AN INVESTIGATION INTO THE ROLE OF THE INTERNET IN TRANSFORMING SMES INTO GLOBAL PLAYERS: A case of the Harare SMEs

(2010-2012)

BY

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R892150Z

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SUPERVISOR: CHRISTOPHER B. MASHAVIRA
DEDICATION

This dissertation is dedicated to my beloved husband Doctor, son Providence and my two daughters Praise and Everjoy as well as my late father Mr J. B. Munozogara. As I write this dissertation, I think of my two daughters and how I desire that they, as girl children, be inspired to work hard to achieve whatever they may desire in life. The sky is the limit.
DECLARATION

I, Eunah Mucheche, do hereby declare that this dissertation is the result of my own investigation and research, except to the extent indicated in the acknowledgements, references and by comments included in the body of the research report and that it has not been submitted in part or in full for any other degree, to any other university.

Student’s Signature  Date

Supervisor’s Signature  Date
ACKNOWLEDGEMENTS

I would like to thank my project supervisor, Mr C. B. Mashavira, for the tireless commitment he showed me as he was professionally and expertly guiding me through the writing of this dissertation.

My sincere gratitude also goes to my fellow students, who greatly encouraged me to carry on when I thought I could not make it anymore. Special mention goes to students Grace R. Banhamombe, Gladys Sirewu Gota and Thomas Chuma, who even encouraged me to write some of my taught courses from my bed when I was sick. May the Almighty God bless them for the encouragement they gave me during that trying moment?

The author also wishes to acknowledge her husband, Doctor and children, for their patience as she stole from them valuable family time to complete this project. I pray that God Almighty bless you for the love and support you always give to me.

Above all, I would like to thank my Lord Jesus Christ, for not only giving me the strength to carry on to the end, but also gave me life to enable me reach this moment.
ABSTRACT

The research sought to investigate the role the Internet has played in transforming the Harare SMEs into global players during the dispensation 2010-2012. This was necessitated by failure by Harare to embrace Internet technology in developing their businesses into global players.

The researcher critically reviewed literature from a wide range of sources, which were books, the Internet, professional journals, and published and unpublished research papers by other scholars, government publications and conference proceedings and so as to get information related to the current research topic. The research constituted a sample of 100 self-administered questionnaire respondents and 12 face-to-face interviewees, drawn from an estimated population of 800 Harare SMEs, with an establishment of 5-30 employees, registered with the Zimbabwe Companies Act Chapter 24:03 and having been in operation for at least a year. Sixty-seven self-administered questionnaire copies were completed and returned and 9 interviews were done.

The researcher used interviews, desktop as well as self-administered questionnaire to collect the research data. The data was presented in graphs, pie-charts, venn diagrams and tables, which were further explained.

The study concluded that, the majority of the Harare SMEs had access to the Internet but a few had websites of their own. Even those who had websites were not actively using them. It was also concluded that the majority of the SMEs were not marketing their business in the way it was supposed to be for most of the SMEs’ websites were not developed enough to effectively support virtual business transactions and as such, they could not effectively reach regional and global clients. The research also concluded that, the Harare SMEs that were marketing their businesses on the Internet were facing a number of challenges which included competition, inconsistent funding and security threats. It was also concluded that the Harare SMEs, which used the Internet to market their businesses benefited in terms of obtaining new markets regionally and globally, but to a very small extent.

The study thus recommended that, for the Harare SMEs, to fully benefit from the use of the Internet, they should find cheaper means of creating active and up-to-date websites, which are constantly updated with current information about the SMEs’ products as this will allow them to embrace database marketing which will in turn allow customized service delivery. The study also recommended that the Ministry of Small to Medium Enterprises and Cooperatives and relevant policy makers should enact laws that support medium to long-term financial leveraging for both working capital and capital support. Internet Service Providers were also recommended to introduce various promotional programs to enlighten SMEs on various cost effective business solutions, so as to give them important competitive capabilities for virtual trading. Harare SMEs owners/managers were also recommended to engage IT specialists or send their employees for IT enhancement so that they could be in a position to grab the most recent and advanced web development tools.

The study suggested some of the following as areas of further study; an evaluation of the problems the Harare exporting SMEs are facing in exporting their products regionally and globally and an evaluation of government ICT policy in building IT oriented SMEs.
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CHAPTER 1

INTRODUCTION

1.1 Introduction

This introductory chapter will open with a detailed background of the role the Internet has and is playing in transforming SMEs into global players in Africa and the world in general. The background will also highlight what the Zimbabwean Government has done so far to try and promote the use of the Internet by SMEs in their businesses. The researcher will also articulate the statement of the problem which is pivotal to the study. The purpose and objectives of the study will also be expressed in this chapter. A list of research questions, which will clearly state what the study will investigate or attempt to prove, will be given as well. Justification of the research which will tell how the Zimbabwean SMEs and other stakeholders will benefit and the delimitation of the research will also be established. The chapter will conclude with the definition of terms, report outline and a chapter summary.
1.2 Background to the study

In most economies in the world, the Internet has been taken as the platform to raise business performance especially those with little or limited marketing budgets. The Internet offers a new channel that is more effective, cheaper and not limited in terms of size of the organizations. Before the Internet revolution, it was very difficult for SMEs or even those corporates with limited financial capacities to market globally but the Internet has bridged those gaps by enabling every organization to communicate with the world for little or even no cost at all.

SMEs can be described in several ways for example; the European parliament’s definition of SMEs refers to a business with up to 250 employees. De Klerk and Kroon (2005), writing from the perspective of the Republic of South Africa, divided SMEs into three categories: micro (< 5 people), small (between 5-50 people) and medium-sized (51-200 people). Nonetheless, some, generally accept SMEs as businesses characterized by informal planning, strong owner’s influence, lack of specialists, small management teams, heavy reliance on few customers, and limited knowledge, amongst others (Bunker and Macgregor, 2002; Ifinedo, 2006).

It is generally accepted that SMEs are the engine of growth of all economies (Bunker and MacGregor, 2002), including those in Africa. According to Ojukwu (2006), 97% of all businesses in Nigeria employ less than 100 employees, and the same is true in many African countries (Ifinedo, 2006). This growing value and relevance of SMEs in the economies can be reflected by the creation of specific Ministries to run the development of SMEs into formal active players in the economy. That said, SMEs in developed nations have been able
to use ICT products such as the Internet in establishing e-commerce and e-business initiatives (Bunker and MacGregor, 2002; Turban, et al., 2004) and have subsequently benefited from such exercises. On the contrary, little or no progress has been made on such fronts in many developing countries, including those in the Sub Sahara Africa due to a variety of reasons, including inadequate know-how and a lack of resources (Ifinedo, 2005, and Ojukwu, 2006).

Zimbabwe is one of those countries in Sub Sahara Africa which also has a ministry specifically created to run the small to medium enterprises (Ministry of Small to Medium Enterprises and Cooperatives). Many businesses under this ministry are facing a lot of challenges in both establishing and maintaining foreign markets that give them a competitive edge, as indicated by a study which was jointly carried out by Zimbabwe Economic Policy Analysis and Research Unit (ZEPARU) and Empretee Zimbabwe in 2007. These included inadequate managerial and marketing skills, low rates of technology absorption and limited policy support.

Zimbabwe in her endeavor to promote Internet usage among other Postal and Telecommunication services enacted the Postal and Telecommunication Act Chapter 12:05 of 2000 and thus subsequently led to the establishment of Postal Telecommunication Regulatory Authority (POTRAZ). Below are some of the functions of the board:

a). To ensure the provision of sufficient domestic and international telecommunication and postal services throughout Zimbabwe on such terms and conditions.

b). To ensure that these services are provided at rates consistent with the provision of an efficient and continuous service.
c). To promote the development of postal and telecommunication systems and services in accordance with practicable recognized international and public demands.

d). To exercise licensing and regulatory functions in respect of postal and telecommunication systems and services in Zimbabwe.

e). To ensure that reasonable demands for postal and telecommunication services are satisfied.

f). To promote and encourage the expansion of postal and telecommunication services.

This has also seen Zimbabwe being in the top ten list for internet usage in Africa by 2009 (http://community.telecentre.org, accessed 20 AUGUST 2012.)

According to a POTRAZ Post Volume 4 December 2011, the Zimbabwe Postal and Telecommunication industry has witnessed a phenomenal growth as evidenced by the following empirical findings:

a). Total mobile subscribers increased from 314 002 in 2001 to 9 201 504 at the end of 2011, a whooping 2 830% growth.

b). Mobile tele-density as measured by the number of mobile subscribers per every 100 people of the population grew from 2,19% in 2001 to 73,11 as at the end of 2011.

c). The total mobile switching capacity increased from 570 000 in 2004 to 11 910 000 as at end of 2011.
d). Incoming International Internet bandwidth increased from 39mbps in 2001 to 3500 mbps as at end of 2011.

e). Outgoing International Internet bandwidth increased from 43mbps in 2001 to 31 000 mbps in 2011.

The question is, if other countries, especially those in the developed world, have benefited a lot from SMEs and internationalization of such businesses through the Internet, to what extent are the Zimbabwean capital city’s SMEs benefiting from the same facility.

1.3 **Statement of the problem**

The role of the Internet in spearheading the transformation of SMEs into global players is little known especially in Zimbabwe as justified by the small number of organizations, especially those SMEs which are online. Most of their business transactions are done manually and it is very rare to see virtual online small organizations in the country and especially in the category of SMEs. The research thus, seeks to investigate the problems and challenges that the Harare SMEs are facing in accessing and using the Internet to procure raw materials and market their products regionally and globally.

1.4 **Research Objectives**

The broad objective of this research is to establish the role that the Internet is playing in transforming Harare SMEs into global players.
1.4.1 To determine the proportion of Harare SMEs with access to the Internet.

1.4.2 To establish the challenges being faced by Harare SMEs using the Internet to market their businesses.

1.4.3 To establish the proportion of SMEs in Harare that are using the Internet to market their businesses regionally and globally.

1.4.4 To establish the extent to which those who are using the Internet to market their businesses have benefited in terms of obtaining new markets.

1.4.5 To come up with sound policy recommendations which are likely to curb or reduce the challenges which are being faced by SMEs in using the Internet to market their businesses.

**1.5 Research Propositions:** The research seeks to validate the following propositions:

1.5.1 That a small proportion of the SMEs in Harare have got access to the Internet.

1.5.2 That SMEs in Harare, who are using the Internet to market their businesses, face a lot of challenges in accessing the Internet.

1.5.3 That SMEs in Harare, which are connected to the Internet, are using the Internet to market their businesses globally and regionally.

1.5.4 That those using the Internet to market their businesses have benefited in terms of obtaining new markets.
1.6 Research questions

The study aims to answer the following questions:

1.6.1 To what extent are Harare SMEs using the Internet to market their businesses?

1.6.2 What are the challenges being faced by Harare SMEs in using the Internet to grow their businesses?

1.6.3 What proportion of the Harare SMEs has got access to the Internet?

1.6.4 To what extent have those SMEs with access to the Internet benefited in terms of obtaining new markets regionally and globally?

1.6.5 How has been the Zimbabwean IT infrastructure configured to support SMEs?

1.6.6 How effective and efficient is the local IT infrastructure in abating security risks as far as e-commerce is concerned with regard to SMEs?

1.7 Justification of the study

The purpose of this study is to critically analyze the extent to which the Internet has assisted the Zimbabwean Harare SMEs grow into global players. This will be done through an investigative study into the use of the Internet services by SMEs and possibly come up with recommendations that would assist stakeholders in creating and maintaining foreign markets. This would lead to growth of their small businesses into international businesses thereby
positively contributing to the GDP of the country and create more jobs for the many jobless Zimbabweans as well.

It is imperative that the government has a major role to play in creating a conducive policy framework that will enable the SMEs access and use the internet to market their businesses regionally and globally, but the other stakeholders namely the SMEs have to be proactive in finding and using what is already in place in terms of ICT infrastructure to enhance the growth of their businesses into global players.

1.8 The study will therefore be of great significance to the following:

a). Harare SMEs:

They are likely to be the greatest beneficiaries of this study as they will get the chance to get a confirmed, credible research based pieces of advice on how the Internet can influence the growth of their businesses.

b). Policy makers:

They stand the best chance to get information that will be of great value to their operations at minimal cost.

c). Industry and commerce:

They will see how other nations use the Internet to enhance their operations and gain competitive advantage in international business.

d). The researcher:
They will be in a position to get exposed to the realities of two most influential aspects of modern business which are the Internet and the SMEs. The study, combining the use of the Internet services and the SMEs will equip the researcher with powerful analytical skills that can broaden her understanding of the modern business environment.

1.9 Key definitions.

1.9.1 SMEs: Small to medium enterprise, in this case small businesses comprising of workers from five to thirty.

1.9.2 Internet: A rapidly growing computer network of millions of businesses and governmental networks connecting hundreds of millions of computers and their users in over many countries.

1.9.3 E-commerce: The process of buying, selling, or exchanging products, services or information via computer networks.

1.9.4 E-business: A broader definition of e-commerce that includes not just the buying and selling of goods and services, but also servicing customers, collaborating with business partners, and conducting electronic transactions within an organization.

1.9.5 Web-hosting is the service that makes your website available to be viewed by others on the Internet. A web host provides space on its server, so that other computers around the world can access your website by means of a network or modem.
1.10 Delimitation of the study

The study is taking place in Harare, the provincial capital of Harare province and also happens to be the capital city of Zimbabwe, a country in Southern Africa which is bordered by Zambia to the North, South Africa to the South, Mozambique to the East and Botswana to the West. The researcher will be looking at the role the Internet is and has played in transforming SMEs in Harare into global players.

1.11 Research limitations

The researcher lost her beloved father during the research process, disturbing the progress of the research. She had to work extra hard to catch up with the chapter deadlines. Computer skills, especially on graphs were a limitation for the researcher. However, she had to ask an experienced person to assist her.

1.12 Research Outline

An introduction with background and justification of the study will open up the research and this will be chapter one. Chapter two will be the theoretical concepts of the field under study, that is, literature review. Research methodology will follow in chapter three, and this will show how the research will be done and the research instruments to be used. Chapter four
will follow with the analysis of the data that would have been collected. The last part of the research will be chapter five with the conclusions and recommendations that will have been drawn from the study.

1.13 Chapter summary

In this chapter, the researcher presented the historical background of the study, stated the statement of the problem and the significance of the study, outlined research objectives and research questions, as well as the scope of the study. In the following chapter, the researcher will review literature relevant to the current area of study.
CHAPTER 2

LITERATURE REVIEW

2.0 INTRODUCTION.

In the previous chapter the author gave the background of the study, statement of the problem, research questions and propositions. Research objectives, assumptions to the study, delimitations and limitations were also given. In this chapter, the author is going to review relevant literature to the study. The aim of the chapter is to highlight the conceptual and theoretical issues related to the role that the Internet is and has played in transforming SMEs into global players. This chapter will also highlight the empirical evidence on the role the Internet has played in enabling other countries’ economies benefit from the fact that their SMEs had also benefited from the use of the Internet services to grow their businesses.

2.1 Definition
Sekaran (1984:84) defines literature review as the documentation of a comprehensive review of published work from secondary sources of data in the areas of specific interest to the researcher. Literature is also defined as a critical analysis of a segment of a published body of knowledge through summary, classification and comparison of prior research studies, reviews of literature and theoretical articles (http://uwp.aas.duke.edu/wstudio, accessed on 17 October 2012). Cooper and Schindler (2003:101) say literature review examines recent or historically significant research studies, company data, or industry reports that act as a basis for the study.

2.2. Purpose of literature review

The literature that is being reviewed is related to the current research area. The literature will assist the researcher in identifying the probable causes of the current research problem. The researcher will also be assisted in identifying the strategies that were used to solve similar problems, thus enabling her to evaluate and identify the most probable strategy (ies) to use in the current situation.

The researcher should however, take into cognizance the fact that those strategies used to solve similar problems were applied in situations not necessarily similar to the current environment, which is Zimbabwe. The researcher will therefore modify the chosen strategy or methodology to suit the Zimbabwean SMEs environmental situation. This having been done, it is the belief of the researcher that, if the recommendations that she will ultimately suggest, will be implemented in a committed and effective way, the current research problem will be eliminated.
2.3 Sources of literature review.

The researcher critically reviewed literature from a wide range of sources, which were books, the Internet, professional journals, and published and unpublished research papers by other scholars, government publications, conference proceedings and newspapers so as to get information related to the current research topic.

2.4. Conceptual Framework

The Internet is an important business tool and the increasing traffic levels reflect this fact. With the Internet, borders between countries have become less relevant and more direct interaction between business entities has been made possible (Chrysostome and Rossan, 2004). The following section is going to define the Internet, distinguish it from the intranet and extranet and how the advent of Internet has revolutionalized business in the contemporary world.

2.4.1 The Internet.

The Internet is a global system of interconnected computer networks that use the standard Internet protocol suite (TCP/IP) to serve billions of users worldwide. It is a network of
networks that consists of millions of private, public, academic, business, and government networks, of local to global scope, that are linked by a broad array of electronic, wireless and optical networking technologies. The Internet carries an extensive range of information resources and services, such as the inter-linked hypertext of the World Wide Web (WWW) and the infrastructure to support email. (http://en.Wikipedia.org/wiki/Internet. 14 March 2012).

2.4.1.1 Intranet and extranet.

Http://www.sts.tu-harburg.de/teaching>.E-com (accessed on 2 December 2011), defines intranet as a network of computers in a company that are connected via internet-based protocols (HTML, HTTP, FTP, Mail; SMTP,POP3) and are not accessible from outside. On the other hand Turban et al (2006) also defines an intranet as a corporate local area network (LAN) or wide area network (WAN) that uses Internet technology and is secured behind the company’s firewalls. They go on to describe intranets as being limited to information pertinent to the company and also containing exclusive, often proprietary, sensitive information. The intranet, according to Turban et al (2006), can be used to enhance communication and collaboration among authorized employees, customers, suppliers and other business partners.

An extranet provides secured access for a company to its intranet and also additional information and services that may not be part of a company’s intranet (http://www.sts.tu-harburg.de/teaching>.E-com accessed 2 December 2011). In addition to the above, Turban et
al (2006) also describes extranets as providing secured connectivity between a corporation’s intranets and the intranets of its business partners, material suppliers, financial services, government and customers. Access to the extranet is secured via the firewall.

2.4.1.2 E-commerce.

Turban et al (2006: 4), defines e-commerce as the process of buying, selling, transferring or exchanging products, services and/or information via computer networks, including the Internet. They went on to define e-commerce from a number of perspectives which are:

i. Communication perspective, in which e-commerce is the delivery of goods, services, information or payments over computer networks or by any other electronic means.

ii. Commercial(trading ) perspective, in which e-commerce provides the capacity of buying and selling products, services and information over the Internet and other online services.

iii. Business process perspective, in which e-commerce is doing business electronically by completing business processes over electronic networks, thereby substituting information for physical business processes.

iv. Service perspective, in which e-commerce is a tool that addresses the desires of governments, firms, consumers and management to cut costs while improving the quality of customer service and increasing the speed of service delivery.
v. Learning perspective, in which e-commerce is an enabler of online training and education in schools, universities and other organizations even businesses.

vi. Collaborative perspective, in which e-commerce is a framework for inter- and intra-organizational collaboration.

vii. Community perspective, in which e-commerce provides a gathering place for community members to learn, transact and collaborate.

2.4.1.3 E-business.

Turban et al (2006), refer to others as defining e-business as a broader meaning of e-commerce, not just involving buying and selling of goods and services, but also servicing customers, collaborating with business partners, conducting e-learning and conducting electronic transactions within an organization. E-business is also defined by McKay and Marshall (2004) as the use of the Internet other information technologies to support commerce and improve business performance.

2.4.2 The Internet Revolution.

The Internet has become one of the largest and most important network of networks today and has evolved into a global information superhighway (O’Brien et al 2010). According to O’Brien et al (2010), this network of networks began to grow from about ten (10) servers in December 1991 to forty-six (46) connected servers in January 2004. In January 2007, the
Internet was estimated to have more than one billion users with Websites in more than 34 languages. The number has risen to more than 2.2 billion users in 2011([http://en.Wikipedia.org/wiki/Internet accessed on 10 March 2012](http://en.Wikipedia.org/wiki/Internet accessed on 10 March 2012)).

The Internet and related technologies and applications have changed the ways businesses operate and how people work as well as how information systems support businesses, decision making and competitive advantage. Thus many businesses today are using Internet technologies to Web-enable their business processes and create innovative e-business applications (O’Brien et al, 2010)

The growing value and relevance of SMEs in the economies of different countries can be reflected by the creation of specific ministries to run the development of SMEs into formal active players in the economy. The next section is going to look at how different countries define SMEs to suit their situation.

### 2.4.346 Definition of SMEs

SMEs can be described in several ways, for example, the European Parliament’s definition of SMEs refers to a business with up to 250 employees. Table 2.1 below gives the European Union (EU)’s definition of SMEs.

De Klerk and Kroon (2005), writing from the perspectives of the Republic of South Africa, divided SMEs into three main subcategories: micro (< 5 people), small (between 5-50 people) and medium-sized (51 -200 people). On the other hand, Organization for Economic Cooperation and Development ( OECD ) defines establishments with up to 19 employees as ‘
very small ‘, between 20 and 99 employees as ‘ small ‘, from 100 to 499 as medium and over 500 employees as large enterprises (Exim Bank 2005). However many businesses with 100 to 499 employees are regarded as relatively large firms especially in developing countries.

Table 2.1 European Union definitions of SMEs.

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Micro Enterprises</th>
<th>Small Enterprises</th>
<th>Medium Enterprises</th>
</tr>
</thead>
<tbody>
<tr>
<td>No of Employees</td>
<td>&lt; 10</td>
<td>&lt;50</td>
<td>&lt;250</td>
</tr>
<tr>
<td>Turnover ( millions Euros )</td>
<td>2</td>
<td>10</td>
<td>50</td>
</tr>
<tr>
<td>Balance sheet total ( millions Euros )</td>
<td>2</td>
<td>10</td>
<td>43</td>
</tr>
</tbody>
</table>


The Malaysian Government, at a workshop held in 2007 in Tripoli Libya, adopted the National SME Development Council (NSDC)’s definition of SMEs. They defined their SMEs according to sector, number of full-time employees and annual turnover sales. The redefining of SMEs according to the above criteria was done so as to enable the government assist each particular SME accordingly.

The Zimbabwean SMEs policy document, which was established in 2002, has a similar definition for SMEs to that of the Malaysians. The document defines SMMEs on the basis of the firm’s assets, number of employees, sector of operation and legal structure. Within the Zimbabwean context, SMEs are divided into three categories as shown in Table 2.2 below.
Table 2.2: Classification of SMMEs in Zimbabwe

<table>
<thead>
<tr>
<th>Sector</th>
<th>No. of People</th>
<th>Asset Base</th>
<th>Legal Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Micro-Enterprises</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All sub-sector</td>
<td>Less than 5</td>
<td>Not relevant</td>
<td>Informal</td>
</tr>
<tr>
<td><strong>Small-scale Enterprises</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manufacturing</td>
<td>Less than 50</td>
<td>Less than Z$ 12000 000</td>
<td>Formal</td>
</tr>
<tr>
<td>Other</td>
<td>Less than 30</td>
<td>Less than Z$ 6000 000</td>
<td>Formal</td>
</tr>
<tr>
<td><strong>Medium-Scale Enterprises</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manufacturing</td>
<td>50 to 75</td>
<td>Z$12000 000 To Z$24000 000</td>
<td>Formal</td>
</tr>
<tr>
<td>Other</td>
<td>30 to 50</td>
<td>Z$6000 000 To Z$14000 000</td>
<td>Formal</td>
</tr>
</tbody>
</table>


However, for the purpose of this study the author will define SMEs as small businesses on the basis of number of employees and legal structure, that is a business with employees
ranging from five to thirty (5-30) and being legally registered as per the Zimbabwean Act of Companies, Chapter 24:03.

Nonetheless, some generally accept SMEs as businesses characterized by informal planning, strong owner’s influence, lack of specialists, small management teams, heavy reliance on few customers, and limited knowledge. (Bunker and Macgregor, 2002 and Ifinedo, 2006).

2.4.4 SMEs and ICT

SMEs in developed nations have been able to use ICT (Information and Communication Technology) products such as the Internet in establishing e-commerce and e-business initiatives and have subsequently benefited from such exercises (Bunker and MacGregor, 2002, Turban et al, 2004).

The advent of the Internet and globalization has enabled many organizations big or small access virtual markets. ICT has enabled even SMEs take part in the common markets. E-commerce and e-business has put the SMEs on the same footing with bigger companies or multinational companies (MNCs). Customers have now a wide range of products and services to select from.

However, this has also opened doors for stiff competition worldwide. SMEs are now competing with well established organizations, with well advanced state of the art
technologies which can make them take advantage of economies of scale and also offer their products at a much lower price than smaller companies.

According to Nairain, in a paper accessed from [http://www.unescap.org](http://www.unescap.org), 18 March 2012, globalization, though it created opportunities for SMEs to be effectively involved in global markets, also brought numerous challenges and problems for them. He pointed out that while SMEs’ flexibility and adaptability promised them success in the global trade, they could only achieve that if they became competitive in terms of price, quality of products and being able to meet the delivery requirements.

In his paper, Nairain further expressed doubt whether African SMEs, could really take advantage of the potential opportunities globalization afforded to SMEs in developed countries and also successfully compete in such a global environment because of the numerous problems they are beset with. Mundim, et al (2000), also pointed out that globalization is a source of opportunities as well as a source of threats.

It is in line with the above discussion that the author is going to define **global players**. Global players are therefore those companies or organizations, big or small that are able to effectively market and sustain their customers regionally and globally. Companies, with products, that can compete on the global market.

2.5 Theoretical Framework.
Although many researchers and authors have researched and written much on the benefits of using the Internet in growing a business, it is also evident that not all businesses, especially those in the category of SMEs have adopted and used the technology. Reasons for not adopting may be varied but this section of the study is going to look at some of the theories that are related to why some organizations, people and society at large may fail to adopt or use technology even though it may seem to be beneficiary to them. It is also going to look at the benefits of using technology especially Internet related technologies, threats that may arise as a result of using the Internet and challenges SMEs wishing to adopt and use the Internet to grow their businesses may face.

2.5.1 Transformational Leadership Theory.

In this today’s dynamic business world, organizational leaders, especially those in the SMEs category, have to be aware of the current business environment which is characterized by uncertainty, global turbulence and organizational instability. (http://managementstudyguide.com/transformational-leadership.htm accessed on 12 December 2011).

According, to this theory, an organization will need leaders, entrepreneurs, owners of SMEs who exhibit the following four factors for them to be able to bring new ideas, technologies that will result in real transformation of the business:
Inspirational Motivation: In which the foundation of transformational leadership should be the promotion of a consistent vision, mission and set of values to members or employees of the company.

Intellectual Stimulation: In which leaders or owners of SMEs will encourage their employees to be innovative and creative, use the new ideas from their employees and never criticize them for their mistakes in public and not hesitate to discard an old practice set by the owners if it is found to be ineffective.

Idealized influence and individualized consideration: Transformational leaders will act as role models to their followers and also reward individually those who are innovative and creative enough to bring beneficiary results to the business. (http://managementstudyguide.com/transformational-leadership.htm, accessed on 12 December 2011).

The Transformational Leadership Theory implies then that the owners or leaders of SMEs should not only be visionary leaders, but should also realize that for their businesses to be competitive enough, they should allow creativity and innovation in their workers as well as reward them accordingly for their efforts to transform the business. It is imperative that SMEs if they have to benefit from the Internet, they should have leaders who have an entrepreneurial spirit and who are not laggards as far as adopting and using the Internet related technologies is concerned.

2.5.2. Technology Acceptance Models.
Maikudi and Eta (2012) pointed out that a number of theoretical models have been proposed and developed to facilitate the understanding of factors affecting the adoption and acceptance of Information technology and these are, the Technology Acceptance Mode (TAM1) by Davies (1989), TAM2 (Venkatesh and Davis, 2000; Venkatesh 2000) and the Unified Theory of Acceptance and Use OF Technology or UTAUT (Venkatesh et al, 2003).

This study will only briefly look at the TAM theoretical model and how it tries to explain acceptance and adoption of technology in SMEs.

![Model of Transformational Leadership](image.png)

**Figure 2.1: Model of Transformational Leadership**
2.5.2.1 Technology Acceptance Mode (TAM).

Maikudi and Eta (2012), defines TAM as an information theory that models how users come to accept and use a technology. The model suggests that when users are presented with a new technology, a number of factors influence their decision about how and when to use the technology, notably:

Perceived Usefulness (PU), defined by Fred Davies (1989) as ‘the degree to which a person believes that using a particular system would enhance his or her performance.’

Perceived ease-of-use (PEOU), defined as ‘the degree to which a person believes that using a particular system would be free from effort.’

Maikudi and Eta (2012) pointed out that the key purpose of TAM was to provide a basis for discovering the impact of external variables on internal beliefs, attitudes and intentions. As indicated above TAM assumes that beliefs about usefulness and ease of use are always the primary determinants of information technology acceptance and adoption.

On the other hand Tornatzky and Fleischer (1990) developed a technology-organization-environment (TOE) framework to describe the organizational components that affect the firm’s adoption decisions. Their framework asserts that three principle contexts; technological, organizational and environmental influence the process by which an
organization adopts and accepts a new technology. The framework defines the organizational context in terms of resources available to support the acceptance of innovation. The technological context describes both the internal and external technologies relevant to the firm while the environmental context represents the setting in which the firm conducts business and influenced by the industry, its competitors, the firm’s ability to access resources supplied by others and interactions with the government (Maikudi and Eta 2012).

Iacovou et al (1995) also developed a similar model formulating three of electronic data interchange (EDI) adoption influences, which were technological factor (perceived benefits), organizational factor (organizational readiness) and environmental factor (external pressure). See figure 2.2 below.

![ICT Adoption model extended from Iacovou et al (1995)](image)

Figure 2.2: ICT Adoption model extended from Iacovou et al (1995)

It is in line with the above theoretical models on acceptance and adoption that many SMEs though they are expected to be using Internet related technologies to market their businesses
regionally and globally, the truth is that only a few may have attempted to adopt or access Internet facilities for their businesses.

An early study of SME Internet adoption finds SMEs followed a path similar to large firms (Poon and Swatman 1999). However, SMEs experience only three transformation stages, with integration of processes as the endpoint. This is only reached once SMEs identify benefits. However, this model does not allow for SMEs changing their business perspective. Innovative and entrepreneurial SMEs will change to take advantage of Internet opportunities (Levy et al 2001).

In common with most large businesses, SMEs have embraced the use of e-mail (Poon and Swatman 1999), with 90% of SMEs using it regularly a year after its introduction to the business (Chapman et al 2000). There is evidence that many have also developed ‘brochureware’ websites. However, research indicates that few SMEs have integrated their websites with their back-office systems. While many see value in e-mail there is scant evidence of decisions to invest in internal networks or e-business systems (Keindl 2000).

It is imperative that the author investigate the extent to which the Harare SMEs in the manufacturing industry have adopted and used the Internet services to market their businesses. Thus, the first question the study wishes to answer will be, ‘To what extent are Harare SMEs using Internet services to market their businesses’?

2.5.3 Benefits of the Internet to SMEs.
2.5.3.1 Internet as a tool for growth strategies in SMEs.

The use of the Internet and communication technologies has been found to improve business competitiveness, with the Internet providing the opportunities to compete on equal terms with larger organizations (Chapman et al, 2002). The development of the e-commerce in the last two decades all over the world has involved a growing number of businesses. E-commerce has been used as an important lever to promote business growth (Branchi and Bivona, 2002; Chrosostome et al, 2004 and Zindiye, 2008).

According to Wade et al (n.d), there are two distinct camps on how e-business affect the firm’s performance and competitive advantage. The two camps were named revolutionary view (RV) and evolutionary view (EV). The revolutionary view is of the opinion that e-business embodies a conduit for radical change and according to this camp, the adoption of internet business solutions (IBS) allows a firm to increase in revenues generation through externally focused initiatives such as expansion into new markets and development of new products and services.

On one hand, the proponents of (EV) are of the opinion that IBS primarily lead to increased efficiencies and reduced costs. Its focus is on internal systems and processes. The EV takes a more tempered perspective of the impact of IBS on organizational performance and competitive advantage. The underlying assumption of EV being that adoption of IBS lead to an incremental impact on organizational performance and the role of e-business is to reinforce existing strategy (Christensen, 1997). He calls it sustaining technology. The role of e-business is to therefore reinforce existing strategy rather than create a new strategy.
According to Wade et al (n.d), the primary role of IBS is then to help companies do what they do currently only better, for example an improvement in operating efficiencies and a reduction in direct and indirect costs. Porter (2001) agrees that such changes do not involve changes in competitive position but rather reinforce and sustain an organization’s current position.

On the other hand, firms that adopt behavior consistent with both the RV and EV views concurrently will realize significant positive organizational gains. According to Wade et al (n.d), the choice of which IBS to adopt is driven partly by the strategic view of the adopting organization. He argues that it is however theoretically possible to pursue both strategies concurrently.

It is therefore, clear from the above discussion that the role of the Internet as described by e-business in creating and promoting growth strategies by SMEs can vary with the managers of that particular SMEs and the strategic goals that they have for that organization.

### 2.5.3.2 Internet as a tool for internationalizing.

Ghafoor and Iqbal (2007) pointed out that SMEs have used the Internet to overcome the disadvantages of being small in size to reach customers especially in international markets. It helps SMEs to build inter firms networks in foreign markets (Chrosostome et al 2004). One of the most important stages in creating inter firm networks is the search for information about the potential partners. The stage is costly for most SMEs. However, with the Internet, the cost can be seriously reduced. SMEs can therefore easily and quickly have access to the
information on their potential partners through the Internet (Peterson, Welch and Liesch, 2002).

Information about the potential partners’ past inter firm experiences can be accessed from the Internet and analyzed at the advantage of the SME wishing to internationalize. Chrysostome and Rosson, (2004) and Soliman and Janz (2003) even pointed out that the Internet provides SMEs with good opportunities to establish strategic alliances. Chrysostome and Rosson (2004:6) also gave two basic approaches that SMES can use to create inter firm networks. The active approach, in which he says the SME undertakes an investigation that result in partner finding and contracts and the passive approach, where the SME is approached by foreign companies wishing to partner with it. Both approaches can be accelerated by the Internet and also help the SME avoid facing higher costs. They also assert that the Internet also helps the SME create an atmosphere that allows the SME prepare an easy first person-to-person contact with partner.

The pace of the internationalization process of firms is an important characteristic in most traditional theories. In evolutionary theories, stage wise development is considered necessary so that firms build resources learn about foreign markets and thus develop a stronger capability and presence (Chrysostome and Rossan, 2004).

Lituchy and Rail (2002), point out that because the Internet is a gateway to foreign markets, it enables SMEs become international whether it was planned or not. The Internet does not only help SMEs begin internationalize but also help them maintain a strong position in
foreign markets through activities such as marketing intelligence, global sales promotion and inter firm research and development (R&D) (Hamill, 1997).

However, Pertsen, Welch and Liesch (2002) and Lituchy and Rail (2000) argue that very few foreign markets can be penetrated by SMEs using the Internet alone. They pointed out that the Internet’s influence on SMEs internationalization is limited by legal issues in foreign markets. The above sentiments were echoed by Chrsostome and Rossan (2004) when they acknowledged that although the Internet has many positive aspects for SMEs that wish to internationalize, it cannot satisfy all the internationalization expectations of firms, for example, the Internet does not provide SMEs with relevant experiential knowledge about foreign markets.

In view of the above discussion on the benefits that the Internet can bring to the SMEs using it to market their businesses, the study intends to answer the second question which says,’ to what extend has those SMEs in Harare, that have been using the Internet to market their businesses benefited in terms of obtaining new markets and maintaining them globally and internationally’.

2.5.4 Challenges of using the Internet.

2.5.4.1 SMEs wishing to internationalize.

In a paper presented on an OECD Global Conference in Tokyo from 31st May to 1 June 2007, the presenters highlighted that SMEs’ involvement in value chains usually entails greater demands on their managerial and financial resources and also pressures on their
ability to upgrade, to innovate and to protect in-house technology. The paper pointed out that SMEs may be limited by their inability to undertake R&D activities and training of personnel, to comply with the growing number of requirements of product quality standards demanded by others in the chain. The paper pointed out the following as challenges that SMEs wishing to be part of global value chains:

- Insufficient capital can be a barrier to SMEs participating in global value chains in terms of their ability to upgrade technologies and services to suit global standards.
- Cash-flow can be affected adversely through delayed payments by their international partners.
- Small firms also need to take on larger and more complex set of tasks, for example, in order to manufacture a product or providing a service, they may involve contributing to the producer development, organizing and monitoring a network of sub-suppliers, implementing systems of quality control and assuring compliance to an increasing set of standards and ensuring delivery and quality and competitive costs.

Petersen, Welch and Liesch,(2002); Lituchy and Rail,(2000), highlighted that SMEs wishing to internationalize more often face a danger of relying on incomplete information about foreign partners they wish to partner with as the information available on the Internet can be subject to problems of adverse selection. Incomplete information can end up comprising the process of choosing a reliable foreign partner. Language and cultural content employed on the website were also sighted as some of the obstacles that can limit the usefulness of the Internet (Chrysostome and Rossan, 2004; Petrsen, Welch and Liesch,2002)
Chrysostome and Rossan (2004) added on, the quality of telecommunications infrastructure in various markets and access to and skill with computers to the list of obstacles that can limit the usefulness of the Internet to SMEs that wish to go global. SMEs using the Internet to internationalize also face global competition on a potentially large scale. The United Kingdom and Irish exporting SMEs experienced substantial price and promotion challenges from competitors (Fillis, 2002).

### 2.5.4.2 Other challenges that SMEs face.

Hajela, (2005:2), in a paper he prepared for the United Nations Economic and Commission for Asia and the Pacific (UNESCAP) in 2005, highlighted the following as some of the challenges of using ICT in developing countries:

- Lack of adequate investments in ICT, resulting in inadequate ICT access and ICT network infrastructure. Lack of affordable broadband access coupled with low levels of awareness and ICT education and paucity of trained manpower.

In addition to the above challenges, SMEs lack proper management skills, HR and financial management as well as general marketing management skills which will enable them perform effectively (Zindiye, 2008).

Another of the challenges that SMEs using the Internet face is security threats. Manyika and Roxburg (2011) pointed out that while governments, policy makers and businesses must recognize and embrace the enormous opportunities the Internet can create, they should work to address the risks to security and privacy the Internet brings. Thus, another question this
study will attempt to answer is,’ what are the challenges being faced by the Harare SMEs in using the Internet in growing their businesses’.

2.6 Empirical Evidence

Studies done by various researchers have shown the contribution of the Internet to SMEs and bigger international organizations, the purpose being to identify the value that the Internet adds to the growth of SMEs both in developed countries and developing countries. Many of the researchers have found out that much have been done in terms of Internet technology acceptance and usage in developed countries than has been done in developing countries, especially those in the Sub Sahara Africa, Zimbabwe in particular.

A research done by Abbasi et al (2010), on critical success factors of e-commerce adoption in SMEs in Iranian SMEs, reviewed the critical factors that affected e-commerce adoption in Iranian SMEs and determined the importance of each factor using statistical techniques. Six hypotheses were defined on the premises of the relationship between the independent variables of the modified TAM model and e-commerce adoption using correlation tests.

The results of the study showed that variables of perceived usefulness, perceived ease of use, innovative character of the SME, information technology maturity and subjective norms have a significant positive impact on adoption of e-commerce in SMEs. However, their study concluded that the industry competitive environment characteristics had no significant correlation on the dependant variable.
Another research was done by Kapurubandara (2010) in Sri Lanka. The research was aimed at identifying barriers that caused SMEs in developing countries to lag behind in ICT adoption in their businesses. Various factors which were broadly classified as Internal Barriers and External Barriers were identified. The research selected the Colombo District of Sri Lanka, with the highest density of companies using ICT.

A survey of 17 SMEs owner/managers was conducted. The findings indicated that SMEs faced challenges at different levels of ICT sophistication in the adoption of e-commerce in developing countries. However the researchers concluded by giving a framework consisting of a set of models that would assist SMEs owners/managers, policy makers and industry seeking to implement strategies for adoption of ICT and e-commerce.

In another study by Salman and Ndubisi in 2008, on the evaluation of SMEs development in Malaysia, it was revealed that the Malaysian SMEs faced many challenges summarized as follows:

- Lack of comprehensive framework in terms of policies towards SMEs development.
- There was inadequate data and information on the development of Malaysian SMEs.
- There were difficulties in accessing loans and other forms of financial assistance.
Many of the Malaysian SMEs still occupied lands and sites that were not approved to be used for the industrial purposes.

Lack of skilled and talented workers which in turn affected the quality of production as well as efficiency and productivity.

Intensified global competition, especially competition from other producers like China and India.

The study concluded that where, as labor costs, innovation and access to funding and working capital were the main challenges faced by the Malaysian SMEs, the other Asian countries at large faced challenges ranging from lack of innovation, access to market intelligence and other business information as well as access to funding capital.

Another study was done by Jaw et al (n.d) in which they explored the Internet and Internet-commerce in the internationalization of SMEs in Taiwan. The case study looked at eight (8) Taiwanese SMEs who already had own websites on the Internet and were already involved in international business activities.

The study examined internationalization processes in the context of the Internet economy and also presented some exploratory insights. The researchers investigated the impact of the Internet in internationalization of SMEs, looking in particular at the Internet as providing marketing intelligence, global sales promotion and communications and as enhancing the production efficiency in SMEs.
The study focused on the use of the Internet as an instrument for SMEs to expand their operations beyond their borders and mainly addressed the following questions:

➢ How does the Internet and Internet-commerce influence the internationalization of SMEs?
➢ What is the impact of the Internet and Internet-commerce in internationalization of SMEs in Taiwan?
➢ Under what conditions did SMEs benefit from Internet usage or Internet-commerce applications?

From the case study the researchers found out that, the Internet provided activities such as marketing intelligence and global sales promotions and communication. They also found out that, for the firms involved in exporting, the integration of the Internet technology with their marketing activities had a positive impact on export performance when marketing orientation was leveraged. The firms also agreed that effective use of even the basic Websites led to significantly higher international revenues.

Most of their case firms reduced communication costs and enhanced production efficiency. They used the Internet –commerce to reduce the across boundaries communication costs and by Internet commerce or supply chain management or ERP systems enhanced production efficiency. It was clear that Internet technology assists the suppliers in building capabilities that are necessary to produce products and services with the expected quality and price.

However, from the case study, the researchers found out that the major obstacle that can limit the usefulness of the Internet concerns the language and cultural content employed on the
website, quality of the telecommunication infrastructure in various markets as well as access to and skill with computer systems. They also found out that except for standardized products, the Internet has not been able to replace the person-person contact generally required to build necessary trust for successful internal transaction. For products the Internet could not replace physical distribution channels.

The researchers concluded that, although the Internet and Internet –commerce offers a lot of advantages to the SMEs wishing to internationalize, there are many problems related to doing business through the Internet that they should be aware of.

In a similar study, done by Berisha-Namani (2009), the role of information technology in SMEs in Kosova was investigated. The study was done to show the status of the SMEs in Kosova with regard to usage of information technology for competitive advantage in both local and international markets.

It was discovered that while initially SMEs used computers just for financial evidence and text processing, by then computer usage by Kosova SMEs had changed a lot. The study showed that over 96% of the SMEs that had computers were connected to the Internet. The study also showed that, like in the previous Taiwaian study, the Kosova SMEs benefited in terms of revenues. The study clearly showed that the SMEs which possessed computers had distinct higher revenue of (48 887) Kosovian currency as compared to those that did not possess computers with a revenue of only (5000) Kosovian currency.
The study concluded that technology should be used by all SMEs in Kosova as it showed to be a powerful tool to obtain competitive advantage, produce high added value products and process and develop competitive strategies within the business regionally and globally.

In another study, done by D’Cniz and Hassain (n.d) in Ukraine, the role of Internet in the globalization of SMEs was investigated. The study looked at the development of SMEs in Ukraine as one with a developing economy, and outlined the factors that have affected their growth. The researchers, who focused on the role of the Internet in the globalization of SMEs, also considered the opportunities and potential limitations created by the Internet and also addressed some of the obstacles to the development of the Ukraine SMEs.

As stated above, the focus of the research was on the growth of the SMEs and the role of e-commerce in providing opportunities for business transformation, particularly the global dimension provided by those opportunities. The argument was that e-commerce could help SMEs in Ukraine to grow and compete with similar organizations throughout the world.

The study considered the responses of 688 companies and considered the reasons for and impact of e-commerce on the activities of these companies. These were some of the findings of the study:

The main reason for companies to adopt e-commerce was to differentiate themselves from competitors and improve relationships with customers, for example services to customers(63% of the respondents), brand building(42%), to find new customers(41%) and to hold dialogue with customers(38%).
Most SMEs were yet to realize significant benefits from their E-commerce adoption and e-commerce was predominantly bringing benefits to internal communication with employees and customers (almost 90% of the respondents) and finding external information (almost 80%).

The study also found out that very few SMEs had found significant benefits from using e-commerce to find suppliers (less than 7% of the respondents) or recruit staff, suggesting that larger competitors still had an advantage over them. However, the research concluded that, given the necessary government support, the Ukrainian SMEs had the potential to grow into successful global players. On the contrary, a research done by Ozigbo and Ezeaku (2009) in Nigeria showed that as levels of ICT investment in SMEs increased over the years, the level of achieved benefits and growth also increased.

The study looked at a total of thirty (30) SMEs across six sectors in Nigeria. As indicated in the above paragraph, as the levels of ICT investments were increasing across the years 2001 to 2006, the results showed there was a noticeable percentage increase of achieved benefits of 15.5% in 2001 to 17.8% in 2006.

The study also showed that the more an enterprise increased its investments in both its business operation and the adoption of ICTs, all being equal; it would record an appreciable increase on the level of growth. In the case of this study an increase in growth of 16.3% in 2001 to 17.1% in 2006 was recorded. The study also concluded that ICT was an important lever that enterprises use to create competitive advantage.
The findings of the above research studies cannot be generalized across the whole world, given the uniqueness of the economic, political and social parameters in which these SME’s operate. The Internet infrastructure and configurations among countries are very different giving rise to different Internet proliferation levels. It is therefore against this background that the researcher needs to carry out this study in the Zimbabwean context chief among them being an unstable economic climate riddled with liquidity challenges and different levels of literacy and Internet usage appreciation.

2.7 Summary.

This chapter looked at the concept of the Internet, SMEs and global players. The chapter also highlighted the e-commerce and e-business adoption and acceptance in SMEs and the factors that affect the use of Internet services in SMEs. Benefits and threats associated with the use of the Internet by SMEs were also discussed. The literature reviewed gives a guideline on the challenges that the SMEs in developing countries face in comparison to those in the developed countries thereby enabling the researcher to know what aspects to consider when investigating the role the Internet has and is playing in transforming the Harare SMEs in the manufacturing industry into global players. In the next chapter, the researcher will be focusing on the methodology the researcher used in carrying out the research.
CHAPTER 3

RESEARCH METHODOLOGY

3.1 INTRODUCTION

The previous chapter reviewed related literature to the study. This chapter highlights the methodology that the researcher used in conducting the research study. The chapter will introduce the research philosophy; give the research design followed by the research techniques that were used for data collection. The population size and sample are also going to be clearly stated and justified in this chapter. Furthermore, data presentation and analysis methods will also be specified, explained and justified. The chapter will also discuss some research limitations that the researcher would have encountered during the research process.

3.2 Research Philosophy.

According to Saunders, Lewis et al (2000), a research philosophy entails how one views things which will in turn influence how one gathers and develop knowledge. Three views
about research process seem to dominate literature, and these are positivism, post-positivism or phenomenological and realistic views.

The positivistic philosophical stance or paradigm sees the researcher as an objective analyst and interpreter of tangible social reality and the underlying assumption is that the researcher is independent of and neither affects nor is affected by the subject of research. (Remenyi et al 2006). This research paradigm chiefly uses quantitative methods such as verification of hypothesis, experiments and surveys. (Guba and Lincoln 1994, Hunt 1991 and Remenyi 2006). Positivism emphasizes quantifiable observations that lend themselves to statistical analysis. (Remenyi 2006).

Cohen and Manion (1987), regards the phenomenological view as a theoretical point of view that advocates the study of direct experiences taken at face value and one that sees behavior as determined by the phenomena of experience rather than by external, objective and physically described reality. This school of thought, unlike the positivistic approach, does not consider the world as consisting of an objective reality but instead focuses on the primacy of subjective consciousness (Remenyi 2006). The research paradigm thus focuses on qualitative methods of collecting data. According to Hussey and Hussey (1997), the data is rich and subjective. The qualitative data would be rich by nature and the gathering process would be subjective due to the level of involvement of the researcher. Hussey and Hussey (1997) also points out that, the location of study for this approach is natural and though reliability is low, it can be countered by the use of triangulation. Validity for this approach is high as a result of the empirical data gathering exercise involved (Remenyi 2006).
On the other hand, realism, which takes aspects from both positivist and phenomenological positions, holds the view that structures exist independent of human consciousness but that knowledge is socially created and that our knowledge of reality is a result of social conditioning (Saunders, Lewis and Thornhill 2007). According to Blaike (1993), realism is concerned with what kind of things they are, how these things behave and it also accepts that reality may exist in spite of science or observations. Realism takes from both positivistic and post-positivistic stance.

According to Guba and Lincoln 1994, Hunt 1991 and Bonoma 1985, realism is of the view that reality is real but only imperfectly and probabilistically apprehensible and so triangulation from many sources is required to try to know it. Realists thus use both qualitative and quantitative research methods. This research was therefore premised on realism and both qualitative and quantitative research methods were used.

3.3 Justification of the research paradigm.

As stated in the previous section, this study was premised on realism as this research paradigm allows the use of both quantitative and qualitative research methods, thus allowing triangulation from many sources.

It is clear from the comparison of the key features of the positivistic philosophical view and that of the phenomenological view summarized by Easterby-Smith, Thorpe et al, (1991:27)
in table 3.1 below, that taking from both philosophies would be the best for this research study. For instance the researcher used a small sample of the Zimbabwean Harare Metropolitan SMEs, which she studied in-depth because of time limitation. Furthermore, on basic beliefs Phenomenology views the world as socially constructed and the Harare SMEs, though small organizations are social organizations because they have people. On the other hand the researcher paid attention to factual facts and also tried to break them into simplest elements so as to understand the problem more. For instance, the researcher has to go down to find out even the level of education the Harare SMEs employees have. This was done to try and understand more on the challenges SMEs may be facing on using the Internet to market their businesses.

According to Saunders et al (1995), both types of philosophies are adopted for flexibility and also their use would result in greater accuracy of handling data and reducing reliance upon subjective conclusions. The researcher thus, adopted both quantitative and qualitative research approaches.

3.4 Research Design.

Cooper and Schindler (2003:81), defines a research design as the blueprint for fulfilling objectives and answering research questions. A research design is also defined by Kerlinger (1986) as a plan and structure of investigation tailored to answer research questions, providing overall scheme of the study and setting up its framework. Fraenkel and Wallen
(1996) define a research design or method as a systematic and orderly approach taken
towards the collection of data so that information can be obtained from the data.

Denzin and Lincoln (2000:22) explained research design as follows:

A research design describes a flexible set of guidelines that connect theoretical paradigms
first to the strategies of enquiry and second to the methods for collecting empirical material.
A research design situates researchers in the empirical world and connects them to specific
sites, persons, groups, institutions and bodies of relevant interpretive material, including
documents and archives.

Table 3.1 Key features of research paradigms.

<table>
<thead>
<tr>
<th></th>
<th>Positivist</th>
<th>Phenomenological</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic beliefs</td>
<td>World is external and objective</td>
<td>World is socially constructed and subjective</td>
</tr>
<tr>
<td></td>
<td>Observer is independent and science is value- free</td>
<td>Observer is part of what is observed and science is value laden</td>
</tr>
<tr>
<td>The researcher</td>
<td>Focus on facts</td>
<td>Focus on meaning</td>
</tr>
<tr>
<td></td>
<td>Seek causality and fundamental laws</td>
<td>Try to understand what is happening</td>
</tr>
<tr>
<td></td>
<td>Reduce phenomena to simplest elements</td>
<td>Try to examine the totality of each situation</td>
</tr>
<tr>
<td></td>
<td>Formulate hypothesis from theory and test them</td>
<td>Develop ideas via induction from data</td>
</tr>
<tr>
<td>Preferred methods include</td>
<td>Operationalising concepts so that they can be measured</td>
<td>Using multiple methods to establish different views</td>
</tr>
</tbody>
</table>
Sample size | Involves use of large samples | Investigating small samples in depth overtime

Source: Easterby-Smith et al. (1991:27)

Other writers such as Oppenhain(1992) confer with the above description of a research design as they view it as a strategy which gives guidance to the researcher in analyzing and interpreting observed facts.

Several writers such as Hussey and Hussey (1997), Cavaye (1996), Bryman and Bell (2003), Leedy and Ormrod(2001) as well as Powell(1997) suggested the following as some of the alternatives of research designs:

- Experimental design
- Cross-sectional design (social survey design)
- Case study design

3.4.1 Experimental Design

Experimental research design is research where the researcher strictly controls the environment of the subject under study and applies ‘treatments’, the effects of which are then assessed. The researcher focuses on the specific issue and controls all other issues so that
these remain stable and do not interfere with data collection about the specific issues of interest (Machengete, n.d). One of the disadvantages of this design is that it is not practical in business settings to stop all other aspects of the business as a way of investigating an issue as these may be costly to the company (Remenyi 2006).

3.4.2 Survey Research Design

The social survey design, is used when conducting a study from selected samples of specific population which is under study. It involves the collection of primary data using methods such as questionnaires and through its use; many different types of information can be collected (Bryman and Bell 2003).

Some of the advantages of a survey are that; it is relatively less costly and quick to administer as many questions can be asked about a given topic also giving considerable flexibility to the analysis, there is also flexibility in deciding how the questions may be administered and a survey also allows for standardization and uniformity both in the questions asked and in the method of approaching subjects of study, which makes it easier to compare and contrast the answers by respondents( Maconnis,1991).

However, the survey design like any other research designs has its own disadvantages, one of which is, lack of strong internal validity (Brymann and Bell, 2003).

3.4.3 Case study research design
A case study entails the detailed and intensive analysis of a single case. According to Stake (1995), quoted in Brymann and Bell (2003), a case study research is concerned with the complexity and particular nature of the case in question. It can look at a single organization, a single location, a person or a single event. Knights and McCabe (1997) suggest that the case study provides a vehicle through which several methods can be combined, thereby avoiding too great a reliance on one single approach. Brymann and Bell (2003) and Chisaka and Valisa (2003) assert the above when they suggest that case studies are frequent sites where both quantitative and qualitative research designs are employed.

### 3.4.4 Research design(s) used in this research.

The research focused on Harare Metropolitan area, looking at registered SMEs with employees ranging from 5 to 30. A convenient sample of SMEs was drawn from that area. A combination of a survey and case study approaches were used in this research, since this would allow for the use of both qualitative and quantitative research approaches. The researcher collected data from a selected sample of SMEs in the Harare Metropolitan area with the use of interviews and questionnaires as data gathering instruments.

In using the two research designs, the researcher was aware of the fact that social surveys lack internal validity which is very strong in case studies, while case study lacks external validity which is also very strong in surveys (Brymann and Bell, 2003).

Furthermore, the researcher was aware of the fact that some case study researchers end up turning native and becoming too subjective in their reporting which may end up influencing
the outcome of the research. The researcher also tried her level best to remain professional during interviews and assuring anonymity of respondents and confidentiality of information in the questionnaire used.

### 3.5 Population of study.

Goldenberg (1992) defines population as a collection of all observations of a random variable under study and about which one is trying to draw conclusions a notion shared by Wegner (1991) who asserts that a population constitutes all the possible observation of random variables under study. On the other hand Best and Kahn (1993) define population as a group of individuals with one or more characteristics in common. Ringrose (1996) adds that population denotes all potential participants from which a sample is drawn.

For this research, a purposive sample of 100 SMEs was drawn from an estimated population of 800 Harare SMEs. The researcher arrived at this figure after considering the time and cost limitations that she was faced with.

### 3.6 Sampling Techniques.

Babbie (2008) defines sampling procedures as the process of selecting people or objects in order to test population for something. Sampling is done when it is not possible to gather data on every possible item in the population as it might be too big, expensive or there may be not enough time (Wegner 1993)
Sekaran (2000:267) defines sampling as:

The process of selecting a sufficient number of elements from the population so, that by studying the sample and understanding the properties or the characteristics of the sample subjects we will be able to generalize the properties or characteristics to the population.

3.6.1 Probability and non-probability sampling.

There are basically two types of sampling, probability and non-probability sampling. Probability sampling, also referred to as random sampling, ensures that the probability, which is non-zero of each case being selected from the population is known, and is usually equal for all cases, (Saunders et al., 1996). Examples of probability sampling include simple random sampling, systematic sampling, stratified sampling, cluster sampling and multi-stage sampling (Remenyi et al, 2006).

According to Remenyi et al (2006), in non-probability sampling the subjective judgments of the researcher are used in selecting the sample. Examples of non-probability sampling as given by Powell (1997), Remenyi et al (2006), Blumberg et al (2005) and Brymann and Bell (2003) are as follows:

- The convenience sampling
- The judgment sampling
- The snowball sampling
- The quota sampling
**The convenience sampling**

Remenyi et al (2006), describes convenience samples as those comprising those individuals or organizations that are most readily available to participate in the study. Wegner (1991) also asserts that in convenience sampling selection of units from the population is based on availability and/or accessibility. Convenience sampling technique’s major weakness is that we have no idea how representative the information collected about the sample may be to the population as a whole (Brymann and Bell, 2003 and Sullivan, 1998).

**Judgmental sampling**

Judgment samples, also called purposive samples, are samples where individuals are selected with a specific purpose in mind, such as their likelihood of representing best practice in a particular issue (Remenyi et al 2006).

**Snowball samples**

A snowball sample is when the researcher uses an informant to help him or her find the next informant. Thus the researcher asks the informant to introduce him or her to another individual or organization who will be in a position to give the researcher information on the issues being researched (Remenyi et al, 2006).

**Quota samples**

Brymann and Bell (2003), describes the quota sampling technique as follows:
… a sampling, used intensively in commercial research, such as market research and political opinion polling. The aim of quota sampling is to produce a sample that reflects a population in terms of the relative proportions of people in different categories, such as gender, ethnicity, age groups, socio-economic groups and region of residence, and in combinations of these categories.

According to Wegner (1991), the selection of the sample is done by the interviewer, where the population is initially grouped as in stratified sampling.

Advantages and disadvantages of non-probability sampling techniques

Wegner (1991) gives the obvious advantages of non-probability sampling as being convenient, cheaper and faster when collecting data using this sampling technique. On the other hand Wegner (1991) says that in non-probability sampling, there are no statistical techniques that allow for measurement of sampling error, and therefore it may not be appropriate to project the sample characteristics to the population.

In this research, the convenient sampling techniques were used. Given the nature of the research problem and the fact that some SMEs may not be prepared to divulge information pertaining to their businesses, and also the fact that some influential or decision making people like owners/managers would not be readily available, the researcher had to resort to convenience sampling technique.
However, the researcher was aware of the disadvantages of this sampling technique and therefore did her best to minimize them. The researcher thus looked at SMEs with establishment of three years and above and with employees ranging from five (5) to thirty (30) and in Harare. The next section will give the data collection tools used.

3.7 Data collection instruments

In this research both secondary and primary data was used. The researcher reviewed relevant literature from journals, books, newspapers and government publications, for example the SMEs policy document and the POTRAZ publications in order to obtain secondary data. Haralambos and Holborn(1990), say this data, which will have been produced for other reasons, provide useful sources of data.

Hart (2005:13), call this research technique desktop research technique and define it as, ‘The selection of available documents (both published and unpublished) on the topic, which contain information, ideas, data and evidence written from a particular standpoint to fulfill certain aims or express certain views on the nature of the topic and how it is to be investigated, and the effective evaluation of these documents in relation to the research being proposed’.

It should be noted that, like any other research techniques, the desktop research technique has its strengths and weaknesses. The obvious strengths are that, the technique is cheaper, faster and may be less biased than perceptions and opinions. One weakness of this technique is that some sources may have data not applicable to the research objectives. The researcher was therefore careful to choose data which was relevant to the research topic.
The researcher also used primary data and these were from:

- Self-administered questionnaires
- Interviews (face-to-face and telephone or web-based surveys)

### 3.7.1 Self-administered questionnaires

According to Haralambos and Holborn (1990), a questionnaire consists simply of a list of preset questions. A questionnaire is also defined by Moser and Kalton (1997), as a systematic compilation of questions submitted to a sample population. They can be administered in a number of ways. They are usually administered on paper in either a structured or semi-structured format.

Questionnaires can be posted to the respondents, taken physically to the respondents and let them fill while waiting or leave the questionnaires to be filled later. Questionnaires, when taken physically to the respondents have the merit of a higher return rate as compared to the posted questionnaires, besides the presence of the interviewer has an advantage of clarifying any ambiguous questions if need be. However, this way of administering questionnaires can be expensive if the sample occupies a wide geographical area and bias may be brought if the interviewer makes leading explanations in their clarification of questions.
For this research, the researcher took most of the questionnaire copies physically and for some she waited while they were being filled, but for some she had to leave and come back later to collect the completed questionnaires. To circumvent the high cost associated with personal distribution of questionnaires; the research study had to be confined to the Metropolitan area of Harare. The researcher tried her best to avoid making leading explanations to respondents.

3.7.2 Interviews

There are three types of interviews that a researcher can use, face-to face, telephone and web-based interviews (Blumerg et al, 2008). The interviews can have structured question, unstructured questions or semi-structured questions. Haralambos and Holborn (1995) describe structured interviews as simply a questionnaire administered by an interviewer who is not allowed to deviate in any way from the questions provided. They also describe unstructured interview as taking the form of a conversation where the interviewer has no predetermined questions. In this research, the researcher used semi-structured interviews which gave an option of follow up questions on issues that may not have been clear.

3.7.2.1 Face-to-face interviews
Face-to-face interview is when a respondent is interviewed in person by a trained interviewer (Blumerg et al, 2008). This research instrument has several advantages. Haralambos and Holborn (1995), say interviews are more flexible than any other research method. With face-to-face interview, the researcher could adapt the questions as necessary, clarify and ensure that the responses were properly understood by repeating or rephrasing the questions. The researcher also picked up nonverbal cues from the respondent. These would not be possible to pick in a telephone interview or questionnaire.

However, the main disadvantage of face-to-face interviews is the geographical limitation they may impose on surveys and the vast resources needed if such surveys need to be done nationally or internationally. The researcher therefore, had to restrict the research to Harare Metropolitan area and besides did not interview or the respondents. Only a few managers from the Ministry of SMEs and POTRAZ were interviewed.

3.8 Data Presentation and Analysis Procedures

Data analysis is the process of developing answers to questions through the examination and interpretation of data. The basic steps in the analytic process consist of identifying issues, determining the availability of suitable data, deciding on which methods are appropriate for answering the questions of interest, applying the methods and evaluating, summarizing and communicating the results.
Borgdan and Biklen (1992), call this a process of systematically searching and arranging the interview transcripts and other materials that the researcher accumulates, to increase his/her understanding of them and be able to present what has been discovered from them. In the case of responses from questionnaires, labels should be assigned to responses for systematic organization and summarization. Qualitative approach was used for analyzing data and that meant inferences and deductions of findings in the questionnaire were used.

Data research findings were presented in graphs, tables and charts. This was done for easy analysis and evaluation of data.

3.9 Ethical Considerations

In conducting this research, the researcher took into consideration the following ethical principles. She sought permission from managers/owners of the organizations used before conducting the research. Informed consent was sought from all respondents and confidentiality was observed for all information obtained. The researcher also made sure the respondents would benefit greatly from this research.

3.10 Chapter Summary

This chapter described the methodology employed by the researcher in conducting the research. The chapter gave the strategies that were used in collecting, presenting
and analyzing data obtained in the research. In the following chapter, data presentation methods and analysis will be dealt with.

CHAPTER 4

DATA PRESENTATION AND ANALYSIS

4.1 Introduction

In the previous chapter, the researcher highlighted the methodology that the researcher used in conducting the research study. This chapter is fully dedicated to the presentation and analysis of the research findings. The data was collected using a questionnaire and face-to-face interviews and was presented using descriptive narrations, graphs and tables.
The researcher distributed 100 questionnaire copies to the targeted respondents. Sixty-seven of these were received back having duly completed. The success return rate was therefore 67%. The researcher also targeted to interview 12 individuals and out of these she succeeded to interview 9 who constituted 75% success return rate. According to Remenyi(2005), a response rate of 60% is seen to be exemplary, so the researcher decided to proceed with the presentation and analysis of the collected data. The response rates for the two instruments are summarized in table 4.1 below.

**Table 4.1 Response rate**

<table>
<thead>
<tr>
<th>Data collection instrument</th>
<th>Distributed</th>
<th>Received</th>
<th>Response rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Questionnaire copies</td>
<td>100</td>
<td>67</td>
<td>67%</td>
</tr>
<tr>
<td>Interview schedules</td>
<td>12</td>
<td>9</td>
<td>75%</td>
</tr>
</tbody>
</table>

**4.2 Data presentation process**

In this section, the researcher presented and accordingly analyzed the data that was collected.

**Table 4.2 Respondents’ gender**

<table>
<thead>
<tr>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>48</td>
<td>19</td>
<td>67</td>
</tr>
<tr>
<td>72%</td>
<td>28%</td>
<td>100%</td>
</tr>
</tbody>
</table>
Seventy-two percent of the respondents who successfully completed and returned the questionnaire were male, and 28% were female. This shows that the majority of the people who responded were male.

![Circle graph showing positions held by respondents]

**Figure 4.1 Position held by the respondent in the organization**

The data in figure 4.1 above indicate that 58% of the respondents were managers of the organizations and 42% were owners.

**Table 4.3 Number of employees in the organizations**

<table>
<thead>
<tr>
<th>Number of employees</th>
<th>Number of organizations</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>5-10</td>
<td>42</td>
<td>63%</td>
</tr>
<tr>
<td>10-20</td>
<td>13</td>
<td>19%</td>
</tr>
<tr>
<td>20-30</td>
<td>12</td>
<td>18%</td>
</tr>
</tbody>
</table>
The majority of the organizations that responded had an establishment of 5-10 employees, constituting 63%, 19% had an establishment of 10-20 employees and 18% had an establishment of 20-30 employees. This was according to how the researcher defined the SMEs.

There were five businesses; constituting 8% which indicated that their business were located in Siyaso. Thirty-two respondents, constituting 48%, indicated that they were located in the CBD. Eleven, constituting 16% were located in the light industry and 19 of the businesses that responded constituting 28%, were located in other places not indicated on the questionnaire. These places included Glenview, heavy industry and Mt Pleasant. See figure 4.2 below for distribution of business locations.
Figure 4.2: Location of the business.

Table 4.4 Types of business

<table>
<thead>
<tr>
<th>Type of business</th>
<th>Number of organizations</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commodity broking</td>
<td>18</td>
<td>27%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>15</td>
<td>22%</td>
</tr>
<tr>
<td>Services</td>
<td>30</td>
<td>45%</td>
</tr>
<tr>
<td>Other</td>
<td>4</td>
<td>6%</td>
</tr>
<tr>
<td>Total</td>
<td>67</td>
<td>100%</td>
</tr>
</tbody>
</table>

From table 4.4 above it can be noted that most businesses that responded were in the service industry, with a percentage of 45%, 27% were in the commodity broking industry, that is,
both wholesaling and retail business, 22% were in the manufacturing industry and only 6% indicated other areas of business activity.

**Figure 4.3: Organizations that own computers.**

In figure 4.3 above, 82% of the organizations which responded indicated that their organizations owned computers and 18% indicated that they did not own computers. However, as shown in table 4.5 below, even though 82% of the organizations interviewed indicated that their organizations owned computers, 72% of the organizations indicated they were connected to the internet. Twenty-eight percent of the organizations indicated that they were not connected to the internet.
Table 4.5: Internet connectivity

<table>
<thead>
<tr>
<th>Organizations</th>
<th>Number of organizations</th>
<th>Percentage( % )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Connected to the Internet</td>
<td>48</td>
<td>72</td>
</tr>
<tr>
<td>Not connected to the Internet</td>
<td>19</td>
<td>28</td>
</tr>
<tr>
<td>Total</td>
<td>67</td>
<td>100</td>
</tr>
</tbody>
</table>

**Reasons for not being connected to the Internet**

More than 50% of the SMEs, who indicated that they were not connected to the Internet, gave high start up costs as the reason for them not being connected to the Internet. About 19% gave the reason that their nature of business did not require them to be connected. Five percent thought their clients had no access to the Internet and the remaining percentage did not have sound reasons for not being connected to the Internet. May be they were not aware of the need for them to use the Internet to market their businesses.

According to information shown in figure 4.4 below, 4% of the SMEs which indicated being connected to the Internet used YO AFRICA as their Internet Service Provider, 13% used MWEB, 15% used ECOWEB, 35% used POWERTELL and 33% indicated that they used other Internet Service Providers. More than 50% of those who indicated other, indicated AFRICOM as their Internet Service Provider.
Although 72% of the SMEs who responded indicated that they were connected to the Internet, only 43% of the SMEs indicated that they were online. Fifty-seven percent indicated that they were not online as shown by figure 4.5 below.

Figures 4.6a show that of those SMEs which indicated that they were online, 14 SMEs just put marketing information only on their websites, 10 SMEs put both marketing and general information, 3 SMEs just put general information only and 2 SMEs indicated they put other information.
Figure 4.5: Organizations (SMEs) with websites

Figure 4.6a: Information SMEs put on their websites
Figure 4.6b below shows the information shown in figure 4.6a above, in percentages. As indicated in figure 4.6 below, of those SMEs which indicated that they were online, 48% of them indicated that they put marketing information only on their websites, 35% indicated that they put both marketing and general information, 10% indicated that they put general information only while 7% indicated they put other information.

![Diagram of information put on websites]

**Figure 4.6b: Information that organizations (SMEs) put on their websites**

The information shown in figure 4.6a and 4.6b above, confirms what is shown in figure 4.7 below, in which 48% of the SMEs who responded indicated that they were using the Internet to market their businesses. While 52% of the SMEs indicated they were not using the Internet to market their businesses.
According to the interviewed respondents, Zimbabwe had a two tier system for Internet provision. At the top there were Internet Access Providers (IAPs) who were licensed by the Authority to construct, operate and maintain telecommunications network for the purpose of importation and distribution of Internet bandwidth throughout Zimbabwe. IAPs provided interconnection and gateway capacity for Internet services. Internet Service Providers (ISPs) were retailers of Internet bandwidth and they provided the end user Internet services. The respondents agreed that there were hundreds of ISPs in Zimbabwe, who offered webhosting, e-mail services and data storage. Ninety percent (90%) of the interviewed respondents agreed
that, Zimbabwe was among the top ten countries in Africa in terms of Internet coverage and usage. They indicated that the combined coverage of IAP and ISP exceeded 60% and mobile network operators then had a combined coverage of 85% geographically making it easier for even SMEs to access the Internet. They also indicated that, the growth of Zimbabwe’s Internet and Broadband sector had accelerated in recent years, due to major improvements in infrastructure. For example, the arrival of wireless access technology and thus making the tariffs lower as well. According to 90% of the respondents, the Zimbabwean IT infrastructure was well configured to support SMEs.

The extent to which the Internet is being used to support SMEs into global players

Fifty percent of the respondents indicated that the growth of the Internet had contributed to the growth of SMEs to a large extent. They cited the fact that SMEs were now able to run their businesses using the Internet thus, enabling them to reach and interact with even global markets. However, the other 50% were of the opinion that most SMES were not using the Internet due to various reasons which varied from high set up costs, lack of knowledge that they could use mobile internet providers which were cheaper than the fixed Internet Service Providers.
Table 4.6: Challenges faced by businesses using the Internet to market their businesses

<table>
<thead>
<tr>
<th>Challenges</th>
<th>Number of organizations</th>
<th>Percentage ( % )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competition and security threats</td>
<td>13</td>
<td>41</td>
</tr>
<tr>
<td>Competition and inconsistent funding</td>
<td>9</td>
<td>28</td>
</tr>
<tr>
<td>Competition only</td>
<td>7</td>
<td>22</td>
</tr>
<tr>
<td>Inconsistent funding only</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>Security threats only</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>32</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

The table 4.6 above shows the challenges that those using the Internet to market their businesses were facing. As indicated, 41% pointed out both competition and security threats as their major challenges. Twenty-eight percent pointed out that both competition and inconsistent funding were their major setback. Twenty-two percent indicated that competition was their major threat. On the other hand, 6% pointed out that they had a challenge of inconsistent funding and only 3% indicated security threats only as their major challenge.

**Challenges faced by SMEs that market their business on the Internet**

On average, 70% of the interviewed respondents indicated competition as the major challenge that SMEs marketing their businesses on the Internet were facing. Twenty percent
indicated lack of proper funding for most SMEs as another challenge. They cited the fact that, if SMEs had to compete squarely with the bigger global organizations, then they were supposed to have enough funds to enable them produce better and cheaper products/services. For those in commodity broking business, they were supposed to take advantage of economies of scale, an advantage which could only be enjoyed by companies with enough funds to source their goods in very large quantities. However, around 10% of the respondents believed security threats were a major challenge to SMEs that marketed their businesses on the Internet, as information about their products, prices and other valuable information were used against them by their competitors.

**Effects of the challenges faced by SMEs marketing their businesses on the Internet**

Asked to explain how some of the challenges faced by SMEs that marketed their businesses on the Internet were affecting them, more than 67% indicated stiff competition, which resulted in serious price wars, loss of clients, reduced turnover and thus low business growth. Of those which indicated security threats, they said that valuable information about their products was stolen from their websites by competitors, and that resulted in product substitutes. They also indicated that hacking of clients’ mails resulted in fake deals with clients. Twenty-five percent pointed out that, lack of funding resulted in them failing to produce competitive and cheaper products while their bigger and financially stronger counterparts were producing better and cheaper products. That resulted in them being pushed out of business.
These challenges and effects were in line with what Salman and Ndubisi (2006) revealed in a study they did on the evaluation of SMEs development in Malaysia. It was revealed that, the Malaysian SMEs faced many challenges, some of which were the following:

- There were difficulties in accessing loans and other forms of financial assistance.
- Intensified global competition, especially from other producers like China and India.

**Effectiveness of the local IT infrastructure in abating security risks as far as e-commerce was concerned as regarded SMEs**

At the time of the interview, the responses the researcher got were that, Zimbabwe did not have a Cyber-Security Policy but was in the process of crafting one using the guidelines that were agreed at the COMMESA summit in Sudan (SADC Harmonized Legal Cyber Framework for Southern Africa).

However, 55% of the respondents were of the opinion that, security of the various transactions and services were the responsibility of the provider. Hence, according to them, anyone (SMEs) who wanted to offer e-commerce services had to guarantee the security of such a service. They indicated that since the security nature of e-transactions focused on three main aspects, which were confidentiality, integrity and availability, which meant that information had to remain confidential and only accessible to the transacting parties, e-transaction had to also have integrity, which meant that information had to traverse from source to destination in its entirety and information had to be available to the right people.

The above respondents’ concerns were supported by Manyika and Roxburg (2011), when they pointed out that while governments, policy makers and businesses had to recognize and
embrace the enormous opportunities the Internet could create, they were supposed to work to address the risks to security and privacy the Internet brought.

**Marketing strategies used by SMEs not using the Internet to market their business**

Seventy-two percent of those who indicated that they were not using the Internet to market their businesses said they were using print and press media, flyers, posters and signage to advertise their businesses. Four percent indicated that they were resorting to niche marketing, 8% indicated personal selling and the remaining percentage said they used SMS alerts.

![Percentage increase in new markets/customers realized by SMEs using the Internet to market their businesses](Figure 4.8)
Figure 4.8 above indicates that SMEs who used the Internet to market their businesses realized some benefits in the form of an increase in new markets/customers. Sixty-three percent realized a percentage increase in new markets/customers ranging from 1-10%, 25% indicated that they had a percentage increase in new markets/customers ranging from 11-30%, 9% indicated a percentage increase ranging from 31-50%, while about 3% said they had a percentage increase in new markets/customers which was above 50%.

**Strategy managers/owners intended to employ to increase their market share**

For those who were not online, they believed that if they were online, it would help them reach more of their clients and thus, increase their market share. More than 50% believed that they had to improve on security to avoid their valuable information from being stolen by competitors, thus reducing substitutes in the market.

However, 20% believed they had to rebrand their products to suit international standards. The remaining percentage of about 30%, thought other methods of marketing like print and press media were also supposed to be branded with the use of the Internet. Besides they also believed exhibiting their products on International Trade Fairs would also go a long way in increasing their customers globally.

For those respondents who were interviewed, more than 80% agreed that since the major challenge that SMEs which were connected to the Internet were facing was competition from well established and soundly financed organizations, SMEs wishing to go global had to
source enough funds to give them sound ground to stand in terms of producing better and cheaper products.

4.3 Chapter Summary

This chapter has presented and discussed the research findings which included the extent to which the Internet had been used to support the Harare SMEs into global players, challenges which were faced by SMEs that were using the Internet to market their businesses and the benefits realized by SMEs that were using the Internet to market their businesses. Discussion of the findings was done in line with research objectives and questions. In the next chapter, the conclusions and recommendations of the research were presented and discussed.
CHAPTER 5

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

In the previous chapter, the researcher presented and analyzed the data collected from the research respondents. In this conclusive chapter, the researcher has presented a comprehensive summary of the entire research process. She proceeded to draw research conclusions based on the analysis of the collected data. The conclusions drawn, made it possible for the researcher to suggest relevant recommendations for implementation by the Harare SMEs and the Ministry of Small to Medium Enterprises and Cooperatives. It is the hope of the researcher that, if the suggested recommendations are effectively implemented, they might assist in the elimination or drastic reduction of the current problem faced by the Harare SMEs.

5.2 Summary

The research looked at SMEs in Harare, with an establishment of 5-30 employees, registered in accordance with the Zimbabwe Companies Act Chapter 24:03 and having been in operation for at least a year. The researcher focused on the role the Internet had played in transforming SMEs in Harare into global players. This was stimulated by the desire to find ways in which small organizations can overcome challenges that may hinder them from growing into regional and global companies.
The researcher critically reviewed literature from a wide range of sources, which were books, the Internet, professional journals, and published and unpublished research papers by other scholars, government publications and conference proceedings and so as to get information related to the current research topic.

The research population was made up of an estimated 800 SMEs from Harare, while the research sample consisted of 100 SMEs drawn from the commodity broking business, services and manufacturing lines of business. The answers gathered from the purposive research sample, whether through face-to-face interviews or self-administered questionnaire as well as desktop research, were generalized to the entire target population.

The researcher made use of three techniques for data collection, namely desktop, questionnaire and face-to-face interviews. Data was analyzed using MS Excel and presented using tables, pie-charts, venn-diagrams and column graphs and these were further explained. The researcher then managed to draw conclusions based on the findings.

5.3 Conclusions

This section of the research report presents the conclusions that were drawn from systematically and thoroughly analyzed collected data. The conclusions are as listed below:

5.3.1 The majority of the Harare SMEs had access to the Internet. Many of them could send e-mails via the Internet but only a few had websites of their own. Even those who professed to have websites were not actively using them. The reason being that, they assumed it was still very expensive to maintain a website. For most SMEs, websites were mainly for dressing
up purposes only, where only generic information about the organizations would be found. The websites were also not being regularly updated.

5.3.2 The majority of the SMEs were not marketing their businesses on the Internet in the way it was supposed to be. Most SMEs’ websites were not developed enough to effectively support virtual business transactions and as such, the SMEs could not effectively reach regional and global clients. Online shopping and paying were not possible for most SMEs.

5.3.3 The Harare SMEs, marketing their businesses on the Internet, were facing a number of challenges, chief among them being stiff competition from well established and financially stronger organizations. Security threats and inconsistent funding were also some of the challenges they faced. Competitors were hacking valuable information from their websites and using it against them.

5.3.4 The majority of the Harare SMEs, which used the Internet to market their businesses, benefited in terms of obtaining new markets regionally and globally, but to a very small extent. Some of the challenges mentioned above reduced their market share to a great extent. Competition, inconsistent funding as well as hacking of valuable information reduced their market share locally, regionally and globally.

5.3.5 The Zimbabwean IT infrastructure was well configured to support SMEs. The introduction of the wireless networks and the optic fiber networks made it possible for many organizations, big or small, to easily and affordably access Internet services.
5.4 Recommendations

The conclusions alluded to above lead the researcher to suggest the following recommendations:

5.4.1 Harare SMEs, who really want to grow their businesses into regionally and globally recognized organizations, should find cheaper means of creating active and up to standard websites, which should be constantly updated with current information on their products. This will allow them to embrace database marketing which will allow customized service delivery. There are so many web-hosting companies, which are offering web hosting and maintenance services from as little as $10 per month. Having an active and up-to-date website will create an effective means of communication between the organization and its potential customers locally, regionally and globally.

5.4.2 The Ministry of Small to Medium Enterprises and Cooperatives and other relevant policy makers should enact laws that support medium to long-term financial leveraging for both working capital and capital support. The financial institutions should lend both at reasonable tenure periods and interest rates. The snail growth characterizing the SME sector is highly attributable to lack of funding. Besides, even those few SMEs already online would also need money to keep up with the stiff global competition which they face from well established and financially strong organizations.

5.4.3 It was clear that quite a big number of SMEs were not even aware of how they could use Internet services to enhance their businesses. Internet Service Providers should therefore,
introduce various promotional programs to enlighten SMEs on various cost effective e-business solutions, thereby giving them important competitive capabilities for virtual trading.

5.4.4 Managers/owners of the Harare SMEs should engage IT specialists or send their workers for IT enhancement so that they can be in a position to grab the most recent and advanced web development tools.

5.5 Areas of further study

After considering and analyzing the responses given by the respondents, the researcher suggests the following areas in SMEs as areas that may need to be researched by future researchers:

5.5.1 The evaluation of the problems the Harare exporting SMEs are facing in exporting their products regionally and globally.

5.5.2 The impact of leadership styles in enhancing growth of Harare SMEs

5.5.3 The effectiveness of the Zimbabwean IT infrastructure in abating security risks in SMEs.

5.5.4 An evaluation of government ICT policy in building IT oriented SMEs.
REFERENCES


Http://awp.aas.duke/w.studio. accessed 17 October 2012)


Http://www.unescap.org accessed 18 March 2012)

Http://managementstudyguide.com/transformational-leadershiphtm( accessed on 12 December 2011)


Dear Respondent/Interviewee.

My name is Eunah Mucheche. I am a student at the Graduate School of Business at Bindura University of Science Education pursuing a Masters Degree in Business Leadership and my student ID no is R892150Z.

I have carefully selected you as the owner/manager (ess) of this company, to help me by completing the attached research questionnaire or attending a face-to-face interview with me. I am carrying out an investigation on ‘The role of the Internet in transforming SMEs into global players: A case of the Harare SMEs (2010-2012)’.

Your participation in completing this questionnaire will assist me with an in-depth understanding of issues surrounding SMEs and will go a long way in contributing to the SMEs’ performance in both local and global markets.

All the information will only be used for academic purposes and will be treated with all the confidentiality it deserves. The questionnaire is anonymous and so do not write your name.

Thank you in advance for your participation in this research study.

For any queries, you are free to contact me on the following contact details:

Cell no 0772 746 996/0712 752 526

Email address eunahmucheche@gmail.com.

Yours faithfully

Eunah Mucheche.
Appendix B

THE RESEARCH QUESTIONNAIRE

SECTION A: Demographic information

Please respond by ticking in one box that best fits your opinion.

1. What is your gender?
   a) Male    b) Female

2. What position do you hold in the organization?
   a) Owner    b) Manager

3. How many people are employed by this company?
   a) 5-10    b) 10-20    c) 20-30

4. Where exactly are you located in Harare?
   a) Siyaso    b) CBD    c) Light Industry    d) Other

Specify (other) -----------------------------------------------.

5. Do you own the place or it is rented?
   a) Owned    b) Rented
6. Is your organization registered with the Companies Act Chapter 24:03 of Zimbabwe?
   a) Yes □  b) No □

7. What kind of business are you in?
   a) Commodity Broking □  b) Manufacturing □  c) Services □
   d) Other □
   Specify (other).................................................................

8. For how long have you been in business?
   a) Less than 3 years □  b) 3-5 years □  c) 6-10 years □
   d) Above 10 years □

SECTION B: Accessibility to the Internet.

9. Does your organization own computers?
   a) Yes □  b) No □
10. What type of computer hardware does your organization own?
   a) Laptops  
   b) Desktops  
   c) IPad  
   d) Other  

Specify (other)………………………………………………………………………………

11. Are you connected to the Internet?
   a) Yes  
   b) No  

12. If ‘yes’, which Internet Service Provider do you use? (Tick against the appropriate Internet).

<table>
<thead>
<tr>
<th>Internet Service Provider</th>
<th>(✓)</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) MWEB</td>
<td></td>
</tr>
<tr>
<td>b) YO AFRICA</td>
<td></td>
</tr>
<tr>
<td>c) ZANET</td>
<td></td>
</tr>
<tr>
<td>d) ECOWEB</td>
<td></td>
</tr>
<tr>
<td>e) POWERTEL</td>
<td></td>
</tr>
<tr>
<td>f) UTANDE</td>
<td></td>
</tr>
<tr>
<td>g) OTHER</td>
<td></td>
</tr>
</tbody>
</table>
13. If your response to question 11 is ‘no’, what are the reasons or factors that can cause you to remain unconnected to the Internet?

Explain: ........................................................................................................................................
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SECTION C: Marketing

14. Do you have a website or are you online?

a) Yes  

b) No  

15. If the above response is ‘yes’, what type of information do you put on your website?

a) Marketing  

b) General  

c) Other  

Specify (other)..............................................................................................................................

16. How often do you update your website?

a) Once/month  

b) Once/year  

c) Twice/year  

d) Other  

Specify (other)..............................................................................................................................
17. Who services/maintains your website?
   a) Insider (employee) □     b) Outsider □

   Give reasons for using an insider or outsider to service your website.
   ……………………………………………………………………………………………………………………………………………………………………………………………
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18. Do you use the Internet to market your business?
   a) Yes □     b) No □

19. If your response to 18 is ‘no’, what strategies do you use to market your business?
   ……………………………………………………………………………………………………………………………………………………………………………………………
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20. If your response to 18 is ‘yes’, what kind of people access your website often?
   a) Local people □     b) People from the region □     c) Globally □
If you are using the Internet to market your business, answer questions 21-23 below:

21. What challenges do you face in marketing your business?

<table>
<thead>
<tr>
<th>Challenge(s)</th>
<th>(✓)</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Competition</td>
<td></td>
</tr>
<tr>
<td>b) Security threats</td>
<td></td>
</tr>
<tr>
<td>c) Inconsistent funding</td>
<td></td>
</tr>
<tr>
<td>d) Other</td>
<td></td>
</tr>
</tbody>
</table>

Specify (other)………………………………………………………………………………………………………………………………………………

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Explain the effects that some of the challenges have had on your business.

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22. What percentage increase in new markets/customers did you realize as a result of using the Internet to market your business?

   a) 1-10%  b) 11-30%  c) 31-50%  d) Above 50%

23. What strategies do you intend to adopt to improve this percentage?

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Thank you for completing this questionnaire.
Appendix C

FACE-FACE INTERVIEW SCHEDULE

POTRAZ, MINISTRY OF SMEs, Internet Service Providers, SMEs owner/manager

and ZIMSTAT

1. How has been the Zimbabwean IT infrastructure configured to support the SMEs?

2. To what extent has the Internet been used to support SMEs into global players?

3. How effective and efficient is the local infrastructure in abating security risks as far as e-commerce is concerned as regards to SMEs?

4. How many Internet Service Providers do we have in Zimbabwe?

5. Name ten Zimbabwean exporting companies that are SMEs?

6. What challenges are faced by SMEs that market their businesses on the Internet?

7. What do you think are the reasons for certain SMEs not using the Internet to market their businesses?

8. What strategies should be employed by managers/owners of SMEs that wish to go global?