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Dynamics of Business Failure and Sustainability of selected Small to Medium Enterprises (SMEs) in Zimbabwe

BY

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Abstract

The main objective of the study was to analyse the impact of business failure and sustainability of Small to Medium Enterprises in Zimbabwe. The study was guided by Positivism research Philosophy. Probability random sampling was used to select 132 SMEs from a population of 200 and this was chosen basing on Raosoft sample size calculator. Questionnaires were used to collect data which was analysed using descriptive statistics. The study found that human resource capabilities have an effect on the success or failure of a business among SMEs in Zimbabwe. Furthermore, the study's results suggest that insufficient resources and financial incapability results in the failure of a firm. The study's findings also found that economic variables and markets are key determinants to the success or failure of the business. Business failure largely impacts on various stakeholders of the firm namely suppliers, directors of companies lose their investments, employees who would have lost their jobs due to the insolvency of the firm, the standard of lives diminishes. The study concluded that most of the causes of business failure are internal which implies that SMEs must be very careful in managing well such internal aspects of the business that results in failure. It is recommended that SMEs in Zimbabwe continually upgrade themselves in terms of their operations, capacity, human resources and capital base since this has a bearing on their success or failure. As such SMEs are commended to have sufficient resources required to educate and train its workforce, a vibrant internal research and development, and a vibrant human capital. The role of the government through the Ministry of SMECD should come up with initiative to increase awareness of how SMEs can be assisted through training and also be assisted financially without huge collateral requirements. The study focused on SMEs in Chitungwiza only. This poses challenges when it comes to generalizability of the findings. As such, it is recommended that future research be done in other cities and provinces in Zimbabwe in order to make meaningful generalizations

Key Words: Small to Medium Size Enterprises, Business Failure, Sustainability, Zimbabwe.

Introduction and Background of the Study

Small to Medium Enterprises (SMEs) are critical to the success of every economic system on the planet. Their expansion is a critical component of developing countries' long-term development and expansion. The long history of economic development demonstrates that the rise of small companies is one of the primary drivers of European industrialization (Rostow, 1960). Nonetheless, numerous obstacles often stymie the development and expansion of SMEs in Zimbabwe, resulting in a high incidence of business failure among SMEs. These issues include a lack of management skills and a capital deficit, to name a few. Failure of such an important sector of the economy has a negative effect on Zimbabwe since it lowers GDP and increases poverty levels in the country.

SMEs have played a critical role in achieving significant economic growth, generating jobs, eliminating poverty, contributing significantly to the nation's Gross Domestic Product (GDP), and providing equitable and sustainable development throughout the

world (Aziz and Samad, 2016; Bengesi and Roux, 2014; Berisha and Pula, 2015; Bomani et al. 2018). More specifically, Perekwa et al. (2016) emphasized the critical significance of SMEs in both emerging and established nations, as well as the critical role they play in improving economies worldwide. The emergence of a well-performing SME sector, which also contributes to the noteworthy growth of both urban and rural regions, is an indication of a thriving and stable economy (Bengesi and Roux, 2014; Sibanda, et al. 2018).

SMEs, are estimated to have made substantial contributions of up to 50 percent to the global GDP and supplied 60 percent of all-inclusive universal employment (Neneh and Van Zyl, 2017). Some SMEs across the globe have grown into thriving global corporations. The small and medium-sized enterprises (SMEs) in the United States of America (USA) are expected to account for more than 60% of total employment, 40% to 60% of gross domestic product, and 30% to 60% of total export profits by 2020. (International Monetary Fund [IMF], 2016). In some nations, such as the Asian Tigers such as Taiwan, Thailand, Hong Kong, and Singapore, SMEs make significant contributions to the objectives of job creation, economic growth, and poverty eradication (Rujirawanich et al. 2011; Wang, 2018). Furthermore, small and medium-sized enterprises (SMEs) in India have emerged in recent years as the largest contributors to the Indian economy via exports (MSMECD, 2011). Regionally, SMEs continue to play important roles in economic development. For example, in South Africa, SMEs account for 91 percent of formal businesses, and they are also the largest contributors to the nation's GDP, accounting for 57 percent of total GDP while also accounting for 61 percent of total job creation in the country (Karedza et al. 2014; Sibanda et al. 2018).

SMEs continue to play a critical role in the growth of both developed and developing nations, including Zimbabwe, and there has been an increase in recognition of this. SMEs are often viewed as effective when compared to their larger counterparts, and they are also considered to be prolific in terms of employment creation. Furthermore, SMEs are regarded as streams that feed into major businesses, serve to keep large businesses afloat, and serve as the fuel that most economies' engines utilize to expand.

Despite the widely accepted understanding that SMEs are a much-needed universal remedy for promoting economic development through the reduction of unemployment, the eradication of poverty, the equitable distribution of income, and the enhancement of lifestyle, SMEs continue to face significant obstacles. However, it is predicted that 40 percent of all new companies in the nation would fail in their first year of operation, 60 percent in their second year, and 90 percent in their first ten years after being established (Bushe, 2019). Despite the fact that small and medium-sized enterprises (SMEs) have become important parts of many economies, Lings (2014) pointed out that SMEs have a disproportionately greater incidence of business failure than larger enterprises. Research on the causes and consequences of small and medium-sized enterprise (SME) failure is still in its infancy in both developing and poor countries across the globe, and Zimbabwe is no exception to this issue.

In the same way, the success of the SME sector is directly linked to the performance of the whole country. The inability of SMEs to grow into big corporations is not just a Zimbabwean problem, but also a regional one. In a similar vein, Akugri et al. (2015) and Feyitimi et al. (2016) observed that Ghana and Kenya have shared experiences with the issue of SMEs failing. Despite the fact that small and medium-sized enterprises (SMEs) are considered a remedy for unemployment, it is frequently argued that if SMEs are promoted, they can make significant contributions to economic growth and development. However, the rate of SMEs failure cannot account for the required economic growth, particularly in light of the comparative difficulty of employment generation (Bushe, 2019).

SMEs in both the official and informal sectors have long been recognized as engines of economic development in Zimbabwe. According to Storey and Westhead (1994), SMEs are considered as the breeding ground for the growth of big corporations and as the lifeblood of commerce and industry in general. Over the years, these companies have faced many obstacles to survival, including a shortage of money to fund their operations and a scarcity of managerial skills to guide the organizations' operations. It is estimated that about 60% of SMEs in Zimbabwe fail during the first year of operation, 25% fail within the first three years of operation, and the remaining 15% have a good chance of survival, according to SEDCO (2004). As a result, about 85 percent of SMEs would ultimately fail. There are several factors contributing to this high rate of failure, which is a significant impediment to economic growth. It is thus critical to identify the primary reasons of SME failure in order to mitigate the harm caused by SME failure. An alternate way to understanding the practices that contribute to company success is to look at the opposite of these practices, that is, the behaviors that are linked with failure in business. This is due to the fact that things cited as causes for failure may also be seen as elements influencing success (Gaskill et al. 1993).

However, in the case of Zimbabwe, both domestic and foreign causes have led to the rapid collapse of SMEs, which has had a negative effect on the country. Some countries, such as Malaysia, which achieved independence from foreign control at the same time as countries such as Ghana, have had dynamic economies as a result of implementing strategies, laws, and backup mechanisms that promote entrepreneurship.

Statement of the Problem

Despite the government's best efforts and a variety of assistance programs from the Small Enterprise Development Corporation (SEDCO), commercial banks, and microfinance banks, the failure rate of SMEs remains astounding. Few businesses that survive have failed to develop into big firms. Generally, if a company becomes bankrupt or fails, a negative impact on the majority, if not all, of the firm's stakeholders occurs. Businesses lose money while employees lose jobs, society as a whole loses access to its factors of production and delivery of services, and the government loses revenue anticipated through taxes. This further contributes to the majority of people's low quality of life. Numerous studies conducted in Zimbabwe (Gumbe, 2015, Mupambireyi, 2015,

Masvikeni, 2013, and Mboko, 2012) and elsewhere in the region (Akugri et al., 2015, Feyitimi et al., 2016, Ongugu, 2005, and Morgan, 2012) have been biassed toward establishing the role of SMEs in economic development and job creation. While some research on SMEs has also been conducted in Zimbabwe, these studies have tended to concentrate on the advantages of SMEs instead of the factors that contribute to their failure. Specifically, these studies (Gumbe, (2015), Muponda, (2013), Masvikeni, (2013), and Mboko, (2012) paid little attention to the factors that contribute to the failure of SMEs. Until now, a hazy knowledge of the reasons for company failure in Zimbabwe and the effect on SMEs has persisted. This highlights the need of researching the causes and consequences of SME failure in Zimbabwe.

Objectives

1. To determine the influence of SMEs business failure in Zimbabwe

Research Hypotheses

H_1: There is a link between entrepreneur dominance and business failure in Zimbabwe SMEs.

H_2: There is a link between human resource capabilities and SME failure in Zimbabwe.

H_3: There is a link between inadequate wealth and strategic incapability and SMEs failing in Zimbabwe.

Methodology

The study was guided by Positivism research Philosophy. Probability random sampling was used to select 132 SMEs from a population of 200 and this was chosen based on the Raosoft sample size calculator. Questionnaires were used to collect data which was analyzed using descriptive statistics.

Theoretical Framework

The study was guided by the Stages Model. The model was created in order to represent both the complicated and the energetic character of the growing concept. A business endeavor, in the same way, that a living organism goes through its life cycle, goes through six phases of development. These include existence, survival, take-off, and maturity, among other things. On the same note, the model takes into account the fact that the characteristics, obstacles, practices, and qualities of a business venture are plotted into distinct sequential phases, as emphasized by Steinmetz (1969), Greiner (1972), Churchil, and Lewis (1982), Miller and Friessen (1984), Lary E. Greiner (1994), McMahon (1998), and Hanks et al (1993). Through the dissemination of growth contexts, Churchill and Lewis (1982) were able to come up with this model (existence, survival, success, take-off, and resource maturity).

Review of Related Literature

2. The influence of business failure and sustainability of Small to Medium Enterprises in Zimbabwe

Petrus (2009) identified many reasons for SME failure associated with entrepreneurs, including inadequate business planning, gender, insufficient funding, and an inability to manage expansion. Another research, based on Lall's (2001) popularised Technological Capabilities Theory, suggests that smallness is hazardous, much as it is in the animal world, where smaller and younger creatures are easy prey for predators. According to the idea, SMEs have significant difficulties in obtaining financing from financial institutions owing to a lack of collateral, and as a consequence, lending to them is viewed as highly risky. As a result, the only likely source of capital for SMEs is self-financing; however, due to low start-up capital and low sales value in comparison to incredibly large operating costs, they find themselves trapped in a harsh sphere of smallness that is difficult to escape, and the apparent probable outcome is the demise of the SMEs.

Similarly, prior research indicates that a lack of management expertise is a significant factor in SME failure. Inkoun (2003) conducted a case study in Ghana and discovered that the success or failure of SMEs is strongly related to the owner's entrepreneurial abilities. The research discovered that owners with business-related credentials had a higher survival rate of more than 30% when compared to the non-owners. Similarly, Ramis (2002) discovered that, although management training for owners is critical for SMEs in Peru, it is more critical when a company has a high growth potential than when it has low growth potential. Ramis (2002), on the other hand, discovered that rivalry from both local and international firms is more predatory than entrepreneurship skills. According to the research, SMEs that encountered competitiveness were three times as likely to fail as those that did not face competition. Additionally, Koush (2008) discovered in his research of SME failure in Korea that international competition is more predatory against manufacturing SMEs than local rivalry.

It is important to highlight that the reasons for company failure differ by area or nation; there are no universal factors in every country. Each situation of failure necessitates an examination of the specific collection of reasons in an attempt to identify a remedy. It is critical to understand that failure is not an isolated occurrence but a process that begins with a series of poor choices, such as when an SME pursues an accelerated growth route and engages in unjustifiable growth programs that usually result in high cumulative operational costs (Bushe, 2019). A key step that echoes with planning is to conduct frequent financial audits of the SME as it develops, which includes consulting with finance professionals on four critical areas: liquidity, activity, leverage, and financial ratios (Smit et al. 2013). These factors contribute to determining if an SME is headed in the direction of decline or health (Amankwah-Amoah et al., 2016).

Various research has reliably verified that certain traits have favorable and substantial connections with SMEs ' success, while other studies have discovered negligible associations, which results in SMEs failing in their endeavors (Ramukumba, 2013; Nayamwanza and Mavhiki, 2014). Some authors have approached their studies from the perspective of the entrepreneur's mindset and personality (Chivasa, 2014), whereas others have approached it from the perspective of the entrepreneur's age, gender, experience, educational background, family background, and risk-taking proclivity (Chivasa, 2014; et al., 2014). (Zindiye et al., 2012; Sidik 2012; Mudavanhu et al., 2011). The third group of academics has looked at the direct role of the entrepreneur as well as his or her ambitions for development or success (Pasanan, 2007; Wasserman, 2008). According to Majoni et al. (2016), the entrepreneurs' stable

and intrinsic characteristics have an impact on how they run their companies. Additionally, some company owners choose to run their operations based on the advantages of their qualities (Sidika, 2012).

The management of most SMEs is very difficult owing to the broad variety of problems that confront the owner-managers and must be dealt with on a personal level (Zindiye et al., 2014). As a result of his or her multi-functional management position, the entrepreneur is also responsible for planning and execution, production, human resource management (including the hiring and firing of workers), marketing, and financing (Karedza et al., 2014). Such problems require the attention of the entrepreneur immediately, and in most instances, the owner-manager is compelled to deal with the most pressing issues first, while neglecting a less visible but more important problem that has a crucial effect on the company (Nangoli et al., 2013). Furthermore, Macpherson and Holt (2007) suggest that the success or failure of a company is dependent on the management expertise of its employees.

Despite the fact that a flat, informal organizational structure is anticipated to emerge in most SMEs, decision-making tends to be centered on the owner in many cases (Chittithaworn, 2011). The personality and behavior of the entrepreneur are often unanticipated elements in the achievement of success-oriented goals. It is characteristic of SMEs that key decisions are centralized at the level of the owner-manager, as a consequence of which the entrepreneur's personality, abilities, duties, attitude, and behavior have a considerable impact on the company's overall strategy and performance (Makhloufi and Al-Erjal, 2017).

SMEs' ability to succeed or fail is also determined by their human capital base, which is an important element in their success. Thus according to Nayamwanza and Mavhiki (2014), companies that employ a highly competent and well-educated staff are unquestionably more efficient than their counterparts. In the same way, Majoni (2016) said that human resource skills are one of the most important factors determining whether a small and medium-sized enterprise (SMEs) would succeed or fail. Ramukumba (2013) points out that human resource abilities have a beneficial impact on the development of SMEs since they improve workplace skills and motivation, which in turn leads to increased productivity and long-term viability for SMEs. A company with a lower-skilled staff and inadequate human resources skills, on the other hand, is doomed from the start. In a similar vein, Naqvi (2011) points out that a well-educated and competent staff has more learning and creative skills, all of which are necessary for the expansion of a company. A number of research studies have shown that small and medium-sized enterprises (SMEs) in developing nations face significant challenges due to their lack of human resource capacity (Zindiye et al. 2012; Mudavanhu et al. 2011).

It is critical that resources be identified as one of the primary factors determining whether a company will fail or succeed. Lack of access to external funding is often seen as a significant impediment to the development of SMEs, and it has been attributed to the high failure rates experienced by these businesses (Olawale and Garwe, 2010). According to Shah et al. (2013), financial institutions are more cautious when lending to small and medium-sized enterprises (SMEs). In the same spirit, small and medium-sized enterprises (SMEs) are often subjected to disproportionately high-interest rates, as well as expensive collateral and loan guarantees. Bank lending regulations and collateral restrictions, according to Cosenz and Bivona (2020), hinder businesses from getting loans from financial institutions. On the other hand, Chittithaworn and colleagues (2011) claimed that small businesses in both developed and developing countries have less access to external funding, which causes small businesses to be more restricted in their operations and development when compared to big businesses. Recent research conducted in developing nations by Beck et al. (2005) offers further evidence that small and medium-sized enterprises (SMEs) suffer higher funding hurdles than big corporations. In addition, Ndiweni and Verhoeven (2013) found that, across all nations, access to finance is one of the most significant barriers to company success that must be overcome.

In the event of a badly planned and executed marketing campaign, a company will be unable to offer its market quality goods, suitable pricing, adequate promotional activities, and a lack of appropriate placement or position. As a result, it is often seen that when asked to describe the reasons for company failure, bad marketing, bad pricing, poor location, and terrible promotion are all stated separately rather than in conjunction with one another (Bushe, 2019).

Marketing ensures that a company's product development process is well planned in order to provide a commodity that best meets the requirements of consumers. Such an endeavor would be guided by market analysis on the requirements of customers, which would, in turn, influence their taste and preference preferences.

Results and Discussion

Response Rate Analysis

In Chitungwiza, a total of 132 questionnaires were sent to owners and managers of SMEs. 110 surveys were correctly completed and returned, resulting in an 83.3 percent response rate. Saunders et al. (2007) define an acceptable response rate as 50 percent, an excellent response rate as 60 percent, and a very good response rate as 70 percent. In light of this reasoning, the response rate of 83.3 percent was acceptable, and as a consequence, the findings from such a criterion were not only trustworthy but also provided a solid foundation for making conclusions.

Demographic Characteristics of Respondents

Gender of Respondents

Figure 1.1 illustrates that men were somewhat overrepresented in the research, with respondents accounting for 55% of the total respondents compared to 45% of the total respondents who were female. According to the findings, men outnumbered females by a little margin in the SME sector in 2012.

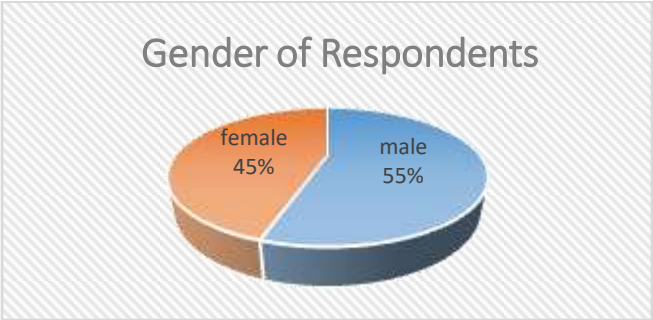

Figure 1. 1: Gender of respondents

Source: Survey data (2021)

The results in Figure 4.1 demonstrate that men are somewhat overrepresented in the SME sector in Zimbabwe, while females are fairly represented. The findings also indicate that women are expanding their involvement in a variety of fields, particularly those that were traditionally dominated by men, according to the researchers. The results may be related to the present trend toward gender equality, as well as the problem of women's empowerment, among other factors.

Position held in the Firm

Specifically, based on the results from the data gathered, respondents in the SME sector are in a favorable situation. According to the results of figure 4.2, respondents from the questioned companies were mostly business owners, who constituted 80 percent of the total, as opposed to managers, who constituted 20 percent of the total

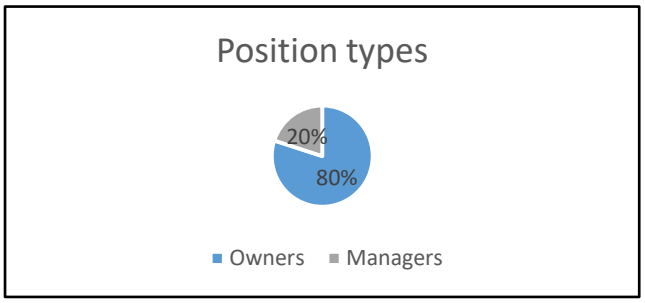

Figure 1.2: Position Types
Source: Survey data (2021)

The study's findings, as shown in Figure 1.2, indicating there were more owner-operated SMEs than manager-operated SMEs. The findings indicate that the majority of SMEs are managed by their owners. This may be related to trust problems, with owners being less inclined to trust others to managed or manage their companies. Perhaps the results also indicate that, since the companies were still small and medium, company owners wanted to be hands-on, overseeing the business while also reducing management expenses, as the owner would double as manager.

Level of Education

As shown in Figure 1.3, the majority of participants had completed a postsecondary degree of education, ranging from diploma to doctorate studies. This includes 41% of respondents with a Bachelor's degree, 29% with a Master's degree, 16.4% with a Diploma, and 4.5 percent with a Doctoral degree. Additionally, the findings showed that 2.7 percent had completed an O level, 4.5 percent had completed an A level, and just 1.8 percent had completed a basic level of schooling.

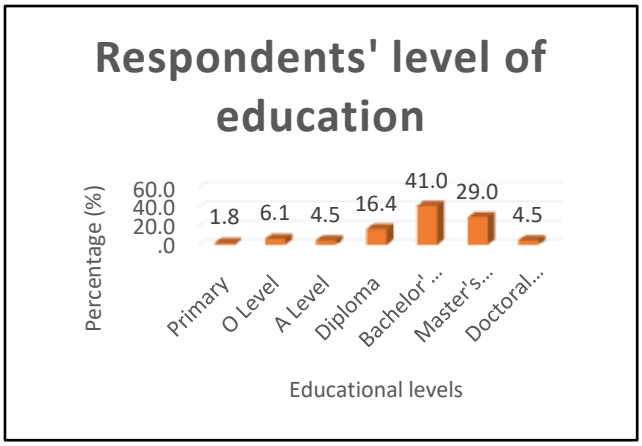

Figure 1. 2: Respondents' level of education
Source: Survey data (2021)

According to study results, as shown in Figure 1.3, the majority of company owners or managers have earned at least a diploma. Only 12% of owners and managers had completed a primary, ordinary, or advanced level of education. These results suggest that those in Zimbabwe who establish or manage SMEs are highly educated, which may indicate that they have plans in place to maintain their companies. Additionally, the findings indicate that, as a consequence of Zimbabwe's high unemployment rate, a large number of highly educated individuals have chosen to start their own companies and use the expertise they gained to run them. This may be taken as an indication that Zimbabwe's jobless graduates have heard the call of entrepreneurs and are not expecting to be hired by big companies. The findings are corroborated by (ZimStat Agency, 2012), which stated that Zimbabwe's literacy rate is very high, exceeding 90%. Additionally, the majority of Zimbabweans place a premium on education.

The findings corroborate the Labour Force Survey (2011), which stated that Zimbabwe's literacy rate is very high, exceeding 90%. Additionally, the majority of Zimbabweans place a premium on education. The respondents' high level of education is further confirmed by the literature. Zimbabwe invests 10% of its gross national product on education, the highest rate in the world, according to the literature (Chidzero, 1989). Education has been critical in the development of skills in Zimbabwe. Zimbabwe has a high literacy rate of 91.4 percent (UNESCO, 2009). For example, between 1992 and 1999, the literacy rate of 15–24-year-olds increased from 95% to 98%. (UNDP, 2003). This is due to the government's prioritization of education both before and after independence.

The results indicate that, although education is critical for skill development, as shown by the maturity of the responses, it does not serve as a barrier to entrepreneurial efforts within the population, as demonstrated by respondents who engage in entrepreneurial activities. The high level of participation among individuals with higher degrees may be ascribed to Zimbabwe's high unemployment rate, which has pushed people into survival mode. Thus, the differences in educational attainment may be explained by the SME sector's preference for work experience over professional qualifications.

Exploratory Factor Analysis

EFA was used to decipher the structure of a collection of variables and also to ascertain whether questions accurately assessed the questionnaire's underlying components.

Sampling Adequacy

Prior to conducting EFA, the Kaiser Meyer Olkin Measure of Sampling Adequacy (KMO) and Bartlett's Test of Sphericity (BTS) were used to determining the long-term viability of the data for factor analysis in SPSS Version 20. It was determined that the sample was adequate, as shown in Table 1.1 (KMO = 0.720, Approx Chi-square = 10826.491, Degrees of freedom [DF] = 1583; p 0.001), and that exploratory factor analysis could be conducted (Field, 2009). A secondary goal of the EFA was to refine and reduce the huge number of associated factors to a more meaningful and reasonable number before utilizing them in future studies. As explained by Zikmund and Babin (2016), factor rotation is a mathematical technique of simplifying factor findings in order to facilitate better understanding. The Varimax technique was utilized to simplify the factor analysis process. Choosing this approach was based on the fact that it attempts to maximize the allocation of loadings within factors, resulting in clusters of factors that are readily understood (Field, 2009).

KMO and Bartlett's Test of Sphericity

Table 1.1 KMO and Bartlett's Test of Sphericity

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.720
Bartlett's Test of Sphericity	Approx. Chi-Square	10601.396
	Df	1485
	Sig.	.000

The loadings of each component are listed in Table 1.1. Factor loadings less than 0.4 were suppressed in accordance with Steven's suggestion that only factor loadings greater than 0.4 should be evaluated in order to significantly simplify interpretation (Field, 2005). Due to low factor loadings, the following components were omitted: HRC1 and PMC2 (Field, 2009). As a consequence, the findings in Table 1.2 indicate that all factor loadings were more than 0.6, the factor loading cut-off point (Bagozzi and Yi,1988; Lewis-Beck, 1994).

Table 1. 1: Constructs, Items, Factor Loadings

Construct	Items	Factor Loadings
Entrepreneur's influence	EI1	0.756
	EI2	0.903
	EI3	0.870
	EI4	0.822
Human Resources Capabilities	HRC2	0.657
	HRC3	0.651
	HRC4	0.669
Insufficient resources and financial incapability	RFI1	0.783
	RFI2	0.816
	RFI3	0.803
	RFI4	0.964
Poor Marketing Capabilities	PMC1	0.891
	PMC3	0.818
	PMC4	0.724
Economic variables and markets	EVM1	0.870
	EVM2	0.857
	EVM3	0.765
	EVM4	0.749
Technological capabilities	TC1	0.758
	TC2	0.787
	TC3	0.783
	TC4	0.806

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
Rotation converged in 6 iterations.
Based on Eigenvalues > 1.00
Total variance explained = 74.072%
Loadings of less than 0.4 were suppressed

As indicated in Table 1.2, rotation converged in 6 iterations and the overall variance explained by the data was 74.07% over the acceptable 60% limit (Atalay et al., 2013). Table 1.2 has shown, as anticipated, that the rotated matrix solution consisted of six components, namely EI, HRC, EVM, RFI, MC & TC.

Table 1. 2: Construct, Number of items, and Cronbach's (α)

Construct	Number of Items	Cronbach's alpha (α)
Entrepreneur's influence	4	0.879
Human Resource capabilities	3	0.848
Insufficient resources and financial incapability	4	0.790

Poor Marketing capabilities	3	0.845
Economic variables and markets	4	0.847
Technological capabilities	4	0.756

As indicated in Table 1.3, the reliability of all constructions tested exceeded the cut-off value of 0.6. (Bagozzi and Yi, 1988). All constructs had Cronbach's coefficients () greater than 0.6. (Gunday et al., 2011). This indicated that the data for the research were trustworthy.

Descriptive Statistics

Presented here are the results of descriptive statistics, which include arithmetic means (M) and standard deviations (SD) for each of the six factors that contribute to business failure, which are as follows: entrepreneur's influence, inadequate marketing capabilities, insufficient resources, and financial incapability, economic variables and markets, and technological incapabilities. The standard deviation (SD) measures the degree to which answers are consistent, or, in other words, the distribution of responses around a mean value. It is easier to comprehend the data when the mean and standard deviation are used in conjunction. There were five answer options on the scale that was utilized in the study: one for severe disagreement; two for disagreement; three for neutral; and four for agree completely.

Descriptive Statistics for Entrepreneur's influence

To assess the impact of the entrepreneur's actions on the failure of a company, items were scored using a mean and standard deviation method. The results are shown in Table 4.4.

Table 1. 3: Descriptive Statistics for Entrepreneur's influence

Item Code	Item Description	Mean score	Mean response	SD
EI1	The entrepreneur's educational background has a huge bearing on the management of the company.	4.85	Strongly Agree	0.995
EI2	The company thrives on the entrepreneur's risk-taking propensity	4.24	Agree	0.898
EI3	The entrepreneur's growth aspirations have a bearing on where the business currently is.	4.06	Agree	0.830
EI4	The entrepreneur's experience in the management of the business has had an effect on the company.	4.32	Agree	0.913
	Overall	4.37	Agree	0.909

Source: Survey (2021)

According to the results in Table 1.4, the mean answers varied between 4.06 and 0.830 standard deviations (item EI3) and 4.85 and 0.995 standard deviations (item EI3) (item EI1). The mean total was computed, and it was averaged (overall mean = 4.37; standard deviation = 0.891) to arrive at a potential score of 5 (out of a possible score of 5). (strongly agree). This indicates that the majority of those who answered the survey believed that the influence of an entrepreneur has a huge influence on the effectiveness or failure of the company.

Descriptive Statistics for Human Resource Capabilities

The data shown in Table 1.5 are the mean scores and standard deviations of items used to assess the impact of human resource skills on the failure of a company.

Table 1. 4:Descriptive Statistics for Human Resource Capabilities

Item Code	Item Description	Mean score	Mean response	SD
HRC2	The company has a well-educated and skilled workforce which brings success to the company.	3.59	Agree	0.765
HRC3	The company offers training to its employees and it has a bearing on the firm's productivity.	3.48	Neither Agree nor Disagree	0.690
HRC3	The company has a highly competent workforce that regularly goes for vocational training to enhance skills.	3.46	Disagree	0.608
HRC4	The company has a well-defined procedure for hiring qualified personnel.	3.82	Agree	0.714

	Overall	3.58	Agree	0.694

Source: Survey (2021)

According to the results in Table 1.5, the mean answers varied between 3.46 and 0.608 standard deviations (item HRC3) and 3.82 and 0.714 standard deviations (item HRC4) (item HRC4). The mean total was calculated, and it was averaged (overall mean = 3.23; standard deviation = 0.694) to arrive at a score of 5 out of a possible 5 (strongly agree). This indicates that the firm's owners agreed that human resource capacity is a critical element that may contribute to the failure of a company's operations.

Descriptive Statistics for Insufficient resources and financial incapability

Amounts in Table 1.6 represent the mean scores and standard deviations of items used to assess the impact of inadequate wealth and strategic apparent inability on the bankruptcy of a business venture.

Table 1. 5: Descriptive Statistics for Insufficient resources and financial incapability

Item Code	Item Description	Mean score	Mean response	SD
RFI1	The company lacks enough resources to implement its intended plans of expansion	3.94	Agree	0.935
RFI2	There are huge collateral securities required when applying for funding.	4.64	Strongly Agree	0.960
RFI3	The company has once applied for a credit facility and got a positive response from the institutions.	4.96	Strongly Agree	0.988
RFI4	The company still survives from the initial source of funds injected into the business at start-up.	4.87	Strongly Agree	0.976
	Overall	4.60	Strongly Agree	0.948

Source: Survey (2021)

The mean answers varied between 3.94, SD = 0.935 (item RFI1) and 4.96, SD = 0.988 (item RFI2) (item RFI3). The mean and standard deviation of the scores were calculated and averaged (total mean = 4.60; SD = 0.948), and they highly agree out of a potential score of 5. (strongly agree). This indicates that respondents were unanimous in their belief that inadequate resources and financial competence result in company failure.

Descriptive Statistics for Poor Marketing Capabilities

Respondents were asked to evaluate their agreement or disagreement with statements about the impact of insufficient marketing skills on a business's failure. Table 1.7 contains the mean values and standard deviations for each item.

Table 1. 6: Descriptive Statistics for Poor Marketing Capabilities

Item Code	Item Description	Mean score	Mean response	SD
PMC1	The company uses effective distribution channels in marketing its products and services.	3.87	Agree	0.698
PMC3	The company prices its products and services in an attractive way.	3.69	Agree	0.694
PMC4	The company carries out market research before it introduces new products.	1.78	Agree	0.469
PMC5	The company makes use of new media platforms in promoting its products and services.	2.40	Agree	0.574
	Overall	2.93	Neither Agree nor Disagree	0.658
	Overall	2.93	Neither Agree	0.658

			nor Disagree	

Source: Survey (2021)

As shown in Table 1.7, the mean answers varied between 1.78, SD = 0.469 (item PMC4) to 3.87, SD = 0.698 (item PMC5) (item PMC1). The mean score was calculated and averaged (overall mean = 2.93; SD = 0.658), indicating that the respondents did not agree or disapprove out of a possible 5 points (strongly agree). This indicates that respondents were neither in agreement nor disagree with the assertion that inadequate marketing skills contributed to the bankruptcy.

Business failure

Respondents provided a range of responses to the goal of knowing and understanding what business failure is, which was meant to get them to think about what they thought business failure was. The majority of the answers received from respondents indicated that a company's activities are terminated as a consequence of a business failure. Figure 1.3 depicts the outcomes of the study.

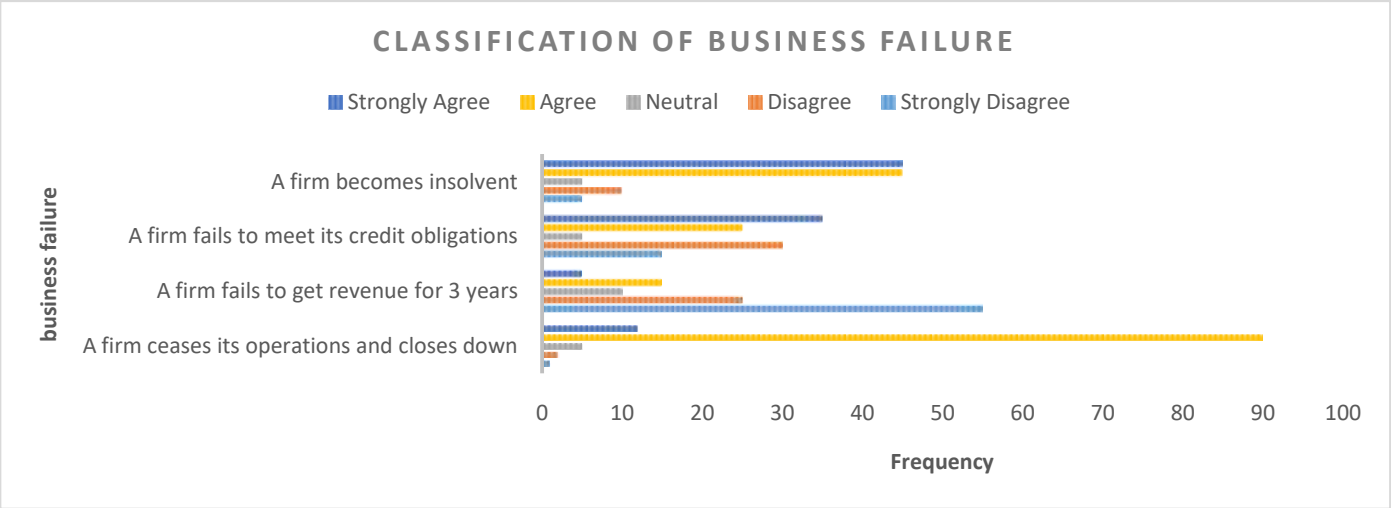

Figure 1. 3: Classifying Business Failure

Clearly, as shown in figure 1.3, the vast majority of respondents defined business failure as the takeover of operations by a company that ends in the cessation of business activities, and they strongly agreed with this description. A significant percentage of people also considered commercial failure to be the same as insolvency of a corporation. As a result, the results of this research may be considered significant since they are supported by the findings of a prior study conducted by Bushe (2019), who defined business failure as the state in which a company becomes bankrupt and ceases operations. Respondents were unable to support the concept of "failure to achieve profit for three years" since literature showed that low sales, for example, might reflect a decreased client base. As a consequence, it is no longer sufficient to define failure as the inability to generate sufficient profits.

Conclusions and Recommendations

The research found that business failure is defined as a firm's closure or seizure of operations as a result of a number of factors that had a negative impact on the company. The research finds that for a company to be considered unsuccessful, it must cease operations and ultimately dissolve. Several indicators that a company is failing include bankruptcy, insolvency, and the inability to fulfill credit commitments. Based on the summary of findings above on the causes of business failure among SMEs, the researchers concluded that the majority of causes of company failure are internal, implying that SMEs must exercise extreme caution in handling those internal elements of the firm that result in failure. SMEs are suspicious of professionalism in their operations, and in many instances, this skepticism is self-inflicted. A greater understanding of the different factors that contribute to company failure may go a long way toward helping SMEs in growing and surviving any kind of competition.

It is recommended that SMEs in Zimbabwe continually upgrade themselves in terms of their operations, capacity, human resources, and capital base since this has a bearing on their success or failure. As such SMEs are commended to have sufficient resources required to educate and train its workforce, vibrant internal research and development, and vibrant human capital. The role of the government through the Ministry of SMECD should come up with the initiative to increase awareness of how SMEs can be assisted through training and also be assisted financially without huge collateral requirements. The study focused on SMEs in Chitungwiza only. This poses challenges when it comes to the generalizability of the findings. As such, it is recommended that future research be done in other cities and provinces in Zimbabwe in order to make meaningful generalizations.

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