documents, voice, video and images and to add on business objectives looks at commerce, production, communication and collaboration.

2.3 Theoretical Framework
A theory is a fact based framework for describing occurrences and it is based upon a hypothesis and backed evidence. It also presents a concept or idea that is testable. The theory that informed the researcher is diffusion theory, individual innovativeness theory and perceived theory.

2.3.1 Innovation Diffusion theory
This is the process by which an innovation is adopted by members of a certain community. The most commonly used work dealing with diffusion is diffusion of innovation as propounded by Rodgers (1995). The Innovation diffusion theory is not a single theory but a Meta theory meaning it has several perspectives that relate to the concept of diffusion. According to this theory, there are four factors which influence the adoption of innovation by members of an organization and these are innovation itself, communication channel used to spread information about the innovation, time and nature of the group to which it is introduced Lucchetti and Sterlacchini (2004). Diffusion of innovation can be dealt with according to the four major theories as stated by Ndiege, Herselman and Flowerday (2012) and these are the innovation decision process theory, the individual innovativeness theory, the rate of adoption theory and the theory of perceived attributes.

Diffusion theory therefore provides a framework that helps to understand why IT is adopted by some individuals and not by others. This theory can enlighten, predict, and account for factors that increase or impede the diffusion of innovations Brychan (2003). The present study focuses on the individual innovativeness theory and the theory of perceived attributes because they assist to comprehend the relationship between the innovator characteristics and the adopters’ categories Hashim (2007).
2.3.2 Individual innovativeness theory
The individual innovativeness theory is based on who adopts the innovation and when. There are five categories of adopter According to Rodgers (1995), Ruvinga and Zhou (2014) and Grande, et al (2011). According to Ruvinga and Zhou (2014), the first category is called the innovators. These are the risk takers and pioneers who lead the way, are able to adopt regardless of a high degree of uncertainty about the innovation at the time of adoption and are eager to accept an occasional setback when a new idea proves unsuccessful. The early adopters according to Rodgers (1995) are the second category of adopters. They climb aboard the train early and help spread the word about the innovation to other people around. The third category is the early majority as indicated by Grande et al (2011). This group is persuaded to adopt by the early innovators and early adopters, and may deliberate for some time before completely adopting the new idea. Their innovation to decision period is relatively longer than that of the innovators and early adopters. The late majority as stated by Rodgers (1995) is the fourth group. They approach innovations cautiously and delay to make sure that the adoption is in their best interests. As a result, they do not adopt while waiting for most others to do so. The fifth group, which is the last category, is called the Laggards Grande, et al (2011). These are individuals who are highly sceptical and resist adopting until absolutely necessary.

2.3.3 The theory of perceived attributes
This theory is based on the impression that individuals will adopt an innovation if they recognize that it has the following attributes. Firstly, the innovation is supposed to possess some relative advantage over the existing innovation or the status quo, the innovation must be compatible with the existing values, past experiences, and practices of the potential adopter, the innovation should not be too complex or perceived as difficult to understand, the innovation must be tested for a limited time without adoption and lastly the innovation must offer observable results as indicated by Grande, et al (2011). According to Rodgers (1995), the adopter’s experience with one innovation influences another individual’s perception of the next innovation in a technology cluster to diffuse through the individual’s system. Therefore, if an adopter has a negative first
experience with one IT application, he or she may regard all IT applications through that perspective.

2.3.4 The Adoption Ladder
The adoption ladder is the most commonly used technology push-models according to Zappalà & Gray (2006). A sense of technological progression is described in a very direct and easy way to comprehend. Martin and Matlay (2001) advocated that to determine the level of ICT adoption and use in a firm a framework called the Adoption Ladder which have five-steps ladder is used to position firms. The level of ICT adoption is measured basing on two dimensions that are business benefits and extent of organizational change and sophistication. The ladder begins at the most basic level which is e-mail followed with website, e-commerce, e-business and transformed organization.

The Adoption ladder process views firms as starting with the simple use of e-mail for the purpose of communication and text messaging. Further developmental stages build up step by step up to the final goal of integrating most if not all internal processes of business through the use of ICT Martin and Matlay (2001).

The first stage of E-mail is taken as a basic stage where communication involves interacting with co-workers in the company and receiving or sending e-mails outside the company. Step two which is the website is mostly used for marketing purposes and for suppliers to look for information. Then comes the E-commerce stage which enables customers to be able to order and pay online at all times of the day, thus attaining higher-level of accessibility. Then followed by E-business which brings about a higher level of integration of the company’s functions whilst E-commerce involves technical support and other services. The last step is the Transformed organizations which is the highest level of ICT sophistication concerned with integrating the firms’ business model and applies mainly to companies using Internet as a platform for their daily business activities. Other authors also have used this framework to map out where firms are positioned concerning their ICT adoption levels.
2.4 The use of IT by SMEs

Information technology is used by SMEs in different ways. Thus it can be used to share information and circulate it to various users simultaneously, enhance customer service and reduce costs.

In developed countries, some Small and Medium enterprises are using IT to share and exchange information more efficiently. Sharing of information has become very effective and efficiently since there is an increase in the use of IT among the SMEs. According to Turan and Urkmez (2010), adopting to new technology is very important in initiating the movement for a higher quality and competitiveness in the world of SMEs. Maneche and Schoensleben (2004) argues that information technology can be used to share and disseminate information between various users simultaneously, customise functionally and archive higher levels of interactivity.

Some use recent technologies to reduce costs, enhance customer service levels and satisfaction since the technology is more sophisticated and by such this enables higher quality of information for better decision making by managers or owners of SMEs.

To add on, some SMEs are developing new means of communications and information flow among their partners and customers. By doing so they are resulting in a total paradigm shift in their business.

2.5 Barriers to IT Adoption

IT is a great instrument for development that opens new productive perspectives and opportunities for innovation according to The Independent Evaluation Group of World Bank (2013). In Zimbabwe however, there are various barriers to IT adoption and these can be grouped into different classes. Kapurubandara et al (2006), classifies barriers to IT adoption into two groups namely internal and external barriers.

Internal Barriers to ICT Adoption

These are barriers which can be resolved within the organization and by the organization itself and include human capacity, financial barriers and organizational resistance to change.
a) Human Capacity

Martin (2005) argues that lack of knowledge about the strategic use of IT and its possible benefits is a barrier to IT adoption. Owners of SMEs make all or most of the decisions about the business (strategic decision) henceforth the owner’s limitations become the limitations of the business as well.

Lack of knowledge and low computer literacy are not barriers for simple basic IT such as phone line but for more prominent advanced ICT such as e-commerce and ERP software. IT literacy is defined as the capacity to use digital technology, communication tools and networks appropriately to solve information problems. Educational Testing Services (ETS) (2013) explained that IT literacy is the ability to use digital technology, communication tools and or networks to define access, manage, integrate, create, evaluate and communicate information ethically and legally in order to function in a knowledge society.

The government of Zimbabwe (2015) on ICT environment stated that lack of skilled manpower to train in using Information Communication Technologies from the earliest stages in schools is one of the major challenges facing the country. It is vital for the human resource available to SMEs to have skills for the effectiveness of IT adoption and usage. Without the knowledge and understanding of these advanced ICT software, the SMEs are barred to fully adopt ICT technology. SME owners also have a tendency of mistrusting the IT industry and are usually concerned about their return on their investment rather than on making considerable investments in ICT particularly when short term returns are not guaranteed.

b) Finance

IT has a perceived high setup cost and some SMEs avoid adopting them. They usually lack the financial back up to fully equip themselves with adequate IT techniques that are deemed necessary. The cost of adoption is a significant factor in the adoption and utilization of certain IT software Ernst and Young (2001). There is an indirect relationship between the initial set up cost and the adoption of IT. Thus the lower the cost of adoption, the higher the new innovation such as the ICT technologies will be adopted by SMEs and vice versa. There are many different types of costs related with IT which include product or solution, development, connectivity, hardware, software, maintaining the workforce, and hidden costs such as annual license fees.
Other barriers include: Lack of management support and Organizational resistance to change.

External Barriers to ICT Adoption

External barriers must be addressed by either government intervention or by collaboration of SMEs. These include infrastructure, social, cultural, political, legal and regulatory.

a) Infrastructure

Infrastructure is defined as that with high band width, reliability and with affordable price according to Bedia (2005). Infrastructure contributes a lot to the development of IT in a nation. Zimbabwean SMEs do not get essential support from the government through better e-commerce infrastructure and better telecommunications infrastructure, hence are barred to adopt the more advanced IT technologies. The Government needs to intervene by supporting SMEs through reducing ICT connection costs and increase coverage by further expanding its infrastructure. Subsidies and special discounts for SMEs are also remedies that need to be put in place.

b) Legal framework

Appropriate legal framework mainly applies to online transactions. SMEs can still adopt phone lines, email, and many e-applications without a well-defined legal structure. The government needs to take the initiative to establish the legal framework such as privacy law, e-signature and knowledge acquisition law. An appropriate legal environment to apply must be readily available for e-commerce and all other IT applications.

c) Lack of Internet security

Internet is a global network of computer networks. Devi (2012) defines a network as an interconnection of any data transmitting equipment that are geographically dispersed. One of the main disadvantages of IT issues is security. Previous research findings into IT security matters have reported a global witness of the thriving of a myriad of electronic attacks, malware, vulnerabilities and intrusions in the domain of ICT Devi (2012). Use of the internet also poses grave danger as personal information such as name, address, and credit card numbers can be accessed by other culprits. This hinders SMEs to fully adopt the e-transactions in fear of losses. The internet also exposes the firm’s computers to viruses. A virus is a program which disrupts the
normal functioning of a computer system. Computers affected by viruses end up crashing the hard disk leading severe loss of information.

d) Ever-changing ICT environment

IT is constantly evolving, getting faster, smaller, more powerful, or digital. MacGregor et al. (2006) denotes that the IT environment is ever changing or dynamic hence there is need for constant learning and updating of technologies is needed.

There are issues that SMEs need to monitor like the kind of technologies that their clients are using and try to make sure that they are on a par in order to serve them. They are ought to be flexible in terms of adopting and suiting the current technologies. The IT strategy of the SME needs to take into account that technology changes at a rapid rate, the different technologies need to be monitored as they evolve into the future, and the staff needs to be motivated enough to have an interest in the changes as they occur.

2.6 Impact of IT on performance of SMEs

When small and medium enterprises adopt information technology and make use of it, there is evidence that show and this can be through efficiency in operations, increased revenues and the firms are better positioned in the market. Businesses that make use of e-mails to communicate with their customers as observed by Dholakia and Ksheri (2003) experience a greater percentage in sales growth than those which do not make use of it leading to a positive impact. SMEs in the manufacturing sector in Canada through making use of e-business techniques experienced an increase in sales and export performance.

The impact of IT becoming more and more strategic in improving the competitiveness of SMEs. By so doing the firms that are making use of IT invest more, grow faster and are more productive and profitable than those that are not using it. Grande, Estebenez and Cololina (2011) states that through investing in IT there are high levels of economic profitability, financial profitability and added value. Many SMEs in developing countries are increasingly adopting IT and have recorded a positive change in their business operation and this was due to the numerous benefits and opportunities that IT has brought about as indicated by Ruvinga and Zhou (2014).
The use of technology is more important than mere adoption to obtain positive impacts on the business as revealed by Lucchetti and Sterlacchini (2004) in their study on e-business of Alsa in Spain. There is an increase in labour productivity. Through the use of systems like resource planning system which have led to a greater resource optimization and clear positive impacts on work organisation with spectacular increases in productivity (one employee doing work which was previously done by more people). It was also confirmed by Ndiege, Herselman and Flowerday (2012) in their study that IT instruments are adopted and used by most firms in their operation as productive input factors which increase labour productivity. This helps SMEs to be able to compete with larger firms, increase staff satisfaction, operational efficiency is increased, enhance joint working in collaborative venture and improve communication with suppliers and customers.

Information technology improves efficiency and increase productivity through different ways including improving efficiency in resource allocation, reducing transaction costs and technical improvements leading to the outward shifting of the production function. It can also improve access to the knowledge generated by agricultural researchers and transmitted to farmers by extension workers as indicated by Shiels, Melvor and O’Reilly (2003). They also suggested that through the use of information technology such as internet and e-mail information is brought closer for instance to the farmers in a way that is relevant for them through an improved information flow between the research institute to the rural research stations.

An important role played by IT is that it helps SMEs create business opportunities and combat pressures from competition. It also helps businesses cut cost through improving their internal process, better promoting and distributing their products through online presence. Thus information technology has the potential to advance the core business of SMEs in every step of the business process.

2.7 Empirical Review
The researcher focused on what other authors have found out regarding IT and SMEs. A great percentage of the empirical work examining impact of IT has been carried out by various authors in Zimbabwe and around the world.
2.7.1 The current situation of the use of IT among SMEs

Grande, et al. (2011) stated that, the most common uses of IT are for traditional business operations such as storage of records, communication through email, chat, forum, video conference and text message, device sharing (printer), advertising, research, e-transacting, e-ordering, device sharing and storage of records. Ruvinga and Zhou (2014) however propounded that most SMEs are inadequately using IT. In agreement Lucchetti and Sterlacchini (2004) say that most SME used computers as a storage device and for typing documents. Mobile phones are also highly used by SMEs to communicate with clients through text messages. Those with internet connection use it for communication with their clients via email and for device sharing (printer). Although Hashim (2007) exposed that most SME view IT as a supporting tool to their business activity they were not aware of how to incorporate some of the IT applications in their businesses. They view IT as a must have to provide a professional look but not as a must use, since they minimally use IT.

Previous studies have revealed that the adoption of IT by SMEs is still lower than expected Ndiege, Herselman and Flowerday, (2012). For instance, authors argue that organisations with computerized systems record their transactions manually for record keeping, taking a long time to process an order to completion due to duplication of computerized processes. Numerous forms have to be printed which have to be completed by client then captured into the system. The hard copy will be filed and a printout given then back to client to complete the payment. Once payment is accomplished the receipt number is recorded manually then the product or service would be provided to customer. These remarks reveal a very low level of utilization. According to Manuere, Gwangwava and Gutu (2012), despite improvements in IT and the acceptance of such technologies by large organizations, the same level of adoption is not evident among SMEs in Zimbabwe, hence the need to carry out this study.

2.7.2 Forms of IT used by SMEs

Bonk (1996) states that management of SMEs, such as those found in Zimbabwe must utilize computer technology, information resources and telecommunication in operating their firms in order to survive in the era of globalization. The main three components of IT are computers,
communication network and know-how. He also argued that the main three main components of IT work hand in hand, that is without either of the three a firm cannot benefit from IT.

Lucas (2000) says IT is a combination of computers and communication equipment including all types of computers from desktop workstation to super computers and all types of networks, also fax machines pagers and communication modes like cable satellites and wireless. IT consists of mobile phones, social networking websites, video conferencing, digital cameras, smart cash cards, e-commerce, internet access, internet access to news, information, films and music, e-recruitment Buchanan et al (2010). IT is a particular component of a system (e.g. personal computers, a printer, or a network) Turban et al (2004)

According to MacKechnie (2018), one of the information technology used by businesses is computers. This computer can be a desktop model with a distinct monitor as well as the keyboard, or a mobile phone. The desktop computers which are loaded with office and productivity software packages permits workers to analyze financial information, write letters and send or receive emails as well as to design sales presentations. Computers can be in two different types that is personal computers (PC) and Macintosh computers. PCs operate using Microsoft Windows and they are the most commonly used and known computers while Macintosh computers make use of Apple computers operating system and are mostly popular among creative professionals as advocated by MacKechnie (2018).

Moreover small and medium enterprises make use of software which provides different types of functionality as it is loaded onto your computer. There are productivity tools used in businesses and these include Microsoft Word, Microsoft Excel, a word processing package as well as the spreadsheet system and these according to MacKechnie (2018) can perform numerous most common tasks a small business requires. Users are able to prepare professional-looking sales presentation quickly and effortlessly through the use of Microsoft Power Point or Apple Keynote.

Networking, computers are often linked to form a network. This allows people within an organization to share documents or information, provide a central repository to store documents, or for people to communicate using email within an office. They also allow several computers to share a printer or storage device MacKechnie (2018).
MacKechnie (2018) states that telephone as the utmost common form of phone system consists of a hardware unit that uses software to split the phone company and line amongst individual handset. An auto attendant is included in the system and these helps callers find the employee they are seeking above all include a voice mail system for messages.

There is also the Inventory Control System as indicated by MacKenie. This type of IT is used when your firm is in the business of selling goods and it does not want to be explored. This system is responsible of making sure that every item in the inventory is being tracked on, ensuring that stock neither does not run out nor someone orders unnecessary or too much stock. The system is updated whenever new stock arrives in order to reflect the additions and when it is sold, deducting from the totals.

2.7.3 Challenges faced by SMEs in adopting IT
Although SMEs play an important role in every country, they face a lot of challenges in adopting information technology due to the rapidly changing business environment. These include lack of IT literacy, lack of education and technical skills, ignorance, security and financial challenges and previous studies have identified factors affecting IT adoption as discussed below.

Tan, Chong and Lin (2008) in their study on the adoption of internet based ICT found out security as a major barrier to ICT adoption. Among attitudes toward technology, security is an important factor that influences the use of the technology. Kalakota and Winston, (1997) defined security as a threat which creates circumstances, condition, or event with the potential to cause economic hardship to data or network resources in the form of destruction, disclosure, modification of data, denial of service and or fraud, waste and abuse. Perceived security is about the self-belief that a user has in the system to conclude a transaction securely and to maintain the privacy of personal information.

SMEs face financial challenges in their attempts to invest in IT. That is supported by the Technological Capabilities Theory popularized by Lucas (2000) it states that availability of credit ensures that firms invest in new state of art technology that is efficient and cost saving which enables them to withstand competition from domestic established firms and imports. Lack of financial support is resulting in SMEs not affording new technology that is the reason why some
SMEs are not online. Ignorance on usefulness of technology has also been identified as a factor leading to lower rate of technology adoption Kogilah et al (2008)

Kapurubandara and Lawson (2006) in their study categorized the barriers into internal and external factors that hinder adoption of ICT by SMEs in a developing country. The internal barriers are those which are within the organisation and they are direct factors which include firm characteristics, owner/manager characteristics, cost and return on investment. The external barriers which affect the firm indirect and the business have no control over these challenges. These include infrastructure, social, culture, political, legal and regulatory issues. Lal (2007) in his study discovered one of the major factors hindering IT diffusion and thorough utilization is poor physical infrastructure, cost of purchasing computer equipment, government support and management support.

SMEs face problems uncommon to large companies and corporations which include lack of IT support and IT literacy, Bryan and Bell, (2003). Compared to large firms, the poor performance of SMEs has been connected to limited demand of their products and their inability to access technology. Lack of education and technical skills contributes to the lower rate of adoption and ignorance on the usefulness of technology has also been identified as a factor leading to lower rate of technology adoption. Some of the SMEs are just not keen to use the technology not because they don’t have the capacity to have one but just don’t like the idea of moving on with what is going on in the world.

Geon et al, (2006) investigated determining factors for the successful adoption of e-business by SMES in Korea and the determined several factors for e-business adoption, which are CEOs knowledge of IT, the relative advantages and benefits from adopting e-business, governmental support for e-business and using IT as a globalization strategy for market expansion. They also found that business size, the cost of e-business adoption and competitive pressures from the industry do not seem to be an important factor in adopting IT by SMEs in Korea.

Moreover Balogum and Kareem (2013) in their study propounded that cost, funds, skills and training, infrastructure, management support and government support attitude also contribute to the main factors affecting IT adoption by Nigerian SMEs. In addition to that the study made by Sajuyigbe and Alabi (2012) also discovered that cost of acquisition, infrastructural, lack of finance,
management and government support and skill contribute to the challenges of adopting IT by SMEs in Nigeria which was a confirmation to the previous study. A conclusion made by Okwuonu (2013) states that poor communication infrastructure leads to limited access and higher transaction costs and many Nigerian SMEs are affected by this as they use out dated equipments.

2.7.4 The main benefits that IT can bring to certain areas of SMEs
If SMEs realizes the benefits of IT this may foster them to adopt and use it in their operations. When they know the value that applying ITs will bring to their business, they will definitely apply them. ITs bring a lot of benefits to a business. Syed and Noor (2008) states that that the use of ITs can improve business competitiveness with the internet providing numerous opportunities for SMEs to compete equally with the large corporations along with improved integration among supply chain trading partners. As the world economy continues to move towards increased integration as a result of the advances in the Information Technologies, and the increasing reduction in trade barriers, some of the greatest opportunities for small businesses will be their ability to participate in the regional and international markets.

According to Grande et al (2011), the main advantages of use of IT in SMEs include better adaptation to a changing environment, better management of arm's length transactions and a high degree of competitiveness. There is also a boost to the dynamic nature of firms with a greater flow of information between different staff levels and possibility of new business on the network and improved external relationships for the firm, mainly with foreign customers retrieved through the firm’s web. The existence of more intercommunication, there are increased chances for diversification of traditional businesses.

Ruvinga and Zhou (2014) also advocate that business nowadays revolves around (IT) to help organisations gain competitive advantage or meet other strategic enterprise objectives. The authors further say that information communication technologies are increasingly being adopted in SMEs in different countries such as Malaysia, Albania, Nigeria, New Zealand and world over to achieve more or less the same benefits of improved customer relations, reduction in wage bill, reduction in operational costs, flexibility and adaptability of organizational activities, improved employee productivity, increase in return on investment, of increased profit margins, increase in market
share, competitive advantage, better image, improvement in product quality and quality of service. The once complex business operations have been simplified by IT and has provided an equal platform for SMEs to compete with established companies through the use of internet Brychan, (2003).

Dudhe (2013), also emphasized on the benefits of utilisation and these are increase in profit, number of local clients, number of international clients, better image, new strategies, new opportunities, overall lowering of operational costs, improved product or service quality, cheaper communication and better customer management,. In Dudhe’s (2013) study, the common benefits that SMEs acknowledge to have experienced were a better image or recognition, improved customer relations due to improved means of communication (email and text message) and number of local clients increment. A study by Ruvinga and Zhou (2014) reflects that the majority of SMEs are not fully experiencing the benefits attached with ICT adoption.

2.11 Chapter Summary
This chapter revealed some of the views of scholars and experts on the impact of IT to businesses. The literature defined small and medium businesses and IT and the different criteria used to define SMEs around the world. The common position from different authors with regard to IT contributes to overall business success if executed effectively in a favorable environment. The following chapter will focus on research methodology.
CHAPTER III

RESEARCH METHODOLOGY

3.0 INTRODUCTION
This chapter gives an overview of the research design, subjects (population and sampling), research instruments and data collection procedures. It will provide the strategies to be used to carry out the research on the impact of information technology on the performance of SMEs in Zimbabwe.

3.1 Research design
A research design is the plan that the study follow to guide data gathering and analysis. According to Cohen and Marion (1994), explains it as the structure of the study to find the evidence to answer
research questions. The research will be conducted using descriptive design approach. Descriptive research does not fit into the definition of either quantitative or qualitative research methodologies but instead it can utilise elements of both. The term descriptive design refers to the conditions or relationship that exist, practices that prevail, beliefs, point of view, attitudes that are held, processes that are going on and effects that are felt according to Cohen and Marion (1994). The design is sought to give a descriptive position and interpretation on the topic of the study, is most applicable where there is no secondary data and it covers all aspects and areas of interest concerning the research.

3.2 Population
According to Best and Khan (2003), population is any group of individuals that have one or more characteristics in common that is of interest to the researcher. When conducting a research, the first step is to define the population to be studied in terms of its geographical, demographical and other boundaries to decide whether it should be fully or partially covered as propounded by Howard and Sharp (2003). The sample size for this research will be 40 SMEs out of the 120 SMEs surrounding Chipinge Town.

3.3 Sample size
Best, Podsakoff, MacKenzie and Lee, (2009) viewed a sample as a small proportion of a population selected for observations. The researcher therefore used a sample because it needed less time to gather the information and fewer resources were employed.

3.4 Sampling Techniques.
Sampling can be defined as the process of obtaining information about an entire population by examining only a part of it which is selected using an appropriate method such that the selected elements are synonymous with the target population according to (Descombe 2008).

The researcher made use of simple random and stratified sampling methods. With stratified sampling information was collected on each strata which are the retail shops, boutiques, manufacturing, restaurants and motor mechanics. The respondents from each strata was randomly selected thus each sector had an equal chance of being selected or being included in the sample. This process assisted the researcher especially in determining reliable results in order to come out
with valid results. More so it increases fairness and the opportunity of allowing each sub-group of SMEs to be represented in the sample.

3.5 Research Instruments
Research instruments are tools used for collecting data to find solutions to the problem under investigation for instance questionnaires interviews schedules and observation guides. The researcher will use two data collection instruments which are questionnaires and interviews.

3.5.1 Questionnaires
A questionnaire is an instrument for collecting data and always involves asking a given subject to respond to a set of oral or written questions as advocated by Best and Khan (2003). The researcher designed questions and distributed the questionnaires to the respondents. Open-ended and closed questions were used. Open-ended questions enable the collection of reliable and comprehensive qualitative data by giving respondents the leeway to express their personal opinions on the issue under study. Closed questions collected quantitative data related to some predetermined responses based on the literature reviewed. The questionnaires were hand delivered and left them for collection after reaching a consensus for the date of collection. This would give respondents enough time to respond. However four targeted respondents did not return the questionnaire. On collection, the researcher verified and made sure all the questions were answered and explained were the respondents did not understand and failed to interpret.

The questionnaire had the following advantages which made it relevant to the research project. They assist in soliciting for responses that will be analyzed quantitatively. In addition questionnaire are practical, speedy results, allow one to gather information at a large audience and gives time to the respondents to give well thought answers, according to Kimario (2014) and they are user anonymity.

However questionnaires have their own drawbacks that were faced by the researcher. These are misinterpretation of questions by the respondents especially open ended questions which resulted in responses not related to the questions. The researcher encouraged the respondents to ask where they did not understand and would explain through the phone or face to face upon collection. In
open ended questions, respondents tend to put too much information which will be very difficult for the researcher to analyze and find meaning. By doing so the researcher made use of closed questions to avoid this scenario. Gestures and visual signs are not captured in questionnaires which might change the meaning of the response. To curb this, the researcher managed to conduct interviews after collection of questionnaires.

3.5.2 Interviews
Wagner (2012) defines an interview as an exercise in which there is a conversation between the interviewer and the interviewee for the purpose of getting information from the interviewee through direct questioning. In preparing the interviews, the interviewer works out a set of questions in advance but is however free to adjust them during the conversation. The researcher made use of pre-coded interview that enables control of the conversation so as to ensure that the research questions on the prepared scripts are answered. The researcher also made use of two type of interview which is face-to-face interviews and telephone interview. The interviews were conducted to randomly selected SMEs in Chipinge Town, so as to gather enough information to solve the research problem.

Face-to-face interviews had its own advantages and these are as follows. The researcher was able to clarify doubt and made sure the questions were properly understood by repeating and rephrasing the questions, this resulted in reliable responses. The use of fiscal expression by both parties made the interview better understood and hence better responses. Some respondents made use of nonverbal cues such as frowns, nervous and body language due to problems, stress and any discomfort they are facing which the researcher was able to pick. This type of interview allowed free style of investigation and pursued particular issues in greater detail.

However it was expensive for the researcher to move to meet all the respondents and had to make use of telephone to curb this challenge. To add on, during the time of the interview some target respondents were out of Town and this restricted face to face interview. They were also time consuming as some of the responded needed more time to prepare for the interviews. The researcher had to make bookings in advance so as to give more time for them to prepare. Some
responded also felt uneasy about the anonymity of their responses during the interview. The researcher dealt with this by making them feel relaxed and guaranteeing confidentiality.

Were the researcher was restricted by geographical boundaries, telephone interviews were conducted. They did not require the interviewer to be formerly dressed, there were also no transport costs. However in order to minimize costs, the researcher had to make quick and avoided elaborations this therefore gave the responded little time to think and reduced reliability of findings. This made the researcher make use of closed ended questions so as to ensure reliability of the results. There were also network challenges which hinder progress and effectiveness. The interviewer had to make another call and start again the interview to avoid confusion. The researcher was constrained from acquiring some information that can be passed through body language. The researcher had to listen attentively for sighs.

### 3.6 Validity and Reliability of Research Instruments

Validity as stated by Bell (2007) is aimed at ensuring that the research questions measures or defines what it intends to find. In order for the targeted population to understood, great care was used in choosing words as well as phrases. The researcher made sure that for questions to have the same meaning to all respondents, question were asked in an unambiguous way with meanings of all terms clearly or openly defined. Therefor the major themes from the research objectives were presented under the research instrument.

Whereas reliability is the extend in measuring what it is intended to measure. In order to ensure a reliable research study the researcher articulated research instruments which collected adequate data to cover the formulated research objectives. Simple language was used and desist from using technical terms. Therefore reliability was achieved through designing good questions by avoiding leading and ambiguous questions and the use of anonymity was employed to ensure honest and willingness to answer personal questions.
3.7 Ethical consideration

The study was composed of willing participation that is the researcher did not force participants to take part in the study. To encourage participation the researcher explained the importance of the study to the SMEs under review Saunders et al (2005). The study ensured and respected views from participants, anonymity, and confidentiality of the respondents as the questionnaires did not disclose participants name Bell (2007).

3.8 Data collection procedures

These are techniques that which were used to gather information from respondents by the researcher. The researcher made use of questionnaires which were personally distributed to the respondents which are the managers or owners and the employees and set dates for collection after an agreed date. Moreover in the case of interviews, the researcher scheduled meetings with manages especially face to face interviews. The researcher had a set of questions written down so as not to be misled. Respondents’ views and suggestions were noted down.

3.9 Data Presentation and Analysis Techniques

Data presentation involves use of various tools to capture and record data in a manner which enables the researcher to communicate his or her findings while data analysis refers to a procedure of putting together facts and figures in order to present, analyze and interpret the data. The data was presented according to logical themes through the use of Microsoft Excel package to come up with graphs, tables and diagram. The tables made it easier for the researcher to make inferences (Saunders, et al, 2005). This helped the researcher in coming up with views on the subject under discussion. Percentages helped the researcher to make sure that the data was compact and easy to understand and comment upon. More so the use of tables and figures made it made it easier to understand the trends.

3.10 Chapter Summary

This chapter has shown how the researcher carried out the research, thus the research methodology. Justifications to techniques used have been given, thus showing how the research was successful. The next chapter will combine the findings and answer the problem statement.
CHAPTER IV

DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.0 Introduction
This chapter focuses on the presentation, analysis and interpretation of data obtained from research findings. The data was collected by means of the questionnaire and interviews to different SMEs. The data is presented in the form of table, bar graphs and pie charts succeeded by an interpretation of the results and their discussion.

4.1 Response rate
Table 4.1

<table>
<thead>
<tr>
<th></th>
<th>Targeted</th>
<th>Responded</th>
<th>Response rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Questionnaire</td>
<td>40</td>
<td>36</td>
<td>90%</td>
</tr>
<tr>
<td>Interview</td>
<td>40</td>
<td>36</td>
<td>90%</td>
</tr>
</tbody>
</table>

Source: Primary data

Out of the 40 questionnaire distributed to the owners of the different SMEs, 36 responded and returned the questionnaires. The researcher left the questionnaire with the targeted respondents and made a follow up after an agreement of three days. Some of the SME owners were very busy to fill up the questionnaire. The response rate was 90% which was a great percentage for the research needed and enough to provide the information required by the researcher.

The interviews also had a higher response rate of 90%, this was so because the researcher had to interview all those SMEs that respondent to the questionnaires and making use of telephone since...
most of the owners were not available for face to face interviews. However 10% who did not respond appealed to very busy to attend the interviews.

4.2 Background Information
On the questionnaire, section A was focusing on the background information of respondents. It included sex, age, academic qualifications, working experience and type of business they are operating. This information helped the researcher in understanding clearly the type of people she was working with. The table below shows the age of the respondents.

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-25</td>
<td>11%</td>
</tr>
<tr>
<td>26-30</td>
<td>42%</td>
</tr>
<tr>
<td>31-34</td>
<td>28%</td>
</tr>
<tr>
<td>Above 35</td>
<td>19%</td>
</tr>
</tbody>
</table>

Figure 4.1: Age of respondents
Source: Primary data

The results obtained showed that most of the people who worked at SMEs were between the age of 26-30 with a percentage of 42, followed by an age group of 31-34 with a percentage of 28, followed by above 35 with a percentage of 19 and the least which is 18-25 with 11%. This therefore could mean that a lot of respondents were able to interpret the questionnaire.
4.2.1 Sex of respondents

The following table represents the sex of respondents.

Table 4.2

<table>
<thead>
<tr>
<th>Description</th>
<th>Variable</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sex</td>
<td>Male</td>
<td>16</td>
<td>44</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>20</td>
<td>56</td>
</tr>
</tbody>
</table>

Source: Primary data

The results above show that most of the females operate in SMEs other than males with a percentage of 56 and males having 44%. This can be due to the fact that most of the males are formally employed in big companies other than females.

4.2.2 Level of Education

![Level of education](image)

Figure 4.2: Level of education

Source: Primary data

The information above shows that most of the operators of SMEs have degrees with 46% followed by 36% of people who have diplomas, 22% with certificates and none with masters. This shows
that many degree students are unable to acquire jobs from big firms leading to some of them opening their own businesses.

### 4.2.3 Length of business in operation

Table: 4.3

<table>
<thead>
<tr>
<th>Description</th>
<th>Variable</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Length of business in operation</td>
<td>Less than one year</td>
<td>2</td>
<td>5.56</td>
</tr>
<tr>
<td></td>
<td>One to two years</td>
<td>5</td>
<td>13.89</td>
</tr>
<tr>
<td></td>
<td>More than two years</td>
<td>29</td>
<td>80.56</td>
</tr>
</tbody>
</table>

Source: Primary data

The results show that 80.5% of the small and medium enterprises have existed for more than two years, those between 1 to 2 years have 13.89% and those that are below one year have a percentage of 5.56. This therefore means that most of the SMEs in Chipinge Town have been in existence for long enough to have been acquired IT in the business operations.

### 4.2.4 Type of small and medium
The researcher made use of stratified sampling to select the SMEs as indicated in chapter 3. From the table above, 13.89% were manufacturing, 27.78% restaurant, 41.67% retail shops and 8.33% were bakeries and motor mechanics. In this study most SMEs who responded to the questionnaires were retail shops.

4.3 IT Adoption
The table below shows the results of the SMEs that have adopted IT in their operations
The figure above shows that most of the small and medium enterprises have not adopted IT in their operation with a percentage of 54% and those who has not with 46%. However the most commonly used form of IT is the phone. The result seem to suggest that most of the SMEs have not adopted because they do not have the knowledge and skills of IT, other lack support from the management and lack of finance to acquire and maintain the systems.

**4.4 Current technology being used**

The information above states that most of the SMEs have not yet adopted IT but however to those that has adopted, the research sought to find out the current technology being used by those SMEs. The figure below illustrates the IT instruments that are being used by SMEs in Chipinge Town.
The figure above shows that most of the SMEs are currently making use of phones in their business with a percentage of 80. The findings suggest that most SMEs that have adopted IT are making use of phones. Those making use of internet have 50%, computer 40%, swipe machine 20% and emails with a percentage of 10. From the results above it can be seen that the use of emails is very low because most of the SMEs suppliers and customers were not well versed with the use of it.

**4.5 Uses of IT by SMEs**

IT is used for different purpose depending on the type of business you are operating. SMEs in this study mainly use IT for business with 80% such as using computers for keeping accounting records, making different forms of payments. Others uses IT applications for communication and to interact electronically with suppliers customers and potential investors with a percentage of 66% and 53% of SMEs are using IT for advertising their services or products and also a little of 40% making use of IT for entertainment. This can be illustrated by the figure bellow.
SMEs make use of different methods such as newspapers, social media, internet and fliers for advertising their products and services. According to the research made by the researcher most of the SMEs in Chipinge Town are making use of fliers in advertising their products with a percentage of 85% and some are adopting into making use of social media with 58%, newspapers with 23% and the internet with 25%. Some respondents claimed that most of their customers are not well versed in the things of technology that is why they make use of fliers and less of internet. Moreover, the rate of social media is increasing due to the use of whatsapp being used by almost everyone.

**4.6 Challenges in IT adoption**
The researcher gathered information on the challenges faced by SMEs in adopting IT. The results are shown on the table below
Figure 7: Challenges faced by adoption

Source: Primary data

The five interval scale ranging from strongly agree to not sure which was used in the questionnaire was then broken down to three groups namely agree, disagree and neutral for easy interpretation and to make the finding more meaningful.

From the figure above, the challenge that most SMEs face in trying to adopt IT is lack of infrastructural facilities and fear of the unknown with 87%. They do not have conducive infrastructure like secured premises for them to adopt to latest or required IT for their business. More so most SMEs have limited space for them to adopt the needed information technology and some have the fear that they will adapt the technology which will be of no use to their business so they wait for others to adopt first and then copy, by doing so many firms will not adopt IT fearing what will happen next leading to the challenge of adopting IT.

Another challenge that led them not to adopt IT is that of lack of finance with 74%. Most of the firms do not have enough funds to attain the technology required. Some respondents pointed issues such as training cost, overall cost and maintenance cost as the reason for not adopting IT. Arendt
(2008) advocated that in most Nigerian SMEs owners or managers are reluctant to invest in training their employees because they are afraid of losing their employees to greener pastures upon completion of such training. Other respondents pointed out that they do not have financial backup to acquire ITs. A lot of money is needed for the IT gadgets, connections and software.

Lack of skills having a percentage of 50% is due to the fact that SMEs tend to avoid the use of IT in their business if it seems as complex or complicated. It was also identified by Alam and Noor (2009) that lack of suitable technical and managerial staff with sufficient IT expertise was a major challenge to adoption of IT by SMEs and concluded that SMEs generally lack skills among their workforce.

Internet service providers were also an issue with a percentage of 40. Most SMEs are well versed of the poor service providers in Chipinge and are not ready to waste their resources. This was also highlighted on the research done by Apula et al (2011) that poor service of internet service providers was an issue for non-utilisation of sophisticated IT among SMEs that had adopted basic or traditional IT. Kapurubandara and Lawson (2006) recognised poor internet connectivity as an effect to the adoption e-commerce in Sri Lanka.

A percentage of 55 are affected by lack of government policies. Some respondents pointed out that the policies that support SMEs were not properly implemented and in most cases are inconsistent. According to Alam and Noor (2009) government support has a significant and positive relation to IT adoption. Both industry and government bodies have a part to play in promoting and supporting small business networking and IT.

4.7 Benefits of IT to SMEs
The researcher after gathering the questionnaires from respondents decided to break down the five scale into three which is agree, disagree and not sure for easy and to make the findings more meaningful. The results are shown below
From the results obtained by the researcher, it was discovered that IT increases profitability to businesses and gives them the capacity to compete with larger firms. To those who have adopted IT results seem to suggest that 88% are enjoying the benefits of it. The findings are in line with the research made by Tan et al (2009). They discovered that, IT is the most cost efficient tool that helps companies gain bigger markets and have the ability to compete with larger organisations attracting customers.

4.8 Chapter Summary
This chapter included data presentation, analysis and discussion and the research was presented in a way that enables for responses of the research questions to be found. The results suggest that most of the SMEs in Chipinge Town have not yet adopted IT and to those that have adopted are making use of phone leaving out other IT instruments relevant to their business. They are also facing challenges in their adoption such lack of skill, lack of infrastructure and lack of finance and due to the challenge in adoption they are unable to benefit from the use of IT which is competitive advantage, increased sales and profits and improved services.
CHAPTER V

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction
This chapter comprises of the three main sections which are the summary, conclusions and recommendations which conclude the research project. It summarizes the whole project and gives conclusions to the findings. Then the researcher will make recommendation on how the SMEs will improve their performance through the use of IT.

5.1 Summary
The purpose of the study was to evaluate the impact of IT to the performance of SMEs in Chipinge Town. Therefore the study sought to establish the current technologies being used by SMEs, what are they using IT for, what are the challenges they are facing in adopting IT and what are the benefits of IT to their business. The questionnaire was then designed in line with these objectives. It also included whether they have adopted IT or not, methods they used in advertising their product and service and also if they are able to see the relationship between IT and their performance.

For preferable results the researcher used a sample to 40 SMEs and used stratified sampling to select a sample of SME businesses in Chipinge Town. Then random sampling was used to select employees within each stratum of manufactures, restaurant, retail shops, boutiques and motor
mechanics. The researcher made a follow up on the questionnaire distributed so as to have the sufficient data needed for the research project.

The data gathered was summarized into frequencies and percentages and was presented using graphs, pie charts, tables and also bar graphs. The study realized that the forms of IT instruments that the businesses invested in to were phones with less use of computers, internet and emails because the other counterparts which were not well versed with the use of these instruments. The study also deduced that there is a positive relationship between IT and performance of SMEs.

Furthermore the study established that most of the SMEs began to adopt IT in advertising their products and services using social media (whatsapp) with 58% since most of their clients and targeted customers were using that type of social media and information would travel fast. The use of newspapers is deteriorating since most the news is travelling through social media and the levels of internet use are also at an increasing mode.

Even though many SMEs are eager to adopt information technology in their operation, the study found out that they are facing different challenges especially lack of infrastructural facilities since they have small places which are unsecured. They are also facing challenges like lack of skills, lack of finance, technical complexity of the technology, fear of the unknown and government policies.

5.2 Conclusion
On the basis of the above findings, the following conclusions were made for the impact of information technology on the performance of small and medium enterprises in Chipinge Town. The current level of adoption of IT is still low and they are not enjoying the benefits of IT in their operations. Their adoption level is still at the early stages of adoption.

The researcher concludes that, there are a number of factors which hinder the adopting of IT by SMEs in Chipinge Town. These include lack of infrastructural facilities, lack of finance, lack of skills, government policies, and technical complexity of the technology. Acquiring the IT or its installation is very expensive and many small and medium businesses find it difficult to raise funds.
Most of the owners of SMEs are not risk takers, they wait for other firms to lead and then adopt when they are sure thus their adoption rate is low.

To the few SMEs that have adopted IT, the researcher concludes that, there is a positive relationship between IT and their performance and they are enjoying the benefits which are attributed to the use of it. These include increased profitability, able to compete with larger firms, improved services, having access to timely information and increases efficiency and effectiveness.

The researcher also deduced that despite some ITs being present in these SMEs at different levels, the use of it was inadequate. It can be revealed that SMEs focused much on common IT such as phones as compared to other highly interactive ITs such as computers, emails and the internet.

5.3 Recommendations
Basing on the research findings and conclusions made, the following recommendations are made.

The government must also chip in in providing good infrastructure for the healthy running of business as well as offering IT subsidies. They should also educate SME owners about the use of IT and the relevant IT in their line of business, the returns associated with investing in IT and enhancing their IT skills.

They should support SMEs and help them use information technology, e-business and new business models in order to increase the country’s competitiveness, productivity and growth. The support can be through cost deductions and effective rational promotions. They should provide incentives to encourage the upcoming of business support service and the young business people to develop IT based solutions to their business. This will help entrepreneurs understand on relevant IT literacy required for supporting business performance.

The government also needs to develop a conducive policy, legal and regulatory environment which enables SMEs to flourish. They have to remove bottlenecks in the legal and regulatory framework that are making it difficult for SMEs to adopt IT. Value added tax that is still on IT gadgets needs to be reduced and favorable so as to increase the adoption environment of IT. Moreover policy makers in the government and in the informal sector should engage owners or managers of SMEs in coming up with strategies to embrace ITs.
The owners of SMEs should be equipped with the necessary knowledge about the strategic use of ITs that are relevant to their line of business and intensify the training of their employees since most of their employees are unable to operate some of the latest IT in their field. The management should also scan the environment to find the latest IT equipment that could be useful in promoting service delivery, proper product mix and choices that suit customer needs. Adopting variety of IT equipment should be considered so as to be able to utilize available communication options.

To add on there is need to strengthen SMEs support institutions and structures in order to enhance their role in supporting SMEs to adopt IT. They include government ministries, micro-finance service providers, research institutions and SME associations. They can support technically or financially. Financial support will therefore increase the capacity of SME to acquire and use different IT.

5.4 Recommendations for future studies

This study was done with a focus on the manufacturing SMEs in the furniture making business. The results of the study cannot therefore be generalised to all other sectors. There is need for further various studies in different sectors and in other geographic regions of Zimbabwe in which SMEs operate in. As such it will be feasible to come up with findings that are applicable to the whole SMEs industries. This in particular will allow the contribution of meaningful recommendations to policy makers. The current research was limited to one year which might have affected the findings due to limited time. It is advisable for future s
REFERENCES


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APPENDIX 1: QUESTIONNAIRE

Dear respondent

My name is B1543066 studying Banking and Finance at Bindura University of Science Education. I am carrying out a research on “The impact of Information Technology on the performance of Small and Medium Enterprises”, Case study of Chipinge SMEs. I request of you to answer the questions below and the findings will be purely for academic purposes. Your response will be treated with utmost confidentiality and your identity will not be revealed. Thank you for your contribution.

Instructions

For all your answers, you are kindly requested to tick in the box resembling your response or to fill in the blank spaces indicated.

SECTION A: Background Information

1. Age Group
   a) 18-25 □ b) 26-30 □ c) 31-35 □ d) Above 35 □

2. Sex
   a) Male □ b) Female □

3. Level of education
   a) Certificate □ b) Diploma □ c) Degree □ d) Masters □

4. For how long have you been working in the enterprise?
   a) Less than one year □ b) One to two years □ c) More than two years □

5. What type of small and medium enterprise do you operate?
   a) Manufacturing □ b) Restaurant □ c) Retail shop □ d) Bakery □
   e) Motor Mechanics □ f) Others specify .......................................................
Section B

1. Have your business adopted IT

Yes ☐  No ☐

Current technology being used by SMEs

2. Which IT instruments are you currently using in your business?

A. Computer ☐  B. Internet ☐  C. Phone ☐  D. swipe machines ☐
E. Email ☐  F. Fax ☐

3. Do you have ITs in your offices?

Yes ☐  No ☐

4. Does the company have its own website?

Yes ☐  No ☐

Section B: SMEs making adequate use of ICTs

1. What do you usually use ITs for?

A. Entertainment ☐  B. Business ☐  C. Advertising ☐  D. Personal Communication ☐
E. Others specify………………………………………………..

2. Which ones of the following methods do you use in advertising your products and services as a company?

A. newspapers ☐  B. social media ☐  C. internet ☐  D. Fliers ☐
E. Others specify……………………………………………..

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3. Do consumers use those ITs to interact with you for business purposes?
   A. Yes □         B. No □

4. Do you think IT is adequately used in your company?
   A. Yes □         B. No □

5. What do you think is the most prominent reason for customers not fully using the IT services in your company offer?
   A. Illiteracy □   B. Lack of knowledge □   C. Lack of ITs □
   D. Others specify………………………………………………

Section C: Challenges faced in adopting IT

<table>
<thead>
<tr>
<th>Your business is facing or has faced challenges in attempt to adopt IT</th>
<th>Agree</th>
<th>Strongly agree</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Not sure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of IT skills</td>
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<td>Lack of finance</td>
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<td>Technical complexity of using it</td>
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<td>Lack of appropriate government policies</td>
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<td>Lack of relevant technology</td>
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<td>Lack of infrastructural facilities</td>
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<td>Fear of the unknown</td>
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**Section D: Benefits of IT**

1. Do you think there is a positive relationship between SMEs performance and IT?

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
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</table>

**Benefits from the use of IT to your business**

<table>
<thead>
<tr>
<th>Benefits from the use of IT to your business</th>
<th>Agree</th>
<th>Strongly agree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
<th>Not sure</th>
</tr>
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<tr>
<td>Ability to be in contact with timely information</td>
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<td>IT speeds up business transactions</td>
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<td>Substitutes labour</td>
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<td>Increases sales and profits</td>
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<td>Gives an edge for business to compete with larger firms</td>
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<tr>
<td>To provide faster and better services</td>
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</table>

**APPENDIX 2: INTERVIEW**

1. Which are the current technologies you are using?

2. What are you using IT for in your business?

3. What benefits are you getting from the use of IT?

4. What are the challenges you are facing in IT adoption?

Thank you for your time and cooperation.