

Chapter 11

Entrepreneurial Orientation and Business Growth: COVID-19 Implications for SMEs in Zimbabwe


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ABSTRACT

The chapter investigated the influence of the entrepreneurial orientation dimensions (i.e., risk-taking, innovativeness, and proactiveness) on SME growth in Masvingo, Zimbabwe. A quantitative research approach using a structured questionnaire was adopted for gathering data. A simple random technique was employed to identify the respondents from the urban area of Masvingo. Descriptive statistics and multiple regression analysis were utilised for data analysis. The results showed that risk-taking and proactiveness have a significant positive impact on business growth while innovativeness had an insignificant negative effect on SMEs' business growth. The chapter recommends more effective training programmes on entrepreneurial orientation and entrepreneurship before providing financial assistance. Furthermore, SMEs should focus on innovation to gain high financial returns. Future research could focus on the mediating variables between entrepreneurial orientation and business growth relationships within and beyond the COVID-19 pandemic.

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1. INTRODUCTION

Small and Medium Enterprises (SMEs) are an essential element of any economy globally, and they constitute the majority of businesses in developing, emerging, and developed economies (Okangi, 2019). SMEs significantly contribute to the Gross Domestic Product (GDP), exports, and employment (Mugozhi & Hlapiso, 2017). The socio-economic development of many countries is hinged upon the growth of the SME sector (Mashingaidze, Phiri & Bomani, 2021). However, the development of the sector is stifled by a multiplicity of obstacles that compromise sales volumes, profitability, and asset growth, particularly in Zimbabwe and Africa at large (Olubiyi et al., 2019; Neneh & Van Zyl, 2017; Tinarwo, 2016). This leads to reduced competitiveness and market failures (Nyamwanza, 2015). Consequently, Zimbabwe's SMEs continue to be survivalist businesses with limited growth opportunities (Mashingaidze, et al., 2021; Mugozhi & Hlapiso, 2017). The unprecedented COVID-19 pandemic further threatened the competitiveness and the sustainability of the business sector, including the SMEs.

The initial response of national lockdowns by several governments to combat the spread of the virus resulted in the loss of income by SMEs amidst the expectation of paying the business operational costs. While some governments offered business relief grants during the pandemic, SMEs in Zimbabwe and many developing countries had limited or no resources for this. Yet, without the growth and sustainability of the SME sector, Zimbabwe risks a lack of economic development (Majoni Matunhu & Chaderopa, 2016; Tinarwo, 2016; Bomani, Ziska & Derera, 2015). This proves that SMEs' growth is vital to the Zimbabwean economy (Government of Zimbabwe, 2019; Sandada & Chikwama, 2016).

Despite all the support programmes implemented by the Zimbabwean government to aid the development and growth of SMEs, the sector continues to face high failure rates (Majoni, Matunhu & Chaderopa, 2016; Tinarwo, 2016). SMEs need to consider other strategies to grow amid little government support and an unstable macroeconomic environment (Nyamwanza, 2015), especially with the uncertainty brought about by the COVID-19 pandemic. The COVID-19 pandemic began in China in the province of Wuhan in December 2019 (Mbambo & Agbola, 2020; Ngalawa & Derera, 2020). Within three months, it had affected the entire global community (Biswasa et al., 2020). Zimbabwe recorded its first infection around late March of 2020. This followed the declaration of a national state of disaster by the President of the Republic of Zimbabwe. The unprecedented spread of COVID-19 infections led to the strict month-long lockdown regulations from the 30th of March, 2020. Some of the regulations included banning all social gatherings, closure of the informal and part of the formal business sector, and social distancing (Shumba, Nyamaruze, Nyambuya & Meyer-Weitz, 2020). These measures negatively impacted people's livelihoods, especially their financial and psychological well-being, with ripple effects on the business community (Ngalawa & Derera, 2020).

The pandemic threatened the viability and sustainability of SMEs in Zimbabwe and around the world. The majority of SMEs are at risk of failing within the next six months as many temporarily shut down their business operations during the lockdown period. Although businesses are allowed to operate during the relaxed lockdown regulations, most businesses are struggling to break even. These major disruptions mainly stem from an impact on SMEs' supply chain and customer habits (Mazikana, 2020). Many SMEs fail to deliver on existing orders due to logistical challenges (Chaora, 2020). To the business community, including the SMEs' sector, the application of measures to combat the spread of the COVID-19 pandemic tested the sustainability and the adequacy of business strategy to growth and survival in the face of global and natural disasters. The unexpected arrival of the COVID-19 pandemic to SMEs provides an opportunity to examine their responsiveness to changing forces in the general environment.

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