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BINDURA UNIVERSITY OF SCIENCE EDUCATION
DECLARATION

I, Pamela Y. Chiwara do declare that this project is a result of my own investigation and research except in cases of indicated in Acknowledgements, References and by comments included in the body of the study. This work and has been submitted for examination with the consent of my supervisor and it has not been submitted in part or in full for any other degree or to any other university.

Student’s signature………………………….. Date…………………………..

Supervisor’s signature……………………….. Date…………………………..
DEDICATION

This project is dedicated to my family especially my husband, Godknows Mangokwani who believes I can do anything if I put my mind to it. I also dedicate this project to my children, Danell and Darell Mangokwani. I have trailblazed a way for you to go higher than I did. To my family, thank you for your support and encouragement during my project study.
ACKNOWLEDGEMENT

All the Glory and Honour I give to my Lord and Saviour for he keeps on doing marvellous things in my life. When I positioned my mind to embark on this journey, it is only in the Lord I had unwavering trust to carry me through and he did. To my supervisor Dr R. M. Rusike, I am very grateful for your expertise, the guidance and encouragement that gave birth to this project.

Special mention goes to my sister Prisca, thank you for being my study buddy and nanny to my little boy while I studied.

Special acknowledgment to my husband, Godknows for the constant enquiries you made on the progress of this work, you gave me strength to finish so that the enquiries would cease.

Finally yet importantly, my acknowledgement to the Retail sector of Harare who made this project come to life with their willingness to participate.
ABSTRACT

The nucleus of any business venture is to make profit through servicing a need in this competitive world of business. The retail sector plays a pivotal role in supplying goods and services to consumers at an affordable cost. It is therefore imperative that the retail sector’s operational costs remain at a minimum so that consumers can afford to purchase goods without compromising on quality and at the same time, the retailers also making a profit. Since the economic downturn experienced by Zimbabwe in the early 2000 to date, a negative chain reaction was experienced which severely affected the end users, consumers. Most of the manufacturers either closed down or slowed capacity. The consequence was that retailers, in order to stay afloat had to find either alternative products or sources. Importation of basic goods from neighboring countries became rampant and consequently, the government of Zimbabwe promulgated Statutory Instrument 16 of 2016 (SI16/2016). This instrument was a restriction on importation of certain goods in order to revive and capacitate Zimbabwe’s local industries. A lot of mayhem reverberated throughout the country and spread to the near neighboring countries. The rigmarole necessitated the current study into the effects of SI16/2016 and the sustainability of the retail sector of Harare as the main objective.

The research design was a mixed method leaning more to qualitative design. The ontological and epistemological assumptions held by the researcher were those of realism. The target population were retailers in Harare. Stratified sampling was done to select the different mix of retailers. Judgmental sampling was also used to target the management personnel of the shops because of their knowledge of the operations of the shops. A total of 40 questionnaires were distributed and 37 were responded to. Questionnaires were deployed and personal interviews were also held during the research.

The results of the study showed that the introduction of the restriction became a double edged sword as it were; prices of commodities increased, corruption increased, supply lead time increased, smuggling at ports of entry increased as well as the increased informalisation of the business sector. At the end of the study, recommendations are made to different stakeholders involved such as the government and the Confederation of Retailers Association of Zimbabwe.
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<td>ANOVA</td>
<td>Analysis Of Variance</td>
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<tr>
<td>SPSS</td>
<td>Statistical Package for the Social Sciences</td>
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<td>COMESA</td>
<td>Common Market of Eastern and Southern Africa</td>
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<td>CZI</td>
<td>Confederation of Zimbabwean Industries</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<tr>
<td>ECOWAS</td>
<td>Economic Community of West African States</td>
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<td>EU</td>
<td>European Union</td>
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<tr>
<td>KFC</td>
<td>Kentucky Fried Chicken</td>
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<td>NIPC</td>
<td>National Incomes and Price Commission</td>
</tr>
<tr>
<td>PESTEL</td>
<td>Political, Economic, Social, Technological, Environmental and Legal</td>
</tr>
<tr>
<td>RBZ</td>
<td>Reserve Bank of Zimbabwe</td>
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<td>SADC</td>
<td>Southern African Development Community</td>
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<tr>
<td>SAPRIN</td>
<td>Structural Adjustment Participatory Review International Network</td>
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<td>SI</td>
<td>Statutory Instrument</td>
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<td>SSA</td>
<td>South Saharan Africa</td>
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<td>STERP</td>
<td>Short Term Emergency Recovery Programme</td>
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<td>WTO</td>
<td>World Trade Organization</td>
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<td>ZIMRA</td>
<td>Zimbabwe Revenue Authority</td>
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CHAPTER ONE

INTRODUCTION AND BACKGROUND

1.1 Introduction

This chapter explores the background, the problem statement, objectives, and the justification of the study. The first part provides an introduction and definitions of key terms. The second part will focus on the background of protectionism in Zimbabwe since 1980. The third part will deal with the problem statement followed by the objectives of the study, research questions, and justification of the study and significance of the study. The final part will give the summary of chapter 1.

This study seeks to investigate the effects of Statutory Instrument 64/2016 (SI64/16) (trade policies) in terms of Chapter [14:05] Control of Goods (Open General Import Licence) (No. 2) (Amendment) Notice, 2016 (No. 8) on the retail sector in Harare covering July 2016 to February 2018. It seeks to explore whether the promulgation of the statutory instrument had any effects on retail sector sustainability through examining the supply of domestically manufactured commodities trends to the retail sector.

Protectionism is an economic policy of restraining trade between nations through various ways which include tariffs on imported goods, restrictive quotas among others (Fouda, 2012). Governments embark on protectionism policies for different reasons, some which include prevention of foreign take-over of local markets and companies. Efere (2002) states that, a government applies protectionist policies for national security – defense reason, infant industry argument, strategic trade policy, inequalities of conditions and child labour argument. Trade policies can have either advantages or disadvantages. Whilst Zimbabwe is protecting its infant industries, the world is moving towards free trade because of globalization. Protectionism violates a number of regional agreements, which includes the Southern Africa Development Corporation (SADC) Preferential Trade Area, and other bilateral agreements Zimbabwe is a signatory to. Free trade is a system where trade between countries is unhindered by any government-imposed restrictions.
Dyllick and Hockerts (2002) defines business sustainability as managing the triple bottom line, which is a process by which companies manage their financial, social and environmental risks, obligations and opportunities. These three impacts are sometimes referred to as profits, people and planets. Business firms are placing increasing emphasis on sustainability, which implies a simultaneous focus on economic, social, and environmental performance Colbert and Kurucz (2007).

Statutory Instrument Number 64 of 2016 (SI64/2016) is a protectionist policy which amended Statutory Instrument 8 of 1996 (SI 08/1996), which makes legal provision for the control of Goods (Imports and Exports) at the ports of entry. The SI 64/2016 adds a list of imported goods to the existing schedule of controlled imported goods as contained in a notice of SI08 of 1996. The SI64/2016 is not a total ban, but it seeks to limit the imports of finished goods through licensing. The distinction between a ban and a limit seem not to have been well understood by the public and some in the business fraternity. SI64/2016 covers a list of imports, mostly finished goods, which can now only be imported under permit contrary to the previous liberal trading regime. Its objective has been to stem foreign exchange outflows, whilst at the same time seeking to extend some measure of protection to the domestic industry where capacity utilization had collapsed to 34.3% in 2015 (CZI, 2015).

1.2 Background of the study

Throughout the world, the retail sector plays an important role as a contributor to the Gross Domestic Product (GDP) of many countries. It also employs a very large workforce. However, several factors in the macro-environment affect the retail sector and are going to shape its future. In order to exploit the changing demographic and economic trends, the retailers are expected to make better use of technologies like cognitive and artificial intelligence to better serve their market share. The PESTEL analysis shows various forces which affect the retail sector.

Retail business sustainability is a function of the Political, Economic, Social, Technological, Environmental and Legal factors, as depicted in equation (i) below.
Retail Business Sustainability = f(Political, Economic, Social, Technological, Environmental, Legal)(i)

Political factors like government policies and regulation of the retail industry affect its revenue and profitability. The political environment affects so many things including economic environment of a nation and international supply chains of businesses. Political stability positively affects business mainly because political disruption leads to the disruption of supply chain and sales. Moreover, political issues can also become hindrance to smooth business operation. The peaceful transition of the new political regime in November 2017 ushered a new era of investor confidence in Zimbabwe. Many investors are starting to revive their interests in the country, which will bring in the much-needed foreign currency to revive Zimbabwe’s local industries. Investment increases as a country experiences a stable political environment. The retail industry being one of the biggest industries in any economy will undoubtedly experience a rise in sales, which translate, to profits and sustainability.

Economic factors play an important role in the context of trade and business. The state of the economy affects the sales and profits for the retail industry. Economic growth means that people are going to spend more on shopping, the better the shape of the economy and the higher will be the revenue and profits for the retail brands. Zimbabwe has been riddled with economic downturn since around 2004 and it piqued around 2008. Many consumers’ purchasing decisions changed to buying for survival, necessities and not for luxury. The unemployment rate in 2017 according to the Zimbabwe Congress of Trade Union was 90%. Basic commodities therefore became the order of the day. When the economy plunged, an underground economy emerged where retail items were sold on the streets of Harare. Many people were turned into vendors as many companies either shut their doors or retrenched workers. The sale of secondhand clothing plummeted. As a result a lot of retail shops selling groceries and clothing suffered and a good number closed shops as many people were turned into vendors.

Technological factors are important whether in terms of supply chain, customer service or sales. The growth of digital technology has also increased the number of players in the retail industry. Technology affects several things including user experience. In Zimbabwe in terms of technological advancement, the retail industry is still found wanting. There may be need to
enhance user friendly shopping without physically entering the retail shop. In order for the retail sector to experience longevity of their activities, there may be need to adopt new technological advancements to better the business in terms of the sales.

Like the other industry sectors, the retail sector is also affected by the sustainability concerns. Packaging, waste reduction, renewable energy and several other concerns related to sustainability are there before the retail sector.

The legal factors are also important for the retail sector. There are so many laws related to business and employment that affect it. Labour laws particularly affect retailers who have to maintain low prices to remain competitive. When the country experienced the economic meltdown, many retailers were stuck with unwanted labour-force as they were struggling to make ends meet. A lot of contracts were permanent contracts which made it difficult for most retail owners to offload staff as profits had dwindled. Apart from that, the other laws like importation permits, tariffs, quotas and embargoes also affect the retail sector sustainability. Equation (ii) below indicates factor which affect the supply of commodities to the retail sector.

\[ \text{Supply of commodities to the retail sector} = F \{ \text{foreign products, domestic products} \ldots \} \quad \text{(ii)} \]

However, it must be noted that, supply of foreign products to retail sector depends on various factors as indicated in equation (iii) below.

\[ \text{Supply of Foreign products} = F \{ \text{Regulatory environment, economic environment} \ldots \ldots \ldots \} \quad \text{(iii)} \]

The economic factors play an important role in trade and business. Governments get revenue from the customs duties to sustain themselves. They impose protectionist policies, in order to regulate businesses. This regulation through the use of protectionist tools such as tariffs, quotas, embargoes, and permits affect the supply of commodities available for the retail sector. Therefore, supply of commodities is a function of the regulatory environment. Highly regulated areas cease to be areas of competitive advantage in attracting consumers because consumer views on the retailers’ activities are affected by the level of regulation. Retail sector sustainability is mainly affected by issues to do with pricing and disposable incomes therefore; restricting supply through the use of
protectionist policies will promote inefficiencies from domestic producers. This will in turn lead to price increases, which affects consumer welfare and continuity of the retail business.

The official position on trade was liberalized in the late 1990s, yet in practice the government seemed to have taken several measures that indicated trade policy reversals. These included the tariff rationalization of 1998, Zimbabwe’s mid-loading of tariffs within the SADC trade protocol, the removal of several tariff exemptions, and the proposed reintroduction of price controls SAPRIN, (2004: 45–6). As a result, manufacturing output and exports declined, hence affecting the supply of commodities to the retail sector as well as its sustainability. Resultantly, the disruptive economic environment, inadequate infrastructure, high operational costs and the poor business climate adversely affected investment in the key export sector. After many years of falling output and hyperinflation, Zimbabwe adopted the multiple currency system and liberalized the economy through the implementation of policies under the STERP in 2009. Supply of commodities to the retail sector improved which enhanced sustainability of retail sector operations. During the period 2009 to 2013, the economy witnessed a positive growth in economic activity averaging 8% per year. However, the adoption of multiple currencies exposed the economy to various vulnerabilities which included externalization, exchange rate risks, and competitiveness challenges for local products, liquidity challenges and foreign currency shortages.

The USAID (2016) draft report on the review of the impacts of statutory instrument 64 of 2016 showed that exports were stagnant since 2012, and were showing a marginal decline in the years that followed. This according to the report is a reflection of the un-competitiveness of domestic industry and the depreciation of the Rand, which had made exports to South Africa, the main export market, more difficult. Imports surged in the aftermath of the introduction of the multi-currency regime. However, since then they have shown a declining trend but still remain at very high levels, causing a trade deficit of between $2 billion to $2.5 billion in recent years. This huge trade deficit may be been one of the major factors underlying the current liquidity crisis USAID draft report of 2016.
In the 11 years preceding the National Policy, according to the National Trade Policy (2012-2016), overall exports continued to decline in both value and volume compared to the 1990s. Export earnings took a plunger by 49% from a peak of US$2.6 billion in 1997 to around US$1.3 billion in 2006. The import fiscal bill of the same period escalated from US$2.2 billion to US$2.7 billion. A negative balance of trade has been experienced by Zimbabwe’s economy since 2002. South Africa over the years has been the country’s biggest trading partner with Zimbabwe exporting about 40% and importing 60% and the second being the EU followed by China now. As a result of the policies, the economy experienced a negative trade balance as indicated in Figure 1 below:

![Zimbabwe’s Trade Performance (2009-2017)](image)

**Source:** Reserve Bank of Zimbabwe, Balance of Payments: 2009 – 2017 Est.

In order to address these challenges, government reintroduced protectionist policies through SI 64/2016 which meant to temporarily restrict importation of certain goods so as to promote the resuscitation and growth of local infant industries. The rationale behind the temporary restriction on specified commercial goods was to expand the domestic production.
1.2.1 Statutory Instrument 64/16 explained

In response to the deteriorating balance of trade, the Government of Zimbabwe through the Ministry of Industry and Commerce responded by gazetting Statutory Instrument No 64 of 2016 (SI64/2016) as an amendment notice to Statutory Instrument 8 of 1996 (SI 08/1996). The SI64/2016 adds a list of imported goods to the existing schedule of controlled imported goods as contained in a notice of SI 08 of 1996. This provision is legally permissible in the domestic setting under the Control of Goods (Imports and Exports) (Commerce) Regulations of 1974. The SI64/2016 is not a total ban, but it limits the imports of finished goods through licensing.

The SI covers a list of imports, mostly finished goods, which can now only be imported under permit contrary to the previous liberal trading regime. Its objective has been to stem foreign exchange outflows, whilst at the same time seeking to extend some measure of protection to the domestic industry where capacity utilization had collapsed to 34.3% in 2015 (Confederation of Zimbabwe Industries (CZI), 2015).

It is pertinent to note that the SI instrument currently under study is not the first to be promulgated by the Zimbabwean government. A number of instruments such as SI120/14 which controlled the importation of plastic packaging, hoses, conveyor belts among other things, SI120/16 control the importation of second hand clothing and shoes. SI19/16 controls the importation of batteries, floor polish, twine, candles and other things and SI18/16 which controls the importation of pharmaceutical products.

Some of the products covered under SI64/2016 regulation include: Coffee creamers; Camphor creams; Plastic pipes and fittings; Metal clad insulated panels; Baked beans and potato crisps; Cereals, bottled water, mayonnaise, salad cream, peanut butter, jams, maheu, canned fruit, vegetables, pizza base, yoghurts, flavored milks, dairy fruit blends, ice creams, cultured milk and cheese; Second hand tyres; Baler and binder twines; Fertilizers (urea and ammonium nitrate), compounds and blends, tile adhesives and tylon, shoe polish, synthetic hair products; Flash doors, beds, wardrobes, bedroom and dining room sets, office furniture and tissue wading; and Woven fabrics of cotton.
The SI 64/2016 and the prevailing liquidity challenges narrowed the trade balance deficit in 2017 as depicted in Figure 1 above. It is against this background that the study seeks to investigate the effects of SI64/2016 on the retail sector sustainability in Harare during the period beginning July 2016 to February 2018. A recent development to note by the writer is that interestingly in September 2017, the Ministry of Industry and Commerce consolidated the above fragmented SIs namely SI120/14, SI120/16, SI19/16, SI18/16 and SI64/16 into one thereby birthing SI122/17 the Financial Gazette (2017).

1.2.2 The Zimbabwean Government rationale

The government of Zimbabwe in an effort to reduce the trade deficit promulgated the statutory instrument 64/2016. The instrument is an import quota which came in to regulate the influx of imports into the country. It now requires an import license for certain finished goods which are also available on the domestic market. This quota is a physical limit to on the quantity of goods imported into the country’s market. The primary goal for such a quota is the reduction of imports to increase the domestic production and ultimately protect infant industries.

Due to a number of crippling factors such as obsolete machinery, a high influx of cheap goods into the country among other things, the domestic market was seriously being eroded due to the trade deficit that had been experienced from early 2000. A lot of cheap goods especially from the Asian economies also crippled the local industries. The resuscitation of the clothing industry in particular is an uphill task at the moment. This is due to the fact that a lot of the imported goods are made in countries where the cost of production is very low hence the local industries are failing to compete due to the local high cost of production.
In Zimbabwe, there are different categories under which the retail sector operates. These include the following:

i. **Food Outlets** (Chicken Inn, Chicken Slice, KFC etc);

ii. **Supermarkets** (OK Zimbabwe, Choppies, Pick n Pay, Spar, Bon Marche etc);

iii. **Hardware** (Bhola Hardware, Transerve, Nongerai Hardware; Nations Hardware and Electricals etc);

iv. **Clothing and Footwear** (Jet, Edgars, Truwoths, Powers Sales, Bata etc); and

v. **Furniture and Home Appliances** (TV Sales and Home, OK Mart, Coloursell furniture, Nyore Nyore Furnitures etc).

### 1.3 Statement of the problem

Whilst the SI64/2016 was a meant to substitute imports for locally produced commodities on the local market, it has been observed that, foreign commodities continue to dominate locally produced commodities in the retail sector with more of the percentage being imports, albeit efforts by government to promote local products through programs such as the Buy Zimbabwe campaign as well as efforts to reduce smuggling at ports of entry. Furthermore, it is not clear whether the SI64/2016 has enabled domestic producers to increase their output to supply the retail sector with commodities to meet its long-term objective of business continuity without adversely affecting prices. There seems to be little or no literature on the effects of protectionism on the retail sector sustainability in Zimbabwe. The literature available on protectionism focuses on the effects of SI64/2014 on Zimbabwe’s neighbouring countries by Murangwa and Njaya (2016). This study will therefore investigate the effects of SI64/2016 as a tool for protecting the local industry and supplying the retail sector with locally produced commodities to ensure business sustainability of the retail sector.
1.4 Purpose of the Study

The purpose of this study is to investigate the effects of SI64/2016 on the retail sector sustainability in Harare. There is not much empirical literature that has been published to fully understand the extent to which the protectionism affects sustainability of the retail sector in Harare.

1.5. Research Objectives

The main objective of the study is to find the effects of SI64/2016 as a protectionist tool on the sustainability of the retail sector in Harare. The following are the specific objectives of the study:

1.5.1 To investigate the effects of SI64 on the supply of commodities to the retail sector;
1.5.2 To assess the effects of SI64 on the retail prices in Harare;
1.5.3 To explore the sustainability of the retail sector after the introduction of SI64; and
1.5.4 To make recommendations that can minimize the negative effects of SI64/2016 (protectionism) on the sustainability of the retail sector?

1.6 Research Questions

This study seeks to answer the following research questions;

1.6.1 What have been the effects of SI64/2016 on the supply of commodities to the retail sector in Harare?
1.6.2 What have been the effects of SI64/2016 on the retail prices of commodities in Harare?
1.6.3 Has the introduction of SI64/2016 had any effects on the sustainability of the retail sector in Harare?
1.6.4 What strategies can be adopted to minimize the negative effects of SI64/2016 (protectionism) on the sustainability of the retail sector?
1.7 Research Hypothesis

H0: Protectionism has a positive effect on the sustainability of the retail sector in Harare; and

H1: Protectionism has a negative effect on the sustainability of the retail sector in Harare.

1.8 Justification of the study

This study seeks to contribute and give some insights to the existing academic debate concerning the effects of protectionism on the retail sector sustainability in Zimbabwe. The study is inspired by the fact that a lot of literature on the matter has focused mainly on the effects of protectionism on trade. The study will provide policy makers with evidenced based recommendations as they try to turn around the Zimbabwean economy.

The retail sector contributes to the national income through the distribution sector under the national accounts making it an important industry in the economy. The study proffers policy recommendations and literature on how protectionism affects the sustainability of the retail sector as well as the economy. In particular, this study will assist policy makers in crafting sound policies to improve the economy.

1.9 Assumptions

1.9.1 Topic Assumption

The study will assume that the implementation of SI64/2016 will continue during the course of the study.

1.9.2 Theoretical Assumption

The study assumes that all the assumptions of protectionism theories will hold.
1.9.3 Methodological assumption

Given that the research will use interviews, it will be assumed that all interview participants will be telling the truth when answering both the oral interviews and the questionnaires. Furthermore, the study assumes that the participants are literate and conversant with the subject matter, and are therefore able to answer questions from both oral interviews and questionnaires.

1.10 Scope of the Study

The research mainly focused on the effects of SI64/2016 on the sustainability of the retail sector in Harare. Therefore, the study will focus on the Harare geographical area. The study will target the major retail shops in Harare as the target population. This is because Harare is the capital city of the country and houses the majority of retailers with different mixes. The respondents of the study will be the Confederation of Retailers Association of Zimbabwe.

1.11 Limitations of the study

The study will be carried out over a period of four months, which is rather a short period to conduct a research of this magnitude. However, to overcome this problem, the researcher will administer the questionnaires through e-mails to avoid delays associated with physical visits. Furthermore, the researcher will interview some prominent retailers and use internet searches to check on the literature on the effects of protectionism on the sustainability of the retail sector in Harare. Secondly, the issue of financial resources will affect the smooth conduct of the research. Budgetary constraints explain why the study has been limited to Harare only. However, Harare may not necessarily be representative of other provinces of the country. Qualitative research can be time consuming considering that questionnaires will be administered to a relatively bigger number of participants. Some participants may also be reluctant to give honest responses to questions asked during in-depth interviews. Above all, it may be difficult to access certain confidential information, from the Confederation of the Retailers Association of Zimbabwe. Retailers are unlikely to disclose their profitability positions, sources of foreign currency and alternative sources of
commodity supply. Such information is critical in examining the effects of protectionism on the retail sector sustainability in Harare.

1.12. Ethical Considerations

The research should adhere to professional and ethical consideration during the conduct of the research. Ethics is a code of conduct that is considered correct by the society Pera and Van Tonder, (2005). In that regard interviews should be held, and questionnaires should be administered after explaining that the research is purely for academic purposes, and all information gathered will be treated as confidential. Permission should therefore be sought by the researcher, and granted by those being researched upon. Human rights should be respected, and no coercion should be used to extract information from respondents. Questionnaires should therefore have no provision of including names or any personal information of the respondents. All the information accessed from other authorities for use in this research study the must be acknowledged.

1.13 Chapter Layout

1.13.1 Chapter 1 Introduction and background- This chapter explains the statutory instrument and the context of the problem surrounding its promulgation.

1.13.2 Chapter 2 Literature Review- This chapter discussed previous studies done on SI 64/2016, recent developments and also identification of gaps leading to the study.

1.13.3 Chapter 3 Research Methodology- This chapter describes the actions which will be taken and the rationale for application of specific procedures and techniques.

1.13.4 Chapter 4 Data analysis and Presentation- This chapter answers the research questions through the use of appropriate tools which will determine the relationships.

1.13.5 Chapter 5 Conclusions and Recommendations- These are logical deductions basing on data
collected which includes a comprehensive summary of the findings. Opinions supported by
the findings by the researcher will be advanced to the key stakeholders as recommendations.

1.14 Chapter Summary

This chapter provided the introduction to the research study. The background of the study
discussed the overview of protectionism in Zimbabwe since 1980 and the effects to retail sector
sustainability. The statement of the problem was also highlighted to show the thrust and heart of
the study. The research objectives, research questions and the significance of the study were also
articulated in this chapter. The next chapter will concentrate on the literature review which will
support the identification of research questions highlighted in chapter one.
CHAPTER 2

LITERATURE REVIEW

2.1. Introduction

This chapter discusses what is already known about protectionism on the sustainability of government policies and the gap that this study attempts to close on the effects of protectionism on the sustainability on the retail sector in Harare. Literature review is an assessment of the current knowledge in a particular field of study (Cano, 2002). Muranda (2003) emphasizes that a dissertation should not only articulate own findings, but should reflect that the researcher has read past works from other researchers on the subject matter he or she is researching.

Literature review is important in research as it demonstrates the researcher’s understanding of current events and how the study in question will fit into the wider context, Saunders and others (2009). This chapter contains literature review as derived from research and works by other researchers obtained from journals and the internet. Rationales of protectionism will be discussed as well as theoretical review and the conceptual theory. This chapter will also delve into the empirical evidence as it relates to protectionism in the region and also internationally. The chapter ends with an analysis of the concept and then the chapter summary.

It is critical to breakdown the literature review into conceptual, theoretical, and empirical literature reviews for a better understanding of the causes of the effects of protectionism on the retail sector sustainability in Zimbabwe. The conceptual literature review is a synopsis of the researcher’s understanding of what literature review is all about. Theoretical literature review is basically the input from what economic theory says on the subject matter that is being researched, where grounded theory already exists. Empirical literature review focuses on published studies and findings by peer reviewed and renowned authorities of the subject under discussion as it happened in other jurisdictions. Empirical literature review is therefore a point of reference for interpreting what other researchers have already found on the subject under research, which will help to refine knowledge, and eradicate the knowledge gap that existed prior to the research. This gives
credibility in the evaluation of research findings, as these are benchmarked against empirically proven data.

2.2 Forms of protectionism

Protectionism is not a new phenomenon around the world. It has and may be implemented in numerous ways depending on the objective of the government concerned. All forms of protection are intended to improve the position of a domestic relative to foreign producers. This can be done by policies that increase the home market prices of the foreign product, decrease the costs of domestic producers or restrict access of foreign producers to the home market in some other way. Some of the forms advanced over the years are tariff and also non-tariff barrier Kommerskollegium, (2009). The tariff barriers range from quotas, subsidies and exchange controls.

a) **Tariffs**- These are taxes imposed on goods entering a country from outside countries. Tariffs result in higher prices and have been the most common form of protection for the domestic producers. Tariffs have been popular with governments because it appears that the tax is being paid by the foreigner who wishes to sell his goods in the home economy and because the tariff revenue can be used to finance government services or reduce other taxes;

b) **Quota**- A quota appears to be a sensible alternative to a tariff when the intention is to restrict foreign producer’s access to the domestic market (Henn *et al*, 2014). Importers typically are limited to a maximum number of products that they can sell in the home market over a specific period. A quota, similar to a tariff, cause prices to increase in the home market. This induces domestic producers to increase production and consumers to reduce consumption. One difference between the two is that, the tariffs generate revenue for the government, while quotas generate a revenue gain to the owner of import licenses. Consequently, foreign producers might capture some of the revenue;

c) **Subsidies**- This is a system where domestic producers are subsidized by the government for example special tax incentives on a specific industry or financial assistance to increase exports. Subsidies can be focused upon an industry in general or upon the export activities
of that industry. In subsidies the government pays out money while in tariffs, it generates money;

d) **Exchange control**- This is a restriction of foreign money required to buy foreign goods by a nation. This can be done by holding the exchange rate down thereby restricting foreign investments thus benefitting domestic growth. Some argue that it is difficult to sustain; and
e) **Regulatory barriers**- These take form of product standards. They appear in various forms and are used for many purposes. The standards can be used to serve the public interest by ensuring that imported food products are processed according to acceptable sanitary standards.

### 2.2.1. Rationales for Protectionism by different governments

a. **National security/ national defense**

Under this, a country protects its industry for the need to maintain an adequate national defence. The argument has been used to justify complete sufficiency or protection of any industry Ma and Lu (2011). Coughlin, Chrystal and Wood (2000) also reiterate that import barriers are necessary for the production of crucial goods in a national emergency. This argument ignores the possibility of purchasing from those countries which are friendly during times of war or other emergency.

b. **Infant industry**

Under this argument, young and new industries with a potential comparative advantage need to be protected from foreign competition. The local industry will strive to reach economies of scale to be able to compete well on the international market. This argument also helps local producers to improve products and take advantage of new technology without outside competition Ma and Lu (2011). It is said that once the local industries reach the level of competitiveness desired for the international market, free trade will be restored. The danger is that after having enjoyed the protection from competition, free trade may be resisted according to Coughlan, Chrystal and Wood (2000). Coughlin et al. (2000) argues that, while the reduction in imports increases employment in industries that produce similar products to the previously imported goods, the reduction of exports decreases employment in the export industry. Coughlin et al (2000) also argues that, the infant
industry argument is not the best way because the removal of the restriction is frequently resisted as the industry grows and its political power also grows to thwart opposing legislation.

c. Diversification argument

This argument encourages protectionism to enable local industries to diversify products so that in the end there are several streams of income and also to lessen any export income instabilities. This argument is said to stem from developing countries especially on agriculture and or mineral products. The diversification for domestic growth is premised upon the balancing economic growth Ma and Lu (2011).

d. Protection of jobs argument

The production of jobs argument is closely related to the balance of trade argument (Kommerskollegium, 2009). Since a reduction in imports via trade restrictions will result in a similar reduction in exports, the overall employment effects. A domestic industry faced with increased imports from its foreign competition is under pressure to reduce production and lower costs.

e. Balancing the balance of trade argument

Many countries enact protectionist trade policies in the hope of eliminating a balance of trade surplus (Henn, et al, 2014). The desire to increase a balance of trade surplus follows from the Mercantilist view that larger trade surplus are beneficial from a national perspective.

2.3 Regional Trade Agreements

Zimbabwe is a member of various trade agreements with many other African and European countries which seek to encourage free trade. Such agreements are the World Trade Organisation (WTO), Common Market of Eastern and Southern Africa (COMESA), Preferential Trade Areas (PTA), Southern Africa Development Community (SADC), East Community of West African States (ECOWAS) and East Africa Community (EAC). Zimbabwe has stronger ties with SADC countries by virtue of its location.
There are two blocs in Southern Africa namely SADC and COMESA. SADC has 15 member countries and its main objective hinges on free trade. SADC encourages more intra-trade than with the rest of the world. The Windhoek Declaration of 1992 established SADC. COMESA has 19 member countries and the COMESA Treaty of 1993 established it. The key objective of COMESA is that members cooperate in the creation of an enabling environment for foreign, cross-border and domestic investment. Under Article 2 of the SADC Protocol on Trade, the first and fifth objectives state that to further liberalize inter-regional trade in goods and services on the basis of fair, mutually equitable and beneficial trade arrangements, complimented by protocols in other areas; and establish free trade in the SADC region, respectively (Protocol on Trade in the Southern African Community, 1996:7-8). The article calls for the refraining from implementation of new non-tariff barriers.

2.3.1 Effects of SI64/16 on regional partners

Article 20 of the SADC Protocol on Trade allows Community members to use safeguard measures to protect domestic industry from serious injury or threat of serious injury. The injury should be determined in accordance with Article 4 of the WTO Agreement on Safeguards. The period to remedy the injury should not exceed 4 years unless competent authorities deem it fit to be extended SADC Protocol on Trade (2014).

SADC countries which were affected by the restriction and were vocal were South Africa and Zambia. A formal complaint was launched by Zambia to SADC and COMESA numbered NTB 000721 which was presented at the 5th meeting of COMESA in Nairobi on the 23-25 August 2016. The complaint was premised on the fact that Zimbabwe wanted to control the volume of imports exported to Zambia. According to the Financial Gazette 8 September 2016, the Executive Director of the Zambian Manufacturing Association (Nsupila) reiterated that Zambia could retaliate by restricting importation of key products from Zimbabwe Stanley and Tavonga (2017).

In South Africa however, many South African business people made attempts to derail the implementation of the SI and the attempts became physical with the burning of offices at Beit Bridge border post as reported by the Herald 0f 2 July 2016. The issue of the implementation of the SI Zimbabwe was brought before the SADC Conference held in Swaziland from the 22-31
August 2016 where SADC deliberated on it and engaged experts to ratify the impasse between Zimbabwe and its trading partners. The bone of contention was that Zimbabwe though allowed by Article 20 of WTO et al to employ safeguard measures to protect its local industries, the issue was that Zimbabwe had failed to follow the laid down procedure on implementation of the safeguard.

### 2.4 Theoretical concepts

#### 2.4.1 Classical – Mercantile Theory

Developed in the 16th century and it stated that a country’s wealth is determined by the amount of its gold and silver in the reserves. According to the theory, a country should increase its holdings through exports hence less imports and trade surplus. In the 1500, new nation states like Britain whose rulers wanted to strengthen their nations by building larger armies and state institutions. This they did by increasing their wealth’s growth by introducing restrictions on imports hence the birth of protectionism. Britain sought to increase in wealth by using materials from the Americas and India Cletus et al (2017). Even today such concept is still being practiced by a number of countries such as Japan, Singapore, Taiwan and Germany who have protectionist policies in place, restrictions and domestic industry subsidies. Of late, countries like Britain and the United States of America are now inward looking as opposed to outward looking, all being done through protectionist policies.

#### 2.4.2 Modern Theory

The theory was developed in contrast to the classical theory and was developed after the World War II. It evolved with the growth of multinational companies as the classical fell short to adequately address the expansion of multinational companies or intra industry trade between 2 countries for example where Japan exported Toyota to Germany and imported Mercedes Benz. Amongst the proponents of this theory is David Ricardo’s theory of comparative advantage.

In today’s world, a country’s products must stand up to international competition if they are to survive. Over time, this requires that they hold their own competition for successful innovations.
Protection that is high enough to confer a national monopoly reduces the incentive for forms to fight to hold their own internationally. If any one country adopts high tariffs unilaterally, its domestic industries may become less competitive. Secure in its home markets because of the tariff wall, the protected industries may become less and less competitive in the international market. As the gap between domestic and foreign industries widens, any tariff wall will provide less and less protection. Eventually, the domestic industries will succumb to foreign competition. Hence, this study seeks to investigate the effects of protectionism (SI64/2016) on the sustainability of the retail sector in Zimbabwe.

2.5 Conceptual framework

2.5 Business sustainability in the retail industry

A long history surrounds the issue of sustainability and the predominant definition was introduced by the Brundtland Commission’s report of 1987. The report defines sustainability as meeting the needs of the present without compromising the ability of future generations to meet their own (Petrini and Pozzebon, 2010). A sustainable enterprise will comprise of economic, social and environmental benefits simultaneously. The economic performance means both the short and the long term financial success of the organization. The concept recognizes that corporate growth and profitability are important. Organizations have now come to embrace that for business sustainability to be achieved, there is need for them to embrace the societal expectations in the community they do business in, the environmental aspect, green revolution and the economical factor where profitability is also important (Bielak, Bonini and Oppenheim, 2007). There is no philanthropy in business hence the primary goal is to make profit.

The World Trade Organisation (2011) acknowledged international trade as a key component of sustainable development at both the Rio +20 and Johannesburg conferences. Principle 12 of the Rio Declaration (Rio +20) resolve was that trade measures with an impact on environmental purposes did not constitute means of arbitrary or unjustifiable discrimination disguised restrictions on international trade. The other resolve was to avoid trade tensions.
The economy, against the background of teething problems such as closure of manufacturing industries, obsolete equipment, flooding of cheap imports and ineffective trade policies among other things, the issues are whether the protectionist measures will promote business sustainability in the retail industry. The biggest question is whether local producers will be able to effectively and efficiently supply the retail sector without affecting the consumer welfare and the sustainability of the retail sector? The consumer welfare and the retail sector sustainability is affected by various factors which includes availability, affordability of commodities and operations of the retail operators.

The diagram overleaf is a representation of the conceptual framework indicating the independent variable in the form of protectionism (import restrictions, import licenses) which results in benefits such as increased GDP, anti-dumping of goods, sustainability in the retail industry, and resuscitation of manufacturing industries, low cost pricing structure and creation of employment affect. The diagram also shows how the relationship between the independent and dependent variables can be affected by a number of issues.
2.5.1 Availability of Commodities

In relation to commodities, a product is defined as a physical product or service to the consumer for which he is willing to pay. The product can be tangible or intangible (Singh, 2016). The product mix and its availability therefore have a direct impact on the products’ demand. This is so when considering issues of storage costs. In case of retail, issues such as shelf space coverage, stocking levels, choice of product mix, product placement affects almost all retailers. The retail industry can influence consumer purchasing decisions about where, how, when and what to buy by optimizing over product mix and availability. Despite the key role of availability of products there seems to be little empirical evidence on its importance (Aleksandar, Nikola and Nenad, 2016).
the modern, retailers are increasingly being put in difficult situation as consumers expect both high quality and cost-efficient products. In order to maintain customer relations, retailers are forced to concentrate on their inventory management for customer satisfaction. Wild (2002) argues that, the key objective of inventory control is reflected in attaining the preferred level of product availability as a significant aspect of customer service.

Trautrim (2009) stipulates that, the fundamental performance indicator of the entire supply chain in the retail sector is product availability. Adequate availability of stocks raises the service quality levels and which will invariably have a positive impact on customer loyalty (Beneke, 2012), as well as the retail sector sustainability (Mittal, 2005). Stock-outs have a tendency of frustrating customers (Olofsson, 2006). Stock-outs negatively impact on the business and can lead to sale decreases as consumers may tend to give up, change the retail store or even opt for cheaper substitutes (Ehrenthal and Stolzle, 2013).

Aleksandar et al (2016) reiterate that, there are two types of stock-outs, temporary and permanent. The temporary scenario is when the goods have depleted on the shop shelves but other stocks are still available in the storeroom. Permanent stock-out is when the retailer cuts the supply from the manufacturer or wholesaler as a cost cutting measure.

2.5.2 Affordability of commodities

One of the most important elements in the marketing mix is the price because it increases both the profits and market share of a shop (Margarita, 2016). Pricing therefore becomes a crucial component in the retail sector due to its direct relationship with the shop’s goal. When looking to buy or sell goods, price is the easiest and quickest variable that can be altered.

The setting of price has to be balanced, the price should be high enough to allow for profits and yet low enough to be within the customers’ reach. When determining the pricing strategy of the product, costs associated with the products must be known. The ultimate price of the goods must cover the cost of obtaining the goods as well as expenses related to the operations of the business (Matthew, 2017). It must also be noted that the relationship of a product and its price is inverse, a
higher the price calls for a decline in sales. Price includes a fair assessment of the product itself hence the need for an effective pricing strategy.

2.5.3 Operations of the retail sector

Store operations concern activities that keep a shop functioning well. Such operations range from the store design, display, customer service, inventory optimization and dealing with supply chain management among other things. A retail store is a place where customers make decisions to purchase the product mix on offer. The store then becomes a critical or key asset in the retail business. It then goes without saying that the store has to be properly managed in terms of its operations to enhance sustainability (Singmonhanthi, 2012).

Retailers add value to products by making products available to the consumer at the right place, time and price. The aspects relating to the subject under study are inventory management and supply chain management. A balance should be set between selling and restocking. If there are problems in the supply management chain, it may make it difficult for consumers to get the desired products (Singmonghanthi, 2012).

2.6 Empirical Evidence on Protectionism

2.6.1 Protectionism in developed countries

The concept of protectionism as looked at from economist and historical perspective dating back to the mercantilist era in 1957. During the same year, France adopted protectionist tariffs to protect its Lyon silk from foreign silk. In the 1940s, Germany implemented a protective policy by creating the German Tariff Union (Zollerein) which removed tariffs among German nations and established joint commerce strategy against foreign countries (Durusoy, Sica and Beyhan, 2015).

Protectionism has had differing impacts in the developed world. In the United States of America in 1985, trade restrictions on 3 commodities such as clothing, sugar and automobiles resulted in consumer expenditure of US$14 billion (Coughlin, Chrystal and Wood, 2000). This meant that the domestic producers benefited from protectionist policies. The Swedish Board of trade (2016)
reported worrying indications that protectionism was on the rise despite the 2008 recession. After the 2008 recession, the G20 countries vowed to refrain from raising new barriers to investment or to trade in goods and services. This pledge was however not honored as more protectionist measures have been introduced by the countries. Many of the countries, in the spirit of protectionism resorted to discretionary and non-transparent measures instead of the traditional, transparent and well-regulated barriers. The Swedish Board of Trade (1972) reiterated that the Latin American countries recorded success stories of import restrictions with countries such as Brazil, Argentina and Mexico where import restrictions induced World War II.

Protectionism is said to have gained momentum in the 20 years between the first and the second world wars. Many European countries with England on the lead protected their economies by adopting strong quota to importation. During the Great Depression, United States of American government implemented excessively high custom taxes to protect baby industries as well as preventing unemployment rate to grow further. The crisis that hit the American mortgage market in late 2007 also affected the European economy resulting in the companies and banks going bankrupt, levels of unemployment rose as well as public debt and a decline in the countries’ GDP for countries such as Greece, Portugal, Italy and France. As a result many European Union countries adopted a number of protective measures to deal with the negative effects of the crisis (Durusoy, Sica and Beyhan, 2015).

The extent of harm caused by protectionism during the previous recession is unclear as countries which imposed the most discriminatory measures benefited. India for instance’s import volume as a percentage of GDP bounced back from their previous pre-crisis in 2010. Argentina was down by only 0.7% in 2008. Targeted countries for protectionism such as China’s exports dropped in volume by 0.4% in 2008 (Dadush, Ali and Odell, 2011). Although markets are more open and protectionism is now better contained than in the past, protectionism is far from extinct.

The European Union countries defend the free trade notion in their declarations but their policies spell out the opposite. The World Trade Organisation (WTO) report covering the years from 2005-2008 stated that the EU member countries ranked among the top in the list involving the countries applying trade delaying compensating custom duties even before the 2008 mortgage crisis upon the markets. Overall, the EU countries have implemented so far approximately 700 protectionist policies since 2008 as a way of dealing with the economic crisis.
Table 2.1: Protectionist measures as applied by developed and developing countries

<table>
<thead>
<tr>
<th></th>
<th>Developing Countries</th>
<th>Developed Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Import Taxes</td>
<td>49%</td>
<td>–</td>
</tr>
<tr>
<td>Subsidy and Other Support Package</td>
<td>31%</td>
<td>100%</td>
</tr>
<tr>
<td>Non-Tariff Barrier</td>
<td>11%</td>
<td>–</td>
</tr>
<tr>
<td>Import Ban</td>
<td>9%</td>
<td>–</td>
</tr>
</tbody>
</table>

*Source: Kaynak Gamberoni E. and New farmer R. Trade Protection, 2009*

Table 2.1 above, showed that the developed countries seem to use subventions and support their industries whereas the developing countries seem to lack a budget for subvention support and also to cover the debts incurred by such industries hence the increase in tariffs (Dadush, 2009).

In past decades, the world enjoyed unprecedented prosperity due to open border policies. However, the current wave of protectionism, with examples such as the United States President, Donald Trump’s announcements and policies and the increasing number of protectionist measures being filed at the WTO, is a major concern. Such issues raise a number of barriers that do not only jeopardize businesses operations as retail supply chains had become global and more complex. They also negatively affect the economic growth and competitiveness of all countries, and ultimately affect consumers and the retail sector sustainability by reducing availability and affordability of goods (Kommerskollegium, 2017). Trump’s commercial policy and Brexit have caused more damage than they delivered solutions. The actions are critical issues that need to be investigated as they are considered as a bump in the road of trade openness (Cletus etal, 2017).

Kommerskollegium (2017) noted that, competition is a positive driver, despite the current challenging business environment. To ensure retail sector sustainability, retailers need to adapt to the new reality to remain competitive. In addition, governments should ensure that no unnecessary regulatory barriers are imposed on the policy side, as sustainability remains a key driver of economic growth (Margulis, 2017).

Kommerskollegium (2017) states that, the trade should deliver social, environmental and economic benefits for everyone, that is for the *People, Planet and Profit*. Businesses should bring benefit to society and the environment. However, benefits will arise when the business has the
right framework to operate openly and sustainably. They would also require new levels of collaboration with other stakeholders, such as governments and civil society organizations.

2.6.2 Protectionism in developing countries

Trade is important for the South Saharan Countries (SSA). Most of these countries have had restrictive and distortionary trade policies until the 1980s. The desire for such policies was to protect domestic industries. This notion however has been argued by many economists who are of the view that trade restrictions are not the best way to support domestic producers (Ackah and Morrissey, 2013). Fasan (2015) indicated that the East African Community (Burundi, Kenya, Rwanda, Tanzania and Uganda) debated the ban on the importation of second-hand clothing in order to resuscitate the bloc’s garment manufacturing. Brooks (2016), however, argued that the restrictions on the second-hand clothing was not necessary as other sectors had to be improved also such as proper transport infrastructure, relief to cotton farmers among other things.

2.6.2.1 An analysis of Import restrictions in Nigeria

As of 2012, Nigeria prohibited the import of 24 groups of goods into the country. These range from food items, industrial items like bottles, textiles and medicines. According to Triechel, Cadot, Gourdon and Hoppe (2012), the effects of the restrictions have not yielded positive results but have plunged the country more deeply into poverty. These researchers argue that the import restrictions may not have been the way to go about improving the economy of Nigeria. Triechel et al, (2012), argue that firstly the restrictions reduced the welfare of the populace with many having been affected by the price increases of domestic products. Coupled with the pricing was the poor product mix, the goods now available were of a poor quality than expected on the market.

The import licensing had its own vices as the acquiring procedure had become corrupt with the relevant authorities having to give out licenses and in turn reap profits from corrupt dealings. It was an opaque way of issuing licenses. Many traders are believed to have dodged or circumvented the restrictions through smuggling. The implementation itself of the restriction means more work
for customs officials as they have to carefully inspect the goods at points of entries hence more
time is spent at the border by people to clear their goods. All this is said to have undermined the
competitiveness as delivery times become uncertain of critical inputs. Again the prices of
commodities went up as suppliers got fewer.

2.7 Critique of existing literature

Interest is drawn from the fact that there are few scholars or authors who support the concept of
protectionism but there is a lot of literature on free trade. While studies have been conducted on
the effects of protectionism by one nation on other nations, there are limited or no known studies
on the effects of protectionism on the retail sector. Murangwa and Njaya (2017) conducted a study
to evaluate the effects of SI64/2016 on Zimbabwe’s neighbours and found out that some firms in
the neighbouring countries scaled down or closed down operations as a result of SI64/2016. There
has not been a similar study on the effects of protectionism (SI64/2016) on the retail sector
sustainability in Zimbabwe. Kanyenze etal (2011) in the study Beyond the Enclave: Towards a Pro
Poor and Inclusive Development Strategy for Zimbabwe concluded that, conventional trade theory
begins with an economy which is competitive and small, such that individual consumers and firms
do not influence domestic prices and the economy cannot affect world prices. Kanyenze etal (2011)
argue that, free trade maximizes real national income by removing the constraint that domestic
production must match consumption patterns. With specialization in production for which there is
comparative advantage, the value of aggregate output at world prices is enhanced, while consumers
benefit by buying from the cheapest supplier worldwide. Thus, trade theorists emphasize
efficiency gains and opting to use programmes of adjustment assistance to help those adversely
affected. As a result, trade openness is viewed as enhancing retail sector sustainability. Empirical
evidence show that developed countries even though they favour free trade, protectionist measures
are also applied in such countries. The measures however may be selectively applied depending
on the country’s state of economy. In the European countries, it has been envisaged that if a super
economy is affected, it causes a ripple effect to the rest of the region hence protectionist measures
may be adopted by the rest of the countries. In the Southern region of Africa, it remains to be seen
whether protectionism is yielding the desired effects as most countries are signatories to the SADC,
COMESA, ECOWAS agreements which favour free trade and non-restrictions to trade barriers.
2.8 Chapter Summary

Literature has defined protectionism as all forms of protection intended to improve the position of a domestic relative to foreign producers. This can be done by policies that increase the home market prices of the foreign product, decrease the costs of domestic producers or restrict access of foreign producers to the home market in some other way. Some of the forms advanced over the years are tariff and also non-tariff barrier. Furthermore, literature has identified that protectionism affects the supply of commodities to the retail sector, as supply is a function of domestic and foreign products. In addition, literature has indicated that trade openness improves operational efficiency and effectiveness of businesses. However, there is limited literature on the effects of protectionism on the retail sector sustainability.
CHAPTER 3

RESEARCH METHODOLOGY AND DESIGN

3.0 Introduction

This chapter discusses the research design and methodologies that were used to collect data. The chapter presents a detailed description of research designs, population, sampling techniques, sources of data and questionnaire distribution. Data processing, analysis and presentation are also discussed. This research is both qualitative and quantitative in nature. Information was mainly obtained through questionnaires and interviews, with secondary data being used to validate findings. The objective of the research is to investigate the effects of SI64/2016 (protectionism) on the sustainability of the retail sector in Harare.

3.1 Research objective

The objective of this study is to explore the effects of trade policy restrictions on business sustainability paying particular attention to SI64/16 on the retail sector of Zimbabwe. The issue is whether protectionism will have a positive impact on the retail sector and that the same impact will lead to retailers’ business sustainability. This will in turn have the intended effect to contribute towards the country’s economic development.

3.2 Research Design

The key focus of methodological design is to ensure that the data collected and analysed assist in answering the research questions. A research design is a series of advance decisions that, taken together, comprise a model of how the investigation will be conducted (Bryman, 1988). A research design can be considered a blue print to guide the data collection, data processing and information transmission. According to Jankowicz (2000), research design is an extremely important element of the research process. The researcher agrees with the notion because most decisions about how the research was executed and how respondents
will be approached, as well as when, where and how the research will be completed are made at this stage. A research design is said to be an action plan linking research questions, data to be collected and the conclusions to be drawn from the research Rowley (2002). In research there are three types of approaches that can be used namely qualitative, quantitative and a mixed method approach. The researcher had to choose the type of research to follow after taking into consideration three things, the research problem, the researcher’s personal experiences and the intended audience of the report Creswell (2009).

On the current research problem of identifying the effects of the import restriction to the retail sector, a mixed method approach was used leaning more to a qualitative approach due to the real life phenomena experienced by the retailers at the time of the research. A deep sensitive understanding of the effects of the import restriction to the food and beverage sector and the construction industry was needed hence the qualitative approach. Maykut and Morehouse (1994) cover salient issues on the qualitative research. They state that qualitative research is exploratory in nature and it allows for the observation of new situations hence inductive. The writer employed a qualitative approach due to its descriptive nature which made the researcher to employ more of words rather than numbers and measurements. On the inception of the SI, many retailers’ reality changed which in turn affected their interpretations and perceptions as they were marred with confusion on the meaning of the same. This scenario among others made it relevant for the writer to employ a qualitative approach. Due to the research being a business research and it goes without saying that numerical statistics was involved hence a quantitative approach as well. The writer chose to triangulate in order to cover salient aspects of the data, to qualities the quantitative by explaining the reasons for the phenomenon which is not in the realm of deductive approaches.
3.2.1 Research Philosophy

A paradigm is defined as an overarching perspective concerning appropriate research practice, basing on ontology and epistemological assumptions O’Leary (2004). Another author defines paradigm as the net that contains a researcher’s epistemological, ontological and methodological premises which has a basic set of beliefs that guide action Guba (1990). The research paradigm is distinguished by the ontology and epistemology Wahyuri (2012). Additionally, in part, the philosophy which the researcher will adopt will be influenced by some practical considerations. Saunders et al (2007) discuss four research philosophies, namely Positivism, Realism, Interpretivism and Pragmatism. The four research philosophies, namely Positivism, Realism, Interpretivism and Pragmatism and how each of the four philosophies relates to the three ways of thinking about research philosophy; namely, Ontology, Epistemology and Axiology are tabulated hereunder.

Table 3.1: Comparison of Research Philosophies

<table>
<thead>
<tr>
<th></th>
<th>Positivism</th>
<th>Realism</th>
<th>Interpretivism</th>
<th>Pragmatism</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ontology</strong></td>
<td>External, objective and independent of social factors.</td>
<td>Is objective</td>
<td>Socially constructed and subjective</td>
<td>External, multiple.</td>
</tr>
<tr>
<td><strong>Epistemology</strong></td>
<td>Only observable phenomena can provide credible data and facts.</td>
<td>Observable phenomena can provide credible data and facts.</td>
<td>Subjective meanings and social phenomena.</td>
<td>Either or both observable phenomena and subjective meanings provide acceptable knowledge</td>
</tr>
<tr>
<td><strong>Axiology</strong></td>
<td>Research is carried out in a value freeway.</td>
<td>Research is value laden</td>
<td>Research is value bound.</td>
<td>Values play a significant role in interpreting results.</td>
</tr>
</tbody>
</table>


Saunders, Lewis, and Thornhill (2007) define research philosophy as the development of knowledge and the nature of that knowledge. They state that when embarking on any form of research, the researcher is precisely embarking on the development of knowledge in a particular field. This knowledge being developed may be either as dramatic as developing a new theory in a particular field or serve the relatively modest purpose of answering a specific research problem in a particular organisation or industry. Saunders, Lewis and Thornhill (2007) further assert that the
research philosophy adopted by the researcher will harbour essential assumptions about the way in which the researcher views the world, of which the adopted assumptions will further underpin the research strategy and the methods that the researcher will choose as part of the research strategy. Additionally, in part, the realism research philosophy was adopted as it is objective, observable phenomena can provide credible data and facts and that research is value laden.

This study adopted a realism research philosophy. The ontological view of this research is that, what the researcher views as the nature of reality in as far as protectionism and retail sector sustainability are concerned is objective. The adoption of the realism philosophy for the purpose of this study was that observable phenomena about protectionism concepts, guidelines and theories are understood to provide credible data and facts which aided in providing a convincing explanation of how protectionism (SI64/2016) affects retail sector sustainability in Harare. This, therefore, demonstrated the researcher’s view regarding what constituted acceptable knowledge, thereby spelling out the epistemological stance of the researcher. The research was value laden (demonstrating the researcher’s axiological position) in that the researcher was biased by pre-existing world views on what is believed are the effects of protectionism (SI64/2016) on the sustainability of the retail sector in Harare. The realism philosophy was adopted because of flexibility it offers to data collection techniques. The methods chosen for data collection in this study were centred on the need to fit the subject matter of protectionism (SI64/2016) and the retail sector sustainability in Harare and are therefore both quantitative and qualitative in nature.

3.2.2 Research Approach

Saunders et al (2007) highlight that research approaches are broadly categorised into either a deductive approach or inductive approach. The deductive approach is whereby the researcher develops a theory and hypothesis (or hypothesis) and therefore designs the research strategy to test the hypothesis. The other side, which is the inductive approach, is whereby the researcher collected data and developed a theory as a result of the researcher’s data analysis. Thus deduction is concerned with testing theory whereas induction is focused on building theory. This research was more tilted towards the inductive approach, albeit a combination of both deductive and inductive
approaches is traceable in the research. Induction has been adopted in so far as guiding the sampling decision of the retail sector to which questionnaires were sent with the aim of getting an understanding of how protectionism (SI64/2016) affects the sustainability of the retail sector in Harare.

The researcher’s task then was to make sense of the collected data by analysing it. The result of the analysis was therefore formulation of theory discussed in the findings section of this study, drawn heavily from the relationship between protectionism (SI64/2016) and retail sector sustainability. The inductive approach was also adopted because it accorded the researcher the opportunity to discover other contending reasons for the retail sector sustainability in Harare. Saunders et al, (2007) note that deduction is largely rooted in the natural sciences, therefore, the deductive approach may be criticized because of its tendency to construct an inflexible methodology that does not allow alternative explanations of phenomena. Notwithstanding this shortcoming, elements of a deductive approach emerge in this research because deductive approach was quicker to complete, as suggested by Saunders et al, (2007). Consequently, the research had to combine the two research approaches as the researcher could not create rigid divisions between deduction and induction insofar as the need to answer the research questions was concerned. Neither approach was thought of as more superior than the other as each was better at different aspects of the research.

3.2.3 Research Methods/Strategies

Saunders et al (2007) define a research strategy as a plan of action that gives direction to a researcher’s efforts, enabling the researcher to conduct research systematically rather haphazardly. It is a plan or scheme by which the activity of searching for and assessing information found is executed. This “plan of attach” can help the researcher to stay focused, reduce frustration and enhance the quality of the research and save time in the long run. Research strategies are usually mutually exclusive, and no strategy is viewed as inherently superior or inferior to any other (Saunders et al, 2007). The choice of research strategies is usually guided by research questions, objectives, and the extent of existing knowledge, the amount of time at the disposal of the
researcher, resources available and the philosophical underpinning of the researcher. Saunders et al (2007) identify seven most common research strategies, namely experiment, survey, case study, action research, grounded theory and ethnography. The researcher however chose to employ the survey strategy. Saunders et al (2007) note the survey research strategy is usually used in deductive research approaches. The survey was used because the research was exploratory in nature. A survey is popular with business research because they permit the collection of large amount of data in an inexpensive way, usually by making use of questionnaires that are administered to sample. The data collected was able to be standardised, which allowed for easy comparisons Saunders et al (2007).

The researcher used this strategy as it was seen as authoritative by respondents and it was easily understood and gave the researcher an overriding control over the research process. A survey also allowed for the analysis of the quantitative part using descriptive or inferential statistics where models could be produced which were able to explain the variables in this study Saunders et al (2007).

3.3 Population of the study

Population is the group of interest to the researcher (Smith, 1995). Crawshaw (1998) also defined a population as the universal set of cases from which a sample is taken. In support of the above, Frazer and Lawley (2000) defines a population as the total set of possible respondents for a given research situation. It includes all the units the researcher is interested in obtaining information. On making inferences, population is divided into the target and the study populations. The target population is the actual population to which the researcher desires to generalize. The target population for this study was the retail sector in Harare. The population was obtained from the Confederation of Retailers Association which houses all the registered retailers of Harare. The total number obtained was thirty-nine retailers. Smith (1995) argues that target population is rarely available. Therefore, the population to which is accessible to the researcher is the study population. Target population is important because it helps the researcher in selecting a sample study (Labovitz and Hagehorn, 1976).
In order to make the research effective in achieving its stated goals, the researcher focused on supermarkets operating in Harare to represent the retail sector in Zimbabwe.

3.4 Sampling methods

Jankowicz (2000) defined sampling as the deliberate selection of a number of people who are to provide data from which you will draw conclusions about some larger group, population, who these people represent. With the exception of situations where one is able to conduct a census, sampling is central to all research.

3.4.1 Sampling frame

The sampling frame included supermarkets operating in Metropolitan Harare.

3.4.2 Sample Size

According to Saunders et al (2007), in many research studies sampling is conducted as opposed to carrying a census, sample sizes are essential for conducting the research if valid generalizations about the entire population are to be made. Jankowicz (2000) argues that if a sample size is too small, one may not have a wide enough range of participants from which results can be obtained, or the results may be dismissed as the result of chance. On the other hand, if a sample is too large, the research study becomes time consuming, researchers are susceptible to distraction, human error becomes more pronounced and the costs of the research will make it necessary for the researcher to obtain more funding. Additionally, with a sample that is too large most or all of the aforementioned advantages associated with sampling may be lost. This, therefore, implies that an optimal sample size has to be determined. It is against this background that the researcher opted for a sample size of ten major retail operators in Harare, targeting four respondents per each retail outlet. Resultantly, a sample size of 40 for this study is considered.
3.4.3 Sampling Unit

The sampling unit was comprised of general managers, buyers, sales managers and accountants for the identified retail outlets under study. These people were selected because they play a pivotal role in operations of the selected retail outlets.

3.5 SAMPLING TECHNIQUES

3.5.1. Probabilistic sampling

There are two main groupings of sampling techniques, that is, probabilistic and non-probabilistic techniques. Probabilistic sampling is mostly associated with survey-based research, while non-probabilistic sampling is usually associated with among others, the case study research. In probability sampling, the sample represents the population. Normally the choice of components for the sample is by randomization (Leedy, 1992).

Saunders et al (2007) highlighted that stratified random sampling is a medication of random sampling in which the population is divided into two or more relevant and significant strata based on one or a number of attributes. Wegner (1993) states that stratified sampling divide the population into segments or strata. This study adopted stratified random sampling technique. The selection of the retail operators to be included in the sample employed stratified sampling to ensure representation of all the categories for the retail sector in Zimbabwe. In that regard, the target population of the Zimbabwean retail sector were divided into five strata overleaf. The researcher first identified the affected retailers by the commodities mentioned in the Statutory Instrument and then divided them in five strata. Each stratum had relatively homogeneous elements for example hardware stores or clothing and footwear. A specific number of elements were selected at random from each stratum that corresponds to the proportion of that stratum in the population. The selection criteria were on major retailers which had been in the market for a number of years and experiences the changes needed for this study.
3.5.2. Non-Probability Sampling

There are a number of non-probabilistic sampling techniques as sampling quota, Ferber (1994) asserts that in this method, sampling is done until a specific number of units (quotas) for various sub-populations have been selected. Judgemental (purposive) sampling is used when a sample is taken based on certain judgements about the overall population (Ferber, 1994). The underlying assumption is that the investigator will select units that are characteristic of the population. The researcher used judgemental sampling to target management of the retail sector because of their knowledge of the company business Cresswell and Clark (2011).
Table 3.2: Categories of the Retail Sector in Harare.

<table>
<thead>
<tr>
<th>Category</th>
<th>Retail Outlet</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food Outlet</td>
<td>• Chicken Inn;</td>
</tr>
<tr>
<td></td>
<td>• KFC;</td>
</tr>
<tr>
<td></td>
<td>• Fish Inn,</td>
</tr>
<tr>
<td></td>
<td>• Bakers Inn</td>
</tr>
<tr>
<td></td>
<td>• Pizza Inn,</td>
</tr>
<tr>
<td></td>
<td>• Creamy Inn; and</td>
</tr>
<tr>
<td></td>
<td>• Chicken Slice.</td>
</tr>
<tr>
<td>Supermarkets</td>
<td>• OK Zimbabwe/ Bon Marche;</td>
</tr>
<tr>
<td></td>
<td>• Pick n Pay;</td>
</tr>
<tr>
<td></td>
<td>• Spar;</td>
</tr>
<tr>
<td></td>
<td>• Choppies Zimbabwe;</td>
</tr>
<tr>
<td></td>
<td>• Food world;</td>
</tr>
<tr>
<td></td>
<td>• N Richards;</td>
</tr>
<tr>
<td></td>
<td>• Metro Peach;</td>
</tr>
<tr>
<td></td>
<td>• Gains cash and carry;</td>
</tr>
<tr>
<td></td>
<td>• ShopRite;</td>
</tr>
<tr>
<td></td>
<td>• Save More; and</td>
</tr>
<tr>
<td></td>
<td>• Food lovers Market.</td>
</tr>
<tr>
<td></td>
<td>• National Foods</td>
</tr>
<tr>
<td>Hardware</td>
<td>• Mohammed Musa;</td>
</tr>
<tr>
<td></td>
<td>• Farm and City;</td>
</tr>
<tr>
<td></td>
<td>• Bhola Hardware;</td>
</tr>
<tr>
<td></td>
<td>• Nongerai Hardware;</td>
</tr>
<tr>
<td></td>
<td>• Nations Hardware and Electricals.</td>
</tr>
<tr>
<td>Clothing and Footwear Shops</td>
<td>• Edgars;</td>
</tr>
<tr>
<td></td>
<td>• Power Sales/ Jet;</td>
</tr>
<tr>
<td></td>
<td>• Number One;</td>
</tr>
<tr>
<td></td>
<td>• Enbee Stores;</td>
</tr>
<tr>
<td></td>
<td>• Barrons;</td>
</tr>
<tr>
<td></td>
<td>• Harrisons;</td>
</tr>
<tr>
<td></td>
<td>• Barbourss;</td>
</tr>
<tr>
<td></td>
<td>• Raffles;</td>
</tr>
<tr>
<td></td>
<td>• Truworths;</td>
</tr>
<tr>
<td></td>
<td>• Bata; and</td>
</tr>
<tr>
<td></td>
<td>• Walk Tall.</td>
</tr>
<tr>
<td>Furniture and Home Appliances</td>
<td>• TV Sales and Home;</td>
</tr>
<tr>
<td></td>
<td>• Coloursell furniture;</td>
</tr>
<tr>
<td></td>
<td>• Nyore Nyore Furnitures; and</td>
</tr>
<tr>
<td></td>
<td>• Lifestyle Centre Furniture.</td>
</tr>
</tbody>
</table>

Source: Confederation of Retailers of Zimbabwe 2016
General managers, buyers, sales managers and accountants of two retail outlets were randomly selected from each strata in order to come up with a sample. Effectively the research sample consisted of ten retail outlets. It was prohibitively expensive, if not impossible, for a typical markets survey to contact every member in the population. It is this reason that a sample was selected which represented the class of every retail sector population thus forming a solid basis for conclusive research results.

3.6 Data Sources
This research was based on both primary and secondary data sources in order to come up with a valuable and meaningful conclusion.

3.6.1 Primary Data
The primary data sources included self-administered questionnaires and personal interviews with managers, accountants or buyers of retail shops. The collected data was very useful and direct, thus meeting the exact needs of this work. The data was also up to date and very recent thus making the research more objective. Due to the nature of the data obtained, that is first hand detail, the data was presumably reliable to use, as it was coming directly from the various parties involved. However, the primary data method of collection was very costly. It took quite a lot of financial input in order to fairly distribute the questionnaires, conduct interviews as well as obtain feedback from the various respondents. The follow up and setting of appointments in order to conduct interviews was also time consuming.

3.6.2 Secondary Data
The secondary data sources included published sources like textbooks, internet, journals, business magazines, published financial statements, RBZ reports and retail sector annual reports. These sources were useful in providing important information used during the process of designing the questionnaires for survey. Although secondary data in some cases would not give enough detail and failed to meet the exact requirements of the research, it was less expensive to use than primary data collection. Less time and effort was expended in analysing and interpreting data that had been compiled already. Due to time constraints, the researcher required some data quickly and secondary data was the best to use. According to Henry (1990), the use of document reviews saves
administrative time and costs and thus time and a lot of money was saved through the use of secondary data. However, the information was obsolete given the drastic changes that take place in the financial sector on a daily basis. There was no control over the procedure that was used for collecting, analyzing and interpreting the data, thus accuracy of the secondary data was subjective.

3.7 Primary Data Collection Instruments

This section of the research looks at the two techniques that were used in collecting primary data. The survey was a combination of questionnaires and personal interviews. This overcomes the potential bias and sterility associated with a single approach (Hussey and Hussey, 1997).

3.7.1 Questionnaires

Questionnaires were used to obtain primary data. Two types of questions were used in questionnaire: closed and open ended questions. Closed questions forced the respondents to choose from two or more fixed alternatives. Open questions provided no restrictions on the content or the manner of the reply other than on the subject area. A questionnaire on the effects of protectionisms (SI64/2016) on the sustainability of the retail sector in Harare was designed specifically for the general managers, sales managers, buyers and accountants of the selected retail outlets to complete. The questionnaire was used as a complementary data collection technique to personal interviews.

3.7.1.1 Questionnaire development and distribution

In the development of the questionnaire, the questions were made simple, logical and coherent for the participants. Technical terms were avoided so as to minimise respondent biased information as a result of not being able to understand the questions. The questions contained both quantitative and qualitative questions. Both positive and negative questions were used so that respondents would carefully understand the questions before they attempt to answer. The questions were in a predetermined order deVaus (2002). The researcher, in an effort to minimise
the response rate, validity and reliability, the following need to be carefully considered, careful
design of questions, layout of questions, an easy to understand questionnaire, pilot testing and

A total of thirty questionnaires were distributed by hand to head offices of fifteen retail outlets in
Harare. Three respondents were targeted from each of the fifteen retail outlets. The questionnaire
covered a broad array of issues concerning protectionism and retail sector sustainability.

3.7.1.2 Pre-testing of the questionnaire

A ‘pilot survey’ was conducted at OK Zimbabwe where three questionnaires were sent for
completion. OK Zimbabwe was chosen because it is one of the retail institutions with a strong
presence across the country and its supply of commodities is affected by protectionism.

A pilot survey enabled the researcher to weed out some confusing questions and mistakes that
could have caused great challenges in meaning and interpretation. After reviewing the
questionnaire, all areas of concern were discussed with the test users to ensure suitability and
reliability of the questions.

3.7.2 Justification for the use of the questionnaires

The researcher adopted the use of questionnaires after considering advantages associated with
questionnaires, the responses were gathered in a standardized way, so questionnaires were more
objective than other data collection methods. Questionnaires are easier to compare responses from
questionnaires due to standardised questions. The cost effective nature and the ability to be
administered to a large number of respondents made them more favourable. The versatility of
questionnaires than other methods made it easier to collect more types of information from a wider
variety of sources than other methods. Questionnaires enabled the gathering of facts, figures,
amounts, statistics, dates, attitudes, opinions, experience, events, assessments and judgements in a
single contact. Open-ended questions also resulted in unexpected or unanticipated answers which
suggest hitherto unthought-of relationships or hypothesis.

Despite their numerous advantages, questionnaires also had shortfalls which include failure
Questionnaires do not give the respondents room to seek clarification on issues they may be having
difficulties in interpreting. Open-ended questions generated large amounts of data that could take a long time to process and analyze. Another disadvantage was that the technique limited on the researcher’s ability to observe non-verbal communication since the questionnaire were completed in the researcher’s absence. Questionnaires were also unsuitable if questions needed to be explained to the respondents especially in instances where they were left for completion. Above all questionnaires were very strenuous in terms of preparation and distribution and very costly in terms of feedback through increased transport costs.

3.7.3 Personal Interviews

The interview is a conversion with a purpose. It is one initiated by the interviewer for the specific purpose of obtaining research related information. It focuses on content specified by research objectives of systematic description, prediction or explanation (Saunders et al, 1997). One personal interview was targeted for each of the selected retail sector institutions. However, due to time constraints only five out of ten interviews were conducted giving a fifty per centum (50%) interview rate. Managers and Buyers were the main targeted respondents for the interviews. During the personal interviews, the questions were read out in the same tone so as to eliminate any bias emanating from any changes in tone of voices. Interviews involved one-to-one verbal interaction between the researcher and the key informants thus there was instant feedback. This enabled the researcher to effectively appraise the validity of the responses that were given. Questions that were not understood were rephrased and repeated for better apprehension. The method was efficient in collecting relevant data since the researcher could ask more questions and read additional observations about the respondent such as body language. There were low chances of misconception of questions since the respondents were able to ask for clarity of questions. However, personal interviews proved very costly, time consuming and they permits interviewer and interviewee bias. The interviewer did not have interviewing skills and not able to capture all important points.
3.8 Data Collection Procedure

The researcher personally collected the completed questionnaire. In a number of cases where the respondents willingly completed the questionnaires during the researcher’s presence, informal discussions were held and these were particularly brainstorming.

3.9 Data Analysis and Presentation

Different statistical packages were employed in presenting and analyzing the findings and these included Excel and Statistical Packages for Social Sciences (SPSS) Version 10.0. Data collected from subjects were checked for errors and coded using the Likert Scale which was given on the questionnaire. The Coded data was entered into SPSS and analyzed for presentation. The statistical package was chosen because of its ability to manipulate and present voluminous data. The study also employed the use of Excel because of its ease to produce charts and graphs.

The data analysis and presentation process took steps such as the qualitative data collected was coded and similar responses were grouped into different categories. The coded data was then captured into an SPSS software package. The data cleaning process involved the removal of outliers or extreme and influential values, which could have distorted the findings. Such cases were a result of errors on the part of respondents. An analysis was run on the SPSS spreadsheet and results were presented in form of graphs, tables, averages and frequencies for comparative analysis; depending on what needed to be identified. Some qualitative responses that could not be coded were analysed as they were. Secondary data gathered was mostly quantitative thus it was analyzed using an Excel sheet.

3.9.1 Qualitative Techniques

The qualitative techniques were adopted to analyse data that could not lend itself to statistical analysis. In this case, content analysis was used. This technique was considered appropriate particularly because the respondents either gave suggestions or expresses their opinions; this technique explained, analysed and commented on information provided by the various respondents.
3.9.2 Quantitative Techniques
The quantitative techniques that were used to analyse the data related to financial statements analysis particularly profitability, capital adequacy and dividends.

3.10 Research limitations
Limitations refer to constraints and restrictions that were encountered by the researcher during the study. In this study, getting responses from retail sector managers and buyers was a major constraint. Despite these challenges and constraints, the validity of the results is however, defensive based on the fact that a statistically large and representative sample was used for the selected population.

3.11 Triangulation, Validity, Reliability, Credibility, or Trustworthy Issues under Consideration
The researcher did a credibility test on the data to test if the data collection methods and instruments used in the study could produce the results that could be inferred to the population. This involved the validity and reliability tests. The validity of the data as well as the data collection methods and instruments are an essential element to the researcher. Saunders et al. (2005) note that validity is concerned with whether the findings are really about what they appear to be about and whether there is a cause and effect relationship between two variables. Historical perspectives of the subject matter under consideration can compromise the validity of the data. The hyper-inflationary era in Zimbabwe during the period 2006 to 2008 shook and affected the sustainability of the retail sector in Zimbabwe to an extent where commodities were being sold on the black market. This explains the nature of the operations of the retail sector during the period under study, were the supply of commodities and the sustainability of the retail sector is affected by protectionism (SI64/2016). The period covered by the research was after the introduction of SI64/2016, and this may well have had a dramatic, and quite misleading, effect on the findings which obviously affects the validity of the data collected. The researcher however employed triangulation to overcome this problem.
Triangulation is the use of two or more independent sources of data or data-collection methods within one study in order to help ensure that the data are telling you what you think they are telling you. Saunders et al. (2005) explain triangulation as the use of different data collection techniques within one study in order to ensure that the data are telling you what you think they are telling you. For example, qualitative data collected using semi-structured group interviews may be a valuable way of triangulating quantitative data collected by other means such as a questionnaire. In this study, the researcher used interviews to confirm data that was collected using questionnaires.

A normality test is important in any research as the researcher uses it to confirm the sample distribution as a small mirror image of the population. The normality test compares the shape of the sample distribution curve to the shape of a normal curve, and it assumes that if the sample has a normal shaped curve the population from which it came is also normally distributed. There are two distinct tests for normality, and these are the Kolmogrov-Smirnov test and the Shapiro-Wilks test. The Shapiro-Wilks test is used on samples of $n=3$ to 2000, while the Kolmogrov-Smirnov test is used on samples of $n>2000$. In this study, the researcher tested for normality using the Shapiro-Wilks test because the sample size is 40.

### 3.12. Ethical Considerations

This study was conducted after the researcher informed participants and respondents the purpose of the study. The researcher made the participants aware of the objectives of the research, and the significance of their responses, and in turn the respondents and participants voluntarily agreed to participate. The researcher observed research ethics such as seeking permission to conduct the research from the participating organizations, participants were also not forced to participate in the research process. The information obtained in the research was purely for academic use only and confidentiality of the information obtained or accessed was maintained. The research guaranteed the principle of anonymity to the participant throughout the study and there was fair treatment of respondents. The respondents were given questionnaires and questions prior to the interview, which gave them an option to withdraw from the study if they wanted to and all the work used in the report was acknowledged in terms of its source of data.
3.13 Chapter Summary

This chapter discussed the research philosophy of the study, where the concept was defined, and the various research philosophies were briefly discussed. The research method or paradigm was defined, and the paradigm chosen for the study was discussed and justified. The chapter discussed the research design, and the population for the study. The sampling techniques that were used in the study and the data collection instruments, as well as the procedures of each instrument that was used, were also discussed and this was followed by data presentation and analysis. The chapter discussed triangulation and how it was used to ensure validity, reliability and credibility of the data collection instruments and methods. Finally, the chapter discussed the ethical issues that were considered during data collection.
CHAPTER 4

DATA ANALYSIS, DISCUSSIONS, FINDINGS AND INTERPRETATION

4.0 Introduction

The chapter analyses the responses from interviews and questionnaires. Data collected using questionnaires and interviews were presented through the use of descriptive statistics (tables, pie charts and narrations). The data was then analysed in order to identify the effects of SI64/2016 on the retail sector’s sustainability in Harare, in relation to the literature of the study, from which the identified effects were used to base the discussions. The effects of SI64/2016 on the sustainability of the retail sector in Harare from the results of the questionnaires and interviews were analysed and interpreted in relation to the research objectives and research questions, and the results that emerged were presented.

4.1 Objective of the Study

The main objective of the study was to find the effects of SI64/2016 as a protectionist tool on the sustainability of the retail sector in Harare. Some of the objectives to be interrogated in line of the main objective were effects on the supply of commodities, how the retail prices were affected, to envisage the sustainability of the retail sector in line with the restriction as well as make recommendations to the relevant authorities so as to minimise negative effects of the restriction.
4.2 Results Analysis

Face-to-face in-depth interviews with buyers of the selected retail outlets were successfully conducted. In addition, 40 self-administered questionnaires were distributed via e-mail and by hand delivery in Harare to the following:

i. Food Outlet (Chicken Inn and Chicken Slice);
ii. Supermarkets (OK Zimbabwe and N Richards);
iii. Hardware (Mohammed Musa, Bhola Hardware);
iv. Clothing and Footwear Shops (Power Sales and Bata); and
v. Furniture and Home Appliances (TV Sales and Home and Coloursell furniture).

Out of the ten scheduled in-depth interviews, seven were held, representing a success rate of 70%, and out of 40 questionnaires distributed, 37 responses were collected, indicating a success rate of 92.5%.

Saunders et al. (2003) argue that a 60% response rate is generally considered representative of the population, with a lower response rate considered to be biased, and not fully representative of the total population. Basing on Saunders et al. (2003)’s submission above, the researcher considered the response rate to be a fair representation of the population, and therefore used it as the basis for data analysis. Table 4.1 below shows the response rate for questionnaires:

Table 4.1. Response rate

<table>
<thead>
<tr>
<th>Category</th>
<th>Instrument</th>
<th>Distributed</th>
<th>Collected</th>
<th>Success Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food Outlet (Chicken Inn and Chicken Slice);</td>
<td>questionnaire</td>
<td>8</td>
<td>8</td>
<td>100%</td>
</tr>
<tr>
<td>Supermarkets (OK Zimbabwe and N Richards);</td>
<td>questionnaire</td>
<td>8</td>
<td>8</td>
<td>100%</td>
</tr>
<tr>
<td>Hardware (Mohammed Musa, Bhola Hardware);</td>
<td>questionnaire</td>
<td>8</td>
<td>7</td>
<td>87.5%</td>
</tr>
<tr>
<td>Clothing and Footwear Shops (Power Sales and Bata); and</td>
<td>questionnaire</td>
<td>8</td>
<td>7</td>
<td>87.5%</td>
</tr>
<tr>
<td>Furniture and Home Appliances (TV Sales and Home and Coloursell furniture).</td>
<td>questionnaire</td>
<td>8</td>
<td>7</td>
<td>87.5%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>40</td>
<td>37</td>
<td>92.5%</td>
</tr>
</tbody>
</table>

Source: Primary Data 2018
4.3. Results Analysis from Interviews

A total of seven in depth interviews were conducted, amongst them were 2 buyers, 1 general manager and four sales managers. The interviewees indicated that they had knowledge of protectionism through the SI64/2016, which was enacted by the Ministry of Trade and Commerce. The respondents indicated that the import licences were not affordable as they cost more than US$1000. They also indicated that there were facing challenges in obtaining the import licences. There were facing the following challenges:

i. Cost;
ii. Time;
iii. Corruption in order to speed up the process of obtaining licences or some bribes at the ports of entry, and
iv. Bureaucracy when obtaining the import licenses.

From the interviews, it was established that obtaining an import licence was not in line with the ease of doing business given the process taken which in most cases affects the lead time of restocking of commodities. Some of the respondents said:

“…..it is now difficult to plan stocking of products as it takes an average of two to three weeks to process import licences”

All the interviewees indicated that the SI64/2016 reduced the supply of basic commodities, increased the cost of obtaining commodities and affected the quality of the commodities as retailers have resorted to either smuggle the commodities or look for the alternatives on the local market, however, most of the commodities especially furniture are of poor quality. As a result of the SI64/2016, most of the retailers have changed the composition of their stock so as to reduce the destabilization effects on the supply.

“…..the introduction of SI64/2016 has compromised the supply of commodities especially on quality. Local producers are failing to meet demand and we have resorted to smuggling to maintain quality products”
The interviewees indicated that the introduction of the SI64/2016 had the effect of destabilizing the supply of basic commodities in their businesses and affecting the performance of the retail sector in Harare.

In addition, it also led to the informalisation as well as the emergence of the three tier pricing system. All the interviewees agreed to the assertion that SI64/2016 led to the price increases as retailers had to increase their prices as they were now factoring in the cost of obtaining foreign currency on the parallel market, the cost of obtaining the import licences as well as the increased demand against limited supplies from the domestic industry.

“……A lot of informal traders have surfaced in the streets and sometimes at the entrances of our shops which has affected our operations as formal traders”

The results also indicated that sustainability of the retail sector was also affected as they could not consistently supply commodities at affordable prices. The quality of the commodities was compromised as retailers now opted to purchase cheaper brands. The interviewees argued that before the introduction of the SI64/2016, the government should have promoted domestic manufacturing sector to retool so that they produce effectively and cost efficiently. Some of the strategies they indicated included the prioritization and increased allocation of foreign currency. They also suggested that there was need to amend the SI64/2016 to exclude raw materials used in the manufacturing sector from the list of products that were affected by the import restriction. They also argued that retail sector sustainability would be enhanced through scrapping of the statutory instrument.

The interviewees also reiterated that even though the government seems to be against the three tier pricing of commodities, the government informally encouraged the business world to implement such pricing structures in order to stay afloat in business. This then raises a self-contradiction by the government on policy issues, which in turn warrants further study.
4.4. Results Analysis from the Questionnaire.

Figure 4.1 Demography Results

The pie chart above shows that out of 37 questionnaires that were collected, 23 respondents were males giving 62%, while 14 of the respondents were female giving 38%. The findings on gender compliments existing literature on the issue of male domination in high positions. A study in Finland showed that women possess the same skills and abilities as men but there are fewer women in high positions Klaile (2013). It may seem as if the higher the corporate ladder, the lower in number of women occupying such positions. In Zimbabwe, the Constitution of Zimbabwe’s section 17 (1) clearly states the promotion of full participation of women in all spheres of Zimbabwean society on the basis of equality with men. The current representation of females in high positions is still low meaning that the business world still has strides to go before the gender equality right for women is realised. It may be viewed as paradoxical considering that most of the population and the more educated are women as well.

Source: Primary Data 2018
From the results, a total of 12 respondents were General Managers, 16 were Buyers, 6 were Accountants and the remaining 4 were other professions. Most of the respondents were Buyers who constituted 43.2%, followed by General Managers who were 32.4%. Accountants constituted 16.2% of the respondents and the remaining 8.1% was classified as others. Buyers constituted the majority as they are the key department in buying or ordering goods for resale hence more knowledgeable with the buying patterns of the company. This then becomes a fair representation of the interviewees.
Table 4.3. Shapiro Wilks Normality Test

<table>
<thead>
<tr>
<th>Position in Industry</th>
<th>Kolmogorov-Smirnov&lt;sup&gt;a&lt;/sup&gt;</th>
<th>Shapiro-Wilk</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Statistic Df Sig.</td>
<td>Statistic df Sig.</td>
</tr>
<tr>
<td>Gender General Manager</td>
<td>.417 12 .000</td>
<td>.608 12 .000</td>
</tr>
</tbody>
</table>

Source: Primary Data 2018

a. Lilliefors Significance Correction
b. Gender is constant when Position in Industry = Buyer. It has been omitted.
c. Gender is constant when Position in Industry = Accountant. It has been omitted.
d. Gender is constant when Position in Industry = Other. It has been omitted.

Given that the sample size was 40 and that its less than 2000, the Shapiro Wilks test for normality was conducted. The results show that gender and position in the industry were significant given the p value of 0.000 which is less than 5%. Therefore, the data from the respondents is normally distributed.

4.4.1 Effects of SI64/2016 on the Supply of Commodities to the Retail Sector In Harare

Table 4.4. Knowledge of SI64/2016

<table>
<thead>
<tr>
<th>Do you have knowledge of the Statutory Instrument 64 of 2016?</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid yes</td>
<td>37</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Primary Data 2018

The results show that all the 37 respondents had knowledge of the Statutory Instrument 64 of 2016.
Table 4.5 Affordability of import licences

<table>
<thead>
<tr>
<th>Are import licences affordable?</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>yes</td>
<td>9</td>
<td>24.3</td>
<td>24.3</td>
<td>24.3</td>
</tr>
<tr>
<td>Valid no</td>
<td>28</td>
<td>75.7</td>
<td>75.7</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>37</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary Data 2018

The table above indicates that 24.3% of the respondents indicated that the import licences are affordable while, 75.7% indicated that the SI 64 of 2016, import permits were not affordable.

Fig 4.5.1

Source: Primary Data 2018

The bar chart above indicates that out of the 37 respondents, 9 indicated that the import licences were affordable while, 28 indicated that the SI 64 of 2016, import permits were not affordable. The smaller number of the respondents who agreed that licences were affordable were retailers who have been in business a lot longer than the rest and have more branches as well as a niche market in Harare than others hence spreading out the costs of the import license.
Table 4.6 Challenges

Are there any challenges you face in obtaining import licenses?

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid yes</td>
<td>37</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Primary Data 2018

All the 37 respondents indicated that there are facing challenges when obtaining the import permits to enable them to import goods under the SI64 of 2016. The challenges were spread out ranging from cost to bureaucracy.

Table 4.7 Descriptive statistics

Descriptive Statistics

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>37</td>
<td>1.00</td>
<td>5.00</td>
<td>2.0270</td>
<td>1.27990</td>
</tr>
<tr>
<td>Time</td>
<td>37</td>
<td>1.00</td>
<td>5.00</td>
<td>2.0270</td>
<td>1.25801</td>
</tr>
<tr>
<td>Corruption</td>
<td>37</td>
<td>1.00</td>
<td>4.00</td>
<td>1.7838</td>
<td>.97568</td>
</tr>
<tr>
<td>Bureaucracy</td>
<td>37</td>
<td>1.00</td>
<td>5.00</td>
<td>2.9459</td>
<td>1.28983</td>
</tr>
<tr>
<td>Valid N (list wise)</td>
<td>37</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary Data 2018

All the respondents indicated that the SI 64/2016, led to increased costs of procurement, increased time, corruption and bureaucracy in the application for the import permits. The mean rating and the standard deviation were used to establish the extent of agreement or disagreement. In line with the Likert scale adopted in this study, a smaller mean would indicate general agreement while a higher mean suggested general disagreement. In this respect, the study established that the enactment of the SI64/2016 led to corruption (mean =1.78, standard deviation=0.975), Cost (mean =2.027, standard deviation=1.28), Time (mean = 2.027, standard deviation= 1.258), Bureaucracy (mean =2.95, standard deviation= 1.289).
Respondents were asked on whether they agree or disagree that the SI 64/2016 led to increased costs. 75.7% of the respondents agreed that the SI64/2016 led to an increase in costs of procurement of goods and commodities, 16.2% disagreed to the assertion that the SI64/2016 led to an increase in the costs of procurement of goods from the domestic markets. The remaining 8.1% were not certain to whether the protectionist policy led to an increase in the costs.

Table 4.8 Cost

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>17</td>
<td>45.9</td>
<td>45.9</td>
<td>45.9</td>
</tr>
<tr>
<td>Agree</td>
<td>11</td>
<td>29.7</td>
<td>29.7</td>
<td>75.7</td>
</tr>
<tr>
<td>Uncertain</td>
<td>3</td>
<td>8.1</td>
<td>8.1</td>
<td>83.8</td>
</tr>
<tr>
<td>Disagree</td>
<td>3</td>
<td>8.1</td>
<td>8.1</td>
<td>91.9</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>3</td>
<td>8.1</td>
<td>8.1</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>37</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary Data 2018

Table 4.9. Time

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>16</td>
<td>43.2</td>
<td>43.2</td>
<td>43.2</td>
</tr>
<tr>
<td>Agree</td>
<td>13</td>
<td>35.1</td>
<td>35.1</td>
<td>78.4</td>
</tr>
<tr>
<td>Uncertain</td>
<td>2</td>
<td>5.4</td>
<td>5.4</td>
<td>83.8</td>
</tr>
<tr>
<td>Disagree</td>
<td>3</td>
<td>8.1</td>
<td>8.1</td>
<td>91.9</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>3</td>
<td>8.1</td>
<td>8.1</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>37</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary Data 2018
78.3% of the respondents agreed that the enactment of the SI64/2016 led to an increase in the time of procuring of goods while, 21.6% of the respondents refuted to the claim that SI64/2016 led to an increase in time in the procurement of goods and commodities.

Table 4.10. **Corruption**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>18</td>
<td>48.6</td>
<td>48.6</td>
<td>48.6</td>
</tr>
<tr>
<td>Agree</td>
<td>13</td>
<td>35.1</td>
<td>35.1</td>
<td>83.8</td>
</tr>
<tr>
<td>Uncertain</td>
<td>2</td>
<td>5.4</td>
<td>5.4</td>
<td>89.2</td>
</tr>
<tr>
<td>Disagree</td>
<td>4</td>
<td>10.8</td>
<td>10.8</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>37</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Primary Data 2018*

From the results, 83.7% of the respondents indicated that the enactment of the SI64/2016 led to corruption, while, 10.8% of the respondents refuted the claims that the SI64/2016 led to an increase in the rate of corruption. 5.4% of the respondents remained uncertain whether the enactment of the SI64/2016 led to corruption.

Table 4.11. **Bureaucracy**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>6</td>
<td>16.2</td>
<td>16.2</td>
<td>16.2</td>
</tr>
<tr>
<td>Agree</td>
<td>7</td>
<td>18.9</td>
<td>18.9</td>
<td>35.1</td>
</tr>
<tr>
<td>Uncertain</td>
<td>13</td>
<td>35.1</td>
<td>35.1</td>
<td>70.3</td>
</tr>
<tr>
<td>Disagree</td>
<td>5</td>
<td>13.5</td>
<td>13.5</td>
<td>83.8</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>6</td>
<td>16.2</td>
<td>16.2</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>37</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Primary Data 2018*

18.9% of the respondents agreed that the enactment of the SI64/2016 led to increased bureaucracy in the application of the permits. The other 35.1% were not certain whether the enactment of
SI64/2016 led to an increase in bureaucracy. The remaining 29.7% refuted the claim that the enactment of SI64/2016 increased the level of bureaucracy.

In response to their choice answers, the respondents further explained that the introduction of the restriction increased their procurement costs so as to factor in the licence fee which is applied for per product. This means for supermarket retailers, a number of licences are applied for at the same time for one shipment. The time taken to apply for the processing of the licences is longer than necessary according to the respondents. They stated that more time is spent moving from one floor to the other on application process, payment office and the follow-up processes. All this translates to more time spent at the Ministry of Trade Industry and Commerce offices hence unnecessary bureaucracy. In order to reduce the time, most respondents have resorted to corrupt means to quicken the process.

Figure 4.6: Import permits and the ease of doing business

![Pie chart showing the percentage of respondents who believe the procedure for obtaining import licences is in line with the ease of doing business.](source: Primary Data 2018)

As indicated in fig 4.6 above, 73% of the respondents highlighted that the procedure of obtaining the import licence was not in line with the ease of doing business, while 27% of the respondents agreed that the ease of doing business is being affected by the procedure of obtaining licenses. The response by the respondents is on the notion that import licences are not in line with the ease of
doing business is supported by literature. In a presentation by James (2017) stated that African countries cannot survive by economically barricading themselves through protectionist policies if the requisite skills to protect the economy are lacking. Instead of the barricades, there is need for African countries to improve other sectors of their economies before introductions of such policies.

Table 4.12 **Importation of commodities on the restriction list**

<table>
<thead>
<tr>
<th>Did you import any commodities on the restriction list before the import restriction?</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid yes</td>
<td>37</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

*Source: Primary Data 2018*

All the respondents highlighted that they used to import some of the commodities on the import restriction list before the ban was enacted in 2016. This shows that most of the retailers were depending on imports. The respondents used to import some commodities on the restricted list due to the low capacity utilisation of the local industries experienced since 2008 onwards. As most local manufacturing industries either shut down or lowered capacity, retailers had to import from neighbouring South Africa mostly in order to survive in business.

Table 4.13. **Supply of commodities**

<table>
<thead>
<tr>
<th>Descriptive Statistics</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduced Supply of basic commodities</td>
<td>37</td>
<td>1.00</td>
<td>5.00</td>
<td>1.9730</td>
<td>1.40409</td>
</tr>
<tr>
<td>Increased the cost of obtaining the commodities</td>
<td>37</td>
<td>1.00</td>
<td>5.00</td>
<td>1.8919</td>
<td>1.32882</td>
</tr>
<tr>
<td>Affected the lead time for the supply of the commodities</td>
<td>37</td>
<td>1.00</td>
<td>5.00</td>
<td>2.0541</td>
<td>1.31119</td>
</tr>
<tr>
<td>Affected the quality of commodities being supplied</td>
<td>37</td>
<td>1.00</td>
<td>5.00</td>
<td>2.1892</td>
<td>1.41102</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>37</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: Primary Data 2018*
All the respondents indicated that the SI 64/2016 affected the supply of commodities, it increased the cost of doing business, affected the lead time in stocking of the commodities, affected the quality of the commodities being supplied. The mean rating and the standard deviation were used to establish the extent of agreement or disagreement. In line with the Likert scale adopted in this study, a smaller mean would indicate general agreement while a higher mean suggested general disagreement. In this respect, the study established that the enactment of the SI64/2016 led to increased costs of obtaining commodities (mean =1.8919, standard deviation=1.32882), reduced supply of basic commodities (mean = 1.9730, standard deviation= 1.40409), Affected the lead time for the supply of the commodities (mean =2.0541, standard deviation= 1.31119) and Affected the quality of commodities being supplies (2.1892, standard deviation=1.41102)

Table 4.14. Reduced Supply of basic commodities

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>strongly agree</td>
<td>21</td>
<td>56.8</td>
<td>56.8</td>
<td>56.8</td>
</tr>
<tr>
<td>Agree</td>
<td>7</td>
<td>18.9</td>
<td>18.9</td>
<td>75.7</td>
</tr>
<tr>
<td>Uncertain</td>
<td>2</td>
<td>5.4</td>
<td>5.4</td>
<td>81.1</td>
</tr>
<tr>
<td>Disagree</td>
<td>3</td>
<td>8.1</td>
<td>8.1</td>
<td>89.2</td>
</tr>
<tr>
<td>strongly disagree</td>
<td>4</td>
<td>10.8</td>
<td>10.8</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>37</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary Data 2018

The respondents were asked to indicate their level of agreement or disagreement with the statements that relate to the effects of SI 64/2016 on the supply of commodities to their retail business. A total of 75.7% of the respondents agreed that the statutory instrument led to the reduced supply of basic commodities on the market. A further 5.4% were not certain whether, the enactment of the SI led to the reduced supply of basic commodities. However, 18.9% of the respondents indicated that the SI64/2016 did not affect the supply of basic commodities. The reduced supply of commodities was further explained by the respondents to mean that, due to the application procedure per product, some retailers ended up skipping some products due to the cost of applications and also due to the proliferation of the black market economy flooded with the same product albeit at a cheaper price.
In the study 75.7% of the respondents agreed that the enactment of the SI64/2016 led to an increase in the cost of obtaining the commodities. A notable 8.1% of the respondents were not certain whether the enactment of the SI64/2016 increased costs of obtaining the commodities. The remaining 16.2% of the respondents did not agree to the assertion that the SI64/2016 led to an increase in the cost of obtaining commodities.

Table 4.15. **Increased cost of obtaining the commodities**

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>strongly agree</td>
<td>22</td>
<td>59.5</td>
<td>59.5</td>
<td>59.5</td>
</tr>
<tr>
<td>Agree</td>
<td>6</td>
<td>16.2</td>
<td>16.2</td>
<td>75.7</td>
</tr>
<tr>
<td>uncertain</td>
<td>3</td>
<td>8.1</td>
<td>8.1</td>
<td>83.8</td>
</tr>
<tr>
<td>disagree</td>
<td>3</td>
<td>8.1</td>
<td>8.1</td>
<td>91.9</td>
</tr>
<tr>
<td>strongly disagree</td>
<td>3</td>
<td>8.1</td>
<td>8.1</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>37</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Primary Data 2018*

Table 4.16 **SI64/2016 and the lead time**

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>strongly agree</td>
<td>18</td>
<td>48.6</td>
<td>48.6</td>
<td>48.6</td>
</tr>
<tr>
<td>agree</td>
<td>8</td>
<td>21.6</td>
<td>21.6</td>
<td>70.3</td>
</tr>
<tr>
<td>uncertain</td>
<td>5</td>
<td>13.5</td>
<td>13.5</td>
<td>83.8</td>
</tr>
<tr>
<td>disagree</td>
<td>3</td>
<td>8.1</td>
<td>8.1</td>
<td>91.9</td>
</tr>
<tr>
<td>strongly disagree</td>
<td>3</td>
<td>8.1</td>
<td>8.1</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>37</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Primary Data 2018*
A figure of 70.3% of the respondents agreed to the assertion that the statutory instrument led to an increase in the lead time for the supply of the commodities while 13% were uncertain whether the lead time had been increased. Lastly, 16.2% refuted to the claim that the lead time is affected.

Table 4.17  **Affected the quality of commodities being supplied**

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>strongly agree</td>
<td>17</td>
<td>45.9</td>
<td>45.9</td>
<td>45.9</td>
</tr>
<tr>
<td>agree</td>
<td>8</td>
<td>21.6</td>
<td>21.6</td>
<td>67.6</td>
</tr>
<tr>
<td>uncertain</td>
<td>4</td>
<td>10.8</td>
<td>10.8</td>
<td>78.4</td>
</tr>
<tr>
<td>disagree</td>
<td>4</td>
<td>10.8</td>
<td>10.8</td>
<td>89.2</td>
</tr>
<tr>
<td>strongly disagree</td>
<td>4</td>
<td>10.8</td>
<td>10.8</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>37</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

*Source: Primary Data 2018*

The results showed that 67.6% of the respondents agreed that the enactment of the SI64/2016 affected the quality of the commodities being supplied to the retail sector. A portion of 10.8% was not certain whether the SI affected the quality of commodities being supplied to the retail sector. Lastly, 21.6% of the respondents failed to agree that the quality of the commodities was affected by the enactment of the SI64/2016. Literature states that there is more to shopping than finding the right price David (2009). Stock outs in this case caused by the delay in restocking which was also caused by the cumbersome procedure of obtaining import licences can cause customer switching. Customer surveys have established that frequent inventory shortfalls and limited product variety are number one causes of customer dissatisfaction Andersen (1996). As a result, short and long term profits are affected.
Table 4.18 Performance of the retail sector in Harare

Descriptive Statistics

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Destabilises supply of commodities</td>
<td>37</td>
<td>1.00</td>
<td>5.00</td>
<td>2.2703</td>
<td>1.38742</td>
</tr>
<tr>
<td>Underperforming of the retail sector in Zimbabwe</td>
<td>37</td>
<td>1.00</td>
<td>5.00</td>
<td>2.2973</td>
<td>1.39174</td>
</tr>
<tr>
<td>Informalisation (Black market economy)</td>
<td>37</td>
<td>1.00</td>
<td>5.00</td>
<td>2.3514</td>
<td>1.39873</td>
</tr>
<tr>
<td>Three tier pricing system</td>
<td>37</td>
<td>1.00</td>
<td>5.00</td>
<td>2.3243</td>
<td>1.41527</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>37</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary Data 2018

All the respondents indicated that the SI 64/2016 affected the performance of the retail sector as it destabilized the supply of commodities, under performance of the retail sector, Informalisation (Black market economy, led to a three tier pricing system in the economy. The mean rating and the standard deviation were used to establish the extent of agreement or disagreement. In line with the Likert scale adopted in this study, a smaller mean would indicate general agreement while a higher mean suggested general disagreement. In this respect, the study established that the enactment of the SI64/2016 led destabilized the supply of commodities (mean =2.2703, standard deviation=1.38), Underperforming of the retail sector in Harare (mean = 2.2973, standard deviation= 1.39174), Informalisation (Black market economy), (mean =2.0541, standard deviation= 1.39) and Three tier pricing system (2.3243, standard deviation=1.415).

4.4.2 Effects of SI64 on the Retail Prices in Harare

Table 4.19 Did SI 64/2016 lead to price increases

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid Yes</td>
<td>37</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Primary Data 2018

All the 37 respondents indicated that the SI64/2016 led to price increases in Harare.
4.4.3 Sustainability of the Retail Sector after the introduction of SI64/2016

Table 4.20 Restriction through tariff and quotas

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>30</td>
<td>81.1</td>
<td>81.1</td>
<td>81.1</td>
</tr>
<tr>
<td>Valid</td>
<td>No</td>
<td>7</td>
<td>18.9</td>
<td>18.9</td>
</tr>
<tr>
<td>Total</td>
<td>37</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Primary Data 2018

A figure of 81.1% of the respondents agreed that protectionism refers to the restriction through tariff and quotas while 18.9% of the respondents failed to agree with the assertion.

Table 4.21 Complete ban of foreign commodities

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>32</td>
<td>86.5</td>
<td>86.5</td>
<td>86.5</td>
</tr>
<tr>
<td>Valid</td>
<td>No</td>
<td>5</td>
<td>13.5</td>
<td>13.5</td>
</tr>
<tr>
<td>Total</td>
<td>37</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Primary Data 2018
86.5% of the respondents indicated that protectionism refers to a complete ban of the importation of foreign commodities while 13.5% highlighted that it is not complete ban of commodities. The response rate of 86.5% is in line with the rigmarole which was experienced at the border posts where both business people and consumers were confused as to the meaning of the restriction. Some industrialists reacted by through burning of offices at the Beitbridge border post according to the Herald of 6 July 2016. This shows that the restriction still confuses many people as to its true meaning as many have perceived it to mean that it is a ban to importation of the stated commodities. Jing and Lu (2011) state that the application of the quota as a tool has caused disputes even in the international markets.

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>4</td>
<td>10.8</td>
<td>10.8</td>
<td>10.8</td>
</tr>
<tr>
<td>No</td>
<td>33</td>
<td>89.2</td>
<td>89.2</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>37</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary Data 2018

Table 4.22 Promotes local industries
In the study 10.8% of the respondents indicated that the enactment of the SI64/2016 promotes local industries and 89.2% indicated that the SI64/2016 actually promotes the local industries. The figure that agrees that the instrument promotes local industry shows that the group concerned understands and agrees with the government rationale of resuscitating the local industries. The results of 10.8% show that very few respondents believe that re-industrialization may work in Zimbabwe. Krugman and Obstfeld (2006) agree on the notion that the infant industry argument is realistic. The greater number does not however believe in the promotion of local industries through restriction. This is in line with a number of economists and also by a study done in Turkey. Although under WTO-GATT Article XVIII, developing countries are allowed to have the Governmental Assistance to Economic Development, evidence showed that the infant industry argument had little success in Turkey where the industries there did not increase its output per unit of input. The interviewees further explained that the promotion of the local industries may be done at the detriment of consumers as products such as Olivine cooking oil came back on the market albeit at a steep price of about $4.60 per bottle while the imported cooking oils were averagely priced at $3 per bottle. The high cost of production for the locally produced goods is detrimental to the average citizen on the streets hence continued cases of smuggling in Harare.

Source Primary Data 2018
Table 4.23 *Is there any relationship between protectionism (SI64/2016) and retail sector unsustainability?*

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>23</td>
<td>62.2</td>
<td>62.2</td>
<td>62.2</td>
</tr>
<tr>
<td>Valid</td>
<td>No</td>
<td>14</td>
<td>37.8</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>37</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

*Source: Primary Data 2018*

Fig 4.23.1

![Protectionism and business unsustainability](chart.png)

*Source Primary Data 2018*

The greater percentage of 62.2% noted that there is a relationship between protectionism and the retail sector unsustainable of the retail sector while 37.8% of the respondents noted that there was no relationship between protectionism and the retail sector sustainability.

Table 4.24 ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>2.176</td>
<td>1</td>
<td>2.176</td>
<td>21.757</td>
<td>.000b</td>
</tr>
<tr>
<td>1 Regression</td>
<td>3.500</td>
<td>35</td>
<td>.100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>5.676</td>
<td>36</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
a. Dependent Variable: Restriction through tariff and quotas
b. Predictors: (Constant), Is there any relationship between protectionism (SI64/2016) and retail sector unsustainability?

The results indicate that the p values were 0.000 which is less than 5% levels of significant, showing that there is a relationship between protectionism and retail sector sustainability.

Table 4.25 **Challenges in the Retail Sector**

<table>
<thead>
<tr>
<th>Descriptive Statistics</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black market</td>
<td>37</td>
<td>1.00</td>
<td>4.00</td>
<td>1.5946</td>
<td>.83198</td>
</tr>
<tr>
<td>Increase in cost of doing business</td>
<td>37</td>
<td>1.00</td>
<td>5.00</td>
<td>2.0811</td>
<td>1.32032</td>
</tr>
<tr>
<td>Cash shortages</td>
<td>37</td>
<td>1.00</td>
<td>5.00</td>
<td>2.3784</td>
<td>1.29853</td>
</tr>
<tr>
<td>Shortage of foreign currency</td>
<td>37</td>
<td>1.00</td>
<td>5.00</td>
<td>1.9730</td>
<td>1.27990</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>37</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: Primary Data 2018*

All the respondents indicated that the SI 64/2016 sector led to increase in the black market, increase in cost of doing business, Cash shortages, Shortage of foreign currency, Shortage of foreign currency. The mean rating and the standard deviation were used to establish the extent of agreement or disagreement. In line with the Likert scale adopted in this study, a smaller mean would indicate general agreement while a higher mean suggested general disagreement. In this respect, the study established that the enactment of the SI64/2016 led to black markets destabilized the supply of commodities (mean =2.2703, standard deviation=1.38), Underperforming of the retail sector in Zimbabwe (mean = 2.2973, standard deviation= 1.39174), Informalisation (Black market economy), (mean =2.0541, standard deviation= 1.39) and Three tier pricing system (2.3243, standard deviation=1.415).
4.4.4 Strategies to minimize the negative effects of SI64/2016 (Protectionism) on the sustainability of the retail sector

Table 4.26 Strategies to minimize the negative effects of SI64/2016 on the retail sector

<table>
<thead>
<tr>
<th>Description</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promotion of the domestic manufacturing sector</td>
<td>37</td>
<td>1.00</td>
<td>5.00</td>
<td>2.2162</td>
<td>1.45555</td>
</tr>
<tr>
<td>Increase allocation of foreign currency to the manufacturing sector</td>
<td>37</td>
<td>1.00</td>
<td>5.00</td>
<td>2.0270</td>
<td>1.14228</td>
</tr>
<tr>
<td>Amend the SI64/2016 to exclude raw materials used in the manufacturing sector</td>
<td>37</td>
<td>1.00</td>
<td>5.00</td>
<td>1.9189</td>
<td>1.08981</td>
</tr>
<tr>
<td>Scrap the SI64/2016</td>
<td>37</td>
<td>1.00</td>
<td>5.00</td>
<td>1.3243</td>
<td>.88362</td>
</tr>
</tbody>
</table>

Source: Primary Data 2018

All the respondents indicated that the SI 64/2016 sector led to many challenges such as increasing the black market activities, increase in the cost of doing business. As such respondents were asked on their preferred strategies to overcome the negative effects of the SI64/2016. The respondents noted that there was need for the promotion of the domestic manufacturing sector, increasing allocation of foreign currency to the manufacturing sector, amendment of the SI64/2016 so that some raw materials are excluded from the list and to scrap the SI64/2016. The mean rating and the standard deviations were used to establish the extent of agreement or disagreement. In line with the Likert scale adopted in this study, a smaller mean would indicate general agreement while a higher mean suggested general disagreement. In this respect, the study established that the enactment of the SI64/2016 led to many challenges, therefore there was need to Scrap the SI64/2016 (mean=1.3243, standard deviation= .88362), amend the SI64/2016 to exclude raw materials used in the manufacturing sector (mean =1.9189, standard deviation=1.08981), Increase allocation of foreign currency to the manufacturing sector (mean = 2.0270, standard deviation= 1.14228), and promotion of the domestic manufacturing sector (mean =2.2162, standard deviation= 1.45555).
4.5. Chapter Summary

In this chapter, the data collected was presented using descriptive statistics such as tables and narrations. The data was analysed in order to identify the effects of SI64/2016 on the retail sector sustainability in Harare, from which the identified effects were used to base the suggested recommendations. The data was collected using in-depth interviews and questionnaires, and it was analysed and interpreted using the SPSS. The data was then analysed in order to identify the effects of SI64/2016 on the sustainability of the retail sector in Harare, from which the identified effects were used to base the suggested recommendations. The effects of SI64/2016 on the retail sector sustainability in Harare from the results of the questionnaires and interviews were analysed and interpreted in relation to the research objectives and research questions, and the results that emerged were presented. The next chapter presents the suggested strategies to minimize the effects of SI64/2016 on the retail sector sustainability.
CHAPTER 5

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter summarizes the study and highlights the major findings made during the research after an objective comparative analysis of the available data. The researcher also draws conclusions on the major findings and proposes recommendations for improvements. The chapter concludes by recommending further area of study.

5.1 Research objectives

The main objective of the study was to explore the effects of SI64/16 on the sustainability of the retail sector in Harare. The other objectives were as follows:

5.1.1 To investigate the effects of SI64 on the supply of commodities to the retail sector;

5.1.3 To assess the effects of SI64 on the retail prices in Harare;

5.1.3 To explore the sustainability of the retail sector after the introduction of SI64; and

5.1.4 To make recommendations that can minimize the negative effects of SI64/2016 (protectionism) on the sustainability of the retail sector?
5.2 Research questions

The research questions were as follows

5.2.1 What have been the effects of SI64/2016 on the supply of commodities to the retail sector in Harare?
5.2.2 What have been the effects of SI64/2016 on the retail prices of commodities in Harare?
5.2.3 Has the introduction of SI64/2016 had any effects on the sustainability of the retail sector in Harare?
5.2.4 What strategies can be adopted to minimize the negative effects of SI64/2016 (protectionism) on the sustainability of the retail sector?

5.3 Summary

The first chapter of the paper highlighted the objectives for the study and the problem statement. The research seeks to investigate the effects of SI 64/2016 on the retail sector sustainability in Harare. The Statutory Instrument has resulted in shortages of basic commodities in the retail sector which led to an increase in prices as the business operators factored in the cost of obtaining foreign currency on the parallel market. In addition, the retailers factored in the cost of obtaining import licences and corruption on the prices. The knowledge on the effects of protectionism on retail sector sustainability is useful in that it helps the government in its effort to promote stable prices, business sustainability, political and security stability as well as increased revenue generation.

The second chapter covered the literature review from other scholars, the internet and journals. The study established that protectionism in an environment with limited productivity may lead to supply constraints, price increases and unsustainable business operations, particularly the retail business. Furthermore, it was observed that protectionism may lead to an increase in the cost of doing business. The study also identified the forms of protectionism which include tariffs, quotas, subsidies, exchange controls and regulatory barriers. On the other hand, literature also established the rationale for protectionism as promotion of national security, infant industries, diversification argument, and protection of jobs as well as balancing the balance of trade. The study established
that the SI64/2016 was enacted based on the need to protect the domestic industry, jobs as well as balancing the balance of trade especially with South Africa which is Zimbabwe’s major trading partner. Literature review also established the meaning of sustainability as meeting the needs of the present without compromising the ability of future generations to meet their own. From the literature, it was established that a sustainable enterprise comprises a simultaneous of economic, social and environmental benefits. It also established that corporate growth and profitability are important to an organisation. In addition, literature indicated that, for business sustainability to be achieved there is need for organisations to embrace the societal expectations in the community they do business in.

The third chapter covered in detail the various methods that were used in this study to collect data, which included both primary and secondary sources. The chapter outlined the research philosophy and design, the (target) population, data collection methods, the instruments used and how these were organized and administered.

The fourth chapter covered data presentation and analysis. The data collected was presented using descriptive statistics. The data was analysed in order to identify the effects of SI64/2016 on the retail sector sustainability in Harare, from which the identified effects were used to base the suggested recommendations.

5.4. Summary of Research Findings

5.4.1.1 Effects on prices

The study sought to assess the effects of SI64 on the retail prices in Harare. The research identified that the introduction of SI64/2016 led to price increases. According to a price survey of basic commodities which was undertaken by the National Incomes and Prices Commission (NIPC) in 2016, the prices of many products increased soon after the restriction. The study revealed that prices for commodities increased by 12.83% on average across all commodities after its introduction. This is because retailers factored in the cost of obtaining permits which amounted to US$1000, cost of bureaucracy, and corruption costs and the cost of obtaining foreign currency on the parallel market. It must be noted that the industrial capacity utilization in the manufacturing sector decreased from 47.4% to 45.1% and reduced the availability of goods on the local market.
As a result, retailers ended up increasing prices during the period September to December 2016 as retailers and suppliers responded to shortages as a result of the effects of the SI64/2016. However, the study also established that the price increase during the same period could have been compounded by the use of Bond Notes and RTGS balances as the retailers had to discount the RTGS balances for foreign currency which was in short supply.

5.4.1.2 Effects on supply

The study investigated the effects of SI64/2016 on the supply of commodities to the retail sector. It was envisaged that the restriction reduced the supply of commodities to the retail sector, negatively affected the lead time in stocking of the commodities and affected the quality of the commodities being supplied. This is in line with theory which states that restrictive measures tend to limit product competition in the economy and result in the production of sub-quality or inferior of goods. The lack of competition can also result in an increase in the price of goods if the local manufacturers fail to meet the local demand.

Bureaucratic channels involved when applying for permits through the Ministry of Industry and Commerce as well as verification by ZIMRA at the ports of entry also affected supply. The study established that, in some cases it takes almost two weeks to obtain an import permit due to the bureaucratic channels.

5.4.1.3 Effects on sustainability

SI64/2016 negatively affected the sustainability of the retail sector in Harare. The study furthermore envisaged that sustainability was affected by a number of factors which include high cost of production of locally produced, the cost of import licences, acute shortages of foreign currency and the proliferation of the black market economy.

5.4.2 Strategies that could be used to minimize the negative effects of SI64/2016 (protectionism) on the sustainability of the retail sector
The study also explored the strategies that could be used to minimize the negative effects of SI64/2016 (protectionism) on the sustainability of the retail sector. From the study, it was established that SI64/2016 led to shortages of basic commodities, increase in prices, and proliferation of black market, rent-seeking behavior and the unsustainability of the retail sector in Harare. In that regard, the following strategies were suggested to minimize the negative effects of SI64/2016 on the retail sector sustainability:

i. promotion of the domestic manufacturing sector through retooling of plant equipment and infrastructure and promoting FDI policies;
ii. increasing allocation of foreign currency to the manufacturing sector through prioritization and incentives;
iii. amendment of the SI64/2016 so that some raw materials such as pizza base are excluded from the list; and
iv. Scrapping off the SI64/2016.

5.5. CONCLUSIONS

Based on the research findings, it can be concluded that the major effects of SI64/2016 on the sustainability of the retail sector in Harare included the following:

5.5.1 The effects of SI64 on the supply of commodities to the retail sector

a) It is concluded that there is constrained supply of basic commodities as capacity utilization was low which led to the destabilization of supply and stocks in the retail sector. This eventually affected the performance of the retail sector in Harare.

5.5.2 The effects of SI64 on the retail prices in Harare

a) It is concluded that SI64/2016 also led to the emergence and growth of informalisation (black market). After the enactment of SI64/2016, basic commodities disappeared from the formal market and proliferated on black market at Copacabana, Fourth Street, Robert Mugabe Road among others. Commodities were being sold at cheaper prices compared to
the formal market due to operation costs. As result, sustainability of the retail sector was negatively affected; and

b) It is also concluded that the restriction increased the price of commodities as retailers factored in the cost of obtaining foreign currency on the parallel market, obtaining import permits and corruption costs. In addition, the forces of demand and supply led to the increase in prices given that the local producers could not meet demand.

5.5.3 Sustainability of the retail sector after the introduction of SI64

a) It is further concluded that increased the cost of obtaining commodities. This is because the SI64/2016 limited product competition in the economy and resulting in the production of sub-quality or inferior of goods. The lack of competition resulted in an increase in the cost of goods of the locally manufactured goods which affected profitability of the retail sector.

The above effects of the restriction were almost similar to Nigeria. In the case study of Nigeria, the results were that prices of commodities increased which affected the average populace more. The product mix became poor as quality was compromised than what was expected on the market. Many traders resorted to smuggling of products at the ports and others engaged in corrupt vices of bribing the port officers Treichel et al (2012).

5.6. Recommendations and Implications for Policy and Practise

5.6.1. Recommendations to Government

There is need for Government to engage all the stakeholders before enactment of protectionist policies such as SI64/2016. While it was a noble idea to protect the local manufacturing industry, the use of protectionism had negative effects on the sustainability of the retail sector as well as consumer welfare. Therefore, there is need for cost benefit analysis before introduction of such policies. This is in line with Margulis (2017) who states that governments
should ensure that no unnecessary regulatory barriers are imposed on the policy side, as sustainability remains a key driver of economic growth. To ensure that any policies put in place to protect the producers by government does not affect the sustainability of the retail sector, the policy decisions should be informed by research and engagements. The engagements should not be one way but an interactive process with all the stakeholders as indicated in the following conceptual framework overleaf:

Figure 5.1 **Government stakeholder engagement**

<table>
<thead>
<tr>
<th>Government (Ministry of Industry and Commerce)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Producers</td>
</tr>
<tr>
<td>• CZI</td>
</tr>
<tr>
<td>• ZNCC</td>
</tr>
<tr>
<td>• SMEs</td>
</tr>
<tr>
<td>Consumers</td>
</tr>
<tr>
<td>Retailers</td>
</tr>
<tr>
<td>• CRZ</td>
</tr>
</tbody>
</table>

*Source: Primary Data 2018*

In order to minimize the effects of SI64/2016 on the retail sector sustainability, Government should also consider scraping SI64/2016 and open up the borders to increase the supply of quality commodities at competitive prices. This is expected to improve both the sustainability of the retail sector and consumer welfare. Given that the enactment of SI64/2016 led to the vices of corruption, smuggling and proliferation of black market operations, it would be prudent for Government to scrap the protectionist policies.

The Government should also prioritize and improve the allocation of foreign currency to the manufacturing sector through FDI in order to improve productivity and the supply of
commodities. This will shorten the lead time of stocking by the retail sector and enable them to operate efficiently and profitably.

5.6.2. Recommendations to the Confederation of Retailers in Zimbabwe

The retail sector through the Confederation of Retailers in Zimbabwe (CRZ) should engage the Government highlighting the effects of protectionism on both the sustainability of the retail sector and the welfare of the consumer.

5.6.3 Research contribution to theory and practice

It has been observed that protectionism has negative effects on sustainability of the retail sector in Zimbabwe as it affects the supply of commodities. This is in agreement to the observation by Trautrim (2009) who stipulates that, the fundamental performance indicator of the entire supply chain in the retail sector is product availability. According to Beneke (2012), adequate availability of stocks raises the service quality levels and which will invariably have a positive impact on customer loyalty as well as the retail sector sustainability. Therefore, in line with Margulis (2017), governments should ensure that no unnecessary regulatory barriers are imposed on the policy side, as sustainability remains a key driver of economic growth.

5.7. Limitations and Areas for further study

The study was confined to the effects of SI64/2016 on the retail sector of Harare and yet manufacturers also play a pivotal role to the retail sector. Future researchers could carry out studies on the effects of protectionism on consumer welfare in Zimbabwe as well as considering research on the impact of protectionism on the manufacturing sector in Zimbabwe.
5.8. Chapter Summary

Chapter five summarized the major findings made during the research after an objective comparative analysis of the available data. The chapter drew conclusions based on the major findings and proposed recommendations for policy and practice to various institutions for purposes of improving the retail sector sustainability in Harare. Furthermore, the chapter summarized key recommendations that maybe adopted to minimize the effects of SI64/2016 on the retail sector sustainability in Harare. The chapter concludes by recommending further areas of study.
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APPENDICES

Appendix 1: Letter of introduction

No. 1 Missenden Road
Bluffhill
Harare

Date

Dear Participant

RE: LETTER OF INTRODUCTION

My name is Pamela Yeukai Chiwara. I am a Masters in Business Leadership (MBL) student with the Bindura University of Science Education (BUSE). In partial fulfillment of the requirement of the MBL programme, I have to gather data in form of questionnaires. The research I am undertaking is premised on the effects of Statutory Instrument 64/16 (now incorporated in SI122/17) in relation to the retail industry of Zimbabwe on business sustainability. Your responses are important in enabling me to fully understand this topic.

The questionnaire will take approximately 5 minutes to complete. May you fill in the answers in the spaces provided. The information given will be treated in strict confidence as your personal information is deliberately omitted. May you please return the filled questionnaire to me by …date.

For any further information and questions, do not hesitate to call or WhatsApp me on 0772 952 829 or on my email address yeukaichiwara@gmail.com.

Thank you for your help

Yours faithfully

Pamela Yeukai Chiwara.

My name is Pamela Y. Chiwara I am student at the Bindura University of Science and Technology undertaking a study titled: Protectionism and Business Sustainability: The Effects of SI64/2016 on the Retail Sector in Harare, Zimbabwe (2016 – February 2018). Data collected will be strictly considered with secrecy and privacy.

Please note that all the information obtained will be treated with confidentiality and the results without reference to your individual responses. If there are some important aspects or areas of interest that you think have been left out, kindly add your comments at the end of the questions.

For any further information and clarifications please do not hesitate to contact me on Whatsapp or call 0772 952 829 or email yeukaichiwara@gmail.com.

SECTION A: GENERAL INFORMATION

1. Gender (Please tick)
   - Male ☐
   - Female ☐

2. Position in the Industry (Please Tick)
   - General Manager ☐
   - Buyer ☐
   - Accountant ☐
   - Other …………………… ☐
SECTION B: EFFECTS OF SI64/2016 ON THE SUPPLY OF COMMODITIES TO THE RETAIL SECTOR IN HARARE

3. Do you have knowledge of the Statutory Instrument 64 of 2016? (Please tick)

   Yes ☐ No ☐

4. Are import licences affordable? (Please tick)

   Yes ☐ No ☐

5. Are there any challenges you face in obtaining import licenses? (Please Tick)

   Yes ☐ No ☐

6. Kindly indicate your level of agreement or disagreement with the following statements as they relate to the challenges being faced in obtaining import licenses (1- Strongly agree, 2- agree, 3 – Uncertain, 4 – Disagree and 5 – Strongly Disagree)

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<th>1</th>
<th>2</th>
<th>3</th>
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<tbody>
<tr>
<td>Cost</td>
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<tr>
<td>Time</td>
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<tr>
<td>Corruption</td>
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<tr>
<td>Bureaucracy</td>
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</table>

7. Is the procedure for obtaining import licencing in line with the ease of doing business? (Please Tick)

   Yes ☐ No ☐
8. Kindly indicate your level of agreement or disagreement with the following statements as they relate to the effects of SI 64/2016 on the supply of commodities to your retail business (1 - Strongly agree, 2 - agree, 3 – Uncertain, 4 – Disagree and 5 – Strongly Disagree)

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<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
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<tbody>
<tr>
<td>Reduced Supply of basic commodities</td>
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<td>Increased the cost of obtaining the commodities</td>
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<tr>
<td>Affected the lead time for the supply of the commodities</td>
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<tr>
<td>Affected the quality of commodities being supplies</td>
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</table>

Any other effects of SI64/2016?

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9. Has SI64/2016 changed the composition of commodities in your retail business?

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10. Who were your major suppliers before and after the introduction of SI64/2016?

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11. Did you import any commodities on the restriction list before the import restriction? (Please Tick)

Yes ☐  No ☐

12. If answer to 11 is Yes, Please list the commodities.

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13. Kindly indicate your level of agreement or disagreement with the following statements as they relate to the effects of protectionism (SI64/2016) on the sustainability of the retail sector in Zimbabwe (1 - Strongly agree, 2 - agree, 3 - Uncertain, 4 - Disagree and 5 - Strongly Disagree)

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Destabilises supply of commodities</td>
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<tr>
<td>Underperforming of the retail sector in Zimbabwe</td>
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<tr>
<td>Informalisation (Black market economy)</td>
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<td></td>
<td></td>
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<tr>
<td>Three tier pricing system</td>
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</tbody>
</table>

SECTION C: EFFECTS OF SI64 ON THE RETAIL PRICES IN HARARE

14. Did SI 64/2016 lead to price increases? (Please tick)
   Yes ☐ No ☐

15. Please explain your answer to question 14 above.
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SECTION D: SUSTAINABILITY OF THE RETAIL SECTOR AFTER THE INTRODUCTION OF SI64/2016

16. What do you understand by sustainability?

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17. What do you understand by protectionism? Tick from the given answers below:

<table>
<thead>
<tr>
<th>Restriction through tariff and quotas</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complete ban of foreign commodities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Promoting local industries</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

18. Is there any relationship between protectionism (SI64/2016) and retail sector unsustainability? (Please tick)

Yes ☐  No ☐

19. Please explain your answer to question 18 above.

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20. Kindly indicate your level of agreement or disagreement with the following statements as they relate to the challenges being faced in the retail in Harare (1 - Strongly agree, 2 - agree, 3 – Uncertain, 4 – Disagree and 5 – Strongly Disagree)

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
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<tbody>
<tr>
<td>Shortage of foreign currency</td>
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<td>Cash shortages</td>
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<tr>
<td>Increase in cost of doing business</td>
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<tr>
<td>Black market</td>
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</table>

SECTION E: STRATEGIES TO MINIMIZE THE NEGATIVE EFFECTS OF SI64/2016 (PROTECTIONISM) ON THE SUSTAINABILITY OF THE RETAIL SECTOR

21. Kindly indicate your level of agreement or disagreement on measures that can be implemented to minimize the negative effects of SI64/2016 on the retail sector sustainability (1 - Strongly agree, 2 - agree, 3 – Uncertain, 4 – Disagree and 5 – Strongly Disagree)

<table>
<thead>
<tr>
<th>Measure</th>
<th>1</th>
<th>2</th>
<th>3</th>
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<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promotion of the domestic manufacturing sector</td>
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<tr>
<td>Increase allocation of foreign currency to the manufacturing sector</td>
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<tr>
<td>Amend the SI64/2016 to exclude raw materials used in the manufacturing sector</td>
<td></td>
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<tr>
<td>Scrap the SI64/2016</td>
<td></td>
<td></td>
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<td></td>
<td></td>
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</tbody>
</table>