AN ANALYSIS OF THE RISK REDUCTION METHODS EMPLOYED BY SMES IN ZIMBABWE: A CASE OF SIYASO MARKET, HARARE.

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ABSTRACT

This research assessed the risks reduction methods employed by Small and Medium Enterprises (SMEs) in Zimbabwe mainly focusing on the SME cluster at Siyaso (Magaba) Market in Harare. To achieve this objective, the research hypothesised that a lack of skilled human resources contributes to the poor performance of SMEs in Harare, Zimbabwe. The research further analysed whether poor management skills affect the performance of SMEs at Siyaso (Magaba) Market in Harare, Zimbabwe. The researcher identified 50 SMEs using a non-random sampling method and collected primary data from the SMEs through questionnaires and interviews as the research instruments. The results indicated that managerial aspects which are in short supply have negative effects on the performance of SMEs at the market and in Zimbabwe at large. Therefore SMEs in Zimbabwe are mostly affected by the Business strategy and policy risk than any other risk identified in the research. Results also indicate that the unstable trend in the economic environment also played a significant role in the development of the SMEs and attendance of the necessary developmental knowledge required for effective management and risk analysis. Lastly, the study recommended that SMEs, the Zimbabwean government and other supporting institutions such as SIRDC and SEDCO take measures to ensure the survival, growth and development of this sector which has the potential to steer the economy. These measures are expected to improve the managerial skills in the SME sector and consequently result in improved performance and reduction in the risk relating to the SME performance. Therefore the research insinuated that the stated third parties develop sound measures to ensure that information is disbursed to the SMEs and should therefore make a follow up on the assimilation of the knowledge.